



UNFCCC SB-18 HIGHLIGHTS THURSDAY, 5 JUNE 2003

Delegates to the Eighteenth Sessions of the Subsidiary Bodies of the UNFCCC (SB-18) convened in morning SBI and afternoon SBSTA sessions. The SBI considered: administrative and financial matters, arrangements for intergovernmental meetings, and non-Annex I financial matters. The SBSTA addressed: "good practices" in policies and measures (P&Ms), development and transfer of technologies, and research and systematic observation (R&SO). Contact groups met to consider the IPCC Third Assessment Report (TAR), sinks in the CDM, arrangements for intergovernmental meetings, and R&SO.

SBI

ORGANIZATIONAL MATTERS: Chair Stoycheva said Parties agreed to consider the issue of non-Annex I national communications under other matters, and the SBI adopted the agenda without amendment.

ADMINISTRATIVE AND FINANCIAL MATTERS: Parties heard remaining statements on the programme and budget for the biennium 2004-2005. JAPAN said conference services should be funded from the UN regular budget. The EU indicated that the budget should be more predictable and sustainable for future periods, and expressed surprise over the distinction between the Protocol and UNFCCC activities in the budget. AUSTRALIA emphasized that budget priorities need to be clarified, and, with BRAZIL, CHINA, the EU, JAPAN, NORWAY, and RUSSIAN FEDERATION, said the budget increase is too high. The RUSSIAN FEDERATION favored a zero growth budget, but would accept budget increases for inflation, and requested clear indication of how its contribution to the budget would be affected by its ratification of the Protocol.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: The Secretariat highlighted, *inter alia*, two scenarios for the programme of work: one for COP-9 and, in the event of entry into force of the Protocol, another for COP/MOP-1 to be convened in conjunction with COP-9.

On the organization of the COP's work, the US, with others, supported convening high-level round tables. AUSTRALIA said COP-9 should build on the *Delhi Declaration on Climate Change and Sustainable Development*. NORWAY and BURKINA FASO supported holding the high-level ministerial segment at the end of each session, while the US, BRAZIL and SAUDI ARABIA supported holding it at the beginning of the sessions. Several delegates underscored the need to separate work on the UNFCCC and the Protocol. The US, with AUSTRALIA, SLOVENIA, NORWAY, and CANADA, supported the consideration of a multi-year work programme, and the streamlining of each session's

agenda. On effective participation, the US objected to the manner in which the CDM Executive Board was implementing the rules relating to the participation of observers. The G-77/CHINA, with SAUDI ARABIA, BURKINA FASO, and the EU, called for increased funding for the participation of delegates from developing countries. Several delegations called for a systematic approach to ensure broad and balanced participation in all bodies, expert groups and workshops. Chair Stoycheva said that a contact group chaired by Karsten Sach (Germany) would facilitate further discussion on these issues.

NON-ANNEX I FINANCIAL MATTERS: AOSIS and the G-77/CHINA emphasized the need for the Special Climate Change Fund to support adaptation activities. He said clear prioritization of activities would facilitate transparency and expedite funding procedures. CANADA added that this would enhance donor confidence. The EU, AOSIS and GHANA underscored the importance of the Special Climate Change Fund, especially to countries not eligible for support under existing funds. SAUDI ARABIA said the Special Climate Change Fund should fund economic diversification activities in developing countries. Chair Stoycheva suggested a contact group be convened to address this issue, including the LDC Fund. TANZANIA, for the LDCs, preferred convening a separate contact group to consider the LDC Fund and related matters. After brief consultations, the Chair announced that informal consultations on the LDC Fund would be held parallel to a contact group on the Special Climate Change Fund.

SBSTA

POLICIES AND MEASURES: Chair Thorgeirsson recalled that implementing decision 13/CP.7 (P&Ms) could include two pathways: strengthening web-based approaches for exchanging information, and engaging in further methodological work to develop and assess P&Ms. In the context of national circumstances, several delegates said that information exchange has been valuable in highlighting the effectiveness of P&Ms. In addition to inviting non-Annex I Parties to benefit from information sharing, SWITZERLAND, with AUSTRALIA and CANADA, supported a standing agenda item on P&Ms. SAUDI ARABIA said that discussions should be limited to Annex I Parties. The EU called for additional workshops and web-based tools. JAPAN, with AUSTRALIA, said that P&Ms should be self-assessed. Chair Thorgeirsson said Greg Terrill (Australia) and Richard Muyungi (Tanzania) would co-chair consultations on this item and prepare SBSTA conclusions and a draft COP decision.

TECHNOLOGY TRANSFER: William Agyemang-Bonsu (Ghana) reported on the work of the Expert Group on Technology Transfer (EGTT). Delegates commended progress made by the

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EGTT and highlighted the need for broad stakeholder participation and transparency in creating enabling environments for technology transfer; concrete actions to implement the outcomes of the EGTT and the technology assessments; and attention to the broader issue of technology development. A contact group co-chaired by Terry Carrington (UK) and Kishon Kumar Singh (Trinidad and Tobago) will facilitate informal consultations and prepare draft conclusions.

