

intervention indicated that the proposed analytical framework was overly ambitious and failed to differentiate between the effects of climate change and the impacts of response measures. Furthermore, Canada indicated that Parties should be encouraged, not penalized, for undertaking mitigation actions to meet the objectives of the Convention.

Subsequent contact group discussions were long, intense and inconclusive. Group did agree on a preamble as well as a recognition that progress would best be achieved within a framework which separated discussion between the adverse effects of climate change and the impacts of the implementation of response measures. Remainder of a draft conclusion (not the subject of negotiation) will simply be referred to the Buenos Aires conference in brackets. Discussions will likely continue to be difficult.

FINANCIAL MECHANISM: The EU called for a conclusion to the GEF review by CoP 4 and China registered the importance of project cycle streamlining. Canada intervened by asking that guidance to the GEF focus on policies and program priorities. Canada also iterated that the GEF should be confirmed as the permanent financial mechanism to the Climate Change Convention. The contact group designated 4 Annex I and 4 non-Annex I representatives to propose draft decisions on the review and guidance to the GEF. Annex I countries expressed preference to combine the issues into one draft decision (tabled by EU) and requested that the review issue be discussed before outlining further guidance to be provided to the GEF. G77-China tabled separate draft decisions refusing to link the review issue with discussion of GEF guidance and proposing GEF remain designated as "interim". No consensus was reached and further deliberations were deferred to Buenos Aires. Parties are requested to submit views and comments to the Secretariat by August 15 to be compiled for SBI 9.

INVOLVEMENT OF NGOS: Canada used this agenda item as an opportunity to highlight our inclusive consultation process with NGOs, noting their presence on official delegations and their involvement in the policy development process for both our national implementation strategy and international climate change negotiations. Canada also expressed support for the position that NGOs be granted access to participate as silent observers in the deliberations of contact groups. The latter point prompted the chair to hold private consultations with NGOs throughout the session and culminated a conclusion which asked that NGO constituencies be allowed to participate in all future meeting of informal contact groups, pending chairman approval. Parties further agreed that the existing three NGO constituencies (environment, business, and local authorities) do not always provide a practical way to group stakeholder views and asked the secretariat to develop an improved set of NGO constituencies for consideration by SBI at its tenth session.

BRAZILIAN PAPER ON METHODOLOGIES: Parties approved a conclusion which noted that the part of the 1997 Brazil proposal which calls for a clean development fund was overtaken at CoP 3 by the establishment of the CDM. With respect to