

**The Marrakesh Accords**  
**A brief point-by-point description and comments**  
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Comments invited

This overview gives a brief interpretation of the separate decisions, including a reference to the Bonn Agreement if applicable. Of course, some of the decisions, resolutions or declarations are of little interest, but others need much more explanation than is provided here. A Briefing Paper explaining all the main decisions of the Marrakesh Accords at length will be published by the Energy and Environment Programme in early 2002.

The decisions under the heading “I. The Marrakesh Accords”, below, are part of fulfilling the Buenos Aires Plan of Action.

- The full text of the **Marrakesh Accords** is available on the UNFCCC website: [www.unfccc.int](http://www.unfccc.int).
- The **Earth Negotiations Bulletin** as usual has reported the negotiations. The daily reports and the summary are available on their website: [www.iisd.ca/climate/cop7/](http://www.iisd.ca/climate/cop7/).

	<b>DECISIONS</b>	<b>page</b> <sup>*</sup>
<b>I</b>	<b>THE MARRAKESH ACCORDS</b>	<b>6</b>
A <sup>#</sup>	Capacity-building in developing countries (non-Annex I Parties)	6
	<p>This agreement establishes a framework for capacity building, for implementation of the FCCC, and to stimulate effective participation in the Kyoto Protocol. The framework must reflect the host countries’ national sustainable development strategies, and special needs of the least developed countries (LDCs). Developing countries have the responsibility to identify their specific needs and to co-operate with other developing countries (south-south co-operation). Annex II Parties have the responsibility to co-ordinate the efforts to build this capacity building framework. The secretariat shall report to each COP session, for continued learning by doing. At COP-9 (end 2003) the framework should be reviewed.</p>	
B <sup>#</sup>	Capacity-building in countries with economies in transition	15
	<p>This agreement establishes a framework for capacity building, for implementation of the FCCC, and to stimulate effective participation in the Kyoto Protocol, similar to the framework in developing countries. Annex II Parties and Parties with Economies in Transition (EITs) have mutual and separate responsibilities.</p>	
C <sup>#</sup>	Development and transfer of technologies (decisions 4/CP.4 and 9/CP.5)	22
	<p>Parties agreed in the Bonn Agreement III<sup>**</sup> to establish a 20-person Expert Group on technology transfer: 3 Africa, 3 Asia and Pacific, 3 Latin America</p>	

<sup>\*</sup> This document refers to the “Advance text of COP-7 decisions version 10-11-01; 5:29”. See [www.unfccc.int](http://www.unfccc.int).

<sup>#</sup> These draft decisions (A to I) were forwarded by COP-6bis in July 2001.

<sup>\*\*</sup> The roman numbering refers to the “Core elements for the implementation of the Buenos Aires plan of action”, 21 July 2001.

and Caribbean, 1 small island developing country, 7 Annex I, and finally 3 from relevant international organisations). The Chair and Vice-chair alternate between Annex I and non-Annex I.

COP-7 decided to adopt a meaningful and effective framework for technology transfer, including the expert group who will meet twice yearly and make recommendations to the SBSTA. The framework will be reviewed at COP-12 (end 2006). The GEF should provide finance. The framework should stimulate co-operation between stakeholders, including on technology needs assessment, technology information, an enabling environment, capacity building, and mechanisms for technology transfer. The decision requests all Parties to create an enabling environment by removal of barriers, environmental regulation, protecting intellectual property rights, promote technology transfer through export credit agencies or tax credits/preferences. The mechanisms for technology transfer should facilitate the support of financial, institutional and methodological activities, and facilitate implementation projects.

D<sup>#</sup> Implementation of Article 4, paragraphs 8 and 9 of the Convention (decision 3/CP.3 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol) 32

Article 4.8: Adverse effects of climate change and implementation of response measures.

Article 4.9: Specific needs of LDCs.)

With the Bonn Agreement IV<sup>\*\*</sup> Parties agreed to use the GEF and special climate change fund for financing activities, and to organise a workshop on insurance against adverse effects of climate change and implementation of response measures.

