

MARRAKECH HIGHLIGHTS: THURSDAY, 10 NOVEMBER 2016

On Thursday, 10 November, the UN Climate Change Conference continued in Marrakech, Morocco. Negotiations took place throughout the day in contact groups and informal consultations under the COP, SBI, SBSTA and APA. The facilitative sharing of views (FSV) under the international consultation and analysis process for developing country parties under the SBI also took place. The webcast of the FSV is available at: <http://unfccc.cloud.streamworld.de/webcast/sbi-facilitative-sharing-of-views>.

COP

MATTERS RELATING TO FINANCE: Long-term climate finance: In the contact group, co-chaired by Georg Børsting (Norway) and Andrés Mogro (Ecuador), parties began identifying elements for a draft decision, including: how to avoid a finance gap; access to and delivery of finance; SCF recommendations and work on loss and damage; and adaptation finance.

Agreeing to focus on the 2017 workshop on long-term climate finance, parties commented on the workshop's scope, with the Philippines, for the G-77/CHINA, calling for it to be informed by the High-Level Ministerial Dialogue on Climate Finance; increase clarity on how to scale up climate finance; and, with AILAC, consider how to advance adaptation finance. The EU said the workshop should help understanding the "apparent gaps" in clarity.

CANADA noted submissions on strategies and approaches that can increase clarity. AUSTRALIA made reference to the climate finance 'Roadmap to US\$100 Billion.' Egypt, for the AFRICAN GROUP, suggested reflecting Decision 1/CP.21 paragraphs 53 (on the existing collective mobilization goal) and 55 (information in parties' communication on providing financial resources to developing countries and mobilizing climate finance). SWITZERLAND opposed. The Co-Chairs will collect submissions to structure further discussions.

Report of the SCF and review of the functions of the SCF: During the contact group, chaired by Delphine Eyraud (France), parties commented on the draft decision. Many welcomed the report, though some urged inclusion of non-market approaches. Comments included, *inter alia*, acknowledging the useful forum on loss and damage, which engaged with the private sector, and recognizing the SCF's achievements in building linkages with other bodies, such as the Technology Mechanism.

One group of parties noted the SCF would benefit from engaging with UNCTAD and the private sector in developing countries. Another group called for clear timelines and outputs

from this session on how to advance the facilitation of adaptation in developing countries. Some countries noted the review of the functions as relevant regarding the SCF's transition to serving the Paris Agreement. The Co-Chair called for inputs to further the discussions.

Report of the GCF to the COP and guidance to the GCF: Contact group Co-Chair Richard Muyungi (Tanzania) invited parties' initial reactions to draft decision text. Many welcomed the SCF's report and draft guidance, noting they provided a good basis and reflected progress made.

The Philippines, for the G-77/CHINA, stressed the need to ensure that the GCF continues to serve all developing countries in the Convention. Egypt, for the AFRICAN GROUP, suggested highlighting that the GCF is "an institution to stay." The LMDCs sought for ways to help the GCF Board with transforming the pledges made by countries into finalized support.

Maldives, for AOSIS, and SOUTH AFRICA lamented that the procedures of accreditation remain too complex. The US and NEW ZEALAND highlighted the important role of the private sector in ensuring the Fund functions. NICARAGUA said private sector investments in general could be better directed to renewable energy, energy efficiency, reforestation and avoidance of deforestation. Co-Chair Muyungi invited written submissions on the draft decision text to structure further discussions.

Report of the GEF to the COP and guidance to the GEF: Contact group Co-Chair Stefan Schwager (Switzerland) introduced the items (FCCC/CP/2016/6 and Add.1 and 2, FCCC/CP/2016/8 and FCCC/CP/2016/INF.1) and invited written submissions on the draft decision text to structure further discussions.

Sixth Review of the Financial Mechanism: In the morning, contact group Co-Chair Andrés Mogro (Ecuador) observed a wide acceptance of the ToR. The Philippines, for the G-77/CHINA, underscored the need for coherence of financing under the Convention and "enhanced support to enable enhanced actions." CANADA suggested focusing on areas of complementarity and on increased effectiveness of the Financial Mechanism.

Discussions will continue.

SBI

DEVELOPMENT OF MODALITIES AND PROCEDURES FOR THE OPERATION AND USE OF A PUBLIC REGISTRY REFERRED TO IN PARIS AGREEMENT ARTICLE 7.12: In the morning informal consultations, co-facilitated by Madeleine Diouf Sarr (Senegal) and Gertraude Wollansky (Austria), two developing country

groups supported procedural conclusions and, opposed by several developed countries, underlined their preference that this agenda item be merged with SBI agenda item 5 (NDC registry).

