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SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Tenth session

Bonn, 31 May - 11 June 1999

Item 9 of the provisional agenda

SUBSIDIARY BODY FOR IMPLEMENTATION

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Item 5 of the provisional agenda

**IMPLEMENTATION OF ARTICLE 4, PARAGRAPHS 8 AND 9, OF THE  
CONVENTION (DECISION 3/CP.3 AND ARTICLES 2.3 AND 3.14 OF  
THE KYOTO PROTOCOL): PROGRAMME OF WORK**

**Submissions from Parties**

**Note by the secretariat**

1. At its fourth session, the Conference of the Parties (COP), by its decision 5/CP.4, adopted the programme of work on the implementation of Article 4.8 and 4.9 of the Convention and Articles 2.3 and 3.14 of the Kyoto Protocol (FCCC/CP/1998/16/Add.1).
2. At that same session, the Conference of the Parties invited Parties to submit their views on the issues to be discussed in the expert workshop, which is planned to take place in September 1999.
3. Submissions\* have been received from six Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and are reproduced in the language in which they were received and without formal editing.

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\* In order to make these submissions available on electronic systems, including the World Wide Web, these contributions have been electronically scanned and/or retyped. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

**FCCC/SB/1999/MISC.6**

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PAPER 1: GERMANY  
(on behalf of the European Community and its member States)

**SUBMISSION BY GERMANY ON BEHALF OF THE EUROPEAN COMMUNITY  
AND ITS MEMBER STATES ON IMPLEMENTATION OF ARTICLE 4.8 AND 4.9  
OF THE UNFCCC**

1. The European Community and its Member States acknowledge the concerns of Parties to the Convention which are particularly vulnerable to the adverse effects of climate change and/or the impact of the implementation of response measures. For developing countries, the adverse effects of climate change are a major concern both due to their vulnerability as well as availability of resources. Therefore, the EU takes note of the additional guidance to the Financial Mechanism at COP 4. We also stress the potential of the CDM in supporting adaptation projects, as provided for in Art. 12.8 Kyoto Protocol. Further work on eligibility criteria and procedures for allocating the share of proceeds for adaptation projects under the CDM should be an integral part of the development of this mechanism.
2. At the same time, considerable uncertainties as to the effects of climate change and still higher uncertainties as to the impacts of response measures persist. While believing that guidelines for the preparation of national communications of Annex I Parties as well as non Annex I Parties might contribute to improving the information base and to reducing the uncertainties, the EU would suggest to use the recommendations resulting from the process outlined in the work programme in decision 5/CP.4 on the implementation of Art. 4.8 and 4.9 UNFCCC to assess the ongoing revision of the guidelines for national communications. When developing adaptation options, robust decision making proposals able to deal with the persisting risks and the remaining uncertainties should be developed.
3. With regard to the effects of climate change, it seems necessary to enhance global and national capacities with regard to global observing systems for climate. While global issues are covered by decision 14/CP.4 on research and systematic observation, specific national information can only be collected and presented by the countries, regions and sectors concerned. The EU recognises that there may be needs for further strengthening the capacities to meet these requirements, in particular in least developed countries. It is therefore important to be able to study non-Annex I national communications also in order to detect room for further improvements on the quantity and quality of the information provided.
4. As to the factors to look at when determining the adverse effects of climate change, there are no monodimensional models or blueprints but a great variety of factors and scenarios to be taken into account. These are, for example, geographical and meteorological data, data concerning demography, availability of resources (water, land, timber, food, energy, etc.) and their consumption, as well as the economic, social and technological development in general and by sectors (e.g. coastal zones, agriculture & forests, human health, energy, fishery etc.). The reports by the IPCC, the available initial national

communications by non-Annex I Parties and publications such as the Handbook on Methods for Climate Change Impact Assessment and Adaptation Strategies by UNEP (1998) are contributions on which to base further work. On the basis of the compilation of national submissions provided by the Secretariat, the upcoming expert workshop should consider „good practice examples“ for reporting on the effects of climate change. In this context, the EU would like to remind Parties of the importance of Art. 4.9 UNFCCC and believes that it is important to give specific attention to the needs and concerns of least developed countries.

