



## UNFCCC SB-20 HIGHLIGHTS: THURSDAY, 17 JUNE 2004

Delegates to UNFCCC SB-20 continued their deliberations in morning meetings of SBSTA and SBI, and in afternoon contact groups. SBSTA considered emissions from fuel used for international aviation and maritime transportation, issues relating to cleaner or less greenhouse gas-emitting energy, and issues relating to the implementation of Protocol Article 2.3 on adverse effects of policies and measures (P&Ms). SBI addressed arrangements for intergovernmental meetings, including COP-10 and effective participation in the UNFCCC process, and the continuing review of the functions and operations of the Secretariat. SBSTA contact groups were convened on technology transfer, small-scale afforestation and reforestation (A&R) projects under the CDM, and good practice guidance (GPG) for LULUCF.

### SBSTA

Recalling the outstanding appointment of co-chairs for the contact group on P&Ms, Chair Benrageb said Anders Turesson (Sweden) and a South African delegate would co-chair the group.

**METHODOLOGICAL ISSUES: Emissions from fuel used for international aviation and maritime transport:** The International Civil Aviation Organization (ICAO) reported on the 6th meeting of the Committee on Aviation Environmental Protection. CHINA called on ICAO and the International Maritime Organization (IMO) to recognize the differentiated obligations of Annex I and non-Annex I Parties. JAPAN, SWITZERLAND, CANADA, the EU and US emphasized the importance of cooperation between the UNFCCC, IPCC, ICAO and IMO. The EU observed that IPCC methodologies for greenhouse gas emissions estimates could be improved. SWITZERLAND cautioned against lengthy and costly software development for emissions estimation. BAHAMAS, for AOSIS, with CHINA, stressed developing reporting methodologies. KENYA supported developing consistent methodologies, inventories and emissions allocation. EGYPT noted that emissions from aviation and maritime transport contribute to ozone depletion and should be accounted for in national inventories. TUVALU and KENYA, opposed by CANADA, said SBSTA should broaden further guidance on the matter. Chair Benrageb said Greg Terrill (Australia) would facilitate informal consultations.

**OTHER MATTERS: Issues relating to cleaner or less greenhouse gas-emitting energy:** CANADA, opposed by the EU, G-77/CHINA and TUVALU, suggested taking note of its proposal to address the role of trade and cleaner energy in meeting the objectives of the UNFCCC and Protocol. Informal consultations, facilitated by Chair Benrageb, will address the issue.

**Issues relating to implementation of Protocol Article 2.3:** The EU said discussion on the matter should not be held prior to the adoption of the draft COP/MOP decision on Protocol Article

3.14 (adverse effects). JAPAN preferred to continue discussing the issue under the agenda item on other matters. Chair Benrageb said he would conduct informal consultations.

### SBI

**ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: COP-10: SAUDI ARABIA,** for the G-77/China, supported by the US, questioned the inclusion of UNFCCC Article 4.2(a) and (b) on the second review of the adequacy of commitments in the proposed COP-10 agenda. The EU and NORWAY supported its inclusion.

The US, REPUBLIC OF KOREA, AUSTRALIA and NORWAY supported the themes proposed for the COP-10 high-level segment (HLS), with minor changes. OMAN and VENEZUELA opposed the inclusion of the theme on energy and climate change. Several Parties favored holding the HLS during the second week of COP-10. The RUSSIAN FEDERATION and BURKINA FASO urged the structure of the HLS to allow for wide participation. Parties discussed various formats for the HLS, including statements, and round-table and panel discussions, to effectively mark the UNFCCC's tenth anniversary. MAURITIUS hoped sufficient funds would be available to provide for participation of LDC and SIDS delegates.

**Future sessional periods and organization of the intergovernmental process:** The US and REPUBLIC OF KOREA supported a multi-year programme of work for the climate negotiations, and called for the period between COPs to be extended. Supported by NORWAY and MAURITIUS, the US suggested a workshop at COP-10 to discuss possible formats for the climate process. The EU welcomed efforts to rationalize the workload of the climate process, but, with JAPAN and the RUSSIAN FEDERATION, supported annual COPs.

