

MARRAKECH HIGHLIGHTS: WEDNESDAY, 16 NOVEMBER 2016

On Wednesday, 16 November, the UN Climate Change Conference continued in Marrakech, Morocco. The second part of the facilitative dialogue on enhancing ambition and support took place in the morning. In the afternoon, the second biennial high-level dialogue on climate finance convened.

Throughout the day, contact groups and informal consultations took place under the COP and the CMP, and the joint high-level segment continued. Informals also took place under the COP and the COP 22 Presidency on entry into force of the Paris Agreement and the convening of the CMA. In the evening, the CMA plenary convened, followed by informal consultations under the CMA, which convened late into the night.

A webcast of the joint high-level segment is available at: <http://unfccc.cloud.streamworld.de/webcast/joint-high-level-segment-5th-meeting-of-the-cop-an>; and <http://unfccc.cloud.streamworld.de/webcast/joint-high-level-segment-6th-meeting-of-the-cop-an>.

CMA PLENARY

ORGANIZATION OF WORK: In the evening, parties adopted the agenda and organization of work (FCCC/PA/CMA/2016/1). Bolivia, for the LMDCs, indicated for the record their understanding that the work to be undertaken on agenda item 3 (matters relating to the Paris Agreement), including its footnote, is to be in the context of Paris Agreement Articles 2 (strengthening the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty) and 3 (NDCs' progression over time, while recognizing the need to support developing countries).

STATUS OF RATIFICATION: UNFCCC Executive Secretary Patricia Espinosa reported that, as of 16 November 2016, 110 parties to the Convention had deposited their instruments of ratification, acceptance, approval or accession to the Paris Agreement, representing more than half of parties to the Convention. Parties took note of the report.

OPENING STATEMENTS: Parties welcomed the positive signal sent to the international community with the convening of CMA 1.

Thailand, for the G-77/CHINA, stressed the need to ensure that “no one is left behind,” while noting implementation of the Paris Agreement only applies to parties that have ratified it.

The EU highlighted CMA 1 as a historic moment for “those of us who worked towards a universal climate deal and those living with the reality of climate change.” She described the Paris Agreement as a “game changer” and called for continued progress on its rulebook.

Australia, for the UMBRELLA GROUP, said “real progress” at COP 22 demonstrates that “the spirit of Paris remains strong.”

Bolivia, for the LMDCs, said he expects parties to the Paris Agreement to implement their obligations “despite recent political events.” He stressed the scope of NDCs comprises mitigation, adaptation and MOI, and that the Paris Agreement must be read in light of the Convention's principles.

Saudi Arabia, for the ARAB GROUP, said cooperation must be based on CBDR and historical responsibility, and should focus on the negative impacts of climate change and response measures.

Mexico, for the EIG, stated the movement for climate action is unstoppable because climate action is the correct social policy, morally a categorical imperative and economically rational.

Cautioning that CMA 1 may be a cause for celebration but not complacency, Maldives for AOSIS, called on building on the momentum of when “the international community puts its collective well-being over its individual interest.”

Costa Rica, for AILAC, stressed operationalization of the Paris Agreement requires, *inter alia*: universal participation; implementation through adequate policies; incentivizing stakeholders for broad participation; and cooperation on MOI.

Democratic Republic of the Congo, for the LDCs, supported resuming the CMA at COP 23 in order to adopt a clear workplan for 2018 and decisions on matters ready for adoption.

Mali, for the AFRICAN GROUP, expressed support for the COP Presidency.

CMA 1 President Mezouar emphasized the current momentum for climate action needs to be seized by the world, calling on delegates to move toward action with shared conviction. He informed that informal consultations under the CMA would convene immediately.

FACILITATIVE DIALOGUE ON ENHANCING AMBITION AND SUPPORT

COP 22 President Mezouar opened the session. Aziz Mekouar, COP 22 Presidency, reported on the first session's outcomes, including that progress is evident although more ambition is required.

Ibrahim Thiaw, Deputy Executive Director, UNEP, underscored that current pledges are insufficient to reach the Paris Agreement's goals, but cited opportunities to "bend the emissions curve."

On ambition, panelists discussed: success factors; immediate domestic steps; and cooperation mechanisms. On success factors, the EU stated it exceeded its Cancún mitigation pledge. INDONESIA and INDIA urged ratification of the Doha Amendment. CANADA underlined engaging non-state actors.

On domestic steps, participants highlighted carbon pricing, REDD+ and capacity building. On cooperation, the EU and INDIA emphasized carbon markets. INDONESIA called for coordination among financial mechanisms, and MALDIVES urged facilitating access. INDIA stressed reducing technology barriers. CANADA highlighted the Climate and Clean Air Coalition.

