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Framework Convention on Climate Change (FCCC)
Conference of the Parties (COP)

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FOURTH SESSION OF THE COP

November 2 to November 13

Buenos Aires

DELEGATION REPORT

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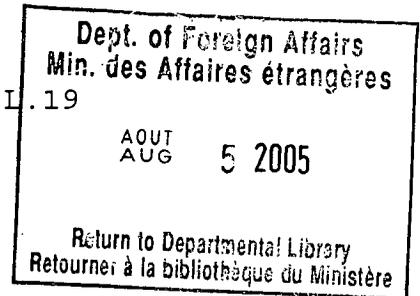
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REPORT ON THE
FOURTH CONFERENCE OF THE PARTIES
TO THE UN CLIMATE CHANGE CONVENTION (COP4)
November 2-14, 1998 in Buenos Aires

SUMMARY:

The Fourth Conference of the Parties to the climate change convention concluded on 14 November in Buenos Aires with agreement on an Action Plan. The Buenos Aires Action Plan aims to strengthen the implementation of the Convention and prepare for the future entry into force of the Kyoto Protocol, and to maintain political momentum towards these aims. The action plan covers a number of elements, covering both developed and developing country priorities. Canada's primary interest was to seek agreement on agreeing to an end date for final decisions on the Kyoto mechanisms -- joint implementation, the Clean Development Mechanism and international emissions trading. That objective was met when Parties agreed to seek a final decision on all the mechanisms by the sixth conference of the Parties. Canada also made excellent progress on the issue of sinks and succeeded in gaining the attention of most Parties in seeking to garner support for the inclusion of agricultural soils as a legitimate sequestration activity.

2. The negotiations were difficult and protracted, characterized by fairly rigid block diplomacy. The package represented by the plan of action essentially represents the compilation of core interests of each block: mechanisms for the Umbrella Group, technology transfer and impacts decisions for the G-77, with the EU holding out for progress on policies and measures and a decision covering the Global Environment Facility. Dynamics were also characterized by hardball tactics amongst a core group of developing countries who continue to hold sway over the G-77: China, India and OPEC nations. On developing country commitments, Argentina and Kazakhstan both announced their intention to take on emission mitigation commitments by CoP 5. This represents an important precedent as it is the first time that developing countries have agreed to take on their own emission limitation commitments. Otherwise, developing countries opposed any effort that might lead to a formalized track including commitments on their part at this time. One highlight of the session was the USA signature of the Protocol (12 November), with a proviso that it will only move forward on ratification if there is meaningful participation by key developing countries.

3. While the overall package is modest, concrete timelines and a process for addressing outstanding issues represents an achievement, and should help to send out a signal to stakeholders that Kyoto targets are a reality. With a two year time-frame now to get the package right, COP 6, expected in 2000, is expected to be the real watershed. In the meantime, much effort still needs to be put into confidence building directed at enhancing the

comfort levels of developing countries. An initial focus on the Clean Development Mechanism as a way of further nurturing these interests should help on this score. Meanwhile, Annex I countries also need to more effectively harmonize positions and strategies, particularly on ways to more formally engage developing countries.

THE BUENOS AIRES ACTION PLAN:

4. The Buenos Aires Plan of Action represents a political compromise packaging together a series of decisions reflecting the differing interests of core climate change blocks. Along with the elaboration the Kyoto mechanisms of international emissions trading, the Clean Development Mechanism, and joint implementation, the following issues form part of the package: (a) decision under the financial mechanism; (b) development of transfer of technology, (c) implementation of ways to address the impacts of climate change and climate change response measures; (d) decision under Activities Implemented Jointly; (e) elaboration of mechanisms under the Kyoto Protocol and (f) preparations for the first Meeting of the Parties of the Kyoto Protocol, including work on compliance and policies and measures.

5. The work plan is supplemented by a draft decision regarding preparations for decisions to be adopted, upon entry into force of the Kyoto Protocol. The decision allocates preparatory work to the subsidiary bodies or groups working under them and identifies tasks and timelines. In addition to the issues identified in the workplan, the decision covers work on: sinks, guidelines for Annex I communications, methodologies for national inventories, guidelines for review of implementation, and the multilateral consultative process. Specific decisions are discussed below.

KEY OUTCOMES BY ISSUE:

6. **Mechanisms:** Canada's principle interest lay in ensuring that time lines for final decisions on the Kyoto (flexibility) mechanisms was achieved at Buenos Aires. Canada played a strong role in the negotiations, with the Minister, in collaboration with Minister Vargas of Brazil, succeeding in using their married text (decision chapeau with a work programme) as the basis for the final decision on the mechanisms. While noting an initial priority for the clean development mechanism, the decision at Buenos Aires mandates parallel progress on all three mechanisms, with a view to final decisions on international emissions trading (IET), joint implementation (JI) and the Clean Development Mechanism (CDM) by COP 6 in the year 2000. More specifically, the decision calls for Parties to elaborate on guidelines for JI; modalities and procedures for the CDM; and relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for IET. The decision also lays out a procedure, with time lines, for workshops and submissions by Parties with a view to beginning substantive negotiations at the next meeting of the subsidiary

bodies to UNFCCC. It was not possible to agree on a negotiated work programme with the result that the annex to the decision is only an open, indicative list, representing the interests and priorities of all the blocs. The largest differences in the indicative work program lie in the area of IET. Submissions on work program elements from the G-77 and China on CDM and JI were, for the most part, parallel with Annex 1 priorities. That was clearly not the case with IET, with the G-77 continuing to insist that the basis for the allocation of emission units should be per capita entitlements and not the targets established at Kyoto. The EU insisted on the inclusion of complementarity in the indicative programme, including through a quantified ceiling. The Umbrella Group countered with a provision calling for the application of any quantification of "supplemental to domestic action" to each individual state within a regional economic integration organization.

7. Preliminary basic decisions on the mechanisms did not prove possible given the protracted discussions on the status of the listing of the issues. Nonetheless, the decision on a timeline meets Canadian objectives. Umbrella Group countries agreed that since the negotiation of a detailed work programme would not prove feasible, it was preferable to focus on securing an intergovernmental process for the elaboration of the mechanisms, against a deadline, which was successfully secured. A global agreement that the mechanisms should be elaborated by the same end date, was also an achievement.

8. **Land-use, land-use change and forestry (Sinks):** COP 4's sinks outcome met most of Canada's expectations coming into Buenos Aires, given the heated discussions at the last three negotiating sessions. The agreed COP decision outlines a parallel process for moving forward and ensures that discussions on sinks will continue while the IPCC prepares their Special Report. The COP has recommended that a decision on how and which additional activities, and the rules for including them also be made at the first COP after completion and consideration of the IPCC Special Report. This is important because the Special Report will not deal with the policy decisions and criteria to be used for adding additional activities. This is in keeping with Canada's objective that a decision be taken on further activities (including agricultural soils) at COP 6. Candel was successful in highlighting the importance of including agricultural soils activities; the USA, and indeed most Umbrella Group countries, now also supports this position. The COP has also requested its Subsidiary Body on Scientific and Technical Advice to consider at its next session several items related to operationalizing the Protocol as it relates to sink reporting.

9. **Policies and measures:** Policies and measures were raised at the last minute by the French, with the support of the EU, as a core element for Ministers to negotiate. Essentially, the EU was seeking to reopen the issue of coordinated policies and measures. This effort, in particular with respect to the issue of

coordination, met with resistance from Umbrella Group delegations, including Canada, which did not want to reopen the difficult debate on this item that had occurred at Kyoto. The issue will be included in the preparatory process for the first Meeting of the Parties under the Protocol, but the decision on allocation of work to subsidiary bodies was left pending.

10. **Compliance:** Delegations participating in a series of informal discussions agreed that work at COP-4 should focus upon the process for elaborating a compliance system. The EU called for an ad hoc Group of Legal and Technical Experts, reporting to COP and developing a single compliance procedure for the Protocol. Umbrella Group delegations, including Canada, expressed a preference for a joint contact group under the convention's subsidiary bodies so as to ensure access to policy and technical experts and ensure coordination with work on compliance related issues in other groups, particularly in the context of the mechanisms. Canada's priority was to ensure that the group's mandate would not prejudice the outcome of its work. In particular, Candel sought to ensure that work on compliance could occur also in the context of the mechanisms and that the group's mandate was not to develop a single regime requiring ratification prior to use of the mechanisms. Candel succeeded in securing its priorities. The Working Group will convene under the subsidiary bodies beginning in June 1999. In preparation for this session, Parties are to submit views on compliance matters by 1 March 1999. The Working Group is to identify compliance-related elements in the Protocol, follow their development in various groups, develop necessary procedures to address non-compliance and ensure the development of a coherent compliance system for the Protocol. The Group is to report to COP-5 on its progress. COP-5 will take further steps, including, if necessary, the establishment of an ad hoc group on compliance, with a view to adopting a decision at COP-6.

11. **Development and Transfer of Technologies:** The transfer of technology is identified as an obligation of the Annex I Parties both under the Convention and in the Kyoto Protocol. Developing countries insisted on linking this issue to the overall package. The COP adopted a decision to establish a consultative process to achieve agreement on a framework for meaningful and effective actions to enhance the implementation of the obligations of the Convention. Parties are invited to make submissions to the Secretariat by 15 March 1999 on responses to the questions framing the consultation. Recommendations emanating from the consultations will be reported to COP 5. Priority is to given to activities on the theme of building the capacity of Parties to enhance and continue to disseminate information on the transfer of environmentally sound technologies and know-how conducive to mitigating and adapting to climate change.

12. **Addressing Impacts of climate change and climate change response measures** (Implementation of Article 4.8 and 4.9 of the Convention and Articles 2.3 and 3.14 of the Kyoto Protocol):

Article 4.8 seeks to address the concerns of developing countries arising from the adverse effects of climate change and/or the impact of the implementation of response measures, while 4.9 stipulates that Parties must take into the specific needs and special situation of developing countries in their funding and technology transfer activities. Candel's overall position was to recognize the importance of climate change adaptation efforts in vulnerable regions and support adaptation assistance; but not to support financial compensation for OPEC countries if their oil revenues diminish as a result of Annex I mitigation action to meet emissions targets. Issue became important because developing countries have indicated that they must see progress on this issue before engaging in serious negotiations of the flexibility mechanisms. Negotiations were long and protracted as Annex I countries pressed to establish an analytical framework which clearly differentiated the analytical requirements, scientific and economic, for the adaptation versus compensation component. Final COP decision recognised that there were considerable uncertainties with respect to the assessment of the adverse effects of climate change and information gaps need to be filled, using in particular information contained in national communications from Annex 1 and non-Annex 1 Parties. Basic elements for further analysis were elaborated, which will include the identification of adverse effects of climate change, impacts of the implementation of response measures; identification of the specific needs and concerns of developing countries and the identification and consideration of actions necessary, including those related to funding, insurance and the transfer of technology. A programme of work with timelines is annexed to the decision which outlines the organisation of an experts workshop whose results will be the basis for the identification of initial actions at COP5 and additional actions at COP6. Efforts to separate adaptation activities from ways to address impacts from response measures were not entirely successful. Nonetheless, result is satisfactory from a Canadian standpoint.

13. Activities Implemented Jointly: Review of Progress under the Pilot Phase: AIJ allows projects between Annex I and Non-Annex I countries, although under a pilot which does not allow crediting. Issue is linked to how and whether AIJ projects should be linked to the Clean Development Mechanism over time. It was decided that the pilot should continue to provide developing countries the opportunity to enhance their capacity building and to gain further experience. This was the major argument on the part of developing countries who felt that a review of AIJ was premature at this stage. Decision adopted states that a conclusive decision and the progression beyond, should be sought no later than 2000.

14. Developing country engagement: Two issues were to be considered by the COP: (a) review of adequacy of commitments; and (b) voluntary commitments by developing countries. Voluntary commitments was placed on the agenda by Argentina, which was seeking a "third way" or "mezzanine" for developing countries which wished to pursue emission limitation or reduction

commitments, without having to assume Annex I status or other Annex I obligations. G-77 countries refused to have this issue even discussed, and after prolonged initial debate the Argentine COP President agreed to have it struck from the agenda simply to allow the conference to proceed. She simultaneously announced that she would conduct informal consultations on this issue and subsequently held consultations separately with interested Annex I countries and non-Annex I countries. Her efforts to bring together both sets of countries failed, however, these consultations will be pursued over the course of the coming year. In the meantime concrete announcements by Argentina to announce voluntary commitments by COP 5, and by Kazakhstan to join Annex I, were positive developments, along with an increased number of national communications by non Annex I countries. Turkey also presented a new national communication, which can be used as the basis of a commitment; Turkey's status as an Annex I country will be revisited at COP 5.

15. Review of commitments: The COP considered the second review of adequacy of commitments. The first review had resulted in the Berlin Mandate and the Kyoto Protocol. While the commitments referenced by the review are those of Annex I countries, the scope of the review includes ways to achieve the ultimate objectives of the convention. This was used as a basis for Annex I Parties to argue that a process to include Non-Annex I (developing countries) should be part of the mix over time. Discussions chaired jointly by Canada and Zimbabwe were extremely difficult, political, and ultimately inconclusive with G-77 maintaining a common front in opposition. No conclusions or decisions were reached, potentially allowing this issue to be revisited at the next or a future COP, hopefully once dynamics have improved and possibly in conjunction with discussions on a path for voluntary commitments.

16. **Global Environment Facility (GEF):** At the outset of discussions, the financial mechanism was not expected to be a controversial item on the Cop4 agenda, but ironically negotiations ended up turning on this issue. Negotiations concentrated on providing additional guidance to the GEF on funding specific climate change activities, including: funding for implementation adaptation measures for stage II adaptation activities in particularly vulnerable countries and regions, identification and of priority technology needs, studies leading to the preparation of national programmes, developing or strengthening national activities for public awareness and education on climate change and response measures, and a series of capacity-building measures, all of which were incorporated into the decision. In addition, the GEF was also encouraged to further streamline its project cycle, further simplify and expedite its approval procedures and clarify the process for determining incremental costs. On the longstanding issue of the status of the GEF as the Convention's financial mechanism, the final compromise reached re-states the status quo of the GEF as an entity entrusted with the operation of the financial

mechanism. This reflects the G77's continuing reservations on the GEF's performance and unwillingness of donors to precipitate major confrontation with the G77 over the current interim status of the GEF.

OTHER COP4 DECISIONS:

17. Research and systematic observation: A report prepared by the World Meteorological Organisation (WMO) on the adequacy of the global observing systems for climate was considered. It was decided that the UNFCCC secretariat will assess options for synthesizing national plans and programmes for the observation of climate systems and initiate an intergovernmental process for addressing the priorities for action to improve global climate observing systems. It will also identify immediate, medium-term and long-term options for financial support. This was generally of great concern to developing countries and, in particular of the AOSIS countries, in their need to build capacity to collect, exchange and utilize the resulting data.

18. CFCs and HFCs: Switzerland tabled a proposal that registered concerns regarding the replacement of ozone-depleting substances such as chlorofluorocarbons (CFCs), marked for phase-out under the Montreal Protocol, by hydrofluorocarbons (HFCs) and prefluorocarbons (PFCs) which are amongst the greenhouse gases covered by the Kyoto Protocol. The IPCC and Technology and Economic Assessment Panel (TEAP) of the Montreal Protocol will convene a workshop to assist the Convention's Subsidiary Body on Scientific and Technical Advice (SBSTA) to establish information on available and potential ways and means to limit the use of HFCs and PFCs.

19. Scientific and methodological aspects of the proposal by Brazil: A workshop will be organized to further analyze the Brazilian proposal, and take account of other relevant analyses, and report their findings to the tenth session of the SBSTA. The Brazilian proposal deals with ways of assessing concentration levels of greenhouse gases in the atmosphere against historic and projected responsibilities.

20. Impact of Single Projects: In Kyoto, Iceland was the sponsor of a decision to address the circumstances of small economies having minimal emissions, where single projects would have a disproportionate impact on its overall emissions. Canada opposed on the grounds that Iceland was apparently seeking an exception for the process emissions associated with a forecasted aluminum industry which would help Iceland to further diversify its economy. AOSIS also opposed on the grounds that a new loophole could be formed, while USA and Australia supported Iceland. EU's proposal -- simply to postpone the decision -- ultimately held sway. Issue will be revisited at COP 5.

21. National Communications of Annex 1 Parties: In its conclusions on the national communications submitted by Annex I

Parties, the meeting concluded that Parties were fulfilling their obligation to report detailed information on national policies and measures on the mitigation of climate change. It was recognised, however, that Parties need to take further action to achieve the ultimate objective of the Convention. Though collectively Annex 1 countries have reduced their net emissions by about 4.6%, many Parties will not return GHG emissions to 1990 levels by the year 2000. COP also called on its Subsidiary Body on Implementation to provide additional guidance with respect to information needs and reporting on technology transfer and financial assistance.

22. Initial National Communications of Non-Annex 1 Parties: Core issue from a Canadian standpoint was to encourage further national communications from Non-Annex I parties and to establish the basis of a process for their consideration by COP. The final decision agrees that the process of consideration of communications from non-Annex 1 countries should be continued at COP5, with a view to taking a further decision on this matter. Nonetheless, the Secretariat was requested to prepare the first compilation and synthesis report based on submissions by June 1999, for consideration at COP5. This, combined with further workshops to assist communications, represents an important first step. The negotiations were complicated by the demands made by G-77 and China for greater financial and technical assistance for the preparation of initial national communications and second national communications. These issues were played out in the related decisions on the GEF. From Canada's perspective, outcome is generally positive, as it keeps the non-Annex 1 countries engaged in the process of consideration and also assists them in building capacity for analysis and reporting which will be crucial in assuming further actions in the future.

Industry Observations on COP-4, UNFCCC November 2-13 , 1998, Buenos Aires, Argentina

Overview

Progress at COP-4 would have to be characterized as modest indeed. For a session that was primarily designed to define a program of work, the negotiations were surprisingly complex and fractious. In the end, traditional geopolitical issues and rivalries plagued the negotiations. The United States took an aggressive stance, partly to assuage its critics at home and in the Congressional delegation present in Buenos Aires. Several new "green" environmental ministers represented the EU and this added to the tension, since at times they appeared to backtrack on agreements reached in Kyoto.

A potentially significant development was the announcements by Argentina and Kazakhstan that they would take on voluntary commitments to limit greenhouse gas emissions. The United States also became the 60th signatory to the Kyoto Protocol, while at the same time sending signals that ratification of the Protocol in the United States is still several years in the future.

Positioning of Key Countries

It is important to appreciate that key negotiating groups have their own priorities, not all of which are related to the Protocol itself. For example, the United States argues that in order to meet their ambitious reduction target they will need full access to the so-called flexibility mechanisms. Reduction commitments by key developing countries is also seen as a precondition to ratification of the Protocol by the US Senate. These views generally are shared by the "Umbrella" group (US, Canada, Australia, New Zealand, Norway, Japan, Iceland, Russia and Ukraine).

The members of the European Union put less emphasis on the flexibility mechanisms and developing country commitments, instead stressing the need for a compliance regime that would provide certainty and credibility for reduction efforts. Indeed, some EU members (led by Germany, France and the Austrian presidency) seem philosophically opposed to emissions trading, and want to put a "concrete ceiling" on the extent to which countries can use the flexibility mechanisms.

The G-77 group of developing countries, which traditionally negotiate as a block, displayed internal differences at these meetings. The split was most obvious with respect to the flexibility mechanisms, with Latin America and the African group prepared to see progress on the CDM because of its potential to enhance technology transfer. And while Argentina was the only member of this group to propose that it would take on a voluntary commitment, others are known to be interested. The traditional powers within the G-77 (China, India, Indonesia, Philippines) tend to use the climate change issue to try to advance other priorities, such as their insistence on new forms of financial and technical aid. For their part, the OPEC nations seem most concerned about securing compensation for any loss in revenue that they may suffer as a result of reduced demand for fossil fuels.

Progress on Flexibility Mechanisms?

One of the key pieces of unfinished business from Kyoto was agreement on the rules for operation of the protocol mechanisms -- IET, JI and the CDM. As noted above, several members of the EU and G-77 continue to question the desirability of international emissions trading. Early in the session, the G-77 tabled their agenda on flexibility mechanisms -- a shopping list of difficult issues which seemed intended merely to stifle progress. As well,

they put specific priority on elaboration of the CDM and suggested that JI and IET could wait. This was unacceptable to the Umbrella Group and most of the EU countries, which prefer that all three mechanisms proceed to decision together. After fractious and lengthy negotiations, only a long list of issues could be agreed. And while a specific program of work was developed, the earliest that any decisions can be taken is at COP-6 in the autumn of 2000.

Impact of Single Projects

At Kyoto, Iceland had asked that consideration be given to countries with low emissions whose inventory would be affected by a single large industrial project. However, their proposal would essentially exempt process emissions related to the project from inclusion in the national inventory for the first commitment period. The EU and Canada expressed reservations given the precedent that would be set. For Canada, the issue had economic resonance -- it might give an unfair trade advantage to Iceland's aluminum industry. In the end, a decision was made to postpone any further consideration of the issue to COP-5.

Land-Use, Land-Use Change And Forestry (Sinks)

The main unfinished business from Kyoto was agreement on the definitions of terms -- namely afforestation, deforestation and reforestation -- and the inclusion of other activities that can act as sinks, specifically those related to agricultural practices. A special report will be prepared by the IPCC in time for an anticipated final decision at COP-6 in the year 2000. Until then, expert workshops will increase the level of expertise and comfort with the methodological issues. The Canadian delegation played a lead role in securing this outcome.

Technology Transfer

The transfer of technologies is identified as an obligation of the Annex I Parties under Article 4 of the FCCC and Article 10 of the Kyoto Protocol. The Canadian position was similar to that of most other developed countries in that the private sector was to be the main delivery instrument for this obligation. Developing countries at the meetings reminded parties that their clear preference was for free or low cost best available technology delivered by government authorities. The agreement on text reached at COP-4 provides greater clarity and structure for the role governments will play in the transfer of technology and establishes a consultative process in advance of COP-5.

Summary

That such a modest outcome took up such extended negotiations suggests two important realities -- first, the high political stakes attached to the climate change file; and second, the significant differences that still exist on key issues and which Kyoto and Buenos Aires have largely papered over. The reality is that broad international agreement on the key elements of an international action plan on climate change is still several years away.

ENGO COP-4 DELEGATION REPORT

Negotiators entered COP-4 with limited expectations about what could be accomplished. It was only by extending the negotiating session into "overtime", however, that negotiators were able to produce these minimal accomplishments. While the establishment of a Buenos Aires 'action plan' is an important step in the elaboration of the Kyoto Protocol, it is clear that the work required to implement the Protocol will only begin after Buenos Aires.

In fact, the most significant announcements made at COP-4 were independent of the negotiating process. Specifically, the decisions by Argentina and Kazakhstan to adopt greenhouse gas emission mitigation commitments were a positive step forward. Like all elements of the Kyoto Protocol, however, the environmental implications of these decisions will only be clear when they are more clearly defined and elaborated.

For example, Argentina is keen to voluntarily adopt a target so that it can participate in emissions trading under the Kyoto Protocol. This target, however, will not reduce greenhouse gas emissions below current levels, but will simply limit future emissions growth to a specific level. If the target is set too high (i.e., above what Argentina's emissions would actually be), we will have added 'tropical hot air' to the Kyoto Protocol because Annex B countries would be able to purchase emission reductions from Argentina even though no actual emission reductions had occurred.

While Russian 'hot air' is a more significant problem than Argentina's 'hot air', the target established by Argentina will set an important precedent for all developing countries. As a result, Canada should make it a priority to think about mechanisms that would allow 'voluntary' commitments to be seriously assessed and reviewed before they are permitted under the UNFCCC.

The whole question of the review of the adequacy of existing commitments under the UNFCCC represented the biggest failure at COP-4. Despite significant efforts by many delegations, including Canada, it proved impossible to produce a COP decision or workplan on this issue. One of the strengths of the UNFCCC process is the requirement that commitments be periodically reviewed to determine their effectiveness in meeting the objective of the UNFCCC. In this way, a finding that existing commitments are inadequate can spur negotiations on new and strengthened commitments.

It is clear that even the commitments outlined in the Kyoto Protocol are inadequate to meet the objective of the UNFCCC. As a result, Canada should make it a priority to add the following elements to the Buenos Aires 'action plan', for completion at COP-6:

- SBSTA should be required to identify the issues and factors relevant to a definition of what constitutes "dangerous" anthropogenic interference with the climate (this is required to determine what level of commitments ultimately will be required and only governments can do this),
- The Subsidiary Bodies should be required to outline and assess different models for the allocation of global emissions (this issue will need to be addressed in some way if some key developing countries are to adopt future emission reduction obligations).

By doing this preparatory work for COP-6, negotiators will have laid the groundwork for future negotiations on new commitments under the UNFCCC that could be launched immediately after the release of the IPCC's Third Assessment Report in 2000/2001.

One of Canada's key objectives in Buenos Aires was to ensure that a workplan and timetable was established for elaborating the Kyoto mechanisms (emissions trading, joint implementation, and the Clean Development Mechanism). This objective was accomplished, but the work is only beginning. Canada will now have to elaborate specific proposals that address key issues such as:

- Rules ensuring that the CDM is a credible, effective mechanism. To ensure credibility it is essential that certified emission reductions represent emission reductions that would not have occurred in the absence of the CDM. This can best be accomplished by initially limiting the CDM to projects which

are clearly "additional" and subsequently, with the knowledge gained in the initial phase, expanding the categories of eligible projects.

- Rules ensuring that the CDM not only assists industrialized countries in achieving compliance but also meets the other purposes of the CDM: helping developing countries achieve sustainable development and assisting them in contributing to the ultimate objective of the Convention. These objectives of the CDM suggest that non-sustainable technologies and projects that lock developing countries into patterns of high emissions should not be used to produce CERs.
- Rules ensuring that the methods for calculating JI emission reduction units are rigorous and credible. Because nations are permitted to sell ERUs when out of compliance with reporting requirements, rigorous rules for ERU creation are essential to guard against nations "end-running" restrictions on emissions trading that will almost certainly exist when a nation is out of compliance with reporting requirements.
- Rules for the sharing of liability between buyers and sellers that ensure that emissions trading does not reduce the environmental effectiveness of the Kyoto Protocol. Rules must avoid the risk that cash strapped nations or nations with poor domestic monitoring systems will oversell their emission rights. The international system is likely to react too slowly to effectively restrict overselling. And the nations most likely to oversell (Russia and the Ukraine) are unlikely to have the economic wherewithal to remedy non-compliance through trading. Thus, it appears that the only way to ensure trading does not reduce the Protocol's effectiveness is through a joint buyer/seller responsibility approach to emissions trading.
- Early action to develop system mechanics like reporting and verification regimes is necessary to lay the groundwork for the smooth and environmentally effective operation of emissions trading. Unless reporting and verification is rigorous emissions trading will allow increases in overall emissions. Necessary improvements include improved standards for national reporting to ensure quality information and deal consistently with problems of uncertainty, technical verification of inventories, use of independent audits and processes for determining assessment with reporting obligations.
- Rules to effect the "supplementarity" requirements. Although only Articles 6 and 17 specifically deal with supplementarity, in order for the Kyoto Protocol to provide an effective incentive for new technologies and shifts in energy production and consumption patterns, it is essential that all flexibility mechanisms be supplemental to domestic action and that domestic action accounts for a significant majority of all emission reductions required to meet the Kyoto commitments.
- Canada should also explore innovative ways to break the impasse between the developing and developed world. Consideration should be given to a small fee on JI and emission trading transactions that could be used to fund capacity building and mitigation in the developing world. This would also help ensure that all Kyoto mechanisms are competing on a more level playing field for investment dollars from industrialized countries.

Environmental groups will want to be actively involved in the development of Canada's positions on these issues and will encourage Canada to play a leading role in ensuring that the Kyoto mechanisms do not simply become "loopholes" that weaken the environmental integrity of the Protocol.

It is also important for Canada to be an active participant in discussions related to the creation of a compliance regime under the Kyoto Protocol. Without a meaningful compliance regime, there is no guarantee that the environmental objectives of the Protocol will be met or that the Kyoto mechanisms will make a constructive contribution to those objectives. Accordingly, we hope that Canada will make a submission to the UNFCCC secretariat by March 1, 1999 expressing its views on compliance-related matters.

A number of proposals have been made for mechanisms that would facilitate compliance during the commitment period and allow Parties to avoid non-compliance during a true-up period. However, if parties

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remain out of compliance despite the capacity to remedy their non-compliance through such mechanisms, strict enforcement measures such as trade sanctions are appropriate. Canada should be prepared to shift its absolute opposition to trade sanctions.

We were pleased to see it agreed at COP-4 that any final decisions regarding the definition and role of sinks in the Kyoto Protocol would not be made until after the release of the IPCC Special Report on the issue in the year 2000. Another area where clarification is required is with regard to international bunker fuel emissions. At this time, Annex B Parties are not held responsible for these emissions despite the fact they are growing rapidly (particularly in aviation) and in the 2010-2015 period are likely to be greater than the total emission reductions from 1990 levels envisioned under the Kyoto Protocol. Canada must ensure that a decision is taken by either COP-5 or COP-6 on how these emissions will be allocated among Annex B Parties and incorporated into the Kyoto Protocol's emission reduction commitments.

Finally, we would like to emphasize that the fact that the Kyoto Protocol (in particular, the Kyoto mechanisms) will not be fully elaborated until COP-6 in no way should be used as a rationale for delaying the design and implementation of Canada's domestic climate change action plan. The government has been clear that Canada will meet the majority of its Kyoto obligations through actions at home. If we are to meet this objective, meaningful domestic action is required immediately, if not sooner.

This report was prepared by Chris Rolfe (West Coast Environmental Law Association) and Robert Hornung (Peribina Institute).

**PRELIMINARY VERSION OF COP 4 DECISIONS AND
RESOLUTIONS - *SUBJECT TO FINAL EDITING*¹**

I. DECISIONS ADOPTED BY THE CONFERENCE OF THE PARTIES

- 1/CP.4 Buenos Aires Plan of Action
- 2/CP.4 Additional guidance to the operating entity of the financial mechanism
- 3/CP.4 Review of the financial mechanism
- 4/CP.4 Development and transfer of technologies
- 5/CP.4 Implementation of Article 4, paragraphs 8 and 9, of the Convention (decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)
- 6/CP.4 Activities implemented jointly under the pilot phase
- 7/CP.4 Work programme on mechanisms of the Kyoto Protocol
- 8/CP.4 Preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol: matters related to decision 1/CP.3, paragraph 6
- 9/CP.4 Land-use, land-use change and forestry
- 10/CP.4 Multilateral consultative process
- 11/CP.4 National communications from Parties included in Annex I to the Convention
- 12/CP.4 Initial national communications from Parties not included in Annex I to the Convention
- 13/CP.4 Relationship between efforts to protect the stratospheric ozone layer and efforts to safeguard the global climate system: issues related to hydrofluorocarbons and perfluorocarbons
- 14/CP.4 Research and systematic observation
- 15/CP.4 Review of information and possible decisions under Article 4.2(f) of the Convention

¹ Final version will be issued as document FCCC/CP/1998/16/Add.1.

- 16/CP.4 Impact of single projects on emissions in the commitment period
- 17/CP.4 Administrative and financial matters
- 18/CP.4 Attendance of intergovernmental and non-governmental organizations at contact groups
- 19/CP.4 Calendar of meetings of Convention bodies 2000 - 2001

II. RESOLUTIONS ADOPTED BY THE CONFERENCE OF THE PARTIES

- 1/CP.4 Solidarity with Central America
- 2/CP.4 Expression of gratitude to the Government and people of the Republic of Argentina

I. DECISIONS ADOPTED BY THE CONFERENCE OF THE PARTIES

Decision 1/CP.4

Buenos Aires Plan of Action

The Conference of the Parties,

Having considered and reached conclusions upon the items included in its agenda at its fourth session,¹

Determined to strengthen the implementation of the United Nations Framework Convention on Climate Change and prepare for the future entry into force of the Kyoto Protocol to the Convention, and to maintain political momentum towards these aims,

1. Adopts a Plan of Action, as specified in its separate decisions on:
 - (a) Financial mechanism (decisions 2/CP.4 and 3/CP.4);
 - (b) Development and transfer of technologies (decision 4/CP.4);
 - (c) Implementation of Article 4, paragraphs 8 and 9, of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol) (decision 5/CP.4);
 - (d) Activities implemented jointly under the pilot phase (decision 6/CP.4);
 - (e) The mechanisms of the Kyoto Protocol (decision 7/CP.4);
 - (f) Preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, including work on the elements of the Protocol related to compliance and on policies and measures for the mitigation of climate change (decision 8/CP.4);
2. *Resolves to demonstrate substantial progress in each of the items in accordance with the time-frames contained in the above-mentioned relevant decisions.*

*8th plenary meeting
14 November 1998*

¹ FCCC/CP/1998/15.

Decision 2/CP.4

Additional guidance to the operating entity of the financial mechanism

The Conference of the Parties,

Recalling its decisions 11/CP.1, 10/CP.2, 11/CP.2 and 12/CP.2,

Recalling further that the Global Environment Facility (GEF), as stated in its Operational Principles for Development and Implementation of its Work Program, will maintain sufficient flexibility to respond to changing circumstances, including evolving guidance of the Conference of the Parties and experience gained from monitoring and evaluation activities,

Welcoming the New Delhi Statement of the First GEF Assembly and the Report of the Second Replenishment of the GEF Trust Fund, completed in March 1998,

Noting the continued concerns and difficulties encountered by developing country Parties with the availability and disbursement of financial resources, including for the transfer of technology, over problems arising from the GEF project cycle, the application of the concept of incremental costs, and the availability of resources through the GEF implementing/executing agencies,

Noting also the current and ongoing efforts of the GEF to address these concerns, *inter alia*, by streamlining its project cycle, increasing support for country-level coordination, strengthening its monitoring and evaluation programme, ensuring that its activities are country-driven and consistent with national priorities and objectives, further developing its resource allocation strategy to maximize the effectiveness of its climate change activities and making the process of determining incremental costs more transparent and pragmatic,

Noting further the need to examine and address climate change impacts and minimize the adverse impacts, in particular for the Parties identified in Article 4.8 of the United Nations Framework Convention on Climate Change,

1. Decides that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF should provide funding to developing country Parties to:

(a) Implement adaptation response measures under Article 4.1 of the Convention for adaptation activities envisaged in decision 11/CP.1, paragraph 1(d)(ii) (Stage II activities) in particularly vulnerable countries and regions identified in Stage I activities, and especially in countries vulnerable to climate-related natural disasters, taking into account their preparatory adaptation planning frameworks in priority sectors, the completion of Stage I activities, and in the context of their national communications;

(b) Enable them, in light of their social and economic conditions and taking into account state-of-the-art environmentally sound technologies, to identify and submit to the Conference of the Parties their prioritized technology needs, especially as concerns some key technologies needed in particular sectors of their national economies conducive to addressing climate change and minimizing its adverse effects;

(c) Build capacity for participation in systematic observational networks to reduce scientific uncertainties relating to the causes, effects, magnitude and timing of climate change, in accordance with Article 5 of the Convention;

(d) Meet the agreed full costs to prepare initial and subsequent national communications, in accordance with Articles 4.3 and 12.5 of the Convention and decision 11/CP.2, paragraph 1(d), by maintaining and enhancing relevant national capacity, so as to prepare the initial and second national communications which will take into account experiences, including gaps and problems identified in previous national communications, and guidelines established by the Conference of the Parties. Guidance on subsequent national communications will be provided by the Conference of the Parties;

(e) Assist them with studies leading to the preparation of national programmes to address climate change, compatible with national plans for sustainable development, in accordance with Article 4.1(b) of the Convention and paragraph 13 of the annex to decision 10/CP.2;

(f) Assist in developing, strengthening and/or improving national activities for public awareness and education on climate change and response measures, in full accordance with Article 6 of the Convention and decision 11/CP.1, paragraph 1(b)(iii), and taking into account, where appropriate, relevant GEF operational programmes;

(g) Support capacity-building for:

- (i) The assessment of technology needs to fulfil the commitments of developing countries under the Convention, the identification of sources and suppliers of these technologies, and the determination of modalities for the acquisition and absorption thereof;
- (ii) Country-driven activities and projects to enable Parties not included in Annex I to the Convention (non-Annex I Parties) to design, evaluate and manage these projects;
- (iii) Strengthening the capacity of non-Annex I Parties to host projects, including from project formulation and development to their implementation;

- (iv) Facilitating national/regional access to the information provided by international centres and networks, and for working with those centres for the dissemination of information, information services, and transfer of environmentally-sound technologies and know-how in support of the Convention;
2. *Requests* the GEF to continue to provide, and developing country Parties to avail themselves of, funding to translate, reproduce, disseminate and make available their initial national communications electronically;
 3. *Encourages* the GEF to:
 - (a) Further streamline its project cycle with a view to making project preparation simpler, less prescriptive, more transparent and country-driven;
 - (b) Further simplify and expedite its procedures for the approval and implementation of GEF-funded projects, including disbursements for such projects;
 - (c) Make the process for the determination of incremental costs more transparent, and its application more pragmatic;
 4. *Requests* the GEF to ensure that its implementing/executing agencies are made aware of Convention provisions and decisions adopted by the Conference of the Parties in the performance of their GEF obligations and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation.
 5. *Further requests* the GEF to include in its report to the Conference of the Parties the specific steps it has undertaken to implement the provisions of this decision.

