



UNFCCC COP-10 HIGHLIGHTS: SATURDAY, 11 DECEMBER 2004

On Saturday, COP-10 delegates convened throughout the day in numerous contact groups, and met in an in-session workshop on the organization of the intergovernmental process in the afternoon. A COP contact group took up the report of the CDM Executive Board (EB). SBSTA contact groups addressed: small-scale afforestation and reforestation (A&R) project activities under the CDM; research and systematic observation (R&SO); issues relating to registry systems under Protocol Article 7.4; technology transfer; and good practice guidance (GPG) for LULUCF activities, harvested wood products (HWP) and other issues relating to LULUCF. In the evening, an SBI contact group addressed submission of second and, where appropriate, third national communications from non-Annex I Parties. The afternoon in-session workshop on the organization of the intergovernmental process addressed possible options for improving the organization of future sessional periods, to enable the UNFCCC process to maximize its efficiency and lead to more effective outcomes.

CONTACT GROUPS

SMALL-SCALE A&R CDM: Co-Chair Thelma Krug reported progress on the draft decision text and annex on modalities and procedures for small-scale A&R CDM activities, and presented draft conclusions. She outlined amendments to the new draft decision and conclusions paragraph-by-paragraph, and said that Parties had informally resolved, *inter alia*, outstanding issues of bundling, leakage, and monitoring. Delegates agreed to forward these draft texts to SBSTA.

R&SO: This contact group discussed a draft decision and draft conclusions presented by the Co-Chairs. Delegates reached consensus on the texts, and agreed to forward them to SBSTA.

CDM EB: The contact group considered a draft decision text. INDIA and others expressed the need for text on arbitration provisions and on protection for EB members and others from liability. Chair Raúl Estrada-Oyuela proposed text stating that the EB shall, where it decides to limit attendance at its meetings, take all practicable steps to accommodate non-Parties to the Protocol and others to observe proceedings, except when the EB decides to close the meeting or a portion of it. The US stressed the need for stronger wording allowing for the physical presence of Protocol non-Parties at meetings and that new text should replace Rule 27 of the EB rules of procedure (attendance). BRAZIL, opposed by JAPAN, said EB meetings should be closed, except on occasions where there are no confidential decisions being taken. The group approved, *inter alia*, preambular text on additionality and operative text on transparency.

PROTOCOL ARTICLE 7.4: Chair Murray Ward presented a draft decision on registry systems. Delegates discussed technical details surrounding the role and tasks of the international transaction log (ITL) administrator. The EU suggested adding text to stress that the timely implementation and testing of registry systems is required for the prompt start of the CDM. On the relationship between the ITL and supplementary transaction logs (STLs), BRAZIL said ITL rules should not be compromised by additional rules relevant to the STLs. Expressing concern about the performance of the ITL, CHINA proposed requesting the ITL administrator to conduct testing and independent assessments on the performance of the ITL, and called for the involvement of both Annex I and non-Annex I Parties. Parties agreed to continue considerations informally.

TECHNOLOGY TRANSFER: Following informal consultations, Co-Chairs Holger Liptow and Kishan Kumarsingh presented revised draft conclusions, which delegates discussed paragraph-by-paragraph. Consensus was reached on all text except for one paragraph on fossil-fuel technologies, as it addresses articles other than UNFCCC Article 4.5 (technology transfer). SAUDI ARABIA proposed to bracket the draft conclusions in their entirety until the paragraph is addressed. The Co-Chairs noted that the paragraph had been forwarded to COP President González García for consultations. The Co-Chairs also introduced a draft decision based on text presented by the G-77/China. The EU, AUSTRALIA, and other Parties stated that the draft decision could not be discussed until consensus on the draft conclusions is reached. The US said that some Parties are holding the process "hostage." Informal consultations on how to proceed will be held.

LULUCF: Co-Chair Audun Rosland presented new draft conclusions on GPG and other issues relating to LULUCF. AUSTRALIA, with the EU, NEW ZEALAND, NORWAY, JAPAN and SWITZERLAND supported the text, while AOSIS and other Parties expressed reservations on several matters, including a proposed open-ended dialogue. Co-Chair Rosland said the text is intended as a compromise between Parties. On HWP, Parties are unresolved on how the IPCC should develop methods to estimate, measure and report on HWP in the 2006 IPCC Guidelines for Greenhouse Gas Inventories. CANADA stated that the IPCC should develop methodologies in a "neutral" fashion in relation to potential accounting approaches for HWP. AUSTRALIA recommended that the IPCC's work on HWP should be consistent with definitions under the UNFCCC. AOSIS said that Parties should avoid presuming what the IPCC is intending to do in its work. Other outstanding issues will be taken up by informal drafting groups.



NON-ANNEX I NATIONAL COMMUNICATIONS:

The US and CANADA, opposed by the G-77/CHINA, indicated willingness to accept a Co-Chairs' draft text. The G-77/CHINA opposed the text, stating that, *inter alia*, inclusion of text regarding greenhouse gas inventories and updates of relevant information to national communications is outside the mandate of the agenda item. He also opposed the submission of second and, where appropriate, third national communications within four years of the initial disbursement of financial resources for the preparation of national communications. Discussions on whether to forward this text or another one to SBI-21 continued into the night.

