



Global Environment Facility

GEF/C.16/3
October 13, 2000

GEF Council
November 1-3, 2000
Agenda Item 5(c)

RELATIONS WITH CONVENTIONS

Recommended Council Decision

The Council, having reviewed document GEF/C.16/3, *Relations with Conventions*, takes note of the developments of relevance to the GEF within the various international agreements, and invites countries, the Implementing Agencies and the Secretariat to continue to develop country-driven projects consistent with the policies and program priorities identified in the guidance from the Conferences of the Parties to the Convention on Biological Diversity and the UN Framework Convention on Climate Change. The Council also welcomes the progress that is being made in implementing action pursuant to the Action Plan for Enhancing GEF Support for Activities to Address Land Degradation.

The Council requests the CEO to continue to observe the negotiations for an international legally binding instrument for implementing international action on certain persistent organic pollutants and to inform the next meeting of the negotiating committee of the Council's discussions concerning the operational role that the GEF can play in assisting countries to implement the new convention.

INTRODUCTION

1. This document reports on developments of interest to the GEF within the context of the Convention on Biological Diversity and the UN Framework Convention on Climate Change that have occurred since the GEF Council meeting in May 2000. The document also includes reporting on the UN Convention to Combat Desertification and the negotiations concerning certain persistent organic pollutants. As requested by the Council at its meeting in May 2000, information is provided on the Convention on Wetlands of International Importance Especially as Waterfowl Habitats, the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the Convention on the Conservation of Migratory Species of Wild Animals.

Convention on Biological Diversity

Fifth Meeting of the Conference of the Parties

2. The fifth meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) was held in Nairobi, Kenya, from May 15-26, 2000. In addressing its opening session, the CEO introduced the GEF report to the fifth meeting of the Conference of the Parties highlighting the GEF achievements in the area of biodiversity since the fourth meeting of the Conference of the Parties. The CEO reported on the development of a new generation of GEF programs and projects, including operational programs on integrated ecosystem management and on agrobiodiversity. He highlighted the Capacity Development Initiative and the country dialogue workshops. He also drew the participants' attention to the new efforts the GEF is making to ensure the further streamlining, simplification, and responsiveness of GEF procedures.

3. The Conference of the Parties decided to include its guidance to the financial mechanism in a single decision of the Parties. This guidance is incorporated in Decision V/13, entitled *Further guidance to the financial mechanism*, the text of which is included in Attachment A to this document. The complete report of the Conference of the Parties, including all its decisions¹ is available through the Convention's website: www.biodiv.org. The following is a summary of the main priority areas identified in decision V/13 for GEF assistance.

4. The decision first welcomes the decision of the Council to develop an initial strategy for assisting countries to prepare for the entry into force of the Cartagena Protocol on Biosafety.

¹ Although the Parties agreed to include its guidance to the financial mechanism in one decision, there are other decisions which make reference to the GEF. These include, decision V/1 Work plan of the Intergovernmental Committee for the Cartagena Protocol on biosafety, decision V/3 Progress report on the implementation of the programme of work on marine and coastal biological diversity (implementation of decision IV/5), decision V/5 Agricultural biological diversity: review of phase I of the programme of work and adoption of a multi-year work programme, decision V/9 Global Taxonomy Initiative: implementation and further advance of the Suggestions for Action, decision V/11 Additional financial resources, decision V/12 Second review of the financial mechanism, decision V/15 Incentive measures, and decision V/20 Operations of the Convention.

5. The decision also requests the GEF to provide financial resources to developing countries for country-driven activities and programs, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries. In particular, the Conference of the Parties called upon the GEF to provide support²:

- (a) for projects utilizing the *ecosystem approach*;
- (b) as a priority, for projects related to *agricultural biodiversity, biodiversity of dry and sub-humid lands; and forest biodiversity* ;
- (c) for projects related to the *International Initiative for the Conservation and Sustainable Use of Pollinators in Agriculture*;
- (d) for capacity-building to address the issue of *coral bleaching*;
- (e) for the consultative processes aimed at assisting with the preparation of *second national reports*;
- (f) for participation in the *clearing-house mechanism of the Convention*
- (g) for projects addressing *access and benefit-sharing*;
- (h) for projects that incorporate *incentive measures*;
- (i) for the implementation of the priority activities related to *Article 8(j)*;
- (j) to strengthen capabilities to develop *monitoring programs* and suitable *indicators* for biological diversity;
- (k) to continue *promoting awareness of the Global Taxonomy Initiative* and to facilitate *capacity-building in taxonomy*;
- (l) for capacity development for *education, public awareness and communication* in biological diversity;
- (m) for activities to implement the *Global Invasive Species Programme*;
- (n) for capacity-building measures for developing and implementing national and sectoral plans for the conservation and sustainable use of *inland water ecosystems*;.³

² Emphasis added to highlight substantive priority areas.

³ Decision V/13, *Further guidance to the financial mechanism. Report of the fifth meeting of the Conference of the Parties to the Convention on Biological Diversity* (UNEP/CBD/COP/5/23), June 22, 2000.

6. The GEF organized a number of workshops and field visits during the Conference of the Parties. A field visit to Lake Baringo and Lake Victoria was organized with assistance from the Swiss and Kenyan Governments. Workshops were organized on the Capacity Development Initiative, the GEF's policy on forestry, agrobiodiversity, and the land and water initiative. Informal consultations were held between the Secretariat staff and NGOs and indigenous people. The GEF published a map illustrating GEF action on biodiversity, and a special newsletter on GEF's biodiversity enabling activities.

Follow-up action to the guidance approved by the Conference of the Parties

7. The GEF Secretariat and the Implementing Agencies have been assessing the guidance approved by the Parties to determine the best way to address it as expeditiously as possible. It appears fully feasible to integrate this guidance into the existing operational modalities, such as enabling activities, short-term response measures and the operational programs developed in response to the ecosystem approach highlighted by the Conference of the Parties at its second meeting. The new operational programs on Conservation of Biodiversity of Agricultural Importance and Integrated Ecosystem Management, as well as the Integrated Land and Water Initiative, also offer a good programming framework in which to consider country-driven proposals for project activities that respond to the priorities identified by the fifth meeting of the Parties while also continuing to respond to the guidance previously approved by the Parties. The GEF Secretariat is working in full consultation with the Implementing Agencies and the Convention Secretariat to promote country-driven opportunities that respond to the new guidance.

8. The Capacity Development Initiative and Country Dialogue Workshops also address issues identified through the convention guidance.

9. The GEF has revised *Guidelines for Additional Funding of Biodiversity Enabling Activities* (Expedited Procedures) to include GEF support for the consultative process to assisting with the preparation of second national reports in pursuance of Decision V/13.

10. Reinforced efforts and new initiatives have already been included in the pipeline to address priority areas such as taxonomy, alien/invasive species and public awareness/communications. In taxonomy the portfolio is expanding both at the national and regional levels. The GEF Implementing Agencies are developing project proposals for regional projects. For instance, in Latin America a project would provide funds to Brazil, Colombia and Mexico to support taxonomic studies for the Neotropical flora. In western Africa and the Caribbean, projects would strengthen regional taxonomic networks similar to those currently supported in Southern and East Africa. On alien and invasive species, a number of projects have been recently included in the work program, particularly for Mauritius, Seychelles, Ecuador (Galapagos Islands) and a global project under the International Waters focal area (Ship Ballast Water). Regarding public awareness and communications, the GEF portfolio has significantly increased its support for public awareness activities throughout the portfolio but the issue of providing information and greater communications on projects and lessons learned and results needs improvement. The Secretariat agreed with the Implementing Agencies to include this last issue as a regular component in projects under preparation.

11. The GEF will continue to work closely with the Convention Secretariat with a view to strengthening collaboration and a continuous exchange of views concerning the implementation of the convention and follow-up to the decisions of the Parties. The GEF Secretariat staff will be participating in the Convention Secretariat's liaison groups addressing key issues identified by the Conference of the Parties and will be following the work of the Intergovernmental Committee for the Cartagena Protocol and its related expert groups.

United Nations Framework Convention on Climate Change

Twelfth and Thirteenth sessions of the Subsidiary Bodies, June and September, 2000

12. In preparation for the sixth session of the Conference of the Parties to the UN Framework Convention on Climate Change to be held in the Hague in November, Parties to the Convention have engaged in an intensive inter-sessional negotiation during the past year. During the year, a number of workshops have been held on some of the most difficult or pressing issues that need to be resolved to ensure that the conference will produce meaningful agreements. Ministerial consultations have also taken place and an additional session of the Convention's subsidiary bodies was held.

13. The Subsidiary Bodies met in June and September to consider a package of proposals to be presented to the Parties at their meeting in November. During these discussions, three significant concerns have been put on the table by developing countries. They include greater financial and technical support for capacity building, technology transfer, and adaptation. There are currently four negotiating texts concerning these issues under consideration by the convention's subsidiary bodies, and these are presented in Attachment B to this document. The Subsidiary Body on Implementation is also considering a proposed decision on additional guidance to the GEF as the financial mechanism to the Convention. The current negotiating text on this matter is also included in Attachment B.

14. The GEF's experience to date in the climate change area makes it uniquely placed to assist developing countries in the areas of capacity building, technology transfer, and adaptation. Through its representation at the meetings of the subsidiary bodies, the Secretariat has endeavored to share with delegations ideas as to the expanded role the GEF may play in each of the areas, should the Parties so agreed. These ideas are described below.

Capacity building

15. While much is being done through capacity building project components within on-going GEF-financed projects⁴, the agenda is large, and the GEF recognizes that more needs to be done. The Capacity Development Initiative (CDI) was approved by the Council in May 1999 in recognition of the growing need for capacity building. The GEF wanted to take a comprehensive and strategic look at how best it and the international system could assist

⁴ See Eric Martinot and Omar McDoom, *Promoting Energy Efficiency and Renewable Energy, GEF Climate Change Projects and Impacts*, GEF, June 2000.

countries to strengthen their capacity to respond to global environmental concerns, including climate change. A progress report on the work undertaken to date is before the Council as document GEF/C.16/Inf. 4. The assessment reports prepared under the first phase of the CDI will also be available at the Council meeting and on the GEF website.

16. The CDI is an assessment and planning process that is expected to lead to a multi-year, multi million dollar program on capacity building aimed at responding to country priorities and needs. In undertaking the CDI, concerted efforts are being made to coordinate the work of the Convention on capacity building with that of the CDI, including through participation of the Convention Secretariat on the CDI's steering committee, and the participation of the regional experts and staff contribution to the CDI at the appropriate deliberations of the Convention through presentations and briefings, submission of written progress reports, and dialogue amongst the CDI regional and national experts and delegates to the subsidiary body meetings of the Convention. The draft strategy and action plan to be developed through the CDI will be presented to the Council at its meeting in May 2001. While it will provide important insights on a regional and global scale to enable the GEF to agree upon a program for capacity building, each country will need to undertake more detailed work to identify its particular needs and to prepare a comprehensive national plan for meeting those needs.

17. It is expected that a first step in operationalizing the strategy and action plan to be developed through the CDI will be the provision of assistance for each interested country to undertake an in-depth assessment of its capacity development needs for the global environment, including climate change. A comprehensive assessment at the country level will enable countries to strategically view their capacity building needs for the global environment, taking into account the different sectoral issues related to climate change, biodiversity, land degradation and desertification, to identify common needs as well as specific sectoral needs, and to incorporate capacity building for technology transfer, adaptation, mitigation, and planning. In the interim, capacity development will continue to be an integral part of all GEF project activities.

Technology transfer

18. GEF has gained invaluable experience in technology transfer through the projects that it has financed⁵. In the climate change area, GEF has concentrated on the medium term agenda, particularly in terms of markets for specific renewable energy and energy efficiency technologies. Support has also been provided for longer term technology development, such as solar thermal power plants and biomass gasification. Enabling activities have helped with upstream capacity building and assessment, and provision has been made following the guidance of the fourth session of the Conference of the Parties to provide additional assistance in those countries that choose to pursue a more focused assessment of technology transfer needs.

19. Subject to guidance from the Convention, the GEF can move forward in working with developing countries to develop programmatic frameworks that incorporate know-how transfer and learning over extended periods in response to identified needs, provide financial support for

⁵ See Intergovernmental Panel on Climate Change, *Methodological and Technological Issues in Technology Transfer*, Cambridge University Press, IPCC 2000.

capacity building to support institutions, skills for know-how absorption, and enabling environments, and provide support to strengthen regional centers of excellence, in particular with a view to promoting South-South collaboration..

20. In partnership with UNEP, the GEF is currently undertaking a feasibility study for a clearinghouse of appropriate technologies. The proposed clearinghouse could be developed by the GEF in partnership with UNEP.

Adaptation

21. GEF support for adaptation to climate change, closely following the convention's guidance, has been provided primarily for vulnerability assessments in the context of national communications. The issue of adaptation highlights the integration of global environmental issues along the lines of GEF's new operational program on "Integrated Ecosystem Management" (OP12). GEF experience in land degradation, biodiversity, and international waters gives it invaluable experience to assist countries in adaptation. Adaptation elements in projects under these focal areas have not been as limited as in the climate change area.

