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Katowice Climate Change Conference Monday, 10 December 2018

The Katowice Climate Change Conference began its second week with high-level ministerial meetings on pre-2020 implementation and ambition, and climate finance. Throughout the day, the COP Presidency held dialogues with parties on several issues central to the Paris Agreement Work Programme (PAWP).

COP

Linkages between the Technology Mechanism and Financial Mechanism of the Convention: In morning informal consultations, co-facilitated by Swan Sinesi (Italy), parties accepted the Co-Facilitators' first iteration of draft decision text as a basis for negotiation. Many countries expressed concern that the text is "Green Climate Fund (GCF)-heavy," and called for mentioning the collaboration between the Global Environment Facility (GEF) and Climate Technology Centre and Network (CTCN). Several countries urged clarification of the concept of "sustainable energy breakthroughs," with one proposing to substitute the term with "climate technology."

Parties disagreed on whether to conclude this agenda item at COP 24, with one developed country group arguing that the work is complete because the linkages are established. A developing country opposed, arguing that the aims of the work on linkages are not met and may not be until COP 26. Discussions continued in informal informals.

Presidency Consultations: Mitigation/NDCs: Parties were told the approach, under which issues would be taken up "in a slightly different way" compared to the first week, or in "clusters," was made in an attempt to manage issue linkages. Parties were requested to help prepare a text that is "clean or very close to clean" for delivery to the COP President by 5:00 pm on Tuesday, 11 December, with the Co-Chair noting that she had delivered the same message to other "rooms."

After lengthy discussions on process, one group suggested concluding discussions by referring to relevant articles of the Paris Agreement and articles of the Paris Outcome (Decision 1/CP.21) and agreeing to continue discussions at the next session.

Groups and countries shared their views on the third iteration of text, forwarded from the APA, identifying areas for further technical work, with one group suggesting to first discuss issues related to bindingness, timing of applicability, and differentiation, and some others suggesting these should be left to ministers. Other issues identified as conducive to making progress before the deadline included: capacity building; accounting guidance, in particular avoidance of double counting; and the scope of the guidance on information. Presidency consultations will continue on Tuesday, 11 December.

Global stocktake (GST): Parties exchanged views on: the scope of the GST; incorporating equity considerations; the role of non-party stakeholders; sources of input; and whether loss and damage should be in a separate workstream under the technical dialogue, or if it should be addressed under the adaptation workstream.

Some parties expressed concern that "bridging proposals" which had been previously communicated to the Co-Facilitators were not reflected in the text, and said this language should be included in the next iteration, highlighting the party-driven nature of the process. Others said the mandate from the Presidency was to work on solutions, rather than reinserting proposals "that are incapable of attracting consensus."

Some parties expressed concern about the mode of work, stating that the unresolved issues on scope and equity were political rather than technical in nature. Others said that parties should continue to try and resolve these elements prior to ministerial engagement.

Discussions continued in informal informals.

Response measures: Discussions focused on a draft CMA decision including elements of modalities, work programme and functions under the Paris Agreement of the forum on the impact of the implementation of response measures.

On the work programme, some parties asked for broadening the scope and for a sequential assessment of response measures and, when these are found to have negative impacts, to recommend actions to prevent such negative impacts from reoccurring.

Some stressed the need for tools, capacity building, and awareness on response measures, while others cautioned against including too much detail or specifying tools such as economic modelling. On governance, one party suggested that a "Katowice Committee on the Impacts of Implementation of Response Measures" could implement the work programme of the forum. Informal discussions continued into the evening.

Adaptation: Parties were encouraged to deliver clean text by 5:00 pm on Tuesday, 11 December, and the Co-Chairs explained that, as discussed in the heads of delegation meeting, loss and damage would be dealt with as a cross-cutting issue, including in discussions on transparency and the GST. Discussions focused on modalities for recognizing the adaptation efforts of developing

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countries, methodologies for assessing adaptation needs, and guidance for adaptation communication. The main issues related to: which documents to draw on for facilitating the recognition of adaptation efforts; who would recognize those efforts; and dissociating *ex-ante* and *ex-post* elements of adaptation communication. Informal consultations convened in the evening.

Technology: Parties worked on two draft CMA decisions on development and transfer of technologies.

On the scope of and modalities for the periodic assessment of the Technology Mechanism, parties narrowed down options. Parties could not agree on how to reflect the role of national designated entities (NDEs) as recipients of the support.

Regarding the Technology Framework, parties' views diverged on enabling environments, including on incentivizing the private and public sectors to fully realize technology development and transfer of climate technologies. Many stressed the importance of a reference to the public sector and that many NDEs are public institutions. Others opposed, suggesting the "public sector" in this context is unclear. On collaboration and stakeholder engagement, views diverged on the aim, including in a phrase related to bridging knowledge and financial gaps.

Parties were encouraged to continue to work among themselves on both draft CMA decisions.

Pre-2020 Stocktake High-level Meeting

Rachel Kyte, Special Representative of the UN Secretary General for Sustainable Energy for All and CEO of Sustainable Energy for All, moderated the session.

