

CANCUN HIGHLIGHTS: TUESDAY, 30 NOVEMBER 2010

In the morning and afternoon, opening plenaries of the SBI and SBSTA took place, as well as informal groups under the two AWGs.

SBI

ORGANIZATIONAL MATTERS: SBI Chair Robert Owen-Jones (Australia) opened the session. He suggested, and parties agreed, leaving the sub-item on information contained in non-Annex I national communications in abeyance. Parties adopted the agenda and agreed to the organization of work (FCCC/SBI/2010/11). On elections of officers other than the Chair and elections of replacement officers, Chair Owen-Jones reported that consultations are ongoing.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, lamented that Annex I parties' greenhouse gas (GHG) inventories show an increase in their GHG emissions and urged the SBI to fulfill its mandate to review the implementation of the Convention, including Annex I parties' emission reduction efforts.

Mexico, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), highlighted the importance of stakeholder participation and proposed means to enhance the participation of observer organizations, such as a forum to promote dialogue among participants. Australia, for the UMBRELLA GROUP, noted the importance of improving cooperation with observer organizations. The EU, said discussions should focus on technology transfer, particularly issues relevant to discussions under the AWG-LCA, and the financial mechanism. He also called for increased support to the LDCs for the implementation of the LDC work programme.

Grenada, for AOSIS, called for discussions on the financial mechanism, particularly regarding issues concerning access to finance. Belize, for the CENTRAL AMERICAN INTEGRATION SYSTEM (SICA), urged progress on issues, such as technology transfer and capacity building. Lesotho, for the LDCs, urged extension and expansion of the mandate of the LDC Expert Group (LEG), lamented the co-financing requirement for the implementation of national adaptation programmes of action (NAPAs) and called for implementation of all elements of the LDC work programme. The Democratic Republic of the Congo, for the AFRICAN GROUP, called for increased contributions to the Special Climate Change Fund

(SCCF) and expressed concern with the time taken from project conception to the delivery of funds. He also opposed suggestions that the Consultative Group of Experts on Non-Annex I National Communications (CGE) should consider the frequency of reporting by non-Annex I parties.

FINANCIAL MECHANISM: This agenda item has four sub-items on: the fourth review of the financial mechanism (FCCC/SBI/2010/INF.7, FCCC/SBI/2009/MISC.10 and Add.1); the report of the Global Environment Facility (GEF) (FCCC/CP/2010/5 and Add.1, FCCC/CP/2009/9 and FCCC/SBI/2010/MISC.5); the assessment of the SCCF; and the LDC Fund (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/5, FCCC/SBI/2010/15, 17, 26 and MISC.9, FCCC/SBI/2009/MISC.10 and Add.1). The GEF presented its report (FCCC/CP/2010/5), highlighting that many adaptation, technology transfer and other projects have been implemented in various countries. He also noted that the allocation of funds to LDCs and SIDS has increased to 18% in the fourth GEF replenishment, up from 12% in the third GEF replenishment.

Ana Fornells de Frutos (Spain) and Fernando Farias (Chile) will co-chair a contact group on the review of the financial mechanism, the report of the GEF and the assessment of the SCCF. Katherine Vaughn (Australia) and Rence Sore (Solomon Islands) will co-chair a contact group on the LDC Fund.

ANNEX I NATIONAL COMMUNICATIONS: This agenda item has four sub-items on: national GHG inventory data for 1990-2007 (FCCC/SBI/2010/18 and FCCC/SBI/2009/12); status of submissions and review of the fifth national communications (FCCC/SBI/2009/INF.8); submission of the sixth national communications (FCCC/SBI/2009/INF.9); and further implementation of Convention Article 12.5 (frequency of national communications). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group on these issues.

ANNUAL COMPILATION AND ACCOUNTING REPORTS FOR ANNEX B PARTIES UNDER THE

KYOTO PROTOCOL FOR 2009 AND 2010: The Secretariat introduced the issue (FCCC/KP/CMP/2010/5 and Add.1). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group.