5. With regard to the impact of response measures, the information sources as well as the factors that influence them seem to be quite different from the ones concerning the effects of climate change. While basic information and methodologies for the collection of information could be derived e.g. from national communications by Annex I Parties and from international sources for transport and energy production and consumption (e.g. by the International Energy Agency), additional information should come from those who believe that particular policies and measures will adversely affect them. Negative impacts to look at seem to be, above all, economic, while shifts in relative prices and international competitiveness could also have positive economic (and probably negative environmental) impacts for developing countries, e.g. the reallocation of GHG-intensive production from Annex I to non-Annex I countries. If negative impacts of response measures could be proved, Annex I Parties should seek to avoid or minimise them according to Art. 2.3 and 3.14 of the Kyoto Protocol. In this context, the EU recalls that neither the Convention nor the Kyoto Protocol define an obligation to compensate for the adverse effects of the implementation of response measures, and also recalls here the ultimate objective of the Convention, Art. 2 UNFCCC.
6. Against the background of these considerations, the EU looks forward to discussing the terms of reference of the forthcoming workshop on Article 4.8/4.9 UNFCCC.

PAPER NO. 2: ISLAMIC REPUBLIC OF IRAN

**Submission by the Islamic Republic of Iran  
on the implementation of Article 4.8 & 4.9**

**Items for consideration by the expert workshop**

- After the adoption of Kyoto Protocol and setting QELROs for Annex-I parties, policies & measures (P&M) to achieve QELROs constitute the core issue at this stage of negotiation specially with regard to the implementation of Article 4.8 & 4.9.

Achievement of the objectives envisaged in Article 4.8 & 4.9 of the convention as well as Articles 2.3 & 3.14 of the Kyoto Protocol and decision 5/CP.4 directly depends on the form and the nature of P&M that Annex-1 parties will take for meeting their commitments. In this context, identification of those P&M which have minimum adverse impacts on Article 4.8 & 4.9 countries is of paramount importance. Among these category of P&M, we can refer to “no regret measures” such as energy efficiency and conservation, reforestation and conservation of forests.

- With regard to the category of P&M containing economic instruments like carbon or energy taxation, we believe the existing tax systems in Annex-1 parties should be restructured according to the carbon-content of fossil fuels. In addition, shifting the taxes from consumption phases to production phase would enhance meeting the objective of Article 4.8 & 4.9 through enhancing the ability of these countries to invest on climate-related technology.

- Making a balance between P&M aiming at enhancing of sinks and P&M for limiting sources has to be given considerable attention. This is an important step towards implementation of Article 4.8 & 4.9. This has also been referred to in IPCC Technical Paper No. 1 as follows.” High and mid latitude forests are currently estimated to be a net carbon sink of about  $0.7 \pm 0.2$  GT C/Yr. Low - latitude forests are estimated to be a net carbon source of  $1.6 \pm 0.4$  GT/Yr. caused mostly by clearing and degradation of forests. These sink and sources may be compared with the carbon release from fossil fuel combustion,... Slowing deforestation and assisting regeneration, forestation and agroforestry constitute the primary mitigation measures for carbon conservation and sequestration”.

- To implement Article 4.8 & 4.9, it is necessary to have an institutionalized mechanism whose main task is ensuring the provision of funding, insurance and technology transfer to Article 4.8 & 4.9 countries. This mechanism would be another cooperative mechanism which facilitates the implementation of the convention by recovering the negative impacts of climate change and its response measures on a huge number of countries. An implementation committee would govern this mechanism which is also responsible to review national communication of Article 4.8 & 4.9 countries or their individual or joint request with the aim to respond to their needs and requirements. To ensure effective running of the mechanism, it is essential to establish an appropriate fund and insurance program like “financial security scheme”.