On MOI, Javier Manzanera, *ad interim* Executive Director, GCF, highlighted 27 approved projects and programmes, which will leverage an estimated US\$9.4 billion in on-the ground investment.

Naoko Ishii, CEO, GEF, announced donors have pledged more than US\$50 million to the Capacity-building Initiative for Transparency (CBIT), and implementation projects will begin in Costa Rica, Kenya and South Africa.

During the panel discussion, Jonathan Pershing, US, urged for increasing leveraging ratios to scale up MOI. Adriano Santhiago de Oliveira, Brazil, noted his country's success in tackling deforestation but said it could do "more, better and faster" with appropriate MOI. Xie Zhenhua, China, expressed doubts about "unilateral" accounting on MOI and stressed the need to discuss this among all parties.

SECOND BIENNIAL HIGH-LEVEL MINISTERIAL DIALOGUE ON CLIMATE FINANCE

Opening addresses highlighted the need for more than incremental change to mobilize trillions of US dollars to protect lives and communities, and the Anticipate, Absorb and Reshape initiative on climate risk insurance.

Financial Policies for Climate Action: Keynote speakers urged: directing support toward nations most at risk; delivering on developed countries' US\$100 billion by 2020 annual commitment; and ensuring that multilateral development banks quadruple lending for sustainable, resilient infrastructure in the next ten years. Participants also heard about efforts to "crowd-in" private financing through concessional funds combined with guarantee instruments, and to promote green development through fiscal policy.

High-level panelists described: progress under the G20 towards "a new financing model"; initiatives to help finance ministers combat climate change; the need to ensure other development priorities are also met; and provincial-level climate action.

Scaling-Up Climate Finance and Widening the Field: Edgar Lungu, President of Zambia, said LDCs regret that parties have thus far been unable to agree on a quantified goal for adaptation finance.

Keynote speakers highlighted that: average 2012-2013 public finance flows to developing countries were US\$41 billion; the recently released roadmap to US\$100 billion shows developed countries are on track to meet or overshoot the goal, although a risk of undershooting remains; governments must strengthen the information architecture on climate risk and climate opportunity to shift private investment; cities, food security and ecosystem services are important areas for adaptation measures; and countries are eligible to receive US\$3 million for NAP formulation through the GCF.

High-level panelists then discussed: SIDS' challenges in mobilizing private investment for adaptation; the African Development Bank's focus on energy in Africa; the inability to achieve the green transition as long as fossil fuels are subsidized with US\$500 billion annually; the need for "a revolution of our awareness" to achieve more ethical economies; the "perfect storm of solutions" available today, including an availability of more capital than ever before; and creation of an overarching dialogue with the investment community.

COP CONTACT GROUPS AND INFORMAL CONSULTATIONS

MATTERS RELATING TO FINANCE: Report of the GCF to the COP and Guidance to the GCF: During the contact group, Co-Chair Stefan Schwager (Switzerland) reported back from two informal consultations and self-facilitated drafting meetings among parties and presented the resulting draft decision. Parties agreed to forward the text, with minor adjustments, to the COP for consideration.

Initiation of the Process to Identify the Information to be Provided by Parties in Accordance with Paris Agreement Article 9.5: During the contact group, Co-Chair Outi Honkatukia (Finland) reported back from three informal consultations and self-facilitated drafting meetings among parties, and presented the resulting draft decision.

The Philippines, for the G-77/CHINA, echoed by the EU, welcomed the text and looked forward to active engagement in the in-session roundtables, to be held in conjunction with SB 46, to ensure "that we do not start from scratch." Parties agreed to forward the text, with minor adjustments, to the COP for consideration.

Report of the SCF and Review of the Functions of the SCF: During the contact group, Co-Chair Delphine Eyraud (France) reported back from informal consultations and self-facilitated drafting meetings among parties, and presented the resulting draft decision.

Parties reached agreement on a paragraph requesting the SCF, in fulfilling its functions on the MRV of support and under its existing workplan, to cooperate with relevant stakeholders and experts, and to consider ongoing work under the Convention and further actions envisaged under the Paris Agreement.

Divergent views remained on a paragraph reiterating that the SCF will integrate financing for forests-related considerations into its 2017 workplan. One group called for a reference to Decision 16/CP.21 (alternative policy approaches for integral

and sustainable management of forests). Several other parties proposed deletion of this paragraph. The co-chairs forwarded the bracketed text to the COP Presidency.

Report of the GEF to the COP and Guidance to the GEF: During the contact group, parties reached agreement on several draft decision paragraphs, including on one that emphasizes the need for the GEF to take into account the entry into force of the Paris Agreement in its deliberations relating to the seventh GEF replenishment.

Parties agreed on a paragraph taking note of the projected shortfall of GEF-6 resources and requesting the GEF to continue its efforts, as appropriate and as needed, to minimize the potential consequences of the shortfall for its support to developing countries by aiming at relevant GEF-6 programming directions.