RESEARCH AND SYSTEMATIC OBSERVATION: Chair Thorgeirsson introduced the pre-sessional event on R&SO, which considered the Global Climate Observing System (GCOS) Second Adequacy Report. The GCOS Secretariat outlined the Report's main recommendations, including the need to: improve standards for climate observing systems, data and products; make available products relevant to UNFCCC needs; and build capacity and improve observing systems in developing countries by establishing a voluntary donor fund. CANADA, with the EU and G-77/CHINA, said governments must respond to the observation needs of the UNFCCC. The G-77/CHINA, with CHINA, URUGUAY and UGANDA, said that developing countries need financial support for R&SO. Chair Thorgeirsson said a contact group co-chaired by Stefan Rösner (Germany) and S.N. Sok Appadu (Mauritius) would continue to deliberate the issue.

CONTACT GROUPS

IPCC TAR: In the contact group co-chaired by David Warrilow (UK) and Walid Al-Malik (UAE), Parties debated whether the contact group should focus on the process for considering the TAR, or on substance of the TAR. CHINA, supported by the EU and G-77/CHINA, suggested focusing on the scientific, technological and socioeconomic aspects of adaptation and mitigation. Co-Chair Warrilow cautioned that participants may not be sufficiently prepared for an in-depth technical discussion. CANADA objected to focusing on technical details. SAMOA and the US highlighted the need for an integrated approach to adaptation. SAUDI ARABIA said adaptation should be addressed in the context of UNFCCC Article 4.8 and 4.9 (adverse effects). UGANDA emphasized the need to consider concrete actions.

SINKS IN THE CDM: Co-Chair Thelma Krug called attention to the proposed insurance and temporary units approaches for addressing non-permanence. BRAZIL noted that its temporary units approach calls for the CDM Executive Board to supervise the issuance of temporary units. CANADA addressed questions regarding its insurance approach and proposed new text requiring, *inter alia*, that Annex I Parties holding "flagged certified emissions reduction units" replace these units if insurers default on their replacement obligation. AOSIS reminded delegates that the modalities under discussion are to apply in the first commitment period only, and, with the EU, said that it did not support a stand-alone insurance approach. The EU said that Canada's insurance policies approach does not fully address non-permanence because insurance can expire as early as ten years after the end of the crediting period. Co-Chair Krug said an informal drafting group on non-permanence would be convened.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: Chair Karsten Sach said the contact group's discussions would focus on two sets of issues: preparations for COP/MOP-1; and COP-9, future sessional periods, and effective participation in the UNFCCC process.

Regarding preparations for COP/MOP-1, NORWAY said that while it respected the legal distinction between the UNFCCC and the Protocol, it favored as much integration as possible. The US emphasized the need for an approach that does not merge UNFCCC and Protocol issues as this would impact on the rights of

Parties to the UNFCCC that are not members of the Protocol. The G-77/CHINA underscored the importance of maintaining the UNFCCC and Protocol as separate and distinct bodies, both legally and procedurally. SAUDI ARABIA, with the US, said that UNFCCC issues should take priority over Protocol issues.

On the second set of issues, Chair Sach said that the contact group should consider giving a mandate to the Chairs of the Subsidiary Bodies to consult with Parties on the proposal to streamline agendas, and the multi-year work programme. SAUDI ARABIA, supported by BRAZIL, SLOVENIA and NORWAY, suggested that these issues be addressed after COP-9.

RESEARCH AND SYSTEMATIC OBSERVATION: Co-Chair Stefan Rösner introduced the Co-Chair's draft conclusions. Participants discussed, *inter alia*: priority actions to address deficiencies of domain-based networks; implementation and coverage of global terrestrial, ocean and atmospheric networks; accessibility of satellite data; information requests to the WMO on improving data transfer; and the need for specialised networks in vulnerable regions. The draft conclusions request Parties to submit views to the GCOS Secretariat on the priorities for actions arising from the Second Adequacy Report, with particular reference to the GCOS Steering Committee Report. Parties also considered a draft decision on global observing systems for climate.

IN THE CORRIDORS

Just as the conference center's air conditioning finally started working Thursday, participants began discussing adaptation, noting the G-77/China's call for "2003 to be the year of adaptation." Several participants expressed concern that discussions on the adaptation to response measures will continue to hold back concrete action on adaptation to climate change.

In addition, a fractious discussion took place Thursday on the legal distinction between the UNFCCC and the Protocol, and the role of the SBI and SBSTA in serving the COP and the COP/MOP. One delegate described the emergence of two distinct camps, one composed of "segregationists" and the other, "radical integrationists."

THINGS TO LOOK FOR TODAY

SBSTA: The SBSTA will convene at 10:00 am in plenary to address cooperation with relevant international organizations, issues relating to cleaner or less-greenhouse-gas-emitting energy, issues relating to the implementation of Protocol Article 2.3 (adverse effects of policies and measures) and any other matters.

SBI: The SBI will meet at 4:00 pm in plenary to take up: non-Annex I financial matters; the use of guidelines for the preparation of non-Annex I national communications; capacity building; UNFCCC Article 6 (education, training and public awareness); Annex I national communications; and a request from a group of countries of Central Asia and the Caucasus, Albania and the Republic of Moldova (CACAM) regarding their status under the UNFCCC. Delegates will also address a proposal by Croatia on LULUCF, and the special circumstances of Croatia under UNFCCC Article 4.6 (special circumstances of countries with economies in transition).

INFORMAL GROUPS: Contact groups will convene on: implementation of UNFCCC Article 4.8 and 4.9 (adverse effects); issues relating to Protocol Articles 5 (methodological issues), 7 (communication of information), and 8 (review of information); the IPCC TAR; research and systematic observation; and policies and measures. A group will also meet on the draft biennial budget for 2004-2005.