



## UNFCCC COP-10 HIGHLIGHTS: FRIDAY, 10 DECEMBER 2004

Delegates to COP-10 met in a SBSTA plenary and numerous contact groups on Friday. In the morning, SBSTA discussed scientific, technical and socioeconomic aspects of mitigation of climate change (mitigation) and a COP contact group took up the report of the CDM Executive Board (EB). SBI contact groups met throughout the day on: capacity building; the UNFCCC's financial mechanism; UNFCCC Article 6 (education, training and public awareness); and matters relating to least developed countries (LDCs). SBSTA contact groups addressed: good practice guidance (GPG) on LULUCF activities under the Protocol, harvested wood products (HWP) and other issues relating to LULUCF; mitigation; and technology transfer.

### SBSTA

**MITIGATION:** Chair Benrageb summarized the key points of the workshop held on 9 December on practical opportunities and solutions for mitigation that contribute to sustainable development and technology innovation, deployment and diffusion. Many Parties welcomed the workshop and supported holding additional in-session workshops at future SBSTA sessions. CHINA, for the G-77/China, underscored that mitigation should not result in adverse impacts on development, and urged Parties to establish an international mechanism for technology innovation, development and transfer. JAPAN, with many others, stressed the relevance of energy efficiency. He said international cooperation on this area should be carried out on a sectoral basis. The EU emphasized that mitigation is key, and noted that significant greenhouse gas reductions are technically and economically feasible.

UGANDA said mitigation can be considered a form of adaptation, since mitigating early avoids future costs of adaptation. AUSTRALIA highlighted the complimentary roles of adaptation and mitigation. TUVALU stressed that, while adaptation is necessary, particularly in SIDS, a commitment to mitigation is equally important. Acknowledging the merits of information exchange, he said that the workshop demonstrated that sufficient information and technology are available for action.

Numerous Parties provided suggestions for presentation topics at subsequent SBSTA workshops. SAUDI ARABIA said the workshop should address socioeconomic aspects of mitigation. AOSIS stressed the importance of renewable energy technologies. CHILE said that transport had not been sufficiently addressed during the workshop. CANADA proposed addressing

sectoral case studies. Chair Benrageb established a contact group on the issue co-chaired by Kok Seng Yap (Malaysia) and Toshiyuki Sakamoto (Japan).

### CONTACT GROUPS

**CAPACITY BUILDING:** Co-Chair Roger Cornforth requested views from delegates on a proposal submitted by the G-77/China to serve as a basis for negotiations on the draft decision on capacity building. The EU, with JAPAN, US, AUSTRALIA and CANADA, stated that they could not accept the text, which he said does not correspond to the agreed terms of reference. JAPAN stressed that the review of the capacity-building frameworks should address neither future activities nor guidance to the GEF. The G-77/CHINA emphasized that the proposed text represents the view of over 100 developing countries that are affected by the decision. The EU, supported by the US, CANADA and JAPAN, and opposed by the G-77/CHINA, proposed that the Co-Chairs prepare a new draft decision text. Co-Chair Cornforth invited new proposals for the draft decision from other Parties. Discussions continued informally on capacity building in countries with economies in transition.

**FINANCIAL MECHANISM:** Co-Chair Rawleston Moore distributed a draft decision text on the Special Climate Change Fund (SCCF). Delegates addressed funding needs for developing countries to meet their commitments under the UNFCCC in the context of decision 5/CP.8 (review of the financial mechanism). SOUTH AFRICA, for the G-77/China, said that, in accordance with the Memorandum of Understanding between the GEF and the COP, the COP and GEF should jointly determine the necessary funding. The US, CANADA, EU and JAPAN supported maintaining the existing modalities for identifying funding. On the process for the review of the financial mechanism, the EU, CANADA, JAPAN and US said that existing guidelines should be used. The G-77/CHINA requested time for further consultations. Co-Chair Moore invited Parties to hold informal consultations on these issues.

**CDM EB:** Delegates discussed the draft decision text on the CDM EB. Regarding the implications of CDM project activities for achieving objectives of other environmental agreements, the EU suggested highlighting in particular the Montreal Protocol on Substances that Deplete the Ozone Layer. BRAZIL, opposed by the US, expressed concern about the costs of facilitating the physical presence of observers at EB meetings. INDIA recommended preambular text on the definition of "additionality." JAPAN, opposed by CANADA



and BRAZIL, suggested text restraining the EB from holding closed sessions, and text requesting the EB to develop guidance on, *inter alia*, methodologies for energy efficiency and for transport sector CDM projects. INDIA suggested text on an EB database of approved methodologies and text on procedures for the amendment of approved methodologies on the basis of experience gained. He also proposed noting that the use of "tools for the demonstration and assessment of additionality" is not mandatory for project participants, and, opposed by the EU, recommended text noting, *inter alia*, that a number of Parties have expressed concern about the status of the tools. The EU recommended text requesting the EB to intensify its efforts to facilitate efficient and transparent decisions by the EB and its panels.

**UNFCCC ARTICLE 6:** Delegates discussed proposed draft conclusions and a draft decision on the status of implementation of the New Delhi work programme on Article 6 and ways to enhance its implementation. On the proposal for a separate Article 6 workshop on SIDS, delegates agreed to hold a workshop immediately prior to COP-11. Participants discussed both texts, proposing minor amendments. They also deliberated on the need to coordinate with ongoing consultations on the omnibus draft decision containing guidance to the GEF. Chair Crispin d'Avergne said he will draft revised texts.