22. GEF is already moving forward in increased financing for vulnerability assessments consistent with the Parties' guidance to assist countries with Stage I and II adaptation activities. The GEF will continue to closely follow deliberations of the Parties concerning adaptation and will keep the Council apprised of additional guidance to the financial mechanism that may be approved on this issue

23. GEF replenishment discussions, to be initiated in November 2000, will need to take into account any new priorities in the climate change area that might arise from the decisions to be made at COP6.

24. The proposed Adaptation Fund that is being discussed in connection with the Kyoto mechanisms has the potential to increase resources for adaptation projects, and the GEF has the capacity to move expeditiously to manage the fund and to assist countries to develop adaptation projects consistent with the guidance of the Parties.

Report of the GEF to the sixth session of the Conference of the Parties

25. The Report of the GEF to the six session of the Conference of the Parties to the United Nations Convention on Climate Change was approved by the Council (by mail) in September 2000.

UN Convention to Combat Desertification

26. At the end of May the GEF Secretariat participated in the meeting of the Facilitation Committee of the Convention's Global Mechanism that was held in Nairobi, Kenya. The committee discussed the business strategy of the Global Mechanism that is to be presented to the Parties to the Convention at their meeting in December.

27. In conjunction with the Conference of the Parties to the Convention on Biological Diversity and the meeting of the Facilitation Committee, a meeting on the Land and Water Initiative in Africa was convened by the World Bank on 26 May 2000. The GEF and CCD Secretariats participated in the meeting.
28. The GEF Secretariat has accepted an invitation to participate in development of a joint plan of action on dry lands to be developed by the Convention to Combat Desertification and the Convention on Biological Diversity.
29. The fourth session of the Conference of the Parties for the UN Convention to Combat Desertification will be held in Bonn, Germany, from December 11-22, 2000.
30. The Council is invited also to review the information presented in document GEF/c.16/inf.8, *Progress Report on the Action Plan for Enhancing GEF Support for Activities to Address Land Degradation*.

Recent developments for the International Negotiating Committee (INC) for an International Legally Binding Instrument for Implementing International Action on Certain Organic Pollutants

31. In 1997 the Governing Council of UNEP called for the establishment of an international negotiating committee (INC) with a mandate to prepare a legally binding instrument for implementing international action, beginning with 12 specific persistent organic pollutants (POPs). Representatives of more than 90 governments met in Montreal in June 1998 for the first session of the INC. Participation has grown with each of the subsequent INC sessions in Nairobi (January 1999), Geneva (September 1999), and Bonn (March 2000), with over 120 governments participating in the latest round of negotiations. The negotiations are expected to conclude at the fifth session of the INC to be held from December 4-9, 2000, in Johannesburg. The convention is expected to be adopted and opened for signature at a diplomatic conference scheduled for May 21-23, 2001, in Stockholm.
32. In June 2000, an inter-sessional meeting on financial resources and mechanisms was held in Vevey, Switzerland, with participants from Cameroon, Canada, China, Colombia, Czech Republic, Denmark, Dominican Republic, France, India, Iran (Islamic Republic of), Japan, Micronesia (Federated States of), Nigeria, Norway, Poland, South Africa, United Kingdom, United States and Uruguay. The Chair suggested that the group produce a document that would facilitate discussions on articles J bis (untitled article that includes the capacity assistance network concept) and K (Financial resources and mechanisms) for representatives attending the fifth session of the Committee.
33. The group did not produce a formal meeting report. Rather, the Chair agreed to produce a document, based on the discussions, as the Chair's report for distribution as a meeting document for INC5 representatives. Relevant excerpts from this report are attached (see Attachment C).

34. As requested by the Council at its last meeting, the Secretariat has prepared for Council consideration draft elements of an operational program for reducing and eliminating releases of persistent organic pollutants into the environment (GEF/C.16/6). If the Council approves these elements, the Secretariat will circulate the elements to the participants at the fifth session of the INC with a view to ensuring that they are fully informed of the operational role that the GEF can play in assisting countries to implement the new convention.

Information on other international environmental conventions

35. At its meeting in May, 2000, the Council requested the Secretariat to include in its reports “information on its collaboration with other international environmental conventions, such as the Ramsar Convention on Wetlands, the Convention on International Trade in Endangered Species, and the Convention on Migratory Species.”⁶

36. GEF activities in support of the objectives of these conventions, all of which are concerned with biodiversity and protection of species and ecosystems, has been through synergy of their objectives at the national and regional levels with those of the Convention on Biological Diversity. Almost all the GEF operational programs, in particular those in the areas of biodiversity and international waters, directly or indirectly support the objectives of these conventions. A number of GEF-financed country-driven projects directly contribute to national implementation of the conventions. Recent developments of these conventions are as follows.

Convention on Wetlands of International Importance especially as Waterfowl Habitats⁷

37. The seventh meeting of the Conference of the Contracting Parties to the Convention on Wetlands was held in San Jose, Costa Rica, May 10-18, 1999. The meeting adopted a number of resolutions on matters such as partnerships and cooperation with other conventions and guidelines for developing and implementing national wetland policies, for reviewing laws and institutions to promote the conservation and wise use of wetlands. Particularly, Resolution VII.4 on Cooperation with Other Conventions, urged eligible Contracting Parties of both the Ramsar Convention and the CBD to develop projects suitable for consideration by the Global Environment Facility (see Attachment D). The Convention’s secretariat has now established a full time post of Senior Advisor on Environment and Development Cooperation. One of the functions of this officer is to strengthen the Ramsar Bureau collaboration with financial institutions, including the GEF.

38. The seventh Meeting of the Conference of the Contracting Parties also approved the Ramsar Convention Work Plan 2000-2002 with the view to further implementing the Strategic Plan 1997-2002, adopted at the sixth Conference of the Parties in 1996. The general objectives of this plan include: working towards universal membership in the convention; achieving the wise use of wetlands by implementing and further developing the Ramsar Wise Use Guidelines;

⁶ See paragraph 57, *Joint Summary of Chairs, GEF Council meeting May 9-11, 2000*.

⁷ The Convention was adopted in the Iranian city of Ramsar in 1971 and came into force in 1975. As of 1 March 2000, 119 states were Contracting Parties. The official name of the treaty is Convention on Wetlands of International Importance especially as Waterfowl Habitat. To facilitate reading, the short names the Convention on Wetlands and Ramsar Convention have been used.

and raising awareness of wetland values and functions throughout the world and at all levels. For more information, see the Convention's website, www.ramsar.org.

*Convention on International Trade in Endangered Species of Wild Fauna and Flora*⁸

39. The eleventh meeting of the Conference of the Parties to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was held in Nairobi, Kenya, April 10-20, 2000. The meeting considered proposals to amend the CITES Appendices. The meeting also discussed other documents on a wide range of topics, including: the ways to improve the implementation of the convention; conservation of, and trade in, tigers, elephants, rhinoceros and Tibetan antelopes; and trade in bears, freshwater turtles and tortoises, seahorses, and traditional medicines.

40. At the end of the meeting, 17 new resolutions were adopted, some existing resolutions were revised, and many new decisions were passed. The Parties approved the CITES action plan entitled "Strategic Vision through 2005". In this action plan it is stated that: CITES shall "ensure an optimal working relationship as well as close coordination and synergy with the Convention on Biological Diversity and other multilateral agreements". CITES Secretariat is already working in synergy with the Convention on Biological Diversity Secretariat and it is foreseen that a closer coordination in a wide variety of areas will further strengthen synergies between the two agreements. For more information, see the Convention's website, www.cites.org.

*Convention on the Conservation of Migratory Species of Wild Animals*⁹

41. The sixth Meeting of the Conference of the Parties to the Convention on Migratory Species (CMS) was held in conjunction with the ninth Scientific Council meeting and the First Meeting of the Parties to the African-Eurasian Migratory Waterbird Agreement in Cape Town, South Africa, November 4-16, 1999. There, a Strategic Plan for the period 2000-2005 was adopted, including among its objectives the strengthening of institutional linkages.

42. Resolutions made at CMS COP 4, 5 and 6 have emphasized the importance of cooperation with other conventions, particularly with the Convention on Biological Diversity. Based on Decision III/21 of the CBD, a Memorandum of Understanding (MoU) was signed between the CMS and CBD Secretariats on 13 June 1996. Furthermore, as a response to COP decision III/21 (paragraph 7.) of the Convention on Biological Diversity, a study on complementarities between CMS and CBD was presented and discussed in May 2000 (UNEP/CBD/COP/5/INF/28) at COP 5. In addition, in its Decision V/21, the CBD Conference of the Parties requested the CBD Executive Secretary to develop, in collaboration with the CMS Executive Secretary, a proposal on how migratory species could be integrated into the work

⁸ The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) was drawn up in 1973 to protect wildlife against such over-exploitation and to prevent international trade from threatening species with extinction. CITES entered into force on 1 July 1975 and now has a membership of 152 countries.

⁹ The Convention on the Conservation of Migratory Species of Wild Animals (also known as CMS or the Bonn Convention) aims to conserve terrestrial, marine and avian migratory species throughout their range. Since the Convention's entry into force on 1 November 1983, its membership has grown to include 70 Parties.

programme of the Convention on Biological Diversity. For more information, see the Convention's website, www.wcmc.org.uk/cms.

Decision made at the fifth meeting of the Conference of the Parties to the Convention on Biological Diversity

V/13. Further guidance to the financial mechanism

The Conference of the Parties,

Having examined the report of the Global Environment Facility (UNEP/CBD/COP/5/7),

Taking note of the note by the Executive Secretary (UNEP/CBD/COP/5/13/Add.1) with respect to previous guidance in relation to agenda items of the fifth meeting, in response to paragraph 4 of decision IV/11,

Taking note with appreciation of the efforts of the Global Environment Facility to provide additional funding for biodiversity enabling activities under expedited procedures, and urging it to continue to improve access to funding by developing country Parties and increase flexibility in its operational criteria,

1. Welcomes the decision of the Council of the Global Environment Facility requesting its secretariat, in consultation with the Implementing Agencies and the Secretariat of the Convention on Biological Diversity, to develop an initial strategy for assisting countries to prepare for the entry into force of the Cartagena Protocol on Biosafety;
2. Decides to provide the following additional guidance to the Global Environment Facility in the provision of financial resources, in conformity with decisions I/1, II/6, III/5 and IV/13 of the Conference of the Parties. In this regard, the Global Environment Facility shall provide financial resources to developing country Parties for country-driven activities and programmes, consistent with national priorities and objectives, recognizing that economic and social development and poverty eradication are the first and overriding priorities of developing countries. The Global Environment Facility, as the institutional structure operating the financial mechanism, should provide support:
 - (a) For projects utilizing the ecosystem approach, without prejudice to differing national needs and priorities which may require the application of approaches such as single-species conservation programmes, in accordance with decision V/6;
 - (b) As a priority, for projects which:
 - (i) Implement the Convention's programme of work on agricultural biodiversity, in accordance with decision V/5, through the timely finalization and implementation of its operational programme on agricultural biodiversity, and through the development and implementation of other relevant operational programmes;
 - (ii) Implement the Convention's programme of work on biodiversity of dry and sub-humid lands, in accordance with decision V/23, through the development, review and implementation of its operational programmes, in particular, the operational programme on arid and semi-arid ecosystems;
 - (iii) Assist in the implementation of the programme of work on forest biodiversity at the national, subregional and regional levels, and consider the operational objectives of the aforementioned programme of work as guidance for funding, in accordance with decision V/4;
 - (c) For projects which assist with the development and implementation of the International Initiative for the Conservation and Sustainable Use of Pollinators in Agriculture, in accordance with decision V/5;
 - (d) For capacity-building at the national, subregional and regional level to address the issue of coral bleaching within the context of implementation of the programme of work on marine and coastal biological diversity, in accordance with decision V/3;

(e) For the consultative processes referred to in paragraph 6 of decision V/19, which are aimed at assisting with the preparation of second national reports, taking into account the fact that the Conference of the Parties may develop guidelines for subsequent national reports;

(f) For participation in the clearing-house mechanism of the Convention, in accordance with decision V/14;

(g) For projects that will address the issue of access and benefit-sharing, in accordance with decision V/26;

(h) For projects that incorporate incentive measures that promote the development and implementation of social, economic and legal incentive measures for the conservation and sustainable use of biological diversity, in accordance with decision V/15;

(i) For the implementation of the priority activities identified in the programme of work on Article 8(j) and related provisions, in accordance with decision V/16;

(j) To strengthen capabilities to develop monitoring programmes and suitable indicators for biological diversity, in accordance with decision V/7;

(k) To continue promoting awareness of the Global Taxonomy Initiative in the relevant activities of the Global Environment Facility, such as the Country Dialogue Workshops, and to facilitate capacity-building in taxonomy, including in its Capacity Development Initiative;

(l) For capacity development for education, public awareness and communication in biological diversity at the national and regional levels, in accordance with decision V/17;

(m) For activities to implement the Global Invasive Species Programme, in accordance with decision V/8;

(n) For the implementation of capacity-building measures for developing and implementing national and sectoral plans for the conservation and sustainable use of inland water ecosystems, including comprehensive assessments of the biological diversity of inland waters, and capacity-building programmes for monitoring the implementation of the programme of work and the trends in inland water biological diversity and for information gathering and dissemination among riparian communities.

