



UNFCCC SB-18 HIGHLIGHTS 7-9 JUNE 2003

On Saturday, 7 June, and Monday, 9 June, Parties to the UNFCCC SB-18 met in contact groups to continue their deliberations. On Saturday, they considered: the Special Climate Change Fund (SCCF); Protocol Articles 5 (methodological issues), 7 (communication of information), and 8 (review of information); capacity building; the IPCC TAR; and sinks in the CDM.

On Monday, Parties met to discuss: the programme budget for the biennium 2004-2005; Articles 5, 7 and 8; policies and measures (P&Ms); sinks in the CDM; implementation of UNFCCC Article 4.8 and 4.9 (adverse effects); the IPCC TAR; the SCCF; and arrangements for intergovernmental meetings. A number of informal drafting groups convened over the two days, and the CDM Executive Board held its ninth meeting from 7-8 June 2003.

CONTACT GROUPS

CAPACITY BUILDING: On Saturday, Chair Dechen Tsering circulated draft conclusions. Since most regional groups had been unable to consult before the text, the meeting was adjourned. Chair Tsering said she would conduct informal consultations.

PROGRAMME BUDGET: On Monday, Chair John Ashe presented a revised draft decision and detailed breakdown of costs associated with Protocol activities. Parties agreed on text that requests the Executive Secretary to provide administrative and financial implications, rather than actual costs, of proposed SBSTA and SBI decisions. The US said administrative funding should include staff costs and actual positions for the biennium, and requested clarification on the methodology used to allocate costs for operational and preparatory activities associated with the Protocol.

PROTOCOL ARTICLES 5, 7 AND 8: On Saturday, this group deliberated on draft COP and COP/MOP decisions regarding training programmes for ERTs, and text suggested by the drafting group on the code of conduct for the treatment of confidential data under Article 5.2 (adjustments). On the draft COP decision, Parties discussed the initial training programme's premises and courses. CANADA expressed interest in contributing resources to the basic course on review of inventories. The EU preferred prioritizing the LULUCF training module, if resources are limited. With regard to the proposed text on adjustments, Parties discussed the difficulty of transmitting confidential information to reviewers based in their home countries, and debated whether local diplomatic representation could be used for this purpose.

This contact group met twice on Monday. In the morning, Parties considered criteria for selecting lead reviewers. CANADA questioned the need for lead reviewers to be examined on training elements other than the modalities for accounting assigned amounts and review of national registries. Delegates discussed whether topics for examination should be included in an annex to the draft COP/MOP decision or as an annex to the SBSTA-17 report. Parties also addressed the appropriate placement of a reference discussing lead reviewers' disclosure of potential conflicts of interest relating to review activities. On desirable criteria, Parties debated language requirements for review team members.

In the evening, delegates discussed the draft technical guidance on methodologies for adjustments, and its associated decision text. They amended the technical guidance to ensure that adjustments will be conservative, and that adjustments will not take place if a Party has underestimated base year emissions or overestimated emissions in a commitment period year. Following further discussions, delegates agreed the draft technical guidance.

POLICIES AND MEASURES: Co-Chair Greg Terrill introduced draft conclusions on Monday. The G-77/CHINA said the text should refer only to Annex I Parties and should not directly or indirectly encourage non-Annex I Parties to share information. SAMOA said all Parties could benefit from information sharing, even if actions to share information are only taken by Annex I Parties. The US said information sharing between Annex I and non-Annex I Parties would facilitate capacity building and technology transfer activities. The G-77/CHINA, opposed by AUSTRALIA, the EU, JAPAN, SAMOA, and US, requested that text referring to information sharing at side events be deleted. Regarding web-based approaches to information sharing, the US expressed concern that the need to update a website might create a new type of reporting requirement.

SINKS IN THE CDM: On Saturday, Co-Chair Thelma Krug requested Parties' views on proposed guidelines for socioeconomic and environmental impact assessments, which are contained in an annex to the consolidated negotiating text. The G-77/CHINA suggested that issues in the annex be addressed in the body of the text. Noting its proposal in the annex on impact assessments, AOSIS said host countries of A&R CDM projects and the country acquiring CERs should ensure environmental integrity of the Protocol. The CLIMATE ACTION NETWORK expressed concern over the possible deletion of the annex. The EU, G-77/CHINA and SWITZERLAND emphasized the need to design guidelines according to specific country needs. NORWAY called for a COP-9 decision on socioeconomic, environmental and biodi-

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versity impacts of A&R CDM projects. The AFRICA GROUP requested voluntary assistance and active stakeholder participation in A&R CDM project implementation.

On Monday, delegates exchanged views on project evaluation, and discussed textual changes to the consolidated negotiating text. Noting that there is no agreed way to evaluate social impacts, BOLIVIA requested deleting text on social impacts. MALAYSIA expressed concern about text on local stakeholder involvement in project design. Delegates also addressed additionality, regulations for small scale projects and baseline methodologies.

UNFCCC ARTICLE 4.8 AND 4.9: On Monday, Co-Chair Robert Mason invited general comments on the Co-Chairs' draft conclusions, noting that consultations on the terms of reference (TOR) for the synergies workshop are ongoing. SAUDI ARABIA said consideration of the TOR for the synergies workshop should be postponed until a date is specified for the economic diversification workshop. AOSIS proposed that the group begin by considering the results of the workshop on insurance and risk assessment. The G-77/CHINA, with others, said they had not consulted within the Group on the draft conclusions and preferred postponing the discussions. Co-Chair Mason adjourned the meeting to allow for consultations.