**MITIGATION:** Participants proposed topics for future SBSTA in-session workshops on mitigation. Many Parties reiterated their statements from the morning SBSTA plenary discussion on the mitigation workshop from 9 December. CHINA, for the G-77/China, and supported by others, said the next workshop should focus on socioeconomic aspects of mitigation. AUSTRALIA said a focus on socioeconomic issues is acceptable, provided that scientific and technical issues are not neglected. The EU noted that mitigation today will reduce adaptation costs tomorrow. AUSTRALIA and the EU expressed the need to review the outcomes of past workshops.

Many Parties suggested considering costs and benefits, as well as co-benefits of mitigation options. SAUDI ARABIA and CANADA proposed considering national circumstances, and NEW ZEALAND suggested looking at examples of national policies that address least-cost mitigation approaches. Many delegates said the workshop should focus on more than one theme and include cross-cutting issues. CHINA proposed communicating the conclusions to the Expert Group on Technology Transfer (EGTT). The US, supported by NEW ZEALAND, recommended involving practitioners. CANADA said it is too early to negotiate terms of reference for the workshop. Parties will submit their views and the Co-Chairs will prepare draft conclusions for further consideration by the contact group.

**LDCS:** This contact group discussed matters relating to LDCs. Noting that the mandate of the LDC Expert Group (LEG) runs through 2005, the EU proposed discussing the LEG's work and the extension of its mandate at COP-11. TANZANIA, on behalf of LDCs, agreed, suggesting that the LEG provide guidance on implementation of national adaptation programmes of action (NAPAs). On guidance to the GEF on the LDC Fund, LDCs reaffirmed their support for the principle of full-cost funding, and emphasized the urgency of adaptation activities. He highlighted difficulties with the sliding scale proposed by the GEF for co-financing project activities, and suggested discussing a threshold for full financing. JAPAN opposed discussing levels of funding until NAPAs are completed and projects are identified. SWITZERLAND, the EU, NORWAY and CANADA supported the GEF's co-financing requirements, saying that projects should not stand in a vacuum and, since national policies will generally

address the most urgent activities, LDC Fund projects should complement and build on these efforts. The Co-Chairs will prepare a draft decision for consideration.

**LULUCF:** Co-Chair William Agyemang-Bonsu presented a revised draft decision text on GPG for LULUCF under Protocol Article 3.3 (afforestation, reforestation and deforestation) and 3.4 (additional activities). The draft stipulates, *inter alia*, that GPG will be applied in a manner "consistent" with the Marrakesh Accords, and includes a footnote stating that reporting methods contained in the GPG should ensure that land areas subject to LULUCF activities under Articles 3.3 and 3.4 can be identified. Delegates agreed on the revised draft decision without further amendment.

On factoring out, AUSTRALIA highlighted its proposal calling for a forward-looking dialogue that takes a broad approach to LULUCF issues. The US, CANADA, JAPAN, NEW ZEALAND, and NORWAY supported this comprehensive approach. BRAZIL, with AOSIS, PERU and ARGENTINA, preferred a focused approach and suggested holding a technical workshop after COP-10 that would consider submissions by Parties and possibly biome-specific definitions. The US emphasized his country's position not to engage in discussions beyond the first commitment period.

On HWP, BRAZIL, with many others, welcomed the IPCC's work on HWP and noted that HWP could be better discussed after completion of the IPCC Guidelines for Greenhouse Gas Inventories in 2006. The EU, with NORWAY, and opposed by CANADA, requested that SBSTA seek submissions by Parties on specific national HWP data by 1 August 2005. AUSTRALIA cautioned Parties that inventory reporting should not be altered, stating that inventories should remain "pure" and not be linked to political discussions. The US urged Parties to report on HWP in a transparent manner. CHINA said double accounting remains germane and the IPCC should address this matter. The RUSSIAN FEDERATION said the IPCC should consider all categories of emissions and removals from HWP for future accounting. Co-Chair Agyemang-Bonsu will prepare new text on factoring out and HWP.

**TECHNOLOGY TRANSFER:** Participants in this contact group discussed the Co-Chairs' revised draft conclusions paragraph-by-paragraph. Discussions focused on: financial implications of the UNFCCC's technology clearing house (TT: CLEAR); whether to define more narrowly what areas should be addressed by TT: CLEAR; guidance to the EGTT on particular technologies; the EGTT's practitioner's guide; technology transfer in relation to articles other than Article 4.5 (technology transfer); and the "push factors" for technology transfer. Delegates also discussed the fact that some issues in the EGTT's 2004 work programme have not been completed or addressed, and deliberated the appropriateness of referring to the EGTT's 2006 work programme. The Co-Chairs will consult with the SBI and SBSTA Chairs. Bracketed and unaddressed text will be considered informally.

### IN THE CORRIDORS

On Friday, the corridors appeared empty as delegates were busy negotiating finer technical points in a number of contact groups. While rumors are rife about a proposal by the COP President to hold an intersessional seminar on the future of the UNFCCC and the Kyoto Protocol, most delegates have little idea when this will materialize into a decision of the COP.

Elsewhere, observers commented that the presentation of Brazil and China's first national communications represents a milestone for these large developing countries and for the UNFCCC.