



UNFCCC SB-18 HIGHLIGHTS WEDNESDAY, 11 JUNE 2003

On Wednesday, delegates to UNFCCC SB-18 continued to meet in a number of contact and informal groups. Parties discussed: Protocol Articles 5 (methodological issues), 7 (communication of information), and 8 (review of information); sinks in the CDM; "good practices" in policies and measures (P&Ms); capacity building; the Special Climate Change Fund (SCCF); the programme budget for the biennium 2004-2005; and UNFCCC Article 4.8 and 4.9 (adverse effects). Informal consultations were also held throughout the day on several issues, including the IPCC TAR.

SBSTA CONTACT GROUPS

PROTOCOL ARTICLES 5, 7 AND 8: Delegates considered revised draft conclusions and decisions. Regarding issues relating to the implementation of Article 8, Parties agreed draft COP and COP/MOP decisions, following minor editorial amendments and the addition, in the annex on criteria for selecting lead reviewers, of a bracketed paragraph on desirable language skills for lead reviewers. CHINA and JAPAN agreed to discuss this issue informally, in order to reach resolution before the SBSTA plenary on Thursday, 12 June.

Parties also agreed Co-Chairs' draft conclusions, and draft COP and COP/MOP decisions on technical guidance on methodologies for adjustments under Article 5.2 (adjustments). The contact group then approved the Co-Chairs' draft conclusions on methodological issues relating to reporting and review of Annex I greenhouse gas inventories.

Regarding the draft COP decision on the technical review of inventories, delegates discussed at length the annex on the code of practice for the treatment of confidential information. CHINA, opposed by the US, CANADA, JAPAN, RUSSIAN FEDERATION and EU, suggested deleting text in the annex that calls on experts to disclose potential conflicts of interest, noting that this would create an additional burden on expert reviewers. Following consultations, delegates agreed to amend the draft decision to provide that the Agreement on Expert Review Services be based on the elements outlined in the annex and any additional elements arising from consideration of consequences for breach of the agreement. Parties then agreed the draft decision.

SINKS IN THE CDM: NEW ZEALAND introduced a document on definitions for modalities and procedures for afforestation and reforestation (A&R) projects, which combines Parties' submissions. BOLIVIA said that countries, rather than the COP, should decide on which carbon "pools" to include in A&R projects, and that it was important to include geo-referencing in the draft decision. BOLIVIA also noted that Parties may want to

elaborate sources and sectors listed in Annex A of the Protocol, as they may want to account for other sources not already included. The EU said that it preferred a combined approach to account for carbon stock changes and some emissions sources. AOSIS said the text on how to define anthropogenic removals of emissions was ambiguous. COLOMBIA indicated that carbon pools should be accounted for "within the project boundary." CHINA noted that it needed capacity to understand technical information associated with the timing for baselines and actual emissions in projects. He also called for a way to address zero carbon pools, and suggested simplifying the concept of baselines. The EU and AOSIS said the proposed definitions on the "project boundary" should be amended to differentiate between boundaries relevant to accounting methods and those exclusively geographical in nature. CHILE noted that more than one activity should be included in a LULUCF CDM project.

On project monitoring, BOLIVIA questioned how to estimate and control leakage, and URUGUAY noted that there is a need to minimize negative leakage. Parties then considered appendices to text on definitions and modalities for sinks in the CDM in the first commitment period. Introducing draft Appendix E on environmental and socioeconomic impacts of CDM projects, the EU, NORWAY and SWITZERLAND said this was developed following informal consultations, and aimed to help countries in preparing CDM projects. CANADA, with NEW ZEALAND, JAPAN and SENEGAL, expressed concern over text requiring Parties to address a number of issues when analyzing environmental impacts. On future work, Co-Chair Karsten Sach urged Parties to hold informal inter-session consultations and suggested convening pre-session consultations to complete work before COP-9.

IPCC TAR: Following informal consultations in the afternoon, Parties met informally in the evening to consider a revised version of the Co-Chairs' draft conclusions. The draft conclusions state that SBSTA will establish two new agenda items for regular consideration on the scientific, technical and socioeconomic aspects of adaptation, and of mitigation. They also note that SBSTA will explore, in the context of sustainable development, the scientific, technical and socioeconomic aspects of cross-cutting issues noted in the SBSTA-16 report.

POLICIES AND MEASURES: Parties discussed the Co-Chairs' draft conclusions paragraph-by-paragraph. The EU and JAPAN, opposed by the G-77/CHINA, reiterated their request to delete a sentence calling for information exchange on ways to minimize the adverse effects of response measures. Following discussions, the EU suggested replacing the sentence with a general reference to decision 13/CP.7 (P&Ms). The G-77/CHINA, opposed by the EU and US, suggested replacing the sentence and

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surrounding text with a specific paragraph from decision 13/CP.7. Following informal discussions, Co-Chair Greg Terrill proposed new conclusions noting the continued importance of implementing decision 13/CP.7, and agreeing to reconsider this agenda item at SBSTA-19. Parties agreed the draft conclusions.

SBI CONTACT GROUPS

CAPACITY BUILDING: Following informal consultations conducted in the morning, this group convened briefly to consider and agree outstanding text on the comprehensive review's terms of reference. Parties then agreed to the whole text including the draft conclusions proposed by the Chair.

