

SB 26 HIGHLIGHTS: SATURDAY, 12 MAY 2007

On Saturday, contact groups and informal consultations were held on a variety of issues, including: the Adaptation Fund; arrangements for intergovernmental meetings; the budget for 2008-2009; deforestation; Decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures); privileges and immunities; and research and systematic observation. In addition, an IPCC briefing took place outlining the contributions of the three Working Groups to the Fourth Assessment Report (AR4).

CONTACT GROUPS AND INFORMAL CONSULTATIONS

ADAPTATION FUND: Informal consultations on the Co-Chairs' draft decision resulted in a new draft with six operative paragraphs focusing on eligibility criteria, priority areas and monetizing the share of proceeds. There were no brackets in a paragraph concerning eligibility for funding for Protocol parties that are particularly vulnerable "to assist in meeting the costs of adaptation." Bracketed text remained in three paragraphs concerning priority areas and monetizing the share of proceeds. Two options also remained as to whether the COP/MOP would only review the arrangements for monetizing Certified Emission Reductions or all matters related to the Adaptation Fund. Informal consultations will continue on Monday.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: Chair Berghäll introduced draft SBI conclusions requesting the Secretariat "to take note of the views expressed" on the agendas. She outlined procedures for finalizing the agendas, saying that their final adoption will take place in Bali. Highlighting past precedent with the Third Assessment Report, Saudi Arabia, for the G-77/CHINA, supported SBSTA considering AR4. The EU and NEW ZEALAND highlighted that there was no precedent on consideration of IPCC assessment reports by COP/MOPs and, with others, supported the inclusion of AR4 on COP and COP/MOP agendas. Delegates agreed to retain the text on agendas as presented, but decided to delete text on inviting ministers and heads of delegation to address AR4 in their statements.

BUDGET: In the budget contact group, the Secretariat distributed a new version of the tabulated budget proposal. JAPAN asked for further cuts, maintaining its position on a budget reflecting zero nominal growth, and not adjusted for inflation. The EU also called for further budgetary savings, especially in relation to the records management system. Chair Dovland pointed out that parties had requested the Secretariat not to reduce its contribution to the IPCC. UNFCCC Executive Secretary Yvo de Boer justified the need for a

new records management system to "keep the house in order" and called for guidance on the proposed cuts, voicing pessimism on the possibility of further efficiency gains. Nigeria, for the G-77/CHINA, stressed the importance of a data management system and the avoidance of any budgetary cuts that would affect activities directed at non-Annex I parties.

DECISION 1/CP.10: In the morning, informal consultations continued on adverse impacts of climate change in the context of Decision 1/CP.10. Delegates discussed financial resources and mainstreaming activities in Annex I parties, preferring the use of "planning and implementing" rather than "mainstreaming."

During the informal meeting on response measures in the afternoon, Chair Thompson suggested that parties refer to the paper provided by SBI Chair Asadi with a view to devising practical activities relating to response measures. She outlined three broad categories for consideration: modeling, financial risk management, and economic diversification. The discussion focused on modeling, with many parties seeking a better understanding of the Convention's role in this process.

DEFORESTATION: Draft text was presented during a brief informal meeting, with some parties objecting to addressing some of the operative paragraphs, as they had not previously been considered in the drafting group. This was followed by a contact group in which the Co-Chairs presented draft preambular text.

INDONESIA, supported by many others, called for reinserting the reference to stable and predictable resources. CHINA, supported by BRAZIL and INDIA, called for reference to UNFCCC Article 4.3, 4.4, and 4.7 relating to financial commitments from developed countries. JAPAN, the EU, RUSSIAN FEDERATION and NEW ZEALAND underscored action resulting in real and meaningful benefits. TUVALU stressed environmental integrity and the US emphasized ongoing actions. BRAZIL, supported by NEW ZEALAND and others, called for recognition that "issues related to degradation may be relevant" and, with INDIA and others, underscored efforts in developing countries. Revised draft text will be made available Monday morning, ahead of an informal group meeting in the afternoon.

PRIVILEGES AND IMMUNITIES: In contact group discussions, Chair Watkinson noted the need to address the issue of immunities and the resolution of disputes. The EU emphasized the need to consider the outcome of the Secretariat's technical paper relating to practices by other UN agencies and the insurability of risks, before charting a course of action. CANADA disagreed with language supported by the G-77/CHINA, which referred to the need

to agree on a legally-binding, long-term solution favoring domestic legislative arrangements that confer immunity to individuals serving on the Protocol's constituted bodies. The EU proposed compromise language on the need for the SBI to further consider an effective, legally-sound, long-term solution. BRAZIL presented text requiring entities participating in the Protocol mechanisms to give a formal declaration so that claims would be brought in accordance with COP/MOP decisions and that an *ad hoc* special review team would be constituted to address such claims. The EU pointed out that the scope of application for signing such a declaration would be limited, since many entities would not be covered. Moreover, it was not clear if national courts would dismiss an application on the basis of a declaration. Chair Watkinson requested Brazil to confer with parties to make progress on the paragraph. The group will reconvene on Tuesday.

