

SB 24 HIGHLIGHTS:

FRIDAY, 19 MAY 2006

On Friday morning, SBSTA took up agenda items on policies and measures, Kyoto Protocol Article 2.3 (adverse effects), cooperation with relevant international organizations and other matters. SBI discussed the financial mechanism in relation to the Convention and Kyoto Protocol, the Special Climate Change Fund, the Adaptation Fund, arrangements for intergovernmental meetings, and Annex I demonstrable progress reports. In the afternoon, contact groups met on capacity building, technology transfer, privileges and immunities, research and systematic observation, HFC-23, review of the financial mechanism and the Adaptation Fund. There were also informal consultations on various issues, including deforestation, adaptation, and non-Annex I communications. Bilateral and small group consultations took place under the AWG.

SUBSIDIARY BODY FOR IMPLEMENTATION

FINANCIAL MECHANISM (CONVENTION): Third review of the financial mechanism: The Secretariat introduced this item (FCCC/SBI/2006/7 and 18, MISC.9, MISC.3 and INF.7). Bangladesh, for LDCs, urged adequate representation on the GEF Council. The US, the EU and SWITZERLAND supported the work of the GEF as the UNFCCC's financial mechanism. Marcia Levaggi (Argentina) and Karsten Sach (Germany) will co-chair a contact group.

Special Climate Change Fund (SCCF): SBI Chair Becker introduced this item (FCCC/SBI/2005/10 annex I). The PHILIPPINES said the SCCF was to address urgent needs of developing countries since the operating entity of the financial mechanism cannot adequately do so. COLOMBIA said that SCCF must consist of "new and additional" funding rather than have ODA channeled through it. The EU stated that activities under the SCCF and Adaptation Fund should not overlap. Bubù Pateh Jallow (Gambia) will chair a contact group.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: COP 12 and COP/MOP 2: Richard Kinley, UNFCCC Officer-in-Charge, briefed delegates on arrangements for COP 12 and COP/MOP 2 (FCCC/SBI/2006/2), highlighting the "huge challenge" of holding the COP, COP/MOP, SBI, SBSTA, AWG, UNFCCC Dialogue, and contact groups within a two-week period. Australia, for the UMBRELLA GROUP, supported by the EU and SWITZERLAND, said the meeting should not extend beyond two weeks, and advocated issue prioritization. SOUTH AFRICA urged finding the most effective approach, and said extending the session by two days "would not be harmful."

Review of COP 11 and COP/MOP 1: Richard Kinley noted questions about the participation of observers in the COP/MOP. AUSTRALIA noted its submission asserting "serious inaccuracies" in the Secretariat's Note (FCCC/SBI/2006/2,

paragraphs 32-33). The US said the status of parties to the UNFCCC but not the Protocol was clear under Protocol Articles 13.2 and 15.2.

Organization of the intergovernmental process: Richard Kinley noted recent discussions on how to manage complicated agendas, multiplicity of contact groups, and exhaustion of delegates. CANADA, the EU and SWITZERLAND supported further streamlining.

A contact group on these issues will be co-chaired by Sandea de Wet (South Africa) and Aloisia Wörgetter (Austria).

ANNEX I COMMUNICATIONS: The Secretariat introduced a synthesis of reports on demonstrable progress by Annex I countries in achieving their Kyoto targets (FCCC/SBI/2006/INF.2). The G-77/CHINA emphasized that Annex I countries are failing to honour their Kyoto obligations and proposed referring the issue to the compliance committee. The EU, JAPAN and others emphasized their commitment to the Kyoto targets and NEW ZEALAND proposed considering the issue at SB 25 to include the missing progress reports. Dimitrios Lalas (Greece) will chair informal consultations.