At COP-7 Parties agreed the workshop on insurance and risk should be organised before COP-8 (end 2002). Further workshops on synergies with other multilateral environmental agreements and economic diversification should be organised before COP-9 (end 2003). With strong links to technology transfer and capacity building, developing countries should provide an overview of their needs. A work programme is established for the LDCs, including National Adaptation Programme of Action (NAPA) and the LDC fund. Annex II Parties agreed to give priority to assisting developing countries highly dependent on export and consumption of fossil fuels in diversifying their economies. The GEF, special climate change fund and adaptation fund should assist the framework.

E<sup>#</sup> Additional guidance to an operating entity of the financial mechanism 40

GEF should provide funding to developing countries, and in particular to LDCs and small island states. It should also provide funding for NAPA and pilot projects. The GEF should streamline procedures to shorten the time between the identification of a project and the availability of funding.

F<sup>#</sup> Funding under the Convention 43

In the Bonn Agreement I<sup>\*\*</sup> and in COP-7 Parties agreed that additional funding to the GEF was needed, as well as new and additional funding with predictable levels for the special climate change fund and LDC fund. The

	special climate change fund should provide complimentary funding to GEF and other funding on adaptation, technology transfer, energy, transport, industry, agriculture, forestry and waste management, and diversification (Article 4.8h). The LDC fund should provide funding for national adaptation programmes of action (NAPA). Further arrangements will be made by COP-8 (end 2002). Canada already promised C\$10m. These funds are under the FCCC partly so that US can also take part.	
G <sup>#</sup>	Activities implemented jointly under the pilot phase (decisions 6/CP.4 and 13/CP.5)	45
	The COP has decided to continue the pilot phase and learning by doing, for this purpose the secretariat shall write the sixth annual synthesis report. Before SB-16 (Summer 2002) a workshop on experience with the uniform reporting format should be held.	
H <sup>#</sup>	Matters relating to Article 3, paragraph 14, of the Kyoto Protocol	46
	<u>Article 3.14</u> : minimise adverse effects of implementation of the Kyoto commitments.  With the Bonn Agreement V** Parties recognised that minimising the adverse effects of response measures is a development concern of both developing countries and Annex I Parties. Annex I Parties shall take the impact of measures into account. COP/MOP-1 (earliest: end 2003) will make a decision. Annex I Parties shall report information to the facilitative branch of the compliance committee. The actions foreseen are: phase out market/fiscal imperfections and subsidies on environmentally unsound technologies; technological development of non-fossil energy sources; use and transfer of less-GHG technologies or capture; improve efficiency in fossil fuel industry in DCs; economic diversification. COP-7 agreed to establish a process to analyse adverse effects and their minimisation, including funding, insurance and technology transfer. While developing countries should provide information on their needs, a workshop should be organised in order to develop guidelines by COP/MOP-2 (earliest: end 2004).	
I <sup>#</sup>	Funding under the Kyoto Protocol	49
	The Bonn Agreement II** established the adaptation fund for concrete adaptation projects and programmes. The fund will be funded from the share of proceeds of the CDM at 2%. Annex II countries also pledged around E450m annually by 2005.	
J	Work programme on mechanisms (decisions 7/CP.4 and 14/CP.5)	51
	The three Kyoto mechanisms: <u>Article 6</u> : Joint implementation between Annex I countries. <u>Article 12</u> : Clean development mechanisms in developing countries. <u>Article 17</u> : International Emissions Trading in Annex I.  In the Bonn Agreement VI** Parties agreed on the principle of narrowing the per capita differences in emissions between Annex I and non-Annex I Parties. Parties also agreed that the use of the Kyoto mechanisms is supplemental to domestic action; the share of proceeds (CDM) for	

adaptation is 2%; and to recommend to COP/MOP-1 that eligibility to use the mechanisms is dependent on compliance with methodological and reporting requirements of Article 5 and 7 (overseen by the enforcement branch) and acceptance of the agreement on compliance.

