



CONFERENCE OF THE PARTIES  
Ninth session  
Milan, 1–12 December 2003  
Agenda item 13 (a)

**CONCLUSION OF THE SESSION**

**ADOPTION OF THE REPORT OF THE CONFERENCE ON ITS NINTH SESSION**

**Draft report of the Conference of the Parties on its ninth session**

Rapporteur: Mr. Gonzalo Menéndez (Panama)

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PART TWO: ACTION TAKEN BY THE CONFERENCE OF THE PARTIES  
AT ITS NINTH SESSION

[to be completed]

## I. OPENING OF THE SESSION

(Agenda item 1)

1. The ninth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (hereinafter referred to as the Conference), convened pursuant to Article 7, paragraph 4, of the Convention, was opened at the Fiera Milano Congressi, Milan, Italy, on 1 December 2003, by Mr. Enele Sopoaga, Ambassador and Permanent Representative of the Permanent Mission of Tuvalu to the United Nations, New York, and Vice-President of the Conference at its eighth session, on behalf of the President of the Conference at its eighth session, Mr. T. R. Baalu, Minister of Environment and Forests of India.

### **A. Statement by the President of the Conference at its eighth session<sup>1</sup>**

(Agenda item 1 (a))

2. Welcoming all participants to the session, the President of the Conference at its eighth session highlighted the importance of decisions taken in 2002 and the progress made since then. The clean development mechanism (CDM) had been made operational, and the first projects were expected to be registered early in 2004. In addition, three years of work on reporting and reviewing procedures had been completed, and guidance had been provided to the Global Environment Facility (GEF) on the priorities for two new funds. He also recalled the priorities accorded in the Delhi Ministerial Declaration on Climate Change and Sustainable Development to a number of key issues, including adaptation, the implementation of existing commitments under the Convention, early ratification of the Kyoto Protocol, and the need for governments to promote technological advances and technology transfer.

3. Renewing its commitment to address climate change, the Government of India had organized, in November 2003, a Climate Technology Bazaar and related events providing a platform for promoting the transfer of clean technologies. The President underlined the importance of enhancing the capabilities of developing countries to implement appropriate and cost-effective technologies, and emphasized that such capacity-building needed to be supported by appropriate financial assistance. At the same time, developed countries needed to take effective action to curtail greenhouse gas (GHG) emissions both domestically and through cooperative mechanisms. Many of the measures relating to clean energy technologies showed considerable potential for mitigation. However, they needed to be implemented without further delay as the impacts of climate change were already being felt by developing countries. Adaptation, rather than merely reaction to extreme weather events, also meant increasing the ability of countries to cope with changes in the context of their overall strategies for sustainable development. Such measures entailed considerable costs to the countries concerned, and it was therefore necessary to operationalize as early as possible the Special Climate Change Fund and the Least Developed Countries (LDC) Fund.

4. The present session provided an opportunity to take stock of the progress made and reconfirm Parties' faith in multilateral cooperation, bearing in mind that no new commitments should be introduced for developing countries. It was also necessary to integrate measures on climate change into the overriding goal of fighting poverty. The Convention enjoined the developed countries to take the lead in combating climate change, and it was therefore necessary for these countries to pave the way for assisting developing countries as envisioned in the Convention and its Protocol. In conclusion, he

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<sup>1</sup> The statement by the President of the Conference at its eighth session was delivered by Mr. C. Viswanath of the delegation of India.

expressed his appreciation for the support provided by the Bureau and the Executive Secretary and wished the new President luck in guiding the session to a successful outcome.

**B. Election of the President of the Conference at its ninth session**

(Agenda item 1 (b))

5. At its 1<sup>st</sup> meeting,<sup>2</sup> on 1 December, on the proposal of the presiding officer, the Conference elected by acclamation Mr. Miklós Persányi, Minister of Environment and Water of Hungary, as its President. Mr. Sopoaga congratulated Mr. Persányi on his election and wished him every success in guiding the work of the Conference at its ninth session.

