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MATTERS RELATING TO ARRANGEMENTS FOR THE FINANCIAL MECHANISM
IMPLEMENTATION OF ARTICLE 11 (FINANCIAL MECHANISM), PARAS. 1-4

Approach paper by the Group of 77 and China on the format for
communication of information by non-Annex I Parties

Note by the interim secretariat

The Committee at its tenth session took note of the paper presented by the Group of 77 and China on the format for communication of information by non-Annex I Parties and decided to take it up for discussion at the eleventh session (A/AC 237/76, para. 83). The full text of the paper has been reproduced in this document in order to facilitate the work of the Committee.

A/AC.237/Misc.40

GE.94-64838

APPROACH PAPER BY THE GROUP OF 77 AND CHINA ON THE FORMAT FOR COMMUNICATION OF INFORMATION BY NON-ANNEX I PARTIES

I. BACKGROUND

The United Nations Framework Convention on Climate Change entered into force on 21 March 1994. The objective of the Convention is the stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner (Article 2).

II. PROVISIONS OF THE CONVENTION

Article 4 of the Convention deals with "Commitments". According to this Article, all Parties undertake a number of activities taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances. Article 4.1(j) deals with communication of information to the Conference of the Parties related to implementation in accordance with Article 12. Article 12 entitled "Communication of information related to implementation" has laid down elements relevant to communication of information.

Article 12.1 reads as follows:

"In accordance with Article 4, paragraph 1, each Party shall communicate to the Conference of the Parties, through the secretariat, the following elements of information:

- (a) A national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent its capacities permit, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;
- (b) A general description of steps taken or envisaged by the Party to implement the Convention; and
- (c) Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including, if feasible, material relevant for calculations of global emission trends."

Article 12.5 reads:

"Each developed country Party and each other Party included in Annex I shall make its initial communication within six months of the entry into force of the Convention for that Party. Each Party not so listed shall make its initial communication within three years of the entry into force of the Convention for that Party, or of the availability of financial resources in accordance with Article 4, paragraph 3. Parties that are least developed countries may make their initial communication at their discretion. The frequency of subsequent communications by all Parties shall be determined by the Conference of the Parties, taking into account the differentiated timetable set by this paragraph."

Article 12.7 reads as below:

"From its first session, the Conference of the Parties shall arrange for the provision to developing country Parties of technical and financial support, on request, in compiling and communicating information under this Article, as well as in identifying the technical and financial needs associated with proposed projects and response measures under Article 4. Such support may be provided by other Parties, by competent international organisations and by the secretariat, as appropriate."

III. CONSIDERATIONS INVOLVED IN DEVELOPING A FORMAT FOR DEVELOPING COUNTRIES

At the outset it should be stressed that since the requirement of furnishing of information of the measures taken by developing countries is only after three years, at this stage the developing countries need not be involved in a binding agreement on the format for communication of information. Further, there are several factors which make it difficult to come to any concrete conclusion on the format. Some of the issues which will have to be considered in connection with the format are mentioned below:

(a) There is wide diversity in the capacities of the developing countries which inter alia relate to:

- (i) lack of financial resources to undertake the study;
- (ii) lack of technical expertise to undertake the work;
- (iii) lack of institutional arrangements to take up the work
- (iv) need for additional financial resources to implement policy measures aimed at reduction/stabilization of greenhouse gases;

(b) The Convention recognizes the differentiated responsibilities of countries in the mitigation of the global climate change. Thus to be active partners in international action, the developing countries need to be extended all the necessary support to fulfil their obligations under the Convention and to which the developed country Parties have already committed themselves under the Convention. In fact, the Convention clearly makes the implementation of Convention provisions by Annex I Parties a precondition for implementation by non-Annex I Parties;

(c) In accordance with Article 12.5, the initial communication is dependent on the availability of funds under Article 4.3 of the Convention;

(d) In accordance with Article 4.3, developed country Parties and other developed Parties included in Annex II shall provide new and additional financial resources to meet the agreed full costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1. It is noticed that, in this connection, this has been included as a programme priority in the report of the ninth session of the Committee (see A/AC.237/55, para. 80);

(e) Before the format is decided, there are other questions which would have to be decided especially regarding funding of incremental costs for activities under Article 4.1 and 4.3 through the financial mechanism. These would have a bearing on the format as well;

(f) Many of the aspects in the format can be addressed and information collected only if developing countries are assisted in endogenous capacity building so as to enable them to actively participate in greenhouse gases stabilization. This aspect has been noted in the report of the ninth session of the Committee (see A/AC.237/55, para. 80);

(g) Transfer of technology is an area of vital importance and Article 4.3, 4.5 and 4.7 would have to be an important aspect of assistance to developing countries for implementation of the Convention;

(h) Further, Article 4.4 stipulates that the developed country Parties and other developed Parties included in Annex II shall also assist the developing countries that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects;

(i) As for least developed countries, Article 12.5 provides for their initial communication to be made at their discretion. In this connection, due consideration should be given to Article 4.9 of the Convention.

The above considerations clearly indicate that several specific and practical steps have to be undertaken before the developing countries can effectively develop a format and content for communication of information which addresses the problem of reduction/stabilization of greenhouse gases and implementation of the Convention.

IV. FORMAT FOR COMMUNICATION OF INFORMATION

It would be useful to reiterate at this point that the entire exercise of reporting/communication is dependent on the availability of funds under Article 4.3 read in conjunction with Article 12.5 of the Convention.

In view of the above, the information from the developing countries may be provided in two stages as follows:

- (i) initial evaluation of the cost of preparing the information required under Article 12.1;
- (ii) actual preparation of information required under Article 12.1.

In this context, it would be of utility to identify those areas which could form a core set of requirements on which the developing countries could focus their activities in the next two to three years in order to furnish information to the Conference of the Parties.

The above format should incorporate all information required under Article 12.1 of the Convention. These would include the following:

1. Information on a national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, to the extent the capacities of the developing countries permit;
2. A general description of steps taken or envisaged by the Party to implement the Convention.
3. Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including, if feasible, material relevant for calculations of global emission trends. It could include, inter alia, the following:
 - (i) information on adaptation measures envisaged in Article 4.1(b) and 4.1(e);
 - (ii) needs assessment related to Article 4.1(g);
 - (iii) identification of the technical and financial needs associated with proposed projects and response measures under Articles 4 and 12.4.

The rest of the information would depend on various factors and would, therefore, have to be flexible by its very nature. The flexibility for addressing issues in the format for developing countries needs to be underlined for reasons set out below:

- (a) Developing countries have diversity of conditions both within and between them;
- (b) The Convention embodies the principle of differentiated responsibilities and, respectively, capacities;
- (c) The format for communication for developing countries depends on the ability of countries to document the necessary information;
- (d) The first communication by developing countries is dependent on the timely availability of necessary financial inputs and accompanying technology transfer support;
- (e) The methodology may, initially, have to be different.

While discussing communication of information under Article 12, one should also keep in view Article 12.4 which provides for developing country Parties to voluntarily propose projects for financing with details of costs and benefits. This Article is an important component of communication and should, where possible and appropriate, be reflected in the format and be fully funded by the operating entity of the financial mechanism.

Initially, developing countries would undertake further work on developing a format for the first stage as envisaged above.

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