

19 August 1993
ENGLISH ONLY

INTERGOVERNMENTAL NEGOTIATING COMMITTEE
FOR A FRAMEWORK CONVENTION ON CLIMATE CHANGE
Eighth session
Geneva, 16-27 August 1993
Agenda item 2(b)

MATTERS RELATING TO COMMITMENTS

Criteria for joint implementation

The attached document, submitted under cover of a letter dated 18 August 1993, is being circulated at the request of the **Danish** delegation.

A/AC.237/Misc.30

GE.93-62153

Position note
on
JOINT IMPLEMENTATION

Introduction.

Article 4.1 in the Framework Convention of Climate Change contains commitments to be met by all Parties. These commitments includes national inventories of emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol and the inclusion of climate change considerations in other policies. This Article must therefore be interpreted in such a way that all countries should meet these commitments whether they chose to implement jointly or not.

According to Article 3 of the Convention the main responsibility for climate change is caused by the emissions from industrialised countries and the industrialised countries must therefore take the lead in combating climate change.

Taking the lead implies that developed countries have an obligation to take initiatives which show that they are willing themselves to make efforts to meet the commitments of the Convention in their own country.

The convention and joint implementation.

The Framework Convention on Climate Change was developed with the objective of achieving stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

In the attempts of developing a proper and workable framework for joint implementation it is therefore important to keep the ultimate goal in sight in order not to forget that it is the protection of the environment which was the prerequisite for the Convention when it was signed during the United Nations Conference on Environment and Development in Rio de Janeiro in June 1992.

However it was also stressed by many delegations during the negotiations of the Convention - and not contested by any - that the economic element of obtaining the objective of the Convention also was an important factor to be taken into account in the implementation of the Convention.

The Convention on Climate Change contains in several places references to joint implementation. This issue was developed during the discussions of the Convention in order to ensure that Parties to the Convention have the possibility of meeting the commitments of the Convention together with the aim of achieving this goal in the most cost-effective manner.

The Convention mentions joint implementation in 2 places respectively in Article 4.2.a and 4.2.d. Furthermore Article 4.2.b mentions the aim of returning individually or jointly to their anthropogenic emissions of carbon dioxide and other greenhouse gases and Article 12.8 gives the possibility of making a joint communication.

Other parts of the Convention have wordings which provides possibilities of interpretation of the intentions behind joint implementation.

Joint implementation is also mentioned directly in Article 4.2.d where the Conference of the Parties is requested at its first session to take decisions regarding criteria for joint implementation.

Parties to the concept of joint implementation.

The clearest indication of the content of joint implementation is given in Article 4.2.a. The paragraph gives the opportunity for developed country parties (Annex I Parties) to implement the policies and measures to mitigate climate change with other Parties to the Convention in achieving the objective of the Convention and in particular that of the same subparagraph.

Interpreting these words it must be understood that the main commitment of the Convention is that of Article 4.2.a and that Parties with this commitment under certain circumstances can implement the commitment together.

Since the paragraph requests developed countries to take the lead to return, by the year 2000, to earlier levels of CO₂ and other greenhouse gases not controlled by the Montreal Protocol and since this is the clearest commitment of the Convention, it must be understood that the joint implementation in relation to Article 4.2.a has to take place among these developed country Parties.

Otherwise the Commitment which is taken by developed countries could have a very limited effect in these countries.

To implement jointly a commitment seems to require that those who are going to implement are committed, Developing countries could become committed by notifying the COP/SBI of their intention to be bound by Article 4.2(a) and 4.2(b).

Financial commitment.

The other important commitment for the developed country parties (Annex II Parties) is mentioned in Article 4.3. and relates to the provision of new and additional financial resources to meet the agreed full incremental costs incurred by developing country Parties in complying with the communication of information related to implementation (Article 12) as well as financial resources including transfer of technology needed by the developing country Parties to meet the agreed full incremental costs of implementing measures that are covered by Article 4.1 and that are agreed upon by a developing country Party and the GEF.

It must be ensured that these resources will be made available to the developing country Parties despite any later agreement on joint implementation.

Furthermore it must be ensured that the existing development aid continues and that contributions according to the Climate Change Convention are given on top of the ODA.

Criteria for Joint Implementation.

If joint implementation is used by industrialised countries as an attempt to "buy" themselves free from the commitments of the convention with respect to the emission of greenhouse gases it could not be expected that developing countries would take their commitments under Article 4.1 seriously. Therefore it is very important that the criteria for using joint implementation will be clear and transparent so that the intention of the developed countries could not be misunderstood.

EC-positions.

During the negotiations on the Framework Convention on Climate Change it was the position of the EC that joint implementation contains attractive elements and that it should be possible for the industrialized countries to use joint implementation to a certain degree and on criteria to be decided upon.

The EC agreed upon three basic conditions for application of joint implementation:

1. Joint implementation should not be used to fulfil the commitment of stabilization but only for the following reductions after the year 2000,
2. Joint implementation should only be used among countries committed in accordance with Article 4.2.a and b,
3. The donor-countries should implement measures to make a certain share of the reduction nationally.

Further criteria to be discussed in the deliberation on joint implementation.

4. If the concept of joint implementation should only include committed Parties (Annex-1-country Parties) the effect of the concept could be rather limited. Therefore it could be considered to include developing country Parties on the condition that should fulfil certain criteria to be laid down.
5. It should be secured that the industrialized countries do not use their present development assistance (ODA) to buy emission credit.
6. The level of ambition in the climate convention should be retained by setting up criteria on how many financial resources a country can use compared with the resources allocated to the climate convention and development assistance (ODA). One provision **could** be that only countries which are fulfilling the recommendation of Agenda 21 of allocating 0.7% of GNP as ODA should have the possibility of participating as a donor-country in a joint implementation programme/project.
7. In the light of the outstanding problems and uncertainties connected to the use of joint implementation the concept of joint implementation ought to be tested during a pilot period. After an evaluation the final criteria can be laid down. The pilot period should be limited to a certain number of donor/recipient-countries.

The evaluation of the pilot period should inter alia include

- an assessment of how cost-effective joint implementation is in the real world taking into account e.g. the infrastructural needs,
 - an assessment of the socio-economic implications of projects carried out under the joint implementation compared with the costs of emission reductions in the donor-countries, and
 - an assessment of the impact of joint implementation on the pace of development of new technology.
8. The credit of the CO₂-emission for projects under joint implementation should be limited in time and determined with a decreasing crediting over the lifetime of the project.
 9. In order to limit the problems with respect to control and documentation the concept should only include reduction of CO₂ emissions from fossil fuels and the obligation of reporting should be strengthened considerably.

Until the COP has laid down criteria for determination of sinks this should not be included in the concept of joint implementation.

The obligation of reporting, ref. Article 12, should be strengthened for

those countries including developing countries which wishes to participate in joint implementation.

10. It is of great importance that socio-economic criteria for the "base-line-scenario" for the period in question are defined very carefully.