



SUMMARY OF THE TWENTY-SECOND SESSIONS OF THE SUBSIDIARY BODIES OF THE UN FRAMEWORK CONVENTION ON CLIMATE CHANGE: 19-27 MAY 2005

The twenty-second sessions of the Subsidiary Bodies (SB 22) of the United Nations Framework Convention on Climate Change (UNFCCC) took place from 19-27 May 2005, at the Maritim Hotel in Bonn, Germany. The sessions were attended by almost 1600 participants representing 156 Parties to the Convention, one observer State, and numerous UN agencies, intergovernmental organizations and non-governmental organizations (NGOs).

SB 22 was the first gathering of the Subsidiary Bodies since the entry into force of the Kyoto Protocol in February 2005. It was also the final preparatory session prior to the first Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP 1), which will take place from 28 November to 9 December 2005, in Montreal, Canada.

At SB 22, the Subsidiary Body for Scientific and Technological Advice (SBSTA) addressed issues relating to adaptation, mitigation, the development and transfer of technologies, and policies and measures among Annex I Parties. They also concluded their work on a range of other issues, including research needs relating to the UNFCCC, cooperation with relevant international organizations, implementation of Protocol Article 2.3 (adverse effects of policies and measures), and methodological matters.

The Subsidiary Body for Implementation (SBI) considered arrangements for COP/MOP 1 and the eleventh Conference of the Parties to the UNFCCC (COP 11). SBI also addressed various administrative and financial matters, eventually agreeing on the programme budget for 2006-2007 at a level that was US\$1.75 million less than had been proposed. After extensive discussions, delegates also resolved two longstanding issues on SBI's agenda, on the Least Developed Countries, and on national communications from non-Annex I Parties. However, they were unable to conclude their work on the Special Climate Change Fund, which will be taken up again at SB 23.

On a number of fronts, SB 22 was buoyed by the momentum created by entry into force of the Kyoto Protocol earlier this year, which also carried over into the pre-session Seminar of Govern-

mental Experts (SOGE). However, there were also signs of the jockeying and positioning that will happen at COP 11 and COP/MOP 1 in Montreal, given that the process is about to enter new and uncharted waters.

A BRIEF HISTORY OF THE UNFCCC AND THE KYOTO PROTOCOL

Climate change is considered to be one of the most serious threats to sustainable development, with adverse impacts expected on the environment, human health, food security, economic activity, natural resources, and physical infrastructure. Global climate varies naturally but scientists agree that rising concentrations of anthropogenically produced greenhouse gases in the Earth's atmosphere are leading to changes in the climate. According to the Intergovernmental Panel on Climate Change (IPCC), the effects of climate change have already been observed, and scientific findings indicate that precautionary and prompt action is necessary.

The international political response to climate change began with the adoption of the UNFCCC in 1992. The UNFCCC sets out a framework for action aimed at stabilizing atmospheric concentrations of greenhouse gases in order to avoid "dangerous anthropogenic interference" with the climate system. Controlled gases include methane, nitrous oxide and, in particular, carbon dioxide. The UNFCCC entered into force on 21 March 1994, and now has

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189 Parties. The Parties to the UNFCCC typically convene once a year in a Conference of the Parties (COP), and twice a year in meetings of the Subsidiary Bodies.

THE KYOTO PROTOCOL: In December 1997, delegates at COP 3 in Kyoto, Japan, agreed to a Protocol to the UNFCCC that commits developed countries and countries making the transition to a market economy (EITs) to achieve quantified emissions reduction targets. These countries, known under the UNFCCC as Annex I Parties, agreed to reduce their overall emissions of six greenhouse gases by an average of 5.2% below 1990 levels between 2008-2012 (the first commitment period), with specific targets varying from country to country. The Protocol also establishes three flexible mechanisms to assist Annex I Parties in meeting their national targets cost-effectively: an emissions trading system; joint implementation (JI) of emissions-reduction projects between Annex I Parties; and the Clean Development Mechanism (CDM), which allows for projects to be implemented in non-Annex I Parties. Following COP 3, Parties initiated negotiations on most of the rules and operational details determining how countries will reduce emissions, and measure and assess emissions reductions. To date, 150 Parties have ratified the Protocol, including 37 Annex I Parties, representing 61.6% of 1990 Annex I greenhouse gas emissions, meeting the requirements for entry into force of the Protocol, which took place on 16 February 2005.

THE BUENOS AIRES PLAN OF ACTION: The Buenos Aires Plan of Action (BAPA) was negotiated at COP 4 in 1998, to set out a process for taking forward the provisions of the Protocol. The BAPA set COP 6 as the deadline for reaching agreement on the operational details of the Protocol and on strengthening implementation of the UNFCCC. Protocol issues to be addressed included rules relating to the flexible mechanisms, a regime for assessing Parties' compliance, accounting methods for national emissions and emissions reductions, and rules on crediting countries for carbon sinks. Issues under the UNFCCC that required resolution included questions of capacity building, the development and transfer of technology, and assistance to those developing countries particularly vulnerable to the adverse effects of climate change or to actions taken by industrialized countries to combat climate change.

Following agreement on the BAPA at COP 4, subsequent meetings attempted to reach agreement on the various elements of the work programme. In November 2000, Parties met at COP 6 in The Hague, the Netherlands, and attempted to complete these negotiations, without success. COP 6 was thus suspended until July 2001 when it reconvened in Bonn, Germany. Delegates held protracted consultations, and finally agreed to adopt a political decision, the Bonn Agreements. However, this political decision could only be operationalized as part of a package of COP decisions on issues such as the flexible mechanisms, compliance and land use, land-use change and forestry (LULUCF). As delegates were unable to finalize text on every decision, they agreed to forward all the draft decisions to COP 7 for final resolution.

THE MARRAKESH ACCORDS: Delegates continued discussions on the Bonn Agreements at COP 7 in October/November 2001. Following extensive negotiations, the Marrakesh Accords were adopted and have served as the basis for subsequent negotiations. The Marrakesh Accords set out building blocks for

decisions under the Protocol and UNFCCC, including: the flexible mechanisms; LULUCF; rules for compliance; rules on communicating and reviewing information on emissions and removals of greenhouse gases; and issues relating to support for developing countries, including capacity building, technology transfer, responding to the adverse effects of climate change, and the establishment of three funds – the Least Developed Countries (LDC) Fund, the Special Climate Change Fund (SCCF), and the Adaptation Fund.

COP 8 AND COP 9: Delegates met at COP 8 in October/November 2002, and again at COP 9 in December 2003, to negotiate decisions for implementing the Marrakesh Accords. Among other things, Parties agreed on rules and procedures for the CDM Executive Board (EB), the body designated to supervise the CDM, and modalities and procedures for afforestation and reforestation (A&R) activities under the CDM. Parties also discussed how to integrate findings of the IPCC's Third Assessment Report into the work of the UNFCCC, agreeing on two new agenda items on adaptation and on mitigation.

SB 20: In June 2004, delegates met in Bonn at the twentieth sessions of SBI and SBSTA. Among other things, SBSTA 20 considered small-scale A&R CDM project activities and good practice guidance on LULUCF, and held two in-session workshops on adaptation, and on mitigation. SBI 20 addressed the UNFCCC's financial mechanism and arrangements for intergovernmental meetings.

COP 10: COP 10 was held in Buenos Aires, Argentina, from 6-18 December 2004. The meeting involved lengthy negotiations on how to engage on commitments to combat climate change in the post-2012 period. The Kyoto Protocol requires Parties to begin considering the post-2012 period by 2005. Delegates eventually agreed to hold a Seminar of Governmental Experts prior to SB 22 in May 2005. However, the terms of reference for the Seminar did not refer to the post-2012 period or new commitments. Rather, they stated that the purpose of the Seminar was to promote "an informal exchange of information on: (a) actions relating to mitigation and adaptation to assist Parties to continue to develop effective and appropriate responses to climate change; and (b) policies and measures adopted by their respective governments that support implementation of their existing commitments under the United Nations Framework Convention on Climate Change and the Kyoto Protocol."

Delegates also agreed on a package on adaptation – the Buenos Aires Programme of Work on Adaptation and Response Measures – that supports further implementation of measures to adapt to the adverse effects of climate change, while also addressing calls for economic diversification for countries affected by the global community's response measures to deal with climate change.

In addition, Parties addressed and adopted numerous decisions and conclusions on issues such as technology transfer, LULUCF, the UNFCCC's financial mechanism, and education, training and public awareness. Some issues remained unresolved. These included negotiations on the LDC Fund, the SCCF, submission of national communications from non-Annex I Parties, and Protocol Article 2.3 (adverse effects of policies and measures).



UNFCCC SEMINAR OF GOVERNMENTAL EXPERTS:

The Seminar of Governmental Experts (SOGE) was held from 16-17 May 2005, in Bonn. While the Seminar had no formal outcome, delegates addressed some of the broader issues facing the climate change process. Foremost among these for some Parties was the question of a future framework and commitments beyond 2012. There were also exchanges of information, experiences and opinions on how to respond to the increasingly strong evidence of climate change, address the differences of opinion over the Kyoto Protocol and move forward in putting mitigation and adaptation measures into action. For more information, see the *Earth Negotiations Bulletin's* summary of the meeting: <http://www.iisd.ca/vol12/enb122261e.html>.

SB 22 REPORT

During SB 22, the Subsidiary Body for Scientific and Technological Advice (SBSTA) convened five times in plenary, as well as in a number of contact groups and informal consultations, to make progress on the items on its agenda. As a result of these meetings, draft conclusions were adopted on a number of issues and draft decisions were forwarded to COP 11 or COP/MOP 1 for their consideration. The conclusions and draft decisions addressed scientific, technical and socioeconomic impacts of, and vulnerability and adaptation to, climate change, as well as climate change mitigation, the development and transfer of technologies, and "good practices" in policies and measures (P&Ms) among Annex I Parties. They also dealt with research needs relating to the Convention, cooperation with relevant international organizations, methodological issues and various other matters. The methodological issues included technical guidance on methodologies for adjustments under the Kyoto Protocol, registry systems under the Protocol, and the implications of implementing project activities under the CDM for achieving the objectives of other environmental treaties. SBSTA was not able to complete its work on emissions from fuel used for international aviation and maritime transport. Parties were also unable to adopt conclusions on the International Meeting to Review the Implementation of the Programme of Action for Small Island Developing States (SIDS), which took place from 10-14 January 2005, in Port Louis, Mauritius.