RESEARCH AND SYSTEMATIC OBSERVATION: Informal consultations resumed late on Saturday afternoon, based on revised draft conclusions distributed earlier in the day. By the close of the meeting, only one sentence remained unresolved, on the role of the future dialogue in terms of research gaps and research capacity constraints in developing countries. While developing countries sought text noting that a dialogue "would identify" such gaps, developed countries proposed several other alternatives, including "could identify," "would aim to identify," or "would review." However, these formulations were not acceptable to developing countries. A contact group is expected to convene on Monday morning.

IPCC BRIEFING ON THE FOURTH ASSESSMENT REPORT

On Saturday morning and afternoon, lead authors from the IPCC's three Working Groups briefed delegates on AR4, and responded to questions from parties.

Opening the meeting, IPCC Chair Rajendra Pachauri noted "a huge public appetite" for information on climate change, outlined key findings by the three Working Groups, and highlighted several improvements since the IPCC's Third Assessment Report.

UNFCCC Executive Secretary Yvo de Boer emphasized that these assessments provide a solid basis for decision-making and identified the Nairobi Work Programme, the AWG and the UNFCCC Dialogue as examples of science already feeding into the UNFCCC process.

WORKING GROUP I: THE PHYSICAL SCIENCE BASIS: Martin Manning presented key findings showing that warming of the climate system is unequivocal and that clear responses in all the Earth systems can now be discerned. Peter Stott said observed changes cannot be explained without considering anthropogenic emissions. He described the observed and future climate system responses in surface temperature, precipitation, sea ice, continental ice sheets and glaciers, and noted changes in storm tracks, tropical cyclones and other extreme events.

WORKING GROUP II: IMPACTS, ADAPTATION AND VULNERABILITY: Jean Palutikof explained that some regions and vulnerable groups will be affected more than others, indicated that vulnerability depends on the development pathway, and said climate change can impede nations' ability to achieve sustainable development.

On ecosystems, Andreas Fischlin indicated that if 1.5 to 2°C temperature increases are experienced, 20-30% of higher plants and animals are at risk of extinction. In discussing emissions from terrestrial ecosystems, he indicated that the terrestrial biosphere tends toward a net carbon source beyond 2°C warming.

On food and forest products, Guy Midgley outlined impacts on crop production and explained that these depend strongly on latitude. He also discussed impacts on commercial forestry and fisheries, and highlighted the carbon dioxide fertilization effect.

Richard Klein highlighted the fact that adaptation is already occurring and often at low cost, although he also pointed out the high costs of adaptation to sea-level rise for low lying areas, and gaps in research. Regarding inter-relationships between adaptation and mitigation, he explained that this was an emerging field that had developed in response to policymakers' concerns, with limited literature available at this point.

Responding to a question from ZAMBIA about whether mitigation "buys time for adaptation," Klein said integrated assessment models do not yet allow for confident statements about how the two might substitute for one another over time, since more work is needed on the adaptation side.

Summarizing the morning's discussions, Pachauri noted that if there is to be a fifth assessment report, a further discussion in such a forum could be a very useful way to inform the scientific community on how it might improve upon AR4.

WORKING GROUP III: MITIGATION: In the afternoon, Bert Metz highlighted key findings, emphasizing that emissions have increased significantly in the last 35 years. Regarding mitigation, he demonstrated that emissions should peak in the next two decades if low emission stabilization levels are to be achieved, which could be encouraged by policy incentives for technology development and transfer.

Jayant Sathaye discussed sustainable development and climate change mitigation, noting a "two-way relationship" where "climate policy can have positive or negative effects on others factors, and non-climate development policies can influence greenhouse gas emissions as much as specific climate policies."

Ralph Sims spoke about potentials for emissions reductions in the energy, building, transport and industrial sectors, noting significant potential, particularly in the building sector.

In discussing mitigation potential and costs of land-use options, Daniel Martino explained that most of the emissions and economic mitigation potential is in developing countries, where emissions tend to increase. While noting that 90% of agricultural and 60% of forest mitigation potential is in carbon sequestration, Martino emphasized uncertainties related to, *inter alia*, how climate change affects sinks.

Dennis Tirpak presented on a range of policies, instruments and cooperative agreements to reach mitigation goals, highlighting the need for research and development investment.

In the question-and-answer session, GRENADA asked about the absence of stabilization scenarios below 2°C, noting that even a 2°C increase would be disastrous for some countries. Metz explained that the literature does not contain such scenarios. Metz also responded to a question on the enormous potential for reductions available at no cost or even with net benefits, saying that these come mainly from the building and transport sectors, but noted barriers that prevent exploiting this potential.

IN THE CORRIDORS

Some delegates were discussing the budget negotiations on Saturday, with several developing country and NGO representatives frustrated at a suggestion of no increase. "The original proposal for a 3.3% rise seems modest given what the IPCC is telling us about the imminent dangers of climate change. A zero increase just seems unfair," said one. Others, however, justified the "no change" scenario by arguing that scope remained to find further cost efficiencies and synergies.

Some parties were also discussing the bleak news from CSD-15, which ended without a negotiated outcome. "I suspect we may see some hardening of positions here in Bonn emanating from the poor result in New York," speculated one negotiator.