

## COP 11 AND COP/MOP 1 HIGHLIGHTS: TUESDAY, 29 NOVEMBER 2005

On Tuesday, delegates convened in SBI and SBSTA plenary meetings and in contact groups. SBI considered the financial mechanism and other financial, administrative and institutional matters, as well as capacity building under the UNFCCC and under the Kyoto Protocol, and implementation of UNFCCC Article 4.8 and 4.9 (adverse effects). SBSTA discussed research and systematic observation, cooperation with relevant organizations, methodological issues under the Kyoto Protocol, and technology transfer. Contact groups also began their work, with meetings in the evening on the financial mechanism, mitigation, adaptation and Annex I communications.

### SBI

**FINANCIAL MECHANISM (UNFCCC): Special Climate Change Fund (SCCF):** On Tuesday morning, Philip Weech, Secretariat, noted that discussions on operationalizing the SCCF would proceed based on the draft text from Annex I of the report of SBI 22 (FCCC/SBI/2005/10).

**GEF Report to the COP:** Richard Hosier, GEF, summarized the GEF report to the COP (FCCC/SBI/2005/3). Commenting on financial matters, the Philippines, for the G-77/CHINA, underlined "grave concerns" on matters relating to the financial mechanism, questioning whether the GEF Council had a mandate to decide that the World Bank will be the trustee for the Adaptation Fund, or whether the World Bank consequently has the authority to establish a Multi-Donor Trust Fund to disburse funding. She also expressed concern that the new GEF Resource Allocation Framework (RAF) will not enhance transparency and could make it harder to operationalize the Adaptation Fund, and that co-financing requirements present a barrier to LDCs and SIDS accessing funds. AOSIS, with others, added that the Adaptation Fund should be administered by the COP rather than by the GEF/World Bank. BANGLADESH said the COP, and not just the GEF Council, should determine the allocation of the LDC Fund. JAPAN, opposed by TANZANIA, URUGUAY and others, said any discussion on capacity building related to the GEF report should be included under the agenda item on the financial mechanism rather than under the item on capacity building related to the Convention.

**Implementation of Decision 5/CP.8:** Concerning implementation of decision 5/CP.8 (developing countries' investment needs), the Secretariat introduced a document outlining information relevant to investment needs of developing countries for fulfilling their UNFCCC commitments (FCCC/SBI/2005/INF.7). The G-77/CHINA said this information should be used to achieve a fair and balanced review of the Convention's financial mechanism. A contact group on the financial mechanism was established.

**CAPACITY BUILDING UNDER THE UNFCCC:** The issue of capacity building under the Convention was referred to a contact group.

**UNFCCC ARTICLE 4.8 AND 4.9 (ADVERSE EFFECTS): Buenos Aires Programme of Work on Adaptation and Response Measures:** Delegates discussed implementation of UNFCCC Article 4.8 and 4.9, with SAUDI ARABIA and others highlighting the value of workshops and expert meetings on response measures and economic diversification. TUVVALU, opposed by the US, said adaptation and response measures should be kept separate. Parties decided to follow the timetable for expert meetings and reporting set out in decision 1/CP.10.

**Least Developed Countries:** Paul Desanker (Malawi) briefed delegates on the work of the LDC Expert Group and progress with the National Adaptation Programmes of Action (NAPAs). A contact group was established.

**ADMINISTRATIVE, FINANCIAL AND INSTITUTIONAL MATTERS: Budget Issues:** Parties decided that the Secretariat, in consultation with interested Parties, will draft conclusions on budget performance for the biennium 2004-2005. On the programme budget for 2006-2007, Parties decided to take note of revisions to the Secretariat's work programme (FCCC/SBI/2005/INF.6).

**Institutional Linkages:** Masao Nakayama (Micronesia) will chair a contact group to prepare a draft decision on continuing the institutional linkage between the Secretariat and the UN.

**Privileges and Immunities:** The contact group chaired by Nakayama will also draft a decision on privileges and immunities for individuals serving on bodies established under the Kyoto Protocol.

