

SELECTED DOCUMENTS

UNFCCC

4th Conference of the Parties*
– Decision Adopted –**The 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 the Buenos Aires Plan of Action, as specified in its separate decisions on:

(a) The financial mechanism (decisions 2/CP.4 and 3/CP.4);

(b) Development and transfer of technologies (decision 4/CP.4);

(c) Implementation of Article 4.8 and 4.9 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 work programme on 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 on each of the above-mentioned issues in accordance with the time-frames contained in the relevant decisions.

¹ FCCC/CP/1998/15.

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 the development and implementation of its work programme, 1 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 Assembly² and the Report on the Second Replenishment of the GEF Trust Fund, completed in March 1998,³

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, the 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 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 of preparing 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

* Buenos Aires, 12–14 November 1998. See also page 2.

¹ Global Environment Facility, *Operational Strategy* (Washington, D.C., February 1996), p. 2.

² See document FCCC/CP/1998/12, annex B.

³ Document GEF/C.11/6 of 24 March 1998.

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.

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 study of the overall performance of the restructured Global Environment Facility,¹

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 guidelines as contained in the annex to this decision or as they may subsequently be amended, and to take appropriate measures.

¹ Gareth Porter, Raymond Cléménçon, Waafas Ofoosu-Amaah and Michael Philips, *Study of GEF's Overall Performance*, Global Environment Facility, March 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 inter-governmental 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.

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 technologies,

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

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

Recalling and reaffirming its decisions 13/CP.1, 7/CP.2 and 9/CP.3,

1. *Agrees* that strengthening the capacities and capabilities of developing country Parties to address climate change will help these Parties to contribute to the ultimate objective of the Convention and to achieve sustainable development;

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 development and transfer of technologies, 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* Parties included in Annex II to the Convention (Annex II Parties):

- (a) To take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of environmentally sound technologies and know-how to developing country Parties and their access thereto;
- (b) To support capacity-building and the strengthening of appropriate institutions in developing countries to enable the transfer of environmentally sound technologies and know-how;

4. *Further requests* Parties included in Annex I to the Convention (Annex I Parties), and in particular Annex II Parties:

(a) To assist 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* Parties not included in Annex I to the Convention (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 the transfer of technologies to reduce greenhouse gas emissions and facilitate adaptation to climate change and its adverse effects, while supporting sustainable development;

7. 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, as appropriate, for reference by developing country Parties, a list of environmentally sound technologies and know-how related to adaptation to and mitigation of climate change that are publicly owned, and to 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 those relating to key technologies to address climate change in particular sectors of their national economies, 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 paragraph 2(e) of decision 6/3 of the Commission on Sustainable Development, to stimulate private sector investment in the transfer of environmentally sound technologies and know-how to developing countries and to promote the implementation of endogenous know-how;

8. *Invites* all Parties and interested international and non-governmental organizations to identify projects and programmes incorporating cooperative approaches to the transfer of technologies which they believe can serve as models for improving the diffusion and implementation of clean technologies under the Convention, and to provide information thereon to the secretariat, by 15 March 1999, for compilation into a miscel-

Annex

Practical steps to promote, facilitate and finance, as appropriate, transfer of, and access to, environmentally sound technologies and know-how	
Issues	Questions
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 under the Convention.	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 Convention?
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 financial mechanism and multilateral and bilateral institutions, the arrangement of financing of technology transfer.	What additional guidance should be given to the 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?
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 existing technology centres and networks in order 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 existing technology centres and networks in order 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?

(continued)

laneous document to be considered by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its tenth session;

9. *Requests* the Chairman of the SBSTA to establish a consultative process to consider the list of issues and questions contained in the annex to this decision, as well as any additional issues and questions subsequently identified by Parties, 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 progress report on transfer of technology¹ and in submissions from Parties. The consultative process could include, resources permitting, regional meetings, regional workshops and a SBSTA workshop, arranged with the assistance of the secretariat and drawing upon the roster of experts and, as appropriate, experts engaged in the IPCC process;

10. *Further requests* the Chairman of the SBSTA to report on the outcome of the consultative process to the SBSTA at its eleventh session, with a view to recommending a decision for adoption by the Conference of the Parties at its fifth session;

11. *Invites* Parties to provide submissions to the secretariat, by 15 March 1999, on how the issues and questions listed in the annex to this decision should be addressed, as well as suggestions for additional issues and questions;

12. *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 so doing to complete its ongoing activities for 1999 as defined in the secretariat progress report;²

(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 defined in the secretariat progress report,² including assessing and synthesizing information on environmentally sound technologies and know-how, and in so doing to identify specific tasks;

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

¹ FCCC/CP/1998/6.

² *Ibid.*

Implementation of Article 4.8 and 4.9 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 implementation of 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,

(continued)	
Issues	Questions
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 Convention 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	
Can specific technology transfer goals be set?	
Can we develop indicators and accounting systems to track progress on technology transfer?	
Are particular institutional arrangements needed to monitor progress?	