**C. Statement by the President**

(Agenda item 1 (c))

6. On assuming office, the President of the Conference at its ninth session expressed his appreciation of the trust placed in him by the Parties and thanked his predecessor, Mr. T.R. Baalu, and the members of the Bureau, for their efforts during their term of office. He stressed that as President he would do his utmost to promote mutual understanding, cooperation and confidence among Parties, and urged delegates to focus on issues which unite the international community in their efforts to combat climate change.

7. He recalled that, in view of increasing global environmental hazards and despite the uncertainties about the adverse effects of climate change, Parties had responded early to scientific evidence by adopting the United Nations Framework Convention on Climate Change in 1992. That had been an important step, based on the principle that the lack of absolute scientific certainty should not be used as an excuse to postpone action when the world was faced with the threat of serious and irreversible damage. Following this precautionary principle, Parties to the Convention had since then adopted a number of decisions to address the challenge of climate change, with developed countries having agreed to taking the lead in the process and many developing countries having implemented important measures towards sustainable development and more climate-friendly production patterns.

8. The adoption of the Kyoto Protocol in 1997 constituted the next major step committing Parties included in Annex I to the Convention (Annex I Parties) to legally binding emission-reduction targets. The importance of this instrument was demonstrated by the very large number of states that had ratified it and wished to proceed with its implementation, even though it had not yet entered into force. The link between the increase of GHGs in the atmosphere and human activities causing such emissions was now certain, and available scientific scenarios on the future development of the global climate were alarming. It was therefore necessary to reinforce domestic action and enhance international collaboration in the fields identified by Parties since 1992.

9. Reiterating the importance of building and strengthening confidence in the process and promoting cooperation between Parties and stakeholders, the President invited the delegates to work constructively towards finding solutions that would bring the international community closer to their common goal of combating climate change.

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<sup>2</sup> Meetings of the Conference of the Parties referred to in this report are plenary meetings.

#### **D. Addresses of welcome**

(Agenda item 1 (d))

10. In his address of welcome, Mr. Altero Matteoli, Minister for the Environment and Territory of Italy, said that the ninth session of the Conference of the Parties provided an opportunity to assess the progress achieved under the Convention and to identify new initiatives to combat climate change. As recent extreme weather events had confirmed, climate change was a global challenge which required a comprehensive global response. With the Convention serving as common ground for all Parties, the Kyoto Protocol offered for the first time the tools to address climate change effectively .

11. The Minister regretted that Milan could not be the venue of the first meeting of the Parties to the Kyoto Protocol, but he stressed that this should not weaken the commitment of the international community to reduce GHG emissions and to strengthen the capacity of the world's most vulnerable regions to adapt to climate change. The sustainability of this commitment would depend on enhancing technical cooperation between countries and sharing common minimum standards for environmental protection and energy efficiency through a wider use of clean technologies. In this context, the Minister recalled recent efforts to coordinate climate policies at an international level, such as the joint informal meeting of European Union environment and energy ministers convened by the Government of Italy earlier in 2003, and the International Partnership for the Hydrogen Economy concluded recently by a number of industrialized and developing countries. Such meetings and initiatives were important for implementing measures to effectively reduce emissions and identifying new ways to achieve further global commitments.

12. Referring to efforts undertaken at the domestic level, the Minister pointed out that the Government of Italy had begun to implement its national plan to reduce GHG emissions, had adopted rules to promote renewables and improve energy efficiency, and had increased its activities in the area of research and development of hydrogen technology and fuel cells. Finally, Italy's commitment to effectively address climate change was also demonstrated by its contribution of US\$ 86 million to the climate change funds aimed at assisting developing countries in their efforts to develop mitigation and adaptation programmes.

13. Addresses of welcome were also given by Mr. Roberto Formigoni, President of the Region of Lombardy, Mr. Gabriele Albertini, Mayor of the City of Milan, and Mr. Luigi Cocchiario, speaking on behalf of the President of the Province of Milan, Ms. Ombretta Colli. In welcoming the participants to this session, the speakers stressed the importance of this conference and expressed their commitment to the implementation, at the regional and local level, of programmes aimed at reducing GHG emissions and the promotion of sustainable development based on the objectives set out in the Convention and its Protocol.