*1 Principles, nature and scope of the mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto protocol* 51

COP-7 specified that the Protocol and the Kyoto mechanisms do not give property rights. Domestic measures shall be implemented aiming towards the objective of Convention, and narrowing the per capita emissions. The use of mechanisms shall be supplemental to domestic action, and Parties should report on this. Parties agreed there should be a strong compliance regime, but it is the prerogative of the COP/MOP to decide on the legal nature of the compliance regime. Eligibility for the use of the Kyoto mechanisms is dependent on compliance with the reporting requirements under Articles 5.1, 5.2, 7.1 and 7.4. The COP also agreed on the fungibility of the mechanisms.

*2 Guidelines for the implementation of Article 6 of the Kyoto Protocol* 54

In Bonn Parties agreed that Article 6 projects should assist in achieving sustainable development, that Annex I Parties shall refrain from using nuclear, and that COP/MOP-1 shall establish the Article 6 supervisory committee (A6SC).

After divergent positions on baselines, the A6SC, eligibility criteria and early start, COP-7 recommends COP/MOP-1 to establish the A6SC, which would supervise the verification of emission reduction units (ERUs) and assist the COP/MOP with reviewing Article 6 guidelines. The A6SC shall consist of 10 members (3 EITs, 3 Annex II, 3 non-Annex I, 1 small island developing country), meet twice per year and make decisions by consensus whenever possible. COP-7 urged Parties to contribute funds for the administrative expenses of joint implementation.

Projects may start from 2000, but only generate credits during the commitment period. A Party is eligible to participate in JI if it is a Party to the Protocol, has established its assigned amount, has a national system for estimating emissions and a registry for inventory (emissions, not sinks) in place and reports on additional information (including sinks). A Party that does not have a registry or additional information can use track two, whereby the A6SC verifies the reductions. Track two can also be chosen out of free will. Verified reductions are not restricted by the commitment period reserve (CPR) limitations. The COP also established criteria for the independent entities and for baseline setting (project specific baseline, transparent, justifiable, reasonable).

*3 Modalities and procedures for a clean development mechanism, as defined in article 12 of the Kyoto Protocol* 68

The Bonn Agreement reiterates that the CDM shall assist in achieving sustainable development; Annex I Parties shall refrain from using nuclear; any public funding shall not divert ODA. The agreement also asks for a prompt start, with COP-7 electing the Executive Board (EB). The EB will

have 10 members, 1 from each UN group, 2 Annex I, 2 non-Annex I, and 1 small island developing country. The EB shall develop the fast track CDM (renewables up to 15MW, energy efficiency up to 15GWh, and small projects that emit less than 15ktCO<sub>2</sub>e) and the COP will decide the modalities of afforestation and reforestation (the only allowed LULUCF) by COP-8 (end 2002). The adaptation levy was set at 2%, and the maximum of CDM sinks is 1% of Annex I base year emissions.

COP-7 reiterated all of the principles agreed in Bonn. The CDM should also lead to transfer of environmentally safe and sound technology and know-how over and above that required by Article 4.5 of the FCCC and Article 10 of the Kyoto Protocol. COP-7 did elect the EB, however, on entry into force of the Protocol only members of countries that have ratified remain and new members will have to be elected by COP/MOP-1. COP-7 delayed the LULUCF modalities to COP-9 (end 2003), and excluded CDM projects in LDCs from the adaptation levy. The EB will be proposing simplified procedures for fast track by COP-8 and will recommend the level for administrative charges to the COP. The COP further decided to allow crediting only from the date of registration, but early projects have until 2005 to register and can still get credits from 2000.