The Subsidiary Body for Implementation (SBI) considered arrangements for intergovernmental meetings, including COP/MOP 1 and COP 11, as well as future sessional periods and organization of the intergovernmental process. It also addressed various administrative and financial matters, issues relating to the least developed countries (LDCs) and to national communications from non-Annex I Parties. The SBI was unable to conclude its work on the SCCF, which will be taken up again at SB 23.

In addition to the formal Subsidiary Bodies' meetings and consultations, over 40 side events were held. For more information on side events, visit: <http://www.iisd.ca/climate/sb22/enbots>.

This report on SB 22 is based on the agenda of the sessions, with separate sections on matters taken up by SBSTA and SBI.

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

SBSTA 22 opened on Thursday morning, 19 May 2005.

UNFCCC Executive Secretary Joke Waller-Hunter welcomed delegates and conveyed the regrets of SBSTA Chair Abdullatif Salem Benrageb (Libya) that he was unable to attend the start of the session. She thanked SBSTA Vice-Chair Amjad Abdulla (Maldives) for taking up the task of chairing the meeting until Chair Benrageb arrived later in the session. She observed that SBSTA had a heavy agenda that would contribute to COP 11 and COP/MOP 1.

Luxembourg, on behalf of the European Union (EU), urged delegates to build on the positive experience of the SOGE, and supported setting in motion procedures on the post-2012 period. On the SBSTA agenda, he emphasized the item on mitigation, and welcomed discussions on adaptation, and on aviation and maritime transport.

Jamaica, on behalf of the Group of 77 and China (G-77/China), stressed international action on climate change and its linkages with the Millennium Development Goals. She also highlighted issues of adaptation, mitigation and methodological issues. Kenya, for the Africa Group, pressed for simplified CDM modalities and urgent action on technology transfer and adaptation. Tuvalu, on behalf of the Alliance of Small Island States (AOSIS), highlighted adaptation and the needs of SIDS. Egypt called for increased efforts on mitigation. Mali highlighted the impacts of climate change on LDCs.

SBSTA Vice-Chair Abdulla introduced the agenda (FCCC/SBSTA/2005/1). Saudi Arabia, supported by Qatar, stated that COP decision 10/CP.9 on adaptation should also be reflected in the agenda of the SBI, and suggested deferring adoption of the SBSTA agenda until the SBI matter was resolved. The EU, G-77/China, Africa Group, Norway, Japan, South Africa, New Zealand, Kenya, Tanzania and others supported adopting the SBSTA agenda. Vice-Chair Abdulla took note of Saudi Arabia's concerns, and the agenda was adopted. SBSTA also approved Vice-Chair Abdulla's updated proposal for the session's organization of work.

ADAPTATION

The scientific, technical and socioeconomic aspects of impacts of, and vulnerability and adaptation to, climate change, were first taken up by SBSTA 22 on Thursday, 19 May. The aim of discussions on this item was to develop a five-year SBSTA work programme on adaptation, as mandated by decision 1/CP.10 (Buenos Aires Programme of Work on Adaptation and Response Measures). After an in-session workshop, numerous informal consultations and six contact group meetings, delegates agreed to SBSTA conclusions, which included a draft COP decision and draft annex on the SBSTA programme. However, as this was the first session where the work programme was formally discussed, SBSTA did not finalize the programme, and the draft decision and annex remain bracketed. Parties did agree, though, that the first step in the process should be to conduct a comprehensive stock taking exercise.

To facilitate the development of this work programme, SBSTA organized an in-session workshop, which was held on Saturday, 21 May. The workshop was co-chaired by Philip Gwage (Uganda)



and David Warrilow (UK), and consisted of a key note presentation by Ian Burton, University of Toronto, and presentations by fifteen country representatives. Common themes among the presenters included the need for information sharing and international cooperation, bottom-up approaches, engaging both practitioners and policy makers, and integration into sustainable development. A summary of these discussions is available online at: <http://www.iisd.ca/vol12/enb12265e.html>.

SBSTA then reconvened on Monday, 23 May, to take up the item and hear a summary of the workshop. A contact group, co-chaired by Marjorie Pyoos (South Africa) and James Shevlin (Australia), was set up to continue consultations.

Basing their discussion on the SBSTA Vice-Chair's summary of the workshop, which contained possible elements of the programme of work, deliberations in the contact group centered on the objectives of the programme and on possible approaches. Delegates engaged in an initial exchange of views, in which the G-77/China and AOSIS reiterated their call for action-oriented measures and said that the need to expedite these should not be restricted by calls for further assessments. The EU, the US and New Zealand favored improved understanding and cooperation. The G-77/China and AOSIS also called for reference to the most vulnerable, with AOSIS calling for a special track for SIDS to address urgent needs. Saudi Arabia underscored adaptation to response measures.

On the structure of the work programme, the US highlighted the need to focus on priority sectors. The G-77/China proposed instead using a variety of integrated approaches that would proceed in parallel and not sequentially. This included a livelihoods approach that focuses on assets ("capitals") as opposed to a sectoral approach. The Africa Group warned that a sectoral approach could marginalize local knowledge. Japan also preferred taking a broad thematic approach to avoid time-consuming discussions on priority sectors. The G-77/China and AOSIS called for establishing an experts' working group to advance work and ensure follow-up.

Debate on the draft conclusions and decision focused on whether to make reference to decision 1/CP.10, as proposed by the G-77/China, or to the subsection under decision 1/CP.10 that refers specifically to SBSTA and to the work programme. Saudi Arabia, opposed by the EU, Switzerland, Norway and others, said that referring to the whole decision covers the interests of all Parties. On Thursday, 26 May, SBSTA Chair Benrageb offered to conduct an informal workshop before SB 23 to facilitate the development of the work programme, and, following minor editorial amendments, delegates agreed to the draft conclusions, which were adopted by SBSTA in plenary on 27 May.

SBSTA Conclusions and Draft COP Decision: In the conclusions (FCCC/SBSTA/2005/L.14), SBSTA takes note of submissions from Parties and welcomes the exchange of views during the in-session workshop. SBSTA also agrees to further consider and elaborate the draft annex and draft COP decision at SB 23, and requests the Secretariat, under the guidance of the SBSTA Chair, to organize an informal workshop before SB 23 to facilitate the development of the programme of work. The draft COP decision remains bracketed.

MITIGATION

The agenda item on the scientific, technical and socioeconomic aspects of mitigation of climate change was first addressed in a morning in-session SBSTA workshop, and in an afternoon SBSTA plenary both held on Monday, 23 May. A contact group co-chaired by Kok Seng Yap (Malaysia) and Toshiyuki Sakamoto (Japan) was convened. It met twice formally, and a number of informal consultations were also held. SBSTA later adopted a conclusion (FCCC/SBSTA/2005/L.10) on the issue.

During the in-session workshop, delegates heard presentations from international experts focusing on factors that affect mitigation technology innovation, deployment, and diffusion, and socioeconomic aspects of mitigation, including poverty reduction and economic impacts. Experts addressed, *inter alia*, capital structures of the energy sector, greening investment, energy efficiency, public investment in R&D, market barriers, links between mitigation and local pollution abatement, spillover effects, and the CDM. A summary of these discussions is available online at: <http://www.iisd.ca/vol12/enb12266e.html>

Subsequent contact group deliberations were based on draft conclusions prepared by the contact group Co-Chairs. Discussions focused on two main areas: reporting by the Secretariat on lessons learned from previous mitigation workshops; and the holding of a pre-session workshop on mitigation at SBSTA 23.

On reporting by the Secretariat, discussions centered on format, scope of the reporting and the calendar, with agreement quickly reached on Wednesday, 25 May. Parties agreed on the timing of reporting and that the reports should be "concise."

On the pre-session workshop, the EU and Canada were in favor of holding a forum where Parties could exchange their views on lessons learned from mitigation workshops and future steps to take under this agenda item. The G-77/China, the US, Japan and Australia doubted the value of such a forum, and also expressed concerns about funding requirements, and the effects on the time available to consider other agenda items. The EU, with Canada, proposed a pre-session workshop, as it would be more cost efficient and would not interfere with other agenda items. The US voiced concern that a pre-session workshop would be simply an extension of negotiations. After three days of discussions, there was no agreement on having such a forum, and references were dropped from the draft conclusions.

Another issue raised in the contact group was carbon capture and storage. Canada noted the upcoming IPCC special report on the issue, and suggested that carbon capture and storage should be considered before COP/MOP 2. The US said he was not clear that the IPCC report on this issue belonged on this agenda item.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.10), SBSTA takes note of the submissions from Parties contained in document FCCC/SBSTA/2005/MISC.2 and Add.1-2. It also welcomes the exchange of views in the in-session workshop held at SBSTA 22, and the SBSTA Chair's summary of the workshop. Further, the SBSTA requests the Secretariat to prepare, by 15 July 2005, a concise report on the topics presented at the in-session workshops held to date, covering greenhouse gases, sectors, technologies, regions and socioeconomic aspects and other related factors addressed.



METHODOLOGICAL ISSUES

SBSTA 22 took up a range of methodological issues, including emissions from fuel used for international aviation and maritime transport, technical guidance on methodologies for adjustments under the Protocol, and registry systems under the Protocol. SBSTA also addressed the implications of implementing project activities under the CDM for achieving the objectives of other environmental treaties. Parties were able to adopt conclusions on all of these issues, with the exception of the sub-item on emissions from aviation and maritime transport.

EMISSIONS FROM FUEL USED FOR INTERNATIONAL AVIATION AND MARITIME TRANSPORT: This issue was taken up at SBSTA 22 in plenary on Thursday, 19 May, when the UNFCCC Secretariat introduced an updated note (FCCC/SBSTA/2005/INF.2) on the topic. The International Civil Aviation Organization (ICAO) summarized its work in this area, and several Parties underscored the importance of the issue. The matter was then taken up in informal consultations, with Parties working on draft conclusions. The consultations were facilitated by José Romero (Switzerland).