*Decisions/negotiating texts of the meetings related to the
UN Framework Convention on Climate Change*

ADDITIONAL GUIDANCE TO THE OPERATING ENTITY OF
THE FINANCIAL MECHANISM

Co-Chairmen's text

The Conference of the Parties,

Recalling its decisions 11/CP.1, 10/CP.2, 11/CP.2, 12/CP.2, 2/CP.4 and 8/CP.5
and [10/CP.5];

[Noting the extension of funding through the Global Environment Facility's (GEF) expedited procedures for countries to address capacity-building needs identified in decision 2/CP.4 enabling Parties to maintain and enhance relevant national capacities and for the reparation of second national communications in accordance with decision 8/CP.5].

Noting also the launching of the GEF's Country Dialogue Workshops (CDW) which have been designed to strengthen national coordination, capacity-building and to promote awareness raising and the results of the first phase of the GEF Capacity Development Initiative, a strategic partnership between the GEF Secretariat and the United Nations Development Programme, which was forwarded to Parties in accordance with decision 10/CP.5.

Welcoming the launch of negotiations on the third replenishment of GEF, and urging the Annex II Parties to [increase] their contributions to the GEF Trust Fund;

1. *Decides* that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF, as an operating entity of the financial mechanism, should provide financial resources to developing country Parties, in particular the least developed and the Small Island Developing States amongst them, to:

(a) [Implement country-driven Stage II adaptation activities that build upon work done at the national level, either in preparation of national communications or from in-depth national studies, and develop demonstration projects ("learning-by-doing") aimed at identifying and subsequently implementing viable options for Stage III adaptation activities];

(a) bis [Implement country-driven Stage II adaptation activities that build upon work done at the national level, either in preparation of national communications or from in-depth national studies in particularly vulnerable countries and regions identified in Stage I activities, and especially in countries vulnerable to climate-related natural disasters];

(a) ter [Develop demonstration projects ("learning-by-doing") aimed at identifying and subsequently implementing viable options for Stage III adaptation activities];

(b) [Support the continuation of the "country-team" approach which enhances the collection, analysis, interpretation and dissemination of data on climate change issues and increases national commitment to the implementation of the objective of the Convention];

(c) [Establish and/or strengthen national, subregional or regional databases on climate change];

(d) Enhance the capacity of their subregional and/or regional information networks to enable such networks to serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems];

(e) Improve climate change related data collection (e.g. local emission actors) and information gathering, as well as the analysis, interpretation and dissemination of this data to national policy-makers and other end-users];

(f) [Establish and/or strengthen subregional and/or regional climate change related institutions and “centres of excellence”, to enable these centres and institutions to provide a supportive framework, including for information retrieval and technical support];

(g) [Develop and implement prioritized projects identified in their national communications];

(h) [On submission of their initial national communications, to undertake, in the preparation of their subsequent national communications, more in-depth public awareness and education activities and community involvement and participation in climate change issues];

(i) [Capacity-building for disaster preparedness and disaster management, including contingency planning for droughts and floods in areas [prone to extreme weather events] [in areas most vulnerable to the adverse effect of climate change]];

(j) [Strengthen [existing and, where appropriate, establish] [the capacity to participate in] early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist particularly vulnerable Parties].

2. *[Requests] [Encourages]* the GEF to:

(a) [Continue its efforts aimed at minimizing the time between approval of project concepts, development and approval of the related projects, and the disbursement of funds by its Implementing Agencies to the recipient countries of those projects];

(a) bis [Further streamline its project cycle with a view to making project preparations simpler, less prescriptive, more transparent and country-driven];

(b) [ensure that its Implementing Agencies are] [encourage its Implementing Agencies to be] more responsive to requests for GEF assistance from developing country Parties for climate change related project activities aimed at implementing the guidance of the COP;

(c) Further enhance the use of national/regional experts and/or consultants in all aspects of project development and implementation. In this regard, it should make [its roster of national/regional experts and/or consultants available to developing country Parties through the institutions referred to in paragraphs 1 (e and/or g) above] [this information available to developing countries];

(d) [Further streamline its project cycle with a view to ensuring that there is only one GEF project cycle for all GEF activities within its Implementing Agencies];

(e) [Give consideration to recommending that its Second Assembly increases the number of Implementing Agencies, thereby ensuring that developing country Parties have more opportunities available to them for accessing GEF funds for climate change activities aimed at implementing the guidance of the COP].

3. *Further requests* the GEF to include in its report to the seventh session of the Conference of the Parties the specific steps it has taken to implement the provisions of this decision.

CAPACITY-BUILDING

CAPACITY-BUILDING IN DEVELOPING COUNTRIES (NON-ANNEX I PARTIES)¹

Recommendation of the Subsidiary Body for Scientific and Technological Advice

And the Subsidiary Body for Implementation

Capacity-building in developing countries (non-Annex I Parties)

The Conference of the Parties,

[Basing itself on] [Recalling] Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5 and 6 of the United Nations Framework Convention on Climate Change,

Recalling the provisions related to capacity-building for developing countries contained in its decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, [in particular paragraphs 1 (c), (d), and (g)], 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4 [(paragraph 4)], 12/CP.4 and 14/CP.4,

Noting Article 10 (c), (d) and (e), and Article 11 of the Kyoto Protocol,

[Recalling also paragraphs [3], [98 to 100] on capacity-building of the Programme for the Further Implementation of Agenda 21, [and paragraphs 37.2 and 33.13 of Agenda 21], in particular the renewal of the commitment of and support from the international community as essential to support national efforts for capacity-building in developing countries;]

Reaffirming its decision 10/CP. 5 [in particular paragraph 1 (e) on the ways and means for capacity-building];

Reaffirming also that capacity-building for developing countries is essential to enable them to participate fully in, and to implement effectively their commitments under the Convention,

1. *Adopts the framework for capacity-building in developing countries annexed to this decision;*
2. *[Decides that this framework shall guide all capacity-building activities related to the implementation of the Convention and its Kyoto Protocol;] / [Decides to give immediate effect to the implementation of this framework in order to assist developing countries to implement the Convention];*
3. *Notes that areas for capacity-building identified under the Convention are [important] [also] [relevant] [to the preparation of developing country Parties] [to the effective participation] in the Kyoto Protocol process when the Protocol comes into force;]*
4. *[Requests the Global Environment Facility, as an operating entity of the financial mechanism, to provide financing and to implement its capacity-building activities under each area of implementation of the Convention in accordance with this framework and consistent with the relevant decisions of the Conference of the Parties, including the timetables contained therein, and in accordance with the provisions of Article 4.3;]*

¹ This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first part of the thirteenth sessions, under agenda item 8 (a)

5. *[Also requests* the Global Environment Facility to include in its reports to the Conference of the Parties at each session, information on the financing and implementation of capacity-building activities conducted under this framework;]
6. *Invites* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to inform the Conference of the Parties, through the secretariat, of capacity-building activities conducted to assist developing country Parties with their implementation of the framework;
7. *[Encourages* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to consult further with developing country Parties to develop practical action plans specifying the scale and sources of additional financial resources and corresponding time schedules for supporting capacity-building activities within the annexed framework.]
8. *[Requests* the secretariat to continue to compile information contained in national communications of developing country Parties relating to capacity-building activities, programmes and needs, and information contained in national communications of Annex II Parties on activities and programmes undertaken to facilitate capacity-building in developing countries related to the implementation of the Convention, as well as the information from the Global Environment Facility and other agencies referred to in paragraph 5, and to make this information available in both printed and electronic formats at the next session of the subsidiary bodies;]
9. *Requests* the secretariat, in accordance with this framework for capacity-building, and consistent with Article 8 of the Convention, to undertake the following tasks:
 - (a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;
 - (b) To collect, process, compile and disseminate the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building;
10. *[Decides* to review the progress made in the implementation of this decision at each session.]
11. *[Decides* that the framework shall be in effect for _ years;]
12. *[Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt a decision endorsing this framework for capacity-building under the Convention that parallels the framework contained in the annex to this decision, with additional reference to priority areas for capacity-building relating to the implementation of the Kyoto Protocol;]
13. *[Decides* to establish a special fund to support and promote effective implementation of the Convention and the Kyoto Protocol and Convention processes by the least developed countries, within the time-frame specified in the annexed framework.]

Annex**CAPACITY-BUILDING****CAPACITY-BUILDING IN DEVELOPING COUNTRIES (NON-ANNEX I PARTIES)****Framework for capacity-building in developing countries****A. Purposes**

1. This framework for capacity-building in developing countries sets out the scope and provides the basis for action on capacity-building related to the implementation of the Convention and preparation for the effective participation of developing countries in the Kyoto Protocol process that will in a coordinated manner assist them in promoting sustainable development [and in] [through] meeting the objective of the Convention. It should serve as a guide for the Global Environment Facility as an operating entity of the financial mechanism and be considered by multilateral and bilateral organizations in their capacity-building activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

B. Guiding principles and approaches

2. This framework for capacity-building in developing countries is guided and informed by, inter alia, Article 4.1, 4.3, 4.4, 4.5, and 4.7, in the context of Article 3, and Articles 5, 6 and 11.1 of the Convention, and relevant provisions contained in decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4, 14/CP.4, and 10/CP.5,² and takes into account Articles 10 (c), 10 (d), 10 (e), and [11[.2]] of the Kyoto Protocol.

3. Capacity-building activities related to the implementation of the Convention by developing countries and to the preparation for their effective participation in the Kyoto Protocol process should build on work already undertaken by developing countries, as well as on the work undertaken with support from multilateral and bilateral organizations.

4. The capacity-building needs already identified in the various decisions of the Conference of the Parties (COP) should continue to be comprehensively and promptly addressed to promote sustainable development in developing countries through the effective implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

5. There is no “one size fits all” formula for capacity-building. Capacity-building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

6. Capacity-building is a continuous, progressive and iterative process, the implementation of which should be based on the priorities of developing countries.

7. Capacity-building activities should be undertaken in an effective, efficient, integrated and programmatic manner, taking into consideration the specific national circumstances of developing countries.

8. Capacity-building activities undertaken within this framework should maximize synergies between the Convention and other global environmental agreements, as appropriate.

² For the full texts of decisions adopted by the Conference of the Parties at its first, second, third, fourth and fifth sessions, see documents FCCC/CP/1995/7/Add.1, FCCC/CP/1996/15/Add.1, FCCC/CP/1997/7/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1, respectively.

9. Capacity-building is crucial to developing countries, especially those that are particularly vulnerable to the adverse effects of climate change. The special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework, [which include:

- (a) Weak and fragile economies and ecosystems;
- (b) Low population density, incomes and isolated geographical locations making these groups of countries unattractive to foreign investment;
- (c) High population resulting in land degradation, desertification, food insecurity and high levels of poverty;
- (d) Undeveloped services inter alia meteorological/hydrological services which are critical for food security and water resources management;
- (e) Lack of early warning systems for both food security and disaster management.]

10. Capacity-building involves “learning by doing”. Demonstration projects may be used in identifying and learning about the specific capacities that need to be further developed in developing countries.

11. Existing national institutions have an important role to play in supporting capacity-building activities in developing countries. Such centres can incorporate traditional skills, knowledge and practices, to provide appropriate services in developing countries and facilitate information sharing. Whenever possible and effective, therefore, capacity-building should mobilize these existing national, subregional and regional institutions and the private sector in developing countries and build on existing processes and endogenous capacities.

12. National coordinating mechanisms/focal points/national coordinating entities have an important role to play in ensuring coordination at the country and regional levels and may serve as the focal point for coordinating capacity-building activities.

13. Multilateral and bilateral bodies are encouraged to take account of this framework in their consultations with developing countries when supporting capacity-building activities related to the implementation of the Convention and the preparation for effective participation by developing countries in the Kyoto Protocol process.

C. Objectives and scope of capacity-building

Objectives

14. Capacity-building should assist developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objective of the Convention through the implementation of the provisions of the Convention and the preparation for their effective participation in the Kyoto Protocol process.

Scope of capacity-building

15. The following is the initial scope of needs and areas for capacity-building in developing countries as broadly identified in the annex to decision 10/CP.5, in the compilation and synthesis document prepared by the secretariat³ and in submissions by Parties⁴ :

³ FCCC/SB/2000/INF.1.

⁴ FCCC/SB/2000/INF.5.

