

Katowice Climate Change Conference Wednesday, 5 December 2018

Throughout the day, informal consultations and contact groups took place. The technical part of the stocktake on pre-2020 implementation and ambition convened in the morning. The COP 24 Presidency began meeting with heads of delegation to discuss the decision emerging from this meeting (Decision 1/CP.24). Other Presidency meetings focused on the Talanoa Dialogue and the IPCC Special Report on 1.5°C, and the Local Communities and Indigenous Peoples' Platform.

COP

Stocktake on Pre-2020 Implementation and Ambition: Ben Garside, Carbon Pulse, moderated.

Adam Guibourgé-Czetwertyński, COP 24 Presidency, reported that the inputs to this stocktake, including those provided by parties and the Secretariat synthesis report (FCCC/CP/2018/7), provided a comprehensive picture of pre-2020 action. He said a report from COP 24 will serve as an input to the COP 25 session.

Thelma Krug, IPCC Vice-Chair, relayed the findings of the Special Report on 1.5°C, including that, even if fully implemented, the Cancun pledges and the current NDCs are insufficient to stay below 1.5°C or 2°C.

On mitigation efforts up to 2020, SBI Chair Emmanuel Dlamini (eSwatini) outlined the various SBI mechanisms serving to enhance action, such as the International Assessment and Review, and International Consultation and Analysis that enhance understanding and sharing of how to catalyze action.

SBSTA Chair Paul Watkinson (France) noted SBSTA's role as an interface between the scientific community and the Convention, and the technical work, including on reporting and methodologies, that supports parties' efforts.

Piotr Dombrowicki, CDM Executive Board, characterized the CDM as a prominent part of climate action since 2001, noting the 2 billion Certified Emission Reductions (CERs) issued.

Tomasz Chruszczow, High-level Climate Champion, Poland, underlined the immense potential of collaboration between party and non-party stakeholders to catalyze action, including through technological innovation.

Several developing countries spoke, many regretting that the Doha Amendment to the Kyoto Protocol has yet to enter into force and urging parties not to shift the burden of emission reduction to the post-2020 period. INDIA said the mandate for the pre-2020

stocktake was to review and revisit targets under the Kyoto Protocol and noted that these are not clearly articulated in the reports put forward.

On supporting enhanced implementation and ambition of climate efforts up to 2020, Pa Ousman Jarju, Green Climate Fund (GCF), reported US\$4.6 billion in funding committed to 93 projects.

Gustavo Fonseca, the Global Environment Facility (GEF), encouraged cooperation between financial institutions, and urged project complementarity at the country level.

Mikko Ollikainen, Adaptation Fund Board (AFB), underlined the Fund's important role in the climate finance architecture because it: focuses exclusively on adaptation; supports concrete activities; and uses a direct access modality.

Dinara Gershinkova, Technology Executive Committee (TEC), described the TEC's activities to support pre-2020 implementation and ambition, stressing the importance of South-South cooperation.

Jukka Uosukainen, Climate Technology Centre and Network (CTCN), noted that the CTCN has supported 79 developing countries with technical assistance since 2015, and highlighted lessons learned including the importance of capacity building, scalable technical assistance, and cross-mechanism coordination.

Marzena Chodor, Paris Committee on Capacity-building (PCCB), highlighted the PCCB's online capacity building portal.

Thiago de Araujo Mendes, Consultative Group of Experts (CGE), described the CGE's capacity-building activities.

BRAZIL and CHINA expressed concern about gaps in pre-2020 support. The EU and CANADA stressed that developed countries are on track to reach the US\$100 billion by 2020 finance goal. GRENADA said the IPCC Special Report on 1.5°C indicates that parties should focus on the long-term pathway to 2030. YOUNGOs asked how Convention bodies are working to include youth in their pre-2020 efforts.