The Marrakesh Accords also recommend rules to be adopted by COP/MOP-1. The eligibility criteria to participate in the CDM for Annex I Parties is the same as for JI, developing countries can participate if they are a Party to the Protocol. The baseline has to project-specific, use approved and new methodologies, be transparent and conservative and take into account the national circumstances and leakage. Actual or historic emissions, the economic technology, or the average of similar projects over the last 5 years can be used to determine the baseline levels. The baseline can be fixed for 10 years without renewal, or 7 years with the possibility for renewal for two further periods. There are no rules to exclude unilateral CDM.

– 4 *Modalities, rules and guidelines for emissions trading*

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The key decision of the Bonn Agreement was the establishment of the CPR: either 90% of the assigned amount or 100% of the most recent inventory, whichever is the lowest.

With the Marrakesh Accords COP-7 has adopted the rules, including the CPR, and recommends COP/MOP-1 to reconfirm these. The eligibility criteria for Parties to take part in international emissions trading are the same as for JI. Legal entities can be authorised to trade under Article 17, but the Party remains responsible entities cannot trade if the Party is not eligible. The 4 different units, AAUs, ERUs, CERs, and RMUs are fully fungible within the trading system, however differences exist for banking. After difficult negotiations on whether to use shall or should, Parties agreed that they **shall** not make transfers if this would break the CPR limit. Verified ERUs, however, are not subject to this rules.

– 5 *Modalities for the accounting of assigned amounts under Art. 7, para 4 of the Kyoto Protocol*

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When this decision was forwarded to the high level segment, significant divergence in views still remained on RMUs, fungibility, bankability and

eligibility criteria. RMUs were only introduced in Marrakesh and represent emission reductions from activities under Article 3.3 and 3.4 only.

SBSTA is to develop rules for information exchange between registries by COP-8 for a COP/MOP-1 decision. Parties have to report their assigned amount before the start of the commitment period, this will then be fixed for the duration of the period. Parties also need to specify the base year for the industrial gases, values for tree crown cover and other LULUCF variables, and explain the values if they are different from standard practise to the FAO.

A transaction log needs to be established by COP/MOP-2, and each Annex I Party shall submit a report on its trades and units held, annually and over the total commitment period. RMUs can be reported annually or over the whole commitment period. Some of this information will be publicly available. Each unit will carry a unique serial number made up of 5 parts (AAUs 4 parts only):

1. Vintage (which commitment period)
2. Party of origin
3. Type (AAU/ERU/CER/RMU)
4. Unique number
5. Project (CDM/JI) or activity (RMU) identifier

Initially the possibility of carry-over for RMUs was nearly blocked by neat formula, only allowing the banking of AAUs, ERUs and CERs minus any used RMUs (making RMUs only valuable if **required** for compliance). Although the formula would not quite work, it made it difficult to carry RMUs over, now the fact that RMUs can't be banked is purely a principle, without market implications. Banking of ERUs and CERs is limited to 2.5% of a Party's assigned amount.

K Matters relating to land use, land-use change and forestry 118

The Bonn Agreement VII\*\* detailed the rules for the calculation of the absorption of emissions by LULUCF. CDM sinks only include afforestation and reforestation, and are capped at 1% of the Party's first commitment period assigned amount (around 50MtC).

Parties agreed to fix which activities under Article 3.4 they will be using before the start of the commitment period. 3.4 activities should be since 1990 and human-induced. Forest management can be counted up to the 3.3 debit or 8.2MtC annually; agricultural sinks are counted on a net-net basis; and all other 3.4 activities are capped by the amount in Appendix Z (which was guided by an 85% discount, but this does not set a precedent, and sums up to around 50MtC). Appendix Z does not include the US, who did not join the negotiations on this point, but it would be capped at around 28MtC.

1 *Land use, land-use change and forestry* 118

COP-7 requests that SBSTA looks at degradation and devegetation, biome-specific definitions, revisions of guidelines for accounting 3.4 activities, and CDM sink activities. It also requests the IPCC to look at estimates for 3.3 and 3.4 activities and activities under Articles 6 and 12, and to report on good practice guidance and uncertainty management for COP-9; and to

report on methodologies for factoring out direct human-induced sinks from indirect and natural sinks at COP-10 (end 2004).