In the contact group, differences among Parties soon emerged, particularly over a possible follow-up process. While the EU sought to set out a process that might include a workshop or other experts' event, some other Parties, including the US, questioned the need for a workshop. After lengthy negotiations, text emerged that took note of information provided by ICAO and invited the International Maritime Organization (IMO) to provide information on its current and planned activities relating to maritime transport emissions at SBSTA 24 in May 2006. The text also included a compromise between the EU, US and others that recognized the methodological difficulties and limited availability of data for distinguishing between domestic and international fuel consumption. The compromise also requested an intersessional workshop, subject to availability of resources, in early 2007, to discuss inventory issues, including improving the quality of reporting on emissions estimates for aviation and maritime transport. The text agreed that SBSTA would not take up the issue again until May 2007.

While the compromise text was agreeable to most Parties, Saudi Arabia, Kuwait and a number of other oil-exporting developing countries objected to text outlining such a follow-up process. These countries argued that discussing emissions from aviation and maritime transport was diverting SBSTA's limited time and attention away from other issues that are more important to developing countries.

In the closing SBSTA plenary on Friday, 27 May, the compromise text was supported by the EU, US, Canada, Australia, Russian Federation, Argentina, Bulgaria, New Zealand, Ukraine, Japan, Norway, AOSIS and the Environmental Integrity Group (Switzerland, Republic of Korea and Mexico). However, Saudi Arabia, Kuwait, United Arab Emirates, Oman, Iran and Libya were not in support of the text. India also opposed a paragraph on holding a workshop, highlighting budget cuts for the UNFCCC and ongoing work on this issue by ICAO.

SBSTA Conclusions: With no agreement reached, SBSTA adopted brief revised conclusions (FCCC/SBSTA/2005/L.11/Rev.1), noting that SBSTA 22 did not complete its consideration of this issue, and will resume discussions at SBSTA 23.

IMPLICATIONS OF PROJECT ACTIVITIES UNDER

THE CDM FOR ACHIEVING THE AIMS OF OTHER

ENVIRONMENTAL TREATIES: This issue was first addressed in SBSTA plenary on Thursday, 19 May, and in two contact group meetings on Friday, 20 May, and Tuesday, 24 May. The agenda item was the result of a request by the COP to develop a recommendation for COP/MOP 1 on the implications for other environmental instruments, particularly the Montreal Protocol, arising from the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities to earn credits under the CDM for the destruction of hydrofluorocarbon-23 (HFC-23).

During contact group consultations, chaired by Georg Børsting (Norway), Parties agreed to request the Secretariat to prepare an options paper based on submissions by Parties and with input from the CDM EB, in order to make a decision on this issue at COP/MOP 1. Discussions then centered on whether to also invite the views of relevant intergovernmental organizations and of Parties, and on how to incorporate Parties' submissions into the options paper. Parties eventually agreed that the options paper should be specifically based on implications for the Montreal Protocol of the establishment of HCFC-22 facilities for gaining credits from HFC-23 destruction under the CDM, and on means to address such implications.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.3), SBSTA takes note of the information contained in a technical paper prepared by the Secretariat on this issue. SBSTA also invites Parties and admitted observers and relevant intergovernmental organizations to submit to the Secretariat, by 5 August 2005, their inputs on the implications for the achievement of the objective of the Montreal Protocol of the establishment of new HCFC-22 facilities to obtain credits for HFC-23 burning, and on the means to address such implications. SBSTA further requests the Secretariat to compile the submissions and prepare an options paper based on Parties' submissions and inputs by the CDM EB for consideration by SB 23, with a view to preparing a draft COP/MOP 1 decision on this matter.

TECHNICAL GUIDANCE ON METHODOLOGIES FOR

ADJUSTMENTS UNDER THE KYOTO PROTOCOL:

This issue was first addressed by SBSTA in plenary on Thursday, 19 May, and subsequently in four contact group meetings and in during informal consultations. In these meetings, Parties considered a note prepared by the Secretariat containing a proposal for technical guidance on methodologies for adjustments for LULUCF activities (FCCC/SBSTA/2005/2). This proposal was prepared building on the technical guidance already approved by COP 9 for non-LULUCF activities. The discussions, co-chaired by Newton Paciornik (Brazil) and Audun Rosland (Norway), were not contentious, and involved a technical review of the procedures and methods for use by expert review teams to calculate adjustments, including tables of "conservativeness factors." Delegates agreed to the tables and the technical guidance with minor amendments. The exception was criteria for case of failure to submit information on these activities. For these, delegates agreed to request submissions by Parties with a view to continuing their consideration at SB 24.

SBSTA Conclusions and Draft COP and COP/MOP Decisions: In its conclusions (FCCC/SBSTA/2005/L.2), SBSTA notes that it has considered the technical paper prepared by the Secre-



ariat, and recommends a draft COP decision (FCCC/SBSTA/2005/L.2/Add.1), which includes a draft COP/MOP decision and an annex containing the technical guidance on methodologies for adjustments under LULUCF. It requests the Secretariat to establish a process to allow expert review teams to gain experience with adjustments for LULUCF during the inventory review process in 2007-2008, using real inventory data voluntarily submitted by Parties, and to arrange an information event with lead reviewers, other review experts, and Parties to share experiences at SB 24. A similar event will take place again at SB 28, dealing with experiences on adjustments for sinks. SBSTA further invites Parties to submit, by 19 August 2005, proposals for developing criteria for cases of failure to submit information relating to estimates of emissions and removals by sinks. This latter question will be taken up by SBSTA 23 in order to recommend a decision for adoption by COP/MOP 1.

REGISTRY SYSTEMS UNDER THE KYOTO

PROTOCOL: This item was first taken up on Thursday, 19 May, in SBSTA's opening plenary, when Murray Ward (New Zealand) presented the results of informal consultations held before SB 22. He announced that the international transaction log (ITL) would not be operative before the second half of 2006, noted that CDM projects cannot participate in the EU carbon market until the ITL is operational, and underscored the Secretariat's funding needs.

Informal consultations were successful, and in the SBSTA closing plenary on Friday, 27 May, Murray Ward announced that details are in place for the Secretariat to test the ITL, which is thus expected to be ready by the third quarter of 2006.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.7), SBSTA takes note of the report on intersessional consultations on registry systems. SBSTA also commends the work of the Secretariat in identifying checks to be performed by the ITL as contained in document FCCC/SBSTA/2005/INF.3, considers that the checks provide a good foundation on which to continue the development of the ITL, and encourages Parties to make full use of the document. In addition, SBSTA: welcomes the information that recent contributions by Parties to the Trust Fund for Supplementary Activities allow the Secretariat to proceed with the development of ITL; notes that the Secretariat expects the ITL to be ready for the initialization of communications by other registry systems in the third quarter of 2006; and notes that the ITL administrator will prepare common operational procedures.

DEVELOPMENT AND TRANSFER OF TECHNOLOGIES

The development and transfer of technologies was first addressed at SBSTA 22 in plenary on Thursday, 19 May. A contact group co-chaired by William Kojo Agyemang-Bonsu (Ghana) and Holger Liptow (Germany) was convened. The group met twice formally, and numerous times informally, to agree on draft conclusions, which include terms of reference for the Expert Group on Technology Transfer (EGTT). These conclusions were adopted by SBSTA 22.

During the SBSTA plenary, EGTT Chair Kishan Kumarsingh (Trinidad and Tobago) presented the EGTT's most recent report. Malaysia, for the G-77/China, underscored the importance of meeting the needs identified in the technological needs assessments (TNAs), and asked for a full review of implementation of

COP decisions related to technology transfer since COP 1. The Umbrella Group (a group of developed countries, including the US, Canada, Japan, Australia, New Zealand, Norway and Iceland) stressed private sector involvement and creating an enabling environment.

During contact group meetings and informal discussions, delegates deliberated on draft text prepared by the Co-Chairs. Discussions were generally divided along north-south lines, with Parties focused on a broad range of issues, including: whether SBSTA should "request" or "recommend" tasks to EGTT under its terms of reference; the review of COP decisions since COP 1; the assessment of the implementation framework; the involvement of the private sector; long term strategies; and the consideration of specific technologies.

On the review of COP decisions, the G-77/China supported reviewing all COP decisions, while the EU, the US, Japan, and others said that the framework for implementation was the starting point, since it already considered previous decisions.

On involvement of the private sector, discussion focused on who should facilitate private sector involvement and provide enabling environments.

Discussion also focused on whether there should be a long-term strategy for technology transfer or a long-term strategy specifically for the EGTT's programme of work.

Regarding consideration of specific technologies, the G-77/China wanted a listing of specific technologies to be considered by the EGTT, while the US, EU, Japan and others said that SBSTA should not "pick winners." Compromise text was agreed for all issues.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.13), SBSTA agrees on terms of reference to guide the EGTT in preparing recommendations for enhancing the implementation of the framework for meaningful and effective actions to enhance the implementation of UNFCCC Article 4.5 (technology transfer). The SBSTA welcomes the report of the EGTT Chair and collaboration between UNEP and UNDP on the analysis of the TNAs. The SBSTA takes note the workshop for innovative financing of development and transfer of technologies, planned for October 2005, and that the EGTT will explore further the issue of public domain and publicly owned technologies. It also notes the adaptation technologies seminar to be held in Trinidad and Tobago from 14-16 June 2005. The SBSTA further notes the heavy workload of the EGTT and Secretariat, invites Parties to provide financial support and encourages the EGTT to continue to consider issues relating to diffusion and transfer of advanced, cleaner and more efficient, affordable and cost-effective energy technologies, taking into account the outcomes of the TNAs.