NON-ANNEX I NATIONAL COMMUNICATIONS:

The Secretariat introduced three sub-items under this agenda item on: the CGE (FCCC/SBI/2010/21 and Add.1); further implementation of Convention Article 12.5; and financial and technical support.

The CGE Chair described progress made in implementing the CGE work programme. The GEF presented on the status of financial and technical support for non-Annex I national communications (FCCC/SBI/2010/INF.10, FCCC/CP/2010/5 and Add.1). Anke Herold (Germany) and Eric Mugurusi (Tanzania) will co-chair a contact group on these issues.

ARTICLE 6 OF THE CONVENTION (Education, training and public awareness):

The Secretariat introduced the agenda item (FCCC/SBI/2010/2, FCCC/SBI/2010/3, FCCC/SBI/2010/10, FCCC/SBI/2010/22, FCCC/SBI/2010/9, FCCC/SBI/2010/23, FCCC/SBI/2010/24 and FCCC/SBI/2010/MISC.7). The Dominican Republic, for the G-77/CHINA, requested the establishment of a contact group. The SBI agreed to establish a contact group chaired by Pa Ousman Jarju (the Gambia).

ADMINISTRATIVE, FINANCIAL AND**INSTITUTIONAL MATTERS: Budget performance for**

the biennium 2008-2009: The Secretariat introduced the issues (FCCC/SBI/2010/14/ Add.1 & Add.2). Draft conclusions and draft decisions will be prepared.

Programme budget for the biennium 2010-2011: UNFCCC Executive Secretary Figueres introduced the item (FCCC/SBI/2010/13) and (FCCC/SBI/2010/INF.9), noting that 83% of total indicative contributions have been received and urged parties to settle outstanding arrears. She stated that new decisions in Cancun may call for additional support from the Secretariat, which would require additional resources. The SBI Chair will prepare a draft decision and draft conclusions in consultation with interested parties. SBI Chair Owen-Jones informed parties that he would also conduct bilateral discussions with interested parties on the programme budget for 2012-13, to be taken up at SBI 34, to find out what parties' expectations might be.

Continuing review of the functions and operations of the Secretariat: UNFCCC Executive Secretary Figueres highlighted "generally positive feedback" from questionnaire responses from parties on this item. However, she underscored feedback on the need to improve the UNFCCC website in terms of searchability and usability. Draft conclusions and draft decisions will be prepared.

Privileges and Immunities: The Secretariat introduced the item (FCCC/SBI/2010/10). Draft conclusions will be prepared.

CAPACITY BUILDING (CONVENTION): The Secretariat introduced the issue (FCCC/CP/2010/5 and Add.1, FCCC/SBI/2010/20, FCCC/SBI/2010/MISC.6, FCCC/SBI/2009/10, FCCC/SBI/2009/MISC.1, MISC.2, MISC.8, and MISC.12/ Rev.1). SBI Chair Owen-Jones said that work on this issue should continue based on the Annex V to the SBI 32 report.

A contact group co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France) was established.

CAPACITY BUILDING (PROTOCOL): The Secretariat introduced the issue (FCCC/KP/CMP/2010/10, FCCC/KP/CMP/2009/16). SBI Chair Owen-Jones encouraged delegates to work based on the annex VI to the SBI 32 report.

A contact group co-chaired by Philip Gwage (Uganda) and Marie Jaudet (France) was established.

CONVENTION ARTICLES 4.8 AND 4.9: Progress on implementation of decision 1/CP.10 (Buenos Aires programme of work): SBI Chair Owen-Jones encouraged

parties to make progress on the draft decision text and drew attention to relevant parallel discussions. BARBADOS urged for further implementation of decision 1/CP.10 by: considering within adaptation activities the implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States; promoting the review and strengthening of LDC's NAPAs; and increased financial support for national institutional arrangements on adaptation. SBI Vice-Chair Samuel Ortiz Basualdo (Argentina) will chair a contact group. SBI Chair Owen-Jones requested the contact group to ensure that both adaptation and response measures issues are addressed in a balanced manner.