- We believe the implementation of Climate Agreements should not widening the existing technological gap between developed and developing countries. Establishment of this mechanism will pave the way for bridging these gaps by which the ultimate objective of the convention would be achieved easily and smoothly. This mechanism would be cooperative and non-confrontational in which Annex-I parties will be in a position to be engaged in a more efficient technological cooperation with Article 4.8 & 4.9 countries. These cooperations cover all climate-related technologies for various sectors including transport, energy, agriculture, forest, waste management,... based on the requirement of 4.8& 4.9 countries. As an example, energy supply sector is an area for cooperation with a large group of 4.8 & 4.9 countries which covers technology for more efficient conversion of fossil fuels, switching to new and renewable sources of energies, decarbonization of fuels, switching to new and renewable sources of energy including nuclear, solar, wind,..

In addition, GEF should play a more active role in responding to 4.8 & 4.9 countries' needs. There should be special assistance to these countries by the GEF through adoption of their projects on the areas such as : transfer of cleaner technologies of fossil fuels in particular oil to these countries, enabling them to diversify their export products aiming at decreasing their dependency on fossil fuel income.

Summarizing, there are a number of issues which the next expert workshop on implementation of Article 4.8 & 4.9 has to discuss including the followings. Of course there would be additional points which we might raise during the workshop:

1. An analysis of the overall impact of achieving targets by Annex-I parties under Articles 4.2 a&b of the Convention and 3 of the Protocol on Article 4.8 & 4.9 countries.
2. Analysis of possible impacts of implementation of various P&M by Annex-I parties on 4.8 & 4.9 countries.
3. Identification of certain P&M, the implementation of which by Annex -I parties may have direct or indirect adverse impacts on 4.8 & 4.9 countries, with a view to urging Annex-I parties to avoid them.
4. Identification of P&M which have minimum adverse impacts on 4.8 & 4.9 countries.
5. Identification of adverse impacts of some economic instruments such as carbon or energy taxation.
6. Restructuring the current tax systems in Annex-I countries according to the carbon content of fossil fuels in order to minimize adverse impacts on 4.8 & 4.9 countries.
7. Identification of positive effects of improving oil price on the effective implementation of the Climate Agreements.
8. The benefits of shifting the taxes on fuels from consumption phase to production phase as an effective means for implementation of article 4.8 & 4.9.

9. The importance of making a balance between P&M for enhancing sink and controlling source sectors. To achieve such balance, it is necessary to adopt P&M aiming at enhancing sinks including reforestation, afforestation, agroforestry and plantation.

10. Identification of information needs with regard to adverse impacts of climate change and/or of response measures through, inter alia, national communication of Annex-I (on the nature and the form of P&M that they intend to implement and a comprehensive assessment of possible adverse impacts arising from them), Non-Annex I parties (on assessment of adverse effects on 4.8 & 4.9 countries and also on their specific needs and concerns), TAR and IPCC Special Reports, and intergovernmental organizations.

11. Preparation of a list of 4.8 & 4.9 countries.

12. Establishment of an institutional mechanism for realization of Article 4.8 & 4.9 objective, its structure, its relation with other Mechanisms of the Kyoto Protocol, modalities...

13. Positive effects of this mechanism on the overall implementation of the convention, technological cooperation...

PAPER NO. 3: SAMOA  
(on behalf of the Alliance of Small Island States (AOSIS))

**Views on the issues to be discussed in an expert workshop on  
the implementation of Article 4.8 and 4.9 of the UNFCCC  
(see decision 5/CP.4)**

**Introduction**

The Alliance of Small Island States (AOSIS) welcomes this opportunity to further elaborate on the issues relating to articles 4.8 and 4.9. These articles are of fundamental importance to developing countries, in particular AOSIS, but unfortunately they have not received the necessary attention up until now. AOSIS sees this as an important opportunity to move forward the deliberation of the issues in a positive manner and has urged the Conference of the Parties (COP) to start its consideration of what actions are necessary to assist the developing countries included in Articles 4.8 and 4.9 in their efforts against the adverse effects of climate change. In this regard would like to raise a few concerns.