IN-SESSION WORKSHOP ON ORGANIZATION OF THE INTERGOVERNMENTAL PROCESS

This in-session workshop was chaired by Karsten Sach (Germany). Participants considered the content, timing and adoption of the agendas of the COP, SBSTA and SBI, and the "building blocks" of the process, including COP and SB sessions, workshops and constituted bodies. Panelists commented on the topics, followed by discussion among participants.

OPENING REMARKS: Noting that the entry into force of the Protocol will generate additional work, SBI Chair Stoycheva said the workshop provides a timely opportunity to exchange views informally on how to improve the organization of the intergovernmental process. UNFCCC Executive Secretary Joke Waller-Hunter stressed that the intergovernmental process may be approaching a point of "dangerous interference" between process and substance. She supported Party-driven change and a simplified agenda.

PART I: AGENDAS – CONTENT, TIMING AND ADOPTION: Chair Sach pointed to discussion questions on: how and whether to improve agenda management; whether the existing agendas adequately cover issues of importance to Parties; whether to have a multi-year programme of work; the frequency of consideration of agenda items; and how to deal with agenda items held in abeyance.

Remarks by commentators: Outi Berghäll, Finland, stressed the need to rethink the intergovernmental process. She suggested classifying agenda items into four categories, namely "indispensable," "useful," "nice to know," and "wasteful." She said indispensable items should be included on each agenda, but wasteful items should be dropped.

Gao Feng, China, said that developing countries with small delegations struggle under the expanding UNFCCC agenda. Pointing to examples in other processes, he stressed the option to consider items less frequently, possibly through a multi-year work programme. He cautioned that limiting the time for which items can be held in abeyance is "politically risky."

Farhana Yamin, University of Sussex, suggested that the agenda could be issue based, not article based. She stressed the need to integrate the formal UNFCCC process with the informal processes, including side-events, in order to enhance the efficiency of resources invested in the process.

Discussion: NORWAY, with DENMARK, supported less frequent consideration of agenda items that do not require action at each session. CHINA said prioritization of agenda items should be based on technical, and not political, criteria. INDIA said the intersessional period could be used more effectively, and proposed that session documents be made available earlier on the Secretariat's website. The NETHERLANDS stressed, *inter alia*, the need for: fixed criteria and time-frames for COP and COP/MOP work; a multi-year work programme; and issue clustering. SAUDI ARABIA said the current frequency of COPs should be maintained and that there should not be time limits on issues in abeyance. DENMARK noted that mandates of contact groups are often too focused, leaving chairs unable to trade off or

balance issues. SOUTH AFRICA said negotiators have become too focused and have lost track of what the UNFCCC is about, making big issues out of small technicalities. The US supported multi-year work programmes, new mechanisms for clustering issues, and a greater focus on scientific issues in SBSTA. JAPAN suggested deadlines on items in abeyance and stated that COPs should be held annually to maintain public interest.

PART II: BUILDING BLOCKS – COP AND SB SESSIONS, WORKSHOPS AND CONSTITUTED BODIES:

Chair Sach outlined the issues for consideration, including: whether the "building blocks" of the process are sufficiently robust; the frequency of COP and SB sessions; organization of high-level segments beyond COP-10; in-session arrangements; functioning of the process; and whether the process is achieving results commensurate with its costs.

Remarks by commentators: Taha Balafrej, Morocco, suggested a cycle of one COP/MOP each year and one COP every two years. He said SBs should last one week, questioned the merit of ministerials, and suggested that more authority be given to constituted bodies to make and adopt decisions.

Howard Bamsey, Australia, emphasized the value of having a strong Secretariat, accommodating side-events and holding workshops and other informal activities. He suggested using the Commission on Sustainable Development's model of alternating assessment- and policy-focused meetings. Bamsey recommended abolishing the SBs and moving the Secretariat to New York or Geneva to encourage greater intersessional dialogue between diplomatic missions.

Tom Jacob, International Climate Change Partnership, questioned whether actors involved in the UNFCCC process are those best suited to play a facilitative role. He suggested creating space for the constitution of an informal group, composed of governments and other stakeholders, to work with the Secretariat to meet the global climate change challenge.

Discussion: The US suggested that the length of the appointment period for COP Presidents could be extended. He pointed to the uneven balance of having both ministers, who know little about the UNFCCC, and senior officials, who are well aware of the issues, at high-level segments. INDIA said regular high-level segments are important to demonstrate political commitment, but suggested reviewing the effectiveness of the recent high-level panels and round-table discussions. NORWAY said the presence of ministers helps raise public awareness of climate change issues. The NETHERLANDS supported annual COPs and ministerials, and noted that workshops are helpful, but can be improved. CHINA said that some delegations have sufficient autonomy to make decisions without the presence of ministers.

WRAP-UP: In conclusion, Chair Sach summarized the discussions, which he said should not be considered conclusive, and noted that the Secretariat will prepare a report for SBI-22. He said that, although the discussion lacked a "revolutionary spirit," comments reflected broad agreement that the intergovernmental process needs to be adjusted on a number of levels.

IN THE CORRIDORS

With the sun shining on a beautiful Saturday in Buenos Aires, many delegates found themselves intrigued in side-events and beleaguered in contact groups at La Rural. Many delegates lamented progress on SBI issues, possibly worse than in previous years. As some delegates noted, the intention to block progress on the issues by a small group of countries may be directly related to the fact that the Kyoto Protocol will soon enter into force. On the other hand, progress was made on some SBSTA issues, with delegates applauding the success of reaching agreement on the rules for small-scale afforestation and reforestation activities under the CDM.