- (a) Institutional capacity-building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points;
- (b) Enhancement and/or creation of an enabling environment;
- (c) National communications;
- (d) National climate change programmes;
- (e) Greenhouse gas (GHG) inventories, emission database management, and systems for collecting, managing and utilizing activity data and emission factors;
- (f) Vulnerability and adaptation assessment;
- (g) [Implementation of] adaptation measures;
- (h) Assessment [and implementation] of mitigation options;
- (i) Research and systematic observation, including meteorological, hydrological and climatological services;
- (j) Development and transfer of technology;
- (k) Improved decision-making, including assistance for participation in international negotiations;
- (l) [[Preparation for effective participation in the] Clean development mechanism];
- (m) Needs arising out of the implementation of Article 4.8 and 4.9 of the Convention;
- (n) Education, training and public awareness;
- (o) Information and networking, including the establishment of databases.

16. Other capacity-building needs and possible responses are being identified by the Parties in their discussions of other issues. The decisions resulting from these discussions, as well as other activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process, should continue to inform the scope and implementation of this framework..

[Specific scope for capacity-building in least developed countries.

17. Recent climate change induced extreme weather events have clearly demonstrated the vulnerability of developing countries, particularly the least developed countries and small island developing States (SIDS). Millions of people have suffered as a result of these events, which have also contributed to increased poverty in these countries. The least developed countries and small island developing States have the least capacity to adapt to natural and climate change induced disasters. In order to ameliorate this situation, it is critical, therefore, that the capacity of these countries is enhanced to take the following actions:

- (a) Strengthen or establish national climate change secretariats or focal points to ensure effective implementation of the Convention, the Kyoto Protocol and other legal instruments that may be adopted, including the collection, analysis and interpretation of national communication data and information;
- (b) Assess and prioritize capacity-building needs and develop an integrated implementation programme which takes into account the role of research and training in capacity-building;
- (c) Develop technical capacities and skills to effectively carry out integrated vulnerability and adaptation assessments and develop national implementation strategies;

- (d) Strengthen national research and training institutions to ensure the sustainability of the capacity-building programmes;
- (e) Strengthen and establish systematic meteorological, climatological and hydrological observation networks, for the collection, analysis, interpretation and dissemination of data and information to ensure the mitigation of extreme weather and climate events;
- (f) Enhance public awareness (level of understanding and human capacity development).]

D. Implementation

Actions to enhance the implementation of this framework, taking into account the initial scope outlined in paragraph[s] 15 [to 17]

18. All Parties should improve the coordination and effectiveness of capacity-building efforts through dialogue between and among Annex II Parties, developing country Parties, and bilateral and multilateral institutions. All Parties should promote conditions conducive to the sustainability and effectiveness of capacity-building activities.
19. In implementing this framework, developing country Parties should:
- (a) Continue to identify their specific needs, options and priorities for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;
 - (b) Promote South-South cooperation by utilizing the services of institutions in developing countries that can support capacity-building activities at the national, subregional and regional levels, wherever possible and effective;
 - (c) Promote the participation of a wide range of stakeholders, including governments at all levels, national and international organizations, civil society and the private sector, as appropriate;
 - (d) Promote the coordination and sustainability of activities undertaken within this framework, including the efforts of national coordinating mechanisms, focal points, and national coordinating entities;
 - (e) Facilitate the dissemination and sharing of information on capacity-building activities conducted by developing countries for better coordination and South-South cooperation.
20. In implementing this framework, Annex II Parties should:
- (a) [Ensure the availability of the additional financial and other resources necessary to implement this framework, including the prompt availability of financial and technical resources to enable developing countries to undertake country-level needs assessments and to develop specific capacity-building activities consistent with this framework;] / [Make available financial and other resources to assist developing countries in the implementation of this framework, as appropriate, including the continued timely availability of financial and technical resources to enable developing countries to undertake country-level needs assessments and to develop specific capacity-building activities consistent with this framework.]
 - (b) Respond to the capacity-building needs and priorities of developing countries in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;
 - (c) Give particular attention to the needs of least developed countries and small island developing States amongst them.

Financing and operation

21. [Financial and technical support [for activities] to implement this framework for capacity-building in developing countries should [immediately] be made available through an operating entity of the financial mechanism, multilateral and bilateral agencies and the private sector [, as appropriate].]
22. In response to this framework, the operating entity of the financial mechanism should elaborate a country-driven strategy for its capacity-building activities. [The operating entity should also adopt a streamlined and expedited approach for financing and implementation of activities within this framework].
23. [All Parties,] multilateral and bilateral agencies are encouraged to take constructive action to support capacity-building activities in this framework through streamlined [and coordinated] approaches and in a timely manner.
24. Financial and other assistance is to be made available [immediately] to developing countries, in particular to the least developed countries and small island developing States, to enable them to continue to determine, assess and prioritize their needs for capacity-building in a simple, timely manner and to assist them to [immediately] [as appropriate] put into place the institutional arrangements to implement effective capacity-building activities.
25. The capacity-building activities undertaken within this framework are to be country-driven and implemented primarily at the country level.
26. In order to facilitate the exchange of information and cooperation, developing countries in collaboration with relevant institutions should identify regional, subregional and sectoral activities that can effectively and efficiently address common capacity-building needs.
27. [Developing countries which have already begun the identification of their capacity-building needs through ongoing work aimed at implementing the Convention, should be able to immediately implement capacity-building activities under this framework.]
28. The results of activities conducted by the Global Environment Facility as a multilateral financial institution including the Capacity Development Initiative, as well as activities undertaken by multilateral, bilateral and private sector entities, may be considered in further developing capacity-building activities within this framework at the regional and subregional levels.

Time-frame

29. This framework for capacity-building should be implemented promptly, taking into account the immediate, medium- and long-term priority needs identified by developing countries.
30. [The immediate needs of developing countries, in particular the least developed countries and small island developing States, should be addressed urgently in the implementation of this framework, [including implementing a programme of key identified needs within the next five years].]

Review of progress

31. The COP, through the Subsidiary Body for Implementation, shall regularly monitor and review the progress in the implementation of this framework.
32. All Parties should [make submissions] [report] [regularly] [through national communications] to the COP on their implementation of this framework. Other institutions are also invited to provide relevant information.
33. The Global Environment Facility, as an operating entity of the financial mechanism, is requested to report on its progress in support of the implementation of this framework in its reports to the COP.

Role of the secretariat

34. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the COP or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building.

1. CAPACITY-BUILDING

CAPACITY-BUILDING IN COUNTRIES WITH ECONOMIES IN TRANSITION⁵

Recommendation of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation

DRAFT DECISION -/CP.6

Capacity-building in countries with economies in transition

The Conference of the Parties,

Recalling its decision 11/CP.5,

Recalling Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention,

Noting Articles 2, 3, 5, 6, 7 and 17 of the Kyoto Protocol,

Further recalling its decisions 9/CP.2, 6/CP.4 and 7/CP.4,

Having considered the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation,⁶

1. *Adopts* the framework for capacity-building activities in countries with economies in transition contained in the annex below;
2. *Decides* to give immediate effect to this framework, in order to assist Parties with economies in transition to implement the Convention;
3. *Notes* that many areas for capacity-building identified under the Convention are also relevant to the preparation of Parties with economies in transition for participation in the Kyoto Protocol process when the Protocol comes into force;
4. *Decides* to review the effectiveness of the implementation of the framework at regular intervals;
5. *[Invites* Annex II Parties and Parties with economies in transition to provide information to enable the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework, [consistent with guidelines for the preparation of national communications];]

⁵ This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first part of the thirteenth sessions, under agenda item 8 (b).

⁶ FCCC/SBSTA/2000/10, FCCC/SBI/2000/10.

6. *[Urges* Annex II Parties, through multilateral agencies, including through the Capacity Development Initiative of the Global Environment Facility, and bilateral agencies and the private sector as appropriate, to ensure the financial resources and technical support required for the implementation of this framework for capacity-building, including assistance for the development of national action plans of Parties with economies in transition consistent with their own priorities;]

7. *[Further urges* multilateral and bilateral agencies to coordinate in providing streamlined and expedited approaches to financing and supporting the implementation of this framework for capacity-building;]

8. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt a decision endorsing this framework for capacity-building under the Convention that parallels the framework attached in the annex below, with additional reference to priority areas for capacity-building relating to implementation of the Kyoto Protocol;

9. *Requests* the secretariat, consistent with Article 8 of the Convention:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To [collect], process, compile and disseminate the information needed by the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework..

Annex

CAPACITY-BUILDING

CAPACITY-BUILDING IN COUNTRIES WITH ECONOMIES IN TRANSITION

Framework for capacity-building in countries with economies in transition

A. Purpose

1. The purpose of this framework for capacity-building is to set out the scope and basis for action for capacity-building activities in countries with economies in transition (EIT Parties) under the Convention [and for the preparation of EIT Parties for implementation of the Kyoto Protocol].

B. Guiding principles and approaches

2. This framework for capacity-building in EIT Parties is guided and informed by, inter alia, Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention and relevant provisions contained in decisions 9/CP.2, 6/CP.4, 7/CP.4 and 11/CP.5⁷ and takes account of Articles 2, 3, 5, 6, 7 and 17 of the Kyoto Protocol.

3. As Parties included in Annex I, EIT Parties have quantified emission limitation and reduction commitments that impose challenges to their existing capacities to implement the Convention. As Parties undergoing the process of transition to a market economy, they need to enhance their ability to address climate change issues. Capacity-building is therefore critical to the effective implementation by EIT Parties of their commitments under the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol].

4. Capacity-building for EIT Parties must be country-driven, consistent with their national sustainable development strategies, reflect their national initiatives and priorities, respond to needs determined and prioritized by EIT Parties themselves and be primarily undertaken by and in EIT Parties in partnership with other Parties and relevant organizations, as appropriate, in accordance with the provisions of the Convention.

5. Capacity-building should contribute to the effective implementation of the Convention by EIT Parties [and the preparation of EIT Parties for implementation of the Kyoto Protocol].

6. Capacity-building efforts are more effective when they take place within an enabling environment conducive to the development of human, institutional and technical capacity.

7. Capacity-building should be results-oriented and implemented in an integrated and programmatic manner to facilitate its monitoring and evaluation, cost-effectiveness and efficiency.

8. Capacity-building is a continuous process aimed at strengthening or establishing, as appropriate, relevant institutions, organizational structures, and human resources in order to strengthen expertise relevant to the effective implementation of the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol].

9. Capacities should be developed and strengthened in a manner and under conditions that will work towards sustainability and support the short- and long-term objectives and priorities of EIT Parties under the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol].

10. Capacity-building involves “learning by doing”. Capacity-building activities should be designed and implemented in a flexible manner.

⁷ For the full texts of decisions adopted by the Conference of the Parties at its second, fourth and fifth sessions, see documents FCCC/CP/1996/15/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1 respectively.

11. Capacity-building should improve the coordination and effectiveness of existing efforts and promote the participation of and dialogue between a wide range of actors and constituencies, including governments at all levels, international organizations, civil society and the private sector.
12. Wherever possible, capacity-building should utilize existing institutions and bodies and build on existing processes and endogenous capacities.
13. National focal points and other institutions such as research centres and universities and other relevant organizations [may] [should] play an important role in providing capacity-building services and facilitating the flow of knowledge, best practices and information.
14. Capacity-building should be designed so that it results in the development, strengthening and enhancement of institutional capacities, human resources, knowledge and information, methodologies and practices, and the participation and networking of EIT Parties to promote sustainable development and to implement their commitments under the Convention [and their preparation for implementation of the Kyoto Protocol].
15. Capacity-building in support of achieving the objectives of the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol] should maximize synergies between the Convention and other global environmental agreements, as appropriate.
16. Capacity-building is more effective when it is coordinated at all levels (national, regional and international) through dialogue between and among Annex I Parties, and when past and existing efforts are taken into account.

C. Objectives and scope of capacity-building

Objective

17. To build the capacity of EIT Parties to enable them to effectively implement the objectives of the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol].

Scope for capacity-building

18. To ensure that capacity-building efforts are country-driven, each EIT Party should, within the scope for capacity-building, determine its specific objectives, needs, priorities, and options to implement the Convention [and the preparation of EIT Parties for implementation of the Kyoto Protocol] consistent with its national sustainable development strategy, taking into account existing capacities and past and current activities undertaken by the country itself and in partnership with bilateral and multilateral institutions and the private sector.

19. The needs for capacity-building in EIT Parties were first identified in the compilation and synthesis document prepared by the secretariat (FCCC/SB/2000/INF.2) based on the submissions of EIT Parties (FCCC/SB/2000/INF.7). The general areas and needs for capacity-building are listed below. [This scope for capacity-building may be revised as further information is made available and as needs and priorities are further identified.]

20. [General priority areas for capacity-building identified by EIT Parties related to the implementation of the Convention, which may also be relevant to their preparation for participation in the Kyoto Protocol are to be identified in their national action plan for capacity-building, and include:

- (a) Improving the quality of the national greenhouse gas (GHG) inventories;
- (b) Facilitating the elaboration of national policies and measures to reduce GHG emissions;
- (c) Preparing projections and estimating the effect of policies and measures;
- (d) Impact assessment and adaptation;
- (e) Research and systematic observation;
- (f) Education, training and public awareness;
- (g) [Facilitating] transfer of environmentally-sound technologies;
- (h) [Preparing] national communications and national climate action plans;
- (i) [Establishing] national systems for estimation of GHG emissions;
- (j) [Modalities for accounting relating to targets and timetables] [national systems];
- (k) [Facilitating the implementation of] reporting obligations;
- (l) [Joint implementation projects and emissions trading.] [Projects for joint implementation of emissions limitations and reductions].]