AOSIS values the discussions currently undertaken on this issue, in order to establish a process for considering Articles 4.8 and 4.9 of the UNFCCC. A key point is that both concepts whilst being considered jointly at the initial stage must also in the early stages pave the way for further in-depth consideration as separate concepts. AOSIS is of the view that those countries recognized under Article 4.8 will be those most vulnerable to the adverse effects of climate change. AOSIS feels that preliminary discussions of considering jointly both Articles have been fruitful in the context of assessing the sense of other Parties on this very important issue. However, AOSIS is of the opinion that Parties must look at the adverse effects of climate change as a premise for assisting those countries most vulnerable.

**I. Process**

It is clear to AOSIS that only the developing countries themselves can identify and highlight their concerns in the areas of funding, insurance and the transfer of technology under these articles. The best methodology for doing so appears at this stage to be the national communications from Parties not included in Annex 1. Further opportunity should be given for the developing countries to explore what other means could be used by the COP to better reflect these concerns.

AOSIS views it as most important that each National Communication should outline information on the adverse effects of climate change, including anecdotal information. Although conventional science gathering methodologies of industrialized countries are an accepted norm in many parts of the world, many of the AOSIS members have a wealth of information related to climate change and this information needs to be considered alongside conventional science.

Furthermore, AOSIS views the importance of the work of the IPCC in assisting Parties to fill in gaps and provide information on the adverse effects of climate change. Both the 1st and

2nd Assessment Reports moved to assist us in this context, and it is hoped that the Third Assessment Report will be able to build upon the previous reports with a focused view on the special needs and concerns of small island states.

## **II. Analysis**

AOSIS Members are concerned that we proceed speedily but with some degree of analytical consideration. While adaptation projects will be the decision of Governments, there will be a need to show how one has arrived at the conclusion that a given project is good for the adaptation of the country. A number of countries that are members of AOSIS are fulfilling their requirements under the UNFCCC to develop and complete their National Communications. One of the most important components of each of these communications is the outline on the vulnerability of the country to the adverse effects of climate change and possible options to adapt to those effects. Recent agreements at COP4 have enabled AOSIS members to take a look forward at how adaptation planning and technologies may be further considered in detail in the context of the Second National Communication. It is also important to address the issue of what constitutes appropriate alternative technology. Parties should be assisted in their efforts to assess and evaluate different technologies, as well as in sharing of information.

## **III. Further discussion and problem solving**

The above section notwithstanding, AOSIS has been disappointed with past discussions in that not enough effort has gone into producing innovative approaches to adaptation. There are indeed very few adaptation technologies available, and AOSIS feels that further and intensified work is required. This should contribute to the discussion of adaptation problems, and assist particularly vulnerable countries to make informed decisions. AOSIS feels that the most critical aspects of recognizing the special needs and concerns of its members will be in the context of the transfer of technologies, particularly adaptation technologies, and the financing of implementing technologies in member countries. AOSIS is of the view that linking the concept to measures which provide for actual results to island communities is one of the most vital issues we are seeking to address. AOSIS would therefore support any efforts that the FCCC Secretariat may be able to undertake to assist the Parties in advancing the discussion on the issue of adaptation, as well as on adaptation technologies and strategies.

## **IV. Linkages with other activities under the Convention**

There are clear linkages to issues such as public awareness and education, as well as the issue of financing of adaptation. AOSIS feels strongly that this particular linkage should be highlighted as an important issue under the Convention. However, AOSIS feels that it is premature to make a formal linkage to the issues which will arise under the Kyoto Protocol, until such time as the Protocol is nearer to entry into force.

## **V. Participation**

AOSIS Members are particularly vulnerable to the adverse effects of climate change. It is not

a coincidence that 'small island countries' are listed at the top of the list of countries most vulnerable to the impacts of climate change. Indeed the very survival of many of these countries hinge on the ability of the international community to implement the provisions of these articles of the Convention. Hence, it is absolutely vital that AOSIS experts be invited to the workshop for an effective and balanced discussion on these important issues, and that the participation by AOSIS Government delegates be facilitated. Such participation could also have wider benefits for the AOSIS membership as a whole through the sharing of information and experience.