#### **E. Statement by the Executive Secretary**

(Agenda item 1 (e))

14. The Executive Secretary welcomed all delegates to the ninth session of the Conference of the Parties and expressed her gratitude to the Government of Italy, the Region of Lombardy, and the Province and City of Milan for hosting this session. She also congratulated Mr. Persányi on his election as President and thanked Mr. Baalu for his able Presidency of the Conference at its eighth session. The many activities which had taken place since the last session showed that the uncertainty about the date of entry into force of the Kyoto Protocol had not slowed the momentum of the process. However, although there had been many achievements, Parties were reminded that adequate resources would be needed to

continue to meet the expectations for programme delivery in implementing decisions taken by the Conference of the Parties.

15. With regard to work done in the past 12 months, the Executive Secretary highlighted the progress made on national communications from Parties not included in Annex I to the Convention (non-Annex I Parties), which could be a strategic tool for helping countries integrate climate change into their sustainable development agendas. The GEF was taking a new approach on capacity-building and adaptation, two issues of paramount importance to the Convention which also offered opportunities for enhanced cooperation with the sister Rio conventions. The Executive Secretary expressed her confidence that Parties at this session would contribute to further shaping the adaptation agenda in the climate change process, including work on methodologies. With regard to funding mechanisms established at the seventh session of the Conference of the Parties in Marrakesh, she noted that the LDC Fund was up and running and that at this session priorities would be set for the Special Climate Change Fund.

16. The secretariat had reviewed and analysed information and emission data reported by Annex I Parties. The Conference would now be in a position to consider the performance of these Parties in limiting and reducing their emissions. Encouraging progress had been made on the Kyoto mechanisms, where emissions-trading activities had advanced rapidly, and new markets were emerging. Progress on registries and the transaction log was expected at this session. The achievement of setting up the CDM was a landmark. The work of the Expert Group on Technology Transfer had also advanced well. For the objective of the Convention and the Protocol to be met, full deployment of existing technologies as well as active research and development of innovative technologies was needed. Finally, the Executive Secretary stressed the importance of scientifically sound methodologies and encouraged Parties to reach agreement on the inclusion of afforestation and reforestation in the CDM and on a common reporting format for land use, land-use change and forestry (LULUCF) in national communications.

#### **F. Other statements**

17. At the 1<sup>st</sup> meeting, on 1 December, statements were made by the representatives of Morocco (on behalf of the Group of 77 and China); Zimbabwe (on behalf of the African Group); Italy (on behalf of the European Community and its member States and supported by four acceding States); Tuvalu (on behalf of the Alliance of Small Island States); Switzerland; Pakistan; and Tanzania (on behalf of the least developed countries).

## **II. ORGANIZATIONAL MATTERS**

(Agenda item 2)

### **A. Status of ratification of the Convention and its Kyoto Protocol**

(Agenda item 2 (a))

18. At its 1<sup>st</sup> meeting, on 1 December, the Conference was informed that, as at that date, 187 States and one regional economic integration organization were Parties to the Convention, and therefore eligible to participate in decision-making at the session.

19. The Conference took note that, as at 1 December, 120 States had ratified, acceded to, approved or accepted the Kyoto Protocol. This includes Annex I Parties accounting for about 44.2 per cent of the carbon dioxide emissions of Annex I Parties for 1990. The President noted that the Convention enjoyed nearly universal membership and recognition of its objective. He also invited Parties intending to ratify or accede to the Kyoto Protocol to expedite the process so that the Protocol could enter into force in 2004.

**B. Adoption of the rules of procedure**

(Agenda item 2 (b))

20. At the 1<sup>st</sup> meeting, on 1 December, the President informed the Conference that the President of the Conference at its eighth session had undertaken consultations with Parties on the draft rules of procedure but that no consensus had been reached. The President announced that he intended to undertake further consultations and to report back to the Conference of the Parties at its tenth session.

21. On the proposal of the President, the Conference decided that, in the meantime, as at previous sessions, the draft rules of procedure as contained in document FCCC/CP/1996/2 should continue to be applied, with the exception of draft rule 42.