**REVIEW OF THE SECRETARIAT:** Parties decided that conclusions on guidance to the Secretariat will be prepared by the Secretariat in consultation with interested Parties.

**FINANCIAL MECHANISM (KYOTO PROTOCOL): Adaptation Fund:** The G-77/CHINA emphasized that for developing countries, having the GEF and World Bank acting as trustee would not be the best option for managing the Fund. TUVVALU and BANGLADESH urged the Fund to focus on concrete projects, and said COP/MOP should exercise its authority in administering the Fund. CANADA said the Fund could serve as a catalyst for leveraging other resources.

**Guidance to the GEF:** Following introductory comments by the Secretariat, delegates agreed to form a contact group that would draft COP/MOP decisions on guidance to the GEF and on the Adaptation Fund. This issue will be addressed by the contact group on the financial mechanism.

**Capacity Building under the Protocol:** SBI Coordinator Janos Pasztor introduced this item (FCCC/SBI/2005/Misc.3 and Add.1). JAPAN stressed capacity building as a tool to create an enabling environment for JI and CDM.

**SBSTA**

Chair Benrageb reported back to SBSTA on consultations regarding the agenda, noting lack of agreement on an item on SIDS. He added that IPCC's report on carbon dioxide capture and storage would be considered under the item on cooperation with relevant organizations.

**RESEARCH AND SYSTEMATIC OBSERVATION:**

Delegates heard reports on the Global Climate Observing System (GCOS), Global Terrestrial Observing System (GTOS), Committee on Earth Observation Satellites (CEOS), and collaboration between CEOS, GCOS and the Global Earth Observation System of Systems (GEOSS). Many delegates welcomed these reports and stressed collaboration between GCOS and GEOSS. BANGLADESH, JAPAN and CHINA underscored data exchange and use. UGANDA highlighted the need to address data gaps, particularly in Africa. CHINA and PANAMA emphasized regional capacity. Stefan Rösner (Germany) and Philip Gwage (Uganda) will co-chair a contact group.

**COOPERATION WITH OTHER ORGANIZATIONS:**

SBSTA coordinator Halldor Thorgeirsson reported on the Joint Liaison Group and its consideration of a paper on enhanced cooperation among the Rio Conventions (Climate Change, Biodiversity and Desertification). He also outlined relevant activities of the Commission on Sustainable Development, including its focus on energy, atmosphere and climate change in 2006-2007.

Delegates were then briefed on cooperation and linkages by representatives of relevant international organizations. Peter Bridgewater, Ramsar Convention on Wetlands, stressed the influence of wetland management on climate change. Renate Christ, IPCC, outlined IPCC's current work and emphasized the need for new emission scenarios suitable for impact, vulnerability, adaptation and mitigation assessments.

Dieter Schoene, UN Food and Agriculture Organization (FAO), stressed concerns about climate change impacts on food security and human livelihoods. John Harding, UN International Strategy for Disaster Reduction, underscored the need to integrate climate change adaptation into disaster risk reduction strategies. AOSIS warned that synergies should not be a precondition for GEF funding, because it can exclude important projects.

**Special Report on Carbon Dioxide Capture and Storage:**

Bert Metz, Co-Chair of IPCC Working Group III (mitigation), outlined the IPCC's special report on carbon dioxide capture and storage, including additional energy requirements, risks, leakage, and legal and regulatory issues. Many delegates stressed the relevance of carbon dioxide capture and storage as a mitigation tool. The EU invited SBSTA to consider a workshop on the report. A contact group was announced.

**METHODOLOGICAL ISSUES UNDER THE KYOTO PROTOCOL:** This session was chaired by SBSTA Vice-Chair Amjad Abdulla.

**Criteria for Cases of Failure to Submit Information Relating to Estimates of Sources and Removals by Sinks:** Parties called for consistency and clarity. Audun Rosland (Norway) and Newton Paciornik (Brazil) will co-chair a contact group.

**Implications of the Implementation of Project Activities under the CDM for the Achievement of Objectives of Other Environmental Conventions:** On implications of the establishment of new HCFC-22 facilities to obtain credits under the CDM for the destruction of HFC-23 (FCCC/SBSTA/2005/INF.8 and /MISC.10 and /MISC. 11), Parties stressed the need to avoid perverse incentives. Georg Børsting (Norway) will chair a contact group.