*8th plenary meeting
14 November 1998*

Decision 3/CP.4

Review of the financial mechanism

The Conference of the Parties,

Recalling its decisions 9/CP.1, 11/CP.2, 12/CP.2 and 11/CP.3,

Taking note of the report on the study of the overall performance of the restructured Global Environment Facility,

1. *Decides* that the restructured Global Environment Facility shall be an entity entrusted with the operation of the financial mechanism referred to in Article 11 of the United Nations Framework Convention on Climate Change;

2. *Decides also*, in accordance with Article 11.4 of the Convention, to review the financial mechanism every four years, on the basis of the indicative list of criteria and guidelines contained in the annex to this decision, or as such list may subsequently be amended, and to take appropriate measures.

*8th plenary meeting
14 November 1998*

Annex

GUIDELINES FOR THE REVIEW OF THE FINANCIAL MECHANISM

A. Objectives

In accordance with Article 11.4 of the Convention, the objectives will be to review the financial mechanism and take appropriate measures regarding:

- (a) Its conformity with the provisions of Article 11 of the Convention;
- (b) Its conformity with the guidance of the Conference of the Parties (COP);
- (c) The effectiveness of the activities it funds in implementing the Convention;
- (d) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;
- (e) Its effectiveness in providing resources to developing country Parties under Article 4.3 of the Convention.

B. Methodology

The review shall draw upon the following sources of information:

- (a) Information provided by the Parties on their experiences regarding the financial mechanism;
- (b) Annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance of the COP;
- (c) The annual report of the Global Environment Facility (GEF) to the COP on its activities as the operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
- (d) Reports from the GEF monitoring and evaluation programme;
- (e) Reports from the United Nations Commission on Sustainable Development and relevant bilateral and multilateral funding institutions;
- (f) Relevant information provided by other intergovernmental and non-governmental organizations.

C. Criteria

The effectiveness of the financial mechanism will be assessed taking into account the following:

- (a) The transparency of decision-making processes;
- (b) The adequacy, predictability and timely disbursement of funds for activities in developing country Parties;
- (c) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
- (d) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects;
- (e) The amount of finance leveraged;
- (f) The sustainability of funded projects.

Decision 4/CP.4

Development and transfer of technologies

The Conference of the Parties,

Recalling the relevant provisions of the programme for the further implementation of Agenda 21 on the transfer of environmentally sound technologies adopted by the United Nations General Assembly at its nineteenth special session, and decision 6/3 of the Commission on Sustainable Development,

Further recalling the provisions of the United Nations Framework Convention on Climate Change, including its Article 4.1, 4.3, 4.5, 4.7, 4.8 and 4.9 and Articles 9.2, 11.1, 11.5, 12.3 and 12.4,

Noting that reports are under preparation which will contribute substantially to the understanding of technology transfer issues, including the secretariat technical papers on terms of transfer and adaptation technologies, and the Intergovernmental Panel on Climate Change (IPCC) Special Report on technology transfer,

Recognizing the need for continued efforts by Parties to promote and cooperate in the development, application, diffusion and transfer of technology,

Recognizing that the private sector plays, in some countries, an important role in development, transfer and finance of technology, and that the creation of enabling environments at all levels provides a platform to support the development, use, and transfer of environmentally sound technologies,

Having considered the progress reports presented by the Convention secretariat on the development and transfer of technology,

Recalling and reaffirming its decisions 13/CP.1, 7/CP.2 and 9/CP.3 on transfer of technology,

1. *Agrees* that strengthening the capacities and capabilities of developing country Parties to address climate change will help these Parties to make their contributions to modifying the long-term trends of climate change, address climate change, achieve sustainable development and contribute to the ultimate objective of the Convention;

2. *Encourages* all relevant international organizations to mobilize and facilitate efforts to provide financial resources needed by developing country Parties to meet their agreed incremental costs, including transfer and development of technology, enhancement of endogenous capacities, implementation of such measures as improving energy efficiency, exploiting renewable energies, enhancing sinks and preparing for adaptation to adverse effects of climate change;

3. *Requests* Annex II Parties:

(a) To take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how, to developing country Parties;

(b) To support capacity-building and the strengthening of appropriate institutions in developing countries to enable the transfer of environmentally sound technologies;

4. *Further requests* Annex I Parties, and in particular Annex II Parties:

(a) To assist the developing country Parties in their efforts to build capacity and institutional frameworks to improve energy efficiency and utilization of renewable energies through multilateral and bilateral cooperative efforts;

(b) To provide assistance to developing country Parties to build capacity for sustainable management, conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests, and oceans as well as other terrestrial, coastal and marine ecosystems;

(c) To assist developing country Parties to build capacity to adapt to the adverse effects of climate change;

(d) To assist developing country Parties to strengthen their endogenous capacities and capabilities in the areas of technological and socio-economic research and systematic observation relevant to climate change and its associated adverse effects;

(e) Taking into account Article 6 of the Convention, to cooperate in and promote capacity-building of developing country Parties at the international, regional, sub-regional and national levels through cooperation programmes supported by United Nations and other multilateral agencies, as well as bilateral agencies;

5. *Requests* all Parties to enhance reporting in their national communications of technology cooperation and transfer activities and *invites* non-Annex I Parties to include, where possible, their technology needs;

6. *Encourages* Parties to implement practical cooperation programmes and projects to promote and facilitate technology transfer which can reduce greenhouse gas emissions and facilitate adaptation to climate change and its adverse effects, while supporting sustainable development;

7. *Invites* the Subsidiary Body for Implementation in considering additional guidance to the Global Environment Facility, to take note that priority should be given to the need to build capacity in developing countries, to identify and analyse technology and technology information needs and technology transfer;

8. *Urges:*

(a) Annex I Parties, in their technology transfer activities, to take into account support for the development and enhancement of the endogenous capacities and technologies of developing country Parties;

(b) Annex II Parties to provide a list of environmentally sound technologies and know-how related to adaptation to and mitigation of climate change that are publicly owned, as appropriate, for reference by developing country Parties, and report in their national communications, steps taken to implement Article 4.5 of the Convention;

(c) Non-Annex I Parties, in the light of their social and economic conditions, to submit their prioritized technology needs, especially relating to key technologies to address climate change in particular sectors of their national economy, taking into account state-of-the-art environmentally sound technologies;

(d) Both developed and developing country Parties to create an enabling environment, as referred to in United Nations document E/1998/29-E/CN.17/1998/20, paragraph A.2(e), to stimulate private sector investment in the transfer of environmentally sound technologies and know-how to developing countries and promote the implementation of endogenous know-how;

9. *Invites* all Parties and interested international and non-governmental organizations to identify projects and programmes on cooperative approaches to technology transfer, which they believe can serve as models for improving the diffusion and implementation of clean technologies under the Convention, and to provide information on these projects to the secretariat by 15 March 1999 for compilation into a miscellaneous document to be considered by the Subsidiary Body for Scientific and Technological Advice at its tenth session;

10. *Requests* the Chairman of the Subsidiary Body for Scientific and Technological Advice to establish a consultative process to consider the preliminary list of issues and questions contained in the annex to this decision and to make recommendations on how they should be addressed in order to achieve agreement on a framework for meaningful and effective actions to enhance implementation of Article 4.5 of the Convention. Such a process should also consider issues identified in the secretariat's progress report on transfer of technology¹ and in submissions from Parties. The consultation process could include, resources permitting, regional meetings, regional workshops, and a Subsidiary Body for Scientific and Technological Advice workshop, arranged with the assistance of the secretariat and drawing upon the roster of experts and, as appropriate, experts engaged in the IPCC process;

¹ FCCC/CP/1998/6.

11. *Further requests* the Chairman of the Subsidiary Body for Scientific and Technological Advice to report on the outcome of the consultative process to the Subsidiary Body for Scientific and Technological Advice at its eleventh session, with a view to recommending a decision for the Conference of the Parties at its fifth session;

12. *Invites* Parties to provide submissions to the secretariat by 15 March 1999 on responses to the questions identified in the annex to this decision, as well as issues and questions to be added to the annex;

13. *Requests* the Convention secretariat:

(a) To continue its work on the synthesis and dissemination of information on environmentally sound technologies and know-how conducive to mitigating, and adapting to, climate change, and in doing so to complete its on-going activities for 1999 as noted in the secretariat progress report referred to in paragraph 10 above;

(b) In preparing the budget for the next biennium, to give priority to activities on the theme of building the capacity of Parties to enhance the transfer of environmentally sound technologies, as noted in the secretariat progress report referred to in paragraph 10 above, including assessing and synthesizing information on environmentally sound technologies, and in so doing to identify specific tasks;

(c) To further strengthen its activities in support of developing country Parties with regard to strengthening their capacity-building for the transfer of environmentally sound technologies.

*8th plenary meeting
14 November 1998*

Annex

Issues	Questions
Practical steps to promote, facilitate and finance, as appropriate, transfer of, and access to, environmentally sound technologies and know-how	
Promote the removal of barriers to technology transfer.	How should Parties promote the removal of barriers to technology transfer? Which barriers are a priority and what practical steps should be taken?
Initiate and promote the transfer of publicly owned technology and those in the public domain.	What publicly owned technologies are available? How could Annex II Parties report upon them? How should Annex II Parties promote the transfer of publicly owned technologies?
Promote bilateral and multilateral technology cooperation to facilitate technology transfer.	What additional bilateral and multilateral efforts to promote technology cooperation to facilitate technology transfer should be initiated? What should be the priority?
Consider appropriate mechanisms for technology transfer within the UNFCCC.	Are existing multilateral mechanisms sufficient? Are new mechanisms needed for technology transfer? If so, what are appropriate mechanisms for the transfer of technologies among Parties in pursuance of Article 4.5 of the UNFCCC?
Collaborate with relevant multilateral institutions to promote technology transfer.	What should be the objective of collaboration with relevant multilateral institutions to promote technology transfer and what practical steps should be taken?
Promote and facilitate, in collaboration with the interim financial mechanism, multilateral and bilateral institutions, the arrangement of financing of technology transfer.	What additional guidance should be given to the interim financial mechanism?
Promote and assist developing country Parties to access technology information.	What sort of information is needed and how can this best be done?
Facilitate access to emerging technologies.	How could access to emerging technologies be facilitated?
Facilitate the appropriate role of the private sector.	What role is the private sector playing in technology transfer? What additional role can the private sector play? What barriers prevent their greater participation?
Support for the development and enhancement of endogenous capacities and technologies of developing country Parties	
Provide technical advice on technology transfer to Parties, particularly developing country Parties.	What technical advice on technology transfer is needed? How should such advice be provided?

Issues	Questions
Promote capacity-building in developing country Parties through provision of concrete programmes.	What areas should be the focus of capacity- building and how should it be undertaken, e.g. what kinds of activities, programmes and institutional arrangements?
Assist developing country Parties, on request, to assess required technologies.	How, to whom and in what format should developing country Parties make their request for assistance to assess required technologies?
Promote and enhance access to relevant technical, legal and economic information at national and regional centres.	What technical, legal and economic information is needed ? What practical steps should be taken to promote and enhance access to such information by national and regional centres?
Develop a consensus on practical next steps to improve on existing technology centres and networks to accelerate the diffusion of clean technologies in non-Annex I Party markets.	What type of process is needed to develop a consensus on practical next steps to improve on existing technology centres and networks to accelerate the diffusion of clean technologies in non-Annex I Party markets. What type of arrangement is needed to monitor progress?
Promote an enabling environment for private sector participation.	What measures, programmes and activities can best help to create an appropriate enabling environment for private sector investment ?
Assistance in facilitating the transfer of environmentally sound technologies and know-how	
Oversee the exchange of information among Parties and other interested organizations on innovative technology cooperation approaches, and the assessment and synthesis of such information.	How should the Convention oversee the exchange of information among Parties and other interested organizations on innovative technology cooperation approaches, and the assessment and synthesis of such information?
Consider information on innovative technology cooperation approaches and develop recommendations to the Conference of the Parties which could be recognized more formally and widely implemented under the Convention.	How should information be compiled and synthesized on innovative technology cooperation approaches? When should recommendations on such approaches be forwarded to the Conference of the Parties?
Identify projects and programmes on technology cooperation, which can serve as models for improving the diffusion and implementation of clean technologies internationally under the Convention, and to provide information on these projects to the UNFCCC secretariat.	How and when should information on projects and programmes of technology cooperation which Parties believe can serve as models for improving the diffusion and implementation of clean technologies internationally under the Convention be provided to the secretariat? How could information on such model programmes be evaluated?
Other questions	
<p>Can specific technology transfer goals be set?</p> <p>Can we develop indicators and accounting systems to track progress on technology transfer?</p> <p>Are particular institutional arrangements needed to monitor progress?</p>	

Decision 5/CP.4

**Implementation of Article 4, paragraphs 8 and 9, of the Convention
(decision 3/CP.3 and Articles 2.3 and 3.14 of the Kyoto Protocol)**

The Conference of the Parties,

Recalling its decision 3/CP.3 on Article 4, paragraphs 8 and 9, of the United Nations Framework Convention on Climate Change,

Recalling also the provisions of Article 4.8 and 4.9 of the Convention,

Noting the provisions of Article 2.3 and Article 3.14 of the Kyoto Protocol to the Convention,

Recognizing that, in the implementation of the commitments in Article 4 of the Convention, the Parties shall give full consideration to what actions are necessary under the Convention, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impact of the implementation of response measures,

Noting the provision under Article 12.8 of the Kyoto Protocol,

Recognizing the concern for sustainable development of the countries referred to in Article 4.8 and 4.9 of the Convention,

Welcoming the relevant work of the Intergovernmental Panel on Climate Change, in particular its First and Second Assessment Reports, its recent Special Report on the Regional Impacts of Climate Change and its forthcoming Third Assessment Report, which will *inter alia* address issues relevant to Article 4.8 and 4.9 of the Convention,

Noting, however, that considerable uncertainties still persist with regard to the assessment of the adverse effects of climate change, particularly at the regional, sub-regional and national levels, and that in this context also information gaps need to be filled, using in particular information contained in national communications from Parties included in Annex I to the Convention (Annex I Parties) and Parties not included in Annex I to the Convention (non-Annex I Parties),

Noting also that there is not enough information available on the adverse effects of climate change and the impact of the implementation of response measures, and that in this context also information gaps need to be filled, using in particular information contained in national communications from Annex I and non-Annex I Parties,

1. *Decides* that the basic elements for further analysis should include the following:

- (a) Identification of the adverse effects of climate change;
- (b) Identification of the impacts of the implementation of response measures under the Convention;
- (c) Identification of the specific needs and concerns of developing country Parties arising from such adverse effects and impacts defined *inter alia* through the national communications by non-Annex I Parties;
- (d) Identification and consideration of actions, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns referred to in subparagraph (c) above;

2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to initiate a process of compilation and analysis of available information, which is needed to elaborate any actions necessary to implement Article 4.8 and 4.9 of the Convention;

3. *Further requests* the SBSTA to take into account information needs arising from the basic elements mentioned in paragraph 1 above, as well as the programme of work set out in the annex to this decision, in revising the guidelines for the preparation of national communications by Annex I Parties and non-Annex I Parties;

4. *Requests* the Subsidiary Body for Implementation (SBI) and the SBSTA to continue consideration of the implementation of Article 4.8 and 4.9 of the Convention at their tenth and eleventh sessions and to report thereon to the Conference of the Parties at its fifth session;

5. *Invites* the Intergovernmental Panel on Climate Change to provide, in its Third Assessment Report, a further scientific and technical assessment on matters related to Article 4.8 and 4.9 of the Convention;

6. *Decides* to adopt and implement the programme of work set out in the annex to this decision.

*8th plenary meeting
14 November 1998*

**Annex
PROGRAMME OF WORK**

ITEM	ACTION	OBJECTIVE	RESPONSIBILITY	DEADLINE
1	Submission of views on the issues to be discussed in expert workshop	Identify factors that will help determine the adverse effects of climate change and/or the impact of implementation of response measures, the information available, existing information gaps and further information needed as well as views on methodologies, taking into account <i>inter alia</i> submissions already made to the COP and the subsidiary bodies on the implementation of Article 4.8 and 4.9 of the Convention	All Parties	End of April 1999
2	Consideration of the secretariat's compilation of national submissions	Define the expert workshop terms of reference	SBI 10, SBSTA 10	June 1999
3	Organization of the experts workshop including budgetary issues	Produce input for SBSTA 11 and SBI 11	Chairman of SBSTA, with the assistance of the secretariat	September 1999
4	Further discussion on the implementation of Article 4.8 and 4.9 of the Convention considering the outcome of the workshop	Prepare report including conclusions and/or draft decision for COP 5	SBI 11, SBSTA 11	November 1999
5	Identification of initial actions to address the implementation of Article 4.8 and 4.9 of the Convention, as well as Articles 2.3 and 3.14 of the Kyoto Protocol	Identify initial actions, including initial input for COP/MOP 1, in accordance with Articles 2.3 and 3.14 of the Kyoto Protocol	COP 5	October 1999
6	Identification of any additional actions needed to address the implementation of Article 4.8 and 4.9 of the Convention, as well as Articles 2.3 and 3.14 of the Kyoto Protocol	Take a decision on any further actions	COP 6	October 2000

Decision 6/CP.4

Activities implemented jointly under the pilot phase

The Conference of the Parties,

Recalling its decision 5/CP.1,

Noting its decision 7/CP.4 on mechanisms of the Kyoto Protocol to the United Nations Framework Convention on Climate Change,

Taking note of the second synthesis report¹ and the update² on activities implemented jointly under the pilot phase prepared by the secretariat, and of the views expressed by Parties,³

Recognizing the need to address the issues identified in the second synthesis report, particularly in its main conclusions (chapter II),

1. *Decides* to continue the pilot phase, recognizing that such continuation should provide developing country Parties, in particular the least developed and small island developing States amongst them, as well as Parties with economies in transition, with the opportunity to enhance their capacity-building and to gain further experience with activities implemented jointly for all Parties;

2. *Invites* Parties to continue to submit new reports or updates on activities implemented jointly under the pilot phase, endorsed by designated national authorities for activities implemented jointly, using the uniform reporting format adopted at the third session of the Conference of the Parties by its decision 10/CP.3. The deadline for submission of reports to be considered in the third synthesis report is 8 June 1999;

3. *Reiterates* the invitation to Parties contained in decision 10/CP.3 to provide inputs to the secretariat on their experience in using the uniform reporting format. The deadline for submission of these inputs to be considered by the Subsidiary Body for Scientific and Technological Advice at its tenth session is 12 February 1999;

4. *Decides* to begin preparations for a review process of the pilot phase and requests the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to address the process at their tenth sessions, with a view to the

¹ FCCC/CP/1998/2.

² FCCC/CP/1998/INF.3.

³ FCCC/CP/1998/MISC.7 and Add. 1-4.

Conference of the Parties taking a conclusive decision on the pilot phase, and the progression beyond that, no later than the end of the present decade;

5. *Invites* Parties to submit to the secretariat their views on the process and information on experience gained and lessons learned with activities implemented jointly under the pilot phase, in order to facilitate the review process referred to in paragraph 4 above. The deadline for such submissions to be considered by the Subsidiary Body for Scientific and Technological Advice at its tenth session is 12 February 1999.

*8th plenary meeting
14 November 1998*

Decision 7/CP.4

Work programme on mechanisms of the Kyoto Protocol

The Conference of the Parties,

Being guided by Article 3 of the United Nations Framework Convention on Climate Change,

Recalling Articles 6, 12 and 17 on mechanisms of the Kyoto Protocol to the Convention,

Recalling also Article 3 of the Kyoto Protocol,

Recalling its decision 1/CP.3, paragraphs 5 and 6,

Having considered views submitted by Parties related to matters contained in decision 1/CP.3, paragraph 5 (b), (c) and (e) and paragraph 6,¹

1. *Decides on the following work programme on mechanisms, including the list of elements in the annex to this decision, to be undertaken with priority given to the clean development mechanism, and with a view to taking decisions on all the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol at its sixth session, including, where appropriate, recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session on the following matters:*

- (a) *Guidelines concerning provisions under Article 6 of the Kyoto Protocol;*
- (b) *Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol, with the objective of ensuring transparency, efficiency and accountability through independent auditing and verification of project activities, and including implications of Article 12.10 of the Kyoto Protocol;*
- (c) *Relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability of emissions trading, pursuant to Article 17 of the Kyoto Protocol;*

2. *Invites Parties to submit further proposals on principles, modalities, rules and guidelines for the mechanisms under Articles 6, 12 and 17 of the Kyoto Protocol by the end of February 1999 as an input to technical workshops, and additional proposals, by 31 March 1999, for compilation by the secretariat as a miscellaneous document for the*

¹ FCCC/CP/1998/MISC.7 and Add. 1-4; and FCCC/SB/1998/MISC.1 and Add.1/Rev.1, Add.2, Add.3/Rev.1 and Add. 4-6.

Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at their tenth sessions;

3. Requests the secretariat, under the guidance of the Chairmen of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, to convene two technical workshops before 15 April 1999, based on inputs by Parties and drawing upon relevant contributions from United Nations agencies, and intergovernmental and non-governmental organizations, in a manner that promotes coordination and cooperation and the effective use of scarce resources;

4. Requests the secretariat to prepare, for consideration by the subsidiary bodies at their tenth sessions, a plan for facilitating capacity-building for developing country Parties, especially the small island States and the least developed amongst them, in the clean development mechanism project activities, and for facilitating the participation of Parties with economies in transition in the other mechanisms;

5. Requests the Chairmen of the subsidiary bodies, supported by the secretariat, to produce, based on submissions by Parties, and bearing in mind linkages among the provisions relating to the mechanisms and other issues related to the Kyoto Protocol, a synthesis of proposals by Parties on matters addressed in paragraph 1 above for initial consideration by the subsidiary bodies at their tenth sessions.

*8th plenary meeting
14 November 1998*

Annex

Work programme on mechanisms of the Kyoto Protocol: list of elements^a

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies
	General	SBSTA /SBI
	<ul style="list-style-type: none"> (1) Application of relevant principles (2) Nature and scope of the mechanisms (3) Equity and transparency (4) Supplementarity (5) Climate change effectiveness (6) Institutional framework (7) Capacity-building (8) Adaptation (9) Compliance (10) Linkages (11) Inapplicability of Article 4.8 and 4.9 of the Convention and/or Article 2.3 and 3.14 of the Kyoto Protocol to the mechanisms^b (12) Dependence of the ambitious environmental targets of the Kyoto Protocol upon availability of mechanisms (13) Importance of prompt decisions on workable mechanisms for ratification/entry into force (14) Principle of cost-effectiveness (15) Role of mechanisms in promoting compliance (16) Comparable treatment among Parties included in Annex B to the Kyoto Protocol, whether using Articles 6, 12, 17 or other means to achieve their Article 3 commitments (17) Maximizing the environmental benefits of mechanisms by assuring the lowest possible cost structures 	

^a The existence of elements in this list is without prejudice to inclusion of these items in the rules, modalities and guidelines developed for these mechanisms. Additional items can be added to this list.

^b Unless otherwise specified, all references to Articles in this annex are to Articles of the Kyoto Protocol.

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies
	(18) Application of any quantification of "supplemental to domestic actions" to each individual State within a regional economic integration organization (19) Supplementarity (concrete ceiling defined in quantitative and qualitative terms based on equitable criteria) (20) Linkages, inter alia interchangeability (21) Prerequisites for the use of the mechanisms (compliance, linkage with Articles 5, 7, 8) (22) Articles 2.3 and 3.14	
Article 12 - Clean development mechanism (CDM)		
	<u>Basic</u>	SBSTA /SBI
12.2 3, 12.2 12.2 12.2 12.2 12.8 12.2, 12.7	(1) Purpose of CDM projects (2) The "part of" commitments under Article 3 (3) Compatibility with sustainable development priorities/strategies (4) Special needs of least developed countries (5) Criteria for project eligibility (6) Adaptation (7) Transparency, non-discrimination, prevention of distortion of competition (8) Application of any quantification of "supplemental to domestic actions" to each individual State within a regional economic integration organization (9) Supplementarity to domestic actions for achieving compliance with reduction commitments under Article 3 (concrete ceiling defined in quantitative and qualitative terms based on equitable criteria) (10) Prerequisites for the use of the CDM (compliance, linkage with Articles 5, 7, 8)	

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies
	<u>Methodological and technical</u>	SBSTA
12.3 (b)	(11) "Part of " Annex I commitments	
12.5 (c)	(12) Additionality criteria in project funding (13) Should there be any distinction between public/private funding?	
12.5 (b)	(14) Criteria for real, measurable and long-term benefits related to climate change	
12.5	(15) Criteria for certification	
12.5 (c)	(16) Criteria for project baseline	
12.3(a), 12.9	(17) Definition of the concept of certified emission reductions	
12.7	(18) Systems for independent auditing and verification of project activities	
12.5, 12.7	(19) Format for reporting	
12.10	(20) Implication of Article 12.10, including implications for a possible interim phase approach to the CDM and of the activities implemented jointly (AIJ) under the pilot phase	
3.3 & 3.4	(21) Outcome of methodological work on Articles 3.3 and 3.4 (22) Environmental additionality and baselines (23) Categorization of projects (24) Criteria for sustainable development (25) Determination of additionality of emissions reductions/removals (26) Tracking of certified emission reductions (27) Fungibility among mechanisms (28) Compliance-related issues (29) Inclusion of sinks projects; all six greenhouse gases specified in the Kyoto Protocol	
	<u>Process</u>	SBI
3, 12, 12.9, 12.10	(30) Acquisition and transfer of certified emission reduction units	
12.8	(31) Determination of share of proceeds for adaptation	
12.8	(32) Determination of share of proceeds for administration	

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies	
12.6	(33) Criteria and procedures for arranging funding for certified project activities		
12.8	(34) Criteria and procedures for assisting developing country Parties that are particularly vulnerable to meet adaptation costs		
12.2	(35) Approval by involved Parties of sustainable development (36) Approval by involved Parties of project (37) Certification of project activities and reductions (38) Reporting (39) Auditing and verification (40) Eligibility of AII projects under the CDM beginning in 2000 (41) Credit (starting from 2000) for qualifying projects begun before CDM rules become effective (42) Implications for benefits from CDM in considering whether to elaborate 'part of' in Article 12.3 (b)		
<u>Institutional</u>			SBI
12.4	(43) Authority and guidance of the Conference of the Parties		
12.4	(44) Accountability of the executive board to the Conference of the Parties serving as the meeting of the Parties to the Protocol		
12.4, 12.5, 12.6, 12.7, 12.8, 12.9	(45) Functions of, relationship among and operational procedures of the Conference of the Parties, Conference of the Parties serving as the meeting of the Parties to the Protocol, the executive board and operational entities		
12.4, 12.7	(46) Executive board - constitution, composition, and functions - membership and rules of procedure, provisions for institutional and administrative support		
12.9	(47) Guidance regarding involvement of public and/or private entities		
12.5, 12.7	(48) Operational entities - identification/designation/accreditation; monitoring/auditing of operational entities		
12.2	(49) Responsibility of Parties (50) Overall institutional framework		

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies
Article 6 - Projects		
	<u>Basic</u>	SBSTA /SBI
6.1	(1) Criteria for Article 6 projects	
6.1(d)	(2) "Supplemental to domestic actions"	
6.1	(3) Transparency	
	(4) Implications of the AIJ pilot phase	
	(5) Application of any quantification of "supplemental to domestic actions" to each individual State within a regional economic integration organization	
	(6) Supplementarity to domestic actions (concrete ceiling defined in quantitative and qualitative terms based on equitable criteria)	
	(7) Prerequisites for the use of Article 6 (compliance, linkage with Articles 5, 7 and 8)	
	(8) Lack of authority to elaborate "supplemental to domestic actions"; inadvisability of doing so	
	(9) Lack of authority to impose a charge for adaptation	
	<u>Methodological and technical</u>	SBSTA
6.1	(10) Criteria for project baselines	
6.1(b)	(11) Assessment of additionality	
6.2	(12) Verification and reporting	
8.4	(13) Guidelines for review of implementation of Article 6 by expert review teams	
6.2	(14) Guidelines for monitoring, reporting, verification	
3.3, 3.4	(15) Outcome of methodological work on Articles 3.3 and 3.4	
	(16) Categorization of projects	
	(17) Real, measurable and long-term environmental benefits	
	(18) Independent certification and verification	
	(19) Is further elaboration of guidelines necessary?	
	(20) Fungibility among mechanisms	
	(21) Other compliance-related issues	
	(22) How to assess project additionality/baselines	

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies	
	(23) Tracking of emission reduction units		
	<u>Process</u>	SBI	
6.1(a)	(24) Process for approval by Parties involved in projects		
6.1(c), 3.10, 3.11, 6.3, 6.4	(25) Acquisition and transfer of emission reduction units		
6.3	(26) Authorization of legal entities		
8.4	(27) Process for reviewing Article 6 according to Article 8.4		
6.4, 16, 18	(28) Consequences of non-compliance		
6.1	(29) Process for assessing compliance with Articles 5 and 7		
	(30) Independent certification and verification		
	(31) Certification of emission reductions		
	(32) Monitoring		
	(33) Reporting		
	(34) Eligibility of AIJ projects under Article 6		
	(35) Starting date for Article 6 projects		
	<u>Institutional</u>		SBI
6.2	(36) Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation		
6.2	(37) Elaboration of guidelines as per Article 6.2		
6.3.	(38) Involvement of legal entities		

Provisions in the Kyoto Protocol	Elements	Subsidiary Bodies
Article 17 - Emissions trading between Parties included in Annex B to the Kyoto Protocol		SBSTA /SBI
17	(1) Basis of rights and entitlements for emissions trading of Parties included in Annex B	
3, 17	(2) "Supplemental to domestic actions"	
17, Convention	(3) Conformity with the principle of equity in the Convention	
3, 17	(4) Real and verifiable reduction of greenhouse gas emissions	
17	(5) Elaboration of principles, modalities, rules and guidelines	
17	(6) Matters relating to verification, reporting and accountability (7) Application of any quantification of "supplemental to domestic actions" to each individual State within a regional economic integration organization	
	(8) Supplementarity to domestic actions for the purpose of meeting commitments under Article 3 (concrete ceiling defined in quantitative and qualitative terms based on equitable criteria)	
	(9) Prerequisites for the use of Article 17 (compliance, linkage with Articles 5, 7 and 8)	
	(10) Participation by legal entities	
	(11) "Hot air "	
	(12) Transparency	
	(13) Accessibility	
	(14) Non-discrimination	
	(15) Non-distortion of competition	
	(16) Liability	
	(17) Reporting and tracking of trades	
	(18) Interchangeability	
	(19) Definition of tradeable unit	
	(20) Determination and creation of rights and entitlements for emissions trading of Parties included in Annex B	
	(21) Elements of principles, modalities, rules and guidelines for emissions trading	
	(22) Assigned amounts as basis for emissions trading	
	(23) Tracking transfers and acquisitions in assigned amounts	

Provisions in the Kyoto Protocol	Elements	Sub- sidiary Bodies
	(24) Reporting on transfers and acquisitions in assigned amounts (25) National registries (26) Compliance-related issues (27) Eligibility (e.g. links to Articles 5 and 7) (28) Legal entities (29) Lack of authority to elaborate "supplemental to domestic actions"; inadvisability of doing so (30) Fungibility among mechanisms (31) Competitiveness issues (32) Lack of authority to impose a charge for adaptation	

Decision 8/CP.4

**Preparations for the first session of the Conference of the Parties
serving as the meeting of the Parties to the Kyoto Protocol:
matters related to decision 1/CP.3, paragraph 6**

The Conference of the Parties,

Recalling its decision 1/CP.3 on the adoption of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular paragraph 6 of that decision on the allocation of preparatory work for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

Further recalling the functions and terms of reference of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation, as contained in Articles 9 and 10 of the Convention and as elaborated by its decisions 6/CP.1 and 13/CP.3, and *noting* Article 15 of the Kyoto Protocol,

Having considered the proposal by the Chairmen of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation on the allocation to those bodies of preparatory work for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,¹

Recognizing the need to maximize efficiency in the work of the subsidiary bodies and avoid duplication and overlap,

Taking into account decisions² taken at its fourth session related to issues addressed in annexes I and II to this decision,

Decides:

(a) That the preparatory work for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall be allocated to the subsidiary bodies as shown in annex I to this decision;

(b) That this work shall be carried out according to the initial list of work set out in annex II to this decision;

¹ FCCC/CP/1998/3.

² *Cross-reference to decisions under agenda items 3(c), 4(a)(i), 4(e), 5(a)(i) and 5(a)(ii)-(iv) of the Conference of the Parties at its fourth session.*

(c) To invite the subsidiary bodies to report on these matters to the Conference of the Parties at its fifth session.

*8th plenary meeting
14 November 1998*

Annex I

**ALLOCATION OF PREPARATORY WORK FOR
THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE
PARTIES TO THE KYOTO PROTOCOL AT ITS FIRST SESSION**

Task	Allocation
Tasks assigned to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session	
Actions relating to Article 3.14 ^a	See decision 9/CP.4
Guidelines for national systems under Article 5.1 and methodologies for the application of adjustments under Article 5.2	Subsidiary Body for Scientific and Technological Advice
Guidelines for the preparation of information under Article 7, with respect to both annual inventories and national communications from Annex I Parties	Subsidiary Body for Scientific and Technological Advice, in cooperation with the Subsidiary Body for Implementation
Guidelines for the review of implementation by expert review teams under Article 8	Subsidiary Body for Implementation, in cooperation with the Subsidiary Body for Scientific and Technological Advice
Modalities and procedures relating to the clean development mechanism under Article 12	See decision 7/CP.4 ^b
Procedures and mechanisms relating to compliance	Joint working group on compliance under the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice

^a Unless otherwise stated, references to Articles in annexes I and II to this decision are to Articles of the Kyoto Protocol.

^b This decision also covers other mechanisms under the Kyoto Protocol.

Tasks assigned to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session or as soon as practicable thereafter	
Consideration of ways to facilitate cooperation to enhance the individual and combined effectiveness of policies and measures under Article 2.1(b)	Subsidiary Body for Scientific and Technological Advice
Modalities, rules and guidelines as to how, and which, additional human-induced activities related to changes in GHG emissions by sources and removals by sinks in the agricultural soils and the land-use change and forestry categories might be included under Article 3.4 ^c	Subsidiary Body for Scientific and Technological Advice
Possible further elaboration of guidelines for the implementation of Article 6	See decision 7/CP.4 ^d
Tasks to be accomplished by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol prior to the first commitment period	
Modalities for the accounting of assigned amounts under Article 7.4	Subsidiary Body for Scientific and Technological Advice
Tasks to be accomplished by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as soon as practicable	
Consideration of the application to the Protocol and modification, as appropriate, of the multilateral consultative process referred to in Article 13 of the Convention.	To be considered upon the establishment of the multilateral consultative process referred to in Article 13 of the Convention.

