



## UNFCCC COP-10 HIGHLIGHTS: TUESDAY, 7 DECEMBER 2004

On Tuesday, COP-10 delegates convened in SBI and SBSTA plenary meetings and in contact groups. SBI discussed Annex I and non-Annex I national communications, the UNFCCC's financial mechanism, capacity building, UNFCCC Article 6 (education, training and public awareness), and the continuing review of the functions and operations of the Secretariat. SBSTA addressed, *inter alia*: greenhouse gas inventories; registry systems under Protocol Article 7.4; Protocol Articles 7 (communication of information) and 8 (review of information); technology transfer; good practices in policies and measures (P&Ms); and cooperation with relevant international organizations. Contact groups addressed good practice guidance (GPG) for land use, land-use change and forestry (LULUCF), research and systematic observation (R&SO), small-scale afforestation and reforestation (A&R) project activities under the CDM, and progress on the implementation of activities under decision 5/CP.7 (adverse effects).

### SBI

**NON-ANNEX I NATIONAL COMMUNICATIONS: Submission of second and, where appropriate, third national communications:** BRAZIL, for the G-77/China, said that non-Annex I Parties require additional time and support for preparing their national communications, and preferred not having a specific schedule for the submission of national communications. AUSTRALIA, for the Umbrella Group, called for agreement at COP-10 on a schedule for submissions. The EU urged a decision that will safeguard the continuity of the submission process and encourage submission cycles. A contact group co-chaired by Soobaraj Nayroo Sok Appadu (Mauritius) and Anders Turesson (Sweden) will address the matter.

**Work of the Consultative Group of Experts:** Brian Challenger (Antigua and Barbuda), Chair of the Consultative Group of Experts on non-Annex I national communications (CGE), reported on progress in implementing the CGE's 2004-5 work programme. The REPUBLIC OF KOREA offered to host a global workshop. MOZAMBIQUE requested that a workshop be held in her country. AOSIS urged assistance to SIDS. SWITZERLAND stressed the need for greater capacity within, and support to, the CGE. Chair Stoycheva will prepare draft conclusions.

**Provision of financial and technical support:** Chair Stoycheva will prepare draft conclusions on the issue.

**Compilation and synthesis of initial national communications:** Chair Stoycheva will prepare draft conclusions on the issue.

**FINANCIAL MECHANISM: Special Climate Change Fund (SCCF):** The EU said a recent meeting of potential SCCF donors had resulted in pledges of US\$35 million. SAUDI

ARABIA said no single activity should be prioritized over others. ARGENTINA, with PANAMA, welcomed the pledges to the SCCF, but noted that these are insufficient for effectively supporting adaptation and disaster response. AOSIS, supported by the AFRICA GROUP, LDCs, NAMIBIA, CUBA and UGANDA, expressed concern over the interpretation of COP guidance by the Global Environment Facility (GEF), underlining that the most vulnerable countries face difficulty in accessing GEF funds due to the burden of co-financing requirements, the existence of additional criteria and indicators not adopted by the COP, and the narrow scope of adaptation projects eligible under the GEF. SWITZERLAND noted that the new criteria seek to simplify the incremental cost principle and the US welcomed the differentiation in criteria applied to the General Trust Fund and SCCF. SAMOA urged that more innovative approaches be used and that the COP, not the GEF, should determine eligibility criteria.

**Report of the GEF:** The GEF described its activities on national communications, capacity building, adaptation, LDCs and the SCCF. ARGENTINA voiced concern over the GEF's administrative costs, and, with MAURITIUS and UGANDA, called for transparency on the use of donor funds. AOSIS underlined that the GEF must follow the guidance given by the COP.

Responding to Parties' comments, the GEF explained that the proportion of co-financing is due to the GEF requirement to fund only incremental costs. Regarding administrative costs he said this issue is addressed by the GEF Council.

**Implementation of decision 5/CP.8 (review of the financial mechanism):** JAPAN welcomed the GEF's leverage of substantial co-financing resources. The US noted that the GEF finances the incremental costs of implementation, yet many projects presented in national communications do not identify such costs. The EU highlighted the importance of identifying funds for the fourth GEF replenishment.