Parties also agreed on a paragraph requesting the GEF, as an operating entity of the Financial Mechanism entrusted with the operation of the LDCF, to continue to enhance capacity development in LDCs for the development of project proposals, with a focus on identifying potential funding sources and on enhancing long-term domestic institutional capacities.

Parties disagreed on several additions, including after text on ensuring that “the support for the CBIT will be included in the seventh replenishment,” the addition “as additional resources to be set aside.”

Delegates engaged in discussions on a paragraph requesting the GEF to continue providing, in its annual reports, information on, *inter alia*, financial support provided for the preparation of NCs and BURs, with parties disagreeing on references to: “non-annex I parties”; “developing country parties”; or “parties eligible for funding.”

With brackets on this and other paragraphs, the co-chairs forwarded the text to the COP Presidency for further guidance.

Sixth Review of the Financial Mechanism: During the contact group, Co-Chair Georg Børsting (Norway) presented a streamlined draft decision text. Parties agreed to: accept one minor addition and to delete all other additions in the draft text on guidelines; the procedural part of the decision; and forward the draft decision to the COP.

Long-Term Climate Finance: During the contact group, Co-Chair Andres Mogro (Ecuador) announced that the co-chairs will inform the COP Presidency about the status of negotiations on this sub-item, including the latest version of the draft decision text reflecting parties’ views and ideas.

DEVELOPMENT AND TRANSFER OF TECHNOLOGY: Linkages between the Technology Mechanism and the Financial Mechanism of the Convention: During the informal consultations, Co-Facilitator Elfriede More (Austria) highlighted that parties were in agreement on almost all issues.

Some groups of developing countries stressed the need to include this agenda item on the next COP agenda to ensure the Technology Mechanism is “tied to support.” Many developed countries preferred to conclude this agenda item and hold an in-session workshop, not in four years as previously proposed, but at the first SB session in 2018.

After discussions, parties agreed to delete a proposed paragraph providing guidance to the GCF and agreed to forward the draft decision, including to continue consideration of this matter at COP 24.

CMP CONTACT GROUPS AND INFORMAL CONSULTATIONS

MATTERS RELATING TO THE CDM: During morning informal consultations, parties went through a revised version of the draft decision text. In a section titled ‘general,’ parties were able to agree on paragraphs: on the CDM Executive Board report for 2015-2016; on progress of the CDM to date; and encouraging the Executive Board to continue its activities in response to Decision 6/CMP.11 paragraphs 7 and 8 (on exploring options for using the CDM as a tool for other uses, and for the financing of the CDM through international climate financing institutions).

Consultations continued in the afternoon. Parties could not reach agreement as their views continued to differ on several issues, including on: relevance of the CDM in the context of Paris Agreement Article 6 (cooperative approaches); voluntary cancellation; international aviation issues; references to the GCF; restrictive practices; and length of crediting periods. After discussions, including of procedural nature, Co-Chair Karoliina Anttonen (Finland) suggested, and parties agreed, to delete bracketed text and forward the “clean” draft decision to the CMP for consideration.

IN THE CORRIDORS

On Wednesday morning, warm weather greeted participants at the Marrakech Climate Change Conference, boding well for a productive day of both high-level events and more technical negotiations. Closure seemed to be the theme of the day, with discussions under the CMP, on the CDM, and under the COP, on technology-finance linkages ending in forwarded texts.

Expressing disappointment with the results of the facilitative dialogue on enhancing ambition and support, one observer said “this was supposed to be one of the ambition mechanisms,” adding that “we have a lot of homework to do to figure out how to make the 2018 facilitative dialogue effective.”

Closure was also in the air with US Secretary of State John Kerry delivering a passionate speech to a packed press room about the urgent need for action at his last climate COP in an official capacity. He stressed that no one has the right, on behalf of billions, to choose inaction “based solely on ideology.”

Despite the fast-approaching deadline for concluding negotiations, some issues continued to linger. These included many items under COP finance. A quick conclusion also seemed elusive in the Presidency’s consultations on CMA 1 and preparations for the entry into force of the Paris Agreement, where parties were unable to agree on using the draft CMA and COP decision texts as a basis for further negotiations. Parties worried that disagreement on when the next CMA session should convene and how to reflect the so-called “orphan issues” under the Paris Agreement could dampen the “strong celebratory message” some expect to come out of this meeting.

As another cool evening set in, delegates found warmth by huddling together in the Plenary Marrakech to sort out final issues before the CMA plenary could resume. Following CMA President Mezouar’s advice to “consolidate what we have and step it up a gear,” negotiators continued informal negotiations on the orphan issues and timing of the next CMA into the night, hoping a long night could lead to closing the Marrakech meeting on time on Friday.