^c See also decision 9/CP.4, paragraph 3, relating to Article 3.3 of the Kyoto Protocol.

^d This decision also covers other mechanisms under the Kyoto Protocol.

Annex II

**INITIAL LIST OF WORK FOR THE CONFERENCE OF THE PARTIES SERVING
AS THE MEETING OF THE PARTIES TO THE
KYOTO PROTOCOL AT ITS FIRST SESSION**

<p>Tasks assigned to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session</p>
<p>Actions relating to Article 3.14</p>
<ul style="list-style-type: none">• See decision 5/CP.4
<p>Guidelines for national systems under Article 5.1 and methodologies for the application of adjustments under Article 5.2</p>
<ul style="list-style-type: none">• Work programme on methodological issues related to Article 5, as set forth in FCCC/SBSTA/1998/CRP.10, paragraph 8, with a view to completion by the Conference of the Parties at its sixth session
<p>Guidelines for the preparation of information under Article 7, with respect to both annual inventories and national communications from Annex I Parties</p>
<ul style="list-style-type: none">• Work programme on issues related to Article 7.1, as set forth in FCCC/SBSTA/1998/CRP.10, paragraph 8 and FCCC/SBI/1998/CRP.5, with a view to completion by the Conference of the Parties at its sixth session• Work programme on issues related to Article 7.2, as set forth in FCCC/SBSTA/1998/CRP.10, paragraph 8 and FCCC/SBI/1998/CRP.5, with a view to completion by the Conference of the Parties at its sixth session
<p>Guidelines for the review of implementation by expert review teams under Article 8</p>
<ul style="list-style-type: none">• Work programme on issues related to Article 8, as set forth in FCCC/SBSTA/1998/CRP.10, paragraph 8 and FCCC/SBI/1998/CRP.5, with a view to completion by the Conference of the Parties at its sixth session

Modalities and procedures relating to the clean development mechanism under Article 12

- See decision 7/CP.4^e

Procedures and mechanisms relating to compliance

- Invitation to Parties to submit views to the secretariat on matters relating to compliance under the Kyoto Protocol by 1 March 1999, to be made available by the secretariat in a miscellaneous document
- Request to the secretariat to facilitate a one-day consultation among Parties^f on matters related to compliance under the Kyoto Protocol immediately prior to the tenth session of the subsidiary bodies
- Establishment of a joint working group on compliance under the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice to:
 - Identify compliance-related elements in the Kyoto Protocol
 - Follow the development of these elements in various groups including, for example, elements on substantive rules and consequences of non-compliance, and identify gaps in order that they are addressed in the suitable forum
 - Develop procedures by which compliance with obligations under the Kyoto Protocol should be addressed, to the extent that they are not being considered by other groups
 - Ensure coherent approaches to developing a comprehensive compliance system
- Request to the joint working group on compliance, through the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice, to report on progress to the Conference of the Parties at its fifth session
- Request to the Conference of the Parties at its fifth session to take further steps including, if necessary, the establishment of an ad hoc working group on compliance or other procedure, with a view to adopting a decision at the Conference of the Parties at its sixth session

^e This decision also covers other mechanisms under the Kyoto Protocol.

^f Open to observers under rules 6 and 7 of the draft rules of procedure, as applied (see FCCC/CP/1996/2).

Tasks assigned to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session or as soon as practicable thereafter

Consideration of ways to facilitate cooperation to enhance the individual and combined effectiveness of policies and measures under Article 2.1(b)

- Request to the secretariat to:
 - Prepare a report on "best practices" in policies and measures for consideration by the Subsidiary Body for Scientific and Technological Advice at its eleventh session, based on Annex I Party national communications and their reviews and additional information submitted by Parties by 15 August 1999, as well as any other relevant information, with a view to strengthening the sharing of experience and exchange of information
 - Organize a workshop to assess "best practices" in policies and measures on the basis of the conclusions of the Subsidiary Body for Scientific and Technological Advice at its eleventh session, and report the results to the Conference of the Parties at its sixth session

Modalities, rules and guidelines as to how, and which, additional human-induced activities related to changes in GHG emissions by sources and removals by sinks in the agricultural soils and the land-use change and forestry categories might be included under Article 3.4^g

- Work programme as set forth in decision 9/CP.4, in accordance with the time-frames set out in that decision

Possible further elaboration of guidelines for the implementation of Article 6

- See decision 7/CP.4^h

^g See also decision 9/CP.4, paragraph 3, relating to Article 3.3 of the Kyoto Protocol.

^h This decision also covers other mechanisms under the Kyoto Protocol.

<p>Tasks to be accomplished by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol prior to the first commitment period</p>
<p>Modalities for the accounting of assigned amounts under Article 7.4</p>
<ul style="list-style-type: none">• Work programme on methodological issues related to Article 7, as set forth in FCCC/SBSTA/1998/CRP.10, paragraph 8, with a view to completion by the Conference of the Parties at its sixth session, or as soon as practicable
<p>Tasks to be accomplished by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol as soon as practicable</p>
<p>Consideration of the application to the Protocol, and modification as appropriate, of the multilateral consultative process referred to in Article 13 of the Convention</p>
<p>To be considered upon the establishment of the multilateral consultative process referred to in Article 13 of the Convention</p>

Decision 9/CP.4

Land-use, land-use change and forestry

The Conference of the Parties,

Recalling decision 1/CP.3 on the adoption of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in particular its paragraph 5(a),

Noting the conclusions on land-use, land-use change and forestry adopted by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its eighth session,

Noting also with appreciation the decision of the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on land-use, land-use change and forestry,

Having considered the report¹ prepared by the secretariat on a SBSTA workshop on data availability based on definitions used by Parties and international organizations in relation to Article 3.3 of the Kyoto Protocol, which was held coincident with an IPCC expert meeting from 24 to 25 September 1998, and the submissions by Parties on land-use, land-use change and forestry,²

1. *Decides* to confirm the understanding expressed in the conclusions of the SBSTA at its eighth session that the meaning of Article 3.3 of the Kyoto Protocol is as follows: the adjustment to a Party's assigned amount shall be equal to verifiable changes in carbon stocks during the period 2008 to 2012 resulting from direct human-induced activities of afforestation, reforestation and deforestation since 1 January 1990. Where the result of this calculation is a net sink, this value shall be added to the Party's assigned amount. Where the result of this calculation is a net emission, this value shall be subtracted from the Party's assigned amount;

2. *Decides* to endorse the other relevant conclusions on land-use, land-use change and forestry made by the SBSTA at its eighth session;

3. *Decides* to recommend, at its first session following the completion of the IPCC special report and its consideration by the SBSTA, a draft decision, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, on definitions related to activities under Article 3.3 of the Kyoto Protocol;

¹ FCCC/CP/1998/INF.4.

² FCCC/CP/1998/MISC.1 and Add.1-2, and FCCC/CP/1998/MISC.9 and Add.1-2.

4. *Decides* to recommend, at its first session following the completion of the IPCC special report and its consideration by the SBSTA, a draft decision, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, on modalities, rules and guidelines as to how, and which, additional human-induced activities related to changes in greenhouse gas emissions by sources and removals by sinks in the agricultural soils and the land-use change and forestry categories might be included under Article 3.4 of the Kyoto Protocol;

5. *Further decides* to recommend, at its first session following the completion of the IPCC special report and its consideration by the SBSTA, a draft decision, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, on guidelines for necessary supplementary information with respect to annual greenhouse gas inventories under the provisions of Article 7.1 and 7.4 of the Kyoto Protocol for reporting required in connection with Article 3.3 and 3.4 of the Kyoto Protocol;

6. *Requests* the SBSTA to consider, at its tenth session, the requirements necessary to fulfil the provisions of the first sentence of Article 3.4 of the Kyoto Protocol, and *invites* Parties to provide submissions on such requirements to the secretariat by 1 March 1999;

7. *Affirms* the importance of broad participation by Parties, particularly developing country Parties, in the work of the SBSTA on land-use, land-use change and forestry;

8. *Requests* the secretariat to compile, for consideration by the SBSTA at its tenth session, a list of policy and procedural issues associated with Article 3.3 and 3.4 of the Kyoto Protocol, based on existing submissions by Parties and any further submissions by Parties, and *invites* Parties to provide submissions on these issues to the secretariat by 1 March 1999;

9. *Also requests* the SBSTA, at its tenth session, to give further consideration to planning its work on land-use, land-use change and forestry;

10. *Invites* the IPCC to continue to provide progress reports on its activities related to land-use, land-use change and forestry to the SBSTA.

*5th plenary meeting
11 November 1998*

Decision 10/CP.4

Multilateral consultative process

The Conference of the Parties,

Recalling Article 13 of the United Nations Framework Convention on Climate Change,

Recalling also its decisions 20/CP.1, 4/CP.2 and 14/CP.3,

Recognizing with appreciation the work done by the Ad Hoc Group on Article 13 on the issues relating to the establishment of a multilateral consultative process and its design,

Noting that the Ad Hoc Group has completed the task assigned to it in decision 20/CP.1,

Having considered the final report of the Ad Hoc Group on its sixth session,¹

Decides:

1. To approve the text of the multilateral consultative process, set out in annex II to the report of the Ad Hoc Group on Article 13 on its sixth session, with the exception of the issues in square brackets in paragraphs 8 and 9 of that annex;
2. To review those issues at the fifth session of the Conference of the Parties, with a view, when those issues have been resolved, to adopting a multilateral consultative process, to establishing the Multilateral Consultative Committee referred to therein, and to bringing the process into operation;
3. To invite the President of the Conference of the Parties to conduct consultations on those issues during the inter-sessional period with the aim of identifying solutions thereto.

*3rd plenary meeting
6 November 1998*

¹ FCCC/AG13/1998/2.

Decision 11/CP.4

National communications from Parties included in Annex I to the Convention

The Conference of the Parties,

Recalling the relevant provisions of the United Nations Framework Convention on Climate Change, in particular, Articles 4, 5, 6, 7.2 and 9.2(b) and Articles 10.2, 11 and 12 thereof,

Recalling its decisions 9/CP.2 and 6/CP.3 on communications from Parties included in Annex I to the Convention (Annex I Parties), and decision 4/CP.3, which amended the list in Annex I to the Convention,

Having considered the relevant recommendations of the Subsidiary Body for Implementation,

Noting with appreciation the second compilation and synthesis of second national communications from Annex I Parties,¹ prepared by the secretariat pursuant to decision 6/CP.3, paragraph 2(a), and the summary compilation of annual greenhouse gas inventory data from Annex I Parties,²

1. *Decides* that those Parties included in Annex I to the Convention by decision 4/CP.3 which have not submitted a first national communication should do so no later than six months after the entry into force of the amendment to Annex I, namely by 13 February 1999, or as soon as possible thereafter;

2. *Requests* Annex I Parties to submit to the secretariat, in accordance with Article 12.1 and 12.2 of the Convention:

(a) A third national communication³ by 30 November 2001 and subsequent national communications on a regular basis, at intervals of three to five years, to be decided at a future session. The Parties referred to in paragraph 1 above should submit their second and subsequent national communications by the same dates;

¹ FCCC/CP/1998/11 and Add. 1-2.

² FCCC/CP/1998/INF.9.

³ This term includes communications from the regional economic integration organization included in Annex I to the Convention.

(b) National inventory data on emissions of greenhouse gases by sources and removals by sinks on an annual basis by 15 April for the period up to the last but one year prior to the year of submission;

(c) Summary tables of national inventory data in electronic format and in hard copy. Additional and explanatory information should also, to the extent possible, be submitted in electronic format, as well as hard copy;

3. *Requests* its subsidiary bodies to consider the scope, modalities and options for the review process, including the review of annual inventory information, and the need for more thorough consideration of national circumstances and reporting requirements under the Kyoto Protocol to the Convention, and to report, as appropriate, to the Conference of the Parties, at its fifth session, on any proposed changes, with a view to adopting revised guidelines for the review process at its sixth session;

4. *Decides* that each national communication referred to in paragraph 2(a) above should be subject to an in-depth review, coordinated by the secretariat and in accordance with the revised guidelines;

5. *Requests* the secretariat to explore options for interim reporting by Parties on specific issues, including via on-line forms or tables, and for the analysis and publication of such reporting as interim compilation and synthesis reports by the secretariat;

6. *Urges* Annex I Parties that have not already done so to submit their second national communications, which were due by 15 April 1997 or 1998, as soon as possible,

7. *Urges* Annex I Parties that have not already done so to submit national inventory data, which were due by April 15 1998, as soon as possible,

8. *Concludes*, with respect to the reporting of information in national communications by Annex I Parties, that:

(a) Those Parties are fulfilling their Article 4.2(b) commitments to report detailed information on national policies and measures on the mitigation of climate change, as described in the compilation and synthesis of second national communications;

(b) Information contained in second national communications was generally of a higher quality than in the first national communications, thus providing a better basis for evaluating the scope and achievements of national climate change mitigation strategies;

(c) Further efforts are required to improve adherence to the relevant guidelines so as to ensure greater completeness, consistency and comparability of the data and information, including on the implementation of Article 4.3, 4.4 and 4.5 of the Convention;

9. *Concludes*, with respect to the reporting of information in national communications by Parties included in Annex II to the Convention (Annex II Parties), that those Parties are fulfilling their Article 12.3 commitments by reporting on their commitments regarding the transfer of technology and the provision of financial resources, as described in the second compilation and synthesis, but that most of them do not follow the tabular format requested by the revised guidelines annexed to decision 9/CP.2. In this regard, every effort should be made by Annex II Parties to use the tabular format;

10. *Concludes*, with respect to the implementation of the Convention by Annex I Parties, recognizing the need to take further action to achieve the ultimate objective of the Convention, that:

(a) As described in the second compilation and synthesis report, Annex I Parties collectively had by 1995 reduced their greenhouse gas emissions from 1990 levels by about 4.6 per cent; aggregate greenhouse gas emissions by Annex I Parties are projected to be approximately 3 per cent below 1990 levels in the year 2000 and about 8 per cent above 1990 levels in the year 2010;

(b) As described in the second compilation and synthesis report, greenhouse gas emissions from Annex I Parties with economies in transition declined by 28 per cent, while Annex II Parties as a whole exhibited growing aggregate greenhouse gas emissions, with an increase of 3.5 per cent from 1990 to 1995;

(c) Annex I Parties are fulfilling their Article 4.2 commitments to implement national policies and measures to mitigate climate change but, according to available information in the second compilation and synthesis report, many Annex I Parties will not return greenhouse gas emissions to 1990 levels by the year 2000;

11. *Notes* that Annex II Parties are providing bilateral contributions and all Annex II Parties contribute to the Global Environment Facility, and that there is a need to address the concern expressed by some Parties that Annex II Parties are falling short of their commitments related to the transfer of technology and the provision of financial resources;

12. *Invites* the SBSTA to consider the means by which the reporting requirements under the guidelines for the preparation of national communications by Annex I Parties in relation to the transfer of technology and the provision of financial resources might better identify and reflect the range of actions being taken by Annex II Parties. In this context, additional guidance should be provided by the SBI with respect to information needs and reporting on technology transfer and financial assistance;

13. *Decides* that Slovenia, having invoked Article 4.6 of the Convention requesting flexibility to use a base year other than 1990, should be allowed to use 1986 as a base year.

*8th plenary meeting
14 November 1998*

Decision 12/CP.4

**Initial national communications from Parties
not included in Annex I to the Convention**

The Conference of the Parties,

Recalling the relevant provisions of the United Nations Framework Convention on Climate Change, in particular Articles 4.1 and 10.2 (a) and Article 12.1, 12.4, 12.5, 12.6 and 12.7 thereof,

Recalling also its decisions on first communications from Parties not included in Annex I to the Convention (non-Annex I Parties), in particular decisions 10/CP.2 and 11/CP.2,

Noting that, in accordance with Article 12.5 of the Convention, each non-Annex I Party shall make its initial communication within three years of entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4.3 of the Convention, and that Parties that are least developed may make their initial communications at their discretion,

Noting further the differentiated timetable for the submission of initial national communications from non-Annex I Parties,

Having considered that from its first session, in accordance with Article 12.7 of the Convention, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under that Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4 of the Convention and, *having also considered* Article 12.4 of the Convention,

1. *Decides:*

- (a) To consider the information communicated by non-Annex I Parties in assessing the overall aggregated effect of the steps taken by the Parties, pursuant to Article 10.2(a) of the Convention;
- (b) That communications from non-Annex I Parties shall be considered in a facilitative, non-confrontational, open and transparent manner;
- (c) That, pursuant to decision 10/CP.2, the national and regional development priorities, objectives and circumstances of non-Annex I Parties should, in accordance with

Article 4.1 of the Convention, and the provisions of Article 3 and Article 4.3, 4.4, 4.5, 4.7, 4.8, 4.9 and 4.10 of the Convention, be taken into account by the Conference of the Parties in considering matters related to their initial communications;

(d) To ensure that issues and concerns identified by non-Annex I Parties in their initial communications are brought to the attention of the Global Environment Facility, and through it, to its implementing agencies as appropriate, when undertaking the comprehensive review of enabling activities projects;

2. *Requests* the subsidiary bodies to consider issues raised in the first compilation and synthesis report of non-Annex I communications at their eleventh sessions under relevant items of their agendas;

3. *Requests* the Subsidiary Body for Implementation, at its eleventh session, to consider the information communicated by non-Annex I Parties in assessing the overall aggregated effect of the steps taken by Parties;

4. *Requests* the Subsidiary Body for Scientific and Technological Advice to prepare scientific assessments of the overall aggregated effects of measures taken, in accordance with Article 9.2 (b) of the Convention;

5. *Decides* to address further the consideration of communications from non-Annex I Parties at its fifth session;

6. *Requests* the secretariat:

(a) To further facilitate assistance to developing country Parties, on request, in the compilation and communication of information required, in accordance with Article 8.2 (c) of the Convention;

(b) To compile and synthesize the information provided in initial national communications from non-Annex I Parties, as indicated in decision 10/CP.2, and in so doing to report on the problems encountered in the use of guidelines for the preparation of initial communications by non-Annex I Parties, and on other issues communicated by non-Annex I Parties, with a view, among other things, to further enhancing the comparability and focus of the communications;

(c) To prepare the first compilation and synthesis report of non-Annex I communications based on submissions received from Parties by 1 June 1999 and make that report available to the subsidiary bodies at their eleventh sessions and to the Conference of the Parties at its fifth session;

(d) To compile and make available to Parties a list of projects submitted by non-Annex I Parties in accordance with Article 12.4 of the Convention;

(e) To compile and make available to the Subsidiary Body for Implementation a report containing views and concerns identified by non-Annex I Parties, and to ensure that such views are taken into account in the GEF review of enabling activities on climate change;

7. *Requests* Parties to submit their views to the secretariat by 31 March 1999 on the consideration of communications from non-Annex I Parties, as well as the timing of second national communications, taking into account Article 12.5 of the Convention, for consideration by the Subsidiary Body for Implementation at its tenth session.

*8th plenary meeting
14 November 1998*

Decision 13/CP.4

Relationship between efforts to protect the stratospheric ozone layer and efforts to safeguard the global climate system: issues related to hydrofluorocarbons and perfluorocarbons

The Conference of the Parties,

Noting the need to implement multilateral environmental agreements in a coherent way for the benefit of the global environment,

Recalling that the ultimate objective of the United Nations Framework Convention on Climate Change is to achieve stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system,

Noting the ongoing efforts to phase out ozone-depleting substances under the Montreal Protocol on Substances that Deplete the Ozone Layer, and that hydrofluorocarbons and perfluorocarbons are among the substances which are being used as replacements for ozone-depleting substances,

Noting further that hydrofluorocarbons and perfluorocarbons have high global warming potentials and are listed in Annex A to the Kyoto Protocol to the Convention for achieving quantified emission limitation and reduction commitments of aggregated anthropogenic carbon dioxide equivalent emissions of greenhouse gases by Parties included in Annex I to the Convention,

Considering that the Intergovernmental Panel on Climate Change (IPCC) is seeking to provide further scientific and technical information on present and future sources and levels of emissions of hydrofluorocarbons and perfluorocarbons, and options to mitigate those emissions,

Noting that the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, is continuing its work on methodologies used by Parties for establishing estimates of emissions of hydrofluorocarbons and perfluorocarbons,

Noting further the need to consider available and potential ways and means of limiting emissions of hydrofluorocarbons and perfluorocarbons in the context of the Kyoto Protocol,

1. *Invites* Parties, the relevant bodies of the Montreal Protocol, the IPCC, intergovernmental organizations and non-governmental organizations to provide information to the secretariat, by 15 July 1999, on available and potential ways and means of limiting

emissions of hydrofluorocarbons and perfluorocarbons, including their use as replacements for ozone-depleting substances;

2. *Encourages* the convening of a workshop by the IPCC and the Technology and Economic Assessment Panel of the Montreal Protocol in 1999 which will assist the SBSTA to establish information on available and potential ways and means of limiting emissions of hydrofluorocarbons and perfluorocarbons, and *invites* the IPCC to report on the results of such a joint workshop to the SBSTA at its eleventh session, if possible;

3. *Requests* the secretariat to compile the information provided, including, if available, the conclusions of the workshop, for consideration by the SBSTA at its eleventh session;

4. *Requests* the SBSTA to report on this information to the Conference of the Parties, at its fifth session, and to seek further guidance from the Conference of the Parties on this matter at that session.

*5th plenary meeting
11 November 1998*

Decision 14/CP.4

Research and systematic observation

The Conference of the Parties,

Recalling Article 4.1(g) and (h), and Article 5 of the United Nations Framework Convention on Climate Change and its decision 8/CP.3,

Having considered the documents on the development of observational networks of the climate system submitted to it by the Subsidiary Body for Scientific and Technological Advice,¹

Noting with appreciation the comprehensive report on the adequacy of the global observing systems for climate prepared and coordinated by the Global Climate Observing System secretariat in the World Meteorological Organization on behalf of organizations participating in the Climate Agenda,

Noting the conclusions of the report that, *inter alia*, in many instances global and regional coverage is inadequate,

Noting the recommendations contained in the report to improve the global observing systems for climate,

Noting the ongoing work of the agencies participating in the Climate Agenda and others in support of global observing systems for climate, including their contribution to capacity-building,

Recognizing the significant national contributions made to the global observing systems for climate,

1. *Urges* Parties to undertake programmes of systematic observation, including the preparation of specific national plans, in response to requests from agencies participating in the Climate Agenda, based on the information developed by the Global Climate Observing System and its partner programmes;

2. *Urges* Parties to undertake free and unrestricted exchange of data to meet the needs of the Convention, recognizing the various policies on data exchange of relevant international and intergovernmental organizations;

¹ FCCC/CP/1998/7 and FCCC/CP/1998/MISC.2.

3. *Urges* Parties to actively support the building of capacity in developing countries to enable them to collect, exchange and utilize data to meet local, regional and international needs;

4. *Urges* Parties to strengthen international and intergovernmental programmes assisting countries to acquire and use climate information;

5. *Urges* Parties to actively support national meteorological and atmospheric observing systems, including measurement of greenhouse gases, in order to ensure that the stations identified as elements of the Global Climate Observing System networks, based on the World Weather Watch and Global Atmosphere Watch, and underpinning the needs of the Convention, are fully operational and use best practices;

6. *Urges* Parties to actively support national oceanographic observing systems, to ensure that the elements of the Global Climate Observing System and Global Ocean Observing System networks in support of ocean climate observations are implemented and, to the extent possible, support an increase in the number of ocean observations, particularly in remote locations, and to establish and maintain reference stations;

7. *Urges* Parties to actively support national terrestrial networks including observational programmes to collect, exchange and preserve terrestrial data according to the Global Climate Observing System and the Global Terrestrial Observing System climate priorities and particularly hydrosphere, cryosphere and ecosystem observations;

8. *Requests* Parties to submit information on national plans and programmes in relation to their participation in global observing systems for climate, in the context of reporting on research and systematic observation, as an element of national communications for Parties included in Annex I to the Convention (Annex I Parties) and, as appropriate, for Parties not included in Annex I to the Convention (non-Annex I Parties);

9. *Requests* the Subsidiary Body for Scientific and Technological Advice, in consultation with the agencies participating in the Climate Agenda, drawing, *inter alia*, on the information provided in the second national communications of Annex I Parties and, as appropriate, in the initial national communications of non-Annex I Parties, to inform the Conference of the Parties at its fifth session of developments regarding observational networks, difficulties encountered, *inter alia*, with respect to the needs of developing countries and options for financial support to reverse the decline in observational networks;

10. *Invites* the agencies participating in the Climate Agenda, in consultation with the Global Climate Observing System Secretariat, to initiate an intergovernmental process for addressing the priorities for action to improve global observing systems for climate in relation to the needs of the Convention and, in consultation with the Convention secretariat and other relevant organizations, for identifying immediate, medium-term and long-term

options for financial support; and *requests* the secretariat to report results to the Subsidiary Body for Scientific and Technological Advice at its tenth session.

*5th plenary meeting
11 November 1998*

financial support; and *requests* the secretariat to report results to the Subsidiary Body for Scientific and Technological Advice at its tenth session.

*5th plenary meeting
11 November 1998*

options for financial support; and *requests* the secretariat to report results to the Subsidiary Body for Scientific and Technological Advice at its tenth session.

*5th plenary meeting
11 November 1998*

Decision 15/CP.4

**Review of information and possible decisions
under Article 4.2(f) of the Convention**

The Conference of the Parties,

Recalling Article 4.2(f) of the United Nations Framework Convention on Climate Change and its decision 4/CP.3,

Recalling also the discussions concerning the request by Pakistan and Azerbaijan at its third session for the deletion of the name of Turkey from the lists included in Annexes I and II to the Convention,

Having received the "National Report on Climate Change" of Turkey, and *having taken under consideration* the issue of the deletion of the name of Turkey from the lists included in Annexes I and II to the Convention,

1. *Takes note* of the new information submitted on this issue at this session;
2. *Decides* to continue the review of this matter under Article 4.2(f) of the Convention at its fifth session;
3. *Requests* the Executive Secretary to place this matter on the agenda for such further review by the Conference of the Parties at its fifth session.

*3rd plenary meeting
6 November 1998*

Decision 16/CP.4

Impact of single projects on emissions in the commitment period

The Conference of the Parties;

Recalling its decision 1/CP.3, paragraph 5 (d), relating to consideration by the Conference of the Parties of, and, as appropriate, action on suitable methodologies to address the situation of Parties listed in Annex B to the Kyoto Protocol to the United Nations Framework Convention on Climate Change for which single projects would have a significant proportional impact on emissions in the commitment period,

Having considered the conclusions of the Subsidiary Body for Scientific and Technological Advice on this matter at its eighth and ninth sessions,

1. *Requests* the Subsidiary Body for Scientific and Technological Advice to report any additional information to the Conference of the Parties at its fifth session;
2. *Resolves* to take a conclusive decision on this matter, as appropriate, at its fifth session.

*5th plenary meeting
11 November 1998*

Decision 17/CP.4

Administrative and financial matters

The Conference of the Parties,

Recalling its decision 16/CP.3, paragraph 4, and decision 17/CP.3, paragraph 2,

Bearing in mind General Assembly resolution 52/215 of 22 December 1997 revising the United Nations scale of assessments, and considering the recommendation of the Subsidiary Body for Implementation (SBI) to revise the indicative scale of contributions to the core budget on the basis of the revised United Nations scale of assessments,

Having considered the information contained in documents FCCC/CP/1998/8 and Add.1, FCCC/CP/1998/9, FCCC/CP/1998/10, FCCC/CP/1998/INF.1 and FCCC/CP/1998/INF.6,

I. Financial statements and audited reports, 1996-1997

1. *Takes note* of the audited financial statements for the biennium 1996-1997, and the audit reports by the Office of Internal Oversight Services and by the Board of Auditors of the United Nations;
2. *Expresses appreciation* to the United Nations for arranging the audits of the operations of the Convention secretariat, and for the valuable audit observations and recommendations, and *takes note* of those recommendations;
3. *Takes note also* of the actions already taken by the Executive Secretary to implement the recommendations made by both the internal and external auditors, and *urges* that the implementation be completed as soon as possible;

II. Financial performance, 1998-1999

4. *Takes note* of the initial report on financial performance in 1998, including the status of contributions to all the trust funds of the Convention;
5. *Expresses appreciation* to Parties that have paid their contributions to the core budget and to Parties which have made additional voluntary contributions towards the Trust Fund for Supplementary Activities;
6. *Reiterates* its appreciation for the contributions received from Parties to assist the participation of developing country Parties, particularly the least developed and small

island developing countries, and *invites* Parties to continue contributing generously towards this end;

7. *Reiterates its appreciation* to the Government of Germany for its annual contribution of DM 3.5 million and its special contribution to the core budget of DM 1.5 million, as host Government to the secretariat in Bonn;

8. *Urges* Parties which have not paid their contributions to the core budget for 1996, 1997 or 1998, to do so without further delay and *recalls* that contributions for 1999 are due on 1 January 1999;

9. *Notes with concern* the significant carry-over from one biennium to the next, arising *inter alia* from late payment of contributions, and *requests* the Executive Secretary to present options on how to deal with this issue for consideration and recommendation by the SBI at its tenth session, with a view to taking a decision on this matter, if needed, at a future session of the Conference of the Parties;

III. Administrative arrangements

10. *Takes note* of the developments reported by the Executive Secretary in his discussions with the United Nations regarding administrative arrangements for the Convention;

11. *Endorses* the efforts of the United Nations and the Executive Secretary to achieve a more rational and efficient approach to the administrative arrangements between the secretariat and the United Nations;

12. *Requests* the Executive Secretary to report to the SBI at its tenth session on progress made in implementing the new administrative arrangements;

13. *Takes note* of the cooperation between the secretariats of UNFCCC, the United Nations Convention to Combat Desertification and the Convention on Biological Diversity, and *invites* the Executive Secretary to consult with the heads of the secretariats of those Conventions and report back to the SBI, at its eleventh session;

IV. Financial procedures

14. *Adopts* the indicative scale of contributions to the core budget contained in the annex to this decision, which is based on the revised United Nations scale of assessments and which follows the principle that all Parties should contribute to the Convention budget;

15. *Adopts* the new indicative scale for the biennium 1998-1999 adjusted so as to ensure that no Party contributes less than 0.001 per cent of the total; that no one contribution

exceeds 25 per cent of the total; and that no contribution from a least developed country Party exceeds 0.01 per cent;

16. *Amends* paragraph 7 (a) of the financial procedures (as contained in decision 15/CP.1, annex I) to read as follows: "Contributions made each year by Parties on the basis of the indicative scale adopted by consensus by the Conference of the Parties, and based on such a scale of assessments of the United Nations as may be adopted from time to time by the General Assembly";

V. Programme budget, 2000-2001

17. *Requests* the Executive Secretary to submit for consideration by the SBI at its tenth session a proposed programme budget for the biennium 2000-2001, including a contingency for conference services should this prove necessary in the light of decisions to be taken by the General Assembly at its fifty-fourth session;

18. *Requests* the SBI at its tenth session to recommend a programme budget for adoption by the Conference of the Parties at its subsequent session.

*5th plenary meeting
11 November 1998*

Annex

INDICATIVE SCALE OF CONTRIBUTIONS TO THE CORE BUDGET OF UNFCCC: 1998-1999

Party	Indicative scale		Party	Indicative scale	
	1998	1999		1998	1999
Albania	0.003	0.003	Denmark	0.662	0.664
Algeria	0.112	0.09	Djibouti	0.001	0.001
Antigua and Barbuda	0.002	0.002	Dominica	0.001	0.001
Argentina	0.74	0.984	Ecuador	0.021	0.019
Armenia	0.026	0.011	Egypt	0.066	0.062
Australia	1.417	1.424	El Salvador	0.012	0.012
Austria	0.901	0.904	Eritrea	0.001	0.001
Azerbaijan	0.058	0.021	Estonia	0.022	0.014
Bahamas	0.014	0.014	Ethiopia	0.007	0.006
Bahrain	0.017	0.016	European Community	2.5	2.5
Bangladesh	0.01	0.01	Fiji	0.004	0.004
Barbados	0.008	0.008	Finland	0.518	0.521
Belgium	1.056	1.06	France	6.256	6.285
Belize	0.001	0.001	Gabon	(new Party)	0.014
Benin	0.002	0.002	Gambia	0.001	0.001
Bhutan	0.001	0.001	Georgia	0.056	0.018
Bolivia	0.008	0.007	Germany	9.277	9.425
Botswana	0.01	0.01	Ghana	0.01	0.007
Brazil	1.459	1.413	Greece	0.355	0.337
Bulgaria	0.043	0.018	Grenada	0.001	0.001
Burkina Faso	0.002	0.002	Guatemala	0.018	0.017
Burundi	0.001	0.001	Guinea	0.003	0.003
Cambodia	0.001	0.001	Guinea-Bissau	0.001	0.001
Cameroon	0.013	0.012	Guyana	0.001	0.001
Canada	2.722	2.646	Haiti	0.002	0.002
Cape Verde	0.001	0.002	Honduras	0.004	0.003
Central African Republic	0.002	0.001	Hungary	0.115	0.115
Chad	0.001	0.001	Iceland	0.031	0.031
Chile	0.109	0.126	India	0.294	0.287
China	0.868	0.935	Indonesia	0.167	0.177
Colombia	0.104	0.105	Iran (Islamic Republic of)	0.292	0.185
Comoros	0.001	0.001	Ireland	0.215	0.215
Congo	0.003	0.003	Israel	0.317	0.332
Cook Islands	0.001	0.001	Italy	5.196	5.22
Costa Rica	0.016	0.015	Jamaica	0.006	0.006
Côte d'Ivoire	0.012	0.009	Japan	17.322	19.203
Croatia	0.054	0.035	Jordan	0.008	0.006
Cuba	0.038	0.025	Kazakhstan	0.119	0.063
Cyprus	0.033	0.033	Kenya	0.007	0.007
Czech Republic	0.163	0.116	Kiribati	0.001	0.001
Democratic People's Republic of Korea	0.03	0.018	Kuwait	0.148	0.129
Democratic Republic of the Congo	0.008	0.007	Lao People's Democratic Republic	0.001	0.001

Party	Indicative scale		Party	Indicative scale	
	1998	1999		1998	1999
Latvia	0.044	0.023	Saint Lucia	0.001	0.001
Lebanon	0.015	0.015	Saint Vincent and the Grenadines	0.001	0.001
Lesotho	0.002	0.002	Samoa	0.001	0.001
Liechtenstein	0.005	0.006	San Marino	0.002	0.002
Lithuania	0.043	0.021	Saudi Arabia	0.572	0.547
Luxembourg	0.064	0.065	Senegal	0.006	0.006
Malawi	0.002	0.002	Seychelles	0.002	0.002
Malaysia	0.162	0.173	Sierra Leone	0.001	0.001
Maldives	0.001	0.001	Singapore	0.161	0.169
Mali	0.003	0.002	Slovakia	0.051	0.037
Malta	0.013	0.013	Slovenia	0.058	0.059
Marshall Islands	0.001	0.001	Solomon Islands	0.001	0.001
Mauritania	0.001	0.001	South Africa	0.352	0.352
Mauritius	0.009	0.009	Spain	2.477	2.488
Mexico	0.907	0.942	Sri Lanka	0.013	0.012
Micronesia (Federated States of)	0.001	0.001	Sudan	0.009	0.007
Monaco	0.003	0.004	Suriname	0.004	0.004
Mongolia	0.002	0.002	Swaziland	0.002	0.002
Morocco	0.039	0.039	Sweden	1.059	1.042
Mozambique	0.002	0.001	Switzerland	1.17	1.168
Myanmar	0.009	0.008	Syrian Arab Republic	0.06	0.061
Namibia	0.007	0.007	Tajikistan	(new Party)	0.005
Nauru	0.001	0.001	Thailand	0.152	0.16
Nepal	0.004	0.004	The Former Yugoslav Republic of Macedonia	(new Party)	0.004
Netherlands	1.56	1.567	Togo	0.002	0.001
New Zealand	0.213	0.212	Trinidad and Tobago	0.017	0.016
Nicaragua	0.002	0.001	Tunisia	0.027	0.027
Niger	0.002	0.002	Turkmenistan	0.014	0.008
Nigeria	0.067	0.038	Tuvalu	0.001	0.001
Niue	0.001	0.001	Uganda	0.004	0.004
Norway	0.583	0.586	Ukraine	0.653	0.29
Oman	0.048	0.049	United Arab Emirates	0.171	0.171
Pakistan	0.058	0.057	United Kingdom	4.89	4.891
Panama	0.015	0.012	United Republic of Tanzania	0.004	0.003
Papua New Guinea	0.007	0.007	United States of America	25	25
Paraguay	0.013	0.013	Uruguay	0.047	0.046
Peru	0.082	0.091	Uzbekistan	0.074	0.036
Philippines	0.074	0.077	Vanuatu	0.001	0.001
Poland	0.242	0.199	Venezuela	0.226	0.169
Portugal	0.355	0.401	Viet Nam	0.01	0.007
Qatar	0.032	0.032	Yemen	0.01	0.01
Republic of Korea	0.92	0.955	Yugoslavia	0.058	0.033
Republic of Moldova	0.041	0.017	Zambia	0.003	0.002
Romania	0.098	0.064	Zimbabwe	0.009	0.009
Russian Federation	2.768	1.429			
Saint Kitts and Nevis	0.001	0.001	TOTAL	100	100

Decision 18/CP.4

Attendance of intergovernmental and non-governmental organizations at contact groups

The Conference of the Parties,

Having considered the conclusions of the Subsidiary Body for Implementation at its eighth session on the involvement of non-governmental organizations in the Convention process,¹

Affirming that negotiations under the Convention are a matter for the Parties,

Considering that arrangements for the attendance of observers at contact groups should also cover representatives of intergovernmental organizations,

Recalling Article 7.6 of the Convention and rules 6 and 7 of the draft rules of procedure being applied,²

1. *Decides* that the presiding officers of Convention bodies may invite representatives of intergovernmental and non-governmental organizations to attend as observers any open-ended contact group established under the Convention process, unless at least one third of the Parties present at the session of the Convention body setting up that contact group object, and on the understanding that the presiding officers of such contact groups may determine at any time during their proceedings that they should be closed to intergovernmental and non-governmental organizations;

2. *Invites* the presiding officers of Convention bodies, at the time of their establishment of such a contact group, to ascertain if there are objections from Parties to attendance by intergovernmental and non-governmental organizations at that contact group under the conditions set out in paragraph 1 above.

