



## UNFCCC COP-9 HIGHLIGHTS: 6-8 DECEMBER 2003

On Saturday, 6 December, and Monday, 8 December, Parties to COP-9 met in several contact groups to continue their deliberations. Numerous informal consultations were also held. On Saturday, delegates considered: capacity building; technology transfer; the programme budget for 2004-5; good practice guidance on LULUCF; research and systematic observation (R&SO); non-Annex I national communications; the Special Climate Change Fund (SCCF); and sinks in the CDM.

On Monday, Parties discussed: R&SO; good practice guidance on LULUCF; implementation of decision 5/CP.7 (implementation of UNFCCC Article 4.8 and 4.9 on adverse effects); non-Annex-I national communications; methodological issues; and the programme budget for 2004-5.

### SBI CONTACT GROUPS

**CAPACITY BUILDING:** On Saturday, Parties considered the Chair's revised draft conclusions containing a draft COP decision. Delegates addressed remaining bracketed text, but were unable to agree on whether to hold a workshop to facilitate an exchange of views and experience on the implementation of decision 2/CP.7 (capacity building in developing countries). The G-77/CHINA, opposed by the EU and JAPAN, supported holding the workshop. Following a break to allow for informal consultations, delegates agreed to Chair Dechen Tsering's proposal that she would consult informally with Parties to reach agreement and forward clean text to the SBI.

**PROGRAMME BUDGET FOR 2004-5:** On Saturday, Chair John Ashe presented a draft COP decision. SOUTH AFRICA expressed concern that measures to facilitate a prompt start to the CDM would be financed from voluntary funds. She requested a footnote, which states that several components would be funded from the core budget, while the remainder would come from the supplemental Trust Fund. NORWAY supported a 9% budget increase, while JAPAN reaffirmed its position to support a zero growth budget and to move the interim allocation from the core budget to the supplemental Trust Fund. The EU and NEW ZEALAND said Protocol development activities should remain in the core budget. Responding to a US suggestion to develop separate scales and budgets for the Protocol and UNFCCC, Chair Ashe proposed developing such an approach to be funded by Parties to the Protocol starting in January 2004.

On Monday night, Chair Ashe distributed a revised draft COP decision. Deliberations continued into the night, with Parties agreeing to a 6% budget increase, and to keep the Protocol development activities in the core budget.

**NON-ANNEX I NATIONAL COMMUNICATIONS:** On Saturday, Parties considered the Chair's revised draft conclusions and a draft COP decision. On provision of financial and technical support for the submission of views on experiences with the GEF and its implementing agencies, the EU questioned the regularity of

such submissions. Parties addressed text to be forwarded for consideration in the omnibus decision under the agenda item on additional guidance to the GEF, and agreed to consult informally on the paragraphs and submit views to the Secretariat. On timing of submissions of second and, where appropriate, third national communications, the US and SAINT LUCIA questioned the meaning of "availability of financial resources." The G-77/CHINA noted that the preparation of national communications is a continuous process, but that the frequency of submissions is a "non-issue." Chair Sok Appadu requested submission of views from Parties for the preparation of a draft decision for discussion on Monday.

On Monday, the G-77/CHINA suggested deleting text on recognizing that the submission of national communications would ensure that the COP has sufficient information to assess the UNFCCC's implementation in a timely manner. The EU proposed text that national communications assist the COP to review the UNFCCC's implementation. The G-77/CHINA objected, and said the Group would consult on this matter internally. The US proposed additional text that non-Annex I Parties should submit national greenhouse gas inventories every two years, with LDCs submitting their inventories with their national communications.

**SCCF:** On Saturday, the Co-Chairs presented a revised draft COP decision. In preliminary comments, the G-77/CHINA addressed concerns that the text, *inter alia*, had not incorporated elements regarding the predictability, and new and additional nature of the funding, and had excluded references to technology transfer as it relates to adaptation. Noting that the text was a good basis for negotiations, the EU and CANADA said several elements had not been included in the revised text. Co-Chair Rawleston Moore then suspended the contact group to allow for informal consultations.