In its terms of reference, the EGTT is requested to, *inter alia*:

- review the progress made and effectiveness in the implementation of activities identified under each key theme of the framework;
- suggest ways and means to advance the implementation of the framework;
- identify practical actions and concrete steps for the involvement of the private sector;



- consider how to enhance cooperation with relevant conventions and intergovernmental processes; consider medium- and long-term strategies and planning of work;
- consider how to promote collaborative research; and
- recommend possible revision of key themes in the existing framework.

POLICIES AND MEASURES

The agenda item on “good practices” in P&Ms among Annex I Parties was first addressed by SBSTA in plenary on Thursday, 19 May. Informal consultations, facilitated by Tony Surridge (South Africa) and Normand Tremblay (Canada), were convened. A round-table on the issue, mandated by SBSTA 20, was held on Tuesday, 24 May. The event involved presentations and discussions aimed at sharing information and exchanging experiences in implementing P&Ms, and was divided into three parts: domestic aspects, international aspects, and cross-cutting issues. A summary of these discussions is available online at: <http://www.iisd.ca/vol12/enb12266e.html>.

During informal consultations, delegates reacted positively to the round table, and were able to agree on a short text outlining draft conclusions. The conclusions were agreed and forwarded to SBSTA, which adopted them.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.4), SBSTA notes that it has considered document FCCC/SBSTA/2004/INF.10 containing options for using web-based approaches for sharing information and experiences on “good practices” among Annex I Parties. SBSTA also welcomes the round-table discussion, recalls the upcoming Secretariat report on “good practices” and agrees to consider next steps at SBSTA 24.

RESEARCH NEEDS RELATING TO THE CONVENTION

This issue was first addressed in SBSTA plenary on Thursday, 19 May, and then in two contact group meetings co-chaired by María Paz Cigarán (Peru) and Sergio Castellari (Italy). The conclusions aim to establish a dialogue between SBSTA and research programmes and institutions at the national, regional and international level.

Discussions in the plenary focused on two main themes: the need to increase the capacity of developing countries to contribute to climate change efforts, including greater involvement from experts from developing countries; and whether or not SBSTA should provide direction to the IPCC on research. Switzerland and Australia noted the need to avoid duplication of IPCC efforts. The EU, opposed by Kenya, proposed a draft study to identify key policy-relevant research issues to be communicated to the research community.

SBSTA Conclusions and Draft COP Decision: In the conclusions (FCCC/SBSTA/2005/L.6), SBSTA welcomes the efforts of national, regional and international global change research programmes, and the endorsement of the 10-year Implementation Plan at the third Earth Observation Summit, which established the Global Earth Observation System of Systems. SBSTA also: invites submissions by Parties on research needs and priorities; requests the Secretariat to prepare a synthesis report of research needs and to make it available to Parties and relevant regional and international climate change research programmes before SB 24; requests the Secretariat to organize a side event at SB 24 to enhance communi-

cation between climate change research organizations and SBSTA; stresses the need to enhance the research capacity of developing countries; and notes that improved understanding of climate change can inform the development of technologies for mitigation and adaptation.

In the draft COP decision (FCCC/SBSTA/2005/L.6/Add.1), the COP, *inter alia*: recognizes the pre-eminent and independent role of the IPCC; recognizes the need for stronger links between national, regional, and international climate change research programmes; and urges Annex I Parties to further strengthen the engagement of research institutions from developing countries.

COOPERATION WITH RELEVANT INTERNATIONAL ORGANIZATIONS

IPCC REPORT ON SAFEGUARDING THE OZONE LAYER AND GLOBAL CLIMATE SYSTEM: HYDROFLUOROCARBONS AND PERFLUOROCARBONS: This matter was first taken up by SBSTA on Thursday, 19 May, when Susan Solomon and Bert Metz of the Intergovernmental Panel on Climate Change (IPCC) presented the main findings of the new IPCC special report that examines the alternatives to ozone-depleting substances that affect the global climate system. Uruguay, Kenya and Japan called for coordinated work between the Montreal Protocol and the UNFCCC on this issue. Australia argued that further consideration by SBSTA was unnecessary, and encouraged domestic action. The matter was referred to a contact group chaired by Darren Goetze (Canada).

In the contact group, which met three times, differences soon emerged over a SBSTA follow-up process. The UK, for the EU, wanted to establish a SBSTA process to follow up on the report, suggesting an expert meeting or workshop. The US and others rejected the proposal for a workshop, arguing that the report provides a sound basis for countries to take action. The US also expressed reservations about inviting submissions from Parties on this matter.

In addition, there were disagreements over text inviting the Montreal Protocol to make a statement at a future session of SBSTA. China, Saudi Arabia and Jamaica proposed removing this text, while the EU, Norway and Senegal wanted to retain it. Delegates eventually agreed on a compromise in the group that welcomed information from the Secretariat of the Montreal Protocol and invited submissions from UNFCCC Parties, while also agreeing that consideration of this issue should be finalized at SBSTA 24. The decision does not refer to a workshop or other meeting.

On Friday, 27 May, SBSTA considered the draft conclusions. Saudi Arabia suggested an alteration to text inviting Parties to submit their views on the IPCC report, so that submissions would address aspects of the report relevant to the UNFCCC’s “implementation,” rather than its “objective.” After the EU, G-77/China, and other Parties said they supported the text as it stood, Saudi Arabia withdrew its suggestion and the conclusions were adopted without amendment.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.8), SBSTA thanks the IPCC and the Montreal Protocol’s Technology and Economic Assessment Panel for completing the *Special Report on Safeguarding the Ozone Layer and the Global*



Climate System: Issues Related to Hydrofluorocarbons and Perfluorocarbons. SBSTA also encourages Parties to use the information in the report when developing and implementing national climate change strategies. It notes the ongoing need for research, measurement and systematic observation relevant to the ozone layer, the global climate system and potential interrelations. It welcomes information from the Secretariat for the Montreal Protocol on any consideration given to the report by the MOP to the Montreal Protocol by SBSTA 24. Finally, SBSTA invites Parties to submit to the UNFCCC Secretariat, by 13 February 2006, their views on aspects of the report relevant to the UNFCCC's objective. It asks the Secretariat to compile these views for consideration at SBSTA 24, with a view to finalizing consideration of this agenda item.

INTERNATIONAL MEETING TO REVIEW THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR SIDS: This issue was taken up by SBSTA on Thursday, 19 May, when Tuvalu, for AOSIS, noted that the UN General Assembly will consider the Mauritius Strategy during its upcoming session, and proposed that SBSTA consider the Strategy at SBSTA 23. SBSTA Vice-Chair Abdulla said he would undertake informal consultations on this issue.

During the informal consultations held over the following week, differences emerged over whether there should be a follow-up process on how the UNFCCC could help implement the Mauritius Strategy further, and on what the process might involve. AOSIS, the EU and the G-77/China sought a process that would invite submissions and address the issue at COP 11, while the US said there was no need for further UNFCCC work on this matter, and preferred shorter text taking note of the Mauritius Strategy.

Two additional paragraphs proposed by the EU also caused some disagreement. The US, Canada, India and others objected to EU-proposed text addressing climate change and sea-level rise in the context of the Millennium Review in September 2005. Delegates also discussed text proposed by the EU that would link the prioritization of energy efficiency and renewable energy under the Mauritius Strategy with the fourteenth and fifteenth sessions of the Commission on Sustainable Development in 2006-2007. The Commission will focus on energy issues at those sessions.

An attempt at a compromise formulation on the process was proposed on Wednesday, 25 May by Australia, suggesting text inviting Parties to submit "views on further implementation of relevant aspects of the Mauritius Declaration and Strategy through ongoing work of the SBI and SBSTA, as appropriate." However, Australia subsequently withdrew that proposal and replaced it with another formulation that invited Parties to continue to take into account the issue in the ongoing work of the SBSTA, as appropriate.

During the SBSTA plenary on Friday, 27 May, Canada, the US, New Zealand and Japan supported Australia's second proposal. However, AOSIS and the EU could not agree to it, with Tuvalu, speaking for AOSIS, suggesting that "certain Parties have no room for flexibility." Mauritius said he could support the earlier Australian proposal, but not the second. SBSTA plenary was suspended to allow Parties to consider the Australian proposal. Following further consultations, SBSTA Chair Benrageb reported that no agreement could be reached, and that this would be recorded in the report of the meeting.

Parties then discussed whether this agenda item should reappear on SBSTA 23's agenda, as set out in the most recent version of the draft conclusions (FCCC/SBSTA/2005/L.12). The US argued that the item had been dealt with, even though conclusions had not been agreed, since the original request from COP 10 was simply that the Secretariat report to SBSTA 22 on the SIDS International Meeting. He also argued that the concerns of SIDS were being addressed under other agenda items, such as those on adaptation, technology transfer, and capacity building.

AOSIS, the EU, the G-77/China, and Antigua and Barbuda disagreed with the US, stating that, as consideration of this item had not been concluded, the rules of procedure dictated that it be taken up at the next SBSTA session. No conclusions were agreed on this matter.

GLOBAL CLIMATE OBSERVING SYSTEM: SBSTA considered this matter briefly on Thursday, 19 May, when Vice-Chair Abdulla said he would draft conclusions on the Global Climate Observing System (GCOS), and noted concerns voiced by Argentina about territorial water issues and drifting buoys. Conclusions were adopted on the issue on Friday, 27 May.

SBSTA Conclusions: In the conclusions (FCCC/SBSTA/2005/L.9), SBSTA welcomes the report on progress towards implementing the initial ocean climate observing system, prepared by the GCOS Secretariat (FCCC/SBSTA/2005/MISC/5). It also welcomes the report on analysis of data exchange issues in global atmospheric and hydrological networks (WMO/DT 1255 GCOS96) and agrees to consider these reports in the context of consideration of the *Implementation Plan for the Global Observing System for Climate in Support of the UNFCCC* at SBSTA 23. Parties are also invited to submit their views on these reports by 15 September 2005.