*2nd plenary meeting
2 November 1998*

¹ FCCC/SBI/1998/6, paras. 81-83.

² FCCC/CP/1996/2.

Decision 19/CP.4

Calendar of meetings of Convention bodies 2000 - 2001

The Conference of the Parties,

Recalling Article 7.4 of the United Nations Framework Convention on Climate Change,

1. *Decides* that the calendar of meetings of the Convention bodies for the years 2000-2001 shall be as follows:

- (a) First sessional period in 2000: from 5 to 16 June;
- (b) Second sessional period in 2000: from 16 to 27 October;¹
- (c) First sessional period in 2001: from 21 May to 1 June;
- (d) Second sessional period in 2001: from 29 October to 9 November;

2. *Further decides* that, following current practice and assuming that the Conference of the Parties continues to meet annually, the second sessional period in each of these years would include a session of the Conference of the Parties.

*8th plenary meeting
14 November 1998*

¹ This decision was adopted on the understanding that the secretariat would attempt to identify alternative dates for the second sessional period in the year 2000.

II. RESOLUTIONS ADOPTED BY THE CONFERENCE OF PARTIES

Resolution 1/CP.4

Solidarity with Central America

The Conference of the Parties,

Having learned, with deep sadness, of the considerable loss of life and devastation caused by Hurricane Mitch in Honduras, Nicaragua, Guatemala, El Salvador, Belize, Costa Rica and Panama,

Aware of the high vulnerability of Central American countries to climate phenomena,

Concerned that global warming may be contributing to the worsening of weather, and *concluding* that further scientific investigation of the impacts of climate change and its relationship to extremes of weather is critical,

Recognizing as well that the unfortunate occurrences mentioned lend special urgency to our deliberations in this Conference, and oblige us to look for new opportunities for common cooperative actions,

1. *Expresses* to the people and governments of Central America its strongest solidarity in the tragic circumstances they are facing, which demonstrate the need to take action to prevent and mitigate the effects of climate change, particularly in the most vulnerable countries;

2. *Invites* the international community, including intergovernmental and non-governmental organizations, to lend immediate assistance;

3. *Urges* all governments, United Nations agencies, intergovernmental and non-governmental organizations, the private sector, and society in general, to continue their efforts to find permanent solutions to the factors which cause or may cause climate events, and to take steps to achieve the early entry into force of the Kyoto Protocol;

4. *Invites* support for the Central American initiatives from the Presidential Summit convened in San Salvador, El Salvador, on 9 November 1998, which calls for a sustainable reconstruction plan for Central American countries, and for increased technical and financial assistance for Central America.

*8th plenary meeting
14 November 1998*

Resolution 2/CP.4

**Expression of gratitude to the Government and people of
the Republic of Argentina**

The Conference of the Parties,

Having met in Buenos Aires from 2 to 14 November 1998 at the invitation of the Government of the Republic of Argentina,

1. *Expresses its profound gratitude* to the Government of the Republic of Argentina for having made it possible for the fourth session of the Conference of the Parties to be held in Buenos Aires;
2. *Requests* the Government of the Republic of Argentina to convey to the City and to the people of Buenos Aires the gratitude of the Conference of the Parties for the hospitality and warm welcome extended to the participants.

*8th plenary meeting
14 November 1998*

Fourth Session of the Conference of the Parties
to the
United Nations Framework Convention on Climate Change

Statement at opening of high-level segment
on
12 November 1998

by

Michael Zammit Cutajar
Executive Secretary, UNFCCC

The arrival of ministers brings the Conference into contact with the outside world of real politics - a world in which the issues on which we are focussed here are seen in a different perspective and are influenced by pressures and messages which we must try to understand and to which we must react with conviction and persuasion.

- With our colleagues in the IPCC and the scientific community, we must ensure that the science which underpins political action is communicated to - and absorbed by - those who take political and economic decisions. It is important that the mainstream scientists who advise us in our work keep up their guard against the destabilizing messages of a dissident minority that insists that climate change is not a problem.
- Despite welcome signs of changing attitudes in industry, we need to do more to persuade business leaders that global warming is an inescapable part of their corporate future - and that the response to it is an

opportunity for profitable innovation in technologies and in business practices. Can we mobilize those business leaders who have already shifted to persuade their fellows of the responsible way ahead? And to reassure labour that a climate change response is not an enemy of job creation?

- We must explain to legislators in developed countries that the emerging climate regime is not an unfair deal and that developing countries are indeed making a meaningful contribution to modifying longer-term trends in emissions, through investments that are promoting their national development while putting it on sustainable paths. Such achievements by major emitters in the developing world deserve political recognition now.
- We must convince doubtful policy makers in developing countries of the benefits that can be obtained from integrating qualitative factors into economic growth. Growth without social and ecological sustainability is a recipe for [continuing backwardness and] lack of competitiveness in a world economy that is not waiting for developing countries to catch up.
- Finally, we must respond constructively to those developing countries who are keen to make their contribution to a global climate change strategy but are hindered by overriding constraints of underdevelopment, inadequate capacities, lack of access to technologies and external debt.

While we work in our negotiating bubble, we must be sensitive to such

realities in the world outside and produce results here that will convince the outside world that the Climate Change Convention means business, the business of building a better world.

There are good prospects that this Conference can end with a solid plan of preparation for the entry into force of the Kyoto Protocol, including important new work processes on mechanisms and on compliance and with a linkage to a new process on impacts. And there is an opportunity to put more substance into the Convention's work on transfer of technology. Together, these can constitute the main elements of a convincing package and it is now time for ministers to tie up the package by committing themselves to firm deadlines for political action - deadlines that will maintain momentum and are close enough to maintain the interest and involvement of the private sector.

In working towards these deadlines, the Parties will be able to call upon substantive inputs from the Convention secretariat and the organizations of the United Nations system. The secretariat pledges its full support and is ready to facilitate inputs from other United Nations bodies in a coherent, coordinated and cost-effective manner.

THE SECRETARY-GENERAL

**MESSAGE TO THE FOURTH SESSION OF THE
CONFERENCE OF PARTIES TO THE UNITED NATIONS
FRAMEWORK CONVENTION ON CLIMATE CHANGE**

**Delivered on his behalf by Mr. Nitin Desai,
Under-Secretary-General for Economic and Social Affairs
Buenos Aires, 11 November 1998**

It gives me great pleasure to convey my warmest greetings to all who have gathered from around the world to continue this historic process. I would like first to express my gratitude to His Excellency President Carlos Menem and the people of Argentina for hosting this conference, which demonstrates yet again their abiding commitment to the United Nations and to human well-being in general. I would also like to salute all the other Heads of State or Government, distinguished delegates, colleagues from the United Nations system and other participants for coming together, in a spirit of partnership, to continue to this vital work, which means so much to the world's people.

Your adoption of the Kyoto Protocol at last year's Conference of the Parties was a landmark event. By agreeing to legally binding targets for emissions, you confirmed your commitment to sustainable development. This is an impressive achievement, and you are to be

congratulated for the hard work and political courage that made it possible.

The Kyoto Protocol is the most far-reaching agreement on environment and sustainable development ever adopted. Drawing on the best available science, and on new concepts in international law and diplomacy such as the precautionary principle, the Protocol offers a new, more sustainable path for industrial economies. Its adoption demonstrates just how far the community of nations has come in accepting responsibility for its shared stewardship of the earth. The next step is to translate this written agreement into reality by signing and ratifying it quickly, so that it enters into force within two or three years.

Here in Buenos Aires, you have launched the post-Kyoto process, a process as significant and challenging as those that produced the Protocol and Convention. Our destination may be agreed, but now you must determine the best way to get us there.

We need to ensure that emission reductions are cost-effective while ensuring that domestic action remains paramount. We must also figure out the best way to transfer climate-friendly technologies to developing countries.

We need much more scientific research, data collection, training and public outreach. And we need to expand and strengthen the Convention's mechanisms for sharing information and reporting on national actions and programmes.

We all know that, despite the agreement at Kyoto, countries still hold differing perspectives on the way forward. I am confident that the political will exists to find common ground and move forward. But just as the Earth Summit set a compelling deadline for the adoption of the Convention, and the Berlin Mandate set a time limit for finalizing the Protocol, so too there must now be a convincing new time-frame for keeping the process on track over the next two or three years. The Kyoto Protocol must start operating as quickly as possible.

Deadlines not only concentrate the minds of governments, they also give essential signals to civil society. If consumers are convinced that the rules of the game are about to change, they will start taking the myriad small decisions that, when added together, can have a major impact on emissions.

Convincing evidence of governments' commitment to move forward quickly will also help to unleash the floodgates of industrial creativity. Experience shows that business responds rapidly and positively to incentives and pressures, from the globalization of markets to financial volatility or unexpected technological revolutions. Indeed, I am convinced that the business sector will develop climate-friendly technologies and services faster than many now believe possible.

The United Nations system will continue to contribute to the economic transformation implied by efforts to reduce greenhouse gases. The Convention secretariat that supports your deliberations and decisions has proven itself an effective partner. The UN Environment Programme and the World Meteorological Organization started us on this road back in 1988 by creating the Intergovernmental Panel on Climate Change; they too will continue to provide the support you need.

The UN Development Programme is working at the national level to help countries move towards sustainable energy, forestry and agricultural systems. The Global Environment Facility and the World Bank channel financial support to essential projects. UNITAR provides technical training, UNIDO industrial expertise and UNCTAD new ideas on emissions trading. The diversity of mandates and expertise of these and other UN bodies will remain at

your service, and I invite you to provide the necessary guidance to their activities.

We must not underestimate the high stakes of this meeting. The global response to climate change has been impressive but is still in its infancy. Many challenges lie ahead, and success here in Buenos Aires will also contribute to our efforts to protect biodiversity, combat desertification, preserve the ozone layer and alleviate poverty. In that hopeful spirit, I wish you great success with these international deliberations and with your efforts back home in your own countries. Thank you.



**James Gustave Speth
Administrator
United Nations Development Programme**

**Address at the Fourth Conference of Parties
United Nations Framework Convention for Climate Change**

Buenos Aires, 11 November 1998

Madam President,
Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,

The recent catastrophe in Central America, which claimed over 10,000 lives and left more than 1 million homeless, has shown the world once again the disastrous consequences that can befall humanity when poverty and extreme weather conditions meet. You have all seen the grim news reports, the expressions of shock and profound loss on the faces of so many. Beyond the tragic loss of life, years of progress and development in Central America were quickly erased. Early estimates put rehabilitation costs at \$3-4 billion. On behalf of the United Nations Development Programme, I would like to express our deep solidarity with the people of Honduras, Nicaragua, Guatemala, El Salvador, Belize, Costa Rica and Panama.

Whatever the cause of Hurricane Mitch, extreme weather events are predicted by many to be one consequence of global warming, the challenge now before us. We have already come a long way. The Kyoto Protocol includes the commitments for Annex I countries to reduce their greenhouse gas emissions. I urge all Parties to ratify this landmark agreement. There are no sound reasons for costly delays.

At a press briefing yesterday, UNDP and the World Resources Institute released a report documenting how developing countries are already participating meaningfully in reducing climate altering emissions. The initiatives we have reported - in China, India, Brazil and elsewhere - are only the beginning, but they are certainly meaningful. China, for example, has sharply reduced coal subsidies and improved energy efficiency. Without these and other measures, its emissions of carbon dioxide would be 50 per cent higher than they are today.

It will take some 100 years before the cumulative carbon dioxide emissions from developing countries equal those of industrialized countries. Yet changes in the earth's climate will hit developing countries first -- and hardest. We have already seen, with natural phenomena such as hurricanes, typhoons and El Nino, the vulnerability of development to climate events. Generations of poverty, and deforestation for fuel and farming have left many areas barren and more vulnerable to the destructive forces of floods and mudslides.

The poor have a right to development; it is a fundamental human right to be free of poverty. Some two billion people still cook with traditional fuels. More than 1.5 billion people do not have electricity. Precious time is expended in poor communities to gather firewood. Developing countries in general, and the poor in particular, urgently need modern energy services. As long as poor communities lack access to these services, development will suffer, and poverty will be perpetuated.

Yet, we need not always work through conventional approaches that replicate unsustainable energy patterns. As the world community agreed at Rio, climate change objectives and poverty eradication can and must be reconciled. In the years since Rio, much

has been accomplished in the promotion of new and different approaches to energy. Commercially viable and environmentally sound technologies are becoming increasingly available. Opportunities lie primarily in more efficient use of energy, enhanced use of renewable energy sources, introduction of new and better performing technologies and improved land use and forestry practices. We must work together to promote these opportunities in order to fulfill our sustainable development and climate change mitigation objectives simultaneously.

Industrialized countries, responsible for the bulk of greenhouse gas emissions, have recognized that it is in everyone's interest that they assist developing countries in the implementation of sustainable energy strategies. The problem is that the promises of greater assistance made at Rio and elsewhere are not being fulfilled. Development finance, sound technology choices, technology transfer, environmentally-conscious pricing and trade policies, technical assistance and new partnerships with the private sector are all needed. And no mechanisms under the Kyoto Protocol can substitute for the need for an urgent reversal of recent declines in Official Development Assistance.

We at UNDP have stressed the close links that exist between poverty eradication and environmental sustainability. The ninth meeting of the Commission on Sustainable Development will provide a major opportunity to review the necessary changes needed in the global energy system in order to support development that is pro-poor and pro-environment. In our work, we are reaching out to the private sector and to our partners in the United Nations system. UNDP has initiated, together with the United Nations Department of Social and Economic Affairs and the World Energy Council, a "World Energy Assessment" to provide a substantive input for the preparatory process for the Ninth CSD.

Madam President,
Distinguished Delegates,

We at UNDP are determined to support developing country efforts to combine implementation of the Climate Convention with poverty eradication and sustainable human development goals. UNDP's publication "Energy After Rio: Prospects and Challenges" identifies a number of opportunities to develop energy systems that indeed support social, economic and environmental objectives.

With the GEF, UNDP supports the efforts of over 100 developing countries to prepare their initial national communications under the Convention. And we have mobilized donor support to provide additional technical assistance to respond to the immediate needs of developing countries to implement the Convention.

UNDP has a GEF portfolio of about \$225 million in the area of climate change. These projects are now integral of UNDP program activities. They have leveraged more than \$200 million of co-financing. An increasing number of countries are now including sustainable energy and forestry management among their national priorities for UNDP support.

Additionally, the FINESSE programme, which UNDP operates in partnership with the World Bank and bilateral donors, brings sustainable energy systems to small-scale users.

After modalities for the implementation of the Clean Development Mechanism are agreed upon, it will contribute significantly to reaching the dual goals of lowering greenhouse gas emissions and promoting sustainable development. The design of the Clean Development Mechanism is critical to its success. As a contribution to this important objective, UNDP released a publication here last week that examines key issues and options pertaining to its design and development. UNDP will also help address key components necessary to its success, such as adequate capacity-building, technology transfer and project identification. Properly defined, we believe that the CDM offers tremendous new potential.

Madam President,
Distinguished Delegates,

Climate change will affect the long term development prospects and security of all nations, rich and poor. Working together through international instruments such as the Convention, we can help ensure that the aspirations of all countries for continued growth and for poverty eradication are enhanced, not limited, by our growing concerns for the environment. As many in the private sector have realized, responding to the climate change challenge can also provide important impetuses for growth, can create new jobs and new industries, and can enhance competitiveness. We have the ingredients before us to turn an ominous environmental challenge into a win-win situation. What we need is sufficient resolve and political will together with a sense of urgency. The costs of failure are high, and the stakes for future generations could not be higher.

The recent financial crisis has shown the importance of political leadership in addressing major global challenges together. Yet the long term stakes here are even higher, and the importance of far-sighted leadership even more important.

Thank you.



NEWS RELEASE

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Continued collaboration required to ensure results from Buenos Aires Climate Talks

BUENOS AIRES, 2 November 1998 – On the opening day of the Climate Change Treaty talks here in Buenos Aires, the Executive Director of the United Nations Environment Programme (UNEP), Klaus Toepfer, called for effective cooperation and collaboration among all players, in order to "repair the environment and forestall a climate catastrophe."

Outlining UNEP's expectations for the Fourth Conference of the Parties (COP-4) to the United Nations Framework Convention on Climate Change (UNFCCC), meeting here from 2 to 13 November, Toepfer emphasised the importance of building on the good preparations undertaken by UNEP and others for the conference. "Such work is a pre-condition for action and will, I hope, enable governments to agree on a clear Plan of Action and timetable, to solve the many outstanding substantial and methodological problems faced by both developed and developing countries alike," he said.

Toepfer underlined that the "mechanisms" agreed to in Kyoto at the last meeting of the Conference of the Parties (COP-3) cannot be a substitute for domestic action by industrialized countries. "The bottom line is that developed countries must start cutting their emissions of greenhouse gases. They should adopt win-win strategies, those that reduce emissions in ways that also help the economy. All other action should be supplemental to this effort," he said.

Last year in Kyoto, Japan, governments agreed on a Protocol to the UNFCCC. By adopting the Kyoto Protocol, Annex 1 countries to the UNFCCC (developed countries) signed up to the first ever legally binding targets for cutting the production of the greenhouse gases that cause climate change. Now, one year on, the task in Buenos Aires is to establish the rules of the game - the practical steps - for reaching those Kyoto Protocol targets.

"UNEP will continue to play a leading, integrated, role in this process," said Toepfer. "In collaboration with others, UNEP is contributing to the development of the mechanisms established under the Kyoto Protocol, just as it did in establishing the Intergovernmental Panel on Climate Change (IPCC) with the World Meteorological Organisation."

UNEP is specifically responding to the question of the impact of climate change. In this regard, the Global Environmental Facility's Scientific and Technical Advisory Panel (STAP) – for which UNEP provides the secretariat – is convening a workshop today at COP-4. Held in collaboration with UNEP, IPCC and SBSTA, the workshop on "Climate Change Impact, Assessment and Responses" will run from 13.00 to 15.00 (media are invited). "The important work we are doing on impact, mitigation, adaptation and assessment will be closely integrated into the work of the IPCC's Working Group II," said Toepfer.

"A further priority for UNEP," Toepfer continued, "is to look at the sustainable development component - the social, economic and environmental implications - of the Kyoto Protocol's Clean Development Mechanism (CDM) and ensure developing countries have access to the necessary information about it. It is fundamental that we help fully integrate all countries into the climate change debate and act as a forum for open, informed dialogue," he said.

To this end, UNEP hosted a special meeting of African environment ministers and experts in Nairobi last month where COP-4 topped the agenda. The meeting, attended by 26 ministers, was designed to provide them with an opportunity to learn more about, and discuss, the implications for Africa of important environment agreements (on climate change, the ozone layer, biodiversity and desertification), and the strong inter-linkages between them.

There are strong scientific relationships between the various environmental conventions and UNEP believes a strong initiative to reinforce inter-linkages between environmental issues and human needs can offer new and better opportunities to devise effective policies that meet both local and global needs. On 12 November in Buenos Aires, UNEP and The World Bank will launch a new "Inter-linkages Assessment Report." (Media are invited).

The Nairobi ministerial meeting allowed for African countries to agree on a Common Position with regard to the CDM, which they agreed should be a high priority for Africa. UNEP will continue to actively facilitate similar dialogue amongst developing countries and, at the request of African governments, play a more active role in CDM related activities.

The Kyoto Protocol's mechanisms may be one way forward, especially with regard to the CDM and transfer of environment friendly technology to developing countries, but they are not, on their own, a solution to the climate change problem.

"From Buenos Aires we need a clear signal that all involved with the issue mean business," said Toepfer. "Action from governments will help convince producers, consumers, communities and individuals to adjust their activities in ways that limit emissions, as the Convention and its Kyoto Protocol will only succeed if they are widely supported by the public and by key constituencies and interest groups," he said.

Note to journalists: Klaus Toepfer, United Nations Under-Secretary General and Executive Director of UNEP, will hold a press conference today at 15.00. He will be joined by Theodore Panayotou, author of the UNEP/Earthscan publication, "Instruments for Change - Motivating and Financing Sustainable Development," which will be released to the press today.

For more information or to arrange interviews, contact Robert Bisset, UNEP Press Officer on tel/fax: (54-1)-314 1400, mobile: 15-4166147, email: rbisset@rocketmail.com

UNEP News Release 1998/COP4/1

Buenos Aires, Argentina
11 November 1998
[[CHECK AGAINST DELIVERY]]

**STATEMENT BY ROBERT PRIDDLE
EXECUTIVE DIRECTOR, THE INTERNATIONAL ENERGY AGENCY, PARIS**

**TO THE FOURTH SESSION OF THE CONFERENCE OF THE PARTIES
TO THE U.N. FRAMEWORK CONVENTION ON CLIMATE CHANGE**

Kyoto created the opportunity for significant progress in the struggle against climate change. Buenos Aires must build on that opportunity and demonstrate that real progress *can* be made.

No one is more deeply concerned in that effort than the energy sector – producers and consumers both. And for good reason. Energy is the main source of the buildup of greenhouse gases in the atmosphere. Engaging the energy sector is essential to the success of the UNFCCC process.

That is why the International Energy Agency, which is made up of the industrialised nations and which maintains close links with other producing and consuming countries, has been deeply involved in the climate issue for many years. Energy ministers of the IEA have stated and restated their commitment to address the problem early and energetically. So have other major energy players: the E7 group and other leaders of the electricity industry, as well as the chief executive of more than one very large oil company. Still other energy enterprises have pledged themselves to action as members of the World Business Council for Sustainable Development.

All this is cause for optimism. Also promising is the fact that policies and measures for really effective action in the energy field are at hand, although few of them are easy. The firm expression of political will in Kyoto promised to create a framework that would stimulate the adoption of those measures. Among them are imaginative provisions of the Protocol itself, which could make a reality of the transfer of resources to the developing world, where the greater part of future energy investments will be made. I refer specifically to the Clean Development Mechanism, which can become operational as early as the year 2000. For these reasons, the IEA this year has convened a worldwide series of regional CDM workshops for developing countries.

It is clear now that the broad framework created at Kyoto, though necessary, will not be sufficient. Terms need definition. Mechanisms need rules. Talk needs to be replaced by action. One year of the short decade before the Kyoto commitments become effective has already elapsed. Have we achieved enough? Will we do enough in the remaining days of this session?

These questions, of course, exceed the remit of a specialised energy agency. They go to the heart of the political issues before this gathering. Nevertheless, allow me to express my concern.

National policies to effect the required changes in energy production and use *are* being put into place in the industrial countries. The deregulation and liberalisation of the world's energy markets continues, building a sound basis for cost-effective action on climate change. The IEA and a number of other international organisations can and will assist in these efforts. In the case of my own agency, our work fits into the broader effort to promote sustainable development that is spearheaded by the Organisation for Economic Cooperation and Development.

But the full exploitation of these opportunities still depends on the mobilisation of *all* those involved, private interests as well as public bodies. That mobilisation depends, in turn, on the rapid elaboration of the Kyoto mechanisms into practical working arrangements. The energy sector looks to Buenos Aires to achieve just this.

If we are to do our part of the job, you must do yours.

NEWS RELEASE

OECD Statement to COP4 Mr. Thorvald Moe, Deputy Secretary General Buenos Aires, 11 November 1998

Madame Chair, Your Excellencies, Ladies and Gentlemen,

It is my great pleasure to address the fourth Conference of the Parties on behalf of the OECD. The OECD—as the lead agency and in co-operation with its affiliates the International Energy Agency, the Nuclear Energy Agency, the European Conference of Ministers of Transport, and the OECD Development Centre—has embarked upon a broad, three year effort to advance progress toward sustainable development. Climate change is at the heart of the challenge. This work responds to a request from Ministers, which came earlier this year.

Some initial results are already available and I will describe them. Results are being presented throughout this session and more information is available at the OECD stand.

Achieving the Kyoto targets calls for a mix of cost-efficient domestic policies, the encouragement of innovation and diffusion of technology, effective implementation of international mechanisms, and the establishment of a compliance system.

Domestic responses will need to integrate policies to ensure that decisions to produce, consume and invest take climate goals into account. As OECD countries are actively developing new policies to achieve Kyoto targets, the OECD will assess developments and facilitate discussion on good practice. In addition, as part of its core activities, the OECD carries out regular reviews of Member country performance. In coming annual reviews of overall economic policy performance, the OECD will examine how well countries integrate climate change and other sustainable development objectives with economic policy. These reviews will actively involve Ministries of Finance and Economy.

On technology innovation and diffusion, government policies can play an important role, but governments are not the main actor. The OECD, the IEA and the NEA assist governments on how to design environmental and industrial policies to achieve technology innovation. The IEA and the OECD also support the Climate Technology Initiative which aims to accelerate the use of best-available, cost-effective technology to address climate change. More generally, the OECD will continue to encourage governments to maintain open, competitive markets in which technology and innovation diffuse rapidly.

Cost-effective implementation of the Protocol should take into account differences in abatement costs

across countries. OECD analyses, as well as others, indicate that there are large economic gains from coordinating economic solutions, such as emission trading. Significantly cutting the costs of achieving Kyoto targets will allow us to achieve greater emission reductions over the longer term. Agreement on a framework for implementation is critical to allow timely achievement of the potential of the mechanisms. OECD work in this area is a priority.

Another priority for the international community is the design of effective monitoring, reporting, review and other compliance mechanisms. Because they are legally binding, Kyoto targets require a shift in emphasis in current compliance system to account for national performance in an accurate and transparent way. Early action can prepare the ground for rapid implementation of the Protocol and avoid a radical transition later. OECD will continue to clarify options to strengthen compliance.

OECD is building partnerships with business and other key actors and with developing countries for a sustainable future. Assisting developing countries to meet development needs is an important first step. OECD's development co-operation work recognises developing countries lead role in setting out their own priorities, building on local commitment, ownership and participation. OECD is also working with developing countries to jointly examine policies to cope with climate change that can produce benefits for the economy as well as the environment.

Madame chairperson, sustainable development and climate change policy are at the top of the OECD agenda for the coming years. OECD work will continue to emphasise domestic policy performance and assessment of options to further implement the Protocol and the Convention. In addition, future contributions will focus on the development and use of models to explore the economic aspects of climate change. The OECD will also begin to explore ways of moving beyond Kyoto, including consideration of incentives for the participation of developing countries. The inter-disciplinary nature of the Organisation makes it possible to advance coherent policy recommendations across relevant sectors and to help ensure that climate change objectives are present in national economic policies. Through policy dialogue and objective analyses, the OECD seeks to work with all interested nations and stakeholders. We hope in this way to advance international action to respond to the threat of global climate change and to advance the transition to sustainable development.

COP4: Opening speech

Ms. María Julia Alsogaray

Argentine Secretary of Natural Resources and Sustainable
Development
Chairperson of COP4

It is for Argentina, and naturally for Latin America and the Caribbean, an extremely significant fact that Buenos Aires is hosting the Fourth Session of the United Nations Framework Convention on Climate Change Conference of Parties. It is an event which fills us with pride and places us in front of a serious and concrete challenge among the concert of nations responsibly standing up to the task in favor of sustainable development triggered in 1992 at the Earth Summit of Rio de Janeiro.

Argentina asked to become the venue of this Conference because it has, since 1992, assumed an explicit commitment, both domestically and internationally, i.e., to provide for the necessary conditions today so that the future generations may enjoy a healthy environment. Last year we went to Kyoto with the aspiration to become the first country in the Southern hemisphere where the challenge we are engaged in would be discussed, i.e. to revert the consequences to our planet's climate caused by the current development models.

Organizing this Conference in Buenos Aires was a hefty task. Argentina is a country which has only started, over the past few years, to leave the past behind, a past with serious difficulties in almost every field. A country which has started a transformation process praised by some of the most important nations and people of the planet. It has become an economically stable and competitive country: it would have been unthinkable, some years ago, to manage for delegates of 180 countries, scientists, representatives of the private sector, non-governmental organizations and journalists of almost every nation to gather in our Capital city, even with great endeavor. Argentina has

also become a country where environmental concern has taken a Governmental status -hence a commitment- neglected in the past. It would also have been unthinkable to be hosting this Conference without the support of the Government of Buenos Aires. By working closely and painstakingly together, we have managed for the Exhibition Center of the City to accommodate this meeting under commendable conditions.

But I am fully aware that it is not only the National Government and that of the City of Buenos Aires which have the pleasure to say "welcome". This is a nation with a growing environmental awareness. Thus, each and every Argentine is proud to welcome you and to be, for two weeks, in the international limelight.

The Convention on Climate Change is undoubtedly the UN meeting with the strongest presence in the public opinion, as the issue it covers strikes a highly tangible and sensitive chord in all of mankind. At the same time it is also the convention leading to the most intense disputes between the historical responsibilities of the industrialized world and the need for the planet as a whole to conceive a productive development respectful of the environment. It is also the convention the decisions of which have or may have the most immediate and verifiable impact on industrial production. That is why the private sector, both in the industrialized and developing nations, follows from close by and with great interest all negotiations. For the same reasons, non-governmental organizations are strongly pressing for solutions.

We are therefore aware of the fact that our discussions here, our agreements and disagreements, will be scrutinized by the various sectors making up the so-called public opinion. In this vein, as organizers, we have used every endeavor for the Buenos Aires Conference to make strong progress in the involvement of the various players: we have fostered the presence of NGOs and the private sector and provided them with a space they have certainly not had so far. For all these reasons, it is not trivial that the meeting of the parties to the Convention on Climate Change be held for the first time in a country belonging to the Southern hemisphere, and particularly to Latin America. Our country and our region do not belong to the group holding "historical responsibilities" for the climate change problem.

But we do wish to belong to the group holding "future responsibilities" for the commitments leading to a solution of this dilemma.

This Buenos Aires conference takes place at a very special moment within the trend followed by the negotiations on climate change. The last meeting, held in Kyoto already a year ago, meant a true starting point for the formulation of action programs. The Protocol agreed upon in that meeting provided the international community with more concrete tools to make progress towards honoring the spirit of the Convention signed in Rio de Janeiro already six years ago. Buenos Aires may become -and we earnestly would like that to happen- the realm where such an action program would be established. The discussion staged in the numerous previous meetings points at the challenge posed by moving from the enunciation and listing of these tools to their actual implementation.

And we want Buenos Aires to be remembered by as the place where this new momentum in the history of the Convention was gained. In Argentina we believe that all players involved in this meeting have very concrete responsibilities during the two weeks commencing today.

The countries such as Argentina not listed on Annex I of the Convention, have a very specific task and responsibility for this Buenos Aires meeting: to show that the participation to these negotiations cannot be only bound by the demand, which is fair, calling for reverting the damages caused by a development model which in general terms did not include the environment among its basic variables. On the contrary, just like the industrialized world is to a large extent responsible for this critical present condition of climate change, we are also convinced that we, the developing nations, do have the necessary conditions -and ethical duty- to embrace social, economic and technological development models pledging for sustainable development.

For us, Argentines, not only our country but all of America and the Caribbean are hosting this Conference of Parties. Through all of you, we would like the world to see and substantiate not only the hospitality of our region's inhabitants, but also our commitment

towards an environment that is not to be endured but enjoyed by the generations to come.

When we announced in Kyoto that our country would be the venue of this fourth session of the Convention on Climate Change Conference of Parties we expressed that we wanted the name of our city -Buenos Aires- to become prophetic. That we wished the "good airs" to blow during our meeting so that we would adopt the appropriate measures to stop the effects of the climate change. Our contribution will not only be to give the best of ourselves in order for the discussions to be successful, but also to commit ourselves to make sure that, instead of keeping on arguing about who's to be blamed for the past, which led us to the present condition, we take the necessary steps so as not to be blamed for the future.

Buenos Aires, November 2, 1998

**Remarks Prepared for Delivery by Stuart E. Eizenstat
U.S. Under Secretary of State for
Economic, Business and Agricultural Affairs
UNFCCC Fourth Conference of the Parties
Buenos Aires, Argentina
November 12, 1998**

Thank you, Madame President. At the outset of this Conference, delegates stood in a moment of silence for the victims of Hurricane Mitch. Today, on behalf of the United States, I extend our deepest sympathy and assure our friends in Central America that they can rely on our help as they recover from this terrible tragedy.

Madame President, I also want to thank you for your tireless efforts in hosting this Conference. Without your hard work, our progress these two weeks would not have been possible. And I think I speak for all the Ministers and delegations in saying that we have been touched by the hospitality of this great city, and by its distinctive Porteno culture.

Nearly a year ago in Kyoto we forged an historic agreement. The Kyoto Protocol represents humankind's collective effort to confront the most profound environmental challenge of the 21st century -- the challenge of global warming. Climate change is a threat no nation can escape; a threat that respects no border, nor the difference between rich and poor.

In Kyoto, many of our governments showed real leadership by committing to strong, realistic action to spare future generations from this grave danger. Our goal -- a goal that will take decades to achieve -- is to stabilize atmospheric concentrations of greenhouse gases at a safe level.

In the year since Kyoto, new findings reinforced the strong scientific consensus that human activities are affecting the earth's climate. All but one month so far this year has set a record high for global temperatures, right on the heels of 1997, the warmest year on the books. And this year's El Nino -- with its raging fires, drought, and life-threatening floods -- gave us a powerful preview of the kind of extreme weather that global warming may bring.

While this past year has thrown into sharp relief the gravity of our challenge, it has also shown us that many countries are taking real action to meet that challenge.

In the United States, we are strengthening our already robust domestic efforts to address global warming. Under the leadership of President Clinton and Vice President Gore, we have increased federal investment for energy efficiency and renewable energy to \$1 billion in this year alone -- a 25 percent increase.

This new funding will accelerate actions already underway to develop automobiles with three times the fuel economy of today's models; housing that is 50 percent more energy-efficient;

a thriving bioenergy industry and much more. We have initiated aggressive efforts to reduce federal energy use. And we have launched new partnerships with industry to help boost productivity while lowering emissions.