Many parties noted the interlinkages between adaptation and mitigation, and discussions under the APA, with some advocating postponing substantive discussions on what the registry will look like until the APA's work has produced further guidance for adaptation communications.

One developed country noted parties have flexibility to submit, for instance, an NDC entirely about adaptation with mitigation co-benefits, as well as the option of not submitting an adaptation communication.

Some parties, opposed by others, characterized requesting submissions as "premature." One party said the SBI conclusions could request the Secretariat to assess the cost and resource implications of developing two registries.

Parties agreed that the co-facilitators would prepare draft conclusions for parties to discuss at the next informal consultations.

ADMINISTRATIVE AND FINANCIAL MATTERS: In the contact group, chaired by Kunihiko Shimada (Japan), parties provided their inputs to the draft COP decision text on the sub-items on: budget performance for the biennium 2016-2017; audit report and financial statements for 2015; and other financial matters.

On budget performance, parties discussed, *inter alia*, New Zealand's proposal to add text highlighting outstanding core budget contributions as a "significant problem," and requiring the Secretariat to follow up with parties and report back to SBI 46 with a proposal on ways to increase the predictability of cash flows.

On other financial matters, parties made suggestions on how to include text from the document on improving the efficiency and transparency of the UNFCCC budget process (FCCC/SBI/2016/INF.14).

Chair Shimada informed he would seek space for the contact group to reconvene to conclude discussions on the three sub-items.

REVIEW OF THE MODALITIES AND PROCEDURES FOR THE CDM: During informal consultations, co-facilitated by Hlobile Sikhosana-Shongwe (Swaziland) and Karoliina Anttonen (Finland), parties considered textual proposals for placeholders in a draft text, that was provided by the Secretariat, and further developed with parties on Wednesday, 9 November.

On CDM programmes of activities, one group of countries suggested methodologies may be developed for programmes of activities, and "top-down methodologies" be developed for underrepresented sectors. Another group suggested text reflecting that micro-scale activities under programmes of activities can apply micro-scale additionality and may demonstrate the applicability of micro-scale thresholds at the unit level. Several countries opposed these proposals.

On a proposal to encourage designated national authorities to communicate relevant information on the CDM to the public, some parties favored deletion while others suggested further work. The co-facilitators will prepare draft conclusions.

TOR FOR THE REVIEW OF THE FUNCTIONS OF THE SCF: During informal consultations, facilitated by Ngedikes Olai Uludong (Palau), parties commented on draft decision text. Many welcomed elements, including: focus on functioning and effectiveness of the SCF; how the SCF can best serve the Paris Agreement; and reference to the sixth review of the Financial Mechanism in 2017. Some parties opposed including issues of mandate and governance. Discussions will continue.

MATTERS RELATING TO THE LDCS: This informal consultation, co-facilitated by Mamadou Honadia (Burkina Faso) and Jens Fugl (Denmark), met to finalize draft conclusions.

Co-Facilitator Fugl recalled the group's previous meetings had considered the work of the LEG and how to reflect it, and encouraged parties to be flexible. Parties agreed to conclude that the SBI "urges" rather than "invites" additional contributions to the LDCF and other funds under the Financial Mechanism, as appropriate. Following a number of other insertions, parties reached agreement on the conclusions.

NAPS: This group met in the afternoon, co-facilitated by Mamadou Honadia (Burkina Faso) and Jens Fugl (Denmark), to discuss the draft decision and its addendum paragraph-by-paragraph and resolved all outstanding issues.

CAPACITY BUILDING IN DEVELOPING COUNTRIES: In the afternoon informal consultations, parties agreed to draft conclusions on the sub-item on the PCCB, which contain three paragraphs on: the first focus area or theme of the PCCB in 2017; a list of representatives of the operating entities of the Financial Mechanism and constituted bodies under the Convention invited to the first PCCB meeting; and an invitation to collaborate on specific activities related to the PCCB's work.

After discussions, parties also agreed to draft decisions on the third comprehensive review on the implementation of the framework for capacity-building in developing countries under the Convention, and under the Kyoto Protocol.

PROVISION OF FINANCIAL AND TECHNICAL SUPPORT: In the informal consultations, co-facilitated by Helen Plume (New Zealand) and Anne Rasmussen (Samoa), parties took up revised draft conclusions. In a paragraph on the Capacity Building Initiative on Transparency (CBIT) establishment, parties and a GEF representative clarified that CBIT "efforts" will be included in the next GEF replenishment.