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 (IPCC), 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 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 Parties 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 through *inter alia* the national communications from 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 IPCC 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;

Annex

PROGRAMME OF WORK

ITEM	ACTION	OBJECTIVE	RESPONSIBILITY	DEADLINE
1	Submission of views on the issues to be discussed in the 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 expert 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	October/ 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/ November 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	November/ December 2000

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

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 the work programme 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 all Parties with the opportunity to gain further experience with activities implemented jointly;

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 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 bodies to address the process at their tenth sessions, with a view to the 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.

¹ FCCC/CP/1998/2.

² FCCC/CP/1998/INF.3.

³ FCCC/CP/1998/MISC.7 and Add. 1-4.

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:

(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 ensur-

ing 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 subsidiary bodies at their tenth sessions;

3. *Requests* the secretariat, under the guidance of the Chairmen of the subsidiary bodies, 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 in developing country Parties, especially the small island States and the least developed amongst them, for project activities under the clean development mechanism, 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.

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.

Annex

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

Provisions in the Kyoto Protocol	Elements	Subsidiary bodies
	General	SBSTA/SBI
	(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	

^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
	(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 (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	

Provisions in the Kyoto Protocol	Elements	Subsidiary bodies
	Article 12 – Clean development mechanism (CDM)	
	<i>Basic</i>	SBSTA/SBI
12.2 3, 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) Complementarity 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)	
	<i>Methodological and technical</i>	SBSTA
12.3 (b) 12.5 (c) 12.5 (b) 12.5 12.5 (c) 12.3(a), 12.9 12.7 12.5, 12.7 12.10 3.3 & 3.4	(11) "Part of " Annex I commitments (12) Additionality criteria in project funding (13) Should there be any distinction between public/private funding? (14) Criteria for real, measurable and long-term benefits related to climate change (15) Criteria for certification (16) Criteria for project baseline (17) Definition of the concept of certified emission reductions (18) Systems for independent auditing and verification of project activities (19) Format for reporting (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 (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	
	<i>Process</i>	SBI
3, 12, 12.9, 12.10 12.8 12.8 12.6 12.8 12.2	(30) Acquisition and transfer of certified emission reduction units (31) Determination of share of proceeds for adaptation (32) Determination of share of proceeds for administration (33) Criteria and procedures for arranging funding for certified project activities (34) Criteria and procedures for assisting developing country Parties that are particularly vulnerable to meet adaptation costs (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 AIJ projects under the CDM beginning in 2000	

Provisions in the Kyoto Protocol	Elements	Subsidiary bodies
	(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)	
	<i>Institutional</i>	BSI
12.4 12.4 12.4, 12.5, 12.6, 12.7, 12.8, 12.9 12.4, 12.7 12.9 12.5, 12.7 12.2	(43) Authority and guidance of the Conference of the Parties (44) Accountability of the executive board to the Conference of the Parties serving as the meeting of the Parties to the Protocol (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 (46) Executive board - constitution, composition, and functions -membership and rules of procedure, provisions for institutional and administrative support (47) Guidance regarding involvement of public and/or private entities (48) Operational entities - identification/designation/accreditation; monitoring/auditing of operational entities (49) Responsibility of Parties (50) Overall institutional framework	
	Article 6 – Projects	
	<i>Basic</i>	SBSTA/SBI
6.1 6.1(d) 6.1	(1) Criteria for Article 6 projects (2) "Supplemental to domestic actions" (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) Complementarity 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	
	<i>Methodological and technical</i>	SBSTA
6.1 6.1(b) 6.2 8.4 6.2 3.3, 3.4	(10) Criteria for project baselines (11) Assessment of additionality (12) Verification and reporting (13) Guidelines for review of implementation of Article 6 by expert review teams (14) Guidelines for monitoring, reporting, verification (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 (23) Tracking of emission reduction units	
	<i>Process</i>	SBI
6.1(a)	(24) Process for approval by Parties involved in projects	

Provisions in the Kyoto Protocol	Elements	Subsidiary bodies
6.1(c), 3.10, 3.11, 6.3, 6.4, 6.3, 8.4, 6.4, 16, 18, 6.1	(25) Acquisition and transfer of emission reduction units (26) Authorization of legal entities (27) Process for reviewing Article 6 according to Article 8.4 (28) Consequences of non-compliance (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 ALJ projects under Article 6 (35) Starting date for Article 6 projects	
	<i>Institutional</i>	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, 6.3	(37) Elaboration of guidelines as per Article 6.2 (38) Involvement of legal entities	
	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	

Provisions in the Kyoto Protocol	Elements	Subsidiary bodies
	(8) Complementarity 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 (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	

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 bodies 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 to 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;

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

¹ FCCC/CP/1998/3.

² Decisions 5/CP.4, 7/CP.4, 9/CP.4, 10/CP.4 and 11/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;

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 the first session practicable 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 the SBSTA with progress reports on its activities related to land-use, land-use change and forestry.

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.