Matters Relating to Finance: Long-term climate finance:

Co-Chair Carlos Ivan Zambrana Flores (Bolivia) opened the contact group, noting that three groups and parties had made submissions, and extending an invitation to make further submissions until 9:00 am on Thursday, 6 December. Zambrana Flores explained that all submissions would be made available to parties and requested a mandate to the Co-Chairs to prepare draft text based on the submissions, to which parties agreed.

The EU said a lot has been achieved on the long-term finance agenda and said the Standing Committee on Finance (SCF) 2018 Biennial Assessment and Overview of Climate Finance Flows confirms that finance has been mobilized. NORWAY suggested that the decision, *inter alia*, take note of activities such as the 2018 in-session workshop on long-term climate finance and biennial high-level ministerial dialogue on climate finance. Parties also proposed topics for the next in-session workshop, with Solomon Islands, for AOSIS, proposing a session on the effects of 1.5°C of global warming. Discussions will continue on Friday, 7 December.

CMP

Matters Relating to the Adaptation Fund: Co-Chairs Ismo Ulvila (Finland) and Richard Muyungi (Tanzania) invited parties' initial reactions to the report of the AFB (FCCC/KP/CMP/2018/4).

South Africa, for the G-77/CHINA, the EU, Solomon Islands, for AOSIS, Switzerland, for the EIG, and Malawi, for the LDCs, commended the work and role of the Adaptation Fund in supporting adaptation efforts in developing countries, with the G-77/CHINA also appreciating the Fund's "innovativeness" in the area of access modalities.

The EIG identified as particularly useful the Fund's direct access modality and sources of funding. AOSIS suggested that the Fund's experience, with projects focused on the most vulnerable, could serve the Paris Agreement by filling the data gaps highlighted in the SCF 2018 Biennial Assessment. The LDCs expressed a wish for further improvements in the accreditation process, and project review and approval cycle.

The G-77/CHINA expressed alarm at the low levels of financing to the Fund accrued through the sale of CERs. The LDCs called for "a number of countries" to make further contributions to the Fund.

Parties mandated the co-chairs to prepare draft decision text, based on the interventions. Informal consultations will convene.

SBI

Development and Transfer of Technologies: Scope of and modalities for the periodic assessment of the Technology Mechanism in relation to supporting the implementation of the Paris Agreement: Claudia Octaviano Villasana (Mexico) co-facilitated informal consultations. Discussions on a draft CMA decision text focused on assessing various kinds of support, including in-kind, and the adequacy of the support provided to the Technology Mechanism. Several developed countries recognized the valuable in-kind support provided to the TEC, including by developing countries, and cautioned against losing this recognition with language specifying only developed countries' support. Some developing countries agreed on the value of developing countries' support, but highlighted developed countries' obligations under the Convention. Developed countries called for focusing specifically on support to the Technology Mechanism, with some noting that the outcome of the mechanism could not be expected to bring about transformational change. Developing countries suggested focusing on the financial needs of the Mechanism to enable technology transfer and finding solutions for these. Consultations will continue.

Information in Accordance with Agreement Article 9.5 (ex ante finance transparency): Co-Facilitator Outi Honkatukia (Finland) invited parties' views on how to take work forward, including for preparing the first iteration of draft text. She drew attention to the heads of delegation meeting on Tuesday, 4 December, and to discussions under APA item 8 (possible additional matters) in the morning, which indicated a mandate and willingness to engage in "elements that have not been discussed in the past in this room." Parties agreed to seek a balance between discussing text on information to be provided and on issues related to modalities, or a "process" for the provision of information.

On draft decision text, parties' views diverged on paragraphs relating to: communication of information by other parties; provision of adequate and predictable financial resources; and the timing of the first biennial communications.

On a process, developed countries indicated preference for discussing the elements "required for operationalizing Article 9.5 only," such as availability of information or timing of the first communications. They disagreed with developing countries' suggestions to include common time frames, a review or a role for the SCF, and linkages between Articles 9.5 and 9.7 (*ex post* finance transparency).