**Arrangements for COP/MOP-1:** The Executive Secretary noted that in order for COP-10 to be COP/MOP-1, the necessary instrument of ratification will need to be deposited by 7 September 2004. SAUDI ARABIA said priority in negotiations should be given to outstanding items. The EU said decision 17/CP.9 on arrangements for COP/MOP-1 is sufficient and no adjustments are necessary at this time.

**Effective participation in the UNFCCC process:** Parties commented on procedures for admitting observers, options for NGO participation, and how to respond to a request by the UN Permanent Forum on Indigenous Issues to establish an *ad hoc* open-ended working group on indigenous peoples and climate change. The US said his delegation sought physical presence during meetings of the CDM EB, but that this request was not reflected in the document on effective participation in the UNFCCC process. SAUDI ARABIA said the document should have considered effective participation of Parties, not NGOs, and, for the G-77/China, highlighted the lack of funding for non-Annex I Parties to attend meetings. The EU and CANADA welcomed participation of NGOs and indigenous peoples.



The UN PERMANENT FORUM ON INDIGENOUS ISSUES highlighted the role of indigenous peoples in addressing climate change and expressed interest in participating in UNFCCC meetings. TUVALU favored exploring the establishment of the *ad hoc* working group and suggested the identification of a focal point for indigenous peoples within the Secretariat. BUSINESS AND INDUSTRY NGOS cautioned against increasing the number of constituencies, holding multi-stakeholder dialogues or establishing a forum for any single constituency. CLIMATE ACTION NETWORK called for greater support for southern NGOs. INDIGENOUS PEOPLES ORGANIZATIONS suggested that the Permanent Forum be given advisory status to the SBI and SBSTA. On membership in constituencies, the US raised concern regarding the criteria for membership to the Research and Independent NGOs (RINGOs). RINGOs said the intention of membership criteria is simply to clarify how members are distinguished from other constituencies.

Chair Stoycheva said a contact group chaired by Karsten Sach (Germany) would be convened on arrangements for intergovernmental meetings.

**CONTINUING REVIEW OF THE FUNCTIONS OF THE SECRETARIAT:** INDIA, for the G-77/China, called for balanced geographical representation in the UNFCCC Secretariat, neutrality in preparing documents, and equity in the allocation of resources for issues concerning developing and developed countries. The EU and CANADA expressed satisfaction with the functioning of the Secretariat. Supporting the G-77/China, SAUDI ARABIA requested the Secretariat to exercise caution when making statements on behalf of the UNFCCC, and ensure that views of all Parties are adequately reflected. The Executive Secretary stressed that the Secretariat is committed to transparency and equal representation, and welcomed feedback on its functioning.

Chair Stoycheva said she would carry out informal consultations on the matter.

#### CONTACT GROUPS

**SMALL-SCALE A&R PROJECTS UNDER THE CDM:** This contact group was chaired by Thelma Krug (Brazil). Chair Krug proposed to base discussion on the draft text in the technical paper on simplified modalities and procedures. BRAZIL, for the G-77/China, asked for time for regional consultations. Parties addressed bundling, leakage, additionality, environmental and social impacts, definitions of low-income communities, and monitoring.

On bundling, the EU and several Parties cautioned that larger projects could be “debundled” into smaller projects to take advantage of simplified modalities. BOLIVIA supported bundling and requested development of technical instruments to address this matter. TUVALU requested bundled projects to be similar, to avoid baseline inconsistencies.

On leakage, JAPAN, with CANADA and INDIA, opposed by TUVALU, BRAZIL and the EU, supported exempting leakage because of monitoring costs and the unlikelihood of major impact, given the small size of projects. The EU suggested the option of an extra percentage of additional removals to account for leakage.

On additionality, TUVALU and others stressed the importance of accounting for additionality, with BRAZIL recalling that projects imply emissions in Annex I Parties. BOLIVIA, BURKINA FASO and CANADA suggested that the existing lack of incentives for sustainable forestry and land management among low-income communities in developing countries be sufficient proof of additionality.