Then it requests COP/MOP-1 to adopt a decision which states that the inclusion of sinks shall be based on sound science, exclude non-direct human induced sinks, take biodiversity and sustainability into account, and use the outcome of the work of the IPCC. Parties are required to set various LULUCF definitions before the start of the commitment period. The 3.3 debit cap is increased up to 9MtC per year. The cap on the additional 3.4 activities in Appendix Z is adjusted, and Parties can ask the COP/MOP to reconsider theirs. Croatia and Belarus are now included in Appendix Z, as yet without a cap, the US is deleted, and for Russia, see below. The sinks in the CDM restrictions of the Bonn Agreement are confirmed.

2 *Forest management activities under Article 3.4 of the Kyoto Protocol: the Russian Federation* 127

During the negotiations of Appendix Z in Bonn the Russian negotiator was not in the room and the number was settled before returning. Russia did say in Bonn it did not agree and saw the number as preliminary. It sent a letter requesting a change from 17.6MtC to 33MtC, and it got it.

L Procedures and mechanisms relating to compliance under the Kyoto Protocol 128

In the Bonn Agreement V\*\* Parties agreed to establish a Compliance Committee consisting of two branches. The facilitative branch would promote compliance and provide early warning of potential non-compliance. The enforcement branch would determine compliance with the target, reporting requirements and mechanisms eligibility requirements, it would also apply the consequences for non-compliance. A legal instrument on compliance would be adopted as an integral part of the Protocol. However, still in Bonn after the Ministers had left there was disagreement over the meaning of the Bonn Agreement and the legal nature of the compliance regime: .

COP-7 decided to adopt the text, recommending COP/MOP-1 to adopt the regime as an amendment to the Kyoto Protocol, and recognising that it is the prerogative of the COP/MOP to decide on the legal nature of the compliance regime. The objective of the regime is to promote and enforce compliance with the commitments of the Protocol.

The Compliance Committee will consist of 20 people, 10 each branch, elected by COP/MOP. Each branch will have 1 of the 5 UN groups, 2 from Annex I, 2 from non-Annex I, and 1 from the small island developing countries. Decisions will be made by consensus or 75% double majority voting (majority of both Annex I and non-Annex I).

The facilitative branch shall promote compliance with the emissions target and reporting, and address issues of Article 3.14 and the complementarity of the use of the mechanisms. In case of non-compliance, information, financial and technical assistance is offered to the Party.

The enforcement branch shall determine compliance with the target (there is a true up period of 100 days), reporting requirements and eligibility to use

the mechanisms. It will also decide whether to apply adjustments to the inventory and apply the consequences of non-compliance. The penalty of non-compliance is aimed at restoration of compliance and damage to the environment. The Party is declared to be in non-compliance, needs to develop a compliance plan, its eligibility to trade under Article 17 is suspended, and it has to reduce emissions in the subsequent commitment period by a penalty rate of 30%, but no further consequences. Appeals are possible to the COP/MOP.

The trigger for the Compliance Committee can be the Party itself, another Party (this was a contentious issue) and expert review teams, but need to be backed up by sufficient information. The two branches may seek expert advice, and intergovernmental and non-governmental organisations may submit information. Information shall be made public, unless the branch decides, on its own accord or at the Party's requests, only to release the information after the final decision. A time line for the procedure was set, with expedited procedures for the mechanisms eligibility. The Compliance Committee should be flexible in its consequences for EITs.

- M National systems, adjustments and guidelines under Articles 5, 7 and 8 of the Kyoto Protocol 141

On the mechanisms, it is decided that there will be an expedited procedure for reinstatement of eligibility. The COP decided the reasons for non-compliance with the reporting requirements, and SBSTA will develop similar guidelines for reporting sink activities. Parties are required to report on adverse effects and complementarity of the use of the mechanisms, but failure will not trigger loss of eligibility.