Matters related to the LDCs: The Secretariat introduced documents (FCCC/SBI/2010/5, FCCC/SBI/2010/12, FCCC/SBI/2010/15, FCCC/SBI/2010/17, FCCC/SBI/2010/26 and FCCC/SBI/2010/MISC.9). The LEG Chair Fred Onduri Machulu (Uganda) reported on the LEG's activities (FCCC/SBI/2010/26).

Bangladesh, for the G-77/CHINA, supported extending and expanding the LEG's mandate, highlighting that 45 countries have submitted NAPAs. He urged for support to implement the NAPAs. Malawi, for the LDCs, supported extension of the LEG's mandate to enable the LEG to provide assistance for the implementation of the LDCs work programme. AFGHANISTAN supported the extension of the LEG's mandate to, *inter alia*: support mainstreaming adaptation in LDCs and aligning NAPAs with government economic planning and budgetary process.

Katherine Vaughn (Australia) and Rence Sore (Solomon Islands) will co-chair a contact group.

TECHNOLOGY TRANSFER: The Secretariat introduced the report of the Expert Group on Technology Transfer (EGTT) (FCCC/SB/2010/INF.4) and the GEF's report (FCCC/SBI/2010/25). The EGTT reported on progress on implementing its work programme for 2010-2011. The GEF highlighted progress in implementing the Poznan Strategic Programme on Technology Transfer.

The EU called for a focus on elements that are relevant for the work on technology by the AWG-LCA and said the GEF should seek a more balanced approach to mitigation and adaptation technologies. ZAMBIA called for enhanced deployment of existing technologies and, with the DEMOCRATIC REPUBLIC OF THE CONGO, the removal of barriers to technology transfer, such as intellectual property rights. Climate Justice Network, for ENGOs, called for a new technology mechanism with a mandate to evaluate social and environmental impact of technologies.

Carlos Fuller (Belize) and Ronald Schillemans (The Netherlands) will co-chair a joint SBI/SBSTA contact group.

ARRANGEMENTS FOR INTERGOVERNMENTAL MEETINGS: The Secretariat introduced this item (FCCC/SBI/2010/16) and (FCCC/SBI/2010/MISC.8). MEXICO underscored its commitment to mechanisms and processes that increase the participation of observers. He expressed intention to table draft decisions on: the creation of a dialogue platform for observers; and on the inclusion of legislative entities and parliaments in the UNFCCC process.

NIGERIA noted that although participation of stakeholders has been positive, the UNFCCC is an intergovernmental process. ICLEI - Local Governments for Sustainability, representing five civil society constituencies, commented on the UNFCCC synthesis report on enhancing civil society engagement, noting that important recommendations had not been reflected in the report. He made several recommendations including: direct

access to negotiations; enhancing opportunities to make oral interventions and written submissions; and upholding the right for observers to organize non-violent demonstrations and stunts.

SBI Chair Owen-Jones will chair a contact group.

REPORTING AND REVIEW OF INFORMATION

FROM ANNEX I PARTIES UNDER THE PROTOCOL:

The Secretariat introduced the item (FCCC/SBI/2009/INF.2). Dominique Blain (Canada) will conduct informal consultations.

PROTOCOL ARTICLE 3.14 (ADVERSE EFFECTS):

Parties established a joint SBI/SBSTA contact group, co-chaired by Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru).

INTERNATIONAL TRANSACTION LOG (ITL).

The Secretariat introduced the issue (FCCC/KP/CMP/2010/8). The SBI agreed to take note of this information.

PROTOCOL AMENDMENT WITH RESPECT TO

COMPLIANCE: The Secretariat introduced this item (FCCC/KP/CMP/2005/2). The SBI Chair will consult with interested parties.

