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INC-11 HIGHLIGHTS MONDAY, 13 FEBRUARY 1995

On Monday morning, the Plenary first heard reports on progress to date and then discussed the designation of the Permanent Secretariat and arrangements for its functioning. Working Group I met to discuss subsidiary bodies. In the afternoon, a plethora contact and drafting groups met throughout the UN basement.

PLENARY

The meeting began with progress reports from the Co-Chairs of Working Groups I and II. The Working Group I Co-Chair said the group had made considerable progress over the last week. The Group considered all five agenda items and the Co-Chair reported the following: 1) Methodological Issues — the Group reached agreement and can finalize its recommendation for a draft decision for COP-1; 2) Review of information communicated from Annex 1 Parties — the Co-Chairs circulated a draft decision for COP-1; 3) Subsidiary Bodies — the Co-Chairs circulated a draft text last week; 4) Review of Adequacy of Commitments — the Group has concluded its discussion, and the Co-Chairs are drafting a decision that will be ready soon; 5) Joint Implementation — the Group is now working on a text. The Chair asked whether the draft decision on Review of Communication would name specific countries, and the Co-Chair assured him that it would.

The Co-Chair of Working Group II reported that the Group had covered all items, but must make “major progress” if the Group plans to have recommendations for COP-I. He reported the following: 1) Interim Arrangements — the Group agreed that the GEF will remain the operating mechanism on an interim basis and will be reviewed within four years; 2) Modalities has four major sub-topics. On the format of the agreement, the Parties said they would need to know content before making a final decision. On the content, the Parties have generally agreed with the Secretariat’s suggestions. On the assessment of funding needs, the Group has not reached agreement. On the process of interim arrangements, the Group endorsed continuing consultation between the Interim Secretariat and the GEF Secretariat to draft an arrangement; 3) Policy Guidance — the Co-Chair said his current text indicates areas of disagreement with bracketed text; and 4) Technical and Financial Support for Developing Countries — the Group has agreed on some areas and will continue its discussion on Tuesday.

The Chair then gave the floor to an NGO representative from the Climate Action Network. The speaker was disappointed with INC-11 thus far, and said the AOSIS proposal was “everyone’s opportunity for survival.” He also stressed the need for better leadership from developed countries, and criticized the performance of the US and Germany.

AGENDA ITEM 5(b) — DESIGNATION OF THE PERMANENT SECRETARIAT AND ARRANGEMENTS FOR ITS FUNCTIONING: The Interim Secretariat introduced document A/AC.237/79/Add.2, on the financial rules of the COP and its subsidiary bodies, and corrigenda 1 and 2. He also introduced A/AC.237/79/Add.5, a Contact Group paper on the Permanent Secretariat, and highlighted the following: paragraph 8, which suggests a review of the budget by a small representative group before consideration by the COP; paragraph 9, which emphasizes the procedure of adopting a budget by consensus; and paragraph 10, which recommends using the UN scale for contributions. The paragraph contains a ceiling, but exempts no party. When the Interim Secretariat introduced Annex 1 to A/AC.237/79/Add.2, he commented on paragraph 2, which specifies a biennium financial period, and paragraph 3, which contains bracketed language on the deadline for drawing up the administrative budget. Paragraph 4 contains two options for review of the budget: the COP could establish a Financial Committee or avail itself of the UN Advisory Committee on Administrative and Budgetary Questions (ACABQ). He noted the Contact Group prefers the first alternative, with advice from the ACABQ.

The Chair then opened the floor for comments. The EU and the US supported Annex I and specifically noted paragraph 6, which requires the adoption of the budget by consensus, and suggested that the scale of contributions mentioned in paragraph 9 be more explicit. The EU noted that many provisions common to environmental agreements are not included here, such as a requirement for consensus for amendments to financial rules, and a provision for reallocating the balance of assets should a fund be dissolved. The EU also stated that these budgetary matters cannot be properly considered in Plenary, and recommended establishing an open-ended group to consider Annex I. The US and Australia supported the need for a reserve fund, but Japan and the Russian Federation expressed concern over the amount.

Benin commented on paragraph 10 of A/AC.237/79/Add.5, on contributions, and recommended providing for a floor as well as a ceiling. The Chair replied that the original document had contained such a provision, but many developing countries requested its deletion. The proposal is based on the UN scale of contributions and provides for a minimum of 0.01%.

The G-77, supported by Algeria and Brazil, noted that two considerations must be taken into account: the determination of developing country contributions on the ability to pay, and the principle that no developing country must pay more than any developed country. The Secretariat replied that the UN scale was chosen because it reflected the ability to pay. Algeria commented that the UN scale did not take into account the principle of “common but differentiated” responsibilities.

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The Interim Secretariat introduced document A/AC.237/79/Add.3, on the budget outline for the Permanent Secretariat, and noted that it is still unclear exactly what is expected of the Secretariat and how much governments are prepared to pay for it. He explained that unlike other convention secretariats, this Secretariat will deal with global energy use, which is much broader than the scope of CITES or the Montreal Protocol, and comparisons to the secretariats for international policy reviews, such as the OECD or the trade policy mechanism under GATT, were more accurate.