- 1 *Guidelines for national systems under Article 5, paragraph 1, of the Kyoto protocol* 141

COP-7 recommends a draft decision to COP/MOP-1, urging Annex I Parties to implement it as soon as possible to gain experience. The guidelines are wide ranging, including description of definitions, objectives, etc. Parties agreed to designate a single national entity responsible for the inventory, using the 1996 IPCC guidelines.

- 2 *Good Practice guidance and adjustments under Article 5, paragraph 2 of the Kyoto protocol* 149

COP-7 recommends a draft decision to COP/MOP-1, and asks the secretariat to organise workshops before and after SBSTA-16 (Summer 2002) to elaborate technical guidance for consideration by COP-9 (end 2003) and acceptance by COP/MOP-1 (at the earliest during COP-9). The COP asks for technical guidance on estimates for sinks after the completion of the IPCC work, for consideration at COP-10 (end 2004) and decision by subsequent COP/MOP. Parties shall use the "IPCC good practise guide". The adjustments will be made on a conservative basis, giving an incentive for Parties to improve inventories. These adjustments will be used for establishing the assigned amounts and for compliance.

- 3 *Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol* 153

The COP-7 decision recommends a draft decision to COP/MOP-1, urges Parties to submit a progress report by 1 January 2006, including emission trends and projections, policies, programmes, etc. The decision includes two pages on reporting supplementary information, giving transparency on traded amounts.

The COP/MOP decision specifies when a Party fails its reporting requirement: if the submission is too late, if it fails to include a large source, or if major adjustments to the inventory have to be made. SBSTA will develop similar thresholds for sinks reporting. The annexed guidelines for supplementary information promote compliance with reporting requirements, provide comparability and transparency, and facilitate review. The guidelines require the inclusion of 3.3 and elected 3.4 emissions in annual inventory using good practice guidelines of the COP/MOP. It also requires information on how good practice is followed, how CO<sub>2</sub> and Nitrogen fertilisation are factored out, as well as the age structure etc. of sink activities, and identification of the land areas under 3.3 and 3.4. Further required information is: how the use of the mechanisms is supplemental to domestic action, how policies and measures aim to minimise adverse effects, including on international trade and social, environmental and economic impacts on other Parties.

4 *Guidelines for review under Article 8 of the Kyoto Protocol*

167

The COP-7 decision recommends a draft decision to COP/MOP-1. The review is to provide information on whether Parties meet criteria for reporting, national systems, etc. The decision lays out the scope of the reviews, and the potential problems to be identified. The COP decided there will be an expedited procedure for reinstatement of eligibility for the use of the mechanisms.

N “Good practices” in policies and measures among Parties included in Annex I to the Convention 200

After holding several workshops, the COP decided to continue information exchange between Parties in the run up to COP/MOP-1. The measures should improve the transparency and effectiveness of the policies. The secretariat will compile information from national communications and report to SBSTA-17, and consider further action by COP-8.

O Impact of single projects on emissions in the commitment period (decision 16/CP.4) 202

The “Iceland exception” of single projects with large emissions is finally decided. As a very small country, largely powered by non-fossil energy, Iceland foresaw problems with the emissions from one already-planned new aluminium plant and has refused signing the Protocol until this issue was dealt with.

Emissions from a large project (greater than 5% of a Parties 1990 CO<sub>2</sub> emissions) in a small country (smaller than 0.05% of Annex I 1990 CO<sub>2</sub> emissions) that has started after 1990 will be reported separately from the countries inventory (and thus not be included in the target). A Party wanting to use this article will have to say so before COP-8. However, Iceland

conceded that these projects may not exceed 1.6MtCO<sub>2</sub> per year on aggregate per country, and will have to use renewable energy and best environmental practise.

**II THE MARRAKESH MINISTERIAL DECLARATION 204**

The Ministers declare their concern about climate change, recognising that poverty eradication is the overriding priority for developing countries. They urge for a link with sustainable development, WSSD and other international environmental agreements. The Ministers stress the importance of capacity building and the need to co-operate on all levels.

