



UNFCCC SB-20 HIGHLIGHTS: WEDNESDAY, 23 JUNE 2004

On Wednesday, Parties continued to meet in contact groups throughout the day in an attempt to finalize work on draft conclusions and decisions. In the morning, delegates considered UNFCCC Article 6 (education, training and public awareness) and arrangements for intergovernmental meetings. In the afternoon and evening, Parties discussed research and systematic observation (R&SO), policies and measures (P&Ms), small-scale afforestation and reforestation (A&R) project activities under the CDM, non-Annex I national communications and implementation of decision 5/CP.7 (implementation of UNFCCC Article 4.8 and 4.9 on adverse effects).

Earth Negotiations Bulletin coverage of the contact group on implementation of decision 5/CP.7 ended at 10:00 pm.

SBI CONTACT GROUPS

UNFCCC ARTICLE 6: Parties considered revised draft conclusions, agreeing on the text and completing their deliberations. Parties discussed whether 2007 will mark the end of the first or second phase of work and agreed that a review could come before this date. Regarding the submission of reports on progress achieved in implementing Article 6, SAINT LUCIA suggested providing greater encouragement for Parties to submit new or updated information for inclusion in the intermediate review process of the New Delhi work programme. Noting that the EU would be unable to provide such additional information by the deadline, the EU opposed. He underscored the value of the review to consider information from all Parties. Regarding the possibility for non-Annex I Parties to access GEF funds for Article 6 activities, delegates clarified that this only applies to activities in the context of national communications. The GAMBIA stressed the importance of a feedback mechanism to continuously review the clearing house.

NON-ANNEX I NATIONAL COMMUNICATIONS: This contact group met twice. In the morning, delegates negotiated draft conclusions proposed by Chair Sok Appadu on: the work of the Consultative Group of Experts (CGE); provision of financial and technical support; and submission of second, and where appropriate, third national communications.

Delegates also discussed a draft decision proposed by the G-77/China, calling on the GEF to report to the COP on the operational modalities and approval procedures of the UNDP/UNEP Umbrella Project for financing the preparation of non-Annex I national communications. The EU and US pointed to the fact that the GEF reports to the COP, and said further information can be obtained on the Internet. BARBADOS noted that, although the GEF is mandated to approve projects on an expedited basis, there is no forum to address problems with this process. The US

proposed a question-and-answer session with the GEF during UNFCCC sessions. The EU expressed willingness to show flexibility on the issue.

In the evening, delegates approved the draft conclusions on the CGE and financial and technical support. Parties started discussing a draft decision on the periodicity of non-Annex I national communications, including a suggestion for a three-year cycle proposed by the EU, a four-year cycle from draft text discussed during SBI-19, and a six-year cycle proposed by the G-77/China.

In support of her delegation's proposal, the EU, supported by JAPAN and the US, said, *inter alia*, that: capacity and infrastructure is enhanced after completion of initial national communications, facilitating the preparation of subsequent national communications; frequent submissions of national communications will result in more funds; and a longer time-frame will encourage inefficiency. THAILAND said non-Annex I Parties require time to ensure that national communications provide the necessary information.

Several non-Annex I Parties pointed out that, despite greater capacity and resources, a number of Annex I Parties had taken three years to prepare their initial communications. The G-77/CHINA highlighted that UNFCCC Article 12.5 (frequency of submission) mandates the COP to decide on the frequency of subsequent communications of all Parties. JAPAN said a decision on the frequency of funding will inform the discussions on the fourth replenishment of the GEF.

Unable to reach consensus on this issue, delegates discussed options calling on non-Annex I Parties to submit proposals as soon as possible, even in advance of substantial completion of their previous national communication for second, and where appropriate, third national communications. The G-77/CHINA, supported by THAILAND and SAUDI ARABIA, opposed text in the EU's proposal, which calls on non-Annex I Parties to submit project proposals not later than one year after submission of their previous communication. The G-77/CHINA expressed concern that this reference could be interpreted as a deadline by the GEF.

Parties were unable to reach a decision. Chair Appadu said the entire text, including the conclusions that had been agreed on and further proposals from the US, EU, G-77/CHINA and AUSTRALIA, will be forwarded to SBI-21 for negotiation.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: Delegates considered draft conclusions, finalizing their deliberations. On arrangements for COP-10, the US, supported by JAPAN, suggested deleting reference to statements by groups in the opening ceremony, recognizing instead that Parties will be expected largely to contribute through their participation in the panel discussions. On themes to be considered by panels, NORWAY and ICELAND expressed disappointment at



lack of inclusion of the theme of energy. The EU, ICELAND and CANADA requested its re-insertion. On the theme of climate change mitigation, SAUDI ARABIA, for the G-77/China, suggested that benefits and adverse impacts be considered. SWITZERLAND suggested focusing on approaches and opportunities. After exchanging further views, Parties agreed to discuss "mitigation of climate change, policies and their impacts."

On effective participation in the UNFCCC process, the US expressed surprise that Parties were not in agreement on the interpretation that meeting attendance implies physical presence. He proposed an additional paragraph taking note of the concern expressed with respect to the interpretation of the Rules of Procedure of the CDM EB. He said that since adopting decision 18/CP.9 (guidance to the CDM EB), which contains reference to the concern, no changes have been made in the practices of the CDM EB. The EU opposed the additional text proposed by the US. He said the process will not change as a result of only one Party's concern. Chair Sach suggested reflecting the US' concern in the SBI-20 proceedings, rather than in the conclusions. The US expressed disappointment. ARGENTINA and NORWAY agreed to reflect the US' concern in the conclusions. Parties agreed.