21. In order to maximize available resources for capacity-building and to facilitate exchange and cooperation among EIT Parties, multilateral and bilateral agencies in consultation with EIT Parties should assist as appropriate, the efforts of EIT Parties themselves to identify, develop and implement national, regional, subregional and sectoral activities that meet the capacity-building needs of EIT Parties. The results of the current and next phase of the Capacity Development Initiative of the Global Environment Facility (GEF) could provide valuable inputs for these activities.

D. Implementation

Responsibilities for implementation

22. In implementing the activities undertaken within this framework for capacity-building, EIT and Annex II Parties have the following mutual responsibilities:

- (a) To improve the coordination and effectiveness of existing efforts;
- (b) To provide information to enable the Conference of the Parties (COP) to monitor progress in the implementation of this framework for capacity-building;
- (c) [To provide an enabling environment to promote the sustainability and effectiveness of capacity-building activities relating to the implementation of the ultimate objective of the Convention [and the preparation of the EIT Parties for implementation of the Kyoto Protocol].]

23. In the implementation of this framework for capacity-building, EIT Parties have the following responsibilities:

- (a) To identify their specific needs, priorities and options for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;
- (b) To identify and provide information on their own capacity-building activities;
- (c) To promote cooperation among EIT Parties as well as to report to the COP on these activities in their national communications.
- (d) To ensure the mobilization and sustainability of national capacities, including the institutional leadership necessary for national coordination and the effectiveness of capacity-building activities;
- (e) To promote the participation in and access to capacity-building activities of all stakeholders, including governments, civil society and the private sector, as appropriate.

24. In cooperating with EIT Parties to support the implementation of this framework for capacity-building, Annex II Parties have the following responsibilities:

- (a) [To assist EIT Parties, including through the provision of financial and other resources, to undertake country-level needs assessments to effectively implement the Convention [and and the preparation of EIT Parties for implementation of the Kyoto Protocol];]
- (b) To assist EITs, including through the provision of financial and other resources, to implement options for capacity-building consistent with their specific priorities and this framework.

Financing

25. [The Annex II Parties [are urged], through multilateral agencies, including through the Capacity Development Initiative of the Global Environment Facility, and bilateral agencies and the private sector as appropriate, [to] [will] make available the financial resources and technical support needed [to assist EIT Parties] in the implementation of this framework for capacity-building.]

Time-frame

26. The implementation of activities undertaken within this framework for capacity-building should commence as soon as possible to assist EIT Parties to implement the Convention [and in the preparation of EIT Parties for implementation of the Kyoto Protocol].

Monitoring of progress

27. The COP, through the subsidiary bodies, shall monitor the effectiveness of the implementation of this framework for capacity-building.

28. Information to enable the COP to monitor the effectiveness of the implementation of this framework should be reported by Parties. Other institutions involved in capacity-building in EIT Parties are invited to provide information for this purpose.

Role of the secretariat

29. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To [collect], process, compile and disseminate the information needed by the COP or its subsidiary bodies to monitor the progress in the implementation of this framework for capacity-building.

**DEVELOPMENT AND TRANSFER OF TECHNOLOGIES:
STATUS OF THE CONSULTATIVE PROCESS (DECISION 4/CP.4)⁸**

**DRAFT FRAMEWORK FOR MEANINGFUL AND EFFECTIVE ACTIONS TO
ENHANCE THE IMPLEMENTATION OF ARTICLE 4.5 OF THE CONVENTION**

Draft text by the co-chairs of the contact group

A. Purposes

Option 1

1. This text shall serve as a framework for the implementation of commitments under Article 4.5 of the Convention. Under Article 4.5, the transfer of environmentally-sound technologies and know-how is the commitment of developed country Parties and other developed Parties included in Annex II 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 other Parties, particularly developing country Parties, to enable them to implement the provisions of the Convention.

Option 2

1. The purpose of this framework is to enhance the implementation of Article 4.5 of the Convention by increasing the flow of environmentally-sound technologies (ESTs) and know-how.

Option 3

1. This framework has three specific purposes:

(a) To enhance the implementation of Article 4.5 of the Convention by increasing the flow and the quality of transfer of ESTs;

(b) To recommend practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally-sound technologies (ESTs) and know-how (decision 4/CP.4);

(c) To support the development and enhancement of endogenous capacities and technologies of developing country Parties.

⁸ This item was considered by the Subsidiary Body for Scientific and Technological Advice at the first part of the thirteenth sessions, under agenda item 10.

B. Overall approach

2. This framework is developed with the recognition that, under Article 4.5, 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. [To 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.]

[3. The [successful] implementation of Article 4.5 requires the [full] cooperation as well as the participation of all stakeholders from both developed and developing country Parties.]

4. The implementation of Article 4.5 takes into account the understanding that technology transfer is a broad set of processes covering the flows of know-how, experience and equipment for mitigating and adapting to climate change amongst different stakeholders such as governments, private sector entities, financial institutions, non-governmental organizations and research and education institutions.

5. The process of technology [transfer] [needs assessments] should be [equitable], bottom-up, and [demand-] and country-driven in recognition of the diverse environmental, geographic, economic and social characteristics of developing countries and regions. [Some developing countries or regions may give priority to adaptation technologies while others may give priority to mitigation technologies.]

[5b. Technology transfer, as defined in Article 4.5 of the Convention, should focus on the actions which could be taken by Parties, in addition to what is already happening as business as usual in the market, in spite of the fact that the private sector and the market play an important role in disseminating ESTs.]

6. The transfer of [state-of-the-art] environmentally-sound technology for mitigation and adaptation to climate change [may][should] include both “soft” and “hard” elements of technology, including capacity-building, and should promote sustainable development and achievement of the ultimate objective of the Convention.

7. The role of governments is crucial in enhancing an enabling environment, including the [removal of barriers][creation of incentives], for the private sector to promote the [transfer] [dissemination] of, and access to, environmentally-sound technologies (ESTs), particularly adaptation technologies. [Governments shall take actions to ensure the transfer of technology and to evaluate the extent to which they have met their commitments under Article 4.5.] [The government plays an important role in supporting development and transfer of ESTs which are commercially less viable and in providing a regulatory framework for creating demand and a market for ESTs.]

[7+8. Governments of developing and developed countries can facilitate and expand cooperation involving their public and private sectors. In this context, barriers and restrictions to the transfer of publicly and privately owned ESTs should be identified, with a view to reducing such constraints, while creating specific incentives, fiscal or otherwise, for the transfer of and access to ESTs, particularly adaptation technologies.]

[8. The private sector in developing country Parties and Annex II Parties plays a critical role in the transfer of technology. However, the EST market in many developing countries, particularly the least developed countries, is in an early stage of development and requires further assistance from Annex II Parties in order to be able to play a meaningful role in the transfer of ESTs.]

[8b. In order to increase the flow and quality of technology transfer, Parties should adopt an integrated approach that focuses on the development of national and or regional strategies for technology transfer. Such strategies should be devised on the bases of a country-driven and sector-specific approach in recognition of the diverse environmental, geographic, economic and social characteristics of developing countries and regions. This integrated approach should include technology needs assessment, identification of barriers and actions to reduce or remove them, enhancement of information provisions and capacity-building.]

9. The transfer of technology requires an [integrated] approach that focuses on [products and techniques][technologies] with multiple benefits that address the objective of the Convention and at the same time

[respond to][are consistent with] national development priorities. [such as poverty alleviation, socio-economic development, improvement of public health and reduction of environmental pollution. The integrated technology transfer approach should be developed into a national strategy that takes into account the interests and interactions of the different stakeholders.]

10. The process of technology transfer should build upon and/or incorporate the current activities of the government, private sector, non-governmental organizations, research and academic institutions and bilateral and multilateral institutions. It should also enhance the networks of and partnerships between these stakeholders.

C. Key themes and areas for meaningful and effective actions

1. Technology needs and needs assessments

Areas for activities or action

11. Technology needs assessments, based on an integrated approach, are an important element of a framework to enhance the transfer of technology under the Convention. The following activities should be considered in the implementation of technology needs assessments:

- (a) Identification of technology needs through sectoral analyses which are rigorous and demand-driven aimed at identifying both mitigation and adaptation technologies as appropriate to each country and/or region;
- (b) A country-driven process to evaluate and prioritize local needs for ESTs and should embrace a consultative approach and include all stakeholders;
- (c) Identification and analysis of barriers to technology transfer and the actions to remove these barriers.

Means of implementation

12. The following are means of implementing technology needs assessments:

- (a) The Chairman of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, is requested to organize an experts' meeting, resource permitted, to develop guidelines on needs assessments and to consult with Parties and other relevant international organizations in the development of such guidelines;
- (b) Non-Annex I Parties are encouraged to undertake assessments of technology needs and identification of barriers, to meet the needs assessment guidelines;
- (c) Developed country Parties and other developed Parties included in Annex II shall take all practicable steps to promote, facilitate and finance, as appropriate, the conduct of needs assessments in developing country Parties;
- (d) All Parties are requested to enhance reporting in their national communications of technology cooperation and transfer activities. In so doing, the Annex II Parties are urged to give particular attention to reporting on technology transfer activities, as specified in part II of the revised guidelines for reporting by Parties included in Annex I to the Convention. Parties not included in Annex I to the Convention that have not already done so are invited to report their technology needs, in their national communication and/or in other relevant report, to the extent possible.

2. Technology information

Areas for activities or action

13. The framework should improve the flow of, access to and quality of technical, legal and economic information relating to the development and transfer of mitigation and adaptation technologies under the Convention. The following activities should be considered in the implementation of technology information strategies:

- (a) Technology information programmes should be demand-driven and result-oriented. They should facilitate public awareness, and informed decision-making and enhance public and private sector capacity to access and utilize relevant technology information;
- (b) Information systems at national, regional and international levels should be integrated through existing specialized information centres and networks.

Means of implementation

14. The following are means of implementing technology information activities:

- (a) The Convention secretariat is requested (i) to continue its work on technology information and a project inventory database by consulting with Parties and relevant international organizations and (ii) to develop options for a one-stop database and specialized information system that allows quick access to reliable information on ESTs, know-how, good practice and other information relevant to technology transfer;
- (b) The Annex II Parties are requested to take all practical steps to promote, facilitate and finance, as appropriate, the establishment of an international information clearing house with linkage to regional and subregional networks. The clearing house shall have the following objectives:
 - (i) To improve information access for Parties on existing technical and financial programmes of technology assistance;
 - (ii) To provide donors, the private sector, academia, non-governmental organizations and other stakeholders with information on opportunities related to countries' technology needs;
 - (iii) To facilitate information exchange on experience and processes in the development of standards, codes and labelling as well as other relevant legal information;
 - (iv) To create an information network on technology inventories, donor programmes and other activities related to technology transfer.

3. Enabling environments

Areas for activities or action

15. The following activities should be considered in creating the enabling environments for technology transfer:

- (a) The identification and analysis of economic, legal and institutional barriers at each stage of the technology transfer process to ensure private sector participation;
- (b) The development of macroeconomic conditions that contribute to sustainable development and economic growth;

(c) The development of effective and efficient legal and regulatory systems, including the development of industry codes, product standards, and certification, as well as regimes for the protection of intellectual property rights and efficient rules for transactions to encourage innovation by the private sector;

(d) The introduction of economic measures that promote research and development of ESTs and the utilization of networks of research institutions.

Means of implementation

16. The following are means of creating enabling environments for technology transfer:

(a) All Parties, particularly Annex II Parties, are invited to improve the enabling environment, including the removal of barriers to, and establishment of incentives for private sector activities that advance the transfer of technologies to address climate change and its adverse impacts;

(b) All Parties are urged to create or expand commercial markets for ESTs essential to technology transfer and agree to address barriers to the transfer of these technologies through improved legal and regulatory structures, investment policies, pricing structures and incentives;

(c) Developed country Parties are encouraged to develop and implement economic measures, e.g. export credit facilities, government procurement contracts, and tax preferences, as well as appropriate regulations to promote transfer of ESTs;

(d) All Parties are urged to provide intellectual property rights protection and preferential incentives to disseminate ESTs with a view to promoting mutually beneficial win-win partnership between developed and developing countries as well as between the public and private sectors;

(e) Developing country Parties should be encouraged to include climate change technology transfer priorities in their national development strategies;

(f) Developed country Parties, where appropriate, are encouraged to provide access by developing countries to relevant government-owned technologies;

(g) Developed country Parties, in cooperation with developing country Parties, are encouraged to develop joint research and development programmes and to integrate the climate change technology transfer objective of such programmes;

(h) All Parties are encouraged to strengthen, to the extent appropriate, the linkage between the research and development community and the development cooperation agency to facilitate developing country access to public research and development programmes;

(i) Developing country Parties are encouraged to develop and enhance regional and South-South technology transfer partnerships, particularly for adaptation technologies;

(j) All Parties, particularly developed country Parties, are encouraged to establish, as appropriate, programmes for technology testing, certification and labelling.

