

SB 26 HIGHLIGHTS: WEDNESDAY, 9 MAY 2007

Contact groups and informal consultations were held throughout Wednesday on a variety of issues, including: the Adaptation Fund; budget for 2008-2009; education, training and public awareness; IPCC's 2006 Guidelines on national greenhouse gas inventories; privileges and immunities; research and systematic observation; reducing emissions from deforestation; small-scale afforestation and reforestation under the CDM; and technology transfer.

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND: In this contact group, Co-Chair Anaedu asked parties to submit text on eligibility criteria, priority areas and monetizing the share of proceeds. SOUTH AFRICA explained that the G-77/China required more time to work on text. Outlining his general views, the EU indicated that all non-Annex I parties would be eligible for funding; countries themselves would define the priorities; and that general guidance would be provided on monetizing the share of proceeds, while an experienced financial institution would be needed for working out the details. Co-Chair Anaedu indicated that a small drafting group would be convened once written submissions had been received, and the contact group might reconvene on Saturday.

BUDGET: In the budget contact group, JAPAN, the US and the RUSSIAN FEDERATION favored a zero nominal increase. Nigeria, speaking for the G-77/CHINA, asked for funds to be channeled into tangible capacity building activities and programme strengthening to support the interests of developing countries. The US sought clarification regarding the attribution of costs between the Protocol and the Convention. In response to a query from JAPAN, the Secretariat outlined the rationale behind the installation of a new records management system and programme, which is required to standardize work flows and improve efficiency, functionality and security. Several parties proposed budget cuts and reacted to their projected contributions in the proposed budget. Chair Dovland requested the Secretariat to prepare two budget scenarios, firstly taking into account zero nominal growth, which would reduce the budget by US\$1.78 million, and secondly corrected for inflation, which would reduce the proposed budget by US\$1 million. The group will reconvene on Thursday morning.

DEFORESTATION: During informal consultations in the morning and afternoon, parties continued their discussion of a draft COP decision prepared by SBSTA Chair Kumarsingh. There was general agreement to make the text more concise, clear and ambitious. Differences were expressed on, *inter alia*, whether to address stabilization and conservation, legal and illegal logging, displacement of emissions at the international level, and problems with definitions, particularly forest degradation. Parties addressed the preambular paragraphs in the morning, noting the need to avoid policy prescriptive language. In the afternoon, delegates commented on the operative paragraphs. Several parties proposed proceeding on parallel tracks, one covering capacity building and methodological issues and another entailing pilot project/activities. Parties also briefly addressed national reference levels and "ex-post" or results-based crediting.

EDUCATION, TRAINING AND PUBLIC AWARENESS: In informal consultations, Chair Jaudet explained that the meeting was part of a process to develop a possible future strategic approach to this issue, and outlined the stages of this process.

Parties exchanged views on the New Delhi Work Programme on Convention Article 6 (education, training and public awareness), with delegates generally commending the Programme as a useful tool. One developing country mentioned the lack of funding as an impediment for work in this area, while an Annex I party noted the value of national focal points and regional workshops. A number of parties suggested evaluating the effectiveness of regional workshops before finalizing a future strategic approach. One Annex I party noted the value of a regional and sub-regional approach. Several parties asked about moving the process forward, and Chair Jaudet clarified the stages of work, including the August deadline for submissions on a future approach.

A number of speakers also suggested that it might be more useful to build on the New Delhi Work Programme rather than developing an entirely new approach. Parties also briefly exchanged views on the CC:iNet website.

IPCC GUIDELINES ON INVENTORIES: In informal consultations on the IPCC 2006 Guidelines for national greenhouse gas inventories, parties discussed a summary text presented by the Co-Chairs, which includes sections on acknowledgment of the Guidelines, development of a process

and work plan for implementation, methodological issues, use of the 2006 Guidelines on a voluntary basis and sharing experiences thereon, and harvested wood products. Questions were raised on the voluntary use of the Guidelines and timing issues, requests for submissions to collect additional experience, and a future revision of the UNFCCC reporting guidelines. Among methodological issues that need to be addressed, parties discussed questions related to LULUCF and use of the 2006 Guidelines for reporting but not for accounting of emissions. The Co-Chairs will prepare draft conclusions.

PRIVILEGES AND IMMUNITIES: In a contact group on Wednesday morning, Chair Watkinson noted that during COP/MOP 2, parties had asked for more time to explore options and proposals. The Secretariat outlined the status of implementation of Decision 9/CMP.2, explaining that it would soon publish a technical paper outlining the current practice relating to privileges and immunities and dispute settlement arrangements in other UN bodies, in addition to exploring insurance options. BRAZIL introduced text on draft elements for an agreement on privileges and immunities (FCCC/SBI/2007/MISC.4/Add.2). The EU called for more experience with the implementation of measures adopted at COP/MOP 2, noting the complexity of dispute settlement modalities, which could affect the whole “architecture” of the Protocol. CANADA preferred allowing the Secretariat to enter into bilateral arrangements with parties concerning privileges and immunities, and/or the enactment of relevant domestic legislation. In response, the Secretariat explained that the host country agreement extends to constituted bodies under the Protocol when convened in Germany. NIGERIA and CHINA supported a legally-binding instrument.