IPCC TAR: This group met on Saturday to consider the Co-Chairs' draft conclusions. The G-77/CHINA and US opposed establishing a process for considering the TAR in COP and Subsidiary Body agenda items. CANADA objected to SBSTA considering documents other than the TAR when informing COP and Subsidiary Body agenda items. The G-77/CHINA, RUSSIAN FEDERATION and US objected to text requesting the Secretariat to develop a draft work programme on the TAR. The US, supported by CANADA and NEW ZEALAND, and opposed by SAUDI ARABIA, proposed that the Secretariat produce an information paper on links between the TAR and other agenda items. The EU expressed hope that Parties would agree to request more than just an information paper.

The G-77/CHINA preferred addressing mitigation and adaptation separately. They also opposed considering integrated approaches to adaptation and mitigation and objected to the proposed request for the IPCC to hold a side event at COP-9 on the issue. CANADA, the US, EU, NEW ZEALAND, and AUSTRALIA said that cross-cutting elements of mitigation and adaptation should be addressed and that a side event would be helpful in advancing knowledge on these elements. On Monday, Parties continued discussing these issues.

SPECIAL CLIMATE CHANGE FUND: On Saturday, Co-Chair Jaap Rooimans (the Netherlands) said the contact group would define and prioritize the activities, programmes and measures to be financed under the SCCF, and provide operational guidance to the GEF. The G-77/CHINA and others said the SCCF should finance activities currently not supported by existing funds, and, with MICRONESIA, TANZANIA and KENYA, stressed the importance of prioritizing adaptation activities. SAUDI ARABIA, opposed by MICRONESIA, said the SCCF should prioritize adaptation with regard to economic diversification activities. COLOMBIA said adaptation activities should be based on priorities identified in national communications. CHINA noted that the SCCF should prioritize adaptation, technology transfer, capacity building and target programmes identified in national strategies for sustainable development. The EU stressed that the SCCF should have a catalytic function. CANADA said the SCCF should address both adaptation and mitigation measures, and proposed poverty reduction, sustainable development and good governance as

guiding principles. NORWAY stressed that the SCCF should be complementary to the GEF and other multilateral and bilateral agencies.

On Monday, the GEF emphasized the importance of clear and specific guidance, and of avoiding duplication with other GEF activities. BURKINA FASO said the LDC Fund and the SCCF should be complementary. ARGENTINA, supported by AOSIS, the LDCs, KENYA, COLOMBIA, and NAMIBIA, stressed the urgency of the Co-Chairs preparing a draft conclusion. In addition, AOSIS proposed that Parties submit further views prior to COP-9. The EU identified several guiding principles, including mainstreaming of climate change into development processes, providing a catalytic function, and building on existing GEF arrangements. In response to the EU, AOSIS and the LDCs noted that the principles should not create obstacles in accessing financing. JAPAN called for clear SCCF guidelines and for consideration of LDC Fund experiences. Supported by GHANA, he urged that the SCCF find a balance between mitigation and adaptation activities. The Co-Chairs said they would prepare draft conclusions for the next meeting.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: This contact group met Monday to consider draft conclusions proposed by the Chair on arrangements for COP-9, future sessional periods, effective participation in the UNFCCC process, and arrangements for COP/MOP-1, which included two proposals for draft decisions. On the effective participation in the UNFCCC process, ARGENTINA stressed the need to facilitate effective participation of developing country Parties. He expressed concern over arrangements for COP-9 that presently require participants to make advance payments for accommodation. ITALY said that efforts to facilitate the participation of all delegates to COP-9 were being made. Regarding the proposed round-table session at COP-9, delegates underscored the need for consensus on topics to be addressed, and proposed language to reflect this in the draft conclusions. Delegates also discussed how to refer to the different capacities of the SBSTA and SBI acting under the UNFCCC and the Protocol, and the possibility for joint meetings of the COP and COP/MOP.

IN THE CORRIDORS

Delegates returned from their break on Sunday to find that what little momentum existed at the end of last week had dissipated. Some observers expressed frustration at the lack of progress in the contact groups on adverse effects and the IPCC TAR, and noted that one exasperated delegate had stormed out of discussions on the SCCF. Others, however, were optimistic. They noted that the CDM Executive Board had a productive weekend addressing baseline methodologies and reviewing a series of project proposals.

THINGS TO LOOK FOR TODAY

CAPACITY BUILDING: This contact group will meet at 10:00 am in Liszt.

IPCC TAR: This contact group will convene at 10:30 am and again at 8:00 pm in Haydn.

ARTICLES 5, 7 AND 8: The contact group will meet at noon in Reger.

ARTICLE 4.8 AND 4.9: This contact group will convene at 3:00 pm in Reger, and again at 8:00 pm in Schumann.

SCCF: This contact group will meet at 3:00 pm in Schumann.

P&MS: This contact group will meet in Haydn at 5:00 pm.

PROGRAMME BUDGET: The contact group will convene in Reger at 5:00 pm.