**III THIRD ASSESSMENT REPORT OF THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE 206**

Despite some difficulties in getting consensus, the COP thanks the IPCC for the TAR and asks Parties to use the information, provide scientists and give money to the Trust Fund for developing country expert participation. It asks the IPCC to further work on the Forth Assessment Report, with more developing country experts, looking at uncertainty, and the effect of measures.

**IV AMENDMENT TO THE LIST IN ANNEX I OF CONVENTION 207**

After a long-running battle on the Annex I and II status of Turkey, COP-7 finally reached agreement. Turkey, who never signed or ratified the FCCC because it does not agree with this status, has expressed its wish to accede to the Convention when the amendment is made. The COP decided to deleted Turkey from the list of Annex II, but Turkey conceded to remain in Annex I. However, the COP recognises Turkey's special circumstances as an Annex I Party..

**V MATTERS RELATING TO NATIONAL COMMUNICATIONS UNDER THE CONVENTION 208**

A National communications from Parties included in Annex I to the Convention 208

1 *National communications from Parties included in Annex I to the Convention* 208

Compilation and synthesis by COP-8

2 *Revisions of the guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part I: UNFCCC reporting guidelines on annual inventories, and the guidelines for the technical review of greenhouse gas inventories from Parties included in Annex I to the Convention.* 209

The COP decided to defer consideration of revised guidelines to SBSTA-16 (Summer 2002) for decision at COP-8 (end 2002).

B National communications from Parties not included in Annex I to the Convention 210

1 *Third compilation and synthesis of initial national communications from Parties not included in Annex I to the Convention* 210

The COP considered the third compilation and synthesis report, and asks for a fourth report at COP-8. It requests all other non-Annex I Parties, apart from the LDCs, to submit their first national communication within 3 years of ratification. The COP concluded from the reports that there are problems relating to quality and availability of data, emissions factors, and methodologies for integrated assessment. However, the national communications show that non-Annex I Parties are implementing measures to address climate change and its adverse impacts.

2 *Other matters relating to communications from Parties not included in Annex I to the Convention* 212

Will continue the review of guidelines and organise a workshop before SB-16 for improvements at COP-8.

**VI ADMINISTRATIVE AND FINANCIAL MATTERS 214**

A Programme budget for the biennium 2002-2003 214

The budget of about \$33m for 2002 and 2003 (\$16m annually) was approved, setting the contributions of the Parties. The decision also requests contributions for the trust funds for participation and additional activities and contributions needed for a prompt start of the CDM (\$6.5m).

B Income and budget performance in the biennium 2000-2001 and arrangements for administrative support to the Convention 224

The COP noted the financial performance of the FCCC for 2000 and 2001, thanking the Parties who contributed, including the German government for the continued funding of the Bonn fund.

**VII MATTERS RELATING TO LEAST DEVELOPED COUNTRIES 225**

A Consultative group of experts on national communications from non-Annex I Parties and national adaptation programmes of action from least developed countries 225

Objective of the expert group is to improve the preparation of national communications from non-Annex I, partly through the organisation of two workshops in 2002. The COP specified linkages with the LDC group.

B Guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the least developed countries fund 227

The COP gives guidance to the GEF for operating the LDC fund. It should provide complimentary funding for national adaptation programmes of action. Other guidance includes expedited access to funds for LDCs and the need to encourage the use of national and regional experts. The COP will make further recommendations at COP-8.

C Establishment of a least developed countries expert group 228

This decision establishes the LDC expert group. COP-9 (end 2003) will review progress. The objective of the expert group is to *advise* on the preparation and implementation of the national adaptation programmes of action, and advise on capacity building needs. It will meet twice per year, and link with the consultative group of experts (see VII-A). The group should assist in preparing the adaptation programmes and exchange information and look for regional synergies. The group consists of 12 experts, 9 from LDCs and 3 from Annex II Parties.