### **Conclusion**

AOSIS looks forward to the further work on this important issue, and considers that this is an area where the FCCC Secretariat could usefully cooperate with other agencies and departments of the UN system, such as the Small Island Developing States Unit of the Department for Economic and Social Affairs, as well as with SIDSNet.

PAPER NO. 4: SAUDI ARABIA

**COMMENTS FROM SAUDI ARABIA ON THE FEATURE AND CONTENTS  
OF THE UPCOMING WORKSHOP ON 4.8, 4.9 AND ALSO 2.3 AND 3.14  
OF THE PROTOCOL**

- It is very important to have at least four day period for the workshop, with the second day to discuss the economic impacts of policies and measures on non-Annex-1 Parties, and ways to minimize such impacts.
- The Secretariat should make it possible for well-known experts and international organizations both from developed and developing countries to make presentations about the above mentioned issues.
- Annex-I Government representatives are expected to present a list of the proposed policies and measures that are to be implemented by each Annex- I Party to achieve its target under the Kyoto Protocol.
- We expect a detailed discussion on the proposed policies and measures to figure out the kind of existing contradictions in them, such as, inter alia, the continuation of subsidizing one source of fossil fuel, while proposing heavy taxes on others.
- We expect the emergence of solid recommendations of the kind of action required to minimize the impacts on non-Annex I country Parties. They may include recommendations on the following:
  - Transfer of technologies.
  - Increase of foreign investment in the affected non-Annex-I Parties to assist them to diversify their economies and reduce their heavy dependence on the exportation of fossil fuels.
  - Policies and measures to be adopted by Annex-I Parties to minimize the economic impacts on non-annex-I Parties.
  - Compensation.

PAPER NO. 5: UNITED STATES OF AMERICA

**U.S. Submission on Issues to be Considered at the Upcoming Expert Workshop  
Regarding Articles 4.8 and 4.9 of the Convention and Articles 2.3 and 3.1  
of the Kyoto Protocol**

**September 2-8, 1999 in Bonn**

The United States welcomes the opportunity to comment on the terms of reference for the workshop on articles 4.8 and 4.9 of the Convention. The issue of adaptation is a major concern of developing countries, both because of their vulnerability and because of their limited resources to respond. Adaptation is also a major concern of developed countries, as may be seen from the increased emphasis being placed on adaptation in the context of global change research programs. Under the leadership of Vice President Gore, we have launched a major national assessment of U.S. vulnerability to climate change and of potential response options. That assessment, which is due to be completed in the year 2000, will provide a comprehensive national evaluation, and establish a framework for further national efforts.

In 1998, the Intergovernmental Panel on Climate Change (IPCC) produced its first Special Report on the Regional Impacts of Climate Change, drawing significantly on the work of scientists from developing countries. The IPCC has now embarked on its Third Assessment Report, which will devote substantially more effort to regional impacts than has ever been done before. We are proud to support this work, through co-chairing (with Argentina) the IPCC's Working Group II on Impacts and Adaptation, through the participation of U.S. experts in the IPCC assessment process, through our contributions to the UNEP/WMO IPCC Trust Fund that encourages participation in the IPCC of experts from developing countries, and by hosting the Technical Support Unit of the IPCC's Working Group II. In this regard, we are also pleased to note that under the US Country Studies Program some 55 countries have received assistance, inter alia, for assessing their vulnerability and evaluating response strategies. The secretariat and United Nations agencies have also carried out relevant activities with respect to the impact of climate change. Those activities have been supplemented by contributions of Annex II Parties to the Trust Fund for Supplementary Activities, under the convention.

As the result of such increased efforts at the national and international level, we anticipate that the state of knowledge concerning adaptation to climate change will improve dramatically in the years ahead, providing an improved framework for evaluating vulnerability to climate change at the national and regional levels. These improvements in our knowledge base will also better enable us to consider steps that can be taken to minimize adverse effects as well as to set priorities among them.