**C. Adoption of the agenda**

(Agenda item 2 (c))

22. For its consideration of this sub-item at its 1<sup>st</sup> meeting, on 1 December, the Conference had before it a note by the Executive Secretary containing the provisional agenda and annotations (FCCC/CP/2003/1 and Add.1). The provisional agenda had been prepared in agreement with the President of the Conference at its eighth session, taking into account views expressed by Parties during the eighteenth session of the Subsidiary Body for Implementation (SBI) and by members of the Bureau.

23. The President recalled that item 5 of the provisional agenda, "Second review of the adequacy of Article 4, paragraph 2 (a) and (b), of the Convention", which had been held in abeyance at the eighth session of the Conference, had been included in the agenda in accordance with rules 10 (c) and 16 of the draft rules of procedure being applied. He also stated that the President of the Conference at its eighth session had consulted Parties on this issue but that no consensus had been reached on how to include it in the agenda. He therefore proposed that the provisional agenda, as contained in document FCCC/CP/2003/1, be adopted with the exception of item 5, which would be held in abeyance, pending further consultations.

24. In this context, statements were made by representatives of Saudi Arabia; Italy (on behalf of the European Community and its member States and supported by four acceding States); Canada; and Oman. The statements concerned the inclusion in the provisional agenda of sub-items 7 (c), "Matters relating to Article 2, paragraph 3, of the Kyoto Protocol", and 7 (d), "Proposal by Canada for a decision on modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol in relation to cleaner energy exports". Noting that there was no consensus on the inclusion of these sub-items in the agenda, the President proposed that the provisional agenda as contained in document FCCC/CP/2003/1 be adopted with item 5 and sub-items 7 (c) and 7 (d) held in abeyance. He would undertake consultations on these items.

25. Following the proposal of the President, the Conference of the Parties adopted the provisional agenda contained in document FCCC/CP/2003/1 with item 5 and sub-items 7 (c) and 7 (d) held in abeyance. The agenda of the ninth session of the Conference of the Parties, as adopted, thus read as follows:

1. Opening of the session:
  - (a) Statement by the President of the Conference at its eighth session
  - (b) Election of the President of the Conference at its ninth session
  - (c) Statement by the President
  - (d) Addresses of welcome
  - (e) Statement by the Executive Secretary



2. Organizational matters:
  - (a) Status of ratification of the Convention and its Kyoto Protocol
  - (b) Adoption of the rules of procedure
  - (c) Adoption of the agenda
  - (d) Election of officers other than the President
  - (e) Admission of organizations as observers
  - (f) Organization of work, including the sessions of the subsidiary bodies
  - (g) Date and venue of the tenth session of the Conference of the Parties
  - (h) Calendar of meetings of Convention bodies, 2004–2008
  - (i) Adoption of the report on credentials
3. Reports of the subsidiary bodies and decisions and conclusions arising therefrom:
  - (a) Report of the Subsidiary Body for Scientific and Technological Advice
  - (b) Report of the Subsidiary Body for Implementation
4. Review of implementation of commitments and of other provisions of the Convention:
  - (a) Financial mechanism of the Convention:
    - (i) Report of the Global Environment Facility to the Conference of the Parties
    - (ii) Funding under the Convention
    - (iii) Additional guidance to the Global Environment Facility
  - (b) National communications:
    - (i) National communications from Parties included in Annex I to the Convention
    - (ii) National communications from Parties not included in Annex I to the Convention
  - (c) Capacity-building
  - (d) Development and transfer of technologies
  - (e) Implementation of Article 4, paragraph 8, of the Convention
  - (f) Matters relating to the least developed countries
  - (g) Research and systematic observation
  - (h) Other matters referred to the Conference of the Parties by the subsidiary bodies
5. *Agenda item held in abeyance*
6. Request from a group of countries of Central Asia and the Caucasus, Albania and the Republic of Moldova regarding their status under the Convention
7. Preparations for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol:
  - (a) Arrangements for the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
  - (b) Definitions and modalities for including afforestation and reforestation activities under Article 12 of the Kyoto Protocol
  - (c) *Agenda item held in abeyance*
  - (d) *Agenda item held in abeyance*
  - (e) Other matters referred to the Conference of the Parties by the subsidiary bodies

