



UNFCCC SB-18 HIGHLIGHTS TUESDAY, 10 JUNE 2003

Delegates to UNFCCC SB-18 continued their deliberations in contact groups and informal drafting groups on Tuesday. Parties discussed: the IPCC TAR; Protocol Articles 5 (methodological issues), 7 (communication of information), and 8 (review of information); "good practices" in policies and measures (P&Ms); capacity building; UNFCCC Article 4.8 and 4.9 (adverse effects); the Special Climate Change Fund (SCCF); and the programme budget for the biennium 2004-2005. A number of informal drafting groups also convened in an attempt to complete work before the final SBSTA and SBI plenaries on Thursday, 12 June and Friday, 13 June.

SBSTA CONTACT GROUPS

IPCC TAR: This group met in morning and evening sessions to continue deliberations on the Co-Chairs' draft conclusions. Several delegates opposed Co-Chair David Warrilow's suggestion that Parties compile a list of provisional work-programme elements. They stressed that before considering text on a work programme, agreement was needed on whether to address scientific, technical and socioeconomic aspects of adaptation and mitigation in one or two SBSTA agenda items, and on the elements of the proposed work programme. TUVVALU, supported by AOSIS, the RUSSIAN FEDERATION and SWITZERLAND, suggested deleting reference to a "work programme" and replacing it with "elements for future SBSTA work." The G-77/CHINA, opposed by the EU, JAPAN and US, questioned the utility of inter-sessional consultations on the TAR prior to SBSTA-19. AUSTRALIA, NEW ZEALAND and the US said adaptation and mitigation could be considered as separate agenda items. CANADA, the EU, JAPAN and SWITZERLAND, opposed by the G-77/CHINA, preferred to consider adaptation and mitigation under one agenda item. Participants then discussed how adaptation and mitigation would be considered in practice if these two issues were to be included in one agenda item.

AUSTRALIA, CANADA, the EU, JAPAN and NEW ZEALAND, opposed by the G-77/CHINA, stressed the importance of considering cross-cutting elements and the integration of adaptation and mitigation. CANADA and SWITZERLAND supported a proposal made by New Zealand requesting SBSTA to explore the scientific, technological and socioeconomic aspects of how adaptation and mitigation each link to other issues, such as sustainable development and UNFCCC Article 2 (objective). CANADA, the EU, RUSSIAN FEDERATION and US underscored the importance of the timing of SBSTA activities.

SAUDI ARABIA noted that elements of future SBSTA work should exclude adaptive and mitigative capacity, but include spill-over effects. The EU suggested including, *inter alia*, no regrets mitigation options and the stabilization of greenhouse gas concentrations. The US opposed developing a list of specific programme elements. Co-Chair David Warrilow said he would hold informal consultations with several Parties.

PROTOCOL ARTICLES 5, 7 AND 8: This contact group discussed draft COP and COP/MOP decisions and their annexes. Regarding the draft COP/MOP decision on technical guidance on methodologies for adjustments under Article 5.2 (adjustments), the EU noted that lead reviewers should not only recommend how data sources should be updated, but also how they should be developed. On the criteria for selecting lead reviewers, Parties discussed whether knowledge of Annex I Party official languages other than the official UN languages should be a desirable criteria for lead reviewers. The G-77/CHINA, opposed by JAPAN, preferred deleting reference to languages other than UN languages. Co-Chair Newton Paciornik said informal consultations would continue to address the draft decisions and conclusions.

POLICIES AND MEASURES: Co-Chair Richard Muyungi introduced new draft conclusions. SAUDI ARABIA, for the G-77/CHINA, objected to text referring to information exchange among "all Parties," and to text "inviting Annex I Parties and other interested Parties" to share information during informal round-tables. He also said that the Co-Chairs' proposal of holding informal round-tables during session time seemed unworkable. SAMOA said it did not share all of the concerns expressed by Saudi Arabia. Following a short break for consultations, the G-77/CHINA was unable to agree a united position on the text. Co-Chair Muyungi then asked for delegates' general views. The EU and JAPAN requested the deletion of text calling for information exchange on ways to minimize adverse effects of response measures. With the US, they encouraged further discussion on the option of holding round-tables. Co-Chair Greg Terrill adjourned the meeting to allow the G-77/China to consult further on these issues.

SBI CONTACT GROUPS

CAPACITY BUILDING: This group met to consider the Chair's draft conclusions and the terms of reference (TOR) for the comprehensive review of the implementation of the framework for capacity building in developing countries. Delegates agreed to a proposal by the G-77/China to request the Secretariat to prepare a compilation paper on progress in implementing decision 2/CP.7 (capacity building in developing countries). CANADA suggested including information from bilateral and multilateral organizations. The US stressed the importance of taking into account

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country-driven approaches. Given the limited time until the review process, delegates agreed to request COP-9 to adopt a decision extending the review until COP-10. They also agreed on requesting the COP to adopt a decision reviewing decision 3/CP.7 (capacity building in EITs). On the TOR for the review, Parties discussed the period for the review. The G-77/CHINA preferred focusing on the period after COP-7, while CANADA and others noted that capacity building was a long-term process that did not begin at COP-7. Chair Dechen Tsering said that she would convene informal consultations on the draft conclusions.