4. Capacity-building

Areas for activities or action

17. Capacity-building is a cross-cutting issue, for which overlapping needs and activities extend across many different aspects of activities under the Convention. The following are activities related to effective capacity-building in technology transfer under Article 4.5 of the Convention:

(a) Capacity-building to support the assessment and prioritization of technology needs, the development of technology implementation plans, and the development of effective enabling environments;

(b) Capacity-building to strengthen institutions such as regulatory, legal and financial institutions, to enable them to promote technology transfer;

(c) Capacity-building to enhance the involvement of developing countries in research and development on climate-related ESTs so as to absorb technologies and adapt them to local conditions.

Means of implementation

18. The following are means of building capacities of all stakeholders, particularly of the developing countries:

(a) Developed country Parties are encouraged to support capacity-building and the strengthening of appropriate institutions in developing countries to enable the transfer of environmentally-sound technologies and know-how;

(b) Developed countries are urged to establish training, expert exchange and scholarship programmes aimed at enhancing the teaching and research capabilities of higher education and other private and public institutions in developing countries, for the transfer, operation, maintenance, adaptation, diffusion and development of ESTs;

(c) All Parties, particularly developed country Parties, are encouraged to enhance the capacity of financial institutions, public, private and international, to evaluate ESTs on an equal footing with other technology options, addressing perceived risks, scale of projects and other barriers to financing.

5. Mechanisms for technology transfer

19. The objective of mechanisms for technology transfer is to enhance the coordination of the full range of stakeholders in different countries and regions and to engage them in cooperative efforts to accelerate the development and diffusion, including transfer, of environmentally-sound technologies, know-how and practices to and between developing countries through technology cooperation and partnerships (public/public, private/public and private/private).

Means of implementation

20. To achieve the above-mentioned objectives and carry out the various activities suggested under each theme, the Parties may wish to consider the following actions as part of a framework for the implementation of meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention:

(a) To invite Parties to adopt a coordinated approach to enhancing technology transfer under Article 4.5 which includes: needs assessments, capacity-building, enhancement of information systems, identification of barriers and actions for the removal of barriers in a manner which optimizes the effect of each of these activities;

(b) To establish an intergovernmental technical advisory panel, an innovative mechanism in the context of UNFCCC, to assist developing country Parties to obtain environmentally-sound technologies and know-how related to climate change on non-commercial and preferential terms, thus contributing to the ultimate objective of the Convention;

(c) To establish a separate funding mechanism specifically for technology transfer within the Convention;

(d) To establish a revolving EST investment fund to finance EST transfer projects and programmes, with payback to the fund from the proceeds of the projects through profit sharing;

(e) To establish a framework to enhance implementation of Article 4.5 which incorporates a wide range of existing bilateral and multilateral programmes, activities, institutions and financing, including those of the Global Environment Facility (GEF), to improve the availability of information on existing instruments, based on information provided by the national communication of the Parties;

(f) To maintain the Global Environment Facility as the operating entity of the financial mechanism, and to continue GEF activities to promote and finance technology transfer in response to Article 4.5 of the Convention;

(g) To consider the potential role of the clean development mechanism and joint implementation under the Kyoto Protocol as supplemental activities to promote, facilitate and finance the transfer of ESTs for the promotion of sustainable development and the protection of the global climate;

(h) To establish an environmentally-sound technology bank or centre that could serve as a vehicle to share and exchange publicly funded technologies and know-how which could be offered on a voluntary basis;

(i) To encourage the Parties to explore the opportunity to use official development assistance as one possible catalyst to encourage the flow of climate change technology transfer to developing country Parties in support of each country's sustainable development priorities;

(j) To request the Parties to encourage the multilateral development banks, through their respective boards and councils, to enhance their programming and lending for activities that support the objective of the Convention;

(k) To encourage Parties to implement practical cooperation programmes and projects to facilitate the transfer of technologies to reduce greenhouse gas emissions and facilitate the adaptation to climate change and its adverse effects, while supporting sustainable development

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 ⁹

MATTERS RELATING TO ARTICLE 3.14 OF THE KYOTO PROTOCOL ¹⁰

[Draft decision(s)]

[Draft decision -/CP.6]

**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)
Matters relating to Article 3.14 of the Kyoto Protocol**

Preambular paragraphs relating to Article 4.8 and 4.9 of the Convention:

The Conference of the Parties,

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

Reaffirming its commitment to achieving the ultimate objective of the Convention, as defined in Article 2 of the Convention,

[Recalling its decision 11/CP.1, paragraph 1 (d) on policies, programme priorities and eligibility criteria regarding adaptation, particularly the matter of funding stages I, II and III [of implementation],]

Recalling also its decision 1/CP.4, paragraph 1 (c), on the implementation of Article 4.8 and 4.9 of the Convention (covering also Articles 2.3 and 3.14 of the Kyoto Protocol),

Recalling further its decisions 3/CP.3, 5/CP.4 and 12/CP.5,

Recognizing the specific needs and concerns of developing country Parties referred to in Article 4.8 of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4.9,

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,

Reaffirming that 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,

⁹ ₁ This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first

part of the thirteenth sessions, under agenda item 3.

² This item was considered jointly with the Subsidiary Body for Scientific and Technological Advice at the first

part of the thirteenth sessions, under agenda item 4.

Reaffirming that 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,

Affirming that responses to climate change should be co-ordinated 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 eradication of poverty,

Acknowledging the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

[*Acknowledging* the need to sensitize policy makers and the general public in non-Annex I countries to climate change and its effects, in accordance with Article 6 (a) of the Convention,]

Having considered the report,¹¹ in two parts, on the two workshops referred to in decision 12/CP.5,

Noting the [many persistent] uncertainties highlighted by those workshops, particularly in regard to the impact of response measures,

Acknowledging that the [adverse] impacts of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment flows, natural resource endowment, social system, legal regime, and population growth rate,

Preambular paragraphs relating to Article 3.14 of the Kyoto Protocol:

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

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling [its decision 8/CP.4] [decision 8/CP.4 of the Conference of the Parties], particularly as it refers to decision 5/CP.4 [of the Conference of the Parties],

[*Recognizing* that decision -/CP.6 of the Conference of the Parties establishes an appropriate process for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

Recognizing that developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

[*Noting* in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on all aspects, including the methodological aspects related to impacts of response measures on developing countries, particularly the least developed countries,]

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,

[*Recognizing* the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

¹¹ FCCC/SB/2000/2.

[Reaffirming the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the [need for] [role that can be played, by] the 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 application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

I

ADVERSE EFFECTS OF CLIMATE CHANGE

Section A

1. *Asserts the importance of a country-driven approach that allows developing countries to pursue the specific activities most appropriate to their unique national circumstances;*
2. *Insists that action related to adaptation follow [a thorough] [an] assessment and evaluation process, based on national communications and other relevant information, [or in the case of the least developed countries, other appropriate information,] so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development [, taking into account the specific concerns of the least developed countries];*
3. *Encourages Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, [and any other [relevant sources of information] [relevant reports], [or in the case of the least developed countries, other appropriate information,]] on their specific needs and concerns arising from the adverse effects of climate change;*
4. *Stresses the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, [including] in their national communications, on support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;*
5. *Encourages Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;*
6. *Underlines the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools to evaluate impacts and adaptation strategies;*

Section B

7. *[Encourages Annex II Parties, bilaterally and/or in cooperation with international and/or multilateral organizations such as the Global Environment Facility, as appropriate, to continue to cooperate and to provide further financial and technological support for specific activities listed below, in accordance with the national circumstances and sustainable development priorities of non-Annex I Parties, where these have been identified as mutual priorities for sustainable development assistance through established dialogues:]*

[Decides that Annex II Parties shall provide developing country Parties with new, additional, and sufficient financial resources and technical support on a timely, ongoing basis for the activities listed below; these resources may be provided through new and existing financial and funding mechanisms, including the Global Environment Facility:]

- (a) Information [needs] and [enhancing] methodologies:

- (i) Improving data collection and information gathering, as well as the analysis, interpretation and dissemination to end-users;
- (ii) Integrating climate change considerations into sustainable development planning;
- (iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;
- (iv) Strengthening existing [and, where needed, establishing] national and regional systematic observation and monitoring networks (sea level, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);
- (v) Strengthening existing [and, where needed, establishing] national and regional centres and institutions for the provision of research, training, education [and scientific and technical support in specialized fields relevant to climate change], utilizing information technology as much as possible;
- (vi) Strengthening existing [and, where needed, establishing] national and regional research programmes on climate variability and climate change, oriented towards improving the knowledge of the climate system on the regional scale, and creating national and regional scientific capability;
- (vii) Improving monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems [, and improving disease control and prevention];
- (viii) [[Increasing financial and technical support for] [Supporting] education, training and public awareness of climate change related issues, for example through workshops, and information dissemination;]
- (b) Vulnerability and adaptation:
 - (i) Supporting enabling activities for vulnerability and adaptation assessment
 - (ii) [Enhancing technical training for integrated climate change impact, vulnerability and adaptation assessments, across all sectors, and environmental management in relation to climate change;]
 - (iii) Enhancing [institutional] capacity to integrate adaptation into sustainable development programmes;
 - (iv) Promoting the transfer of adaptation technologies;
 - (v) [Establishing [projects or] demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, [and can/may be integrated into national policy and sustainable development planning,] on the basis of information provided in the national communications from non-Annex I Parties, and other relevant sources, and of the staged approach endorsed by the Conference of the Parties (COP) in its decision 11/CP.1;]
 - (vi) [Implementing adaptation activities immediately where sufficient information is available to warrant such activities, particularly in the areas of water resources management, land management, agriculture, health, infrastructure development, ecosystems and integrated coastal zone management, and energy supply;]

- (vii) [Supporting] [Providing additional financial and technical support for] [institutional] capacity-building for disaster [prevention,] preparedness and disaster management, including contingency planning for droughts and floods in areas prone to extreme weather events;
 - (viii) Strengthening existing [and, where needed, establishing] early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;
 - (ix) [Strengthening existing [and, where needed, establishing] national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;]
 - (x) [Establishing a disaster fund for climate-induced disaster relief for vulnerable developing countries under Article 4.8 and 4.9 of the Convention;]

[Further improving readiness for climate-induced disaster relief for vulnerable countries as well as non-climate related disaster relief]
 - (c) Further multilateral work
 - (i) [Developing joint work with other conventions, such as the Convention to Combat Desertification, on areas of common interest, and addressing linkages to related decisions of the COP;]

[Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on the possible synergies and joint action with the other multilateral environmental conventions and agreements such as the Convention to Combat Desertification, and reporting the results of this workshop to COP 7;]
 - (ii) Conducting a workshop, organized by the secretariat, before [SB 14] [COP 7], on insurance and risk assessment in the context of climate change and extreme weather events, and reporting the results of this workshop to COP 7;
8. *[Invites the relevant international organizations to cooperate in promoting methodologies to distinguish climate change impacts from other impacts;]*
9. *[Requests the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the Subsidiary Body for Implementation (SBI) to consider further, at their subsequent sessions, how to prioritize adaptation measures on a country by country basis;]*
10. *Requests the SBSTA and the SBI to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the COP at its [seventh] [eighth] session;*

Section C

11. *[Decides that Annex II Parties shall] [Urges [Annex II] Parties to] take actions to assist the least developed countries, which are the most vulnerable and have the lowest adaptive capacity, to reduce the impacts of adverse effects of climate change on their people. The following basic and fundamental activities must [commence at COP 6] [be addressed within a time-frame to be decided, and be consistent with national strategies for sustainable development]:*
- (a) Strengthening existing [and, where needed, establishing] national climate change [secretariats] [focal points] to enable effective implementation of the Convention including preparation of national communications and their regular update;
 - (b) Providing financial and technical support for vulnerability and integrated adaptation assessment, and developing an integrated adaptation programme;

- (c) Capacity-building;
- (d) Developing and implementing a public awareness programme to ensure dissemination of information on climate change issues;
- (e) Providing support for the organization of a workshop before [xx] for the least developed countries in order to enable these Parties to continue to discuss their specific needs under the Convention;]

II

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES

12. *[Stresses that Parties should take action consistent with the ultimate objective of the Convention;]*
13. *[Decides that, in order to minimize the impacts of response measures, Annex II Parties shall provide developing countries with new, additional and sufficient financial resources and technical support on a timely, [on-going] [continuing] basis for the activities listed below; these resources shall be provided through new and existing financial and funding mechanisms;]*