8. Report of the Executive Board of the clean development mechanism
9. Administrative and financial matters:
  - (a) Income and budget performance in the biennium 2002–2003
  - (b) Programme budget for the biennium 2004–2005
10. Round-table discussions among ministers and other heads of delegation
11. Statements by observer organizations:
  - (a) Statements by United Nations bodies and specialized agencies
  - (b) Statements by intergovernmental organizations
  - (c) Statements by non-governmental organizations
12. Other matters
13. Conclusion of the session:
  - (a) Adoption of the report of the Conference on its ninth session
  - (b) Closure of the session.

26. Following the adoption of the agenda, the President noted that this was the sixth session of the Conference of the Parties at which the item “Second review of the adequacy of Article 4, paragraph 2 (a) and (b), of the Convention” had posed difficulties. Because it was not a healthy sign for the process for an item, or items, to be held continually in abeyance, the President encouraged Parties to make a special effort to find a way out of the impasse in the course of the session. Either the items should be dropped or workable formulations should be found to enable discussions to take place.

[to be completed]

#### **D. Election of officers other than the President**

(Agenda item 2 (d))

27. At the 1<sup>st</sup> meeting, on 1 December, the President informed the Conference that Mr. Gonzalo Menéndez (Panama), Rapporteur of the Conference at its eighth session, had undertaken consultations on this item during the eighteenth sessions of the subsidiary bodies held in June 2003. However, nominations had not yet been received from all regional groups. The President encouraged all Parties concerned to reach agreement on all outstanding Bureau posts in time for the high-level segment, to be held from 10 to 11 December. On the proposal of the President, the Conference invited Mr. Menéndez to continue consultations during the session.

[to be completed]

#### **E. Admission of organizations as observers**

(Agenda item 2 (e))

28. For its consideration of this sub-item at its 1<sup>st</sup> meeting, on 1 December, the Conference had before it a note by the secretariat on the admission of organizations as observers (FCCC/CP/2003/4), listing one intergovernmental organization and 60 non-governmental organizations that had asked to be admitted as observers. Pursuant to Article 7, paragraph 6, of the Convention, and following a recommendation by the Bureau of the Conference, which had reviewed the list of applicant organizations, the Conference decided to admit those organizations as observers.

29. Emphasizing the importance of the involvement of intergovernmental and non-governmental organizations in the Convention process, the President welcomed the newly admitted organizations to the Conference at its ninth session and invited them to play an active role.

**F. Organization of work, including the sessions of the subsidiary bodies**

(Agenda item 2 (f))

30. In introducing this sub-item at the 1<sup>st</sup> meeting, on 1 December, the President drew the attention of the Conference to the provisional agenda and annotations contained in documents FCCC/CP/2003/1 and Add.1. He noted that the subsidiary bodies would be convened after the opening meeting with the aim of developing, before their sessions ended on 9 December, draft decisions and conclusions for submission to the Conference. No joint meetings of the subsidiary bodies were planned.

31. On the proposal of the President, the Conference decided to refer items to the subsidiary bodies for consideration and the submission of appropriate draft decisions or conclusions, as follows:

Subsidiary Body for Implementation (SBI)

- Item 4 (a) Financial mechanism of the Convention
- Item 4 (b) (ii) National communications from Parties not included in Annex I to the Convention
- Item 4 (c) Capacity-building
- Item 4 (e) Implementation of Article 4, paragraph 8, of the Convention
- Item 4 (f) Matters relating to the least developed countries
- Item 6 Request from a group of countries of Central Asia and the Caucasus, Albania and the Republic of Moldova regarding their status under the Convention
- Item 9 Administrative and financial matters

Subsidiary Body for Scientific and Technological Advice (SBSTA)

- Item 4 (d) Development and transfer of technologies
- Item 4 (g) Research and systematic observation
- Item 7 (b) Definitions and modalities for including afforestation and reforestation activities under Article 12 of the Kyoto Protocol

32. The President announced that, at the 2<sup>nd</sup> meeting, scheduled for 4 December, the Conference would take up agenda items 4 (b) (i), “National communications from Parties included in Annex I to the Convention”, and 8, “Report of the Executive Board of the clean development mechanism”.