UNFCCC ARTICLE 4.8 AND 4.9: This contact group met in afternoon and evening sessions. Co-Chair Fadhel Lari introduced the Co-Chairs' draft conclusions as well as proposals from the EU and G-77/China. Delegates debated at length which document to use as the basis for discussion. The G-77/CHINA said its proposal was an initial one, as not all its members had been consulted. Opposed by the US and EU, it suggested using the proposal as the basis for discussion. Delegates agreed to proceed on the basis of the Co-Chairs' draft, and began working paragraph-by-paragraph.

There were divergent views over whether to delete reference to "progress made," with the G-77/CHINA preferring language indicating that little or no progress has been made in implementing decision 5/CP.7 (adverse effects). The US and EU suggested stating that progress has been made through multilateral and bilateral activities in the areas of information and methodology, vulnerability and adaptation, as well as in convening workshops and establishing the SCCF and LDC Fund. On the reports of the workshops on insurance and risk assessment, delegates could not agree on whether to address them in separate paragraphs.

Regarding the workshop on economic diversification, delegates discussed how the TOR should be elaborated. The G-77/CHINA said the process of submissions could delay the organization of the workshop, noting that decision 5/CP.7 calls for it to be held prior to COP-9. The Co-Chairs proposed compromise text requesting the Secretariat to take into account the views expressed during SB-18 in this regard.

Delegates revisited amendments proposed in the earlier session. The Secretariat prepared a revised draft incorporating the Parties' proposals. After a brief consideration of the revised text, the group adjourned. The Co-Chairs will conduct informal consultations and produce another revision for discussion at the next meeting.

SPECIAL CLIMATE CHANGE FUND: Co-Chair Jaap Roomans presented the Co-Chairs' draft conclusions for discussion. On the SCCF's guiding principles, the G-77/CHINA said that the Fund should be complementary to the GEF climate focal areas, the LDC Fund, and bilateral and multilateral funding, and maximize adaptation funding opportunities for non-Annex I Parties not eligible for support from the LDC Fund. He also emphasized that adaptation projects should be recognized as having global benefits, and small-scale projects should have expedited access through the establishment of a small grants programme under the SCCF. ARGENTINA, with the G-77/CHINA, said text proposing additional submissions by Parties and an informal inter-sessional consultation prior to SBI-19 would further postpone progress on this matter. Noting its flexibility on these paragraphs, the EU reiterated its support for a process to allow for the further submission of Parties' views.

PROGRAMME BUDGET: This contact group discussed a revised table, which separates costs of preparatory and operational activities under the Protocol and UNFCCC, and a revised draft decision. The US sought clarification on the funding increase

requested for training inventory review experts. JAPAN, supported by AUSTRALIA, requested specific calculations on funding dedicated to the working capital reserve. The EU expressed concern about a possible decision to adopt two indicative scales of assessment, and said, if adopted, this decision would set a negative precedent for other MEAs, since it would require Parties to pay for selected activities related to a MEA and offer a perverse incentive for those Parties who have not yet ratified the Protocol. Opposed by the US, the EU then proposed two new options, which request Parties to decide on only one instead of two indicative scales. Under the first option, Parties would approve the budget for the UNFCCC, including the preparatory activities related to the Protocol, at the COP. Under the second option, Parties would approve the budget for the UNFCCC at the COP, and adopt the budget for preparatory activities relating to the Protocol at the COP/MOP. The US proposed that Parties decide only on the biennial costs of the UNFCCC, and not preparatory and operational costs associated with the Protocol. The G-77/CHINA, ARGENTINA, and BRAZIL noted that the new UN General Assembly scale of assessment should not be applied automatically.

IN THE CORRIDORS

Several observers thought the heat must be getting to them as they watched the P&Ms contact group undergo what seemed like its usual last-minute meltdown. Some noted that one country's interventions in the P&Ms contact group appeared to express "more than a liberal interpretation" of the G-77/China mandate. Though the contact group will meet again, other observers suggested that "there was no hope" for agreement. Notwithstanding the divergence of views within the G-77/China, several Parties to the Protocol have concerns about exchanging information on ways to minimize the adverse effects of response measures.

THINGS TO LOOK FOR TODAY

SBSTA CONTACT GROUPS: Protocol Articles 5, 7 and 8: This contact group will meet in Reger at 10:00 am to continue consideration of draft conclusions, and draft COP and COP/MOP decisions.

Sinks in the CDM: This group will convene at 10:00 am in Schumann to continue discussing the Co-Chairs' draft conclusions.

IPCC TAR: This contact group will meet in Haydn at 3:00 pm and at 8:00 pm to continue deliberating the Co-Chairs' draft conclusions.

Policies and measures: This contact group is scheduled to convene at 8:00 pm in Haber, and will continue to discuss draft conclusions.

SBI CONTACT GROUPS: Capacity building: This contact group will convene at noon in Liszt to hear results of the Chair's informal consultations on the draft conclusions.

Programme budget: This group will meet in Reger at 3:00 pm to continue discussing the draft decision on the programme budget for the biennium 2004-2005.

Special Climate Change Fund: This contact group is scheduled for 5:00 pm in Schumann to discuss Co-Chairs' draft conclusions.

UNFCCC Article 4.8 and 4.9: This group will meet in Reger at 5:00 pm to address the Co-Chairs' revised draft conclusions.