OTHER MATTERS

IMPLEMENTATION OF KYOTO PROTOCOL

ARTICLE 2.3: Issues relating to the implementation of Protocol Article 2.3 (adverse effects of P&Ms) were first addressed by SBSTA in plenary on Thursday, 19 May. SBSTA Chair Benrageb was mandated to convene informal consultations on the issue. During informal negotiations, some Parties expressed the view that this agenda item should be considered by the COP/MOP instead of SBSTA as at previous sessions. In SBSTA plenary on Friday, 27 May, Chair Benrageb reported that Parties were unable to reach agreement for the third consecutive session. As at previous sessions, brief conclusions (FCCC/SBSTA/2005/L.5) were adopted by SBSTA 22.

SBSTA Conclusions: In its conclusions (FCCC/SBSTA/2005/L.5), SBSTA notes that it did not complete its consideration of issues relating to Protocol Article 2.3, and agrees to continue consideration of these issues at SBSTA 23.

CLOSING PLENARY

On Friday, 27 May, SBSTA 22 held its closing plenary meeting. SBSTA Chair Benrageb expressed regrets that he had not been present earlier in the session, and thanked Vice-Chair Abdulla for chairing SBSTA in his absence.

Executive Secretary Joke Waller-Hunter congratulated Chair Benrageb and Vice-Chair Abdulla for their efforts, which she said had resulted in a successful session where many issues were



advanced. She indicated that a preliminary evaluation of the SBSTA conclusions agreed at this session implied additional resources of about US\$130,000, and stated that any additional support would be highly appreciated. She added that COP 11 and COP/MOP 1 in Montreal would be "landmark" events.

SBSTA then adopted its report of the session (FCCC/SBSTA/2005/L.1). Thanking the contact group Chairs, delegates, interpreters and everyone involved, Chair Benrageb declared the meeting closed shortly after 4:00 pm.

SUBSIDIARY BODY FOR IMPLEMENTATION

SBI Chair Thomas Becker (Denmark) opened the session on Friday morning, 20 May. Executive Secretary Joke Waller-Hunter stated that SBI 22 was an opportunity to complete work on various issues left unfinished at COP 10, and to address other items, including improving the intergovernmental process, arrangements for COP 11 and COP/MOP 1, and financial matters.

On Friday morning, 20 May, delegates discussed the provisional agenda (FCCC/SBI/2005/1 and Add.1) in detail, particularly additions proposed by Saudi Arabia on implementation of UNFCCC Article 4.8 (adverse effects) and 4.9 (LDCs) (FCCC/SBI/2005/1/Add.2), and one on capacity building proposed by the G-77/China. The EU and Environmental Integrity Group supported the agenda without amendments, while the Africa Group and AOSIS supported adding an item on capacity building. The Umbrella Group opposed Saudi Arabia's proposal and sought more information on the capacity building proposal. Saudi Arabia, Nigeria, Oman, Egypt, Algeria, Qatar, Pakistan, Kuwait, and United Arab Emirates supported the additions.

Delegates agreed to begin work based on the original provisional agenda while consultations were held. SBI returned to the matter on Monday, 23 May, when Chair Becker proposed that those items be included under the agenda item on Other Matters. Following informal consultations, delegates accepted the Chair's proposal and adopted the agenda (FCCC/SBI/2005/1 and Add.1).

NON-ANNEX I PARTIES' NATIONAL COMMUNICATIONS FROM NON-ANNEX I PARTIES:

After remaining unresolved since COP 9, timeframes for non-Annex I Parties' submissions of second and, where appropriate, third national communications and related issues were finally resolved at SBI 22 following a series of informal consultations held from 23-25 May. The consultations were facilitated by Soobaraj Nayroo Sok Appadu (Mauritius) and Anders Turesson (Sweden).

Discussions held on this matter at SB 22 focused on a timeframe for submissions combined with a possible extension period, as conceived in an earlier proposal by Australia. Delegates from GEF donor countries sought to ensure that any extensions would have no impact on current GEF guidance on funding for non-Annex I national communications. The G-77/China sought to assure GEF donor countries that it was the timeframe, and not additional funding, that was the issue. The EU, Japan, Australia, US and Canada agreed to drop a reference to a three-year project preparation period and proposed an additional reference, stating that any extensions will not imply additional GEF funding. This was accepted by the G-77/China in a package that included agreement

to further consider these issues at COP 15 and permit LDCs to submit second communications at their discretion. This agreement was adopted by SBI on Thursday, 26 May.

SBI Conclusions and Draft COP Decision: In its conclusions (FCCC/SBI/2005/L.9), the SBI agrees to include a draft decision recommended for adoption by COP 11, stating that non-Annex I Parties shall make all efforts to submit second and, where appropriate, third national communications, within four years of initial disbursement for the actual preparation of the national communication, on an agreed full-cost basis.

In the draft COP decision, the COP notes that Parties, if necessary and based on their national circumstances, may use an extension of up to one year for submission, after informing the Secretariat; and that any extensions shall not imply additional financial resources from the GEF. LDCs may submit their second national communications at their discretion, and discussion on further implementation of Article 12.5 (national communications) will be taken up at COP 15 in 2009.

COMPILATION AND SYNTHESIS OF INITIAL NATIONAL COMMUNICATIONS: Draft conclusions on the compilation and synthesis of initial national communications were drawn up by SBI Chair Becker, and adopted by SBI on Thursday evening, 26 May.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.8), SBI notes its consideration of document FCCC/SBI/2005/INF.2 containing the list of projects submitted by non-Annex I Parties in accordance with UNFCCC Article 12.4 (projects proposed by developing countries). The recommendation to COP 11 requests the GEF, in accordance with Article 12.4 and decision 11/CP.1 (funding for adaptation), to assist, if requested, non-Annex I Parties in formulating and developing project proposals identified in their national communications, when Parties are formulating national programmes to address climate change issues. Bilateral and multi-lateral assistance programmes are invited to offer similar assistance.

WORK OF THE CONSULTATIVE GROUP OF EXPERTS ON NATIONAL COMMUNICATIONS FROM NON-ANNEX I PARTIES: This issue was first raised at an SBI plenary session on Friday, 20 May, when Emily Ojoo-Massawa (Kenya), Chair of the Consultative Group of Experts on non-Annex I national communications (CGE), made an oral presentation based on a progress report on the CGE's work (FCCC/SBI/2005/7), including a meeting in Mozambique, and CGE hands-on training workshops for the Asia and Africa regions. The US indicated his appreciation of the CGE's work and invited other countries to follow up his country's financial support for its work. Switzerland underlined the importance of support from the UNFCCC Secretariat and the UNDP and UNEP's National Communications Support Programme (NCSP).

Draft conclusions on the work of the Consultative Group of Experts (CGE) were subsequently drawn up by SBI Chair Becker, in consultation with the Secretariat and interested Parties. They were adopted by the SBI on Thursday, 26 May.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.11), the SBI notes the oral report of the Chair of the CGE and the outcomes of CGE hands-on training workshops. The SBI further notes recommendations in the CGE report (FCCC/SBI/2005/7) on



further improvement of training materials and on future training workshops. SBSTA also notes that the CGE's meetings, not more than twice a year, are critical, and notes progress on collaboration with the GEF-funded NCSP. A CGE workshop on mitigation is tentatively scheduled to be held in the Republic of Korea from 26-30 September 2005, though some funding remains outstanding. The SBI requests that the CGE, in its work programme for 2006-2007, continues to explore the possibility of a joint session with other expert groups.

PROVISION OF FINANCIAL AND TECHNICAL

SUPPORT: After being briefly considered in plenary on Friday, 20 May, draft conclusions on the provision of financial and technical support provided by GEF for the preparation of initial and subsequent national communications were drawn up by SBI Chair Becker. SBI adopted conclusions on this item on Thursday, 26 May.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.7), SBI welcomes information by the GEF Secretariat on financial support made available for the preparation of initial and subsequent national communications (FCCC/SBI/2005/INF.1). The SBI notes that the GEF continues to provide information on non-Annex I Parties that have not yet submitted initial and/or subsequent communications, and requests the UNFCCC Secretariat to report to SBI 24. SBI also notes a document (FCCC/SBI/2005/INF.3) on Parties that have not submitted initial national communications, and requests them to do so as soon as possible. SBI further notes that LDCs may submit their communications at their discretion.

FINANCIAL MECHANISM

SPECIAL CLIMATE CHANGE FUND: This issue was first addressed by SBI on Friday, 20 May. Several Parties expressed their disappointment that this matter was not resolved at COP 10. The EU cited the EU funding pledge to the SCCF for adaptation and technology. Bangladesh, for LDCs, said that LDCs should be able to access the SCCF for adaptation needs.

The issue was then taken up in informal consultations and a contact group, which met twice and was co-chaired by Jozef Buys (Belgium) and Emily Ojoo-Massawa (Kenya). Main areas of debate were the priorities and focal areas for the Fund. The G-77/China opposed an EU proposal that funding shall "support technical assistance." The EU argued, that such wording would allow the Fund to bring added value to whatever is already being undertaken elsewhere, whereas the G-77/China said this wording was inconsistent with decision 5/CP.7 (implementation of UNFCCC Article 4.8 and 4.9). This tied in with disagreement over text referring to funding for economic diversification and for the development of non-energy uses of fossil fuels. The EU argued that the purpose of economic diversification is to reduce dependence on one commodity, while the G-77/China noted that since many countries have only one resource, making that resource less polluting should be a purpose of the Fund.

On Thursday, 26 May, the contact group Co-Chairs informed Parties that it had not been possible to reach an agreement, and the draft COP decision (FCCC/SBI/2005/L.13) was forwarded to SB 23 for further consideration. Much of the text remains bracketed, particularly the paragraphs that identify priority areas for the Fund. SBI Chair Becker urged delegates to arrive at COP 11 with more

flexible mandates to allow for an agreement. The EU noted that a more determined effort will be needed to reach agreement at COP 11, and that in the interim the EU will work with the GEF to ensure that its existing funding commitments are properly implemented.

IMPLEMENTATION OF UNFCCC ARTICLE 4.8 AND 4.9 MATTERS RELATING TO THE LEAST DEVELOPED COUNTRIES:

This issue was first addressed by the SBI, on Friday, 20 May, when delegates were briefed by LDC Expert Group (LEG) Chair Paul Desanker (Malawi) on the LEG's April 2005 meeting, and by Ricardo Moita (Portugal) and Richard Muyungi (Tanzania) on pre-sessional activities involving representatives from a number of Annex II Parties, LDCs, the GEF and implementing agencies. Many Parties noted the positive atmosphere at the pre-sessional activities, and the need to agree on the operation of the LDC Fund and to move forward on implementation. Ricardo Moita and Bubu Pateh Jallow (Gambia) agreed to co-chair a contact group.