On elements of information, parties disagreed on text relating to *inter alia*: loss and damage; technology and capacity-building support; and a baseline reference.

Three developing country groups indicated that they had submitted a joint conference room paper as an input on this issue. Informal consultations will continue.

SBSTA

Agreement Article 6 (Cooperative Approaches): Co-Chairs Kelley Kizzier (Ireland) and Muslim Anshari Rahman (Singapore) went through their first iteration of three CMA draft decision texts, on: a work programme under the Agreement Article 6.8 framework for non-market approaches; the rules, modalities and procedures for the Agreement Article 6.4 mechanism; and guidance on Agreement Article 6.2 cooperative approaches. While parties indicated that they needed more time to consider the texts, they expressed differing levels of comfort with some sections over others. Informal informals convened in the evening.

Modalities for the Accounting of Financial Resources in Accordance with Agreement Article 9.7 (ex post finance transparency): Co-Facilitator Seyni Nafu (Mali) invited parties to present textual proposals developed in informal informal consultations earlier in the day, stressing that this text had no formal status.

A developed country group presented the proposal, which centered on a text in a section of the presiding officers' addendum on underlying assumptions, definitions, and methodologies. Many countries supported the changes in principle. Parties discussed a new formulation related to "new and additional" support, which, as a principle, was supported by many developing countries, while developed countries cautioned against "reviving a discussion we had in Paris."

Developing countries and groups raised concern about overlapping informal and informal informal consultations on finance.

Nafo explained that the Co-Facilitators would develop the first iteration of draft text based on comments received. Informal consultations will continue on Thursday, 6 December.

Bunker Fuels: In informal consultations co-facilitated by Luiz Andrade (Brazil) and Bert van Loon (Belgium), a developing country group requested a “space” in the UNFCCC process to discuss the implications of reports from other UN bodies and international organizations relevant to the UNFCCC. Another developing country said UNFCCC parties should be given an opportunity to review or provide comments on reports of international organizations before UNFCCC sessions. A developed country cautioned against giving instructions to the IMO and ICAO, because they are separate, parallel processes. A developing country suggested giving more time to international organizations’ statements in plenary. The Co-Facilitators proposed draft conclusions which would take note of the ICAO and IMO reports and postpone further consideration to SBSTA 50. Several developed countries expressed support, citing other pressing issues needing to be resolved at SBSTA 49, while several developing countries opposed such a postponement. Consultations will continue.

APA

Mitigation Section of Decision 1/CP.21 (the Paris Outcome): During informals in the morning, co-facilitated by Sin Liang Cheah (Singapore), parties continued to exchange views on: accounting; avoiding double counting; environmental integrity; references to bodies outside the UNFCCC; defining mitigation outcomes; and the interlinkages among these issues.

On accounting guidance, one developed country group emphasized focusing on tracking progress of NDCs, accounting for quantified elements of NDCs, and adjusting for International Transferable Mitigation Outcomes (ITMOs).

On interlinkages, some warned that discussing mitigation outcomes outside of Agreement Article 6.2 (on ITMOs used for NDCs) could open the door for trading mitigation outcomes of any form, which would be inconsistent with environmental integrity. Several supported providing guidance that would prohibit double counting of outcomes that are transferred outside of the Paris Agreement context. Many noted the need for careful definition of mitigation outcomes, with some stressing that these are nationally determined, and others calling for a clear matrix.

Adaptation Communication: Informal consultations were co-facilitated by Julio Cordano (Chile), and focused on the purpose, principles, and support for adaptation communication.

As an alternative to defining a purpose for adaptation communication, a developed country proposed “underscoring the importance of an adaptation communication as a vehicle for, *inter alia*,” followed by the various elements outlined in the addendum to the presiding officers’ joint reflections note. Some developed countries welcomed the flexibility this proposal provides, while some developing countries highlighted the need to define a common understanding on the purpose of adaptation communication. A proposal by a developing country group on merging elements of the purpose was generally well received, with one developed country disagreeing with the reference on parity between adaptation and mitigation.