During the coming year, President Clinton will seek further increases in federal investment to address global warming. We will launch new initiatives on federal energy procurement and transportation, begin setting new energy efficiency standards for major appliances, spur the development of clean industrial technologies, and promote the use of carbon sinks. We will also renew our efforts to restructure our electricity industry to unleash market forces to boost energy efficiency and reduce emissions. In short, there is more we can -- and will -- do at home.

Among the most important developments since Kyoto has been the growing number of leading U.S. corporations acknowledging that the threat of climate change is real. Many are now working to turn the promise of Kyoto into a reality, exploring new ways to use energy better and smarter. Some have even pledged to voluntarily reduce their emissions below the Kyoto targets. We are encouraged as well by the introduction in the U.S. Senate of bipartisan legislation to give credit to companies that achieve early greenhouse gas reductions.

Each of these steps represents real progress. Our job here, of course, is to build on this momentum.

In that spirit, I am pleased to announce that today in New York the United States will sign the Kyoto Protocol. We pledged at the conclusion of the Kyoto conference that we would sign this historic agreement. Today, we do so.

In taking this action, the United States reaffirms our commitment to work with the nations gathered here to address the challenge of climate change. And we are guided by the firm belief that signing will serve our environmental, economic and national security goals.

Kyoto is a landmark achievement, but it is a work-in-progress and key issues remain outstanding. As an original signatory to the Protocol, the United States will be able to play a stronger, more effective role in resolving these issues.

The first major set of issues concerns the Protocol's flexibility mechanisms, including international emissions trading and the Clean Development Mechanism.

These mechanisms can be the engines that drive both the cost-effective achievement of our environmental objectives and the transfer of climate-friendly technology to the developing world. To realize that promise, we must develop appropriate means for measurement, reporting and compliance and resolve liability considerations to create a system with integrity and high standards.

Our experience in the United States has proven the enormous potential of a well-designed system of emissions trading. In our fight against acid rain, emissions trading has allowed us to achieve our goals 30 per cent faster at less than half the projected cost. Far from avoiding

responsibility, trading is enabling us to fulfill our environmental responsibilities faster, and at less cost.

Done right on a global scale, emissions trading will allow the world to achieve greater greenhouse gas reductions at a faster pace and a lower cost for all Parties. At a time of global financial uncertainty, it should be clear to all that we cannot afford a system that makes the reduction of a ton of carbon more expensive than it needs to be. As Tuesday's roundtable made clear, a robust system of flexible mechanisms with clear rules -- and without arbitrary limits -- is the key to unlocking the energies and ingenuity of the private sector to meet the challenge of climate change.

The second key issue we must resolve is the meaningful participation of key developing countries in efforts to address climate change.

The United States commends Argentina for the historic announcement by President Menem yesterday that it will voluntarily take on a binding emissions target for the first commitment period of the Protocol. And we support Argentina's call for new pathways for developing countries to more actively participate in efforts to address climate change. We also applaud Kazakstan's intention to join Annex I and Annex B.

Many decades ago, when this region was struggling for freedom and independence, the great Argentine patriot San Martin said to the people of South America that "all the Americas are watching you and counting on the courage and honor you have habitually displayed."

San Martin's words echo down through the ages, and today, all the world is watching Argentina and is inspired by the courage and honor it has displayed at this Conference. Let us be frank: Without the meaningful participation of key developing nations, the world cannot meet the challenge of global warming no matter how much is done by industrialized countries.

That is why, absent such meaningful participation, President Clinton will not submit the Protocol to the United States Senate, whose approval is required to make it legally binding.

The United States understands that developing countries face pressing needs and their responsibilities are not identical to those of industrialized nations. For many developing countries, "meaningful participation" could mean slowing the rate of emissions increase while their economies continue to grow. As President Menem stated so eloquently, the only path to sustainable growth is clean growth.

That is why we are working with scores of countries around the world to help them along the path to sustainable development, lower emissions, and enhanced technology transfer. In the long run, the objectives of the Convention will be achieved only if countries that wish to chart their own sovereign path to lower emissions are allowed to do so.

The third critical issue before us is to ensure that the Protocol fully accounts for carbon absorbing sinks, such as forests and farmlands. Guided by science, we must ensure that we provide

appropriate incentives for protecting our forests from deforestation; promoting afforestation and reforestation; and improving forest and agricultural conservation practices.

Finally, the Kyoto architecture must rest on a solid foundation of compliance. Already, the Protocol contains numerous building blocks that promote compliance, including provisions on measurement, reporting, and in-depth reviews. To realize the Protocol's environmental objectives, these must be supplemented by additional substantive rules, procedures, and non-compliance consequences. The United States urges this Conference to set in motion an expedited process to build a compliance regime that is strong, coherent and effective.

All our nations have expended enormous effort over the past decade to address the profound challenge of global warming - from Rio de Janeiro to Berlin to Kyoto to Buenos Aires. Ultimately, solving the problem will take sustained effort by all of us over many decades. It is our duty to future generations to turn Kyoto's broad concepts into working realities. Let us recommit ourselves to this great endeavor.

Thank you very much.



AUSTRIA 1998

Presidency of the
European Union

**CoP4 – Statement by Dr Martin Bartenstein, Austrian Minister for
the Environment, Youth and Family Affairs on behalf of the
European Community and its Member States**

Madam President, Excellencies, Ladies and Gentlemen,

I have the honour to speak to you here on behalf of the European Community and its Member States. The following countries associate themselves with this statement:

Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

Before I even enter into the substance of our negotiations here, let me express our heartfelt sympathy in connection with the tragic events in Central America. Our condolences go to the people of Central America. The devastating effect of the hurricane must urge us on to take precautionary action.

We have enough evidence that anthropogenic interference with the climate system is a very perilous matter. The United Nations Framework Convention on Climate Change is a milestone in humanity's endeavours to protect the global climate system.

At COP-3 we took a further historical step in combating the global threat of anthropogenic climate change by adopting the Kyoto Protocol and agreeing on legally binding commitments for Annex I Parties for the very first time. The EU has played a leading role in these negotiations from the beginning. We showed this in April of this year when the Protocol was signed by all EU Member States and the European Community. We appeal to all Parties who have not yet done so to sign the Protocol as quickly as possible.

Here in Buenos Aires we have two main tasks to accomplish. We have to make progress on the implementation of the Convention itself. Transfer of environmentally sound technology, further work on assisting developing countries in adapting to climate change and the review of the adequacy of commitments are among the priorities for our negotiations.

We have to carry forward the momentum of Kyoto. We have to reach decisions on as many outstanding issues as possible and to establish a clear and efficient workplan, inter alia on the further elaboration of the mechanisms and a strong monitoring and compliance system.

We see a definite need for decisive action, taking into account that environmental credibility must be our main concern. A lot of work still remains to be done, but we are confident that we will leave Buenos Aires with a substantive outcome. In this context, I wish to stress that the Protocol requires us to make demonstrable progress in our commitments by 2005.

The mechanisms defined in the Kyoto Protocol can provide a useful tool for achieving emission reductions in a cost effective way; however, their use has to be supplemental to domestic action, which should provide the main means for meeting the commitments under Article 3 of the Protocol. The principles, modalities, rules and guidelines for the operation of the mechanisms have to be developed in parallel and ensure that they do not undermine domestic action or weaken these commitments. A concrete ceiling on the use of flexible mechanisms has to be defined in quantitative and qualitative terms and based on equitable criteria to achieve these aims.

The reasons for our insistence on domestic action are very compelling. We feel bound by our commitment that the industrialised countries should take the lead in combating climate change. We also believe that climate change is an opportunity that promotes technological innovation and efficient use of resources. All industrialised countries have a potential to benefit from changes in this direction.

While we devote considerable efforts to the unfinished business concerning the Kyoto Protocol we must not forget that there are also issues under the Convention which require our immediate attention, as I have outlined at the beginning. We have to acknowledge that the commitments in Article 4.2 (a) and (b) of the Convention are not adequate to meet the ultimate objective of the Convention. The second review of the adequacy of commitments should therefore address the question of what additional action would be needed to meet the objective of the Convention and the information necessary to answer that question.

The EU recognizes the need to see action under the Convention in the light of the need for sustainable development. In particular, we have to meet the concerns of developing country Parties which are particularly vulnerable to the adverse effects of climate change.

The development and transfer of environmentally sound technologies as well as capacity building have a vital role to play in enabling developing countries to meet their commitments under the Convention as well as in their participation in projects under the clean development mechanism. We believe that there is a need for improving the conditions for technology transfer in recipient countries.

Madam President, Excellencies, Ladies and Gentlemen, it is our responsibility to ensure that future generations inherit a habitable planet and can enjoy a healthy environment.

Thank you for your attention.

Statement by Kenji Manabe
State Minister, Director-General
Environment Agency of Japan
November 12, 1998

Your Excellency, President Alsogaray, Distinguished Colleagues, Ladies and Gentlemen,

It is my great honor to have this opportunity to make a statement on behalf of the Japanese Government.

Madam President,

In December last year, we gathered at Kyoto, the ancient capital of Japan, and unanimously adopted the Kyoto Protocol after very long and difficult negotiations.

The Kyoto Protocol was successfully concluded, setting legally-binding emission limitation and reduction targets with a view to reducing overall greenhouse gas emissions of the Annex I countries by at least 5%. I believe this adoption of the Kyoto Protocol is an important step in the history of our concerted efforts to address climate change.

Madam President,

In recent years, world temperatures have recorded the highest levels in the past century, and many parts of the world have experienced severe floods and droughts. I have personally heard many voices from my fellow Ministers of Asia and Pacific countries expressing their sense of urgency regarding the serious impacts of climate change.

I am convinced that there is an urgent need to keep the momentum that we gained in Kyoto and to move forward to take the next steps. For this purpose, I would like to draw your special attention to the following three points.

First, it is important for all countries to take domestic actions as early as possible. Every country should further strengthen measures to address climate change.

In Japan, the Government adopted in June this year a "Guideline of Measures to Prevent Global Warming" focusing on measures to be promoted toward 2010. As its major pillars, first, we enacted the Law for Promotion of Measures to Cope with Global Warming in October this year to promote actions to be taken by all the relevant sectors of the society. This Law is the first one dedicated solely to climate change. Next, based on amendments to the Law concerning Rational Use of Energy in June this year, we will strengthen energy efficiency standards by introducing the "Top-Runner's Approach" for automobiles and electric appliances. Thirdly, the Government will encourage voluntary actions by industries.

The Government of Japan will mobilize all possible policy instruments in a comprehensive manner, with a view to achieving real and measurable reduction of greenhouse gas emissions domestically.

Second, we need to make every effort to reach agreement on important issues as much as possible, which include rules for the mechanisms as stipulated in the Kyoto Protocol, with a view to forming a basis for the early entry into force of the Kyoto Protocol.

Japan hosted an Informal Ministerial Meeting on Climate Change in Tokyo on September 17-18 this year in order to promote international negotiation.

As a consequence of the meeting, Ministers and senior officials shared the political will to make constructive discussion to achieve maximum progress within the limited time available, by focusing on those issues on which we can agree in order to make COP4 a success.

I believe it is essential for all Parties to share this political will and need to take political leadership in order to make COP4 a success. In particular, it is necessary that all Parties agree on a work plan on flexible mechanisms with a clear time table, which is under negotiation.

Third, from a long term point of view, it is essential for both developed and developing countries to cooperate in promoting global actions to address climate change. I strongly hope that this Conference will be able to start a new process of international dialogue to promote such global actions.

For this purpose, Japan is actively implementing the Kyoto Initiative, which we announced during the Kyoto Conference; for example, by enhancing capacity building in developing countries, providing official development assistance loans under the most concessional terms and promoting transfer of technology and know-how.

In addition, we will take the lead in the examination of methodologies for estimating anthropogenic emissions by sources and removals by sinks, through our activities in the newly established IPCC Inventory Task Force.

Madam President,

Six years ago, we signed the Framework Convention on Climate Change in the same continent of South America. And last year, we adopted the historic Kyoto Protocol.

Let us forge a strong alliance of all countries and fulfill our promises we made in Kyoto, to hand over environment of quality worth living in to our children in the 21th century.

Thank you for your attention.

INTERVENTION OF CARLOS MANUEL RODRIGUEZ,
MINISTER OF ENERGY AND ENVIRONMENT OF COSTA RICA,
ON BEHALF OF THE CENTRAL AMERICAN DELEGATIONS

HIGH LEVEL SEGMENT OF THE FOURTH CONFERENCE OF THE PARTIES TO THE
FRAMEWORK CONVENTION ON CLIMATE CHANGE

Buenos Aires, Argentina.

Madam President:

I have the honor to address you on behalf of Costa Rica and the fellow countries of Central America: Belize, El Salvador, Guatemala, Honduras, Nicaragua y Panamá.

Together with the other members of the Group of 77 and China, the Central American countries are proud of the excellent organization of this Conference of the Parties, the first one hosted by a developing country. For the Parties of Latin America and the Caribbean this satisfaction is even greater. Allow me to congratulate you and through you, thank your government and the people of Argentina for the hospitality with which we have been treated during our stay.

We would like to call your attention to the tragedy which we are living in Central America due to climatic effects. Today our people have been the recipients of a devastating message from nature. Vast extensions of our territory have been washed out. The destruction has reached unprecedented levels due to the fury of the hurricane Mitch. Material losses exceed the hundreds of millions of dollars.

Preliminary estimates of human suffering are even worse. More than 30,000 dead and disappeared, 3 million displaced and homeless, in addition to the loss of \$5 billion dollars in infrastructure. In seven days of destruction, Nicaragua and Honduras have suffered a setback of 20 years in economic, social and environmental progress.

This regional catastrophe has evidenced the high vulnerability of the Central American isthmus, comparable to that of the small island states due to both size and geographic location.

We will need a long time, and all possible help on the part of friendly governments and multilateral organizations, in order to restore in our countries at least the quality of life which they had when we started our negotiations here last week.

Ladies and Gentlemen, Central America raises the flag of the regional initiative to join international solidarity efforts. In the Presidential Summit held in El Salvador this Monday, the Presidents requested international debt forgiveness for Honduras and Nicaragua, the two most affected nations.

But this request goes beyond humanitarian help, which is so necessary in these difficult times for Central America.

We vehemently urge all Parties to the Climate Change Convention to actively comply with the commitments they have incurred upon ratification. All countries, in a common but differentiated manner must make the necessary efforts so that we can achieve the ultimate objective of the Convention: the stabilization of the concentration of greenhouse gases.

We cannot wait any longer. Climate change is not a threat of tomorrow; it is a reality of today. Every day it is more evident that the rise in greenhouse gas concentrations in the atmosphere is warming our planet, and that the frequency and intensity of extreme climatic events are increasing.

In Central America, the hurricane Mitch, the El Nino and La Nina phenomena, as well as the devastating forest fires, are increasing both in intensity and frequency on a daily basis. This phenomena are no theoretical simulations on climate change manifestations, but a clear evidence that they are occurring.

My dear delegates, Central America has the moral authority to demand from Parties included in Annex I of the Convention to start concrete actions of compliance with the mitigation and emission reduction commitments adopted by consensus in Kyoto.

Ever since the beginning of the negotiations, Central America has been an actor and implementer of concrete actions:

- Under Article 4.1, we have adopted policies and measures congruent with the ultimate objective of the Convention, and with the regional human sustainable development agenda.
- Within the framework of the Convention, we have used the Activities Implemented Jointly as one of the mechanisms which would allow financial investment in our sustainable development agendas.
- We have developed financial instruments which internalize the environmental benefit of emission reductions. These instruments open new investment opportunities for industrialized countries so that they may meet part of their emission reductions commitments.
- We have undertaken different measures to consolidate the national parks systems, the national and regional biological reserves such as the biological corridor, as well as the sustainability of forest and agro-forest activities and the promotion of renewal energy sources. Both the private and public sector, as well as social organizations have participated in these efforts.
- We have developed energy efficiency programs in the industrial, commercial and domestic sectors, as well as established policies for the reduction of vehicle and industrial greenhouse gas emissions.

- Important steps have been undertaken towards the Central American energy sector integration with the purpose of finding new energy scenarios which are both economically and environmentally sustainable.

This regional process has been facilitated by the Central American Commission for the Environment and Development, the regional entity for the environmental integration, which has to be strengthened so that it can continue playing this role in the activities and programs related to the Global Climate Change Adaptation and Mitigation efforts.

For Central America, greenhouse gas emissions sinks are very important within the flexibility mechanisms allowed by the Protocol. As main actors and protagonists in the definition of Clean Development Mechanism, we would like to remind you today that the interpretation of the negotiators in Kyoto was to give the sinks in the CDM the same treatment that they were given in Section 3. This affirmative statement seems to be reflected in the crossed reference which appears in both Articles.

Also, if we take into consideration the vulnerability of the isthmus natural ecosystems and socioeconomic systems, we would like to emphasize the importance that all flexibility mechanisms contribute to the generation of financial resources for the execution of adaptation policies and measures.

We share what G77 and China have expressed, that the definition of modalities and procedures of the Clean Development Mechanism should be a priority for the Subsidiary Bodies.

We believe that it is necessary to continue with the pilot phase of the Activities Implemented Jointly and to make all efforts so that the CDM can be operational on the 1st of January, 2000. To that end, more than ten Latin American countries have suggested the possibility of establishing an interim phase as of the year 2000 in order to begin the implementation of projects under this Mechanism, thereby enabling all regions of the world to gain useful experiences.

I would like to conclude my intervention with a fervent call to leave selfish postures behind, which are the result of specific interests, and to assume the historical responsibility pertaining to each Party.

Ladies and Gentlemen,

May the recently suffered destruction in Central America make us reflect upon the seriousness of the situation which confronts us all. May it also lead to responsible decisions. It is essential that all Parties sign and ratify the Kyoto Protocol so that real mitigation activities may begin, and that each and every Party may meet their corresponding obligations for the benefit of Mankind.

UGANDA

UGANDA'S STATEMENT TO THE FOURTH CONFERENCE OF PARTIES TO THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE, BUENOS AIRES, ARGENTINA, 12 NOVEMBER 1998 ON BEHALF OF THE AFRICAN GROUP.

Madam President, Your Excellencies, Distinguished Delegates, Ladies and Gentlemen,

First of all on behalf of the African Group and the Ugandan delegation, I would like to express our appreciation and gratitude to the Government and people of Argentina for hosting this important conference, the excellent facilities at our disposal and above all the hospitality accorded to us.

As you are all aware, many of our African Governments, have been participating and will continue to participate actively in the activities of the multilateral environment agreements, particularly the United Nations Framework Convention on Climate Change. This is primarily because of the fragile ecosystem of Africa and hence its vulnerability to climate variability and climate change.

Madam President,

Africa's contribution to the global greenhouse gas (ghg) emissions is negligible and is only about 3%. Despite the low level of emissions of ghgs Africa takes the climate change issues very seriously because the survival of our people depends on effective measures to mitigate ghg emissions. Recent events in Africa and other parts of the World, including the recent events in our sister countries in Latin America demonstrate this point. In view of this, Africa is committed to do its best to meet its commitments under the Convention and also to contribute to the ultimate objective of the Convention by taking a clean development path. However, Africa's efforts in this direction must be supported by developed country Parties through the implementation of their commitments under the various Articles of the Convention and in particular Article 4.5 on transfer of technology. I am informed that there is very little progress, if any, on implementation of Article 4.5 of the Convention. This is very serious and We wish to call upon developed country Parties to meet their commitments under the Convention and in particular those under Article 4.5 without further delay.

Madam President,

Turning to the Kyoto Protocol, Africa views the clean development mechanism (CDM) as the only one at the moment which offers a window for sustainable development, namely, a clean development path for developing countries. Taking a clean development path offers an opportunity for developing country Parties to contribute to meeting the objective of the Convention. The CDM is a young child that needs to be nourished and because of this issues such as equity, monitoring, verification

certification and transparency need to be given serious consideration. It is extremely important, Madam President, that the *principle of equity and differentiated responsibilities* which are enshrined in the Convention must be the guiding principles in the design of the flexible mechanisms.

Madam President,

Information is an extremely powerful tool in any decision making process. The issue of climate change is surrounded by many scientific uncertainties such as the exact timing, location and intensity of the change. There is need for more work in this direction. However, I wish to add that overtime the systematic observations have deteriorated in quality and coverage. The problem is worse in the African region and it is in this connection that we wish to call upon this August gathering to formulate an immediate plan of action to address this problem.

Another problem which hinders effective participation of African Country Parties is the lack of capacity in various issues such as the flexible mechanisms, technology transfer and research and systematic observations. I am informed that relevant draft decisions have been prepared for our consideration. We, however, wish to call for the necessary political good will to ensure that the relevant decisions are translated into concrete actions.

Madam President,

I wish to conclude by giving an overview of Uganda's efforts in the implementation of the Convention. Uganda has carried out an Inventory of greenhouse gases as well as vulnerability and adaptation studies, and is in the process of preparing its initial communications. It is expected that our initial communications will be submitted by the end of the year 2000.

I thank you for your attention.

REPUBLIC OF KAZAKHSTAN

** They have Adopted
together*

SPEECH OF DR. SERIKBEK ZH. DAUKEEV,
MINISTER OF ECOLOGY AND NATURAL RESOURCES
OF THE REPUBLIC OF KAZAKHSTAN
AND
HEAD OF DELEGATION OF THE REPUBLIC OF
KAZAKHSTAN

AT THE 4-TH SESSION OF THE CONFERENCE OF
PARTIES TO THE UN FRAMEWORK CONVENTION ON
CLIMATE CHANGE

BUENOS-AIRES, NOVEMBER 12, 1998

Dear Mr. Chairman,
Distinguished Delegates,
Ladies and Gentlemen,

The successful implementation of the United Nations Framework Convention on Climate Change is essential for Kazakhstan. Big deficit of water resources, high degree of desertification and soil degradation determine the dependence of our country on climate change.

On the data of a network of meteorological stations for hundred years of observations the temperature of air in Kazakhstan has increased by 1.3° that exceeds average global warming **more than two times**. For the same period the annual sums of atmospheric precipitation have decreased, that in a combination with the increase of air temperature strengthens a droughty climate of the country. The Government of Kazakhstan is concerned by that the present tendencies and even more significant global climate change in the future can result in serious socio-economic consequences not only in Kazakhstan, but also in a larger global scale.

According to the accepted obligations, since 1994 in Kazakhstan vulnerability and adaptation assessment for economy and natural resources to climate change were carried out. Greenhouse gas emission inventory and abatement potential analysis for Kazakhstan have been done. First national communication and main elements of strategy on greenhouse gas emission reduction have been presented.

According to the inventory, 1990 GHG emissions in Kazakhstan were 266 million of CO₂-equivalent. Due to main fuel in energy balance is coal almost a half of total emissions are the emissions from energy sector.

Because of difficulties of transition economy of Kazakhstan and fall-off in production there was the reduction of emissions as compared to the base year of 1990. We need to stress that emission reduction was accompanied by drop of a living standard, increase of illness and mortality. Now we anticipate economic gross ^{growth} Analysis based on the scenarios of macro-economic development has shown, that the CO₂ emissions in Kazakhstan **will exceed a level of 1990 by 37 % by the year 2020**, if the limits on greenhouse gas emissions is not be imposed in Kazakhstan.

To prevent negative consequences the main directions of environmental strategy and long-term strategy for social and economic development have been elaborated. It was included into **Long-term Strategy of the Republic of Kazakhstan- 2030**.

In cooperation with some international organisation we elaborate a number of investment projects for greenhouse gas reduction. The projects have been approved by the Government and were included in to the National Strategy.

In April of this year the **Interagency Committee** on the implementation of the provisions of the Framework Convention on Climate Change **was established**. And in August 1998 the Expert Council under the Government of Kazakhstan **decided to sign the Kyoto Protocol**, being aware that it is necessary to join efforts on the prevention of climate change.

That is why Kazakhstan intends to enter into Annex B of the Kyoto Protocol through Annex I of the UNFCCC. Our willingness to take obligations to reduce greenhouse gas emissions within the framework of Annex B is based on a long-term strategy of sustainable development for mthe country and it is one of the element of its implementation.

We support an objective and reasonable target for the first budget period, which includes abatement measures for GHG emissions, but which does not create barriers to economic development. That is why Kazakhstan supports both simple and transparent procedures for participation in mechanisms of Kyoto Protocol and the joining by other countries of Annex B. This will allow Kazakhstan to initiate activity to reduce GHG emissions based on reinvestments of financial resources for environmentally sound projects. This has essential importance to the country now when we are sure from the difficulties of an economy in transition. Having a capital deficit and facing serious barriers even to building "win-win" projects.

Chairman, Ladies and Gentlemen, the importance of the problem of climate change for Kazakhstan and for every country grows year by year. Serious social and economic consequences for our country compel Kazakhstan to take a more active role. We believe that only joint activity and increasing participation by all countries will allow us to prevent further irreversible changes and catastrophic consequences linked to global warming.

Thank you for your attention.

Canadian Intervention on Annex 1 National Communications
November 5, 1998

National communications is an important priority and Canada appreciates the Secretariat's work on the second review process. Although improvements have been made, we still need to significantly improve consistency in our reporting, particularly in annual inventory reporting, if we are to comply with future provisions under the Kyoto Protocol. Canada also notes that significant improvements need to be made in the reporting of technology transfer. Though, ways of tracking private sector investment is a challenging task, it is important to report more completely for the benefit of all Parties. This, in turn, will help to ascertain the true extent of clean technology transfer that is actually taking place.

We would also like to note that Annex I Parties, in aggregate, will successfully reach the aim of stabilizing their GHG emissions at 1990 levels by 2000.

Canada strongly supports the revisions of national guidelines, particular for the reporting of policies and measures, emission inventories and forecasts and for the new requirements emerging from the Kyoto Protocol.

In terms of timing of third and consequent national communications, while Canada can accept 2001 as an appropriate date for the third set of national communications, Parties should keep in mind that inventories for sinks, sources and greenhouse gases are unlikely to be ready until 2002.

LAND-USE, LAND-USE CHANGE AND FORESTRY: (SINKS)

The Conference of the Parties at its fourth session adopted the SBSTA conclusions and draft decision prepared by an informal contact group. The discussions were mainly process related, and focused on the preparation of workplan and firm timelines. The outcome, given the heated discussions at the last three negotiating sessions, met most of our expectations coming into Buenos Aires. Specifically the decision agreed to by the COP outlines a parallel process for moving forward and ensures that discussions on sinks will continue while the IPCC prepares their Special Report. This is important because the Special Report will not deal with the policy decisions and criteria to be used for adding additional activities.

The COP has decided that the issue deals with more than land use change and forestry and has included in its decision the terminology agreed to at SBSTA 8, namely land-use, land-use change and forestry. The COP has confirmed the meaning of Article 3.3 and other relevant conclusions of SBSTA 8, specifically the request to have the IPCC prepare a special report on land use, land-use change and forestry by mid 2000 and the need to continue to hold SBSTA Experts Workshops to both educate Parties and to guide the work of the IPCC.

Other substantive decisions are those related to timing on when decisions will be made on definitions and requirements related to activities under Article 3.3 (what activities that act as sinks are currently included). Specifically, COP4 has recommended that a decision be made at the first COP after the Special Report has been completed and considered by SBSTA.

Similarly, the COP has recommended that a decision on how and which additional activities, and the rules for including them also be made at the first COP after completion and consideration of the IPCC Special Report. It is our objective that a decision be taken on this at COP 6.

Furthermore, the COP has decided to recommend that a decision be taken as soon as practicable on the guidelines necessary for supplementary information for reporting under Articles 3.3 and 3.4. In order to continue this work, the COP has requested the SBSTA to consider at its next session several items related to operationalizing the Protocol as it relates to this issue. Parties have been invited to provide submissions on policy and procedural issues associated with Article 3.3 and 3.4 and on the purpose of requested data on 1990 carbon stocks.

A. Jaques - 12/11/98

FILE LUFCOP4

DRAFT

COP4

Item 5(b) of the provisional agenda

Impact of single projects on emissions in small economies

INTERVENTION:

— Canada shares the view of many, including Iceland, that the use of renewable energy is a means of enhancing efforts to limit global greenhouse gas emissions. In fact, at the joint meeting of Canadian federal and provincial ministers of energy and environment, which took place only two weeks ago, "Ministers agreed that low carbon energy forms, such as hydroelectricity, as an important renewable energy resource, can play an essential role in Canada's domestic and international climate change strategy". In fact, several Canadian industries, including our aluminium industry, make extensive use of hydroelectric renewable energy.

— We appreciate the efforts of Iceland to narrow the scope of the proposal under discussion. However, we still have reservations, particularly with respect to the potential of establishing a precedent that could affect the integrity of the Kyoto Protocol.

— We would appreciate the opportunity, during the course of this SBSTA, to further examine the draft of Iceland, to have informal discussions on this issue, along with its implications, and to seek further clarification from Iceland and others who might support this proposal.

(03/11/98)

Nov 4th

**Canadian Intervention on the Review of Adequacy of Commitments
(Article 4.2 (a) and (b)) of the Convention.**

Canada is pleased to associate itself with the conclusions of the Subsidiary Body for Implementation (SBI) at its eighth session. The conclusions recognized that Article 4 subparagraph (a) and (b) on commitments were not adequate for the fulfillment of the objective of the Convention. The SBI also recognized that the Kyoto Protocol is an important step. Informal agreement was reached, by and large, on both points.

Where the SBI conclusion proved unable to reach consensus was on the reasons for this inadequacy and hence the corresponding actions that would be merited. Canada registered its own views at the last SBI plenary.

We believe that it is important that this discussion continue. We are pleased to associate ourselves with the draft decision Canada had tabled with Zimbabwe, as found in FCCC/CP/MISC 6/ADD.1. This was a decision we had jointly developed in the context of discussions held at the last session of the SBI working group, and have submitted it for reference. While modest, its intention was to permit a discussion to consider, if necessary at a subsequent session, action necessary to meet the objectives of the Convention.

To simply focus on the terms of a third review, without having followed through on the second review, would be regrettable.

Some interesting reflections have been registered during this initial debate. We welcome the opportunity for further non-confrontational dialogue with all of our partners on these important issues.

(Note: Jennifer Irish of Canada and Margaret Mukahahanana of Zimbabwe were asked to chair the contact group on this item.)

Thank you Mr. Chairman for the opportunity to share Canada's views on methodological issues related to land use, land use change and forestry.

Firstly, Canada would like to thank the Secretariat for organizing a very useful and informative workshop, recently held in Rome, on issues related to the implementation of Article 3.3. Information provided at this workshop demonstrated very clearly that there is a continuing need for discussions both to educate ourselves and ensure that the intent of the Framework Convention is met.

Secondly, Canada would like to thank the IPCC for agreeing to undertake the preparation of a special report on land use, land use change and forestry. Canada believes that this report is important and will help guide the decision making process of the Parties. This report, however, will not be available until the year 2000. Given the complexities of this issue, and the fact that it will ultimately have to be dealt with by SBSTA, it is clear that discussions related to Article 3 should continue and provide further guidance to the IPCC.

As such, Canada fully supports the offer of the United States to host a SBSTA Workshop in early 1999 on matters related to Article 3.4, and would support continued dialogue through additional Workshops. Canada would like to point out that ICELAND (in FCCC/CP/1998/MISC.9) has provided an excellent starting point upon which to base additional discussions that should continue here at SBSTA 9.

It is, and always has been Canada's view that what the atmosphere sees is of utmost importance. Simply put, our view continues to be one of endorsing an approach that fosters the enhancement of sinks, and the reduction in sources. We will continue to promote the inclusion of all anthropogenic sinks, particularly those associated with agricultural soils, as a means of meeting our commitments to reduce greenhouse gas emissions.

Mr. Chairman, the capacity of agricultural soils to store carbon presents an opportunity for farmers on a global scale to undertake more sustainable farming practices which will contribute to the reduction of atmospheric greenhouse gases with additional desirable improvements to soil and water quality, enhancement of biodiversity and wildlife habitat. Canada's experience in this field provides us with the confidence to believe that sustainable land management practices do indeed improve the ability of soils to absorb atmospheric CO₂. As well, scientific advances have improved methodology for measuring soil carbon content, and carbon stock changes with a relatively high degree of certainty over time. In light of the very significant opportunities for restoration of degraded soils in developing countries, Canada would recommend the inclusion of soil sinks, as well as other relevant sinks, within the Clean Development Mechanism.

In accordance with SBSTA's mandate, Canada would recommend that parties continue discussions on sinks in parallel with the IPCC process with the intent to reach a decision by COP6 on acceptable criteria for including additional sink activities and categories. We look forward to working with our partners in the Protocol to advance the ability of countries to build on the capacity of sinks in their efforts to meet the Convention's objectives.

Thank you.

**-Intervention on Flexibility Mechanisms and Compliance
Joint SBSTA/SBI meeting, November 3, 1998**

[Flexibility Mechanisms]

The Kyoto Protocol was a landmark agreement. But the further elaboration of relevant principles, rules, modalities, and guidelines to ensure the effective implementation of the Kyoto Protocol's mechanisms is necessary if we are to see our work at Kyoto progress and allow Kyoto to become a reality. As we know, the negotiation in Kyoto left some unfinished business that must be resolved if governments are to take rational national decisions on ratification. We need to build on the momentum from last December.

Mr. Chairman, there have been a number of interesting events since the Bonn sessions in June that have helped to advance thinking and understanding on the cooperative implementation mechanisms. One such event was the forum on the Clean Development Mechanism that was co-hosted by the Government of Canada, Brazil and Argentina. It was held in Ottawa in September and was intended to provide an occasion where some Ministers or senior representatives of a group of countries from both the developed and developing world could think about and discuss the CDM in an informal manner without a negotiated outcome. At the end of the meeting, the Minister of the Environment of Canada, the Honorable Christine Stewart, on behalf of herself and Minister Vargas of Brazil, read a brief summary of the outcome of the meeting. That non-paper is available to this Conference FCCC/CP/1998/MISC.7/Add.1. Also, in the spirit of providing useful information on the CDM to these two Subsidiary Bodies, Canada has prepared a summary of the papers presented at the forum and some of the questions addressed. One copy will be given to each delegation present here through the mail-boxes.

Canada strongly supports that this COP should agree to an operational work plan that focuses on the elements integral to the operation of the mechanisms and establishes firm deadlines for their completion. Further, given the need to have credible frameworks established for the international flexibility mechanisms as soon as possible, we should reach decisions on as much as is possible by the end of this COP.

For example, on the Clean Development Mechanism, we believe we might be able to reach agreements on issues such as: the contribution of a CDM project to sustainable development should be defined according to the host country's priorities; that the independent certification of emissions reductions should be done after the fact and not before; and that the fee for adaptation and administrative costs should be limited and predictable in order to reduce uncertainty for investors.

With respect to international emissions trading, issues on which we might reach agreement include: the right of private entities to participate in trading; the need for an international depository for reporting trading transactions; the definition of the tradeable unit; the need to establish national registries; and guidelines on reporting requirements.

With respect to joint implementation, Article 6 already provides Parties with guidance on how to proceed. There remain, however, a few issues to be clarified and which we believe could be resolved here. For example, we might be able to agree on the development of regular and transparent reporting guidelines on joint implementation projects. We also believe that the lessons learned from Activities Implemented Jointly should be taken into account in the elaboration of joint implementation.

Canada would like to see progress on all three mechanisms proceed at roughly the same pace. It is Canada's view that we should aim to resolve all outstanding issues by the end of 1999.

Mr. Chairman, while Canada intends to meet the majority of its reductions domestically, for both environmental and economic reasons, it cannot agree to a quantitative cap, for the same reasons referred to by Japan. Further, we do not think that it will be a good use of our time in Buenos Aires to debate this issue at the possible expense of more practical issues where we might make progress.

On compliance, Mr. Chairman, Canada would support the establishment of a working group, allowing delegations to explore options and to work toward a workable and credible compliance system for the Kyoto Protocol.

The compliance group should address overarching compliance issues. This includes questions of linkages between different compliance provisions in the Protocol, so as to avoid overlap and ensure coherency. That said, since strong reporting and review are crucial to the design of credible regimes for the flexibility mechanisms, these should be a focus of discussion in elaboration of the mechanisms.