The contact group met five times from 23-26 May, and on numerous occasions informally. After holding informal consultations and preparing draft SBI conclusions and a draft COP 11 decision, SBI Chair Becker chaired the final contact group meeting.

Much of the debate centered on an EU proposal, supported by several others, that funding from the LDC Fund should support priority adaptation activities identified in the National Adaptation Programmes of Action (NAPAs) that are "additional" to activities that would be undertaken to respond to climate variability. LDCs noted the difficulties associated with differentiating between climate variability and climate change. Delegates also discussed, in detail, a co-financing scale that would be developed for those activities that do not receive full-cost funding. LDCs stressed the need to reference their "unique circumstances" in developing the scale.

Agreement was finally reached on a draft decision for COP 11 immediately prior to the SBI plenary meeting on Thursday, 26 May.

SBI Conclusions and Draft COP Decision: The SBI conclusions (FCCC/SBI/2005/L.14/Add.1) contain a draft COP decision, in which the COP states that the operation of the LDC Fund should be consistent with the following principles:

- a country-driven approach, supporting the implementation of urgent and immediate activities identified in NAPAs, as a way of enhancing adaptive capacity;
- support for implementation of activities identified in NAPAs and of other elements of the LDC work programme as identified in decision 5/CP.7, to promote the integration of adaptation measures in national development and poverty reduction strategies, plans or policies, with a view to increasing resilience to the adverse effects of climate change; and

- support for a learning-by-doing approach.

Also included in the draft decision are:

- a decision that full-cost funding shall be provided by the LDC Fund to meet the additional costs – defined as "the costs imposed on vulnerable countries to meet their immediate adaptation need" – of activities to adopt to the adverse effects of climate change as identified and prioritized in the NAPAs;



- a request that GEF develop a co-financing scale for supporting activities identified in the NAPAs, taking into account the circumstances of LDCs;
- a decision that activities identified in NAPAs that are not supported through full-cost funding as described above will be co-financed through the co-financing scale;
- a request that SBI 23 review experience gained from the implementation of NAPAs, including those in accessing funds from the LDC Fund; and
- a decision that COP 14 is to assess progress and consider the adoption of further guidance, as appropriate.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS

The agenda item on arrangements for intergovernmental meetings was first taken up by SBI in plenary on Friday, 20 May, when COP Secretary Richard Kinley briefed delegates on the sub-items under this agenda, namely, preparations for COP 11 and COP/MOP 1 in Montreal (FCCC/SBI/2005/4 and Corr.1), future sessional periods, organization of the intergovernmental process, and observer organizations in the UNFCCC process.

On future sessional periods, Richard Kinley noted an IPCC request to postpone COP 13 for three or four weeks to avoid it occurring too soon after the finalization of the synthesis report of the IPCC's Fourth Assessment Report. He also noted a recent workshop on ways to improve the organization of the intergovernmental process (FCCC/SBI/2005/2), and noted ongoing work in the UN on the involvement of civil society. Karsten Sach (Germany) agreed to chair a contact group on this agenda item.

The contact group met three times and considered all of the sub-items. On the issue of future sessional periods, there were initial differences of opinion over the IPCC's request to postpone COP 13. Australia, Japan, India, the EU, New Zealand and others supported the IPCC request, while Saudi Arabia and China suggested that the IPCC Report could be taken up at COP 14. Parties eventually agreed to the request.

Delegates discussed possible improvements to the future negotiating process in some detail. While there was general agreement on the need to find ways to improve the process and address problems with heavy agendas and workloads, there were a range of views on how this could be achieved. While some Parties, such as Norway and Canada, suggested that some proposals could be implemented immediately, Saudi Arabia urged further discussion. Parties eventually agreed to continue work on this matter at SBI 24.

On Friday, 27 May, Karsten Sach reported back to plenary on the contact group discussions and introduced draft conclusions. On the intergovernmental process, he noted agreement to "further explore possible options for improvement." However, noting complaints about the multiple contact groups and the heavy agenda, he urged Parties to reflect on possible solutions prior to COP 11 and COP/MOP 1, observing that "we don't want to learn this lesson the hard way." SBI adopted the conclusions.

SBI Conclusions: The conclusions, (FCCC/SBI/2005/L.4) address arrangements relating to COP 11 and COP/MOP 1, future sessional periods, organization of the intergovernmental process, and observer organizations in the Convention process.

On COP 11 and COP/MOP 1, the SBI thanks the Government of Canada for offering to host the event, and requests the host country to facilitate the issuance of visas to ensure Parties' effective participation. It endorses the dates of 7-9 December, 2005, for the high-level segment of COP 11 and COP/MOP 1, asks the Executive Secretary to take note of Parties' views on possible elements for the provisional agendas, and urges Parties to enhance their contributions to the Trust Fund for Participation in the UNFCCC Process.

On future sessional periods, it notes the dates for COP 12 and COP/MOP 2 (6-17 November 2006), urges Parties to make offers to host the meeting, and notes that the President of COP 12 will come from the African Group of countries. SBI also recommends 31 May to 11 June and 8-19 November 2010 for the sessional periods that year, and recommends changing the dates of COP 13 from November 2007 to 3-14 December 2007.

On organization of the intergovernmental process, SBI takes note of the workshop held during SBI 21, notes the increasing difficulties facing the intergovernmental process in terms of extensive agendas and other problems, and invites Parties to submit their views on options for further improvements by 15 November 2005. SBI also agrees to continue consideration of this issue at SBI 24, and requests the Secretariat to identify options, taking into account Parties' views and experiences from COP/MOP 1.

Regarding observer organizations, SBI notes the ongoing work of the UN and the report of the Secretary-General on observer participation. It notes that many of the steps recommended by the Secretary-General are already part of established UNFCCC practice, and asks the UNFCCC Secretariat to identify ways to enhance further the participation of observer organizations, drawing on outcomes of the wider UN process. SBI will take up the matter at SBI 26 in May 2007.

ADMINISTRATIVE AND FINANCIAL MATTERS BUDGET PERFORMANCE FOR THE BIENNIUM

2004-2005: This issue was first addressed by SBI in plenary on Friday, 20 May. The Secretariat's opening remarks focused on the funding shortfall due to outstanding contributions from Parties. SBI Chair Becker said he would consult informally with Parties and prepare draft conclusions. In the SBI plenary on Thursday, 26 May, Parties adopted the conclusions without comment.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.5), SBI takes note of the interim financial statements (FCCC/SBI/2005/INF.4), expresses concern over the considerable amount of outstanding contributions, and urges Parties that have not yet made their contributions to do so as soon as possible. It notes with concern the shortfall in supplementary funding in comparison with requirements, which have led to delays in implementation of key activities, and decides to discuss this matter further at SB 23.

PROGRAMME BUDGET FOR THE BIENNIUM

2006-2007: This issue was first addressed by the SBI on Friday, 20 May. The Secretariat gave an overview of the proposed budget, which consists of a 0.5% real increase in Euros, equaling a 22% increase in US dollars. The Secretariat noted that while activities have increased due to the entry into force of the Protocol, the depreciation of the US dollar against the Euro has reduced the Secretariat's funding, given that most of its expenses are in Euros. The



US noted that it could not agree to either the budgetary increase or the proposal to fix the budget in Euros rather than US dollars. The EU supported the budget, as proposed. John Ashe (Antigua and Barbuda) agreed to chair a contact group.

The contact group met three times between 21 and 26 May, while informal consultations also took place throughout the week. The overall level of the proposed budget and the proposal to fix the budget in Euros continued to be the two main points of contention, while the G-77/China sought to ensure that commitments for four annual meetings of the three expert groups were met.

At the contact group meeting on Thursday, 26 May, Chair Ashe presented a revised budget proposal consisting of total income of US\$55,251,583, which was supported by the EU and G-77/China. The US proposed reducing the UNFCCC budget by US\$2 million, while Japan proposed reducing the overall budget by US\$3 million. Executive Secretary Joke Waller-Hunter noted that a US\$2 million reduction would “seriously affect the operations of the Secretariat.” Lacking an agreement, Chair Ashe closed the meeting and suggested forwarding the text to SB 23.

Informal consultations, with the involvement of SBI Chair Becker, continued throughout that afternoon and evening. The SBI plenary was suspended until Friday morning, 27 May, to allow for further deliberation.

The SBI reached agreement on the budget on Friday morning. The final agreement was for an overall core programme budget of US\$53,501,583, which includes US\$2,037,020 in contributions from the host country and US\$2,000,000 in carry-over. This represents a US\$1.75 million reduction from the original proposal.

At the final plenary, Jamaica, for the G-77/China, noted that the group had gone along with the agreement under great duress, and that it was “embarrassed” to be part of a decision that sends the wrong signal to the global community about Parties’ commitment to the climate change process. She also noted that the budget has no specific activities for capacity building, which should be at the forefront of UNFCCC deliberations.

Executive Secretary Joke Waller-Hunter noted that the final agreement will not impact any of the three key work areas – adaptation, support to non-Annex I Parties, and infrastructure for the Protocol – nor the work of the three expert groups, or activities associated with the CDM, JI, and implementation. However, impacts would be felt on items such as staff travel, training, consultancy work, the organization of in-depth reviews of national communications from Annex I Parties, dissemination of information, and development of a new UNFCCC website.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.15/Rev.1), SBI decides to: recommend that COP 11 approve the core programme budget for the biennium 2006-2007; propose a contingency budget for conference services of US\$7,828,611; authorize the Executive Secretary to notify Parties of their 2006 contributions; and requests the Executive Secretary to prepare a revision of document FCCC/SBI/2005/8/Add.1 that will contain the mandates for the activities reflected therein.