COP 24 President Michał Kurtyka welcomed the stocktaking as an opportunity to continue consideration of implementation and ambition in the pre-2020 period. He urged parties that had not already done so to ratify the Doha Amendment to the Kyoto Protocol.

Ovais Sarmad, UNFCCC Deputy Executive Secretary, highlighted that the IPCC Special Report on 1.5°C raises the stakes for pre-2020 ambition, and said there is a "huge moral, ethical imperative" for leaders to "step up" ambition.

Inia Seruiratu, High-level Climate Champion for COP 23, Fiji, underscored that, in order to achieve the goals of the Paris Agreement, climate action needs to be taken as early as possible, including swift action in the pre-2020 period. He stressed the important role of non-party stakeholders and inclusive multilateralism for achieving the goals of the Paris Agreement.

Pre-2020 mitigation: Henryk Kowalczyk, Minister of the Environment, Poland, pointed to clean air policies, investment in public transportation, and support for urban climate adaptation as reasons why Poland has reduced emissions from 1988 levels while growing its economy.

Simon Stiell, Minister of Climate Resilience, the Environment, Forestry, Fisheries, Disaster Management and Information, Grenada, said Grenada's decision to liberalize the energy sector aims to foster investment in renewable energy and provide room for regional cooperation on thermal energy.

Miguel Arias Cañete, Commissioner for Climate Action and Energy, European Commission, highlighted that the EU had, in 2016, reduced GHG emissions by 23% compared with 1990 levels. He recalled that the EU and its Member States are the largest contributor of climate finance globally.

Xie Zhenhua, Special Representative for Climate Change Affairs, China, highlighted the pre-2020 gap between mitigation commitments and actions, and expressed hope that the burden would not be shifted to developing countries post 2020.

Melissa Price, Minister for the Environment, Australia, outlined her country's pre-2020 mitigation efforts, including its Emissions Reduction Fund, which she explained is a reverse auction mechanism to purchase least-cost emissions reductions from across the economy.

Pre-2020 support: Highlighting recent findings showing that developed countries are on track to deliver on the USD 100 billion per year climate finance goal, Ola Elvestuen, Minister of Climate and the Environment, Norway, said his country will double its contributions to the GCF and continue providing finance for REDD+ at least at current levels until 2030.

Welcoming support provided through the Amazon Fund, Edson Duarte, Minister of Environment, Brazil, delineated Brazil's efforts to reduce deforestation in the Amazon, highlighting that deforestation rates have been maintained at 70% below 2004 levels in the past decade.

Karsten Sach, Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety, Germany, said Germany would double its contribution to the GCF in the upcoming replenishment, and underscored that tracking the delivery of climate finance has improved understanding of: accounting methods; interlinkages between public and private climate finance; and predictability of climate finance.

Fekadu Beyene, Commissioner, Environment, Forest and Climate Change Commission, Ethiopia, called on developed countries to contribute to the LDC Fund and Adaptation Fund, which he described as "critically under-resourced."

Kimmo Tiilikainen, Minister of Housing, Energy, and the Environment, Finland, highlighted his country's support for the readiness and capacity of developing countries to implement carbon pricing, which he said is an important tool to mobilize private climate finance.

Kenichi Suganuma, Ambassador for Climate Change, Japan, highlighted his country's determination to accelerate efforts before 2020, in part due to the impacts of extreme weather events in Japan during the summer of 2018. He expressed support for a successful first replenishment of the GCF.

In the discussion, Iran, for the LMDCs, called for increasing public climate finance rather than shifting the burden to the private sector. COLOMBIA highlighted that pre-2020 support will help developing countries strengthen their post-2020 ambition.

The EU reiterated its commitment to reaching the collective finance goals.

The GCF, *inter alia*, highlighted: the Fund's parity between mitigation and adaptation funding; the simplified approval process for smaller budget projects; and its support for national adaptation planning.

Saudi Arabia, for the ARAB GROUP, said a clear definition of climate finance is lacking, and underscored the need for new and additional finance.

In closing remarks, Elvestuen said that ambition must be raised in every country, and that the climate finance system needs to be improved. Stiell said the stocktake should be used as a "reality check" and an opportunity to press a "reset button" on pre-2020 action. Kyte stressed that pre-2020 action and support can increase confidence within the UNFCCC.

Third High-level Ministerial Dialogue on Climate Finance

Manuel Pulgar-Vidal, WWF International, moderated. Noting the dialogue's theme of 'Translating Climate Finance Needs into Action,' he said the dialogue aims to facilitate an exchange of views on how to ensure further progress on, and to showcase efforts in, mobilizing finance and investments.

COP 24 President Kurtyka noted that, while the overall circumstances and challenges are increasingly complex, the overall goal of parties remains the same, namely to speed up mobilization of climate finance as much as possible.