33. On agenda item 2 (g), “Date and venue of the tenth session of the Conference of the Parties”, the President noted that no offers had been received and encouraged interested Parties to come forward with proposals. He proposed to undertake consultations on this item and to report back to a future meeting.

34. With regard to agenda item 10, “Round-table discussions among ministers and other heads of delegation”, the President recalled that the SBI, at its eighteenth session, had endorsed the dates of 10 to 11 December for the high-level segment. On the basis of this endorsement, round-table discussions had been scheduled to begin in the afternoon of 10 December and to conclude in the afternoon of 11 December. There would be three separate rounds of discussions, which would be held sequentially and be open to participation by all ministers and heads of delegation.

35. The three round-table discussions would focus on the following topics:

- (a) Climate change, adaptation, mitigation and sustainable development

- (b) Technology, including technology use and development, and transfer of technologies
- (c) Assessment of progress at the national, regional and international level to fulfil the promise and objective enshrined in the climate change agreements, including the scientific, information, and policy and financial aspects.

36. The President noted that capacity-building, synergy and possible future steps, as well as the need to increase awareness of vulnerability and adaptation, would be key cross-cutting issues for all three round-table discussions. Following an invitation by the President, the discussions would be co-chaired by ministers from Annex I and non-Annex I countries.

37. At the 3<sup>rd</sup> meeting, on 4 December, the President further reported that he had undertaken consultations with groups to consider ways to organize the round-table discussions in order to make the most efficient use of the limited time available. The President stated that his main aim during the round-table discussions was to establish an atmosphere of constructive, open and interactive dialogue. Together with the co-chairs, he wished to provide an equal opportunity for all Parties to participate. Following consideration of this matter by the Bureau, the President proposed that each round-table discussion would be opened by himself and introduced by the co-chairs. The President would invite lead-off speakers from Annex I and non-Annex I Parties to speak, and the discussion would then be opened for Parties to make their contribution. It would be possible for Parties to make statements on behalf of "groups". There might also be opportunities for spontaneous contributions, to allow flexibility for Parties to join the discussion at any moment. The President and the co-chairs would request the understanding of Parties on time limitations for interventions, which ideally should not exceed two minutes for each speaker. At the end of each round-table discussion, the co-chairs would provide an "impressionistic wrap-up". The President would issue, under his own responsibility, a summary of all the round-table discussions, on Friday, 12 December, for inclusion in the final report of the Conference at its ninth session.

38. Following statements by representatives of three Parties, the Conference endorsed the proposals of the President outlined above.

**G. Date and venue of the tenth session of the Conference of the Parties**

(Agenda item 2 (g))

[to be completed]

**H. Calendar of meetings of Convention bodies, 2004–2008**

(Agenda item 2 (h))

[to be completed]

**I. Adoption of the report on credentials**

(Agenda item 2 (i))

[to be completed]

**III. REPORTS OF THE SUBSIDIARY BODIES AND DECISIONS  
AND CONCLUSIONS ARISING THEREFROM**

(Agenda item 3)

[to be completed]

#### **IV. REVIEW OF IMPLEMENTATION OF COMMITMENTS AND OF OTHER PROVISIONS OF THE CONVENTION**

(Agenda item 4)

##### **A. Financial mechanism of the Convention**

(Agenda item 4 (a))

[to be completed]

##### **B. National communications**

(Agenda item 4 (b))

###### **1. National communications from Parties included in Annex I to the Convention**

(Agenda item 4 (b) (i))

39. For its consideration of this sub-sub-item at its 2<sup>nd</sup> meeting, on 4 December, the Conference had before it a compilation and synthesis report on third national communications, contained in documents FCCC/SBI/2003/7 and Add.1–4, and the latest inventory information contained in document FCCC/SBSTA/2003/14. The President noted that the compilation and synthesis report had been prepared earlier that year and had been briefly considered by the SBI at its eighteenth session, which had concluded that it “merited further consideration by the COP at its ninth session”. Noting that this was the first time in its history that the Conference had extensive information, based on submitted national communications, on Parties’ emissions of GHGs, and activities undertaken, in the period 1990–2000, the President gave the floor to the Executive Secretary for an introductory statement.