FINANCIAL PROCEDURES CONCERNING SUPPORT FOR PARTICIPATION IN THE UNFCCC PROCESS: Implementation of paragraph 7(c) of the UNFCCC’s Financial Procedures (financial support for participation) was first addressed by SBI in plenary on Friday, 20 May. The Secretariat noted that, at the

request of SB 19, it had suspended its practice of withdrawing funding to Parties to participate in the UNFCCC process if they had outstanding contributions to the core budget. Argentina noted that this incentive only affects developing countries because only they request financial help to attend meetings. A shortage of contributions means that only half the support needed for delegates might be available for COP 11 and COP/MOP 1. SBI Chair Becker said he would consult informally with Parties and prepare draft conclusions. In the plenary meeting on Thursday, 26 May, SBI adopted conclusions on this sub-item following minor textual amendments proposed by Australia.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.10), SBI takes note of document FCCC/SBI/2005/3 regarding the suspension of this practice, decides that more time is required to determine the financial implications of the suspension and decides to maintain the *status quo* through 31 December 2007. The Secretariat is requested to report on this issue at SB 26. The SBI also expresses concern over the continued shortfall in contributions to the Trust Fund for Participation in the UNFCCC process, which makes it difficult to comply fully with, and implement, paragraph 7(c) of the financial procedures for the Convention.

IMPLEMENTATION OF THE HEADQUARTERS

AGREEMENT: This issue was taken up briefly in SBI plenary on Friday, 20 May, when Germany and Executive Secretary Joke Waller-Hunter reported on the Headquarters Agreement and on progress on extending it to cover the Protocol. Short draft conclusions were prepared and adopted without comment on Friday, 27 May.

SBI Conclusions: In the conclusions (FCCC/SBI/2005/L.2), the SBI takes note of the statements of the host government and the Executive Secretary at SBI 22, requests the Executive Secretary to inform SBI of any new developments, and invites the host government to report on further progress with implementing the Headquarters Agreement at SBI 24.

INTERNAL REVIEW OF THE ACTIVITIES OF THE

SECRETARIAT: The internal review of the Secretariat’s activities was taken up by SBI in plenary on Friday, 20 May, when Joke Waller-Hunter reported on an interim review (FCCC/SBI/2005/6), noting a lack of resources to meet demands, and inviting guidance from Parties. Harald Dovland (Norway) agreed to chair a contact group, and circulated draft conclusions to the contact group on Saturday, 21 May. The group met twice. In the group’s discussions, the EU sought to amend a paragraph on work with other international organizations, specifying that cooperation and communication should be focused and add value. However, after objections from the US, the paragraph was deleted. Japan and Switzerland added that efforts should be conducted within available resources. Conclusions were adopted by SBI on Friday, 27 May.

SBI Conclusions: In the conclusions on this matter (FCCC/SBI/2005/L.6), SBI notes the volume and scope of the Secretariat’s activities, and encourages the Executive Secretary to address challenges faced and implement initiatives set out in her report (FCCC/SBI/2005/6, Annex I). SBI also recommends a draft decision to the COP (FCCC/SBI/2005/L.6/Add.1), including that the COP should recall its decisions on the mandates of its expert groups and invite the expert groups’ chairs to ensure that their requests to the Secretariat are within their mandates and resources available for such



activities. The recommendations to the COP also underline the importance of the timeliness and quality of documentation, and would have the COP recognize the “advantage of Parties exercising discipline when requesting the Secretariat to prepare documents.” The recommendations also request the Secretariat to keep Parties informed of the information systems available.

OTHER MATTERS

LEVEL OF EMISSIONS FOR THE BASE YEAR OF CROATIA: SBI Chair Becker introduced this issue on Friday, 20 May, noting that it had been on the agenda for several years, and expressing hope that it could be resolved at this meeting. The EU supported Croatia’s proposal for its emissions baselines for 1990, while Bosnia and Herzegovina and Serbia and Montenegro expressed their reservations. Informal consultations chaired by Jim Penman (UK) resolved the issue, and SBI agreed to forward conclusions containing a draft decision to the COP for its consideration.

SBI Conclusions and Draft COP Decision: The SBI conclusions (FCCC/SBI/2005/L.3) on flexibility for Croatia under UNFCCC Article 4.6 (flexibility for EIT Annex I Parties) contain a draft decision for COP 11. In the draft decision, the COP confirms that Croatia shall be allowed a certain degree of flexibility with regard to its historical level of greenhouse gas emissions, and decides that SBI will consider the level of emissions for Croatia’s base year at a future session.

CLIMATE NEUTRAL UNFCCC MEETINGS: This item was first taken on Friday, 20 May, when SBI considered a report on making UNFCCC meetings “climate neutral” (FCCC/SBI/2005/9). The US and Saudi Arabia opposed a proposal to make UNFCCC meetings climate neutral, noting the heavy agenda of other pressing issues, and arguing that it was the prerogative of individual countries to decide on this when hosting UNFCCC meetings. In spite of support for the proposal from Micronesia and Trinidad and Tobago, the final draft conclusions do not propose making all UNFCCC meetings climate neutral, and instead refer only to Canada’s statement that it intends to make COP 11 and COP/MOP 1 climate neutral.

SBI Conclusions: In its conclusions (FCCC/SBI/2005/L.12), SBI welcomes Canada’s statement that it intends to make COP 11 and COP/MOP 1 climate neutral.

ISSUES RELATING TO THE IMPLEMENTATION OF DECISION 1/CP.10: On Friday, 27 May, SBI Chair Becker noted in plenary that three submissions had been made at SB 22 on decision 1/CP.10 (Buenos Aires Programme of Work on Adaptation and Response Measures). He explained that these were contained in a document (FCCC/SBI/2005/Misc.2) that will be referenced in the final report of SBI 22, under the item “Any other matters.”

CLOSING PLENARY

On Friday, 27 May, Executive Secretary Joke Waller-Hunter made a statement in which she noted that SBI had completed work on some longstanding issues, labeling this a “major success.” She also noted that SBI conclusions from this session did not have any specific implications for the budget. However, she added that the shortfall in budget resources overall was “serious” and that the

Participation Fund is badly depleted. She also drew attention to the very heavy provisional agenda for COP 11 and COP/MOP 1. SBI then adopted its report of the session (FCCC/SBI/2005/L.1).

SBI Chair Thomas Becker thanked participants, interpreters, security and the “fantastic Secretariat.” Jamaica, speaking for the G-77/China, congratulated delegates on resolving issues such as non-Annex I national communications, but expressed “extreme disappointment” at lack of progress on the SCCF. Luxembourg, speaking for the EU, said SBI had made good progress. The meeting closed at 11:15 am.

A BRIEF ANALYSIS OF SB 22

CALM BEFORE THE STORM?

“I got involved after suffering panic attacks over climate change.”

Thom Yorke, Radiohead lead singer

There was no evidence of panic in the corridors of the Maritim Hotel in Bonn during the week and a half of UNFCCC Subsidiary Body meetings (SB 22). Delegates and Secretariat staff alike appeared to be taking their history-making preparations for the first COP serving as the Meeting of the Parties to the Kyoto Protocol in stride. On a number of occasions, however, allusions to some major questions for the COP/MOP exposed potential fault lines, including a bid to force a debate in Montreal on amending the Kyoto Protocol with regard to the compliance mechanism and its bodies, and debates on the side about a “trigger” for post-2012 discussions. The business-like approach at SB 22 nevertheless led to the resolution of some long standing issues, including the timing of non-Annex I national communications and the LDC Fund.

On a number of fronts, SB 22 was buoyed by the momentum created by the entry into force of the Kyoto Protocol earlier this year, which carried over into the pre-session Seminar of Governmental Experts (SOGE).

This analysis will survey the treatment of a number of issues at SB 22 and provide a snapshot of the negotiating landscape as we look forward to the COP/MOP. It will examine issues through the lens of confidence building and issues to look out for at the COP/MOP as the process heads into uncharted waters.

CARBON COP: GROWING PAINS AND THE NEW CARBON MARKET

It is widely believed that, given the current discussions on the post-2012 scenario, the COP/MOP must – at the very least – send out a strong signal of forward-looking confidence and durability to the world, to governments and, not least, to the markets where carbon has now been established by the climate change regime as a viable commodity. A carbon market has been created and is now in its early days of functioning, thanks to the EU emissions trading scheme and other initiatives. An early indicator of the climate regime’s success is that SB 22 coincided with news in Europe that the market price of an allowance to emit a metric ton of carbon dioxide hit a record high of €19.

CDM “COULD DO MORE”

Some experts have suggested that the price is now approaching a level that will encourage energy market players and utilities to switch to cleaner forms of power generation, thus underlining the importance of debates around the G-8 and at the SOGE on long-range decisions on technology investment and deployment.



There was much discussion – inside the negotiating rooms and in the corridors – about the future management of the CDM, as companies and countries have grown impatient over the three years it has taken to establish national and international level CDM-related institutions and approve the first projects. With entry into force of the Kyoto Protocol these companies and countries have grown nervous at the prospect of meeting commitments and the need to be sure they can make use of the Certified Emissions Reductions (CERs) generated by CDM project investments. The CDM is a confidence-building instrument for developing countries. However, it is the confidence of the market and business that has become a pressing concern, and this has come down to a concerted campaign to question the additionality requirement for CDM projects.

Under the surface of this discussion, which pitches advocates for the environmental integrity of the CDM against those who are lobbying hard for easier access to CERs and “efficiency,” there are growing tensions. Pressure has reportedly been brought to bear on the CDM’s Executive Board. The CDM’s managers are now increasingly exposed to the hard-nosed politics of the business and investment community, such that the air in some quarters of the Maritim Hotel was thick with talk of legal challenges and steps to provide legal cover for Board members.

At the Carbon Expo in Cologne, Germany, held the week prior to SB 22, UNFCCC Executive Secretary Waller-Hunter raised another concern. She expressed some frustration that the ambitions of governments for the CDM and the reality of resources committed have not always matched. This has caused frustrations on all sides, not least in the Secretariat, which would like to step up its technical support to the CDM Executive Board and its Panels. The CDM funding issues can be traced back, in part, to some of the budgeting complications created by the absence of the US from the Kyoto Protocol, and the subsequent need to separate out UNFCCC and Protocol budget lines, and rely on the Supplementary Trust Fund.