On environmental and social impacts, JAPAN stressed that impact assessments should be at the request of host governments. CANADA, supported by BOLIVIA, proposed community participation in impact assessments. On the question of how to define low-income communities, CHINA, with several Parties, said host countries should determine this matter.

Delegates then discussed the use of GPG in monitoring small-scale projects. BRAZIL and BURKINA FASO said project participants should determine choice of monitoring guidelines, while the EU, SWITZERLAND, and CHILE supported GPG as an efficient and transparent basis for generic project monitoring.

**LULUCF GPG:** This contact group was co-chaired by Audun Rosland (Norway) and William Kojo Agymang-Bonsu (Ghana). Delegates heard a presentation and engaged in a question and answer session with IPCC GPG experts on reporting LULUCF activities under the Protocol. Parties then addressed the draft LULUCF common reporting format (CRF). The EU said the draft CRF should include guidance on requirements for national inventories. CANADA, supported by SWEDEN, proposed a trial period to test CRF tables. Delegates then discussed the scope and terms of reference of the workshop scheduled to be held in Lillehammer, Norway, in August 2004, on harvested wood products (HWP).

**TECHNOLOGY TRANSFER:** This contact group was co-chaired by Kishan Kumarsingh (Trinidad and Tobago) and Andrej Kranjc (Slovenia). Many Parties said the EGTT’s report of its fifth meeting forms a good basis for discussion. AUSTRALIA and JAPAN stressed the need to emphasize mitigation. SWITZERLAND, JAPAN, the US and GHANA, on behalf of G-77/China, called for synergies with other processes. SWITZERLAND, opposed by KOREA, emphasized demand-driven technology transfer. The G-77/CHINA recommended holding additional regional workshops to aid developing country Parties to finalize their technology needs assessment reports and implement the assessments’ outcomes. He said the workshop on innovative financing for technology development and transfer, scheduled for September 2004, should, *inter alia*, identify activities to be funded. He suggested that the EGTT address the development of endogenous technologies and transfer of technologies that are in the public domain, and review the effectiveness of “push” factors in its 2005 work programme. The EU, opposed by GHANA, said the EGTT’s 2005 work programme should be discussed at SBSTA-21.

The US encouraged Parties to post results of their technology needs assessments onto TT:CLEAR. GHANA, supported by JAPAN, said joint partnerships between developed and developing countries are essential to overcome barriers posed by intellectual property rights. GHANA suggested that not all EGTT meetings be held in conjunction with sessions of the SBSTA or COP. The G-77/CHINA, opposed by the US and JAPAN, suggested that the group draft a COP decision. Co-Chair Kumarsingh said he would hold informal consultations on the matter.

#### IN THE CORRIDORS

Delegates remained relaxed during the second day, as negotiations moved to contact groups to discuss A&R, GPG and technology transfer. The general sense was that most controversial issues and political debates would be left to Buenos Aires. Elsewhere, observers commented on the unexpected questioning of the membership criteria and composition of RINGOs in the SBI Plenary in the morning.

#### THINGS TO LOOK FOR TODAY

**CONTACT GROUPS:** The contact group on UNFCCC Article 6 (education, training and public awareness) will meet at 10:00 am in Reger. The contact group on arrangements for intergovernmental meetings will convene at 11:30 am in Mann. The contact group on capacity building will meet at 3:00 pm in Liszt. The contact group on technology transfer will meet in Haydn at 6:00 pm. The contact group on implementation of decision 5/CP.7 (implementation of UNFCCC Article 4.8 on adverse effects) will meet from 8:00-10:00 pm in Haydn. The contact group on LULUCF GPG will meet from 8:00-10:00 pm in Reger.

**SBSTA IN-SESSION WORKSHOP:** This workshop will meet from 10:00 am to 6:00 pm in Plenary II to address impacts of, and vulnerability and adaptation to, climate change.