On Monday, discussions continued in informal consultations. Parties focused on operative paragraphs dealing with SCCF principles and the definition of adaptation projects. A proposal by a group of developed countries to include references to the Millennium Development Goals (MDGs) in an operative paragraph was opposed by developing countries who insisted that such references should only be addressed in the preambular text. Delegates could not agree to a proposal by a developed country to use non-Annex I national communications as the basis for defining adaptation and technology transfer priorities.

**IMPLEMENTATION OF DECISION 5/CP.7:** On Monday, the G-77/CHINA, AUSTRALIA, US and EU expressed views on the Co-Chairs' draft COP decision, with the G-77/CHINA noting that additions would be necessary, and the US urging that the text not be expanded further. Parties discussed the preambular paragraphs, debating whether to include text from decision 5/CP.7. The EU suggested text referring to meeting the requirements of sustainable development. Opposed by the G-77/CHINA, the US and CANADA said there is no need to emphasize specific aspects of decision 5/CP.7. Delegates then addressed how to qualify



progress made on the implementation of decision 5/CP.7. Opposed by the G-77/CHINA, AUSTRALIA suggested welcoming "significant" progress in the implementation of 5/CP.7. Parties discussed the nature and timing of submissions on activities implemented to support the provisions of decision 5/CP.7. The G-77/CHINA suggested that submissions should contain information on support programmes to meet national needs and specific circumstances of developing country Parties arising from adverse effects of climate change. Parties discussed how to address views on insurance. The EU, supported by the US, suggested considering insurance and risk assessment, and removing reference to a work programme on insurance. In the evening, delegates addressed the remaining paragraphs in the draft decision in informal consultations.

#### **SBSTA CONTACT GROUPS**

**TECHNOLOGY TRANSFER:** On Saturday, Parties reviewed the Co-Chairs' draft conclusions. GHANA and THAILAND recommended amending text on support from international and other organizations. The US suggested text noting the need to take account of the financial resources that "may be needed" for the implementation of the EGTT's work programme, while THAILAND and GHANA supported text stating that the EGTT "requires" more resources. CANADA expressed concern about prejudging financial needs. CHINA and MALAYSIA recommended combining paragraphs on resource allocation and requests for support to the EGTT. The G-77/CHINA introduced text on enhancing: the "push factor" in developed countries to transfer technologies to developing countries; assessments on technology transfer; and joint research on environmentally sound technologies. The EU suggested text on reporting on capacity-building activities relating to technology transfer in national communications. Deliberations continued in informal discussions.

**GOOD PRACTICE GUIDANCE ON LULUCF:** On Saturday, delegates discussed revised draft conclusions and a draft COP decision. TUVALU raised concern over recommending the IPCC Good Practice Guidance (GPG) without having had time for its full consideration. Opposing this, the EU, with JAPAN, NEW ZEALAND, AUSTRALIA, CANADA and the RUSSIAN FEDERATION urged adopting the GPG for both the UNFCCC and the Protocol in order to prepare national inventories in time for implementation.

Delegates discussed revised text on factoring out direct human-induced changes in carbon stocks from indirect and natural effects. The G-77/CHINA proposed referring to the IPCC statement to SBSTA when taking note of the IPCC report on factoring out. The US, SWITZERLAND and NEW ZEALAND objected to this proposal. Regarding the need to address accounting of LULUCF activities, CANADA, supported by NEW ZEALAND, AUSTRALIA and JAPAN, proposed referring to the IPCC report. Opposing this proposal, the G-77/CHINA suggested referring to text in a draft COP/MOP decision contained in decision 11/CP.7 (LULUCF) on changes in stocks from natural effects. On Parties' submissions, the EU and AUSTRALIA, opposed by NEW ZEALAND and TUVALU, suggested inviting submissions on issues relating to LULUCF, other than on factoring out.