This is a debate to look out for at the COP/MOP, where one of the agenda items will include a report from the CDM Executive Board. Naturally, the Canadian Presidency of the COP/MOP is taking an interest in this issue and is determined to make a contribution to the smooth functioning of the CDM. Canada is keen on credits, and they are proving hard to come by due to the complexity of the current CDM process. It is anticipated that the COP/MOP debate will address the question of whether the CDM infrastructure can measure up to the demands of a new stream of projects, which will soon be measured in hundreds rather than in tens. The CDM Executive Board will meet again in July, in Bonn, to finalize its management plan, including improvements in the methodological panel, which is expected to expand from 10 to 15 members.

Some have begun to canvass the need to raise the CDM game altogether, by shifting its responsibilities out of the Secretariat’s ambit. Potential users of the CDM have been warned that any attempt to reopen the Marrakesh Accords in the short-term could be self-defeating, as this could result in a situation where no CDM credits could be used in the first commitment period.

GOOD COP, BAD MOP? SOME ISSUES TO LOOK OUT FOR AT COP 11 AND COP/MOP 1

There are few expectations that Parties will emerge from the COP/MOP with a “Montreal Mandate” (as mooted by South Africa at the SOGE), that actually establishes the post-2012 framework. However, at the very least, it is anticipated that no options will be foreclosed. On the fringes of SB 22, the EU and AOSIS met with the Canadian Presidency to discuss the possibility of reintroducing the so called “Estrada Approach” to trigger a COP/MOP discussion on post-2012. This would see the Presidency introducing an agenda item on the matter.

Key issues for the COP/MOP that will help shape the quality of the outcome – and determine confidence in the future of the process – will be the establishment of a Compliance Committee and the upgrading of work on adaptation.

A COMPLIANCE MECHANISM

While a legally-binding compliance mechanism is recognized as an essential component of domestic legal regimes, the Kyoto Protocol compliance mechanism will break new ground in its scope and complexity. There is still a debate on how this issue will be addressed at the COP/MOP. The options are to adopt a decision or to amend the Kyoto Protocol.

On the final day of SB 22, delegates found text from Saudi Arabia being circulated from the document counter. The 14-page document (FCCC/KP/CMP/2005/2) sets out a Saudi proposal that Parties take the Protocol amendment approach to operationalizing compliance. The Saudi proposal deals with the procedures and mechanisms relating to compliance under the Kyoto Protocol e.g. the Compliance Committee, the Facilitative and Enforcement Branches, appeals and consequences. Champions of the Protocol fear that the amendment approach using Protocol Article 18 and 20.1, as opposed to adopting a COP decision, will delay significantly the implementation of the compliance procedures, because an amendment would require ratification by all the Parties. Moreover, opening the Protocol up for an amendment would establish a precedent, which could take the process down some unanticipated roads.

A Compliance Committee is expected to be established at the COP/MOP, and members are expected to be elected. The compliance mechanism, one of the institutional guardians of the integrity of the Protocol, will be responsible for reviewing implementation and in-depth reviews. It is understood that non-compliance with the standards set down for reporting could lead to the disqualification of Parties from making use of the flexible mechanisms. Discussions at SB 22 touched on compliance when it was noted that the Facilitative Branch could begin its work immediately to support EITs in their attempts to address LULUCF issues.

ADAPTATION AND LIABILITY

Adaptation was another issue where deliberations at the SOGE spilled over into deliberations at SB 22, with the development of a five-year “skeleton” programme of work the focus of discussion, in response to an important COP 10 decision. However, the subtext of discussions on adaptation has exposed another potential fault line in the negotiations leading up to the COP/MOP. It is expected that the methodological work on adaptation will increase to approach the level of work on mitigation methodologies. It is fair to question



whether this is effective – mitigation is after all the cornerstone of the Protocol and the most important activity for reducing the overall impact of climate change on human societies. Look out for renewed emphasis on cost effectiveness and equity concerns.

Not far from the surface of discussions on the quality of the five-year programme, some participants have detected a growing nervousness on the part of heavy polluters about the possibility of exposing themselves to liability for adaptation costs. The linkage (which some believe could be turned into a basis for litigation) has been established in UNFCCC Article 4.4. This article states that developed country Parties shall assist developing country Parties that are particularly vulnerable, in meeting the costs of adaptation. Indications of nervousness on the part of the US and others were detected in apparent attempts to pre-empt any linkage between recent extreme weather events and climate change, as well as in discussions on the Mauritius Strategy. This is consistent with their stance at COP 10 and subsequently at the World Conference on Disaster Reduction and at the International Meeting on SIDS.

CONCLUSION: STORMS AHEAD – THE LONG RANGE WEATHER FORECAST

There were already signs of the jockeying and positioning that will happen at Montreal, given that the process is about to enter new and uncharted waters. Different Parties and negotiating groups are entering this new phase with competing mandates regarding the Convention and the Protocol.

The US seems determined to continue its engagement in the UNFCCC, not to ratify Kyoto, and to keep a very careful eye on the interaction between the two processes. This manifested itself at SB 22 with carefully-crafted US statements and positions on linkages with other processes, and their attitude on the budget implications for the UNFCCC-Kyoto interface. Saudi Arabia and its OPEC partners succeeded in ensuring that the discussion on emissions from maritime transport and international aviation barely left port, and expect to take center stage at the COP/MOP debate on how to address the compliance mechanism issue. The EU's position at the SOGE was based on a determination to keep the door open for the further development of a post-2012 "formal process." The EU seems ever conscious of the sensitivities of the US and the G-77/China, and Europe's own vocal business and industry lobby, which has concerns about competitiveness. According to some, China has stepped up its engagement in the process. Meanwhile, the Canadian Presidency is expected to float possible trigger strategies for the post-2012 discussion during bilateral and multilateral discussions during the intersessional period, while striking a balance between its relations with the US and EU. There is little expectation that any agenda item introduced by Canada will go beyond a discussion, for example at the High Level segment, at this stage.

These and other issues will be in play in Montreal. The long range weather forecast still points to extreme events.

UPCOMING MEETINGS

UNFCCC SEMINAR ON THE DEVELOPMENT AND TRANSFER OF ENVIRONMENTALLY SOUND TECHNOLOGIES FOR ADAPTATION TO CLIMATE CHANGE: This meeting is scheduled to take place between 14-16 June 2005, in Tobago, Trinidad and Tobago. For more information, contact:

UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; internet: <http://www.unfccc.int>

GEF CONSULTATIONS AND COUNCIL MEETING:

These meetings are scheduled from 6-10 June 2005, in Washington, DC, US. For more information, contact: GEF Secretariat; tel: +1-202-473-0508; fax: +1-202-522-3240; e-mail: secretariat@thegef.org; internet: http://www.gefweb.org/Outreach/Meetings_Events/meetings_events.html

RENEWABLE ENERGY FINANCE ASIA FORUM: This forum is scheduled to take place 15-16 June 2005, in Hong Kong, China. For more information, contact: Sarah Ellis, Green Power Conferences; tel: +44-870-758-7808; e-mail: sarah.ellis@greenpowerconferences.com; internet: <http://www.greenpowerconferences.com/events/RenewableFinanceAsia.htm>

EXTRAORDINARY MEETING OF PARTIES TO THE MONTREAL PROTOCOL / TWENTY-FIFTH MEETING OF THE OPEN ENDED WORKING GROUP: These meetings are scheduled from 27 June to 1 July 2005, in Montreal, Canada. The extraordinary meeting will seek to resolve disagreements over exemptions allowing methyl bromide use in 2006. For more information, contact: Ozone Secretariat; tel: +254-2-62-3850; fax: +254-2-62-3601; e-mail: ozoneinfo@unep.org; internet: <http://www.unep.org/ozone>

2005 ANNUAL MEETING OF THE INTERNATIONAL ENERGY WORKSHOP: This workshop is scheduled from 5-7 July 2005, in Kyoto, Japan. Themes to be covered include managing uncertainty and abrupt climate change, UNFCCC/Post-Kyoto regimes and technological responses to climate change. For more information, contact: Leo Schratzenholzer; tel: +43-2236-807-225; fax: +43-2236-807-488; e-mail: leo@iiasa.ac.at; internet: <http://www.iiasa.ac.at/Research/ECS/IEW2005/index.html>

G8 GLENEAGLES 2005 SUMMIT: This meeting will convene from 6-8 July 2005, in Gleneagles, Perthshire, Scotland. For more information, contact: British Prime Minister's Office; fax: +4420-7925-0918; Internet: <http://www.g8.gov.uk/>

SOLAR WORLD CONGRESS 2005: This congress will take place from 6-12 August 2005, in Orlando, Florida, US. For more information, contact: Becky Campbell-Howe, American Solar Energy Society; tel: +1-303-443-3130; fax: +1-303-443-3212; e-mail: bhowe@ases.org; internet: <http://www.swc2005.org>

SEVENTEENTH MEETING OF THE PARTIES TO THE MONTREAL PROTOCOL: MOP-17 is tentatively scheduled to take place in November 2005 in Dakar, Senegal. For more information, contact: Ozone Secretariat; tel: +254-2-62-3850; fax: +254-2-62-3601; e-mail: ozoneinfo@unep.org; internet: <http://www.unep.org/ozone>

FIRST MEETING OF PARTIES TO THE KYOTO PROTOCOL AND ELEVENTH CONFERENCE OF PARTIES TO THE UNFCCC: Scheduled for 28 November to 9 December 2005, in Montreal, Canada, the first Meeting of Parties to the Kyoto Protocol (MOP-1) is taking place in conjunction with the eleventh session of the Conference of Parties (COP 11) to the UN Framework Convention on Climate Change. For more information, contact: UNFCCC Secretariat; tel: +49-228-815-1000; fax: +49-228-815-1999; e-mail: secretariat@unfccc.int; Internet: http://unfccc.int/meetings/unfccc_calendar/items/2655.php