ADAPTATION FUND: The Secretariat introduced documents relating to the Adaptation Fund (FCCC/SBI/2006/MISC.5, MISC.7 & Add.1) and Chair Becker reported on the workshop in Edmonton (FCCC/SBI/2006/10). BARBADOS and TUVALU called for special consideration of SIDS in the management of the Fund. The EU, COLOMBIA and SWITZERLAND supported the GEF as the operating entity of the Fund. With support from many developing countries, COLOMBIA added that the Fund should be managed independently and have flexible operational policies. INDONESIA said technical assistance should be eligible for funding. Levaggi and Sach will co-chair a contact group.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

POLICIES AND MEASURES: On Annex I parties' policies and measures, the EU, SAUDI ARABIA, BELARUS and others, opposed by the US and JAPAN, supported further consideration of this issue by SBSTA. SWITZERLAND and JAPAN called for rationalization of SBSTA's agenda. Normand Trembley (Canada) and Héctor Ginzo (Argentina) will facilitate consultations.

PROTOCOL ARTICLE 2.3 (ADVERSE EFFECTS): The EU, JAPAN and SWITZERLAND said a separate agenda item on Article 2.3 was not necessary. QATAR, UNITED ARAB EMIRATES and SAUDI ARABIA disagreed. SAUDI ARABIA, supported by CHINA and EGYPT, insisted on a contact group, while the EU and JAPAN objected. Informal consultations will be held on how to proceed.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS: Special report on the ozone layer and climate system – issues relating to hydrofluorocarbons and perfluorocarbons: The Secretariat introduced this issue (FCCC/SBSTA/2006/MISC.2 and MISC.7). The EU and others

supported further consideration at SBSTA 25, while CHINA and AUSTRALIA objected. The US supported consideration under other SBSTA items. Rawleston Moore (Barbados) will conduct informal consultations.

Cooperation with other conventions, organizations and bodies: Delegates were briefed on cooperative activities (FCCC/SBSTA/2006/MISC.4), a relevant CBD decision in March 2006, the outcome of CSD 14, and recent activities of the IPCC.

MAURITIUS called for a SBSTA agenda item on the Mauritius Strategy. The EU and SWITZERLAND stressed enhanced cooperation between UNFCCC, CBD and UNCCD, while the US and CHINA noted the distinct nature of the three Rio conventions. Greg Picker (Australia) and Marcela Main (Chile) will conduct informal consultations.

OTHER MATTERS: On Protocol-related matters, the Secretariat reported on training for Protocol Article 8 expert review teams. On UNFCCC-related matters, the Secretariat presented on the inventory data interface. Chair Kumarsingh will prepare draft conclusions on both these matters.

CONTACT GROUPS

ADAPTATION FUND: Co-Chair Levaggi presented on the outcomes of a workshop on the Fund (FCCC/SBI/2006/10, annex), and the Secretariat noted that current analyses of the value of CERs that could be applied to the Fund are US\$350 million by 2012 (at US\$10 per CER). Following discussion on the workshop outcomes, parties agreed to meet on Saturday and Monday afternoon.

CAPACITY BUILDING (CONVENTION): The G-77/CHINA emphasized the importance of monitoring capacity building activities and SOUTH AFRICA supported finding the most effective monitoring methods. The EU and JAPAN highlighted the role of national communications. The chairs will prepare draft text.

CAPACITY BUILDING (PROTOCOL): SOUTH AFRICA, with several other developing countries, highlighted limited geographical distribution of CDM projects and the need to increase capacity. The EU, with JAPAN, stressed that this group's mandate does not include the nature of the CDM. The co-chairs will produce a draft text.

HFC-23: On avoiding perverse incentives that would result in increased production of HCFC-22 as a result of crediting the destruction of HFC-23 under the CDM, BRAZIL, SOUTH AFRICA, BOLIVIA and others proposed limiting crediting to existing production capacity. JAPAN called for practical solutions based on market trends and demand. With the EU, JAPAN suggested exploring solutions that would provide incentives for mitigation but not for increased production. Informal consultations will continue.

PRIVILEGES AND IMMUNITIES: The Secretariat explained that the 1946 UN Convention on Privileges and Immunities cannot automatically be extended to individuals serving in constituted bodies under the Protocol, and a new legal instrument or *ad hoc* arrangements are necessary. ARGENTINA mentioned amending the Protocol and MEXICO a new agreement, while the EU supported existing legal frameworks. SOUTH AFRICA suggested only holding meetings in Germany and other countries granting privileges and immunities. Chair Paul Watkinson (France) will prepare text.