40. Emphasizing the importance of the matter under consideration, the Executive Secretary highlighted some of the main findings of the compilation and synthesis report. On the positive side, she noted that aggregate GHG emissions of Annex I Parties in 2000 had been about 6 per cent below their 1990 levels, showing that these Parties were responding to Article 4.2(a) and (b) of the Convention. All Annex I Parties had implemented or planned a wide range of policies and measures to mitigate climate change, and a number of them were developing integrated climate strategies. On the other hand, the contribution of individual Parties to the overall reduction was far from even. A few had achieved considerable reductions, but emissions for the most developed countries as a whole had increased by about 8.5 per cent. Similarly, sector-specific figures showed that decreases in some areas such as fugitive emissions or emissions from waste were counterbalanced by increases in other domains, notably in the energy industry, the transport sector and international aviation.

41. Looking to the future, the Executive Secretary noted that projections provided by Annex I Parties seemed to indicate that GHG emissions were expected to increase in the period up to 2010 and beyond in the majority of Annex I countries, including countries with economies in transition. Those findings appeared to indicate that a modification in longer-term trends in anthropogenic emissions, as specified in Article 4.2(a), had not yet been achieved. However, she also cautioned that it was often not clear from those projections to what extent additional measures, including opportunities provided by the mechanisms of the Kyoto Protocol, had been taken into account. Furthermore, it was difficult to say what impact measures already adopted would have on future trends in emissions. The Executive Secretary concluded her remarks by noting that the present discussion had the potential to give new impetus to the process of implementation of the Convention in the first decade of the 21<sup>st</sup> century and beyond.

42. Following the introductory remarks by the Executive Secretary, statements were made by the representatives of 19 Parties, including one speaking on behalf of the European Community and its

member States, supported by eight acceding States, one on behalf of the Group of 77 and China, and one on behalf of the Alliance of Small Island States. Statements were also made by the Climate Action Network–Europe and CAN International on behalf of environmental non-governmental organizations, and the Climate Alliance on behalf of local governments and municipal authorities.

43. The President announced that he had asked Mr. José Manuel Ovalle (Chile), Vice-President of the Conference at its eighth session, and Mr. Michael Zammit Cutajar (Malta), to convene a contact group on the matter and report back to a future plenary meeting with a draft decision for adoption by the Conference.

2. National communications from Parties not included in Annex I to the Convention

(Agenda item 4 (b) (ii))

[to be completed]

V. [to be completed]

(Agenda item 5)

**VI. REQUEST FROM A GROUP OF COUNTRIES OF CENTRAL ASIA  
AND THE CAUCASUS, ALBANIA AND THE REPUBLIC OF MOLDOVA  
REGARDING THEIR STATUS UNDER THE CONVENTION**

(Agenda item 6)

[to be completed]

**VII. PREPARATIONS FOR THE FIRST SESSION OF THE CONFERENCE  
OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES  
TO THE KYOTO PROTOCOL**

(Agenda item 7)

[to be completed]

**VIII. REPORT OF THE EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM**

(Agenda item 8)

44. For its consideration of this item at its 2<sup>nd</sup> and 3<sup>rd</sup> meetings, on 4 December, the Conference had before it documents FCCC/CP/2003/2 and Add.1, which contained the annual report of the Executive Board of the CDM covering work undertaken from November 2002 to November 2003.

45. The President reminded delegates that the CDM was a key element in the Kyoto Protocol and that its prompt start was aimed at ensuring that developing countries benefited as soon as possible from sustainable development projects, with financing generated from certified emission reductions resulting from such projects. In addition, the purpose of the CDM was to assist Annex I Parties in contributing to the ultimate objective of the Convention.