Given that our knowledge base is still emerging, the United States agrees that the workshop should focus on assessing current information relevant to 4.8 and 4.9, identifying the factors that will help determine the adverse impacts of climate change, identifying different views on methodologies. We hope that the workshop will draw on the best economic and scientific information available, building upon the foundation laid by:

- *The Handbook on Methods for Climate Change Impacts Assessment and Adaptations Strategies* (UNEP/University of Amsterdam)
- the Secretariat's informal report *Decision Tools to Evaluate Alternative Adaptation Strategies*.
- IPCC's *Technical Guidelines for Assessing Climate Change Impacts and Adaptations, The Second Assessment Report and The Regional Impacts of Climate Change*.
- *Vulnerability and Adaptation to Climate Change: Interim Results from the US Country Studies Program*.
- *Vulnerability and Adaptation Assessments: An International Handbook*. US Country Studies Program.

The United States sees this workshop as an essential first step. In addition, to disseminating currently existing information on how to assess the impacts of climate change at a national level, the workshop should result in a clear plan of filling in the remaining information gaps. Parties will increasingly be better positioned to improve their reporting on the precise manner in which climate change will affect their nations and the steps they are taking to minimize their vulnerability. We look forward to contributing constructively to this important exercise and feel strongly that it is rightly focused on the information requirements raised by articles 4.8 and 4.9.

PAPER NO. 5: VENEZUELA

PRELIMINARY SUBMISSION BY **VENEZUELA** CONCERNING THE WORK OF THE SUBSIDIARY BODIES OF THE UNFCCC ON THE IMPLEMENTATION OF ARTICLE 4.8 AND 9, OF THE UNFCCC ARISING FROM DECISION 5/CP.4

Compliance by Annex B Parties with their commitments under the Kyoto Protocol regarding reduction in emissions of greenhouse gases in the first commitment period (2008-2012) will foreseeably result in a substantial reduction in the use of fossil fuels, in particular coal and petroleum.

Given that, in order to meet their commitments, Annex B Parties will have to put into effect policies and measures to this end before the year 2008 - and indeed must show substantial progress by the year 2005 -, reduction in the use of fossil fuels would begin in the very near future.

Such reductions will inevitably have adverse effects on developing countries such as Venezuela, whose economies are highly dependent on the production, processing and export of fossil fuels. While fully conscious of this fact, Venezuela has supported the UNFCCC process since its inception and will continue to do so, given the fact that we ourselves are vulnerable to the eventual effects of uncontrolled human-induced global warming, and are aware of the even greater vulnerability of many other developing countries to which we are bound by strong ties of solidarity.

We realize that our share of sacrifices as a result of the UNFCCC process will be higher than that of most countries, even though our historic and present greenhouse gas emissions are practically insignificant in comparison with those of Annex B Parties. While resigned to this fact, it is our firm position that Article 4.8 of the Convention, which provides for actions to minimize adverse effects on developing countries, must not be construed a merely a pious expression of good intentions, but as a fundamental provision that must be fully and effectively implemented so as to ensure that our share of sacrifices will not be disproportionate and exorbitant to the point of reversing our already difficult progress toward sustainable development.

In our view, the Subsidiary Bodies, acting in accordance with Decision 5/CP 4 should:

- Provide for detailed studies of the effects of GHG emissions reductions under the Kyoto Protocol on the use of fossil fuels.
- Provide for detailed studies on the probable impact of such reductions on developing countries whose economies are highly dependent on the production and export of fossil fuels.
- Provide for detailed studies on policies and measures on the part of Annex B Parties that would result in shifting a disproportionate burden on the developing countries whose economies are highly dependent on the production, processing and export of fossil fuels, through market distortions or other similar unjust or unreasonable processes.
- Consider the adoption of specific permanent mechanisms and means to implement

concrete actions, including actions related to funding, insurance and the transfer of technology, to minimize adverse effects on developing countries whose economies are highly dependent on the production, processing and export of fossil fuels.

- Consider the need for any legal instruments which may be necessary to ensure the adoption and effectiveness of such actions.

While Venezuela, understandably, has focussed this submission on adverse effects on parties included in Article 4.8.h, it unequivocally reaffirms its full support for equally effective action to implement Article 4.8 and 9 with regard to all other categories of developing countries.

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