**INTERNATIONAL TRANSACTION LOG UNDER THE PROTOCOL:** Delegates were briefed on this issue (FCCC/KP/CMP/2005/5). Murray Ward (New Zealand) will chair a contact group.

**OTHER MATTERS: Issues Relating to Protocol Article 2.3: SAUDI ARABIA,** supported by several Parties but opposed by the EU and others, called for a contact group to address this issue. Following informal consultations, Chair Abdulla reported that Parties needed more time to discuss this matter.

**Progress Reports:** Halldor Thorgeirsson reported on the workshop on national systems for the preparation of greenhouse gas inventories (FCCC/SBSTA/2005/6 and Corr. 1 and 2); the annual report on the technical review of greenhouse gas inventories from Annex I Parties (FCCC/SBSTA/2005/9); and the round table discussion on experiences of Annex I Parties in implementing policies and measures (FCCC/SBSTA/2005/INF.6). The US proposed considering policies and measures under the Protocol at SBSTA 24. Chair Abdulla will prepare a draft conclusion taking note of this report and proposing further consideration of the issue at SBSTA 24.

**TECHNOLOGY TRANSFER:** Kishan Kumarsingh, Chair of the Expert Group on Technology Transfer (EGTT), presented EGTT's 2005 annual report and proposed 2006 work programme (FCCC/SBSTA/2005/INF.10). He explained that the proposed programme would focus on, *inter alia*, improving reporting of technology needs, technology information, transfer of publicly-owned technologies, innovative financing, and technologies for adaptation. He said the programme would require increased financial support.

Malaysia, for the G-77/CHINA, said a COP decision should provide guidance on the review of EGTT; stressed that new approaches to technology transfer should be consistent with the objectives of the UNFCCC; recommended a high-level round table on technology cooperation and partnerships; and urged additional resources for EGTT. JAPAN and the US emphasized the role of public-private partnerships, and many Parties highlighted other technology-related initiatives. CHINA stressed the need to overcome tax, intellectual property and other barriers. The EU stressed long-term planning for EGTT and technology transfer in EGTT's terms of reference. A contact group was announced.

**CONTACT GROUPS**

**FINANCIAL MECHANISM:** Richard Hosier, GEF, explained that funding for the LDC Fund, SCCF, and Adaptation Fund are exempted from the RAF. He added that a report on the GEF's activities, including using the World Bank as a trustee, was provided to COP 8 (FCCC/SBI/2002/4), and that the reason for a multi-donor trust fund is that funding comes from CDM proceeds and from Annex I Parties directly.

**MITIGATION:** Co-Chairs Kok Seng Yap and Toshiyuki Sakamoto proposed some ideas based on Parties' submissions and interventions as a starting point. These ideas related to lessons learned, future steps, and specific actions.

**ADAPTATION:** Co-Chair Plume introduced a working paper containing a summary of the informal workshop on the SBSTA programme of work on impacts, vulnerability and adaptation held in Bonn in October 2005 (Working paper No. 2 and Add. 1). The co-chairs will prepare a draft decision.

**ANNEX I COMMUNICATIONS:** This contact group met to consider streamlining the review of reporting due from Kyoto Protocol Parties in 2006-2007. The US emphasized the need to keep Convention and Protocol issues separate. Delegates agreed to discuss national communications required under the Convention separately from reporting required under the Kyoto Protocol and to draft two separate decisions on these issues.

**IN THE CORRIDORS**

SBI plenary discussions on the relationship between the GEF and the COP spilled into the hallways on Tuesday, as several delegates drew linkages between these discussions and donor differences over the size of the fourth GEF replenishment. Some already seem unhappy with the way the GEF operates, feeling that possible funding cuts would make it an even less appealing option. The introduction of the RAF also drew criticism from some, who noted that the RAF would make it more difficult for developing countries to access funding. However, others appeared more optimistic about the impact that the RAF might produce.