A paragraph on late BUR submissions was agreed after rearranging it to begin with recognizing the challenges non-Annex I parties face in this regard.

The draft conclusions will be forwarded to the SBI.

SBSTA

AGRICULTURE: In informal consultations, co-facilitated by Emmanuel Dlamini (Swaziland) and Heikki Granholm (Finland), one group opposed working on the text proposed previously by another group and circulated its own decision text, which some supported using for further negotiations. Two parties suggested being more "agnostic" regarding which text to use, noting similarities. Informal informal consultations then convened.

IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES: This informal consultation convened in the morning and afternoon, co-facilitated by Natalya Kushko (Ukraine) and Andrei Marcu (Panama).

In the morning, the group continued negotiations with presentations on the modalities, work programme and functions of the forum on the impact of the implementation of response measures under the Paris Agreement. One group of countries suggested, *inter alia*, a workshop for sharing experiences and case studies and assessing potential and existing impacts of response measures taken by developed countries.

Another group of countries called for improving the functions of the forum so it serves as a venue to raise priority concerns by promoting cooperation, and for "substantively improving support for understanding building resilience."

One party requested clarification on why the current forum is insufficient as a platform for sharing information and best practices. Another noted that capacity building is being operationalized under the PCCB.

In the afternoon, the group discussed priorities for the improved forum and work programme, including: assessing response measures under the umbrella of sustainable development; working together to identify common ground for technical work; and establishing an *ad hoc* technical expert group.

LULUCF: Informal consultations were co-chaired by Maya Hunt (New Zealand) and José Antonio Prado (Chile). Noting several areas of disagreement, Co-Chair Hunt introduced draft conclusions to continue consideration at SBSTA 46. A party distributed a non-paper with substantive conclusions, *inter alia*, acknowledging that although the modalities for afforestation and reforestation could be, or are, technically applicable to certain revegetation activities, implementation of revegetation project activities in the remaining time of the second commitment period would be difficult. Many supported the non-paper as a basis of negotiations, with some saying it would constitute a package that would include closing this item, which several opposed. Parties accepted the co-chairs' draft conclusions.

MATTERS RELATING TO PARIS AGREEMENT

ARTICLE 6: In the informal consultations, co-facilitated by Kelley Kizzier (EU) and Hugh Sealy (Maldives), parties discussed ideas for the work programme and draft conclusions for all three sub-items. Several developed countries, supported by two groups of developing countries, suggested requesting focused submissions on the elements of the guidance that would need to be developed, asking for a synthesis of the submissions from the Secretariat and convening a workshop on that basis.

While there was strong support for focused submissions, many developing countries expressed hesitation at having the Secretariat synthesize views or produce a technical paper. One group worried this would eliminate ideas too early. Several developing countries also rejected the idea of a workshop, with one cautioning it could lead to parallel discussions.

Parties agreed the co-facilitators would draft conclusions for the next informal consultation.

Mechanism Established by Paris Agreement Article 6.4:

The co-facilitators asked parties to consider clarifying questions on: the impact of all parties having NDCs on the operation of a centralized mechanism; additionality; governance; how to deliver overall mitigation; the sequence of the development of project rules and/or scopes of other activities; and use of the experience of existing mechanisms.

Parties expressed strong support for centralized governance, and for enhancing and building on experience from the CDM and JI. One party noted interlinkages with the Article's other provisions, especially in the context of not double counting units.

On additionality, one party suggested that this provision is about enabling new projects that would not have taken place without Article 6.4, not activities that are already planned within a country's NDC. Another highlighted that additionality is inherently linked to environmental integrity.

On sequencing, one party advocated prioritizing project-based rules and then building from there.

APA

ITEMS 3-8: During the contact group, parties: heard reports from informal consultation by the co-facilitators; discussed how to capture progress at this session; and consulted on further technical work.

Reporting on further guidance in relation to the mitigation section of Decision 1/CP.21, Co-Facilitator Sin Liang Cheah (Singapore) noted broad agreement that features should: be based on the Paris Agreement; respect NDCs' nationally-determined nature and diversity; and contribute to implementation without creating further burdens. Bolivia, for the LMDCs, expressed concern over efforts to eliminate equity, CBDR and differentiation in discussions, and called for operationalizing these principles.

Reporting on further guidance in relation to the adaptation communications, Co-Facilitator Richard Muyungi (Tanzania) noted common ground on the communications' purpose and proposals for further inputs.