Lord Nicholas Stern, Grantham Research Institute on Climate Change and the Environment, presented on "policy and finance for inclusive growth," saying that, in the next two decades, the world economy will double while emissions need to be reduced by more than 30%. He suggested that five areas—energy, cities, food and land use, water, and industry—can unlock sustainable development while creating jobs and revenue.

Seyni Nafo, Standing Committee on Finance (SCF), presented key findings from the SCF 2018 Biennial Assessment and Overview of Climate Finance Flows, including a 17% increase in global flows in 2015-2016 compared to 2013-2014, and that climate finance totaled USD 67 billion in 2015-2016. He stressed that climate finance still accounts for only a small portion of overall financial flows.

Mobilizing finance and investment to translate climate finance needs into action: Lord Nicholas Stern moderated the panel.

Yasmine Fouad, Minister of Environment, Egypt, highlighted three prerequisites for translating climate finance into national climate strategies: clear and predictable sources; financial instruments that enable mainstreaming; and clear project eligibility criteria.

Calling for a "mass mobilization" of climate finance, Brune Poirson, Ministry for the Ecological and Inclusive Transition, France, outlined three pillars to her country's climate financing: meeting commitments; exploring innovative finance; and demonstrating consistency in climate policies across economic sectors.

Rodolfo Lacy, Organisation for Economic Co-operation and Development, underscored the need to "reset financial systems" and align their objectives with those of the Paris Agreement.

Emphasizing that finance is the "missing piece in the puzzle" of climate action, Vincent Biruta, Minister of Environment, Rwanda, said that attracting finance requires strong institutions and legal and policy frameworks.

Underscoring that "the stars are aligned but there is little time," Nick Bridge, Special Representative for Climate Change, United Kingdom, urged bringing "economic reality" into negotiations and using a suite of financial incentives to foster green growth.

Rémy Rioux, International Development Finance Club (IDFC), reported that IDFC members climate financing has doubled since 2015, to USD 200 billion annually.

Michael Eckhart, Citigroup, called for increased use of green bonds and proposed that the UN set a goal to bring all electric and water utilities up to "investment grade" by 2025.

Enhancing access to climate finance: Nick Robbins, London School of Economics and Political Science, moderated. Noting that Sweden is one of the world's largest per capita donors of climate finance, Karolina Skog, Minister for the Environment, Sweden, announced two additional Swedish contributions of approximately USD 5.5 million to the Adaptation Fund and the LDC Fund, respectively.

Xie Zhenhua, Special Representative for Climate Change Affairs, China, urged the UNFCCC to establish "stable and long-term objectives" to send a clear signal to the international and financial communities.

Regretting that "we are not winning the war against climate change," Naoko Ishii, CEO, Global Environment Facility, called for economic transformation and a shift from incremental to transformational adaptation.

Calling for a "new climate economy," Naina Lal Kidwai, Commissioner, Global Commission on the Economy and Climate, urged, *inter alia*, increased disclosure and transparency protocols, and grassroots development and institutional capacity building.

Calling for simplified accreditation processes, Eneida de León, Minister of Environment, Uruguay, urged removing the barriers to accessing climate finance that developing countries face, including refusal of projects on political grounds.

Javier Manzanares, GCF, highlighted how the GCF supports climate action in developing countries by: solidifying understanding of climate risks and opportunities; investing in capacity building; using a variety of financial instruments, including grants, loans, equity, and guarantees; and improving accessibility of finance through modalities such as the simplified approval process.

Noting that access to finance is critical to support adaptation in the Pacific region, James Shaw, Minister for Climate Change, New Zealand, announced that his country would contribute an additional approximately USD 2 million to the Adaptation Fund over the next three years.

In the Corridors

In the life of a COP, Monday of the second week usually signals a transition from technical to political work. Some signs of that transition were about, as ministers announced new funding to the GCF, Adaptation Fund, or LDC Fund. Three COP Presidents contributed to the political leadership, articulating their expectations for the final outcome. COP 20 President Pulgar-Vidal, COP 21 President Fabius, and COP 24 President Kurtyka—who have been meeting since August in a "COP Presidents' Council"—collectively stressed the need for a just ecological transition, with Fabius emphasizing the importance of long-term political vision, and Pulgar-Vidal calling for a "COP 24 High-Ambition Package." In other hints at enhanced ambition, one seasoned delegate hinted that "the HAC is back," referring to the "High Ambition Coalition" from Paris that is coalescing anew here in Katowice.

Yet the transition was not as complete as usual. Despite the closure of the APA, SBI, and SBSTA, the same negotiators discussed the same issues, albeit clustered together in new ways. The continuance of technical negotiations was welcomed only by some, but frustrated others, including a group that reportedly walked out of some finance discussions. Many negotiators prepared for a late night, having received a Tuesday 5:00 pm deadline to agree on CMA decision text. To try to find agreement, negotiators started to get creative, such as thinking about ways to identify legally-binding or voluntary aspects of the PAWP. Many wondered about how the task will be completed with four days left. Perhaps anticipating such questions, COP President Kurtyka cautioned that "everyone needs to converge to the same target but everyone chooses their own path."

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