**Additional guidance to the GEF:** JAPAN said the COP should provide guidance to the GEF on project eligibility and criteria, but not on issues related to the GEF's management. MICRONESIA emphasized SIDS' difficulties in accessing funds. NEW ZEALAND suggested that the GEF should be more flexible and provide support for small-scale projects in SIDS.

A contact group, co-chaired by Rawlestone Moore (Barbados) and Jozef Buys (Belgium), will address the SCCF, implementation of decision 5/CP.8 and additional guidance to the GEF. Chair Stoycheva will prepare draft conclusions on the report of the GEF.

**CAPACITY BUILDING:** Philip Gwage (Uganda) reported on the meeting of capacity-building practitioners held on 3 December 2004 in Buenos Aires. JAPAN supported reporting on capacity-building activities through existing UNFCCC instruments, such as national communications. TANZANIA, for



the G-77/China, identified the need for indicators and a reporting and monitoring procedure. The US said all Parties should endeavor to improve their reporting on capacity building. Roger Cornforth (New Zealand) and Shirley Moroka (South Africa) will co-chair a contact group.

**UNFCCC ARTICLE 6:** UNEP reported on its contributions to assist Parties in their implementation of Article 6. The EU and SWITZERLAND highlighted the merit of an information clearing house. The US said the clearing house should be user-friendly, cost-effective and developed through a phased approach. Crispin d'Auvergne (Saint Lucia) will chair a contact group on the issue.

#### **ANNEX I NATIONAL COMMUNICATIONS:**

AUSTRALIA suggested including net greenhouse gas emissions by Annex I Parties in the compilation and synthesis of national communications. CHINA, for G-77/ China, suggested including data on impacts of mitigation policies. URUGUAY proposed a scientific review and SWITZERLAND suggested publishing a collection of best practices. Chair Stoycheva will prepare a draft decision in consultation with interested Parties.

#### **ADMINISTRATIVE AND FINANCIAL MATTERS:**

The Secretariat highlighted limitations in the operation of the Secretariat caused by the depreciation of the US dollar. Chair Stoycheva designated Harald Dovland (Norway) to conduct informal consultations on this issue.

#### **CONTINUING REVIEW OF THE FUNCTIONS AND OPERATIONS OF THE SECRETARIAT:**

The Secretariat presented information on staff geographical representation and workshop costs. INDIA, for G-77/China, proposed to evaluate the balance between senior staff coming from Annex I and non-Annex I Parties. Opposed by the EU, SAUDI ARABIA suggested keeping this item permanently on the agenda. Harald Dovland will conduct informal consultations.

#### **SBSTA**

##### **METHODOLOGICAL ISSUES: Greenhouse gas**

**inventories:** The IPCC Inventories Task Force Bureau reported on progress in compiling the IPCC 2006 Guidelines for Greenhouse Gas Inventories. AUSTRALIA, with the EU and US, called for further development of the UNFCCC website. Branca Americano (Brazil) and Helen Plume (New Zealand) will facilitate informal consultations on the issue.

**Registry systems under Protocol Article 7.4:** Murray Ward (New Zealand) reported on intersessional consultations on registry systems, held from 8-10 November 2004 in Bonn. The EU welcomed the implementation of the registry system. Murray Ward will chair a contact group on the issue.

**Protocol Articles 7 and 8:** The EU said the proposal for a standard reporting format provides a good basis for discussion. The contact group on registry systems will address this issue.

**Annex I emissions projections:** Chair Benrageb will prepare draft conclusions on this issue.

##### **DEVELOPMENT AND TRANSFER OF**

**TECHNOLOGIES:** Margaret Martin (Canada), Chair of the Expert Group on Technology Transfer (EGTT), reported on implementation of EGTT's 2004 work programme and described its proposed 2005 work programme. Many Parties commended EGTT's efforts to engage the private sector and welcomed the results of the workshop on innovative options for financing the development and transfer of technologies.

Several Parties stressed the importance of EGTT's work on enabling environments and expressed support for a seminar on technologies for adaptation scheduled for 2005. Delegates also addressed the resource implications for maintaining the UNFCCC technology clearing house (TT: CLEAR). A contact group, co-chaired by Kishan Kumarsingh (Trinidad and Tobago) and Holger Liptow (Germany) will address the issue.

