

## SB 26 HIGHLIGHTS: FRIDAY, 11 MAY 2007

On Friday, contact groups and informal consultations were held on a variety of issues, including: the Adaptation Fund; budget for 2008-2009; deforestation; Decision 1/CP.10 (Buenos Aires programme of work on adaptation and response measures); IPCC's 2006 Guidelines on national greenhouse gas inventories; research and systematic observation; small-scale afforestation and reforestation under the CDM; and technology transfer. Two workshops were also held: one on the Russian proposal, the other on climate change mitigation, focused on urban planning and development.

### CONTACT GROUPS AND INFORMAL CONSULTATIONS

**ADAPTATION FUND:** During informal consultations, three different country groupings submitted text on eligibility criteria, priority areas and monetizing the share of proceeds. Consolidated text is expected on Saturday, when informal consultations will resume.

**BUDGET:** The Secretariat distributed a new tabulated budget proposal reflecting a 2.5% increase for the 2008-2009 biennium. AUSTRALIA, the US and CANADA expressed approval, though CANADA signaled that it would maintain a caveat pending clarification of any budgetary implications of the international transaction log. Delegates then considered the Chair's draft conclusion and draft COP and COP/MOP decision.

The EU proposed text on accompanying budget proposals with an advisory report from the UN Advisory Committee on Administrative and Budgetary Questions. Parties considered the implications of this proposal and the possibility of delays, increasing bureaucracy and the value added by such a process. AUSTRALIA suggested requesting the Secretariat to explore the implications of involving the UN Advisory Committee in the Secretariat's budgetary process. The EU preferred the text to form part of a COP or COP/MOP decision, however, Chair Dovland suggested that the EU text would be more appropriate as an SBI conclusion. Discussions will continue in a contact group on Saturday.

**DECISION 1/CP.10:** In the morning, the contact group focused on the adverse effects of climate change. Co-Chair Gwage invited feedback from parties relating to adaptation needs and concerns identified in the synthesis report of outcomes from the regional workshops and expert meeting on adaptation under Decision 1/CP.10 (FCCC/SBI/2007/14). Discussions focused on mainstreaming adaptation concerns into sustainable development; insurance-related actions; capacity building, education training and public awareness; cooperation and synergies; and technological and methodological issues.

In the afternoon, delegates focused on the impacts of response measures, discussing text proposed by SBI Chair Asadi based on the outcomes of pre-session expert meetings on response measures and addressing modeling and financial risk management and economic diversification. Several parties requested more time to consider the proposals and consolidate positions. The US observed that although the synthesis report contained a number of good ideas, they may not all be actionable by the SBI. Informal consultations will resume on Saturday.

**DEFORESTATION:** Delegates convened briefly in the morning for informal consultations. Greg Picker, who had facilitated the drafting group, reported progress on four short operative paragraphs. The drafting group continued its work in the late morning and afternoon, when discussions centered on, *inter alia*, pilot activities. An informal group meeting on Saturday morning is expected to consider both the operative paragraphs completed by the drafting group and a preambular section prepared by the Co-Chairs.

**IPCC GUIDELINES FOR NATIONAL GREENHOUSE GAS INVENTORIES:** Informal discussions regarding the draft text continued, with delegates considering the first of two alternative texts proposed by parties. No agreement was reached, however, with parties outlining many options for further consideration. Informal consultations will continue on Saturday.

**RESEARCH AND SYSTEMATIC OBSERVATION:** On Friday morning, delegates attending informal consultations were presented with the Co-Chairs' revised draft conclusions. Parties agreed to paragraphs noting the background to this process, and also agreed to merge two paragraphs on SBSTA's role.

Regarding text on approaches that might be taken in holding a dialogue, developing countries preferred to specify various options, such as workshops and special events. Developed countries felt that this was too prescriptive, but agreed to text referencing side events, informal events and workshops as an "example" of some of the approaches available.

The consultations continued late Friday afternoon, with delegates reaching agreement on most of the remaining paragraphs. An updated, edited draft will be available from 1:00 pm on Saturday ahead of informal consultations expected to conclude work on the remaining text.

### SMALL-SCALE AFFORESTATION AND REFORESTATION

**UNDER THE CDM:** During an afternoon informal meeting, Co-Chair Krug presented revised draft SBSTA conclusions on this issue. Delegates went over the text paragraph-by-paragraph. After some discussion, delegates agreed to refer to "environmental effects" rather than "environmental integrity" or other more specific formulations, and to invite submissions from relevant intergovernmental and

nongovernmental organizations as well as parties. They also agreed to request submissions by September 2007 and to consider the matter further at SBSTA 27, without specifying a session by which the COP/MOP would make a decision. The agreed text will be presented to the contact group on Monday afternoon.

**TECHNOLOGY TRANSFER:** In the morning, delegates discussed the functions of the constituted body on technology transfer, clarifying their positions on whether to have the body report directly to the COP or to the Subsidiary Bodies. The Secretariat warned that limiting discussion to the COP could actually reduce the time available for technology transfer negotiations. The timeline for the development of performance indicators was also discussed.

In the afternoon, alternative text was proposed by a group of developed countries regarding indicators and two more proposals were made for the development of short, medium and long term strategies. An impasse on text relating to the body's functions resulted in some parties suggesting moving on to discuss text on membership and organization of work. However, developing countries objected to discussing these elements until the functions of the body were agreed. After a recess, parties suggested changes to the new text and these were positively received. Revised decision text and a draft SBSTA conclusion will be available Saturday afternoon with negotiations to continue on Monday.

