



## WARSAW HIGHLIGHTS

### WEDNESDAY, 20 NOVEMBER 2013

On Wednesday, the high-level ministerial dialogue on climate finance took place in the morning and afternoon. Throughout the day, contact groups, informal consultations and other meetings were held under the COP, CMP and ADP. These included ADP open-ended consultations on both workstreams, and COP open-ended informal consultations on decision-making in the UNFCCC process. The COP/CMP President's informal stocktaking plenary was held in the evening.

#### **HIGH-LEVEL MINISTERIAL DIALOGUE ON CLIMATE FINANCE**

The two-part ministerial dialogue mandated by COP 18 considered progress made in mobilizing long-term climate finance, including efforts by developed countries to scale up finance after 2012.

In the morning inaugural session, COP/CMP President Korolec urged "living up to the challenge" of climate finance, while recognizing the difficulty of the task. He called on parties to make progress in Warsaw on adaptation finance, predictability and mobilization from a broad range of financial sources.

UN Secretary-General Ban Ki-moon stressed the need to break down barriers to sustainable investment, including "perverse subsidies." Identifying public and private finance and the operationalization of the GCF as areas for common action, he warned against the costs of inaction.

Jakaya Mrisho Kikwete, President of the United Republic of Tanzania, lamented that "things have not worked out as we had expected," emphasizing the need for: finance flows to the LDCs; improved transparency; and harmonized financial procedures and access to financial resources.

Naoko Ishii, the GEF, underscored that: transition to low-carbon economy requires finance; public finance can play a catalytic role in unleashing private sector potential; and the GCF and the GEF should forge "strong complementarities."

Hela Cheikhrouhou, GCF, said the Fund is "getting ready to open for business." She called on: the GCF Board to adopt the necessary decisions for the Fund's operationalization; developing countries to identify priorities to enable them to make requests to the Fund; and developed countries to contribute to the Fund and catalyze private sector contributions.

The dialogue was subsequently opened by four "icebreakers," and facilitated by Minister Maria Kiwanuka (Uganda) and Minister Martin Lidegaard (Denmark).

Minister Lisel Alamilla (Belize) underlined the need for: predictability of support; milestones in the implementation of the US\$100 billion target; and capitalization and operationalization of the GCF and the Adaptation Fund.

Minister Dalila Boudjemaa (Algeria) stressed the need to avoid a vacuum between 2015 and 2020, and communicating good practices.

Minister Peter Altmeier (Germany) urged delegates to deliver on the US\$100 billion commitment, drawing attention to the need to re-direct private investment.

Todd Stern, US Special Envoy for Climate Change, highlighted collaboration among donor countries to strengthen public finance as a means to leverage private investment.

Fiji, for the G-77/CHINA, called for: scaled up finance; balance between adaptation and mitigation finance; and the immediate capitalization of the GCF. EGYPT stressed the need to define predictability and additionality of climate finance. CHINA emphasized the importance of agreeing on a roadmap for achieving the US\$100 billion target. The EU drew attention to fast-start finance efforts, and stressed climate mainstreaming and enabling environments. Colombia, for AILAC, called for reaching a "higher and more ambitious ground" in Warsaw consisting of: a clear political commitment on scaling up finance, including public finance for adaptation; a credible pathway with mid-term targets and clarity on different sources; and a political process to evaluate progress.

In the afternoon, delivering a keynote address, Nicholas Stern cautioned that "government-induced policy risk" is the biggest barrier to private investment, calling for increased support for greening development in developing countries. Three "ice breakers" opened the discussion.

Minister Tine Sundtoft (Norway) announced her country would continue to finance REDD+ "at least at current levels until 2020."

Secretary of State Edward Davey (UK) announced new contributions totaling £125 million to the LDC Fund and BioCarbon Fund.

Secretary of Environment and Natural Resources Juan José Guerra Abud (Mexico) cautioned that while international support is important, each country has "to do its homework" and elaborate strategies to leverage private investment through public finance.