On Monday, Co-Chair Margaret Mukahanana-Sangarwe announced that Parties had agreed to recommend the IPCC GPG for reporting under the UNFCCC, and to further consider reporting requirements under the Protocol at SBSTA-20, with a view to making a decision by COP-10. On factoring out, Parties agreed to note the IPCC report submitted to SBSTA by the IPCC in response to a COP invitation. On accounting of LULUCF activities, Parties took note of an "aim to address the issues" referred to in the COP/MOP decision and to discuss practical methodologies for factoring out. Regarding Parties' submissions, delegates agreed to invite Parties to submit their views on other, related LULUCF issues.

Parties approved the draft conclusions and decision on GPG and harvested wood products, as amended.

**R&SO:** On Saturday, Co-Chair Sue Barrell reported on informal consultations, noting divergent views on providing additional guidance to the GEF. She proposed compromise text, recalling the conclusions of SBSTA-17 and inviting the SBI, in considering additional guidance to the GEF, to give appropriate consideration to addressing the priority needs identified in regional action plans on global climate observing systems. Parties discussed under which fund the GEF would consider observation activities, and debated referring to SBI guidance to the "financial mechanisms," "financial mechanism" or "SCCF." Stressing that this is for the SBI to decide, NORWAY, with AUSTRALIA, CANADA and the EU, supported a proposal by NEW ZEALAND to invite the SBI to give appropriate consideration to the issue in considering funding options. The G-77/CHINA objected to the proposal.

On Monday, Parties agreed to invite the SBI to give appropriate consideration to addressing the priority needs identified in regional action plans on global climate observing systems when considering funding options, including in the SBI's additional guidance to the GEF. Delegates approved the draft conclusions and draft COP decision.

**SINKS IN THE CDM:** On Saturday, Co-Chair Thelma Krug introduced a revised draft COP decision and annex. The text: allows for negative leakage only; includes an option for both temporary CERs and long-term CERs; includes options for renewable and fixed crediting periods; provides a definition for small-scale projects with modalities to be decided at COP-10; maintains the agreed definitions of forest, afforestation and reforestation; makes reference to the first commitment period in the decision text, rather than in the annex; provides for regulation of genetically modified organisms and invasive alien species according to national laws; incorporates socioeconomic and environmental criteria into the project design document; and includes a general reference to the IPCC GPG. On Monday, informal consultations continued throughout the day and into the night.

**METHODOLOGICAL ISSUES:** On Monday, delegates reviewed the Co-Chairs' revised draft decision. SAUDI ARABIA and the G-77/CHINA said paragraphs on background information and on future methodological work should be bracketed until the completion of IPCC TAR discussions. Parties agreed to text on a data-interface scoping phase, with minor amendments. Parties also agreed to remove text on: periodic overviews of the status of methodological work; collaboration with relevant organizations; and capacity building relating to the development and dissemination of methodologies. Parties debated whether to remove provisions on the exchange of information regarding the implementation of national systems for the preparation of national greenhouse gas inventories, and on the exchange of information to increase common understanding of proposals for determining Parties' contributions to controlling emissions.

#### **IN THE CORRIDORS**

Over the weekend, several observers noted divergent views between Annex I and non-Annex I Parties in the SCCF negotiations, with disagreement surfacing on references to the MDGs and economic diversification. Clearly, a "take it or leave it" approach is evident from both sides, that could jeopardize the operationalization of the Fund at COP-9.

On another note, discussions on sinks in the CDM, which appeared to be progressing last week, have suddenly come to an all-too-familiar halt over the size of small-scale projects.

#### **THINGS TO LOOK FOR TODAY**

**SBSTA:** SBSTA Plenary will meet at 3:00 pm, and again at 8:00 pm to adopt draft conclusions.

**SBI:** SBI Plenary will meet upon the closure of SBSTA, and again from 11:00 pm to 2:00 am to adopt draft conclusions.

**CONTACT GROUPS:** Contact groups will address: methodological work; non-Annex I national communications; sinks in the CDM; SCCF; and implementation of decision 5/CP.7.