46. The President recalled that the Conference at its seventh session had decided to facilitate the prompt start of the CDM by adopting decision 17/CP.7 and had elected the CDM Executive Board, which was functioning under its authority. In accordance with this decision, the Executive Board, until the entry into force of the Protocol, shall report on its activities to each session of the Conference and the Conference shall review the annual reports of the Executive Board. He noted that the Board, which operated under rules of procedure adopted by the Conference at its eighth session, had carried out an

enormous work programme and would report to this session of the Conference on its achievements over the past year.

47. The Chair of the Executive Board, Mr. Hans Jürgen Stehr, reported that progress had been made with regard to the approval of methodologies, where, out of a total of 36 proposals submitted, nine had been approved and another 18 were currently under review. On the accreditation of operational entities, he said that the first companies had passed important benchmarks. However, noting that of the 19 applications received only two came from developing countries, he drew attention to the need to promote capacity-building with a view to obtaining more applications from non-Annex I Parties. Concerning the registration of CDM project activities, the Board had complied with the request by the Conference to recommend procedures for the case that three Board members, or a Party involved in the project, requested a review. Those procedures were contained in annex I to the report. All elements were now in place for the Board to register CDM project activities and the first such registrations were expected for early 2004. On the CDM registry for certified emission reductions, the Chair said that the Board had considered the establishment of such a registry but that considerable work would need to be done in 2004 to ensure that it met standards of quality and cost-efficiency and was available in a timely fashion. In addition, he noted that a number of measures had been implemented with a view to ensuring transparency and accessibility of the work of the Board.

48. The Conference was requested to take note of the work accomplished and approve the proposal contained in annex I to the report. Furthermore, it was invited to approve two proposals for amendments to the rules of procedure and a clarification to paragraph 13 of decision 17/CP.7 as contained in annexes I and II of the addendum. In concluding his presentation, the Chair drew attention to the financial requirements of the CDM and the Board's request to Parties to continue to contribute to the Trust Fund for Supplementary Activities in order to guarantee sustainability of CDM activities.

49. Following the report by the Chair, statements were made by the representatives of 11 Parties, including one speaking on behalf of the Group of 77 and China, and one speaking on behalf of the European Community and its member States. Statements were also made by the International Emissions Trading Association on behalf of business and industry non-governmental organizations, SouthSouthNorth on behalf of environmental non-governmental organizations, and the International Alliance of Indigenous-Tribal Peoples of the Tropical Forests on behalf of indigenous peoples organizations.

50. The President announced that in order to acknowledge the work done and provide further guidance, a draft decision would need to be adopted by the Conference at this session. To this end, he had asked Mr. Enele Sopoaga (Tuvalu), Vice-President of the Conference at its eighth session, to conduct consultations on this item. He further reminded delegations that five members and five alternate members of the CDM Executive Board needed to be re-elected by the Conference at this session. Mr. Gonzalo Menéndez (Panama), Rapporteur of the Conference at its eighth session, was undertaking consultations on this matter.

#### **IX. ADMINISTRATIVE AND FINANCIAL MATTERS**

(Agenda item 9)

[to be completed]

#### **X. ROUND-TABLE DISCUSSIONS AMONG MINISTERS AND OTHER HEADS OF DELEGATION**

(Agenda item 10)

[to be completed]

**XI. STATEMENTS BY OBSERVER ORGANIZATIONS**

(Agenda item 11)

[to be completed]

**XII. OTHER MATTERS**

(Agenda item 12)

51. At the 2<sup>nd</sup> meeting, on 4 December, the representative of Switzerland delivered a joint statement by Switzerland, Canada, the European Community and its member States, Iceland, New Zealand, and Norway reaffirming the political commitment these Parties made in Bonn in June 2001 to provide US\$ 410 million on an annual basis as of 2005 to developing countries using the four channels outlined in their original declaration. Steps were being taken towards fulfilling this commitment.

[to be completed]

**XIII. CONCLUSION OF THE SESSION**

(Agenda item 13)

[to be completed]

Annexes

[to be completed]

**PART TWO: ACTION TAKEN BY THE CONFERENCE OF THE PARTIES  
AT ITS NINTH SESSION**

[to be completed]

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