OTHER MATTERS: ARGENTINA objected to the UK's inclusion of Islas Malvinas/Falklands Islands and other South Atlantic islands in its national communications, citing sovereignty disputes. The UK said the SBI is not appropriate forum to raise sovereignty issues, stating that there was no doubt about the sovereignty of the Falkland Islands.

SBSTA

ORGANIZATIONAL MATTERS: SBSTA Chair Mama Konaté (Mali) opened the session. Parties adopted the agenda and agreed to the organization of work (FCCC/SBSTA/2010/7).

UNFCCC Executive Secretary Christiana Figueres identified the continuation of the Nairobi Work Programme on Impacts, Vulnerability and Adaptation (NWP) as a valuable outcome and also urged parties to make progress on revision of the UNFCCC national reporting guidelines for Annex I countries, as well as carbon capture and storage (CCS), standardized baselines and forests in exhaustion under the Clean Development Mechanism (CDM). On elections of officers other than the Chair and elections of replacement officers, SBSTA Chair Konaté noted ongoing consultations.

OPENING STATEMENTS: Yemen, for the G-77/CHINA, called for: consideration of action-driven outcomes under the NWP; a decision to build and/or enhance national and regional climate centers; and a decision to strengthen systematic observation networks. Australia, for the UMBRELLA GROUP, suggested that work on the NWP and reform of the CDM could be completed at this meeting.

Grenada, for AOSIS, highlighted the need to encourage implementation of actions based on the NWP and, with Lesotho, for the LDCs, reiterated the call for a technical review of the science related to limiting temperature increase to under 1.5°C.

The Republic of Korea, for the EIG, noted the need to address revision of the NWP, transparency and MRV, and the development of standardized baselines. The EU stressed the need for agreement on standardized baselines and expressed willingness to consider continuation of activities under the NWP.

Lesotho, for the LDCs, called for strengthening institutions on research and systematic observations and further development and implementation of the Global Framework for Climate Services (GFCS). Belize, for SICA, urged efforts to enhance the global observation programmes, and called for engagement on CCS, standardized baselines, common metrics and forests in exhaustion.

The INTERNATIONAL TRADE UNION CONFEDERATION stressed the need to address social aspects of climate mitigation. The YOUTH lamented the lack of urgency shown by the SBSTA regarding forest-related definitions that ensure protection of carbon-rich forests and biodiversity. CLIMATE ACTION NETWORK underscored that the window of opportunity to limit global average warming to 1.5°C is closing rapidly and stressed the need for a technical paper addressing this. CLIMATE JUSTICE NOW called for clean technology solutions based on the needs of communities and ecosystems.

NWP: The Secretariat introduced the item (FCCC/SBSTA/2010/8-10 and 12; FCCC/SBSTA/2010/INF.7; and FCCC/SBSTA/2010/MISC.8 and Add.1). The WORLD METEOROLOGICAL ORGANIZATION (WMO) highlighted the GFCS, which will strengthen climate observation systems, further mobilize climate science and improve collaboration. The CONVENTION ON BIOLOGICAL DIVERSITY and the UN CONVENTION TO COMBAT DESERTIFICATION underscored cooperation between the three Rio Conventions.

Kishan Kumarsingh (Trinidad and Tobago) and Don Lemmen (Canada) will co-chair a contact group.

DEVELOPMENT AND TRANSFER OF

TECHNOLOGIES: The Secretariat introduced this item (FCCC/SB/2010/INF.4; FCCC/SBSTA/2010/INF.6 and INF.11). The EGTT reported on the work of the EGTT, in particular on operational modalities for the proposed technology mechanisms, and presented the Report on Options to Facilitate Collaborative Technology Research and Development (FCCC/SBSTA/INF.11). Several parties, noting the possible creation of a technology mechanism by the COP, suggested focusing efforts on negotiations on this issue under the AWG-LCA.