**P&MS:** SAUDI ARABIA, for G-77/China, requested more time to consider the relevant document prepared by the Secretariat. CHINA expressed reservations about the document's title. A contact group co-chaired by Tony Surridge (South Africa) and Michael Young (Ireland) will address the agenda item.

#### **COOPERATION WITH RELEVANT INTERNATIONAL**

**ORGANIZATIONS:** Representatives from the IPCC, Convention on Biological Diversity (CBD), Food and Agriculture Organization, and UN Forum on Forests reported on their respective activities related to the UNFCCC process. SWITZERLAND suggested strengthening the role of the Joint Liaison Group of the CBD, UNFCCC and UN Convention to Combat Desertification. The US said cooperation should be on national and local levels. A contact group, co-chaired by Outi Berghäll (Finland) and Marcela Main (Chile) will address the issue.

#### **CONTACT GROUPS**

**LULUCF GPG:** This contact group was co-chaired by Audun Rosland (Norway) and William Kojo Agyemang-Bonsu (Ghana). Co-Chair Rosland recalled progress achieved on the common reporting format at SBSTA-20. Delegates heard presentations from Canada and Sweden on reporting systems for the Protocol and engaged in a question-and-answer session. The Secretariat reported on issues related to LULUCF under Protocol Article 6 (joint implementation). Co-Chair Rosland, supported by the EU, CANADA and JAPAN, proposed removing all brackets in the draft negotiating text forwarded from SBSTA-20 and deleting the option on the common reporting format referring to Article 6. BRAZIL, for G-77/China, requested time to consider the matter further, but hoped to reach agreement on the issue at COP-10. AOSIS, opposed by CANADA and NEW ZEALAND, said SBSTA should request the IPCC to revise "method one" (units of land subject to multiple activities) in the GPG.

**R&SO:** This contact group was co-chaired by Stefan Rösner (Germany) and Soobaraj Nayroo Sok Appadu. Participants heard a presentation by GCOS on its Implementation Plan in support of the UNFCCC. Co-Chair Rösner requested inputs by Parties to the draft decision. Participants noted the importance of discussing, *inter alia*, the financial implications of the GCOS Implementation Plan, capacity building, and identifying gaps in systematic observation.

**SMALL-SCALE A&R CDM:** Thelma Krug (Brazil) and Jim Penman (UK) co-chaired this contact group. Delegates discussed the proposal for a draft decision on simplified modalities and procedures for small-scale A&R CDM activities and measures to facilitate the implementation of project activities, paragraph-by-paragraph. On definitions of small-scale A&R CDM, JAPAN, with several Parties, and opposed by AOSIS, supported reference to average projected net anthropogenic greenhouse gas removals by sinks. AOSIS, opposed by CHILE, JAPAN, and PERU, proposed deletion of text stating that projects will be exempt from, or subject to, paying a lower share of proceeds to the Protocol's Adaptation Fund. CANADA, with several Parties, and opposed by the EU and AOSIS, supported maintaining reference to reduced rates of the share of project proceeds to cover administrative expenses, noting that costs are the greatest barrier for low income communities. Participants agreed to delete text encouraging host Parties to establish measures to facilitate implementation of small-scale A&R. Text inviting assistance for capacity-building activities for the application and implementation of simplified modalities and procedures was agreed.

**ADVERSE EFFECTS:** The contact group, co-chaired by Paul Watkinson (France) and Samuel Adejuwon (Nigeria), reviewed the draft decision from SBI-20, identifying the proponents of each paragraph and outstanding issues. G-77/ CHINA noted the need for further discussions within the Group.

#### **IN THE CORRIDORS**

While the pending entry into force of the Kyoto Protocol demonstrates that progress has indeed been made, Tuesday's discussions showed the re-emergence of past tensions between the COP and the GEF that many thought had subsided. Equally stuck in molasses seemed the contact group on adverse effects, where delegates remarked that, with few changes in position since SB-20, significant informal consultations will be needed for a decision to be reached at COP-10.