Thank you, Mr. Chairman.

Canadian intervention on GEF.
(COP agenda item 4(b)(i) (ii))

SUGGESTED GEF TALKING POINTS: (Nov. 4th)

- Canada would like to join others in welcoming the report of the GEF to the Conference.
- We note and support the EUs comments endorsing increased efforts by the GEF to deliver national communications projects and strengthen developing country capacities.
- We also agree that the current SBI review of the financial mechanism should be concluded.
- Canada supports the recommendations for action outlined in the recent Study of GEF's Overall Performance and the New Delhi Statement of the GEF Assembly and continues to support constructive change within the GEF. In Canada's view any recommendations emanating from the COP to improve the GEF's performance should parallel, or complement, these recommendations and the actions already being taken to enhance the GEF's performance.
- In view of improvements in GEF operations and the successful second replenishment of the Trust Fund, we also believe that the COP should designate the GEF as the ongoing financial mechanism of the Convention subject to periodic review.
- We would encourage that any additional guidance to the financial mechanism be formulated under the following general criteria: A) guidance should fall in the categories of policies, programme priorities and eligibility criteria rather than operational and implementation issues, b) guidance should be additional to previous guidance, c) guidance should not fall outside GEF's mandate, and d) any new guidance should be consolidated under one agenda item at COP4.

CLIMATE ACTION NETWORK (CAN) RECOMMENDATIONS TO MINISTERS AT COP4 – SHORT VERSION

CAN, representing 281 citizens groups from all continents of this earth, with more than 10 million members, is concerned at the slow progress of the present negotiations towards completion of the Kyoto Protocol, which together with the Climate Convention must be the first step towards protecting humanity and our environment from dangerous climate change. Industrialised countries, which have already agreed to binding commitments (Annex B) should make domestic emissions reductions their top priority. We strongly urge ministers to take the following steps as a minimum at this COP, as well as pledging earliest ratification of the Protocol, without which none of the flexibility mechanisms should be allowed:

ADEQUACY AND EQUITY – the road forward

Given the alarming trends in dangerous climate change, the overall limits on emissions, as required by science, must be structured so as to both protect the atmosphere and to allow sustainable and equitable development in all the nations. Despite the attention devoted to the challenge facing developed nations in reducing their greenhouse gas emissions, COP4 must accept the overarching challenge of equitable development and burden sharing. Recognition of the inadequacy of the commitments accepted by the developed nations in the Kyoto Protocol and their revision must be a priority.

- With a fifth of the world's population, industrialised countries are responsible for around two thirds of the world's greenhouse gas emissions and for virtually all historic emissions. Despite the fact that the UNFCCC and the Kyoto Protocol require industrialised countries to take action first, the US has made „meaningful participation“ a precondition of its ratification of the Kyoto Protocol. Many developing countries are already undertaking significant steps to combat climate change, some more than industrialised nations.
- The current industrialised country targets specified by the Kyoto Protocol are not sufficient to prevent dangerous climate change. Moreover, the use of the Kyoto Protocol's flexibility mechanisms enables industrialised countries to avoid taking the domestic actions necessary.
- Lacking from this process is any definition of the ecological limits, i.e. the global scale of emission reduction that would actually prevent dangerous climate change. The Review of Adequacy of Commitments provides an opportunity to rebuild a scientific basis for the core tasks of the Convention and Protocol as well as review the adequacy of the Annex I commitments adopted in the Kyoto Protocol.
- Moving forward on that scientific basis, to avert dangerous climate change requires two key elements - (i) a scientifically derived global emissions profile consistent with preventing dangerous climate change and (ii) an allocation system which fairly and equitably divides these global emissions among the countries of the world.
- A number of steps can be outlined, using the Adequacy of Commitment Review, to take this issue forward. COP 4 must:
 - Acknowledge that the emission reduction targets in the Kyoto Protocol are inadequate.
 - Require SBSTA to identify the issues and factors relevant to a definition of dangerous climate change and report at COP VI.
 - Establish a binding timetable to review and establish new targets in light of the IPCC Third Assessment Report in 2001.
 - Mandate the Subsidiary Bodies to identify principles for determining the allocation of future emissions which need to be based on the Convention's principles of equity, responsibility and capability.
 - Mandate the Subsidiary Bodies to assess the different ideas and models for the allocation of global emissions e.g. the Brazilian proposal, Contraction and Convergence, per-capita or other approaches and to submit a report to COP VI.

The Kyoto Protocol must ensure that the atmosphere is made “whole” in the event that any Party fails to comply with its commitments. This will depend on the ability of the Parties to institute a compliance system that would help them implement their commitments and impose penalties on those that fail to do so.

CAN believes that the Parties must take a holistic approach that integrates all the elements necessary to ensure compliance, and must include consideration of issues arising from many of the Protocol articles (including Arts 3, 4, 5, 6, 7, 8, 9, 12, 16, 17, 19). Parties must begin a process at this COP for dealing with the breadth of the issues that must be addressed and conclude on the same time-scale as the flexible mechanisms work-plan. CAN thus calls for the creation of an Ad-hoc international legal and technical experts group on Compliance at this meeting.

COP4 must set a mandate for the working group that incorporates the following minimum elements for an over-arching compliance regime: coordination with ongoing work on national inventories and reporting; integration with the Article 8 review process; identification of how questions of implementation are raised; elaboration of procedures and mechanisms of a formal non-compliance regime under Article 18; application and appropriate modification of the multilateral consultative process under Article 16; preparation of an indicative list of consequences for cases of non-compliance; identification of mechanisms to cure excesses; evaluation of the role of domestic enforcement regimes and clarification of the relationship to other international agreements.

The compliance system must include measures designed to facilitate implementation, encourage early domestic actions to reduce the chances of non-compliance, and require Parties to prepare national implementation plans. The working group should also propose any amendment necessary under Article 18 to ensure availability of a full range of non-compliance responses. A comprehensive compliance regime should also include automatic accountability rules for trading based on buyer/seller liability. NGOs should have the opportunity to participate in compliance reviews, including the right to raise potential non-compliance issues and the right to provide and evaluate information.

FLEXIBILITY MECHANISMS – strong principles, not loopholes

Flexibility mechanisms are only a valid option if they benefit the environment, economic efficiency, if they are institutionally independent, transparent and verifiable. They must not represent a loophole that allows high per capita emitters to evade aggressive domestic action. The three flexibility mechanisms should be constructed concurrently and in accordance with common principles. The flexibility mechanisms must conform to the foregoing principles of science and equity. It is inadvisable for the World Bank or other International Financial Institutions (IFI) to have any direct role in managing or implementing the flexibility mechanisms.

Trading and Joint Implementation (JI)

- A set of prerequisites must be in place in each country before it is permitted to transfer or acquire parts of assigned amounts. These include: compliance with Articles 5 and 7 of the Protocol, national monitoring and verification systems, national registries and reporting systems, national enforcement systems and ratification of the Kyoto Protocol and the compliance system.
- Rules defining the “supplemental” role of emissions trading and joint implementation must be quantified and verifiable. The vast majority of Climate Action Network members believe this is best achieved by placing a quantitative cap on the use of the flexibility mechanisms.
- Rules governing trading and joint implementation among current and future Annex B parties must ensure that global emissions are no higher than in the absence of trading.

- Any Party joining Annex B must undergo scrutiny of its target to ensure it requires real emission reductions.
- Tradable permits, Emission Reduction Units (ERUs) and Certified Emissions Reductions (CERs) are not property rights.
- Rules shall ensure that liability for non-compliance falls on both buyers and sellers of emissions permits.
- National reporting requirements must provide adequate and timely information to support buyer, as well as seller, liability.
- Rules on tracking and transferring ERUs, CERs and partial assigned amounts produced under Article 6 and 12 must provide for real-time public access to information and allow the application of joint buyer-seller liability.
- JI projects must be subject to the same criteria for certification, additionality and verification as CDM projects, including investor liability and sustainable development.
- There must be a fair and competitive playing field for all flexibility mechanisms, including allocation of a proportion of proceeds for adaptation and mitigation.

The Clean Development Mechanism (CDM) – reductions and sustainability

To be an acceptable element of the Kyoto protocol, the CDM must be designed to help ensure that its two key objectives are realised. The CDM should contribute to achieving the Convention goals, to avert the threat of dangerous global climate change while promoting sustainable development in the South, with priority given to the world's poor. The CDM on its own is a minor tool for achieving sustainable development in the South, and is useless without supporting action in other areas such as technology transfer, increased development assistance and good IFI lending policies. The CDM should not be used as a substitute for domestic actions by Annex I countries to make the necessary deep reductions in their emissions. The vast majority of CDM members believe this is best achieved by placing a separate quantitative cap on the use of the CDM. Ratification and compliance with the Protocol and its compliance regime must be a prerequisite for parties participating in CDM and generating CERs. As the CDM opens a loophole that will result in increased emissions, its rules and governance structure need to be developed carefully.

COP4 should adopt the following design principles for their work plan:

1. The CDM must be designed to ensure that emission reductions in the host country are truly additional, by verification and by comparison with objectively and rigorously defined benchmarks or baselines, chosen to represent the high-performance end of current practice.
 2. CDM activities must avoid negative environmental, social and cultural impacts.
 3. CDM must promote development of domestic institutional capacities in the host country.
 4. For energy-related projects, CDM must be reserved for demonstrated cutting edge clean technologies, especially efficiency and renewables, and should encourage local appropriate technologies.
 5. Large hydro, nuclear and coal are not acceptable CDM projects.
 6. CDM projects must be consistent with the Biodiversity and Desertification Conventions as well as other relevant UN Conventions covering the environment, development, human rights and International Labour Organisation agreements.
 7. Benefits of CDM projects must be equitably shared between sponsors and host countries, and among host countries.
 8. The CDM must produce substantial funds for adaptation, human and institutional capacity building in developing countries.
 9. Governance and operation of CDM must be transparent, participatory and accessible to civil society.
 10. CDM financial flows must be additional to existing development assistance.
- All CDM activities must be in accordance with the national policies and priorities of the host countries to ensure a long-term sustainable development.
 - Any decision to include sinks should be deferred until the IPCC Special Report, and its full consideration by relevant subsidiary bodies and the COP.
 - Crediting of CERs should be based upon results, with strict investor liability for outcomes.
 - The Executive Board of the CDM should have the necessary mandate and powers to govern the CDM, with

a majority of board members from southern countries and seats reserved for environmental NGOs and indigenous peoples.

- All aspects of the verification, monitoring, auditing and reporting processes must be designed to ensure rigour, transparency, comparability and accessibility.

NUCLEAR ENERGY – not an option

Nuclear power inflicts serious damage to human health and ecosystems because it produces permanent environmental problems, including dangerous waste that lasts thousands of years and the impacts of major accidents.

- Nuclear energy is an inflexible and expensive option that precludes the more sustainable, clean, flexible and inexpensive energy efficiency and renewable energy solutions available today.
- The Protocol should not lead to the life extension of operating reactors or to the construction of new ones. Nuclear projects under the CDM and/or JI must be prohibited by a Decision of COP4.

INTERNATIONAL AVIATION BUNKER FUEL EMISSIONS – no free ride

At present, emissions from international aviation bunker fuels are not required to be included in national inventories. The aviation sector represents one of the fastest growing emissions sources. These emissions are likely to triple in the next couple of decades, and occur at altitudes where their global warming potential is multiplied. Consequently, they would represent more than the total Annex B reduction commitment.

The COP should express its deep concern that the last ICAO (International Civil Aviation Organisation) assembly in October 1998 did not fulfil the task given to it concerning the implementation of Article 2.2 of the Kyoto Protocol, to limit and reduce the greenhouse gas emissions from aviation bunker fuels.

COP4 should decide to include international aviation emissions in Annex I Parties' assigned amounts as a matter of priority and therefore:

- SBSTA must give high priority to resolving the outstanding issue of allocating these bunker fuel emissions to the Parties. SBSTA should complete a draft COP decision at its 10th session so that COP5 can decide on this issue.
- COP5 must consider and adopt modalities for including international aviation emissions attributed to the Parties in the first commitment period.

INTERNATIONAL FINANCIAL INSTITUTIONS (IFI) - invest in climate protection

By COP5, agree on a methodology to calculate the full climate change impacts triggered by all IFI development lending and guarantees.

TECHNOLOGY TRANSFER - the missing link

The work-plan decided at COP4 should elaborate mechanisms to promote, facilitate and finance the transfer of or access to, environmentally sound technologies to developing countries; as early as possible, with a view of adopting a decision at COP6. The decision should be informed by the IPCC Special Report on Technology Transfer and remain independent of the CDM.

(Long versions of these points which do represent a broad consensus of CAN, but which do not necessarily reflect in full detail all groups' views, are available from the CAN meeting room.)

during the period from the year 2000 up to the beginning of the first commitment period can be used to assist in achieving compliance in the first commitment period". The COP should request that SBSTA investigate and report to COP5 on the quantitative and environmental implications pre-banking on the operation of the other mechanisms.

- The COP should request SBSTA to investigate options for offsetting the effects of pre-banking including partial crediting of pre-budget credits. Partial crediting of pre-budget credits would increase the incentive.

Develop effective additionality criteria before project crediting begins.

- COP4 needs to begin as a matter of high priority the process of defining practical, objective and transparent additionality criteria that can minimize or eliminate the problems described above.

Determine project eligibility criteria before CDM projects start

If COP4 is to consider initial project eligibility criteria it is important that a clear signal is sent that the CDM will indeed be clean:

- CDM projects should be limited to renewable energy systems or highly energy efficient projects and or public transport systems that are unequivocally at the top end of efficiency practice in the world.
- Clean coal projects should not be eligible for CDM credits as they lead to the locking in for long periods of time carbon-intensive capital stock.
- Nuclear power projects should not be eligible for CDM credits because of nuclear reactor safety, waste disposal and transport concerns, and the risk of nuclear weapons technology proliferation.

Exclusions of land use change and forestry sector

- No land use change and forestry activities should be considered for credit under the CDM until the IPCC Special Report on Land Use Change and Forestry has been completed and its full implications considered by a future COP.

3. Governance and institutional design issues⁵

The governance structure and institutional design of the CDM will be fundamental to its success as an instrument for achieving reductions in greenhouse gas emissions and in promoting sustainable development. It is important that the design of the CDM is done properly and not forced to fit around a series of *fait accompli* caused by early partial decisions on, for example, project eligibility criteria or interim designation of certifying authorities without appropriate linkages to verification mechanisms.

The CDM is to be subject to the authority of the COP and to operate through an Executive Board with certification of Certified Emission Reduction Units (CERs) to be carried by operating entities. However neither the institutional form nor structure of the Executive

⁵ The paper by Farhana Yamin, "Unanswered Questions" in Issues and Options: The Clean Development Mechanism, UNDP provided the framework for the discussion of issues that follows.

GREENPEACE

*Making the Clean Development
Mechanism Clean and Green*

Greenpeace Position Paper

**Fourth Conference of the Parties
to the United Nations Framework Convention on
Climate Change**

**November 2-13, 1998
Buenos Aires, Argentina**



Making the Clean Development Mechanism Clean and Green

1. Introduction

COP4 is to begin the process of developing the institutional framework for implementing the Clean Development Mechanism created under Article 12 of the Kyoto Protocol. Whilst the CDM only really formally comes into existence with the entry into force of the Kyoto Protocol, the COP's role is to begin preparing the requisite decision for the First COP/MOP of the Kyoto Protocol. Additional time pressure exists because of the capacity for emission credits to be generated from the year 2000 (Article 12.10) and hence many Parties wish to see early decisions made by the COP indicating directions for the CDM. One of the challenges of COP4 will be to resist pressure for inadvisable decisions on project eligibility criteria and baselines for the CDM before proper consideration has been given to key governance and institutional issues, linkages to the other mechanisms in the Kyoto Protocol and to environmental safeguards.

The stated purposes of the CDM (Article 12.2) are to:

"assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention"

and

"assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3."

The CDM allows Annex I Parties to use emissions credits gained from activities conducted in participating non-Annex I Parties to meet "a part" of their obligation under Article 3 of the Kyoto Protocol. Annex I Parties are permitted to gain credit for activities carried out before the first budget period starts in 2008, starting from the year 2000. Certifiable projects need to meet three general criteria (Article 12.5):

- * Voluntary participation of each Party
- * Produce "real, measurable, and long-term benefits related to the mitigation of climate change"
- * Produce reductions in emissions "that are additional to any that would occur in the absence of the certified project activity".

With its title of "Clean Development" this mechanism offers the promise of a real increment in global efforts to stabilize greenhouse gas concentrations and prevent dangerous climate change. However several aspects of the CDM mean that unless it is set-up with the right environmental safeguards it could achieve the opposite of the intended effect.

Specifically the main two climate related environmental problems with the CDM are that:

- a) It inflates (adds) to the Annex I emission budget. Paragraph b of Article 12.3 specifies.
- b) It relies for the calculation of CERs on a concept of "additional" which is counter-factual¹.

Taken together these mean that the inflation of the Annex I emission budget may not be offset by corresponding real reductions in the growth of emissions from CDM projects conducted in Non-Annex I Parties.

Given these issues the challenge for COP4 is to begin drafting the principles for the governance and institutional framework and operation of the CDM that will intrinsically limit the problems described above. It must also make progress on defining the "part" of the Annex I emission commitments that may be met with CDM credits as well as the modalities for doing so.

2. Securing the environmental effectiveness of the CDM

If dangerous climate change is to be prevented the CDM needs to catalyze the introduction of low or zero carbon technologies in non-Annex I Parties at the same time that policies in Annex I Parties are moving in the same direction.

Economic analysis indicates the existence of the CDM credits is likely to result in less emission reductions being achieved globally than would otherwise have been the case². In other words global emissions could be higher than they would otherwise have been if the Kyoto Protocol had not incorporated this instrument. Hence there is an obligation on COP4 to ensure that the rules for the CDM take account of this problem, which is exacerbated by the capacity to create CERs ahead of the budget period.

A limit needs to be placed on the amount of credit that Annex I Parties are allowed to obtain from CERs. This is envisaged under Paragraph b of Article 12.3, which specifies that the CDM can be used for meeting only a part of the commitments in Article 3 and that this part is to be decided by the COP/MOP.

¹ As the baseline is what would have happened in the absence of the CDM project both at its initiation and over time, there is no really objective way of determining this.

² S. Parkinson*, K. Begg*, Protocol. Bailey^ and T. Jackson* (1998), Accounting and Accreditation of "Activities Implemented Jointly" under the UN Framework Convention on Climate Change. Presented at the Second International Conference of the European Society for Ecological Economics, "Ecological Economics and Development", Geneva, 4-7th March 1998. * Centre for Environmental Strategy, University of Surrey, UK, ^ Stockholm Environment Institute at York. University of York. UK.

CDM approved technologies should be based on renewable energy systems and on the end-use side by the highest efficiency available now in the advanced industrial economies. The additionality criterion requires that crediting be given only where these technologies would not otherwise have been introduced. CDM project eligibility criteria should provide a direct incentive to effect a rapid technological transition to low or zero carbon and environmentally sound energy technologies.

Intrinsically dirty technologies, such as the so-called "clean" coal technologies should not be permitted. Nuclear technology should also not be permitted under the CDM, as it is an unsustainable technology.

Under the CDM, the fact that non-Annex 1 Parties do not have emission targets means there is no in-built safeguard to ensure that CDM projects generate real emission reductions.

In the situation where both Parties have legally binding emission limits there is discipline on "host" Party to ensure that Joint Implementation (Article 6) projects are really additional (unless there is "hot air" in the emission allocation). If the projects are not truly additional, then the host Party risks breaching its legal emission limit. Thus there is an on the host Party to ensure that actual emission reductions do occur. This incentive does not exist in the case of the CDM.

In fact quite the reverse is the case, as both Parties would have an incentive under the CDM to maximize the claimed credit, irrespective of whether real emission reductions were generated by the projects. The host Party wants to offer the maximum amount of credit in order to attract the most funds and the donor Party (Annex B Party) wants to add to its assigned amount by the maximum amount. The host Party lacks the pressure to ensure that projects are truly additional. Hence both the host Party and the acquiring Annex B Party have an interest in maximizing the credit obtained for a project. Both Parties therefore have, in effect, an in-built incentive to exaggerate the baseline emissions for a project and to claim additionality where this may not be the case.

As a consequence, definitions of baselines adopted under the CDM need to be quite strict and err on the side of caution, as do tests for additionality. "Baseline" technologies can be expected to change rapidly over coming decades and hence credits should only be for a limited period of time. This issue has important implications for the institutional design of the CDM, particularly in relation to the independence of the operating entities certifying CERs and the oversight of the Executive Board of the CDM by COP/MOP.

Some Parties have proposed that Land Use Change and Forestry projects be used for credit under the CDM. Article 12 makes no mention of the use of removals by sinks and hence inclusion of these activities would require a decision by the COP/MOP. Because of the risks of perverse incentives to deforest, potentially significant emission leakage's from proposed forest conservation projects³, and a reduction of effort on industrial emissions Parties should

³ This is the problem of deforestation activities simply being transferred to another location or country. This could occur because non-Annex I Parties are not bound by overall emission limits and hence are not required to report all of their deforestation emissions.

await the outcome of the IPCC Special Report on Land Use Change and Forestry Activities before making decisions on the use of sinks under the CDM.

The size of the potential inflation of the Annex I emission budget from sink projects under the CDM is significant. Assuming that deforestation in developing countries is about 1 GtC/year then the credits obtained for "preventing" 10% of this happening would inflate the Annex I budget in 2008-2012 by about 5%. However there would be no guarantee that the deforestation prevented in one place does not simply result in the activity being shifted to another area. In other words, there is no easy way guarantee that the actual deforestation would have been any lower than it would otherwise have been by the amount that the Annex I budget is inflated.

The set of options needed to help reduce the problems described above include:

Longer term climate protection objectives need to be defined

- In order to guide the CDM (and technology transfer and finance generally) the COP needs to begin a process of defining longer climate protection objectives for the FCCC. With longer-term climate objectives defined this would constrain the future emissions envelope and hence provide a framework for judging whether CDM projects meet longer-term climate mitigation objectives.

Placing a quantitative limit on the use of the CDM to meet emission commitments

- The credits that Annex I Parties can obtain from the CDM towards meeting part of their obligations should be quantitatively limited to a small percentage (i.e. 1%) of their obligation. This could be done by limiting the maximum amount of discounted (see below) CERs that a Party can acquire in order to add to its assigned amount to a set percentage of its baseline emissions. By comparison, the so-called hot air problem may be equivalent to 3-4% of the Annex I emission limits⁴. Any limit on the CDM should be considerably lower than this. COP4 should initiate work on defining the exact limit to be placed on the use of the CDM to meet emission obligations.

Set a discount rate for CDM credits.

- One method of dealing with the additionality problem is to set a discount rate for CDM credits. This could also expand the volume of CDM projects which would be possible, whilst keeping the use of CERs to meet Annex B obligations within an overall limit. The economic effect of this would be to increase the average cost of CERs when converted to Assigned Amount Units (AAU). For example if a discount rate of 50% is used on CDM credits, then 100 CER units becomes 50 AAUs when acquired by an Annex B Party. COP4 should initiate work on examining the potential for discount rates to be used to minimize additionality problems and to expand the volume of projects within and overall limit to the amount of CERs that can be used to meet emission commitments.

Assessment of the implications of pre-banking Article 12, paragraph 10 before pre-banking can begin

- Decision 1/CP.3.5 (e) requires that analysis be done of the implications of Article 12, paragraph 10, of the Protocol which states that "certified emission reductions obtained

⁴ "Hot air" does not inflate the emission budget of Annex B Parties overall.

during the period from the year 2000 up to the beginning of the first commitment period can be used to assist in achieving compliance in the first commitment period". The COP should request that SBSTA investigate and report to COP5 on the quantitative and environmental implications pre-banking on the operation of the other mechanisms.

- The COP should request SBSTA to investigate options for offsetting the effects of pre-banking including partial crediting of pre-budget credits. Partial crediting of pre-budget credits would increase the incentive.

Develop effective additionality criteria before project crediting begins.

- COP4 needs to begin as a matter of high priority the process of defining practical, objective and transparent additionality criteria that can minimize or eliminate the problems described above.

Determine project eligibility criteria before CDM projects start

If COP4 is to consider initial project eligibility criteria it is important that a clear signal is sent that the CDM will indeed be clean:

- CDM projects should be limited to renewable energy systems or highly energy efficient projects and or public transport systems that are unequivocally at the top end of efficiency practice in the world.
- Clean coal projects should not be eligible for CDM credits as they lead to the locking in for long periods of time carbon-intensive capital stock.
- Nuclear power projects should not be eligible for CDM credits because of nuclear reactor safety, waste disposal and transport concerns, and the risk of nuclear weapons technology proliferation.

Exclusions of land use change and forestry sector

- No land use change and forestry activities should be considered for credit under the CDM until the IPCC Special Report on Land Use Change and Forestry has been completed and its full implications considered by a future COP.

3. Governance and institutional design issues⁵

The governance structure and institutional design of the CDM will be fundamental to its success as an instrument for achieving reductions in greenhouse gas emissions and in promoting sustainable development. It is important that the design of the CDM is done properly and not forced to fit around a series of *fait accompli* caused by early partial decisions on, for example, project eligibility criteria or interim designation of certifying authorities without appropriate linkages to verification mechanisms.

The CDM is to be subject to the authority of the COP and to operate through an Executive Board with certification of Certified Emission Reduction Units (CERs) to be carried by operating entities. However neither the institutional form nor structure of the Executive

⁵ The paper by Farhana Yamin, "Unanswered Questions" in Issues and Options: The Clean Development Mechanism, UNDP provided the framework for the discussion of issues that follows.

Board was defined in Kyoto. The core concepts that Greenpeace believes need to be built into the governance and institutional structure of the CDM are:

Integration within the FCCC and Kyoto Protocol institutional framework.

- The Executive Board needs to be accountable directly to the COP/MOP and as far as possible its work demands such as policy papers administratively integrated into that of the FCCC Secretariat. In short there needs to be a clear hierarchical arrangement between the COP/MOP and the Executive Board. In this way the COP/MOP can have full confidence that the Executive Board will follow whatever policy guidelines are established by the COP/MOP. Such a relationship is clearly implied by Article 12.4 which states that the "clean development mechanism shall be subject to the authority and guidance".
- The Executive Board needs to be regionally representative.

Separation of responsibility within an accountable decision making framework.

- The Executive Board should have a clear mandate in order for it to work efficiently within its area of responsibility without detailed intervention from the COP/MOP. The operating entities must be structurally independent of the Executive Board (although they are appointed by the Board) as they are responsible for certifying projects. Finally the bodies charged with independent auditing and verification of project activities and of the certification process need to be completely independent of the operating entities. Independent audit and verification reports must be publically available.
- Parties wanting to host CDM projects should have in place a system for assessing and approving CDM projects and ensuring that they are consistent with that Party's sustainable development.

Transparency at all levels.

- The operation of the various parts of the CDM need to be transparent in order to facilitate confidence in the certification process and enable the participation of NGOs and other actors from civil society.
- NGOs should at a minimum be allowed Observer status at the Executive Board with access to all documentation and the right of intervention.

Flexible and resilient design

- The CDM is potentially able to work in a number of different ways. These include: bilateral projects involving combinations of governments and/or private sector entities from both Annex I and non-Annex I Parties; multilateral approaches where an operating entity establishes itself as a brokering house for projects helping non-Annex I parties identify projects and finance sources and then marketing CERs through a single agency; and the case of non-Annex I Parties self-generating CDM projects. There are strengths and weaknesses to each approach and they will not be commented further here.
- The CDM should be designed to ensure that the system of determining project eligibility, baseline methods for project certification, and the verification and auditing of both projects and the performance of the operating entities, work in all circumstances.

4. Principles and issues in the establishment and operation of the CDM

Several principles, in addition to those outlined in section 2 above, need to be taken account of in the establishment of the CDM. In addition there are several issues which need to be resolved over the next period. Greenpeace's views on these matters are outlined below.

Principles

Independent operating entities in place before project crediting begins

Article 12 specifies that operating entities will be responsible for certifying CERs from project activities under the general requirement of this Article and the guidelines agreed by the COP. Certification cannot begin until the operational entities have been designated. Whilst there may be a number of entities Greenpeace opposes a major role for the international financial institutions because of their intrinsic conflict of interest. A role as project proponent and/or financier conflicts with the requirement for independent certification of project credits.

Prior approval of projects as meeting project eligibility criteria

Projects must be approved by an operational entity as meeting project eligibility criteria before they are eligible to have any emission credits certified. Prior approval at the project planning stage will facilitate quality control of projects. Host Parties should ensure that sustainable development criteria are used in assessing whether projects meet the project eligibility criteria established by the Executive Board.

Project credits only when achieved

Credits for projects should only be given once they are achieved and not based on feasibility studies. A project may not deliver the emission reductions estimated or fail completely. For these reasons it is important that the crediting mechanisms agreed for the CDM are *ex-poste*; in other words that credits are not assigned based on theoretical projections of the reductions that a project will achieve, but on verified actual reductions achieved relative to the agreed baseline.

Effective tracking system for emission units transferred

Emission credits transferred through the CDM must be able to be traced back to the individual projects or Parties from which they were generated in the first instance. This is necessary to ensure not only that real and additional reductions have been achieved but also to ensure confidence in the system and to maintain its integrity.

Independent third party auditing and verification system

Priority should be given to establishing the procedures and mechanisms for independent auditing and verification of project activities including the CERs awarded by the operating entities. These procedures should begin from the moment that the CDM begins formal operation with the establishment of an Executive Board.

Eligibility for project crediting conditional on compliance with reporting obligations

Parties seeking credit for projects under the CDM should be in full compliance with reporting obligations of Article 12 of the Convention and Articles 7 and 10 of the Kyoto Protocol.

Financing for CDM projects should be additional to Official Development Assistance programmes

Financing for CDM projects from Annex I governments must be additional to the donor country's own overseas aid budget and to its contributions to the GEF.

Issues for resolution

Fair share of proceeds for Adaptation

In accordance with Protocol Article 12.8, a fair share of the proceeds from CDM projects should be set aside to assist developing countries that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation. The Alliance of Small Island States (AOSIS), a major potential beneficiary of such funding, calculates that at least 10% of CDM project financing will be needed to cover reasonably anticipated adaptation costs. The assumption by Annex I countries of adaptation costs is fully consistent with the polluter pays principle, a well-established principle of international environmental law. COP4 should initiate work to define the appropriate share of proceeds from the CDM to go towards adaptation as well as and eligibility criteria for Parties that are most vulnerable to the effects of climate change. COP4 could refer this question to SBSTA to develop policy relevant questions to be answered by the IPCC Third Assessment Report in this area.

Agreement on credit sharing between host and donor Parties

Concern has been expressed by developing countries at giving up their 'low hanging fruit' (in emission terms) to donor countries. Developing countries are under pressure from particularly the USA to take on binding emission commitments in the future and the loss of the easier emission mitigation opportunities may make these targets more difficult to achieve. A solution might be some form of credit sharing between the host and donor countries. Research suggests that this may also encourage the uptake of projects by host countries.

5. Common Rules and Principles for the Flexibility Mechanisms

Because of the interactions between the flexibility mechanisms of the Kyoto Protocol (trading, joint implementation and the clean development mechanism) there need to some common rules and/or principles which apply to the operation of all of these instruments including the CDM:

- Domestic action must be the priority in the overall implementation of the Protocol.
- Agreement to market rules for the exchange of emission units. The COP/MOP needs to decide whether or not CERs from the CDM are to be exchangeable with other emission units. If this is to be permitted then rules which guarantee transparency, compliance with obligations, buyer and seller liability, and which reinforce the environmental objectives of the Protocol need to be agreed.
- There needs to be an agreed legal framework for the flexibility mechanisms *before* emission units from JI and CDM projects and assigned amounts are traded.
- The effectiveness of each of the flexibility provisions, including the CDM must be reviewed after the first commitment period, a report sent to the COP/MOP and problems rectified. In the case of the CDM an earlier review is warranted given the potential problems arising from pre-banking of credits.

- Compliance with reporting obligations for emissions and transfers of assigned amounts is a pre-requisite for transfers of ERUs, CERs. or assigned amounts.
- A compliance regime including a ban on transfers of emission reduction units from any Party exceeding its emissions commitment (as laid out in Annex B) or in breach of reporting requirements, until that Party returns to compliance.
- National accounting systems for tracking transfers of assigned amounts; CERs and ERUs should be established that includes registration of acquisitions and transfers of assigned amounts with double entry bookkeeping. Details should include country of origin of the transfer or acquisition, the date the amounts were acquired or transferred, the price and so on should be required in order to trace acquisitions back to the individual projects or Parties from which they were generated or originated.
- Establishment of an in depth review process conducted by expert independent teams is essential, and should include CDM projects.

5. Conclusion

The overall process for obtaining project credits that would result from the application of the principles described above would be:

- Project eligibility criteria need to be agreed, including the rules for baseline estimation, before projects begin.
- An assessment is made of the implications of pre-banking with decisions taken by a COP on discounting by some factor the credits obtained in the pre-budget period.
- Projects are to be certified by operating entities as meeting project eligibility criteria before being eligible for claiming credits.
- Host parties should have in place a system for the assessment of projects against project eligibility criteria.
- Project credits would only be given once they are earned and would be reviewable by independent verification and auditing bodies.

In order to set up the CDM in an environmentally effective way COP 4 needs to agree to:

- Set a quantitative limit on the use of the CDM to meet emission commitments (e.g. 1%).
- Exclude dirty technologies such as the so-called "clean" coal technologies and unsustainable technologies such as nuclear power and large dam projects.
- Discount CDM credits to eliminate additionality problems
- Assess the implications of pre-banking of credits and to agree rules for this before projects begin.
- Establish project eligibility and additionality criteria before CDM projects start
- Defer any consideration of land use change and forestry sector project eligibility until the IPCC Special report on these activities is considered by a future COP.
- Integrate the CDM Executive Board within the FCCC and Kyoto Protocol institutional framework.
- Appoint independent operating entities before projects begin.
- Agree that prior approval of projects is a pre-condition for claiming credits
- Agree that project credits will only be given when achieved
- Require an effective tracking system for emission units transferred
- Put in place an independent third party auditing and verification system

- Make eligibility for project crediting conditional on compliance with emission and other reporting obligations
- Require that financing for CDM projects be additional to Official Development Assistance programmes and to GEF contributions
- Ensure that there are common rules and principles for the Kyoto Protocol mechanisms that cover the CDM

FOR MORE INFORMATION

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Joint Press Advisory

*ICC/Keidanren/USCIB/WBCSD/ WWF/UNEP

Buenos Aires, 10 November, 1998 - Global business leaders, the Worldwide Fund for Nature (WWF) and the United Nations Environment Programme (UNEP) meet here today (19.30 - 21.15, Alamo Room), to develop a better common understanding on the role of business-led voluntary initiatives to tackle climate change.

This high level meeting (See speakers below) follows a workshop held on 9 November which explored how business voluntary initiatives (VIs) can help governments and business meet climate change commitments. Yesterday's workshop included the presentation of a study undertaken for the six sponsoring organisations by an independent UK-based consultancy firm. The objective of the workshop was to:

- Develop greater understanding of the broad range of types of business voluntary initiatives
- Identify how and under what circumstances VIs can address climate change
- Promote wider use of VIs by countries and companies in climate change action planning and implementation

Voluntary business initiatives are one tool that governments and industry can use to meet climate change targets. The potential benefits and considerations of VIs for key stakeholder groups were explored in an effort to deepen the dialogue which these organisations have held over the last four months.

The issues covered in depth at the Monday workshop will be presented at today's meeting, including:

- The pros and cons of voluntary business initiatives
- Applicability of voluntary business initiatives in developed and developing countries
- Conditions to foster continual improvement in voluntary business initiatives

Presentational materials, based on a draft report entitled, " Voluntary Initiatives to Address Climate Change," will be distributed.