Carlos Fuller (Belize) and Ronald Schillemans (the Netherlands) will co-chair a joint SBSTA/SBI contact group.

RESEARCH AND SYSTEMATIC OBSERVATION: The Secretariat introduced this item (FCCC/SBSTA/2010/MISC.s 9-12 and 15).

The GLOBAL CLIMATE OBSERVING SYSTEM (GCOS), the GLOBAL TERRESTRIAL OBSERVATION SYSTEM, the COMMITTEE ON EARTH OBSERVATION SATELLITES and the GLOBAL OCEAN OBSERVING SYSTEM provided progress reports on activities related to the updated GCOS implementation plan. They emphasized the importance of investments in observation systems to provide robust climate data.

Stefan Rösner (Germany) and Arthur Rolle (Bahamas) will conduct informal consultations.

MATTERS RELATED TO PROTOCOL ARTICLE 2.3

(ADVERSE IMPACTS OF POLICIES AND MEASURES): SBSTA Chair Konaté noted that work on this issue will continue based on text contained in Annex I of the SBI 32 report. Andrew Ure (Australia) and Eduardo Calvo Buendía (Peru) will co-chair a joint SBI/SBSTA contact group on this item and Protocol Article 3.14 (adverse effects and impacts of response measures).

METHODOLOGICAL ISSUES (CONVENTION):

Annual report on the technical review of GHG inventories

from Annex I parties under the Convention: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.8) and parties took note of the report.

Revision of the UNFCCC reporting guidelines on annual inventories for Annex I parties: The Secretariat introduced this item (FCCC/SBSTA/2010/INF.10; FCCC/SBSTA/2010/MISC.7

and Add.s 1-3). The IPCC TASK FORCE ON NATIONAL GHG INVENTORIES reported on recent meetings addressing use of models and measurements in GHG inventories and on methodological issues related to reporting on harvested wood products, wetlands and nitrous oxide emissions from soils.

Riitta Pipatti (Finland) and Nagmeldin Elhassan (Sudan) will co-chair a contact group.

Emissions from international aviation and maritime

transport: The Secretariat introduced the item (FCCC/SBSTA/2010/MIC.14). The International Civil Aviation Organization (ICAO) reported on a comprehensive resolution on aviation and climate change adopted by the 37th session of the ICAO Assembly in October 2010. The International Maritime Organization (IMO) highlighted, *inter alia*, efforts to develop a comprehensive mandatory regulatory framework and market-based mechanisms to substantially reduce greenhouse gas emissions from maritime transport by 2020.

Several parties highlighted the ICAO and IMO as the principle forums for addressing emissions from international aviation and maritime transportation. Many also stressed the importance of these sectors for developing countries. CUBA, for Argentina, Brazil, China, India and Saudi Arabia, supported by SOUTH AFRICA and others, stressed the principles of equity and common but differentiated responsibilities. The US suggested considering how the IMO and ICAO should deal with the principle of common but differentiated responsibilities if it is not part of their mandate. ARGENTINA, supported by SAUDI ARABIA, highlighted reservations made to the ICAO resolution. The EU stressed the urgency of addressing emissions from bunker fuels, while highlighting the AWG-LCA as the best forum to do so. The COOK ISLANDS called for the IMO and ICAO to continue their consultations with SIDS. BRAZIL, supported by ARGENTINA and others, suggested that IMO and ICAO should continue reporting to the SBSTA.

SBSTA Chair Konaté will consult informally and prepare draft conclusions.

Greenhouse gas data interface: The Secretariat reported on the development of the greenhouse gas data interface. The SBSTA took note of the information and agreed to continue consideration of the issue at SBSTA 34.

METHODOLOGICAL ISSUES (PROTOCOL):

Technical review of Annex I Protocol parties' greenhouse gas inventories and other information: The Secretariat introduced the item (FCCC/SBSTA/2010/INF.9). The SBSTA took note of the annual report.