Numerous developing countries, including NAMIBIA, the DEMOCRATIC REPUBLIC OF THE CONGO and KENYA, emphasized developed countries' obligations to provide finance, and the need to operationalize and capitalize the GCF as soon



as possible, with INDIA cautioning that the lack of enabling environments should not be used as an excuse to delay finance. Malawi, for the LDCs, called for agreement on a finance pathway, with at least half of funds going to adaptation and most to the LDCs. Fiji, for the G-77/CHINA recommended: continuing finance readiness programmes to ensure the GCF is accessible to all; and identifying clarity on a finance pathway to 2020 as a key deliverable for Warsaw. BENIN cautioned against forgetting the polluter-pays principle.

The REPUBLIC OF KOREA called for the establishment of a working group on pre- and post-2020 long-term finance. EL SALVADOR called for: more “agile” finance with less red tape and lower overhead costs. ECUADOR highlighted the need to ensure finance from parties, not only the private sector.

Numerous developed countries, including CANADA, the EU, JAPAN, NORWAY and NEW ZEALAND, highlighted mobilizing private finance, with the EU and SWITZERLAND emphasizing the need to create partnerships between developed and developing countries. NEW ZEALAND proposed launching a Warsaw platform on effective climate finance, including: helping countries set their own priorities; aligning finance with these priorities; supporting outcomes that can be measured and reported; coordinating finance in simplified ways; and ensuring that public finance does not “crowd out” private sector engagement.

Noting the importance of understanding how public finance is leveraging private finance, the WORLD BANK underscored its progress in tracking climate finance and co-benefits of development finance.

CAN called for a roadmap on finance up to 2020, and at least 50% of public finance to be allocated to adaptation.

BINGOs said private capital can be mobilized and redirected by, *inter alia*: shifting the risk-reward ratio in core sector policies; integrating climate into financial policy frameworks; and expanding the development potential of green bonds.

### **INFORMAL CONSULTATIONS AND OTHER MEETINGS**

**ADP OPEN-ENDED CONSULTATIONS ON BOTH WORKSTREAMS:** In the morning, Co-Chair Runge-Metzger invited feedback on the “common threads” contained in the annex to the draft decision, underlining that the annex does not prejudice any outcome.

INDIA cautioned against including such an annex in the draft decision text. With CHINA, BRAZIL, the PHILIPPINES and others, he proposed capturing progress in a Co-Chairs’ reflection note, whereas Colombia, for AILAC, NEW ZEALAND, TRINIDAD AND TOBAGO and others supported working on the annex.

AUSTRALIA suggested focusing on areas of commonality, including: nationally-determined individual commitments with nationally-agreed rules; transparency of support; and reflecting the priority of adaptation. With JAPAN and CANADA, he opposed reference to IPRs.

SINGAPORE called for moving text on common threads to the preamble. With the Gambia, for the LDCs, and INDONESIA, he called for the development of a workplan for 2014, whereas the EU, VENEZUELA, BRAZIL and others expressed concern that negotiating a workplan could distract from the remaining work in Warsaw.

BOLIVIA called for focusing on: clarity on means of implementation; loss and damage; a quantified mid-term finance support target; and MRV of support. The LDCs stressed that the new agreement must be based on CBDR, equity and inter-generational equity, and reflect urgency and adequacy.

The US said areas of convergence include: the agreement is under the Convention’s principles and is applicable to all; nationally-determined commitments; and implementation sensitive to national circumstances. SWITZERLAND highlighted as common ground nationally-determined mitigation actions by all and internationally agreed rules. The EU emphasized as elements for consideration, *inter alia*: the 2°C goal; applicability to all; market mechanisms; and compliance.

The PHILIPPINES called for focus on pre-2020 ambition with actionable items and an agenda for 2014, including targets for support and Annex I parties’ mitigation ambition.