Speakers include: Mr Klaus Toepfer, UNEP Executive Director; Mr Yoshifumi Tsuji, Vice-Chairman, Keidanren, and Chairman, Nissan Motor Corporation; Bjorn Stigson, President, WBCSD; Ms Norine Kennedy, ICC/ USCIB; Mr Klaus Kohlhase, UNICE; and Mr Gordon Shepherd, Director, International Policy Unit, WWF - International.

SPONSORING ORGANISATIONS:

ICC	- International Chamber of Commerce (ICC)
Keidanren	- Japan Federation of Economic Organizations
UNEP	- United Nations Environment Programme
USCIB	- United States Council for International Business
WBCSD	- World Business Council for Sustainable Development
WWF	- Worldwide Fund for Nature

For more information, please contact: Robert Bisset (UNEP Press Officer), mobile: 15-416-6147. Or, Paul Clemnts-Hunt (ICC), mobile: 15-422-8853

**Fourth Conference of Parties to the
U.N. Framework Convention on Climate Change
11 November 1998**

Intervention on behalf of the

The U.S. Business Council for Sustainable Energy
European Business Council for a Sustainable Energy Future
International Cogeneration Alliance
International Association for Public Transport

Madam President, Subsidiary Body Chairmen, distinguished delegates. My name is Paul Metz, I am the Executive Director of the European Business Council for a Sustainable Energy Future. I speak to you on behalf of organizations representing sustainable energy businesses worldwide involved with the implementation process for the Framework Convention on Climate Change. We appreciate the opportunity to present our views on the climate change negotiations and express our strong support for your work to protect the climate. We are pleased with the progress made so far on the complex issues related to the implementation of the Kyoto Protocol and look forward to subsequent agreements during the Ministerial phase of COP-4.

This statement of the U.S. Business Council for Sustainable Energy (BCSE), the European Business Council for a Sustainable Energy Future (e5), the International Cogeneration Alliance (ICA) and the International Association for Public Transport (UITP) represents business views in Europe, the United States and worldwide associations in the natural gas, renewable energy, cogeneration and energy efficiency in industry, household and transportation.

Our business organizations believe that early and firm action is necessary and feasible to address global climate change. It is our opinion that solutions are not technologically constrained, but require changes in economic and regulatory frameworks to expand use of clean energy technologies.

In the first place, domestic policies must be initiated that recognize the contribution of existing energy efficiency technologies, such as insulation, natural gas, renewable energy, cogeneration and energy efficient products, in reducing greenhouse gas emissions and provide programs for crediting these reductions. The challenge is to encourage governments to initiate environmental and energy policies for existing technologies while removing barriers to new, innovative technologies. The goal is to make the reductions of greenhouse gases attractive from a business perspective.

It is essential that momentum continues to build in support of climate stabilization efforts and the establishment of market-based mechanisms to achieve greenhouse gas reductions. Our companies are confident that cost-effective clean energy technologies exist today to address climate change while fueling sustainable economic growth worldwide. During this conference, we urge the Parties to focus on achieving agreement on outstanding issues, particularly those related to the development of the flexibility mechanisms under the Kyoto Protocol and fostering technology cooperation. Specifically, we urge the Parties to consider the following during COP-4:

- Adopt workplans with deadlines for each of the flexibility mechanisms. We believe the flexibility mechanisms should be considered collectively. However, we also maintain that the opportunities for greenhouse gas reductions provided by the CDM should not be discouraged due to delays in securing final agreement on the other mechanisms. An incremental approach will allow CDM

projects to be initiated as early as 2000. We believe that the most important areas to develop criteria for early CDM projects are in energy supply and the efficient use of energy in the industrial, building and transportation sectors. These technologies will advance economic development and create jobs in developing countries.

- Support early action to reduce greenhouse gas emissions by Parties and companies. Specifically, the COP should provide retroactive certification of CDM projects initiated after January 1, 2000 provided the project ultimately meets CDM project criteria.
- Establish streamlined evaluation procedures for CDM projects that generate transparent and quantifiable greenhouse gas emissions reductions. Some CDM projects will use clean energy technologies and sources that generate clear and quantifiable greenhouse gas emissions reductions. Reliable projects should be encouraged in the early stages of the flexibility mechanisms to provide credibility to the system that provides certainty to potential CDM investors.
- Implement a strong liability system to maintain the integrity of international emissions trading. With regard to Article 17, since regulators can only control domestic entities, buyers of assigned amounts must be liable. However, consideration should be given to extraordinary circumstances where the seller is also liable.
- Oppose a restrictive interpretation of the term "supplemental" with regard to the ability of Annex I countries to utilize the flexibility mechanisms in meeting emissions reductions targets. Domestic actions must be taken by the Parties in order to meet their emissions reductions obligations. However, imposing restrictions on the ability of countries to use the flexibility mechanisms will hamper the market-based mechanisms and inhibit the market for credits from developing in the most efficient manner.
- Support model frameworks for Technology Cooperation Agreements that encourage investment in clean energy technologies and that accelerate technology transfer in developing countries. Specifically, consider the U.S. government's Technology Cooperation Agreement Pilot Project and similar EU programs as models for multilateral action.
- Finally, developed countries must take the lead in reducing greenhouse gas emissions reductions. Under the Kyoto Protocol, developed countries must demonstrate progress toward meeting their emissions reductions commitments by 2005. The Councils believe that criteria for this progress should be agreed upon, and, when satisfied could serve as a trigger for developing countries to consider expanding their participation under the Protocol. While not on the agenda during COP-4, the Councils encourage the consideration of voluntary participation by developing countries.

Clean energy technologies can assist in achieving economic development and environmental goals in developed and developing countries. At this crucial time, the COP should encourage the use of these technologies through the stimulation of early action by the Parties, progress on the modalities of the Protocol and the flexibility mechanisms. Thank you for the opportunity to present our views. We look forward to working with this body in the future.

October 30, 1998

CANADIAN DELEGATION

FOURTH MEETING OF THE CONFERENCE OF THE PARTIES
OF THE FRAMEWORK CONVENTION ON CLIMATE CHANGE

BUENOS AIRES, ARGENTINA
NOVEMBER 2-13, 1998

* denotes participation at the High Level Segment
November 11-13, 1998

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* The Honourable Christine Stewart

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* Mr. Bill Gilmour, M.P. (Ref.)

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Convention on Climate Change

Introduction

In the 1980s, scientific evidence linking greenhouse gas emissions from human activities with the risk of global climate change started to arouse public concern. Governments held a series of international conferences that issued urgent calls for a global treaty to address the problem. In 1990, the United Nations General Assembly responded by establishing the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change (INC).

The INC drafted the Convention and adopted it on 9 May 1992 at United Nations Headquarters in New York. The Convention was opened for signature at the June 1992 Earth Summit in Rio de Janeiro. It was signed during the Summit by Heads of State and other senior representatives from 154 countries (and the European Community) and entered into force on 21 March 1994. As of mid-1998, some 175 States have ratified or acceded, thus binding themselves to the terms of the Convention.

The Conference of the Parties (COP) – the supreme body of the Convention – held its first session in early 1995 in Berlin. COP 1 adopted the Berlin Mandate launching new talks on strengthening the Convention. COP 2 was held in July 1996 at the United Nations in Geneva. COP 3 took place in Kyoto, Japan. It adopted the Kyoto Protocol which commits developed country Parties to the Protocol to reduce their overall emissions of greenhouse gases by at least 5 per cent below 1990 levels in the period 2008-2012. The fourth session of the COP will be in Buenos Aires, Argentina in November 1998.

August 1998

Published for the Climate Change Secretariat by UNEP's Information Unit for Conventions (IUC).

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This booklet contains the text of the United Nations Framework Convention on Climate Change, which starts on p. 2.

Printed on recycled paper.

UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

The Parties to this Convention,

Acknowledging that change in the Earth's climate and its adverse effects are a common concern of humankind,

Concerned that human activities have been substantially increasing the atmospheric concentrations of greenhouse gases, that these increases enhance the natural greenhouse effect, and that this will result on average in an additional warming of the Earth's surface and atmosphere and may adversely affect natural ecosystems and humankind,

Noting that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

Aware of the role and importance in terrestrial and marine ecosystems of sinks and reservoirs of greenhouse gases,

Noting that there are many uncertainties in predictions of climate change, particularly with regard to the timing, magnitude and regional patterns thereof,

Acknowledging that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions,

Recalling the pertinent provisions of the Declaration of the United Nations Conference on the Human Environment, adopted at Stockholm on 16 June 1972,

Recalling also that States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction,

Reaffirming the principle of sovereignty of States in international cooperation to address climate change,

Recognizing that States should enact effective environmental legislation, that environmental standards, management objectives and priorities should reflect the environmental and developmental context to which they apply, and that standards applied by some countries may be inappropriate and of unwarranted economic and social cost to other countries, in particular developing countries,

Recalling the provisions of General Assembly resolution 44/228 of 22 December 1989 on the United Nations Conference on Environment and Development, and resolutions 43/53 of 6 December 1988, 44/207 of 22 December 1989, 45/212 of 21 December 1990 and 46/169 of 19 December 1991 on protection of global climate for present and future generations of mankind,

Recalling also the provisions of General Assembly resolution 44/206 of 22 December 1989 on the possible adverse effects of sea-level rise on islands and coastal areas, particularly low-lying coastal areas and the pertinent provisions of General Assembly resolution 44/172 of 19 December 1989 on the implementation of the Plan of Action to Combat Desertification,

Recalling further the Vienna Convention for the Protection of the Ozone Layer, 1985, and the Montreal Protocol on Substances that Deplete the Ozone Layer, 1987, as adjusted and amended on 29 June 1990,

Noting the Ministerial Declaration of the Second World Climate Conference adopted on 7 November 1990,

Conscious of the valuable analytical work being conducted by many States on climate change and of the important contributions of the World Meteorological Organization, the United Nations Environment Programme and other organs, organizations and bodies of the United Nations system, as well as other international and intergovernmental bodies, to the exchange of results of scientific research and the coordination of research,

Recognizing that steps required to understand and address climate change will be environmentally, socially and economically most effective if they are based on relevant scientific, technical and economic considerations and continually re-evaluated in the light of new findings in these areas,

Recognizing that various actions to address climate change can be justified economically in their own right and can also help in solving other environmental problems,

Recognizing also the need for developed countries to take immediate action in a flexible manner on the basis of clear priorities, as a first step towards comprehensive response strategies at the global, national and, where agreed, regional levels that take into account all greenhouse gases, with due consideration of their relative contributions to the enhancement of the greenhouse effect,

Recognizing further that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

Affirming that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

Recognizing that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling greenhouse gas emissions in general, including through the application of new technologies on terms which make such an application economically and socially beneficial,

Determined to protect the climate system for present and future generations,

Have agreed as follows:

ARTICLE I

DEFINITIONS*

For the purposes of this Convention:

1. «Adverse effects of climate change» means changes in the physical environment or biota resulting from climate change which have significant deleterious effects on the composition, resilience or productivity of natural and managed ecosystems or on the operation of socio-economic systems or on human health and welfare.
2. «Climate change» means a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods.
3. «Climate system» means the totality of the atmosphere, hydrosphere, biosphere and geosphere and their interactions.
4. «Emissions» means the release of greenhouse gases and/or their precursors into the atmosphere over a specified area and period of time.
5. «Greenhouse gases» means those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and re-emit infrared radiation.
6. «Regional economic integration organization» means an organization constituted by sovereign States of a given region which has competence in respect of matters governed by this Convention or its protocols and has been duly authorized, in accordance with its internal procedures, to sign, ratify, accept, approve or accede to the instruments concerned.
7. «Reservoir» means a component or components of the climate system where a greenhouse gas or a precursor of a greenhouse gas is stored.
8. «Sink» means any process, activity or mechanism which removes a greenhouse gas, an aerosol or a precursor of a greenhouse gas from the atmosphere.
9. «Source» means any process or activity which releases a greenhouse gas, an aerosol or a precursor of a greenhouse gas into the atmosphere.

* Titles of articles are included solely to assist the reader.

ARTICLE 2

OBJECTIVE

The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.

ARTICLE 3

PRINCIPLES

In their actions to achieve the objective of the Convention and to implement its provisions, the Parties shall be guided, *inter alia*, by the following:

1. The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof.
2. The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration.
3. The Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures, taking into account that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. To achieve this, such policies and measures should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse

gases and adaptation, and comprise all economic sectors. Efforts to address climate change may be carried out cooperatively by interested Parties.

4. The Parties have a right to, and should, promote sustainable development. Policies and measures to protect the climate system against human-induced change should be appropriate for the specific conditions of each Party and should be integrated with national development programmes, taking into account that economic development is essential for adopting measures to address climate change.

5. The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

ARTICLE 4

COMMITMENTS

1. All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall:
 - (a) Develop, periodically update, publish and make available to the Conference of the Parties, in accordance with Article 12, national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies to be agreed upon by the Conference of the Parties;
 - (b) Formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, and measures to facilitate adequate adaptation to climate change;

- (c) Promote and cooperate in the development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the energy, transport, industry, agriculture, forestry and waste management sectors;
- (d) Promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;
- (e) Cooperate in preparing for adaptation to the impacts of climate change; develop and elaborate appropriate and integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas, particularly in Africa, affected by drought and desertification, as well as floods;
- (f) Take climate change considerations into account, to the extent feasible, in their relevant social, economic and environmental policies and actions, and employ appropriate methods, for example impact assessments, formulated and determined nationally, with a view to minimizing adverse effects on the economy, on public health and on the quality of the environment, of projects or measures undertaken by them to mitigate or adapt to climate change;
- (g) Promote and cooperate in scientific, technological, technical, socio-economic and other research, systematic observation and development of data archives related to the climate system and intended to further the understanding and to reduce or eliminate the remaining uncertainties regarding the causes, effects, magnitude and timing of climate change and the economic and social consequences of various response strategies;
- (h) Promote and cooperate in the full, open and prompt exchange of relevant scientific, technological, technical, socio-economic and legal information related to the climate system and climate change, and to the economic and social consequences of various response strategies;
- (i) Promote and cooperate in education, training and public awareness related to climate change and encourage the widest participation in this process, including that of non-governmental organizations; and

- (j) Communicate to the Conference of the Parties information related to implementation, in accordance with Article 12.

2. The developed country Parties and other Parties included in Annex I commit themselves specifically as provided for in the following:

- (a) Each of these Parties shall adopt national policies and take corresponding measures on the mitigation of climate change, by limiting its anthropogenic emissions of greenhouse gases and protecting and enhancing its greenhouse gas sinks and reservoirs. These policies and measures will demonstrate that developed countries are taking the lead in modifying longer-term trends in anthropogenic emissions consistent with the objective of the Convention, recognizing that the return by the end of the present decade to earlier levels of anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol would contribute to such modification, and taking into account the differences in these Parties' starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort regarding that objective. These Parties may implement such policies and measures jointly with other Parties and may assist other Parties in contributing to the achievement of the objective of the Convention and, in particular, that of this subparagraph;
- (b) In order to promote progress to this end, each of these Parties shall communicate, within six months of the entry into force of the Convention for it and periodically thereafter, and in accordance with Article 12, detailed information on its policies and measures referred to in subparagraph (a) above, as well as on its resulting projected anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol for the period referred to in subparagraph (a), with the aim of returning individually or jointly to their 1990 levels these anthropogenic emissions of carbon dioxide and other greenhouse gases not controlled by the Montreal Protocol. This information will be reviewed by the Conference of the Parties, at its first session and periodically thereafter, in accordance with Article 7;

^{1/} This includes policies and measures adopted by regional economic integration organizations.

- (c) Calculations of emissions by sources and removals by sinks of greenhouse gases for the purposes of subparagraph (b) above should take into account the best available scientific knowledge, including of the effective capacity of sinks and the respective contributions of such gases to climate change. The Conference of the Parties shall consider and agree on methodologies for these calculations at its first session and review them regularly thereafter;
- (d) The Conference of the Parties shall, at its first session, review the adequacy of subparagraphs (a) and (b) above. Such review shall be carried out in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information. Based on this review, the Conference of the Parties shall take appropriate action, which may include the adoption of amendments to the commitments in subparagraphs (a) and (b) above. The Conference of the Parties, at its first session, shall also take decisions regarding criteria for joint implementation as indicated in subparagraph (a) above. A second review of subparagraphs (a) and (b) shall take place not later than 31 December 1998, and thereafter at regular intervals determined by the Conference of the Parties, until the objective of the Convention is met;
- (e) Each of these Parties shall :
- (i) Coordinate as appropriate with other such Parties, relevant economic and administrative instruments developed to achieve the objective of the Convention; and
 - (ii) Identify and periodically review its own policies and practices which encourage activities that lead to greater levels of anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol than would otherwise occur;
- (f) The Conference of the Parties shall review, not later than 31 December 1998, available information with a view to taking decisions regarding such amendments to the lists in Annexes I and II as may be appropriate, with the approval of the Party concerned;
- (g) Any Party not included in Annex I may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depository that it intends to be bound by subparagraphs (a) and (b) above. The Depository shall inform the other signatories and Parties of any such notification.

3. The developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. They shall also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by paragraph 1 of this Article and that are agreed between a developing country Party and the international entity or entities referred to in Article 11, in accordance with that Article. The implementation of these commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among the developed country Parties.

4. The developed country Parties and other developed Parties included in Annex II shall also assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.

5. The developed country Parties and other developed Parties included in Annex II shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention. In this process, the developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties. Other Parties and organizations in a position to do so may also assist in facilitating the transfer of such technologies.

6. In the implementation of their commitments under paragraph 2 above, a certain degree of flexibility shall be allowed by the Conference of the Parties to the Parties included in Annex I undergoing the process of transition to a market economy, in order to enhance the ability of these Parties to address climate change, including with regard to the historical level of anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol chosen as a reference.

7. The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

ARTICLE 5

RESEARCH AND SYSTEMATIC OBSERVATION

In carrying out their commitments under Article 4, paragraph 1(g), the Parties shall:

- (a) Small Island countries;
- (b) Countries with low-lying coastal areas;
- (c) Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;
- (d) Countries with areas prone to natural disasters;
- (e) Countries with areas liable to drought and desertification;
- (f) Countries with areas of high urban atmospheric pollution;
- (g) Countries with areas with fragile ecosystems, including mountainous ecosystems;
- (h) Countries whose economies are highly dependent on income generated from the production, processing and export, and/or on consumption of fossil fuels and associated energy-intensive products; and
- (i) Land-locked and transit countries.

- (a) Support and further develop, as appropriate, international and intergovernmental programmes and networks or organizations aimed at defining, conducting, assessing and financing research, data collection and systematic observation, taking into account the need to minimize duplication of effort;
- (b) Support international and intergovernmental efforts to strengthen systematic observation and national scientific and technical research capacities and capabilities, particularly in developing countries, and to promote access to, and the exchange of, data and analyses thereof obtained from areas beyond national jurisdiction; and
- (c) Take into account the particular concerns and needs of developing countries and cooperate in improving their endogenous capacities and capabilities to participate in the efforts referred to in subparagraphs (a) and (b) above.

Further, the Conference of the Parties may take actions, as appropriate, with respect to this paragraph.

9. The Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology.

10. The Parties shall, in accordance with Article 10, take into consideration in the implementation of the commitments of the Convention the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change. This applies notably to Parties with economies that are highly dependent on income generated from the production, processing and export, and/or consumption of fossil fuels and associated energy-intensive products and/or the use of fossil fuels for which such Parties have serious difficulties in switching to alternatives.

ARTICLE 6

EDUCATION, TRAINING AND PUBLIC AWARENESS

In carrying out their commitments under Article 4, paragraph 1(i), the Parties shall:

- (a) Promote and facilitate at the national and, as appropriate, subregional and regional levels, and in accordance with national laws and regulations, and within their respective capacities:
 - (i) The development and implementation of educational and public awareness programmes on climate change and its effects;
 - (ii) Public access to information on climate change and its effects;

- (iii) Public participation in addressing climate change and its effects and developing adequate responses; and
 - (iv) Training of scientific, technical and managerial personnel.
- (b) Cooperate in and promote, at the international level, and, where appropriate, using existing bodies:
- (i) The development and exchange of educational and public awareness material on climate change and its effects; and
 - (ii) The development and implementation of education and training programmes, including the strengthening of national institutions and the exchange or secondment of personnel to train experts in this field, in particular for developing countries.

ARTICLE 7

CONFERENCE OF THE PARTIES

1. A Conference of the Parties is hereby established.

2. The Conference of the Parties, as the supreme body of this Convention, shall keep under regular review the implementation of the Convention and any related legal instruments that the Conference of the Parties may adopt, and shall make, within its mandate, the decisions necessary to promote the effective implementation of the Convention. To this end, it shall:

- (a) Periodically examine the obligations of the Parties and the institutional arrangements under the Convention, in the light of the objective of the Convention, the experience gained in its implementation and the evolution of scientific and technological knowledge;
- (b) Promote and facilitate the exchange of information on measures adopted by the Parties to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention;
- (c) Facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention;

- (d) Promote and guide, in accordance with the objective and provisions of the Convention, the development and periodic refinement of comparable methodologies, to be agreed on by the Conference of the Parties, *inter alia*, for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases;
- (e) Assess, on the basis of all information made available to it in accordance with the provisions of the Convention, the implementation of the Convention by the Parties, the overall effects of the measures taken pursuant to the Convention, in particular environmental, economic and social effects as well as their cumulative impacts and the extent to which progress towards the objective of the Convention is being achieved;
- (f) Consider and adopt regular reports on the implementation of the Convention and ensure their publication;
- (g) Make recommendations on any matters necessary for the implementation of the Convention;
- (h) Seek to mobilize financial resources in accordance with Article 4, paragraphs 3, 4 and 5, and Article 11;
- (i) Establish such subsidiary bodies as are deemed necessary for the implementation of the Convention;
- (j) Review reports submitted by its subsidiary bodies and provide guidance to them;
- (k) Agree upon and adopt, by consensus, rules of procedure and financial rules for itself and for any subsidiary bodies;
- (l) Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies; and
- (m) Exercise such other functions as are required for the achievement of the objective of the Convention as well as all other functions assigned to it under the Convention.

3. The Conference of the Parties shall, at its first session, adopt its own rules of procedure as well as those of the subsidiary bodies established by the Convention, which shall include decision-making procedures for matters not already covered by decision-making procedures stipulated in the Convention. Such procedures may include specified majorities required for the adoption of particular decisions.

The first session of the Conference of the Parties shall be convened by the interim secretariat referred to in Article 21 and shall take place not later than one year after the date of entry into force of the Convention. Thereafter, ordinary sessions of the Conference of the Parties shall be held every year unless otherwise decided by the Conference of the Parties.

Extraordinary sessions of the Conference of the Parties shall be held at such other times as may be deemed necessary by the Conference, or at the written request of any Party, provided that, within six months of the request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State member thereof or observers thereto not Party to the Convention, may be represented at sessions of the Conference of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Convention, and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Conference of the Parties.

ARTICLE 8

SECRETARIAT

1. A secretariat is hereby established.
2. The functions of the secretariat shall be:
 - (a) To make arrangements for sessions of the Conference of the Parties and its subsidiary bodies established under the Convention and to provide them with services as required;
 - (b) To compile and transmit reports submitted to it;
 - (c) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Convention;
 - (d) To prepare reports on its activities and present them to the Conference of the Parties;
 - (e) To ensure the necessary coordination with the secretariats of other relevant international bodies;
 - (f) To enter, under the overall guidance of the Conference of the Parties, into such administrative and contractual arrangements as may be required for the effective discharge of its functions; and

- (g) To perform the other secretariat functions specified in the Convention and in any of its protocols and such other functions as may be determined by the Conference of the Parties.

3. The Conference of the Parties, at its first session, shall designate a permanent secretariat and make arrangements for its functioning.

ARTICLE 9

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

1. A subsidiary body for scientific and technological advice is hereby established to provide the Conference of the Parties and, as appropriate, its other subsidiary bodies with timely information and advice on scientific and technological matters relating to the Convention. This body shall be open to participation by all Parties and shall be multidisciplinary. It shall comprise government representatives competent in the relevant field of expertise. It shall report regularly to the Conference of the Parties on all aspects of its work.
2. Under the guidance of the Conference of the Parties, and drawing upon existing competent international bodies, this body shall:
 - (a) Provide assessments of the state of scientific knowledge relating to climate change and its effects;
 - (b) Prepare scientific assessments on the effects of measures taken in the implementation of the Convention;
 - (c) Identify innovative, efficient and state-of-the-art technologies and know-how and advise on the ways and means of promoting development and/or transferring such technologies;
 - (d) Provide advice on scientific programmes, international cooperation in research and development related to climate change, as well as on ways and means of supporting endogenous capacity-building in developing countries; and
 - (e) Respond to scientific, technological and methodological questions that the Conference of the Parties and its subsidiary bodies may put to the body.
3. The functions and terms of reference of this body may be further elaborated by the Conference of the Parties.

ARTICLE 10

SUBSIDIARY BODY FOR IMPLEMENTATION

A subsidiary body for implementation is hereby established to assist the Conference of the Parties in the assessment and review of the effective implementation of the Convention. This body shall be open to participation by all Parties and comprise government representatives who are experts on matters related to climate change. It shall report regularly to the Conference of the Parties on all aspects of its work.

1. Under the guidance of the Conference of the Parties, this body shall:

- (a) Consider the information communicated in accordance with Article 12, paragraph 1, to assess the overall aggregated effect of the steps taken by the Parties in the light of the latest scientific assessments concerning climate change;
- (b) Consider the information communicated in accordance with Article 12, paragraph 2, in order to assist the Conference of the Parties in carrying out the reviews required by Article 4, paragraph 2(d); and
- (c) Assist the Conference of the Parties, as appropriate, in the preparation and implementation of its decisions.

ARTICLE 11

FINANCIAL MECHANISM

A mechanism for the provision of financial resources on a grant or concessional basis, including for the transfer of technology, is hereby defined. It shall function under the guidance of and be accountable to the Conference of the Parties, which shall decide on its policies, programme priorities and eligibility criteria related to this Convention. Its operation shall be entrusted to one or more existing international entities.

1. The financial mechanism shall have an equitable and balanced representation of all Parties within a transparent system of governance.

2. The Conference of the Parties and the entity or entities entrusted with the operation of the financial mechanism shall agree upon arrangements to give effect to the above paragraphs, which shall include the following:

- (a) Modalities to ensure that the funded projects to address climate change are in conformity with the policies, programme priorities and eligibility criteria established by the Conference of the Parties;
- (b) Modalities by which a particular funding decision may be reconsidered in light of these policies, programme priorities and eligibility criteria;
- (c) Provision by the entity or entities of regular reports to the Conference of the Parties on its funding operations, which is consistent with the requirement for accountability set out in paragraph 1 above; and
- (d) Determination in a predictable and identifiable manner of the amount of funding necessary and available for the implementation of this Convention and the conditions under which that amount shall be periodically reviewed.

4. The Conference of the Parties shall make arrangements to implement the above-mentioned provisions at its first session, reviewing and taking into account the interim arrangements referred to in Article 21, paragraph 3, and shall decide whether these interim arrangements shall be maintained. Within four years thereafter, the Conference of the Parties shall review the financial mechanism and take appropriate measures.

5. The developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

ARTICLE 12

COMMUNICATION OF INFORMATION RELATED TO IMPLEMENTATION

1. In accordance with Article 4, paragraph 1, each Party shall communicate to the Conference of the Parties, through the secretariat, the following elements of information:

- (a) A national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent its capacities permit, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;
- (b) A general description of steps taken or envisaged by the Party to implement the Convention; and

(c) Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including, if feasible, material relevant for calculations of global emission trends.

2. Each developed country Party and each other Party included in Annex I shall incorporate in its communication the following elements of information:

- (a) A detailed description of the policies and measures that it has adopted to implement its commitment under Article 4, paragraphs 2(a) and 2(b); and
- (b) A specific estimate of the effects that the policies and measures referred to in subparagraph (a) immediately above will have on anthropogenic emissions by its sources and removals by its sinks of greenhouse gases during the period referred to in Article 4, paragraph 2(a).

3. In addition, each developed country Party and each other developed Party included in Annex II shall incorporate details of measures taken in accordance with Article 4, paragraphs 3, 4 and 5.

4. Developing country Parties may, on a voluntary basis, propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits.

5. Each developed country Party and each other Party included in Annex I shall make its initial communication within six months of the entry into force of the Convention for that Party. Each Party not so listed shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4, paragraph 3. Parties that are least developed countries may make their initial communication at their discretion. The frequency of subsequent communications by all Parties shall be determined by the Conference of the Parties, taking into account the differentiated timetable set by this paragraph.

6. Information communicated by Parties under this Article shall be transmitted by the secretariat as soon as possible to the Conference of the Parties and to any subsidiary bodies concerned. If necessary, the procedures for the communication of information may be further considered by the Conference of the Parties.

7. From its first session, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under this Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4. Such support may be provided by other Parties, by competent international organizations and by the secretariat, as appropriate.

8. Any group of Parties may, subject to guidelines adopted by the Conference of the Parties, and to prior notification to the Conference of the Parties, make a joint communication in fulfilment of their obligations under this Article, provided that such a communication includes information on the fulfilment by each of these Parties of its individual obligations under the Convention.

9. Information received by the secretariat that is designated by a Party as confidential, in accordance with criteria to be established by the Conference of the Parties, shall be aggregated by the secretariat to protect its confidentiality before being made available to any of the bodies involved in the communication and review of information.

10. Subject to paragraph 9 above, and without prejudice to the ability of any Party to make public its communication at any time, the secretariat shall make communications by Parties under this Article publicly available at the time they are submitted to the Conference of the Parties.

ARTICLE 13

RESOLUTION OF QUESTIONS REGARDING IMPLEMENTATION

The Conference of the Parties shall, at its first session, consider the establishment of a multilateral consultative process, available to Parties on their request, for the resolution of questions regarding the implementation of the Convention.

ARTICLE 14

SETTLEMENT OF DISPUTES

In the event of a dispute between any two or more Parties concerning the interpretation or application of the Convention, the Parties concerned shall seek a settlement of the dispute through negotiation or any other peaceful means of their own choice.

When ratifying, accepting, approving or acceding to the Convention, or at any time thereafter, a Party which is not a regional economic integration organization may declare in a written instrument submitted to the Depositary that, in respect of any dispute concerning the interpretation or application of the Convention, it recognizes as compulsory *ipso facto* and without special agreement, in relation to any Party accepting the same obligation:

- (a) Submission of the dispute to the International Court of Justice, and/or
- (b) Arbitration in accordance with procedures to be adopted by the Conference of the Parties as soon as practicable, in an annex on arbitration.

A Party which is a regional economic integration organization may make a declaration with like effect in relation to arbitration in accordance with the procedures referred to in subparagraph (b) above.

A declaration made under paragraph 2 above shall remain in force until it expires in accordance with its terms or until three months after written notice of its revocation has been deposited with the Depositary.

A new declaration, a notice of revocation or the expiry of a declaration shall not in any way affect proceedings pending before the International Court of Justice or the arbitral tribunal, unless the parties to the dispute otherwise agree.

Subject to the operation of paragraph 2 above, if after twelve months following notification by one Party to another that a dispute exists between them, the Parties concerned have not been able to settle their dispute through the means mentioned in paragraph 1 above, the dispute shall be submitted, at the request of any of the Parties to the dispute, to conciliation.

A conciliation commission shall be created upon the request of one of the Parties to the dispute. The commission shall be composed of an equal number of members appointed by each party concerned and a chairman chosen jointly by the members appointed by each party. The commission shall render a recommendatory award, which the parties shall consider in good faith.

7. Additional procedures relating to conciliation shall be adopted by the Conference of the Parties, as soon as practicable, in an annex on conciliation.

8. The provisions of this Article shall apply to any related legal instrument which the Conference of the Parties may adopt, unless the instrument provides otherwise.

ARTICLE 15

AMENDMENTS TO THE CONVENTION

1. Any Party may propose amendments to the Convention.
2. Amendments to the Convention shall be adopted at an ordinary session of the Conference of the Parties. The text of any proposed amendment to the Convention shall be communicated to the Parties by the secretariat at least six months before the meeting at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to the Convention and, for information, to the Depositary.
3. The Parties shall make every effort to reach agreement on any proposed amendment to the Convention by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.
4. Instruments of acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 3 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of acceptance by at least three fourths of the Parties to the Convention.
5. The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depositary its instrument of acceptance of the said amendment.
6. For the purposes of this Article, «Parties present and voting» means Parties present and casting an affirmative or negative vote.

ARTICLE 16

ADOPTION AND AMENDMENT OF ANNEXES TO THE CONVENTION

1. Annexes to the Convention shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Convention constitutes at the same time a reference to any annexes thereto. Without prejudice to the provisions of Article 14, paragraphs 2(b) and 7, such annexes shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.
2. Annexes to the Convention shall be proposed and adopted in accordance with the procedure set forth in Article 15, paragraphs 2, 3 and 4.
3. An annex that has been adopted in accordance with paragraph 2 above shall enter into force for all Parties to the Convention six months after the date of the communication by the Depositary to such Parties of the adoption of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex. The annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.
4. The proposal, adoption and entry into force of amendments to annexes to the Convention shall be subject to the same procedure as that for the proposal, adoption and entry into force of annexes to the Convention in accordance with paragraphs 2 and 3 above.
5. If the adoption of an annex or an amendment to an annex involves an amendment to the Convention, that annex or amendment to an annex shall not enter into force until such time as the amendment to the Convention enters into force.

ARTICLE 17

PROTOCOLS

1. The Conference of the Parties may, at any ordinary session, adopt protocols to the Convention.
2. The text of any proposed protocol shall be communicated to the Parties by the secretariat at least six months before such a session.

3. The requirements for the entry into force of any protocol shall be established by that instrument.
4. Only Parties to the Convention may be Parties to a protocol.
5. Decisions under any protocol shall be taken only by the Parties to the protocol concerned.

ARTICLE 18

RIGHT TO VOTE

1. Each Party to the Convention shall have one vote, except as provided for in paragraph 2 below.
2. Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States that are Parties to the Convention. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

ARTICLE 19

DEPOSITARY

The Secretary-General of the United Nations shall be the Depositary of the Convention and of protocols adopted in accordance with Article 17.

ARTICLE 20

SIGNATURE

This Convention shall be open for signature by States Members of the United Nations or of any of its specialized agencies or that are Parties to the Statute of the International Court of Justice and by regional economic integration organizations at Rio de Janeiro, during the United Nations Conference on Environment and Development, and thereafter at United Nations Headquarters in New York from 20 June 1992 to 19 June 1993.

ARTICLE 21

INTERIM ARRANGEMENTS

1. The secretariat functions referred to in Article 8 will be carried out on an interim basis by the secretariat established by the General Assembly of the United Nations in its resolution 45/212 of 21 December 1990, until the completion of the first session of the Conference of the Parties.
2. The head of the Interim secretariat referred to in paragraph 1 above will cooperate closely with the Intergovernmental Panel on Climate Change to ensure that the Panel can respond to the need for objective scientific and technical advice. Other relevant scientific bodies could also be consulted.
3. The Global Environment Facility of the United Nations Development Programme, the United Nations Environment Programme and the International Bank for Reconstruction and Development shall be the international entity entrusted with the operation of the financial mechanism referred to in Article 11 on an Interim basis. In this connection, the Global Environment Facility should be appropriately restructured and its membership made universal to enable it to fulfil the requirements of Article 11.

ARTICLE 22

RATIFICATION, ACCEPTANCE, APPROVAL OR ACCESSION

1. The Convention shall be subject to ratification, acceptance, approval or accession by States and by regional economic integration organizations. It shall be open for accession from the day after the date on which the Convention is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.
2. Any regional economic integration organization which becomes a Party to the Convention without any of its member States being a Party shall be bound by all the obligations under the Convention. In the case of such organizations, one or more of whose member States is a Party to the Convention, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under the Convention. In such cases, the organization and the member States shall not be entitled to exercise rights under the Convention concurrently.