The EU expressed the need for a more detailed budget, and noted that the composition of the ACABQ did not coincide with the Parties to the Convention. The Interim Secretariat replied that the ACABQ, a standing body, was only included to alleviate concerns about the new Secretariat and that more guidance was needed from the Parties before they could develop a detailed budget. Benin asked about staff recruitment and the voluntary fund. The Secretariat responded that staff size will depend on the size of the COP, and that the voluntary fund is entirely dependent upon contributions.

AGENDA ITEM 4(a) — LINKAGES: The Chair introduced A/AC.237/79/Add.5 on the institutional linkages between the Secretariat and the UN Secretariat. He highlighted paragraphs 3, 4, 5 and 6, the essential elements of the arrangements, and added that A/AC.237/79/Add.6 will be available on Tuesday.

WORKING GROUP I

AGENDA ITEM 7(a) — REVIEW OF NATIONAL COMMUNICATIONS: Working Group I postponed discussion on the review of national communications to permit the G-77 and China to discuss the Co-Chairs' draft.

AGENDA ITEM 7(e) — SUBSIDIARY BODIES: The Philippines, on behalf of the G-77 and China, suggested adding language after paragraph 7 of the draft decision to schedule no more than two meetings — one to coincide with the COP and one intersessional. He said it was difficult for developing countries to send representatives to more meetings. The Chair recommended waiting on scheduling until the issue is resolved in the Rules of Procedure.

The Philippines, on behalf of the G-77 and China, suggested adding "competent international bodies" after "provided by" and cutting the phrase "especially in support of the review of adequacy of commitments" in the first bullet of Appendix 1. The US recommended "competent bodies" to permit other than international bodies. Denmark said review of the adequacy of commitments was important and should not be removed. Saudi Arabia suggested adding "economic" to "scientific, technical and other information." Kuwait suggested using "socioeconomic." It was agreed that "competent bodies" and "socioeconomic" would be added, but that the last phrase would remain unchanged.

The Philippines suggested combining the second and third bullets of Appendix 1 to read, "On behalf of the Conference of Parties request climate change related scientific research from competent international bodies, including *inter alia*, IPCC; compile and synthesize scientific and technical information on the global situation in climate change." The US asked whether it was intended to leave out "the latest developments in science, to the extent possible, and assess the implications thereof." The Philippines said implications were covered by references to assessments elsewhere in the draft. Uruguay objected since the amendment questioned the role of the IPCC by giving other organizations comparable status. The Chair suggested inserting "Under the guidance of the COP" at the beginning of the section, rather than in the bullet. The Philippines agreed to retain the deleted phrases. Switzerland objected to using new language in "climate change related scientific research information." The Chair's recommendation to combine bullets 2 and 3 and add the word "socioeconomic" was

accepted. Saudi Arabia asked that "socioeconomic" be added wherever "scientific and technical" appear in the draft.

Under 9.2(b), the Philippines, on behalf of the G-77 and China, added "of Annex I Parties" after "national communications." The Chair said that the recommendation is a permanent item and thus could apply to non-Annex I Parties in three years. New Zealand suggested adding "including the guidelines for their preparation" to "Make recommendations on the technical aspects related to the review of information contained in national communications." The Philippines said the G-77 and China could give provisional approval to New Zealand's proposed amendment.

IN THE CORRIDORS I

A contact group of 16 countries met Monday afternoon to resolve the remaining issues related to joint implementation. The G-77 and China were represented by Argentina, Benin, China, Costa Rica, Malaysia, Nigeria, Saudi Arabia and Trinidad and Tobago. The EU was represented by Denmark, Germany and the Netherlands. The JUSCANZ group was represented by Australia, the US and a country to be nominated, and the Eastern European Group was represented by the Czech Republic and Russia. The group agreed on the basic concepts describing JI and identified areas of divergence, including participation. Members agreed to continue discussions on areas of divergence as well as the pilot phase, which the group has not yet addressed.

IN THE CORRIDORS II

By the conclusion of the afternoon's informal drafting group meeting on the Rules of Procedure, delegates reported mixed results. While agreement was reached on Rule 12 (submission of agenda items), two other rules were re-opened. No progress was made on Rule 4 (no sessions during sacred religious holidays) or on Rule 42 (voting procedures), which affects the fate of the AOSIS draft protocol. The question is whether protocols must be adopted by a three-fourths or two-thirds majority vote, where there is no consensus. If delegates do not reach agreement, it is likely that the COP will follow the precedent of the Biodiversity Conference of the Parties, which left the voting rules in brackets when the Rules of Procedure were adopted.

THINGS TO LOOK FOR TODAY

WORKING GROUP I: Working Group I will hear an NGO statement from the International Council on Local Environmental Initiative, and then resume informal consultations on the Co-Chairs' draft recommendations and decisions on Agenda Item 7(e), subsidiary bodies, and Agenda Item 7(a), review of national communications.

WORKING GROUP II: Working Group II is expected to address a number of outstanding matters, including policy guidelines and modalities for the financial mechanism, technical cooperation by non-Annex I Parties, and technical and financial support to developing countries.

If you would like to receive a copy of the *Earth Negotiations Bulletin's* final summary of INC-11, give your business card or a piece of paper with your name and address to a member of the *Bulletin* team, or contact IISD at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax +1-204-958-7710.