RESEARCH AND SYSTEMATIC OBSERVATION: In this contact group, Co-Chair Castellari noted SBSTA 24’s agreement to explore a more effective dialogue among parties and the research community that would contribute to the implementation of Decision 9/CP.11. He briefed delegates on an informal meeting held the previous day involving parties and research organizations. He noted comments on, *inter alia*, the need to establish a process for science-policy dialogue that involves developing countries, as well as statements noting the IPCC’s role as the primary body for assessing scientific information in the UNFCCC process. He noted general agreement on the need for a dialogue. AUSTRALIA stressed the IPCC’s role as SBSTA’s link to the research community. Noting AR4’s release in 2007, JAPAN suggested that 2008 would be a useful time for dialogue. The EU noted a list of research gaps identified by the IPCC, stressed that SBSTA’s role is one of facilitation rather than direction, and suggested that some relevant meetings outside the UNFCCC should be reported back to SBSTA, some events could be within the SBSTA context, and that SBSTA could also seek submissions on certain issues or documents. The IPCC noted that the AR4 Technical Summaries identify research gaps. CANADA said any future dialogue should not duplicate existing processes, and CHINA noted the need to address the North-South imbalance in current research. Draft conclusions are expected on Thursday.

SMALL-SCALE AFFORESTATION AND REFORESTATION UNDER THE CDM: In this contact group, Co-Chair Krug noted divergent views as presented in submissions and plenary statements, and invited general comments on changes to the limit for small-scale afforestation and reforestation project activities.

Recalling that the decision on small-scale afforestation and reforestation in the CDM was only taken at COP 10, BRAZIL said it was premature to discuss a change in the limit and, with AUSTRALIA, the EU and others, noted market-related problems due to economies of scale and not necessarily the CDM. BOLIVIA, CHILE and MALAYSIA agreed that size was not the only problem, but believed there was enough experience concerning difficulties with developing projects to merit a revision of the limit. Tuvalu, for AOSIS, with the EU, stressed that the decision on small-scale afforestation and reforestation projects was part of a balanced package agreed at COP 9. They opposed opening the discussion but agreed on establishing an analytical process to understand barriers to implementation. CANADA recalled that discussions at COP 9 did not include a calculation of the implications of the tonnage limit and suggested that the CDM Executive Board could undertake a revision. JAPAN, opposed by BRAZIL, supported addressing simplified modalities. CHINA and INDIA opposed an increase of the threshold.

Co-Chairs’ draft conclusions will be made available on Thursday morning prior to the resumption of informal discussions.

TECHNOLOGY TRANSFER: During informal consultations in the morning, Co-Chair Mahlun presented a Co-Chairs’ draft COP decision, noting some minor corrections. Many parties commended the Co-Chairs’ work and said it was a good basis for negotiations. Initial progress was slow with some divergence arising on previously-agreed text from Nairobi. One preambular paragraph was deleted as parties felt the language was unclear and tried to express too many concepts. Delegates agreed on the first operative paragraph, which dealt with the five themes mentioned in the technology transfer framework to enhance implementation.

In the afternoon, informal consultations continued, with agreement reached on text urging non-Annex I parties to use the UNDP handbook on technology needs assessments. Regarding consultation with relevant organizations, a group of developing countries asked for COP involvement. An alternative text on adopting a set of actions to enhance implementation was suggested by one developed country. Some developed countries wanted to rework the paragraph considering future actions into the terms of reference for the constituted body on technology transfer. Co-Chair Shimada asked parties to prepare text by Thursday morning that would address this issue. Brackets remained on text addressing reconstituting the existing body or establishing a new body for technology transfer. Discussions will resume on Thursday.

IN THE CORRIDORS

After the contact group meeting on the Adaptation Fund, several delegates commented on the convivial mood in the negotiations compared with some previous sessions. Some wondered if this was due to some new faces in the group and the departure of others. However, several observers felt that the mood was simply a reflection of forward progress on this issue since Nairobi.

Meanwhile, some delegates were discussing earlier predictions that the Bali conference later this year might be the “reducing deforestation COP.” Some now seemed pessimistic that much could be expected in Bali, noting the growing realization that the issue is “highly complex” and that “a quick fix might not be possible.” Others, however, expressed greater optimism, with a brave few predicting a significant outcome in Bali on this topic.