Reporting on the transparency framework's MPGs, Co-Facilitator Xiang Gao (China) said parties agreed to start technical work and discussed ways to ensure flexibility for developing countries.

Reporting on the global stocktake, Co-Facilitator Ilze Prūse (Latvia) said parties engaged on the identification of sources of input, bearing in mind the relationship with the modalities of the stocktake.

Reporting on the modalities and procedures of the committee to facilitate implementation and promote compliance, Co-Facilitator Peter Horne (Australia) said parties discussed the mechanism's scope and nature, and how those aspects could inform, *inter alia*, triggers and linkages to other issues, including MOI.

Reporting on further matters related to the Paris Agreement's implementation, APA Co-Chair Sarah Baashan (Saudi Arabia) noted general agreement on "procedural fixes" related to the bureau and an integrated approach to credentials and admission of observers.

On capturing progress, APA Co-Chair Jo Tyndall (New Zealand) proposed three components: formal conclusions reflecting further work required, such as submissions or expert technical workshops, that may include an annexed decision on work related to the CMA; co-facilitators' notes that contain a factual summary of discussions; and a co-chairs' note reflecting on informal outcomes. Parties agreed to this approach.

On further technical work, a point of order was raised by Saudi Arabia, for the ARAB GROUP, supported by INDIA, and opposed by COLOMBIA, COSTA RICA, the EU and the US, that undertaking informal consultations on ways to have further informal discussions after the closing of the APA plenary was not within the contact group's mandate. Co-Chair Baashan recognized the concern, saying the closing APA plenary will occur on Monday.

FURTHER MATTERS RELATED TO THE IMPLEMENTATION OF THE PARIS AGREEMENT:

In the morning, APA Co-Chair Baashan opened the informal consultations. The PHILIPPINES reiterated her country's call for clarity on the mandate of the APA on this item and the meaning of "preparatory work."

NICARAGUA emphasized that, regardless of the Paris Agreement's entry into force, all parties to the Convention should be able to access the funds provided under the Convention.

Co-Chair Baashan inquired whether parties would like to request the Secretariat to prepare a legal briefing on how the Adaptation Fund could be enshrined in the Paris Agreement, and requested additional guidance if so. The Secretariat introduced a legal note on proposed recommendations on institutional linkages and relations between the Adaptation Fund and other institutions under the Convention, developed in 2015 at the request of the SCF working group co-facilitators, which Co-Chair Baashan suggested could serve as a starting point for discussions.

The PHILIPPINES, the Bahamas, for the G-77/CHINA, Egypt, for the AFRICAN GROUP, and ARGENTINA reiterated that the question of mandating the Adaptation Fund to serve the Paris Agreement is procedural. AUSTRALIA, the EU, the US and Switzerland, for the EIG, highlighted that many issues require further consideration by the CMA before such a decision can be made.

In the afternoon, on taking stock of progress made by the subsidiary and constituted bodies, SOUTH AFRICA, supported by CHINA and TUVVALU, proposed consideration of modalities of biennial communications of indicative support. The US said Decision 1/CP.21 is sufficiently clear on this matter.

SWITZERLAND suggested these modalities would fall under discussions on biennial reports. The EU said the COP agenda item on the SCF is the most appropriate space to discuss communications of indicative support. Co-Chair Tyndall proposed that the Co-Chairs could highlight this issue, and parties' differing views, in their report-back to the COP.

On other possible institutional matters, BRAZIL raised: common timeframes for NDCs, supported by the MARSHALL ISLANDS; recognition of developing countries' adaptation efforts; initial guidance to the operating entities of the Financial Mechanism; and training, public awareness and participation. The EU cautioned against duplication and said some of these items could be addressed in the Subsidiary Bodies. CHINA, opposed by the EU and AUSTRALIA, suggested a 2017 APA agenda item on Decision 1/CP.21, paragraph 53 (financial resources provided to developing countries).

On preparing for the convening of CMA 1, the Secretariat distributed a draft text regarding the application to the CMA of the draft rules of procedure of the COP in relation to: credentials; admission of observers; and appointment of additional officers of the bureaux.

Discussions will continue.

FURTHER GUIDANCE IN RELATION TO THE ADAPTATION COMMUNICATION, INCLUDING, *INTER ALIA*, AS A COMPONENT OF NDCS: In informal consultations, co-facilitated by Beth Lavender (Canada) and Richard Muyungi (Tanzania), parties reviewed a list capturing comments. Discussions focused on purpose and elements.

On purpose, Argentina, for the G-77/CHINA, noted there are differences between realizing and operationalizing the global goal on adaptation, and said that efforts, not efforts and actions, should be recognized.