Delegates also addressed reference to UN initiatives aimed at enhancing the relationship between the UN system and civil society. The G-77/CHINA said the initiatives should be considered as background information. The EU stressed the importance of the initiatives.

On participation by observer organizations, the G-77/CHINA preferred to continue consideration of the admission of observer organizations at future sessions. The US said government organizations are also eligible for participation as observers under UNFCCC Article 7.6 (participation of observers).

IMPLEMENTATION OF DECISION 5/CP.7: The contact group considered a revised draft decision. Parties said their positions on the progress of implementing response measures remained unchanged and agreed to leave text bracketed. On insurance, the EU emphasized that the impact of implementing response measures is not an insurable risk and, supported by the US, requested deleting text to this effect. The US questioned the use of a forum on insurance and the basis for the proposed elements of its work programme. SAUDI ARABIA emphasized the need for continuous discussions on insurance. He suggested that the forum, composed of interested Parties, representatives of intergovernmental organizations, the financial and insurance sector, meet bi-annually. Regarding modeling, the EU, opposed by SAUDI ARABIA, suggested deleting reference to establishing an expert group. Negotiations continued late into the night.

SBSTA CONTACT GROUPS

R&SO: Delegates considered revised draft conclusions. Parties agreed to the US' proposal to request submissions for consideration by SBSTA-21 and SBSTA-22 on how to adequately address the main issues that arose from the SBSTA-20 event on research in response to the IPCC TAR. Parties agreed on the draft conclusions with this, and other minor changes.

P&Ms: Co-Chair Anders Turesson introduced revised draft conclusions, noting that the text incorporated proposals from the EU, G-77/CHINA, and US. SAUDI ARABIA, for the G-77/China, opposed by the US, EU, AUSTRALIA and JAPAN, suggested deleting text referring to decision 13/CP.7 (P&Ms), preferring instead to include language from the same decision. Co-Chair Turesson proposed to include the decision language while retaining the option to refer to the decision, depending on negotiations on the remaining text. Parties agreed. On exchange of information on P&Ms, JAPAN, opposed by the G-77/CHINA, proposed adding

reference to sectoral differences. The reference was bracketed. The G-77/CHINA requested to delete wording that indicated exchange of "any information" by non-Annex I Parties by SBSTA-22. Following informal consultations, reference to sectoral differences and "any information" was removed and agreement was reached on the draft conclusions.

SMALL-SCALE A&R PROJECTS UNDER THE CDM: Chair Thelma Krug reported on progress in informal consultations. Delegates agreed to continue work at SBSTA-21, with a view to recommending a decision to COP-10. Chair Krug then presented a revised version of Appendix B on baseline and monitoring methodologies, noting that these provide further guidance to the CDM EB to develop simplified methodologies for selected types of A&R projects. The revised version of Appendix B was accepted with minor changes.

On measures to facilitate small-scale A&R CDM project activities, PERU, supported by BOLIVIA, CHILE, SENEGAL, COLOMBIA, and COSTA RICA, proposed draft text for the decision that, *inter alia*: encourages host Parties to put in place measures at the national and sub-national levels, such as linking small-scale A&R project activities to their sustainable development and poverty reduction strategies; requests financial and technical resources to assist developing country Parties in the areas set out in the decision's annex to support project implementation; and urges the operating entity of the financial mechanism to adopt a streamlined and expedited procedure in financing activities for this purpose. CANADA stressed its interest in substantive discussions on the matter, and said project capacity building would be guided by Canada's principles on strengthening aid effectiveness.

On bundling, BRAZIL proposed that the host Parties may coordinate several small-scale A&R CDM activities with a view to diminishing the costs of validation, verification and certification. He said acceptance of the text would remove all brackets on bundling. The EU, supported by JAPAN, said there was a role for the investor Party in coordinating several small-scale project activities. CANADA requested retaining the brackets on bundling, given insufficient time to consider the issue.

BRAZIL, opposed by SWITZERLAND, proposed new text, pending approval by the G-77/China, on confirmation of involvement by low-income communities prior to validation. SENEGAL and INDIA said they could not accept the text as a G-77/China proposal and requested time for consultations. Following consultations, Parties agreed that the text would remain bracketed as an alternative proposal by a group of Parties within the G-77/China.

IN THE CORRIDORS

Observers discussed the significance of informal consultations on aviation and maritime transport, which met on Wednesday for the first time since COP-9. Some noted that, in contrast to other discussions on organizational details of Parties' reports or workshops, this issue has notable long-term implications for emissions reductions. Others commented that a commitment to the environment was not clearly visible, allowing Parties to continue being bogged down by procedural and technical matters.

THINGS TO LOOK FOR TODAY

SBI PLENARY: SBI Plenary will meet from 3:00-6:00 pm in Plenary I to address UNFCCC Article 6, capacity building, matters relating to the LDCs, arrangements for intergovernmental meetings, and administrative and financial matters.

CONTACT GROUPS: Good practice guidance for LULUCF will convene in Reger at 11:30 am. Contact groups on adaptation and mitigation will be announced. Consult the CCTV monitors for up-to-date details.