#### **WORKSHOP ON THE RUSSIAN PROPOSAL**

Michael Zammit Cutajar (Malta) facilitated the meeting on behalf of COP/MOP 2 President Kivutha Kibwana. Zammit Cutajar noted COP/MOP 2's request to convene a workshop to explore the scope and implications of the Russian Federation's proposal to develop appropriate procedures for the approval of voluntary commitments.

The RUSSIAN FEDERATION elaborated on its proposal, noting the obstacles and limitations under the current regime for countries to take on commitments and explaining that the aim is to make it more attractive for non-Annex I parties to "contribute to the objective of the Convention." He proposed a two-track approach that he characterized as "Kyoto" and "Convention" tracks. He explained that, under the Kyoto track, the COP/MOP would agree on simplified procedures to allow parties to join Annex I and Annex B. Under the Convention track, he proposed that an approach be developed to support national voluntary commitments by developing countries, noting that many countries are already setting their own goals and targets, without having them recognized under the Convention. He explained that commitments should be flexible and suggested that incentives could be explored to encourage such commitments.

SAUDI ARABIA stressed the workshop's informal nature and CHINA said there should be no follow up. SAUDI ARABIA recalled long-standing opposition within the G-77/China to voluntary commitments and, supported by EGYPT, said it was not acceptable to try to shift the focus of ongoing post-2012 discussions.

AUSTRALIA, CANADA, NORWAY, NEW ZEALAND and others welcomed the opportunity to discuss the proposal. JAPAN emphasized the importance of involving major emitters. The EU stressed low-cost mitigation opportunities in the IPCC WGIII findings, and SWITZERLAND emphasized WGIII's message that current policies are not sufficient.

With regards to the "Kyoto track," BELARUS lamented that it was practically impossible for amendments to Annex B to enter into force. KAZAKHSTAN highlighted the unclear status of several former Soviet Union countries under the current regime. SOUTH AFRICA recognized simplifying existing procedures as a legitimate objective. The EU proposed discussing this issue under existing agenda items and NORWAY identified "adjustment" procedures similar to those developed in the context of the Convention on Long-range Transboundary Air Pollution as a possible solution.

On the "Convention track," CHINA stressed existing commitments and saw no added value in discussing the Russian proposal. UNITED ARAB EMIRATES emphasized that directing financial and technology incentives to countries with voluntary commitments would be a "fundamental change." The EU noted the Convention Dialogue as a forum for discussing some of these issues. SOUTH AFRICA recognized some informal voluntary approaches but questioned whether the time was ripe for a separate Protocol on voluntary commitments.

Michael Zammit Cutajar closed the session by commenting that nobody seemed to oppose discussing the "Kyoto track," but that there were clearly two views on the second track, albeit possibly not "mutually exclusive ones."

#### **WORKSHOP ON MITIGATION: URBAN PLANNING AND DEVELOPMENT**

SBSTA Chair Kumarsingh introduced this in-session workshop on the scientific, technical and socioeconomic aspects of mitigation, explaining that it would focus on urban planning and development, including transportation.

UN-HABITAT focused on four aspects of urban planning: transportation, homes and office buildings, industrial production and poverty reduction. He stressed that "well-planned cities are an efficient use of space and energy." FRANCE presented on the experiences of the Lille area in waste management and inland waterway transport. GERMANY discussed a German-Malaysian project on approaches for the reduction of air pollutants in the context of sustainable urban traffic systems, highlighting public transportation options and the role of government.

Two representatives of the EUROPEAN COMMISSION addressed the workshop. The first presented on the Commission's proposal for a revised strategy to reduce emissions from passenger cars and light commercial vehicles. The second outlined the Commission's proposal to include aviation emissions in the EU Emissions Trading Scheme.

CHINA discussed high efficiency and low carbon options for urbanization, identifying the need for international, technical, scientific and financial support. The UK reported on efforts to reduce emissions in London through measures such as improving the energy efficiency of buildings, using renewable energy, and setting goals for zero carbon development. SWEDEN outlined a holistic and integrated multidisciplinary approach to urban planning, highlighting the need for systematic working procedures.

#### **IN THE CORRIDORS**

The workshop on the Russian proposal was the subject of discussion in the corridors on Friday, with one delegate declaring, "They have brought every controversial issue out into the open!" While many were questioning the wisdom of raising sensitive issues such as developing country "commitments" at this stage in the process, a few seemed more sanguine: "At least we're clear on what the Russian proposal is all about, and we all know what these 'unspoken' issues are anyway, whatever our views on them might be," reflected one. "I don't think that holding this now will make much difference to the long-term process one way or another," claimed one developing country delegate.

Meanwhile, some delegates were noting that the afternoon mitigation workshop was not so well attended. "Some of the presentations were interesting, but it felt a bit empty in the main plenary hall," commented one observer.

On the margins of the plenary halls, talks continued in contact groups and informal consultations, with some negotiators expressing satisfaction at progress made in many groups. This was not the case in every group, though, with one lead negotiator walking out of the technology transfer informals at one stage after discussions on the functions of the proposed constituted body became bogged down.