RESEARCH AND SYSTEMATIC OBSERVATION: Co-Chair Castellari said the aim of the contact group is to decide on implementation of Decision 9/CP.11. The US said SBSTA should focus on existing working groups rather than establishing new ones. Belize, for the G-77/CHINA, urged enhancing developing countries' research capacity and research on extreme weather events. The RUSSIAN FEDERATION stressed the need for climate indicators and to strengthen national observation centers. BOTSWANA underscored the need for observation and data sets. Co-Chair Castellari stated that SBSTA 22 decided to alternate discussions on systematic observation and research from one SBSTA session to another, and that SB 24's focus is on research. The group will reconvene on Saturday.

REVIEW OF THE FINANCIAL MECHANISM: Co-Chairs Sach and Levaggi proposed exchanging views based on the criteria in the annex of Decision 3/CP.4 (review of the financial mechanism). Parties also discussed using issues raised in the synthesis report prepared by the Secretariat as a basis for deliberations. Parties then began discussions on the GEF's functioning as the Convention's financial mechanism, particularly on transparency of the GEF's decision-making processes. Several parties noted efforts by the GEF Council to help GEF constituencies coordinate their work. The PHILIPPINES and COLOMBIA noted that lack of capacity is often the real issue. Informal consultations are scheduled for Monday morning, and the contact group will reconvene in the afternoon.

TECHNOLOGY TRANSFER: The G-77/CHINA stressed implementation, capacity building and economic and market barriers. CANADA underscored public-private partnerships, synergies, and considering technology issues in the UNFCCC Dialogue and the AWG. CHINA and UGANDA urged distinguishing between normal market practice and incentives for technology transfer. Parties will meet informally on Monday.

INFORMAL CONSULTATIONS

DEFORESTATION: Co-Chairs Audun Rosland (Norway) and Hernán Carlino (Argentina) presented a proposal on the scope of the upcoming workshop on deforestation. Delegates discussed references to baselines, leakage and permanence, with some countries preferring alternative language not linked to the Protocol. They also discussed references to market mechanisms, and proposed, *inter alia*, additional language on capacity, lessons learned, effectiveness, and the contribution of forests to the ultimate objective of the UNFCCC. The co-chairs will prepare draft conclusions by Saturday.

ADAPTATION: Before beginning discussions on revising the initial list of activities for the period from SBSTA 24 to SBSTA 28 under the five-year programme of work on adaptation (as presented in the report of the Vienna informal meeting), the G-77/CHINA proposed various additions and alternative text. Consultations on the G-77/China's proposal resumed in the evening.

SPECIAL REPORT RELATING TO HFCs AND PFCs: In informal consultations, several industrialized countries said further consideration of this issue was not necessary, as the Special Report provided parties with the guidance they need to act domestically. However, another group of developed countries highlighted the need for further coordination and consideration at the international level. Draft conclusions will be prepared.

NON-ANNEX I COMMUNICATIONS: Parties exchanged views on the work of the CGE, compilation and synthesis of initial national communications, and the provision of financial and technical support. Several parties suggested that a seventh compilation document was not necessary. One developed country said the Secretariat could "go a step further" and analyze communications, however developing countries disagreed, saying the focus should be on obstacles to the preparation of communications. Further discussions will be held.

IN THE CORRIDORS

Many participants seemed to be suffering from "meeting fatigue" on Friday, with delegates talking about "ennui" or "an enthusiasm deficit." Some blamed the fact that they are in their fourth week of meetings, following the recent IPCC and CSD sessions. Other suggested that this was due to the fact that the process for deciding on long-term, post-2012 issues has just begun, with a long road ahead before any key decisions are likely. Meanwhile, several delegates noted that perennial issues on the SB's agenda seemed to be going nowhere. "Having returned to the process after several years, it is strange to note that the conversations on some issues are exactly the same," observed one delegate.