D Guidelines for the preparation of national adaptation programmes of action 231

The programmes should address urgent and immediate needs related to the adverse effects of climate change. They will specify a list of priority action whose delay would increase vulnerability and increased costs later. The list will provide input to the operation of the LDC fund. A multidisciplinary team should prepare the national plans with input from all stakeholders. The decision mentions a list of criteria for ranking the actions. The guidelines will be reviewed at SB-17 and COP-8 (both end 2002).

**VIII OTHER MATTERS 237**

A Letter from the Central Asia, Caucasus, Albania and Moldova countries on their status under the Convention 237

The Central Asia, Caucasus, and Moldova countries (Albania was not included) made a request at COP-6bis to clarify the term ‘developing country’. This term is often used interchangeably for non-Annex I countries. However, these countries do not consider themselves to be developing countries, but economies in transition, and would therefore be excluded from several parts of the Protocol and provisions from the Bonn Agreements. They ask for special treatment as economies in transition as part of the non-Annex I group. SB-16 (Summer 2002) will consider the issue and make recommendations to the COP.

B Improving the participation of women in the representation of Parties in bodies established under the United Nations Framework convention on Climate change and the Kyoto Protocol 238

A (female) negotiator for Samoa pleaded in the mechanisms group for equal treatment of women in the new bodies set up under the Protocol and with the Marrakesh Accords. The chairmen of the mechanisms group took the issue to the President.

The COP decided to state this wish to improve the participation of women in the bodies of the FCCC and Protocol; the secretariat will keep information on gender balance in each body.

**RESOLUTIONS** **239**

- 1 Expression of gratitude to the government of the Kingdom of Morocco and to the city and people of Marrakesh 239

The COP thanks the host country and city for hosting the conference.

- 2 Expression of gratitude to the Executive Secretary 240

The COP thanks the Executive Secretary of the FCCC, Michael Zammit Cutajar, who is stepping down after ten years.

**OTHER ACTION** **241**

- A Date and venue of the eighth session of the Conference of the parties 241

COP-8 will take place 23 October–1 November 2002. India has expressed interest in hosting the COP in Delhi. The Bureau will decide (in December 2001).

- B Calendar of meetings of Convention bodies, 2005-2007 242

Calendar is always agreed long in advance because there are so many international meetings ongoing. However, the dates can still change with only half a year's notice.

- C Report of the Global Environment Facility to the Conference of the Parties 243

The GEF is the operational entity of the financial mechanism of the FCCC. Part of that role is to operate the various convention and protocol funds, but also to assist developing countries in preparing national communications, capacity building etc. The SBI urges the GEF to make funds available for a wide dissemination of the Third Assessment Report of the IPCC, and for activities under Article 6 of the FCCC (education, training and public awareness).

- D Amendment proposed by Kazakhstan to add its name to the list in Annex I 244

After an initial notification in 1999, Kazakstan noted in March 2000 that it wanted to be bound by Article 4.2 a and b of the Convention. The COP decision specifies that Kazakstan, when it ratifies the Kyoto Protocol and the Protocol enters into force, it will become an Annex I Party *for the purpose of the Kyoto Protocol*, but remains a non-Annex I Party for the Convention. This means that Kazakstan will have to adopt policies and measures to reduce emissions, working towards stabilisation, and it will have to report on these policies. However, Kazakstan will not be bound by some of the other commitments of Annex I countries, such as financial commitments.

The decision also says that Kazakstan is interested in negotiating Kyoto targets. With current emissions far below the 1990 base year, Kazakstan is in a good position to take on targets. The most likely target would be one comparable to Russia and Ukraine, which would create a substantial (but small compared to Russia or Ukraine) amount of additional 'hot air' in the Kyoto market. With substantial growth of emissions from current levels, a stabilisation target for Kazakstan could add about 20MtC or 70MtCO<sub>2</sub> of hot air.

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There is substantial progress on the least developed countries issues (see VII), including the establishment of the LDC fund, the national adaptation programmes of action and the expert group. The COP decided to review the implementation of this article again at COP-9.