Ecuador, for the LMDCs, opposed high-level communications, supporting using existing vehicles.

NEW ZEALAND suggested that the adaptation communications could at best contribute to a meaningful global stocktake, given that they are voluntary.

Colombia, for AILAC, and Jamaica, for AOSIS, called for a more streamlined purpose, which AILAC said is to catalyze and enhance adaptation action. Sudan, for the AFRICAN GROUP, suggested separating the ideas of catalyzing and enhancing adaptation action from support.

On elements, Saudi Arabia, for the ARAB GROUP, called for further reflection of the financial and other costs of adaptation efforts and actions, noting that some developing countries undertake adaptation actions without MOI and this information could be useful. AOSIS called for explicit reference to support provided.

The G-77/CHINA and AOSIS questioned the value of an element on national decision-making processes for adaptation planning.

Informal consultations will continue.

MODALITIES AND PROCEDURES FOR THE EFFECTIVE OPERATION OF THE COMMITTEE TO FACILITATE IMPLEMENTATION AND PROMOTE COMPLIANCE: Informal consultations focused on the triggers for action by the committee, the committee's relationship with existing arrangements and bodies, the participation of concerned parties and the way forward in the next year.

On triggers, many countries, including IRAN, NEW ZEALAND, BRAZIL, PAKISTAN and the US, highlighted the committee has to be self-triggered, with others mentioning triggering by groups of parties.

On the relationship with existing arrangements and bodies, parties highlighted links to the Convention's MOI mechanisms, and the Paris Agreement's transparency, capacity building and global stocktake mechanisms.

On the participation of the concerned parties, all stressed the involved countries should be fully included in the process.

On the way forward, many countries, including Tuvalu, for the LDCs, Mali, for the AFRICAN GROUP, NORWAY and the EU, proposed submissions for May 2017. A workshop was also proposed by many, including the US, and opposed by INDIA, who characterized workshops and submissions as premature. Participants suggested a technical or synthesis paper be prepared by the Secretariat based on party submissions or an outline by the co-facilitators.

The Gambia, for the LDCs, also addressed the issue of differentiation and flexibility, the AFRICAN GROUP, the need for more discussions on national capacities, and NEW ZEALAND, the need to preserve the facilitative nature of the mechanism.

GLOBAL STOCKTAKE: Co-Facilitator Ilze Prūse (Latvia) moderated informal consultations, presenting a non-paper summarizing discussions.

Saudi Arabia, for the ARAB GROUP, requested adding sections on general principles and the purpose of the global stocktake with reference to the Convention, and on outcomes.

NEW ZEALAND cautioned against confounding "outcome" and "output," noting the latter is something that will lead to an outcome.

NORWAY urged furthering the non-paper by gathering the inputs listed in Decision 1/CP.21, clarifying that, in her view, "sources" is related more to who will deliver, rather than information. Several countries cautioned against attempting to agree to a specific list, especially for the sake of durability.

On conclusions from this session, CANADA called for a summary of the views that will lead to a clear, structured path forward. SOUTH AFRICA, supported by SOLOMON ISLANDS and BRAZIL, and opposed by NEW ZEALAND, suggested parties could submit inputs for an information document.

Parties agreed to continue exchanging views on the non-paper and then discuss draft conclusions in the next informal consultations.

IN THE CORRIDORS

On Thursday morning, delegates arrived prepared for a productive day four of COP 22. Emerging from morning contact groups, several commended each other for their hard work to increase clarity on how to scale up climate finance. This optimism faded during midday APA consultations, where wrangling emerged on whether deciding if the Adaptation Fund should serve the Paris Agreement is as simple as "to serve or not to serve," or requires additional debate.

Reflecting on the negotiating progress in general, one observer suggested that "despite being at a COP, this seems like a subsidiary bodies' meeting, where procedural conclusions are more acceptable." Several remained keen to continue APA's technical work beyond the APA closing plenary on Monday and were confident that a way forward was possible.

Meanwhile, compromise on the convening of CMA 1 continued to be elusive, as some argued for skipping the CMA in 2017. Seeing no reason to delay decisions that could possibly be resolved in 2017, one delegate was adamant not to be "held hostage to a package deal in 2018."

As delegates worked through what one characterized as the "usual ebb and flow of these meetings," and prepared to "stretch" the time allotted to evening informal groups, rays of hope shone on the conference venue with the Global Young and Future Generations Day, during which calls were made for "erasing the divisions between developed and developing countries" for the sake of a "shared future."