Section A

14. *Encourages non-Annex I Parties to provide information in their national communications and/or other relevant reports, on their specific needs and concerns arising from the implementation of response measures;*
15. *[Encourages] [Decides that] Annex II Parties [and other Parties who are in a position to do so] [to] [shall] provide detailed information, in their national communications and any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;*
16. *[Reiterates, as stated in decision 12/CP.5, sixth preambular paragraph, that the identification of initial actions needs "to be based on sufficient information and analysis within a clearly-defined process";]*
17. *[Decides that the above information should be provided and analysis conducted within the following clearly-defined process:*
- (a) First, methodologies for assessing, and case studies describing, the impact of response measures since the Convention entered into force must be developed in the following manner:
 - (i) Consistent with Article 4.8 of the Convention, these methodologies should provide for the separation of the impact of other unrelated policies and measures from that of policies and measures [undertaken] [applied] specifically to address climate change;
 - (ii) Where policies and measures are [undertaken] [applied] for multiple reasons, those methodologies should recommend means to determine what proportion of the policies and measures were [undertaken] [applied] for climate change mitigation purposes;
 - (iii) These methodologies should also disaggregate the effect of climate change policies and measures from that of other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;
 - (iv) The counterfactual scenario underlying any assessment of the impact of response measures should include any actions which developing countries could have taken to minimize the impact of response measures, focusing particularly on the time period since the Convention entered into force. The counterfactual scenario should include, *inter alia*, any trade or investment liberalization,

structural adjustment or balance of payments stabilization plans agreed to with international financial institutions;

- (v) These methodologies should also provide the means to assess the uncertainty surrounding the impacts of specific climate change response measures on specific countries;
- (b) Using these methodologies, developing countries which believe that they have been harmed by the impacts of response measures should demonstrate via a formal reporting process, as a prerequisite to any further discussion of the impact of response measures, the actions that they have taken under Article 4.8 to reduce their vulnerability to response measures. These communications should include:
 - (i) The circumstances and the legal, economic and social structures that determine the country's vulnerability to response measures;
 - (ii) The specific climate policies and measures that have impacted on them, the extent of the impact, and the uncertainty surrounding the quantification of that impact. This information should be disaggregated from the effect of other policies and measures and other factors, such as technology development, macroeconomic variability, cultural or consumer changes, structural economic shifts, and exogenous changes in other markets, such as those for fuels;
 - (iii) An assessment of all other actions, including the promotion of self-diversification of economies and creation of an enabling environment for investment, that they have taken to minimize the impacts of response measures on themselves;
 - (iv) A description of gross and net revenue flows, showing net profits, and an indication of how these revenues were spent or saved to promote diversification of economies or otherwise minimize the impact of response measures;
- (c) When the methodologies for *post facto* assessment of the impact of response measures have been fully refined, the development of methodologies for assessing possible effects of alternative future response measures can begin. These methodologies should provide the means for assessing, *inter alia*:
 - (i) Impacts under a variety of assumptions regarding technology development and transfer;
 - (ii) Impacts under a variety of investment, trade and legal regimes;
 - (iii) Impacts under a variety of policy scenarios. These scenarios should incorporate different mixes of policies and measures that developing countries might take to minimize the impact of response measures on them. These scenarios should also incorporate different mixes of climate policies and measures that Annex I Parties might take;
 - (iv) The effect of policies and measures [undertaken] [applied] for climate change mitigation purposes disaggregated from those [undertaken] [applied] for other reasons;]

18. *[Invites* the Intergovernmental Panel on Climate Change to prepare a special report on all aspects related to the assessment of the impact of response measures on developing countries, particularly the least developed countries. In this report the Intergovernmental Panel on Climate Change should address the following methodological issues that are relevant to the assessment of the impacts on developing countries of response measures taken by Annex 1 Parties:

- (a) Ways and means to separate the impact of policies and measures specifically [undertaken] [applied] to address climate change from the impact of other policies and measures;
- (b) Ways and means to determine how the impact on developing countries of policies and measures specifically [undertaken] [applied] to address climate change can be separated from the effects of other factors such

as technological advances, macroeconomic variability and domestic economic priorities, as well as exogenous changes in markets;

(c) Ways and means to determine how other actions taken by the developing countries themselves could reduce any impacts of response measures, including a historical perspective on how such actions have been taken in the past;

19. *Requests* the SBSTA, at its xx session, to consider the special report. The SBSTA should discuss the report in detail, giving full opportunity for Parties and interested organizations to comment. If Parties so decide, they could recommend the methodologies for adoption by the COP, and make decisions on the information to be provided by developing country Parties to demonstrate the adverse impact of response measures. Parties will also consider the provision of funding to assist developing countries in providing this information;

20. Using these methodologies, developing country Parties which believe that they have been harmed by the impact of response measures should, as an ongoing process, gather relevant domestic information and analyse such data with a view to demonstrating how they may have been harmed by the impacts of response measures. This information may be contained in their national communications or other reports, and should be reported to the COP, for consideration under the agenda item on the implementation of Article 4.8. The information should be presented in the manner decided by the COP in its decision on methodologies and information to be provided by developing country Parties. Appropriate consideration will be given to the least developed countries in determining ways and means for these Parties to contribute to these deliberations.

21. *Requests* the secretariat to provide the COP with a synthesis of the information received from the developing country Parties. On the basis of this synthesis and any further information received from Parties, the COP will give appropriate consideration to further action.]

22. [*Urges* non-Annex I Parties to take immediate action to create favourable conditions for investment in sectors where such investment can contribute to economic diversification, and to report on such action in their national communications;]

23. [*Requests* the SBSTA and the SBI to review, at their subsequent sessions, the progress of the above-mentioned activities [and to make recommendations thereon] [with a view to making recommendations] to [COP 7] [COP 8] [COP/MOP x];]

Section B

24. [*Decides* to establish a fund to provide financial resources and insurance to developing countries impacted by the implementation of response measures;]

25. [*Decides* that Annex II Parties shall meet the capacity-building needs of developing countries, in particular those most vulnerable to the adverse impacts of response measures, for the implementation of programmes which address these impacts;]

26. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities, and indigenous resources;

27. [*Encourages* Parties to cooperate in the technological development of non-energy and less greenhouse-gas-emitting uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;]

28. *Encourages* Parties to [cooperate] [promote cooperation] in the development [, diffusion and transfer] of advanced technologies that [minimize emissions from fossil fuels] [and/or] [store carbon dioxide;] [remove carbon dioxide emissions, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;]

29. *[Calls upon Annex II Parties to provide financial and technological support for strengthening the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels;]*

30. *[Encourages Annex II Parties to support the development and use, in developing country Parties, of indigenous, less greenhouse-gas emitting energy sources, that are environmentally safe and sound, according to the national circumstances of each of these Parties;]*

[Calls upon Annex II Parties to strengthen the capacity of developing countries identified in Article 4.8 and 4.9 of the Convention for improving efficiency in the production, distribution and use of fossil fuels, inter alia, natural gas, through the provision of financial and technological support;]

31. *[Decides that Annex II Parties shall provide support for] [Urges Annex II Parties to promote cooperation and] research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;*

32. *Invites [Annex II Parties to support the promotion of] [the subsidiary bodies to consider further the role of] economic diversification in developing countries;*

33. *Requests the SBSTA and the SBI to consider, at their subsequent sessions, the response by [Annex II] Parties to the actions listed in paragraphs [xx] above;*

III FURTHER MULTILATERAL WORK RELATED TO ISSUES UNDER ARTICLE 4.8 AND 4.9 OF THE CONVENTION

34. *[Requests [Annex II Parties to provide funding for] [the secretariat to organize] regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation and technology transfer;]*

35. *Requests the secretariat to organize a workshop [when?] on the status of modelling activities to assess the adverse effects of climate change[, and the impact of response measures already implemented,] on individual developing countries, including on how to enhance the participation of developing country experts in such efforts;*

36. *[Requests the secretariat to organize a workshop [when?] on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs;]*

37. *Requests the secretariat to organize a workshop [when?] on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures;*

38. *[Requests the secretariat to organize a workshop [when?] on the special issues of concern to landlocked developing countries;]*

xx. *Recommends* that the Conference of the Parties serving as the meeting of the Parties at its first session adopt the following decision..

**[Draft decision -/[CMP].1]
[Matters relating to Article 3.14 of the Kyoto Protocol]**

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,

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

Having considered matters relating to Article 3.14 of the Kyoto Protocol,

Recalling [its decision 8/CP.4] [decision 8/CP.4 of the Conference of the Parties], particularly as it refers to decision 5/CP.4 [of the Conference of the Parties],

[Recognizing that decision -/CP.6 of the Conference of the Parties establishes an appropriate process for information gathering and exchange on issues relating to the adverse effects of climate change and/or the impact of response measures,]

Recognizing that developing country Parties that would have to bear a disproportionate or abnormal burden under the Convention should be given full consideration,

[Noting in particular the [request] [invitation] contained in decision -/CP.6 of the Conference of the Parties to the Intergovernmental Panel on Climate Change (IPCC) to prepare a special report on all aspects, including the methodological aspects related to impacts of response measures on developing countries, particularly the least developed countries,]

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,

[Recognizing the [key] role that cost-effective and transparent flexibility mechanisms of the Kyoto Protocol could have in minimizing the impacts of response measures on non-Annex I Parties,]

[Reaffirming the environmental benefits of protecting and enhancing sinks and reservoirs of greenhouse gases, in accordance with Article 2.1(a)(ii) of the Kyoto Protocol, taking into account commitments under other relevant international environmental agreements,]

Reaffirming the importance of domestic policies and measures to reduce anthropogenic emissions of greenhouse gases in each Party included in Annex I, in minimizing the adverse effects of climate change,

Acknowledging the [need for] [role that can be played, by] the 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 application of market instruments, in accordance with Article 2.1(a)(v) of the Kyoto Protocol,

1. *[Decides* to establish a process that includes a programme of action to address matters related to Article 3.14 of the Kyoto Protocol, including information exchange and the development of methodologies related to the minimization of adverse social, environmental and economic impacts on developing country Parties, particularly those identified in Article 4.8 and 4.9 of the Convention, in all aspects, including methodologies related to the establishment of funding, insurance and transfer of technology;]

Section A

2. *[Invites* non-Annex I Parties to] *[Decides* that non-Annex I Parties shall] provide information in their national communications and [any] other reports, on their specific needs and concerns related to the minimization of

adverse social, environmental and economic impacts on developing country Parties under Article 3.14 of the Kyoto Protocol;

3. [[Invites non-Annex I Parties to] [Decides that non-Annex I Parties shall] provide information on actions they have taken, and plan to take, to address their concerns;]
4. [[Invites Annex I Parties to] [Decides that Annex I Parties shall] provide information [, by [date], to the Conference of the Parties serving as the meeting of the Parties (COP/MOP) through the secretariat,] on their [intended] policies and measures, their impacts, and suggested ways to minimize these impacts;]
5. [[Invites Annex I Parties to] [Decides that Annex I Parties shall] provide information [, by [date], to the Conference of the Parties serving as the meeting of the Parties (COP/MOP) through the secretariat,] on, *inter alia*, progress on their reduction and phasing out of existing market imperfections, fiscal incentives, tax and duty incentives and subsidies in their energy sector, and on their plans to reduce or phase out such distortions;]
6. [Affirms that the consideration of actions under Article 3.14 to address the impact of response measures must be conditioned upon the actions taken by both developed and developing countries pursuant to Article 4.8 and 4.9 of the Convention;]
7. [Decides to develop guidelines to help determine if Annex I Parties are striving 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 4.8 and 4.9 of the Convention;]
8. [Invites the Intergovernmental Panel on Climate Change to prepare a technical paper on carbon capture and storage technologies, covering current and future options and possibilities, for consideration [by the subsidiary bodies at their [xx] sessions] [at its xth session]

Section B

9. [[Decides that Annex I Parties shall] [Invites Annex I Parties to] [start to implement] [consider] the actions listed in subparagraphs (a) to (g) below, and shall report back in their national communications on their minimization efforts, by [date]:
 - (a) [Restructuring their tax systems to reflect the greenhouse gas content in all greenhouse gas emitting sectors, and removing subsidies;] [Removing subsidies on all greenhouse-gas emitting industries;] [Undertaking energy-price reform to reflect market prices and externalities, including greenhouse gas content;]
 - (b) [Discouraging the production of fossil fuels in Annex I Parties, and concentrating on domestic actions that will not negatively impact their fossil fuel imports from developing countries;]
 - (c) [Discouraging the use of environmentally unsafe and unsound technologies, in particular nuclear energy, by reflecting their huge externalities, and ensuring that existing nuclear energy plants are constantly monitored to guarantee optimal safety;]
 - (d) [Removing the existing barriers (political and regulatory) to the use and import of oil, particularly in relation to the electricity sector;]
 - (e) [Encouraging a wider use of carbon dioxide reduction, and carbon capture and storage technologies;]

10. [[*Decides* that Annex II Parties shall] [*Invites* Annex II Parties to] [start to implement] [consider] the actions listed in subparagraphs (a) to (g) below, and shall report back in their national communications on their minimization efforts, by *[date]*:

(a) [Assisting developing countries which are highly dependent on the export and consumption of fossil fuels in diversifying their economies;]

(b) [Providing prompt, adequate and just compensation to those developing countries adversely impacted by the implementation of response measures by Annex I Parties;]]

11. *Encourages* Annex I Parties to adopt policies and measures that will result in reductions in emissions of greenhouse gases, as an effective contribution to minimizing the adverse effects of climate change, and to provide information on these policies and measures in their national communications;

12. [*Decides*, on the basis of the output of the workshops referred to in this decision, and in accordance with Article 3.14 of the Kyoto Protocol, the relevant provisions of the Convention, and the general principles of international law, to consider issues related to compensation, funding, insurance and technology transfer, for proven adverse impacts of response measures on developing country Parties;]

13. [*Invites* oil producing and exporting Parties not included in Annex I to the Convention to consider setting up investment funds to promote economic diversification, and to undertake joint action aimed at minimizing any potential impacts of response measures on their economies, and to report progress made to the subsidiary bodies at their subsequent sessions;]

Section C

14. [*Requests* the secretariat to organize a workshop *[when?]* on methodological issues related to the [possible] [net] adverse impacts of response measures on developing country Parties under Article 3.14 of the Kyoto Protocol;]

15. [*Requests* the secretariat to organize a workshop *[when?]* on the choice of policies and measures that Annex I Parties intend to adopt to meet their commitments under the Kyoto Protocol, on how these may adversely impact developing countries under Article 3.14, and on ways to minimize these impacts;]

16. [*Requests* the SBSTA and the SBI, at their [xx] sessions, to [consider] [forward] the output of the workshops referred to in this decision, and to make recommendations thereon to [the COP/MOP] at its [xx] session.]]