Swaziland, for the AFRICAN GROUP, expressed support for elaborating common threads and called for reference to the global temperature goal and assessment of adequacy of commitments.

SOUTH AFRICA suggested including an equity framework. The AFRICAN GROUP, AILAC and INDONESIA supported a global adaptation goal.

CHINA highlighted the existing differentiation under the Convention’s Annexes. BRAZIL stressed the Annexes arrangement under the Convention is legally binding and not under negotiation. The US stated that a COP decision could enable the “evolution” of the Convention’s Annexes. Reaffirming commitment to a legally-binding agreement, VENEZUELA expressed concern about some parties’ “devaluation” of the Convention’s principles and structure. NEW ZEALAND, supported by the EU, NORWAY and TRINIDAD AND TOBAGO, expressed support for discussing differentiation.

**DECISION-MAKING IN THE UNFCCC PROCESS (COP):** The morning open-ended informal consultations were facilitated by Beata Jaczewska (Poland). Parties considered the Co-Chairs’ preliminary list of possible elements of the scope of discussions.

On possible elements, the EU, supported by MEXICO and INDIA, questioned reference to avoiding package deals, explaining that discussions should focus on the process for achieving outcomes. AUSTRALIA said package deals relate to transparency and inclusiveness. MEXICO requested adding a reference to “work ownership” and, with AUSTRALIA, the RUSSIAN FEDERATION, the EU, SAUDI ARABIA, the US and others, emphasized the distinction between parties’ roles and responsibilities, and those of the President, presiding officers and the Secretariat.

The RUSSIAN FEDERATION, opposed by SAUDI ARABIA, proposed including, without redesigning the scope of discussions, voting and consensus as “decision-making tools.”

On the organization of future work, parties considered whether discussions could be continued in Bonn in June 2014, with SAUDI ARABIA seeking clarity on how a COP agenda item could legally be addressed in the margins of the SBs’ meeting. A procedural conclusions draft will be circulated, and consultations will continue.

### **COP/CMP PRESIDENT’S INFORMAL STOCKTAKING PLENARY**

In the evening, COP/CMP President Korolec invited Co-Chairs and ministers to report on various items.

SBSTA Chair Muyungi indicated that response measures and Articles, 5, 7 and 8 (methodological issues under the Protocol) required more time and that consultations on Article 3, paragraph 7 *ter* of the Doha Amendment have concluded.

On REDD+ institutional arrangements, SBI Chair Chruszczow reported that no agreement had been reached but expressed confidence that a “landing zone” exists.

ADP Co-Chair Runge-Metzger relayed that the Co-Chairs prepared revised text and expressed hope to conclude negotiations in the next hours and close the ADP on Thursday.

On loss and damage, Minister Bomo Edna Molewa (South Africa) and Minister Lena Ek (Sweden) explained that consensus needs to be reached on the organization of aspects of institutional arrangements and supporting their operationalization, adding that initial bilateral ministerial discussions had started.

President Korolec reported that consultations on the Secretariat’s budget had not yielded results and that Tosi Mpanu Mpanu (the Democratic Republic of the Congo) will undertake consultations. He relayed that the Secretariat will compile the announcements on financial contributions made during the ministerial high-level roundtable on climate finance. On CDM consultations, he said the group requested more time.

BANGLADESH stressed the need to articulate a roadmap for an agreement in Paris. He called for progress on: loss and damage; finance; and the programme budget, in particular on adaptation. MEXICO called for establishing, as a minimum, a path to the 2015 agreement. CHINA lamented that little had been achieved on loss and damage, and finance.

AUSTRALIA, for Canada, Japan, Kazakhstan, New Zealand, Norway, Ukraine, and the US, called for outcomes on REDD+, climate finance, and loss and damage, consistent with the Doha mandate.