Views differed on the need for a principles section, with many developed countries underscoring that this would be better placed in the preamble, and many developing countries emphasizing the need to refer to the principle of CBDR-RC.

There was a general sense that parties agreed on the need for support for the preparation of adaptation communication, but needed more time to discuss support for implementation. Parties also discussed which parties and entities would provide such support, with one developed country favoring a broad range of actors, including parties and UN organizations, to continue to mobilize funds. Informal informals convened.

Transparency Framework: In informal consultations, co-facilitated by Andrew Rakestraw (US), parties reported back from informal informal discussions. On technical principles, two country groups reported that parties had agreed to a conceptual approach to definitions that would adequately address transparency and completeness across different sections of the presiding officers’ addendum. Another party reported that parties had agreed to work on refining options for the role of the CGE in assisting developing countries’ implementation of the transparency guidelines. The Co-Facilitators will prepare a next iteration of the draft text. Discussions continued in informal informals.

Global Stocktake (GST): In informal consultations, Co-Facilitator Kamal Djemouai (Algeria) presented a first iteration of draft decision text, which many parties welcomed as a basis for negotiations. One developing country group lamented that their “red lines” were not captured in the text.

A developing country group presented proposals for how equity could be operationalized in the text, including on information collection, inputs to the technical assessment, and outputs to the technical assessment. A developed country expressed concern about inserting equity throughout the text, lamenting that it is not a defined concept. Several parties expressed concern that the text included insufficient detail on outputs of the technical assessment phase. Parties expressed the need for balance in terms of the level of detail on various aspects of the text.

Discussions continued in informal informal consultations.

Implementation and Compliance Committee: In informal consultations, Co-Facilitator Christina Voigt (Norway) presented a first iteration of draft decision text, explaining the changes that had been made since the presiding officers’ addendum. Parties provided input on streamlining the section on measures and outputs, which had not been changed in the first iteration.

Views diverged on whether to include a list of specific elements that the committee must consider in deciding measures and outputs, such as *force majeure*, and LDCs’ and SIDS’ special circumstances. Several developed countries preferred to provide that the committee shall take into account the national capabilities and circumstances of the party concerned, suggesting that this broad “catch-all” phrasing would cover the more specific proposals in the text. Several developing country groups identified specific elements as important to retain.

Views also diverged on whether the committee’s consideration of measures and outputs should vary by the legal nature of the Agreement’s provisions concerned. Several urged a single “toolbox” of measures and outputs, while others preferred a subset of measures for legally binding provisions.

In afternoon consultations, co-facilitated by Janine Coye-Felson (Belize), parties provided feedback on the Co-Facilitators' first iteration of draft text, welcoming it as a basis for further discussion. Parties worked on further streamlining the text on initiation.

Parties also discussed under what circumstances the committee can initiate consideration of an issue. One developed country said the committee should not have to decide whether or not a provision of the Paris Agreement is legally binding before initiating consideration, because it is not a legal committee. Many parties said initiation by the committee should not be subject to the consent of the party concerned, which one developing country group opposed. Two developing country groups opposed removing references to LDCs and SIDS from a paragraph outlining that the committee shall take the national capabilities and circumstances of parties into account at all stages of the process. Discussions continued in informal informal consultations.

Further Matters: Taking stock of progress made by the subsidiary and constituted bodies: APA Co-Chair Jo Tyndall (New Zealand) presented a progress report, saying the Co-Chairs are continuing close coordination with the other subsidiary body chairs to ensure a comparable approach and level of progress across all items. Two developing countries requested a "reiteration" of the presiding officers' note to maintain a broad view of progress being made across the PAWP, and for the APA Co-Chairs to continue to play a role in the negotiations in the second week. Informal consultations will continue.

Possible additional matters: APA Co-Chair Sarah Baashan (Saudi Arabia) facilitated. On a date for the SCF to start preparing draft guidance to the operating entities of the Financial Mechanism, parties who took the floor agreed that this is covered by Paris decision (1/CP.21) paragraph 61 (CMA's provision of guidance to the Financial Mechanism operating entities).