Sections 2.5 and 2.6 of the Chair's Report of the Vevey Meeting (June 19-21, 2000) on POPs Convention

2.5 Attributes of a Financial Mechanism:

To simplify the following report, the term “mechanism” is used to refer to a model that can include either a single mechanism or multiple mechanisms.

Based on a detailed discussion of both necessary and desirable features of a financial mechanism under the POPs Convention, the group identified the following attributes for such a mechanism. It was noted that some of the attributes as described do not translate easily into legal language. Although there were a few attributes that did not enjoy consensus, many of the attributes could be viewed as “common ground”.

(a) Financial resources:

- there should be clear legal obligations for funding;
- new and additional financial resources should be made available;
- funds should be:
 - specifically targeted for POPs activities;
 - adequate to meet identified needs;
 - available in a predictable manner; and
 - of such a nature as to attract additional funds.

(b) Time frame for operation of the mechanism:

- should be specified; and
- of sufficient length to enable long term planning.

(c) Interactions with other programs, agencies and mechanisms:

- synergy, by achieving benefits that may be derived from a diversified approach to addressing POPs issues by including POPs considerations in more general health and environmental issues, and/or drawing on a range of international programs and financial mechanisms and, thereby, increasing the likelihood of implementing suitable programs or securing the resources needed to implement the POPs Convention;
- leveraging funds from a range of sources; and
- coordination with other organizations that are engaged in POPs issues.

(d) Mode of operation:

- the governance of the mechanism should be specified;
- it should be demand driven; and
- there should be monitoring of the “system” and periodic reviews of the mechanism.

(e) Accountability:

- to the COP on policy matters; and
- must be specified for other matters (e.g., financial).

- (f) Efficiency:
 - with respect to utilization of finances;
 - timely decision-making and administration; and
 - simple procedures, with low overhead.
- (g) Effectiveness.
- (h) Clarity:
 - clear eligibility criteria;
 - training for Parties in use of the “system”;
 - unequivocal terms and practices; and
 - unconditional awards (“no strings attached,” e.g., award should not be linked to other issues).
- (i) Transparency.
- (j) “Safety Net” provision needed, to ensure that all eligible proposals are considered.
- (k) Accessibility, *i.e.* Parties should have ready access to the mechanism.
- (l) Flexibility: the mechanism should be able to accommodate a range of needs at start-up, and adapt to changes in needs with the passage of time.
- (m) Stability, achieved through a combination of other attributes, including predictable and adequate financing, transparent decision making, and sound governance practices.

2.6 Options for a Financial Mechanism in Article K:

The draft convention text in the INC 4 report includes four proposals relating to paragraph 4 of Article K. However, the group recognized that submission A of proposal 1 was for a capacity assistance network (CAN) function (which was very similar to that in Article J *bis*). It was acknowledged that this was not a proposal for a financial mechanism, but for a provision which could complement the mechanism. The group’s views on this CAN function were reported separately and this portion of the report will address only the discussion of the three remaining submissions

Submission B of proposal 1 for paragraph 4 was put forward by the European Union at INC4, and this option would establish the Global Environment Facility (GEF) as the financial mechanism to support implementation of the Convention. Some felt that the GEF could meet many of the attributes identified by the group, and that it was particularly strong in leveraging funds, coordination and creating synergy. It was also observed that the GEF Council had expressed its willingness for the GEF to fulfil the role of the financial mechanism to the Convention and that the GEF Secretariat was currently in the process of drawing up a costed operational programme for POPs. Modifications to the GEF may be needed in the areas of timeliness, simple procedures and flexibility. In addition, a “safety net” may need to be developed to fund small implementation projects or other meritorious projects that might otherwise not succeed in receiving funding.

Questions were raised about: the responsiveness of the GEF to the Conferences of Parties (COPs) for various multilateral environmental agreements; its effectiveness in attracting bilateral assistance; the percentage of resources devoted to administrative overhead costs; the requirement of having to go through one of the implementing agencies to request funds for projects; and the transparency of the GEF project approval process. The GEF requirements of limiting financing to incremental costs, of requiring co-financing, and linking projects to at least one of the four GEF windows were seen by some as potential restrictions on its ability to fund POPs projects efficiently and effectively.

Submission C of proposal 1 for paragraph 4 was put forward by the United States of America at INC4. This option would establish a financial mechanism consisting of a coordinated framework for financial assistance comprising one or more existing international entities, including the GEF, with guidance on priorities provided by the COP. It is proposed that this framework could meet many of the attributes along with a “safety net” provided by the CAN function, at the individual project identification level and by the COP by focusing on categories of assistance that are not being funded.

Questions were raised concerning its ability to ensure sustained support, how it would operate in practice, how new and additional funding would be provided through it, and how to ensure that performance specifications (timely, efficient, etc.) would be met.

Proposal 2 for paragraph 4 was put forward by the G-77 and China at INC4. This option would establish a financial mechanism comprising an independent multilateral fund consisting of regular and obligatory contributions by developed countries. It was proposed that this approach would not limit funding from other donors, as it would provide a primary source of financial assistance designed specifically for the Convention. It was also proposed that a multilateral fund would be the most effective way to channel resources for this purpose and that a subsidiary body under the COP may be necessary to set priorities and provide management to the fund.

Questions were raised concerning costs and political difficulties in establishing new institutions and impacts on funding levels of other environmental issue areas. Also, the view that an independent multilateral fund would not limit funding from other sources was challenged by a number of participants.

During the discussions of the three proposals, two other concepts arose that were not included in the draft convention text from INC4. One concept was the idea of establishing a multilateral fund similar to the one proposed by G-77 and China but funded on a voluntary basis. The other concept was to utilize the GEF, but to complement it with a voluntary trust fund to provide a safety net for meritorious projects that would not be easily funded by the GEF, and thus fill gaps. Either of these options could be utilized in conjunction with the CAN. These options were not discussed to the same degree as the other three but they were considered to be useful concepts to be considered with the others in the future.

*7th Meeting of the Conference of the Contracting Parties to the Convention on Wetlands
(Ramsar, Iran, 1971), 10-18 May 1999*

**Resolution VII.4 on cooperation with other conventions
Partnerships and cooperation with other Conventions, including harmonized information management
infrastructures**

1. RECALLING Operational Objective 7.2 of the Strategic Plan 1997-2002 which identifies a range of actions to strengthen and formalize linkages with other international and/or regional environment Conventions;
2. RECALLING IN PARTICULAR Action 7.2.1 of the Strategic Plan 1997-2002 which instructs the Standing Committee and the Ramsar Bureau to "participate in, or initiate, consultations with related conventions to foster information exchange and cooperation, and develop an agenda for potential joint actions";
3. NOTING the benefits to be gained from synergy and integrated implementation, where appropriate, of environment-related conventions, at all levels: global, regional, national and local;
4. NOTING WITH PLEASURE Decision IV/15 of the 4th Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD) on cooperation with other biodiversity-related conventions which "endorses the Joint Work Plan with the Convention on Wetlands . . . as a framework for enhanced cooperation between these conventions and encourages its implementation";
5. NOTING ALSO Decision IV/4 of CBD's COP4 relating to the conservation of the biological diversity of inland water ecosystems, which urged Contracting Parties, when requesting support from the **Global Environment Facility**, to give priority to a) identifying inland water ecosystems taking into account the Ramsar criteria for Wetlands of International Importance, b) preparing and implementing integrated watershed, catchment and river basin management plans for these, and c) investigating the processes contributing to the loss of biological diversity of inland water ecosystems;
6. WELCOMING Decisions IV/5 and IV/10 of CBD COP4 relating to marine and coastal biodiversity and impact assessment, respectively, and the joint actions and collaboration in these fields which they propose;
7. ALSO WELCOMING the actions proposed by the Ramsar Bureau to develop appropriate joint actions with the Convention on Migratory Species and to open dialogue with the secretariat of the United Nations Framework Convention on Climate Change to progress future cooperation;
8. ACKNOWLEDGING WITH APPROVAL the Memorandum of Cooperation between the Ramsar Convention Bureau and the Secretariat of the Convention to Combat Desertification signed on 5 December 1998, and also the Memorandum of Understanding between the Ramsar Bureau and UNESCO's World Heritage Centre as signed at this COP; and
9. CONVINCED of the advantages to be gained from harmonising the information gathering and handling activities of the international and regional environment-related conventions, and having considered the recommendations in this regard contained in the report prepared by the World Conservation Monitoring Centre (WCMC) entitled "Feasibility study for a harmonised information management infrastructure for the biodiversity-related treaties";

THE CONFERENCE OF THE CONTRACTING PARTIES

10. ENDORSES the Joint Work Plan with the Convention on Biological Diversity (CBD) as appended in Annex I, and instructs the Ramsar Bureau, as resources allow, to give priority to its implementation in the forthcoming triennium;
11. ENDORSES IN PARTICULAR the proposed collaboration and cooperation between the Ramsar Convention and the CBD in the areas of inland water ecosystems, marine and coastal biodiversity, impact assessment and incentive measures;
12. URGES eligible Contracting Parties of both the Ramsar Convention and the CBD to develop projects suitable for consideration by the **Global Environment Facility**, in accordance with paragraphs 6 and 7 of Decision IV/4 of CBD's COP4, relating to inland water ecosystems and communicate details of progress on these to the Ramsar Bureau;
13. REQUESTS the Ramsar Bureau to give priority in its programme of work for the next triennium, as resources allow, to the development of joint actions with the Convention on Migratory Species (CMS), the implementation of the Memoranda of Cooperation signed with the Secretariat of the Convention to Combat Desertification (CCD) and the World Heritage Centre (WHC), as appended in Annexes II and III respectively, and the development of a Memorandum of Cooperation with the United Nations Framework Convention on Climate Change (UNFCCC);
14. CALLS UPON the Contracting Parties to the above Conventions to take into consideration the Joint Work Plan with CBD, and the Memoranda of Understanding and Cooperation in place with the CMS, CCD and WHC, respectively, to strengthen their internal, regional, and international mechanisms and policy instruments so as to enhance the coordinated implementation of these treaties, where appropriate, so that wetland conservation and wise use can be considered within the broader frameworks of environmental management and sustainable development;
15. DIRECTS the Ramsar Scientific and Technical Review Panel (STRP), in accordance with Resolution VII.2 and the availability of funds and human resources, to exchange information, cooperate and coordinate activities, where appropriate, with the equivalent expert bodies of the CBD, CMS, CCD and relevant regional fora, and to report, through the Standing Committee, to the 8th Conference of the Contracting Parties on the results of such actions;
16. REQUESTS the Ramsar Bureau to continue its participation in the implementation of the recommendations contained in the WCMC report on harmonising information management among the environment-related Conventions, and in particular to assist, where resources permit, the proposed pilot testing of a streamlined approach to National Report preparations as suggested in Section 5.2 of the report;
17. FURTHER REQUESTS the Ramsar Bureau to encourage the involvement of the secretariats of CCD, UNFCCC, and the Bern Convention on the Conservation of European Wildlife and Natural Habitats in the implementation of the recommendations contained in the WCMC report on harmonising information management, taking into account the initiatives within the CBD Clearing-House Mechanism; and
18. ALSO REQUESTS the Ramsar Bureau to explore developing partnerships, including joint work plans if appropriate, with the Apia Convention on the Conservation of Nature in the South Pacific and the subsequent Noumea Convention for the Protection of the Natural Resources and Environment of the South Pacific, and the Cartagena Convention on the Protection and Development of the Marine Environment of the Wider Caribbean, to extend participation in the Ramsar Convention by small island developing states.