On the CDM, ECUADOR highlighted the lack of demand on carbon markets and lamented “inappropriate procedures” by the facilitators on guidance related to the CDM.

On Articles 5, 7 and 8, Switzerland, for the EIG, stressed the need for a decision on this issue to ensure prompt implementation of the second commitment period. With CHINA and VENEZUELA, the RUSSIAN FEDERATION stressed that consultations should continue on Thursday, not Wednesday night, noting that effectiveness should not come at the expense of transparency and inclusiveness. President Korolec stated consultations on the issue will take place on Thursday.

On the FVA, non-market approaches and NMM, Switzerland, for the EIG, expressed disappointment that negotiations could not resume and called for engaging on this topic in Warsaw. PAPUA NEW GUINEA called for continued dialogue on markets.

COLOMBIA, for Chile and Peru, supported market and non-market approaches; and, on FVA, urged launching an information-sharing platform in Warsaw. The EU said transparency could be an important first step if oriented toward clear rules and accounting systems, and requested clarity on what was proposed and how the discussion could proceed.

AUSTRALIA, for Canada, Japan, Kazakhstan, New Zealand, Norway, Ukraine, and the US, welcomed consideration of markets at COP 19.

BOLIVIA, supported by VENEZUELA, recalled that SBSTA agreed to defer discussion of the FVA to SBSTA 40 because parties could not reach agreement. ECUADOR supported the President’s proposed consultations on markets that would not

prejudice discussions at SBSTA 40. President Korolec noted the lack of consensus on the issue, adding that he will consult with parties with the view to support work at SBSTA 40.

Another COP/CMP President informal stocktaking plenary will take place on Thursday afternoon after the ADP closing plenary.

### IN THE CORRIDORS

On Wednesday, several delegates sensed “a mood to make progress” on the horizon, with the high-level segment in full-swing, and UN Secretary-General Ban Ki-moon meeting with ministers bilaterally and in small groups. Many welcomed the in-session dialogue on finance, a first in the history of the UNFCCC, with one delegate expressing hope that it would generate “the much needed political momentum.” While one participant seemed surprised, even impressed, with the informal setting on the dais at the start of the dialogue, with high-level officials sitting in armchairs arranged in a half-circle, others lamented that speakers from the floor disobeyed the Chair’s instructions “not to read long prepared statements.” Yet, in those long statements appeared what one delegate called “useful nuggets,” such as the Norwegian promise to continue to finance REDD+ “at least at current levels until 2020,” although he wondered what concrete figures lay behind it.

Outside the ministerial events, many spoke of a “blockage” in discussions on loss and damage. This latest frustration came at the time when others expressed sentiments over other difficult issues, such as finance and the ADP work plan. One delegate expected a late night discussing loss and damage, and other intractable issues, “possibly in conjunction” with each other. In anticipation of discussions on the revised ADP draft decision text starting late in the evening, one delegate remarked “we all want a decision coming out of Warsaw that helps all of us, and avoids unclear pages that require a year to clarify.” With the ADP closing on Thursday, such discussions now face a looming deadline.

### #COP4Haiyan Solidarity Operation:

On Thursday, Polish Humanitarian Action, a non-governmental organization specializing in emergency response, is organizing the third and last solidarity collection to support the relief and reconstruction in the Philippines after Super Typhoon Haiyan. Volunteers will be present from 8:00-10:00 am near the cloakroom on level -2 zone 1, and from 5:00-8:00 pm at the main exit of the Stadium on level -1 zone A9. The first two cash collections amounted to approximately US\$6,000. If each COP 19 participant gives US\$20, approximately US\$200,000 could be collected. Online donations are also possible through <http://www.pah.org.pl>.

This collection has been facilitated by the COP 19/CMP 9 Presidency and by the UNFCCC Secretariat.

A fund-raising initiative Twitterstorm was also launched last week by youth delegates through four NGOs active in the Philippines, see: <http://bit.ly/1cX8WiQ>.