On a time frame for preparing initial guidance to the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), two groups spoke, expressing flexibility to have no text. One developing country group preferred to reiterate a mandate for at least the LDCF to start serving the Paris Agreement.

On modalities for biennially communicating finance information in accordance with Agreement Article 9.5 (*ex ante* finance transparency), Co-Chair Baashan explained that the topic had been discussed in a heads of delegation meeting on Tuesday, 4 December. She identified the need to provide assurances of continuity and predictability of finance while leaving countries reporting information the possibility to decide the level of information they are able to provide.

Many groups and parties viewed the Tuesday heads of delegation meeting as productive. Several groups and countries indicated willingness to engage in discussions on "procedures" or "practical arrangements," with developed countries supporting discussing these under the SBI item on Paris Agreement Article 9.5 and, opposed by one developing country group, closing discussions on this issue under the APA. Developed countries said they would support discussions on the condition that a paragraph contained in the presiding officers' addendum on initiating a "facilitative multilateral consideration of progress and technical expert review of information provided and reported" be omitted.

On setting a new collective quantified finance goal, developing and developed countries' views diverged on whether or not to indicate a starting point for a process to set the goal. Developing countries stressed the need for clarity, predictability, progression and a collective process. Developed countries stated, *inter alia*, that such a process is beyond the mandate of the PAWP and therefore premature to discuss at COP 24. One country suggested raising the matter to the heads of delegation level.

Adaptation Fund: Informal consultations were co-facilitated by Pieter Terpstra (the Netherlands). Parties continued to exchange views on the presiding officers' addendum. On operating modalities, parties disagreed on whether the COP should designate the Adaptation Fund as an operating entity of the Financial Mechanism of the Convention. Two country groups said that they would work together to propose language on arrangements for sharing lessons from the Adaptation Fund relevant for other funds, such as the GCF or LDCF, and some proposed drawing on language from the operational framework of the GCF. One country group expressed concern that using language from the GCF would risk the Adaptation Fund becoming "mitigation-centric," to which another country group clarified that the language would be generic and not specific to the GCF.

On sources of funding, parties disagreed about whether the Adaptation Fund should accept support from "other" or "innovative" funding sources. A developing country suggested inserting a placeholder designation that "x percentage" of the share of proceeds from Agreement Article 6.4 mechanism should go to the Fund. The Co-Facilitators will produce a first iteration of draft text for review on Thursday, 6 December.

In the Corridors

On Wednesday, many informal consultations opened with delegates congratulating each other and their co-facilitators for the productive atmosphere in the previous day's informal informal sessions and heads of delegation meeting. These sessions had worked: the former allowed revised text to emerge on several key agenda items in time to meet the ambitious deadlines set by the presiding officers, a feat that some delegates had thought impossible just 36 hours earlier. The latter seemed to have given new impetus for work under negotiations on indicative finance information under the Paris Agreement, commonly called "9.5." As one participant opined, confidence was clearly building as delegates rode this momentum into the night to tackle difficult issues, such as loss and damage and flexibility in the transparency framework.

While some items progressed, the question of how they will all fit together remained. The general sense was that early engagement from heads of state and the Polish Presidency bode well for piecing the issues together into an overall outcome of the Katowice COP. That the Presidency was consulting on "Decision 1/CP.24" hinted at an omnibus decision assembling all the parts that delegates identify as crucial to operationalize the Paris Agreement.

Calls for avoiding "the opportunity cost of opportunity lost," as Bertrand Piccard, co-pilot of the first solar-electric plane to circumvent the globe, wrote in an open letter to negotiators, echoed throughout the venue. Many observers noted that several country pavilions showcased innovative climate-friendly technologies, expressing hope this is a sign that parties might be on the way to seizing the many commercially-available and cost-effective solutions to raise their ambition.