Common metrics to calculate carbon dioxide (CO₂)

equivalence: SBSTA Chair Konaté noted that the AWG-KP has considered the common metrics to calculate CO₂ equivalence for more than two years and that SBSTA 32 did not reach agreement on this issue. The EU stated that consideration of this issue by the SBSTA is premature, while BRAZIL stressed problems caused by the use of global warming potentials, saying this has misguided mitigation efforts. The SBSTA agreed to defer substantive discussions until the next session.

Carbon dioxide capture and storage (CCS) in geological formations under the CDM: SBSTA Chair Konaté highlighted a draft text forwarded by SBSTA 32. NORWAY, AUSTRALIA, SAUDI ARABIA and others supported the inclusion of CCS under the CDM, while BRAZIL and others expressed reservations. Pedro Martins Barata (Portugal) and Andrea García (Colombia) will consult informally.

Standardized baselines under the CDM: The Secretariat introduced the issue (FCCC/SBSTA/2010/MIC.13 and Add.1, FCCC/TP/2010/4). The EU, SWITZERLAND, AUSTRALIA and others highlighted the benefits of using standardized baselines under the CDM. BRAZIL underscored the importance of additionality and said standardized baselines would change the CDM's nature, while PAPUA NEW GUINEA said they would be compatible with the current definition and make the CDM more efficient and objective. Peer Stiansen (Norway) and Hugh Sealy (Grenada) will consult informally.

Inclusion of lands with forests in exhaustion under the CDM: The EU, supported by SAUDI ARABIA, said that this issue should be addressed through the REDD+ discussions under the AWG-LCA and LULUCF discussions under the AWG-KP. ETHIOPIA, supported by BRAZIL, suggested a technical workshop. Eduardo Sanhueza (Chile) will consult informally.

SCIENTIFIC, TECHNICAL AND SOCIO-ECONOMIC ASPECTS OF MITIGATION OF CLIMATE CHANGE:

The Secretariat introduced the issue (FCCC/SBSTA/2010/11). SBSTA Chair Konaté highlighted negotiations on enhanced mitigation by the AWG-LCA and AWG-KP, saying their outcomes could have implications on the SBSTA's work on this issue. The SBSTA agreed to take note of the report.

OTHER MATTERS: The Secretariat explained that since no new information has been received on Activities Implemented Jointly under the pilot phase by the June 2010 deadline, it has not provided an updated report. SBSTA Chair Konaté will prepare a draft decision and draft conclusions.

IN THE CORRIDORS

As the sun continued to shine outside the Moon Palace, attention inside the conference venue focused on the opening sessions of the SBI and SBSTA. Throughout the day, both Subsidiary Bodies worked "relatively swiftly and smoothly" through their respective agendas, deferring some substantive discussions to June 2011 and instructing negotiating groups to report back to the Chairs by Friday. "It feels good to turn attention to standard business," volunteered one delegate.

Meanwhile, both AWGs held a series of informal consultations on the long-term issues. Some negotiators described the AWG-KP's informal consultations on "numbers" by saying: "Not much had changed: We continued discussing carryover of surplus AAUs - it's like we never left Tianjin!" Some, however, were heard wondering about the impact of Japan's "bombshell" statement on Monday that it would neither inscribe its commitments in an amended Protocol Annex B, nor accept a COP/MOP decision extending the Protocol's first commitment period or establishing a second commitment period. One seasoned observer estimated that "the lines in the sand are now clearly drawn - Japan won't accept a second Protocol period and many developing countries saying there will be no progress under the AWG-LCA without concrete progress under the AWG-KP." Under the AWG-LCA, some negotiators were finding it hard to keep track of texts and proposals on various issues, including those rumored to be under preparation: "I feel like I'm working with a moving target," said one seasoned negotiator, "new texts seem to be introduced every time I think I have a grasp of the old one."