3. In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by the Convention. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

ARTICLE 23

ENTRY INTO FORCE

1. The Convention shall enter into force on the ninetieth day after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession.
2. For each State or regional economic integration organization that ratifies, accepts or approves the Convention or accedes thereto after the deposit of the fiftieth instrument of ratification, acceptance, approval or accession, the Convention shall enter into force on the ninetieth day after the date of deposit by such State or regional economic integration organization of its instrument of ratification, acceptance, approval or accession.
3. For the purposes of paragraphs 1 and 2 above, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

ARTICLE 24

RESERVATIONS

No reservations may be made to the Convention.

WITHDRAWAL

1. At any time after three years from the date on which the Convention has entered into force for a Party, that Party may withdraw from the Convention by giving written notification to the Depositary.
2. Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.
3. Any Party that withdraws from the Convention shall be considered as also having withdrawn from any protocol to which it is a Party.

AUTHENTIC TEXTS

The original of this Convention, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

IN WITNESS WHEREOF the undersigned, being duly authorized to that effect, have signed this Convention.

DONE at New York this ninth day of May one thousand nine hundred and ninety-two.

ANNEX I

Australia
Austria
Belarus^{a/}
Belgium
Bulgaria^{a/}
Canada
Czechoslovakia^{a/}
Denmark
European Economic Community
Estonia^{a/}
Finland
France
Germany
Greece
Hungary^{a/}
Iceland
Ireland
Italy
Japan
Latvia^{a/}
Lithuania^{a/}
Luxembourg
Netherlands
New Zealand
Norway
Poland^{a/}
Portugal
Romania^{a/}
Russian Federation^{a/}
Spain
Sweden
Switzerland
Turkey
Ukraine^{a/}
United Kingdom of Great Britain and Northern Ireland
United States of America

^{a/} Countries that are undergoing the process of transition to a market economy.

ANNEX II

Australia
Austria
Belgium
Canada
Denmark
European Economic Community
Finland
France
Germany
Greece
Iceland
Ireland
Italy
Japan
Luxembourg
Netherlands
New Zealand
Norway
Portugal
Spain
Sweden
Switzerland
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America



UNITED
NATIONS



Framework Convention
on Climate Change

Distr.
LIMITED

FCCC/CP/1997/L.7/Add.1
10 December 1997

Subject to technical revision

Original: ENGLISH

CONFERENCE OF THE PARTIES
Third session
Kyoto, 1-10 December 1997
Agenda item 5

**KYOTO PROTOCOL TO THE
UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE**

The Parties to this Protocol,

Being Parties to the United Nations Framework Convention on Climate Change hereinafter referred to as "the Convention",

In pursuit of the ultimate objective of the Convention as stated in its Article 2,

Recalling the provisions of the Convention,

Being guided by Article 3 of the Convention,

Pursuant to the Berlin Mandate adopted by decision 1/CP.1 of the Conference of the Parties to the Convention at its first session,

Have agreed as follows:

Article 1

For the purposes of this Protocol, the definitions contained in Article 1 of the Convention shall apply. In addition:

1. "Conference of the Parties" means the Conference of the Parties to the Convention.

UKY.97-

2. "Convention" means the United Nations Framework Convention on Climate Change, adopted in New York on 9 May 1992.
3. "Intergovernmental Panel on Climate Change" means the Intergovernmental Panel on Climate Change established in 1988 jointly by the World Meteorological Organization and the United Nations Environment Programme.
4. "Montreal Protocol" means the Montreal Protocol on Substances that Deplete the Ozone Layer, adopted in Montreal on 16 September 1987 and as subsequently adjusted and amended.
5. "Parties present and voting" means Parties present and casting an affirmative or negative vote.
6. "Party" means, unless the context otherwise indicates, a Party to this Protocol.
7. "Party included in Annex I" means a Party included in Annex I to the Convention, as may be amended, or a Party which has made a notification under Article 4, paragraph 2(g), of the Convention.

Article 2

1. Each Party included in Annex I in achieving its quantified emission limitation and reduction commitments under Article 3, in order to promote sustainable development, shall:
 - (a) Implement and/or further elaborate policies and measures in accordance with its national circumstances, such as:
 - (i) Enhancement of energy efficiency in relevant sectors of the national economy;
 - (ii) Protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol, taking into account its commitments under relevant international environmental agreements; promotion of sustainable forest management practices, afforestation and reforestation;
 - (iii) Promotion of sustainable forms of agriculture in light of climate change considerations;
 - (iv) Promotion, research, development and increased use of new and renewable forms of energy, of carbon dioxide sequestration technologies and of advanced and innovative environmentally sound technologies;

- (v) Progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all greenhouse gas emitting sectors that run counter to the objective of the Convention and apply market instruments;
- (vi) Encouragement of appropriate reforms in relevant sectors aimed at promoting policies and measures which limit or reduce emissions of greenhouse gases not controlled by the Montreal Protocol;
- (vii) Measures to limit and/or reduce emissions of greenhouse gases not controlled by the Montreal Protocol in the transport sector;
- (viii) Limitation and/or reduction of methane through recovery and use in waste management, as well as in the production, transport and distribution of energy;

(b) Cooperate with other such Parties to enhance the individual and combined effectiveness of their policies and measures adopted under this Article, pursuant to Article 4, paragraph 2(e)(i), of the Convention. To this end, these Parties shall take steps to share their experience and exchange information on such policies and measures, including developing ways of improving their comparability, transparency and effectiveness. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session or as soon as practicable thereafter, consider ways to facilitate such cooperation, taking into account all relevant information.

2. The Parties included in Annex I shall pursue limitation or reduction of emissions of greenhouse gases not controlled by the Montreal Protocol from aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively.

3. The Parties included in Annex I shall strive to implement policies and measures under this Article in such a way as to minimize adverse effects, including the adverse effects of climate change, effects on international trade, and social, environmental and economic impacts on other Parties, especially developing country Parties and in particular those identified in Article 4, paragraphs 8 and 9 of the Convention, taking into account Article 3 of the Convention. The Conference of the Parties serving as the meeting of the Parties to this Protocol may take further action, as appropriate, to promote the implementation of the provisions of this paragraph.

4. The Conference of the Parties serving as the meeting of the Parties to this Protocol, if it decides that it would be beneficial to coordinate any of the policies and measures in paragraph 1(a) above, taking into account different national circumstances and potential effects, shall consider ways and means to elaborate the coordination of such policies and measures.

Article 3

1. The Parties included in Annex I shall, individually or jointly, ensure that their aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts, calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of this Article, with a view to reducing their overall emissions of such gases by at least 5 per cent below 1990 levels in the commitment period 2008 to 2012.
2. Each Party included in Annex I shall, by 2005, have made demonstrable progress in achieving its commitments under this Protocol.
3. The net changes in greenhouse gas emissions from sources and removals by sinks resulting from direct human-induced land use change and forestry activities, limited to afforestation, reforestation, and deforestation since 1990, measured as verifiable changes in stocks in each commitment period shall be used to meet the commitments in this Article of each Party included in Annex I. The greenhouse gas emissions from sources and removals by sinks associated with those activities shall be reported in a transparent and verifiable manner and reviewed in accordance with Articles 7 and 8.
4. Prior to the first session of the Conference of the Parties serving as the meeting of the Parties to this Protocol, each Party included in Annex I shall provide for consideration by the Subsidiary Body for Scientific and Technological Advice data to establish its level of carbon stocks in 1990 and to enable an estimate to be made of its changes in carbon stocks in subsequent years. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session or as soon as practicable thereafter, decide upon modalities, rules and guidelines as to how and which additional human-induced activities related to changes in greenhouse gas emissions and removals in the agricultural soil and land use change and forestry categories, shall be added to, or subtracted from, the assigned amount for Parties included in Annex I, taking into account uncertainties, transparency in reporting, verifiability, the methodological work of the Intergovernmental Panel on Climate Change, the advice provided by the Subsidiary Body for Scientific and Technological Advice in accordance with Article 5 and the decisions of the Conference of the Parties. Such a decision shall apply in the second and subsequent commitment periods. A Party may choose to apply such a decision on these additional human-induced activities for its first commitment period, provided that these activities have taken place since 1990.
5. The Parties included in Annex I undergoing the process of transition to a market economy whose base year or period was established pursuant to decision 9/CP.2 of the Conference of the Parties at its second session, shall use that base year or period for the implementation of their commitments under this Article. Any other Party included in Annex I undergoing the process of transition to a market economy which has not yet submitted its first national communication under Article 12 of the Convention may also notify the

Conference of the Parties serving as the meeting of the Parties to this Protocol that it intends to use a historical base year or period other than 1990 for the implementation of its commitments under this Article. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall decide on the acceptance of such notification.

6. Taking into account Article 4, paragraph 6, of the Convention, in the implementation of their commitments under this Protocol other than those in this Article, a certain degree of flexibility shall be allowed by the Conference of the Parties serving as the meeting of the Parties to this Protocol to the Parties included in Annex I undergoing the process of transition to a market economy.

7. In the first quantified emission limitation and reduction commitment period, from 2008 to 2012, the assigned amount for each Party included in Annex I shall be equal to the percentage inscribed for it in Annex B of its aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A in 1990, or the base year or period determined in accordance with paragraph 5 above, multiplied by five. Those Parties included in Annex I for whom land use change and forestry constituted a net source of greenhouse gas emissions in 1990 shall include in their 1990 emissions base year or period the aggregate anthropogenic carbon dioxide equivalent emissions minus removals in 1990 from land use change for the purposes of calculating their assigned amount.

8. Any Party included in Annex I may use 1995 as its base year for hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride, for the purposes of the calculation referred to in paragraph 7 above.

9. Commitments for subsequent periods for Parties included in Annex I shall be established in amendments to Annex B to this Protocol, which shall be adopted in accordance with the provisions of Article 20, paragraph 7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall initiate the consideration of such commitments at least seven years before the end of the first commitment period mentioned in paragraph 7 above.

10. Any emission reduction units, or any part of an assigned amount, which a Party acquires from another Party in accordance with the provisions of Article 6 and of Article 16 bis shall be added to the assigned amount for that Party.

11. Any emission reduction units, or any part of an assigned amount, which a Party transfers to another Party in accordance with the provisions of Article 6 and of Article 16 bis shall be subtracted from the assigned amount for that Party.

12. Any certified emission reductions which a Party acquires from another Party in accordance with the provisions of Article 12 shall be added to the assigned amount for that Party.

13. If the emissions of a Party included in Annex I during a commitment period are less than its assigned amount under this Article, this difference shall, on request of that Party, be added to the assigned amount for that Party for subsequent commitment periods.

14. Each Party included in Annex I shall strive to implement the commitments mentioned in paragraph 1 above in such a way as to minimize adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4, paragraphs 8 and 9, of the Convention. In line with relevant decisions of the Conference of the Parties on the implementation of those paragraphs, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, consider what actions are necessary to minimize the adverse effects of climate change and/or the impacts of response measures on Parties referred to in those paragraphs. Among the issues to be considered shall be the establishment of funding, insurance and transfer of technology.

Article 4

1. Any Parties included in Annex I that have agreed to jointly fulfil their commitments under Article 3 shall be deemed to have met those commitments provided that their total combined aggregate anthropogenic carbon dioxide equivalent emissions of the greenhouse gases listed in Annex A do not exceed their assigned amounts calculated pursuant to their quantified emission limitation and reduction commitments inscribed in Annex B and in accordance with the provisions of Article 3. The respective emission level allocated to each of the Parties to the agreement shall be set out in that agreement.

2. The Parties to any such agreement shall notify the secretariat of the terms of the agreement on the date of deposit of their instruments of ratification, acceptance, approval or accession. The secretariat shall in turn inform the Parties and signatories to the Convention of the terms of the agreement.

3. The agreement shall remain in operation for the duration of the commitment period specified in Article 3, paragraph 7.

4. If Parties acting jointly do so in the framework of, and together with, a regional economic integration organization, any alteration in the composition of the organization after adoption of this Protocol shall not affect existing commitments under this Protocol. Any alteration in the composition of the organization shall only apply for the purposes of those commitments under Article 3 that are adopted subsequent to that revision.

5. In the event of failure by the Parties to such an agreement to achieve their total combined level of emission reductions, each Party to such an agreement shall be responsible for its own level of emissions set out in the agreement.

6. If Parties acting jointly do so in the framework of, and together with, a regional economic integration organization which is itself a Party to this Protocol, each member State of that regional economic integration organization individually, and together with the regional economic integration organization acting in accordance with Article 23, shall, in the event of failure to achieve the total combined level of emission reductions, be responsible for its level of emissions as notified in accordance with this Article.

Article 5

1. Each Party included in Annex I shall have in place, no later than one year prior to the start of the first commitment period, a national system for the estimation of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol. Guidelines for such national systems, which shall incorporate the methodologies specified in paragraph 2 below, shall be decided upon by the Conference of the Parties serving as the meeting of the Parties to this Protocol at its first session.
2. Methodologies for estimating anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol shall be those accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties at its third session. Where such methodologies are not used, appropriate adjustments shall be applied according to methodologies agreed upon by the Conference of the Parties serving as the meeting of the Parties to this Protocol at its first session. Based on the work of, *inter alia*, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall regularly review and, as appropriate, revise such methodologies and adjustments, taking fully into account any relevant decisions by the Conference of the Parties. Any revision to methodologies or adjustments shall be used only for the purposes of ascertaining compliance with commitments under Article 3 in respect of any commitment period adopted subsequent to that revision.
3. The global warming potentials used to calculate the carbon dioxide equivalence of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol listed in Annex A shall be those accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties at its third session. Based on the work of, *inter alia*, the Intergovernmental Panel on Climate Change and advice provided by the Subsidiary Body for Scientific and Technological Advice, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall regularly review and, as appropriate, revise the global warming potential of each such greenhouse gas, taking fully into account any relevant decisions by the Conference of the Parties. Any revision to a global warming potential shall apply only to those commitments under Article 3 in respect of any commitment period adopted subsequent to that revision.

Article 6

1. For the purpose of meeting its commitments under Article 3, any Party included in Annex I may transfer to, or acquire from, any other such Party emission reduction units resulting from projects aimed at reducing anthropogenic emissions by sources or enhancing anthropogenic removals by sinks of greenhouse gases in any sector of the economy, provided that:

(a) Any such project has the approval of the Parties involved;

(b) Any such project provides a reduction in emissions by sources, or an enhancement of removals by sinks, that is additional to any that would otherwise occur;

(c) It does not acquire any emission reduction units if it is not in compliance with its obligations under Articles 5 and 7; and

(d) The acquisition of emission reduction units shall be supplemental to domestic actions for the purposes of meeting commitments under Article 3.

2. The Conference of the Parties serving as the meeting of the Parties to this Protocol may, at its first session or as soon as practicable thereafter, further elaborate guidelines for the implementation of this Article, including for verification and reporting.

3. A Party included in Annex I may authorize legal entities to participate, under its responsibility, in actions leading to the generation, transfer or acquisition under this Article of emission reduction units.

4. If a question of implementation by a Party included in Annex I of the requirements referred to in this paragraph is identified in accordance with the relevant provisions of Article 8, transfers and acquisitions of emission reduction units may continue to be made after the question has been identified, provided that any such units may not be used by a Party to meet its commitments under Article 3 until any issue of compliance is resolved.

Article 7

1. Each Party included in Annex I shall incorporate in its annual inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol, submitted in accordance with the relevant decisions of the Conference of the Parties, the necessary supplementary information for the purposes of ensuring compliance with Article 3, to be determined in accordance with paragraph 4 below.

2. Each Party included in Annex I shall incorporate in its national communication, submitted under Article 12 of the Convention, the supplementary information necessary to

demonstrate compliance with its commitments under this Protocol, to be determined in accordance with paragraph 4 below.

3. Each Party included in Annex I shall submit the information required under paragraph 1 above annually, beginning with the first inventory due under the Convention for the first year of the commitment period after this Protocol has entered into force for it. Each such Party shall submit the information required under paragraph 2 above as part of the first national communication due under the Convention after this Protocol has entered into force for it and after the adoption of guidelines as provided for in paragraph 4 below. The frequency of subsequent submission of information required under this Article shall be determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol, taking into account any timetable for the submission of national communications decided upon by the Conference of the Parties.

4. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall adopt at its first session, and review periodically thereafter, guidelines for the preparation of the information required under this Article, taking into account guidelines for the preparation of national communications by Parties included in Annex I adopted by the Conference of the Parties. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall also, prior to the first commitment period, decide upon modalities for the accounting of assigned amounts.

Article 8

1. The information submitted under Article 7 by each Party included in Annex I shall be reviewed by expert review teams pursuant to the relevant decisions of the Conference of the Parties and in accordance with guidelines adopted for this purpose by the Conference of the Parties serving as the meeting of the Parties to this Protocol under paragraph 4 below. The information submitted under Article 7, paragraph 1, by each Party included in Annex I shall be reviewed as part of the annual compilation and accounting of emissions inventories and assigned amounts. Additionally, the information submitted under Article 7, paragraph 2, by each Party included in Annex I shall be reviewed as part of the review of communications.

2. Expert review teams shall be coordinated by the secretariat and shall be composed of experts selected from those nominated by Parties to the Convention and, as appropriate, by intergovernmental organizations, in accordance with guidance provided for this purpose by the Conference of the Parties.

3. The review process shall provide a thorough and comprehensive technical assessment of all aspects of the implementation by a Party of this Protocol. The expert review teams shall prepare a report to the Conference of the Parties serving as the meeting of the Parties to this Protocol, assessing the implementation of the commitments of the Party and identifying any potential problems in, and factors influencing, the fulfilment of commitments. Such reports shall

be circulated by the secretariat to all Parties to the Convention. The secretariat shall list those questions of implementation indicated in such reports for further consideration by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

4. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall adopt at its first session, and review periodically thereafter, guidelines for the review of implementation by expert review teams taking into account the relevant decisions of the Conference of the Parties.

5. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, with the assistance of the Subsidiary Body for Implementation and, as appropriate, the Subsidiary Body for Scientific and Technological Advice, consider:

(a) The information submitted by the Parties under Article 7 and the reports of the expert reviews thereon conducted under this Article; and

(b) Those questions of implementation listed by the secretariat under paragraph 3 above, as well as any questions raised by Parties.

6. Pursuant to its consideration of the information referred to in paragraph 5 above, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall take decisions on any matter required for the implementation of this Protocol.

Article 9

1. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall periodically review this Protocol in the light of the best available scientific information and assessments on climate change and its impacts, as well as relevant technical, social and economic information. Such reviews shall be coordinated with pertinent reviews under the Convention, in particular those required by Article 4, paragraph 2(d), and Article 7, paragraph 2(a), of the Convention. Based on these reviews, the Conference of the Parties serving as the meeting of the Parties to this Protocol shall take appropriate action.

2. The first review shall take place at the second session of the Conference of the Parties serving as the meeting of the Parties to this Protocol. Further reviews shall take place at regular intervals and in a timely manner.

Article 10

All Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, without introducing any new commitments for Parties not included in Annex I, but reaffirming existing commitments in Article 4, paragraph 1, of the Convention, and continuing to advance the

implementation of these commitments in order to achieve sustainable development, taking into account Article 4, paragraphs 3, 5 and 7, of the Convention, shall:

(a) Formulate, where relevant and to the extent possible, cost-effective national, and where appropriate regional programmes to improve the quality of local emission factors, activity data and/or models which reflect the socio-economic conditions of each Party for the preparation and periodic updating of national inventories of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies to be agreed upon by the Conference of the Parties, and consistent with the guidelines for national communications adopted by the Conference of the Parties;

(b) Formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change and measures to facilitate adequate adaptation to climate change:

- (i) Such programmes would, *inter alia*, concern the energy, transport and industry sectors as well as agriculture, forestry and waste management. Furthermore, adaptation technologies and methods for improving spatial planning would improve adaptation to climate change; and
- (ii) Parties included in Annex I shall submit information on action under this Protocol, including national programmes, according to the guidelines laid down in Article 8; and other Parties shall seek to include in their national communications, as appropriate, information on programmes which contain measures that the Party believes contribute to addressing climate change and its adverse impacts, including the abatement of increase in greenhouse gas emissions, and enhancement of and removals by sinks, capacity building and adaptation measures.

(c) Cooperate in the promotion of effective modalities for the development, application and diffusion of, and take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies, know-how, practices and processes pertinent to climate change, in particular to developing countries, including the formulation of policies and programmes for the effective transfer of environmentally sound technologies that are publicly owned or in the public domain and the creation of an enabling environment for the private sector, to promote and enhance access to, and transfer of, environmentally sound technologies;

(d) Cooperate in scientific and technical research and promote the maintenance and the development of systematic observation systems and development of data archives to reduce uncertainties related to the climate system, the adverse impacts of climate change and the economic and social consequences of various response strategies, and promote the development and strengthening of endogenous capacities and capabilities to participate in international and

intergovernmental efforts, programmes and networks on research and systematic observation, taking into account Article 5 of the Convention;

(e) Cooperate in and promote at the international level, and, where appropriate, using existing bodies, the development and implementation of education and training programmes, including the strengthening of national capacity building, in particular human and institutional capacities and the exchange or secondment of personnel to train experts in this field, in particular for developing countries, and facilitate at the national level public awareness and public access to information on climate change. Suitable modalities should be developed to implement these activities through the relevant bodies of the Convention taking into account Article 6 of the Convention;

(f) Include in their national communications information on programmes and activities undertaken pursuant to this Article in accordance with relevant decisions of the Conference of the Parties; and

(g) Give full consideration, in implementing the commitments in this Article, to Article 4, paragraph 8, of the Convention.

Article 11

1. In the implementation of Article 10, Parties shall take into account the provisions of Article 4, paragraphs 4, 5, 7, 8 and 9 of the Convention.

2. In the context of the implementation of Article 4, paragraph 1, of the Convention, in accordance with the provisions of Article 4, paragraph 3, and Article 11 of the Convention, and through the operating entity or entities of the financial mechanism of the Convention, the developed country Parties and other developed Parties included in Annex II to the Convention shall:

(a) Provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in advancing the implementation of existing commitments under Article 4, paragraph 1(a), of the Convention that are covered in Article 10, subparagraph (a); and

(b) Also provide such financial resources, including for the transfer of technology, needed by the developing country Parties to meet the agreed full incremental costs of advancing the implementation of existing commitments in Article 4, paragraph 1, of the Convention that are covered by Article 10 and that are agreed between a developing country Party and the international entity or entities referred to in Article 11 of the Convention, in accordance with that Article.

The implementation of these existing commitments shall take into account the need for adequacy and predictability in the flow of funds and the importance of appropriate burden sharing among developed country Parties. The guidance to the financial mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before the adoption of this Protocol, shall apply *mutatis mutandis* to the provisions of this paragraph.

3. The developed country Parties and other developed Parties in Annex II to the Convention may also provide, and developing country Parties avail themselves of, financial resources for the implementation of Article 10, through bilateral, regional and other multilateral channels.

Article 12

1. A clean development mechanism is hereby defined.
2. The purpose of the clean development mechanism shall be to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under Article 3.
3. Under the clean development mechanism:
 - (a) Parties not included in Annex I will benefit from project activities resulting in certified emission reductions; and
 - (b) Parties included in Annex I may use the certified emission reductions accruing from such project activities to contribute to compliance with part of their quantified emission limitation and reduction commitments under Article 3, as determined by the Conference of the Parties serving as the meeting of the Parties to this Protocol.
4. The clean development mechanism shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Protocol and be supervised by an executive board of the clean development mechanism.
5. Emission reductions resulting from each project activity shall be certified by operational entities to be designated by the Conference of the Parties serving as the meeting of the Parties to this Protocol, on the basis of:
 - (a) Voluntary participation approved by each Party involved;
 - (b) Real, measurable, and long-term benefits related to the mitigation of climate change; and

(c) Reductions in emissions that are additional to any that would occur in the absence of the certified project activity.

6. The clean development mechanism shall assist in arranging funding of certified project activities as necessary.

7. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, elaborate modalities and procedures with the objective of ensuring transparency, efficiency and accountability through independent auditing and verification of project activities.

8. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

9. Participation under the clean development mechanism, including in activities mentioned in paragraph 3(a) above and acquisition of certified emission reductions, may involve private and/or public entities, and is to be subject to whatever guidance may be provided by the executive board of the clean development mechanism.

10. Certified emission reductions obtained during the period from the year 2000 up to the beginning of the first commitment period can be used to assist in achieving compliance in the first commitment period.

Article 13

1. The Conference of the Parties, the supreme body of the Convention, shall serve as the meeting of the Parties to this Protocol.

2. Parties to the Convention that are not Parties to this Protocol may participate as observers in the proceedings of any session of the Conference of the Parties serving as the meeting of the Parties to this Protocol. When the Conference of the Parties serves as the meeting of the Parties to this Protocol, decisions under this Protocol shall be taken only by those that are Parties to it.

3. When the Conference of the Parties serves as the meeting of the Parties to this Protocol, any member of the Bureau of the Conference of the Parties representing a Party to the Convention but, at that time, not a Party to this Protocol, shall be substituted by an additional member to be elected by and from amongst the Parties to this Protocol.

4. The Conference of the Parties serving as the meeting of the Parties to this Protocol shall keep under regular review the implementation of this Protocol and shall make, within its mandate, the decisions necessary to promote its effective implementation. It shall perform the functions assigned to it by this Protocol and shall:

(a) Assess, on the basis of all information made available to it in accordance with the provisions of this Protocol, the implementation of this Protocol by the Parties, the overall effects of the measures taken pursuant to this Protocol, in particular environmental, economic and social effects as well as their cumulative impacts and the extent to which progress towards the objective of the Convention is being achieved;

(b) Periodically examine the obligations of the Parties under this Protocol, giving due consideration to any reviews required by Article 4, paragraph 2(d), and Article 7, paragraph 2, of the Convention, in the light of the objective of the Convention, the experience gained in its implementation and the evolution of scientific and technological knowledge, and in this respect consider and adopt regular reports on the implementation of this Protocol;

(c) Promote and facilitate the exchange of information on measures adopted by the Parties to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under this Protocol;

(d) Facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under this Protocol;

(e) Promote and guide, in accordance with the objective of the Convention and the provisions of this Protocol, and taking fully into account the relevant decisions by the Conference of the Parties, the development and periodic refinement of comparable methodologies for the effective implementation of this Protocol, to be agreed on by the Conference of the Parties serving as the meeting of the Parties to this Protocol;

(f) Make recommendations on any matters necessary for the implementation of this Protocol;

(g) Seek to mobilize additional financial resources in accordance with Article 11, paragraph 2;

(h) Establish such subsidiary bodies as are deemed necessary for the implementation of this Protocol;

(i) Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies; and

(j) Exercise such other functions as may be required for the implementation of this Protocol, and consider any assignment resulting from a decision by the Conference of the Parties.

5. The rules of procedure of the Conference of the Parties and financial procedures of the Convention shall be applied *mutatis mutandis* under this Protocol, except as may be otherwise decided by consensus by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

6. The first session of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall be convened by the secretariat in conjunction with the first session of the Conference of the Parties that is scheduled after the date of the entry into force of this Protocol. Subsequent ordinary sessions of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall be held every year and in conjunction with ordinary sessions of the Conference of the Parties unless otherwise decided by the Conference of the Parties serving as the meeting of the Parties to this Protocol.

7. Extraordinary sessions of the Conference of the Parties serving as the meeting of the Parties to this Protocol shall be held at such other times as may be deemed necessary by the Conference of the Parties serving as the meeting of the Parties to this Protocol, or at the written request of any Party, provided that, within six months of the request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

8. The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State member thereof or observers thereto not party to the Convention, may be represented at sessions of the Conference of the Parties serving as the meeting of the Parties to this Protocol as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by this Protocol and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties serving as the meeting of the Parties to this Protocol as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure, as referred to in paragraph 5 above.

Article 14

1. The secretariat established by Article 8 of the Convention shall serve as the secretariat of this Protocol.

2. Article 8, paragraph 2, of the Convention on the functions of the secretariat, and

Article 8, paragraph 3, of the Convention on arrangements made for the functioning of the secretariat, shall apply *mutatis mutandis* to this Protocol. The secretariat shall, in addition, exercise the functions assigned to it under this Protocol.

Article 15

1. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation established by Articles 9 and 10 of the Convention shall serve as, respectively, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of this Protocol. The provisions relating to the functioning of these two bodies under the Convention shall apply *mutatis mutandis* to this Protocol. Sessions of the meetings of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of this Protocol shall be held in conjunction with the meetings of, respectively, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention.
2. Parties to the Convention that are not Parties to this Protocol may participate as observers in the proceedings of any session of the subsidiary bodies. When the subsidiary bodies serve as the subsidiary bodies of this Protocol, decisions under this Protocol shall be taken only by the Parties to this Protocol.
3. When the subsidiary bodies established by Articles 9 and 10 of the Convention exercise their functions with regard to matters concerning this Protocol, any member of the Bureaux of those subsidiary bodies representing a Party to the Convention but, at that time, not a party to this Protocol, shall be substituted by an additional member to be elected by and from amongst the Parties to this Protocol.

Article 16

The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, as soon as practicable, consider the application to this Protocol of, and modify as appropriate, the multilateral consultative process referred to in Article 13 of the Convention, in the light of any relevant decisions that may be taken by the Conference of the Parties. Any multilateral consultative process that may be applied to this Protocol shall operate without prejudice to the procedures and mechanisms established in accordance with Article 17.

Article 16 bis

The Conference of the Parties shall define the relevant principles, modalities, rules and guidelines, in particular for verification, reporting and accountability for emissions trading. The Parties included in Annex B may participate in emissions trading for the purposes of fulfilling their commitments under Article 3 of this Protocol. Any such trading shall be supplemental to domestic actions for the purpose of meeting quantified emission limitation and reduction commitments under that Article.

Article 17

The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session, approve appropriate and effective procedures and mechanisms to determine and to address cases of non-compliance with the provisions of this Protocol, including through the development of an indicative list of consequences, taking into account the cause, type, degree and frequency of non-compliance. Any procedures and mechanisms under this Article entailing binding consequences shall be adopted by means of an amendment to this Protocol.

Article 18

The provisions of Article 14 of the Convention on settlement of disputes shall apply *mutatis mutandis* to this Protocol.

Article 19

1. Any Party may propose amendments to this Protocol.
2. Amendments to this Protocol shall be adopted at an ordinary session of the Conference of the Parties serving as the meeting of the Parties to this Protocol. The text of any proposed amendment to this Protocol shall be communicated to the Parties by the secretariat at least six months before the meeting at which it is proposed for adoption. The secretariat shall also communicate the text of any proposed amendments to the Parties and signatories to the Convention and, for information, to the Depositary.
3. The Parties shall make every effort to reach agreement on any proposed amendment to this Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.
4. Instruments of acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 3 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of acceptance by at least three fourths of the Parties to this Protocol.
5. The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depositary its instrument of acceptance of the said amendment.

Article 20

1. Annexes to this Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to this Protocol constitutes at the same time a reference to any annexes thereto. Any annexes adopted after the entry into force of this Protocol shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.
2. Any Party may make proposals for an annex to this Protocol and may propose amendments to annexes to this Protocol.
3. Annexes to this Protocol and amendments to annexes to this Protocol shall be adopted at an ordinary session of the Conference of the Parties serving as the meeting of the Parties to this Protocol. The text of any proposed annex or amendment to an annex shall be communicated to the Parties by the secretariat at least six months before the meeting at which it is proposed for adoption. The secretariat shall also communicate the text of any proposed annex or amendment to an annex to the Parties and signatories to the Convention and, for information, to the Depositary.
4. The Parties shall make every effort to reach agreement on any proposed annex or amendment to an annex by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment to an annex shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted annex or amendment to an annex shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.
5. An annex, other than Annex A or B, that has been adopted or amended in accordance with paragraphs 3 and 4 above shall enter into force for all Parties to this Protocol six months after the date of the communication by the Depositary to such Parties of the adoption or amendment of the annex, except for those Parties that have notified the Depositary in writing within that period of their non-acceptance of the annex or amendment to the annex. The annex or amendment to an annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.
6. If the adoption of an annex or an amendment to an annex involves an amendment to this Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to this Protocol enters into force.
7. Amendments to Annexes A and B to this Protocol shall be adopted and enter into force in accordance with the procedure set out in Article 19, provided that any amendments to Annex B shall be adopted only with the written consent of the Party concerned.

Article 21

1. Each Party shall have one vote, except as provided for in paragraph 2 below.
2. Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States which are Parties to this Protocol. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

Article 22

The Secretary-General of the United Nations shall be the Depositary of this Protocol.

Article 23

1. This Protocol shall be open for signature and subject to ratification, acceptance or approval by States and regional economic integration organizations which are Parties to the Convention. It shall be open for signature at United Nations Headquarters in New York from 16 March 1998 to 15 March 1999. This Protocol shall be open for accession from the day after the date on which it is closed for signature. Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.
2. Any regional economic integration organization which becomes a Party to this Protocol without any of its member States being a Party shall be bound by all the obligations under this Protocol. In the case of such organizations, one or more of whose member States is a Party to this Protocol, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under this Protocol. In such cases, the organization and the member States shall not be entitled to exercise rights under this Protocol concurrently.
3. In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by this Protocol. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

Article 24

1. This Protocol shall enter into force on the ninetieth day after the date on which not less than 55 Parties to the Convention, incorporating Parties included in Annex I which accounted in total for at least 55 per cent of the total carbon dioxide emissions for 1990 of the Parties included in Annex I, have deposited their instruments of ratification, acceptance, approval or accession.

2. For the purposes of this Article, "the total carbon dioxide emissions for 1990 of the Parties included in Annex I" means the amount communicated on or before the date of adoption of this Protocol by the Parties included in Annex I in their first national communications submitted in accordance with Article 12 of the Convention.

3. For each State or regional economic integration organization that ratifies, accepts or approves this Protocol or accedes thereto after the conditions set out in paragraph 1 above for the entry into force have been fulfilled, this Protocol shall enter into force on the ninetieth day following the date of deposit of its instrument of ratification, acceptance, approval or accession.

4. For the purposes of this Article, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

Article 25

No reservations may be made to this Protocol.

Article 26

1. At any time after three years from the date on which this Protocol has entered into force for a Party, that Party may withdraw from this Protocol by giving written notification to the Depository.

2. Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depository of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.

3. Any Party that withdraws from the Convention shall be considered as also having withdrawn from this Protocol.

Article 27

The original of this Protocol, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

Done at Kyoto this tenth day of December one thousand nine hundred and ninety-seven.

Annex A

Greenhouse gases

Carbon dioxide (CO₂)
Methane (CH₄)
Nitrous oxide (N₂O)
Hydrofluorocarbons (HFCs)
Perfluorocarbons (PFCs)
Sulphur hexafluoride (SF₆)

Sectors/source categories

Energy

Fuel combustion
 Energy industries
 Manufacturing industries and construction
 Transport
 Other sectors
 Other
Fugitive emissions from fuels
 Solid fuels
 Oil and natural gas
 Other

Industrial processes

Mineral products
Chemical industry
Metal production
Other production
Production of halocarbons and sulphur hexafluoride
Consumption of halocarbons and sulphur hexafluoride
Other

Solvent and other product use

Agriculture

- Enteric fermentation
- Manure management
- Rice cultivation
- Agricultural soils
- Prescribed burning of savannas
- Field burning of agricultural residues
- Other

Waste

- Solid waste disposal on land
- Wastewater handling
- Waste incineration
- Other

Annex B

<u>Party</u>	<u>Quantified emission limitation or reduction commitment</u> (percentage of base year or period)
Australia	108
Austria	92
Belgium	92
Bulgaria*	92
Canada	94
Croatia*	95
Czech Republic*	92
Denmark	92
Estonia*	92
European Community	92
Finland	92
France	92
Germany	92
Greece	92
Hungary*	94
Iceland	110
Ireland	92
Italy	92
Japan	94
Latvia*	92
Liechtenstein	92
Lithuania*	92
Luxembourg	92
Monaco	92
Netherlands	92
New Zealand	100
Norway	101
Poland*	94
Portugal	92
Romania*	92
Russian Federation*	100
Slovakia*	92
Slovenia*	92
Spain	92
Sweden	92
Switzerland	92
Ukraine*	100
United Kingdom of Great Britain and Northern Ireland	92
United States of America	93

* Countries that are undergoing the process of transition to a market economy.

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