PROGRAMME BUDGET: Delegates in this contact group exchanged views on the UNFCCC conference services contingency and the Chair's revised draft conclusions. The G-77/CHINA asked whether the UN General Assembly's (UNGA) recent decision to fund UNFCCC conference services from the UN regular budget would be applied until 2006. JAPAN said the new UNGA scale of assessment should be applied. Stressing that adaptation is of greater concern to Central American countries than mitigation, HONDURAS noted its concern about the amount of funding budgeted for CDM activities. Parties then deliberated on the six options outlined in the draft conclusions, unable to remove any of them. The UNFCCC Executive Secretary noted that existing funds would only support activities until February 2004.

SPECIAL CLIMATE CHANGE FUND: The G-77/CHINA presented its amendments to the Co-Chairs' draft conclusions, stating that the Group's overriding interest is that a decision on the SCCF be taken at COP-9. Opposed by the EU and CANADA, he said that the G-77/China's text should serve as the basis for negotiation. Co-Chair Rawlestone Moore adjourned the meeting for an informal consultation on this issue. Upon reconvening, Co-Chair Moore said that the annex would be removed from the draft conclusions, and that the G-77/China's paper would be listed in a MISC document.

Delegates then discussed the prioritization of the SCCF's activities as outlined in the draft conclusions. CANADA, with the EU, NORWAY and JAPAN, and opposed by the G-77/CHINA, proposed that the SCCF support adaptation and mitigation activities. ARGENTINA, supported by the G-77/CHINA and others, said that adaptation projects are of global benefit and should be given the highest priority under the SCCF. GHANA suggested that the SCCF provide resources to non-Annex I Parties not identified as LDCs to enable them to prepare their adaptation plans and strategies. He also proposed that small-scale projects, including pilot and demonstration activities, should have expedited access to the SCCF. In response to Ghana's proposal, UGANDA and CANADA said these elements provide operational guidance and should not be included in the draft conclusions. ARGENTINA, opposed by the EU and others, proposed that the SCCF be used to finance activities that are complementary to those funded by the climate change focal areas of the GEF, the LDC Fund, and bilateral and multilateral sources. Delegates could not agree to an EU proposal, supported by CANADA and NORWAY, that the SBI invite the GEF to submit its views on complementarity among the funds under the UNFCCC. Delegates agreed to delete text requesting further submission of views and calling for inter-sessional informal consultation on the SCCF prior to SBI-19.

UNFCCC ARTICLE 4.8 AND 4.9: This group met to continue considering the Co-Chair's proposed draft conclusions, which had been revised to include proposals by the G-77/CHINA and EU. Delegates discussed the options and their placement in the draft conclusions.

The G-77/CHINA proposed a new paragraph requesting the Secretariat to compile a synthesis report on information regarding the specific needs and concerns of developing countries arising from the adverse effects of climate change and response measures, and the support required to address these. AUSTRALIA, CANADA, NEW ZEALAND and the US proposed alternative text listing activities relating to the implementation of decision 5/CP.7 (Article 4.8 and 4.9) to reflect that progress had been made. The G-77/CHINA said that this was an unrelated proposal that did not constitute alternative text.

On the outcomes of the modeling workshop, AOSIS proposed a paragraph calling on SBSTA to note the need to improve support for capacity building to developing country experts and to increase their participation in the modeling process. The G-77/CHINA maintained its support for text on actions relating to the workshop's results that could be recommended by the SBI and SBSTA. The EU favored text noting that SBI-18 had considered the workshop's outcomes. The G-77/CHINA proposed text on the outcomes of the workshops on insurance and risk assessment and on related actions, which the EU and US opposed, stating that the reports were not available for consideration at SBI-18.

Regarding the workshops on insurance and risk assessment, AOSIS proposed text calling on the SBI to invite further views from Parties on the workshop outcomes for consideration by the COP with the aim of agreeing a decision. The US, CANADA, AUSTRALIA and NEW ZEALAND supported the invitation for views but said the SBI should not prejudice the outcome of the COP's deliberations.

After a break to allow the Secretariat to revise the text, delegates could not agree to delete some of the options. The EU, US, AUSTRALIA and AOSIS expressed disappointment over the lack of agreement and proposed that the draft conclusions include paragraphs on which there was some agreement. The G-77/CHINA preferred to state in the conclusions that there was no agreement, or transmit the bracketed text to SBI-19. After brief consultations with the delegates, Co-Chair Robert Mason reported that there was a willingness to try and agree on some text and said consultations would continue on Thursday.

IN THE CORRIDORS

Some delegates were concerned about the slow progress in Wednesday's discussions, particularly on the Secretariat's proposed budget, noting that the draft decision text currently includes six options. One observer said that budget negotiations seemed to be about "principles" rather than "practicalities." She also remarked that the UNGA resolution on conference servicing would at most provide the UNFCCC with funding from the UN regular budget for administrative services.

THINGS TO LOOK FOR TODAY

SBSTA Plenary: The SBSTA will convene in Plenary at 3:00 pm to consider and adopt conclusions on methodological issues, development and transfer of technologies, research and systematic observation, and cooperation with relevant international organizations.

CONTACT GROUPS: Contact groups will be held to consider sinks in the CDM, the programme budget, the SCCF, Article 4.8 and 4.9, and the IPCC TAR. Please check the screens for times and locations.