

## Chile/Madrid Climate Change Conference: Tuesday, 3 December 2019

The Chile/Madrid Climate Change Conference continued, with delegates meeting to address a range of substantive issues, including finance, technology, the Local Communities and Indigenous Peoples Platform (LCIPP), and loss and damage. Heads of delegation met in closed door sessions to discuss cooperative approaches (Article 6), followed by technical negotiations. A workshop under the Koronivia joint work programme on agriculture began, discussing soil nutrients and manure management, and will continue on Wednesday, 3 December.

### COP 25

**Matters Relating to Finance: Matters relating to the Standing Committee on Finance (SCF):** Contact group Co-Chairs Rob Moore (UK) and Richard Muyungi (Tanzania) invited views on the SCF annual report and elements that should be captured in a COP decision text. Several groups and parties lamented the absence of draft guidance to the operating entities of the Financial Mechanism. Many commended the SCF report, the SCF Forum, and the outline of the 2020 report on the determination of developing country needs.

Palestine, for the G-77/CHINA, highlighted: insufficient arrangements for linkages with other bodies; a needs-related mandate for the SCF report; and insufficient budgetary resources of the SCF. Parties also called for, *inter alia*: improving understanding of finance flows; the SCF to present a status report on the achievement of the USD 100 billion goal for consideration by COP 26; enhanced capturing and follow-up of SCF Forum outcomes; and structured guidance from the COP to the SCF regarding its performance and deliverables. Discussions will continue in informal consultations.

**Long-term climate finance:** Contact group Co-Chairs Rob Moore (UK) and Richard Muyungi (Tanzania) invited views on work done so far and on elements that should be captured in a COP decision text. Palestine, for the G-77/CHINA, stressing long-term finance is a critical issue and “not a two-year matter,” called for a forum for discussing climate finance from a strategic perspective. NORWAY cautioned against duplicating work, given the biennial finance communications due from developed countries starting in 2020. Belize, for AOSIS, and Colombia, for AILAC, called for assessing the achievement of the 2020 finance goal and stressing the importance of adaptation finance. The EU, opposed by South Africa, for the AFRICAN GROUP, saw no reason to extend discussions under the long-term finance item beyond 2020. Discussions will continue in informal consultations.

**Report of, and guidance to, the GCF:** Co-Chair Toru Sugio (Japan) invited parties to share views on the GCF and SCF reports, a COP decision, and noted agreement to discuss, under the sub-item, clarification of the status of the provision of privileges and immunities to the GCF. Several groups and countries expressed disappointment with the SCF’s inability to agree on draft GCF guidance, but agreed that a compilation of information from submissions could serve as a starting point.

Palestine, for the G-77/CHINA, highlighted, *inter alia*: inconsistencies in reporting on the GCF’s first replenishment (GCF-1); the need for information about actual disbursements; and concerns around delays in accreditation and politization of project eligibility decisions. Antigua and Barbuda, for AOSIS, called for the GCF to incorporate a strategic direction addressing loss and damage and to establish an emergency response window. Malawi, for the LDCs, with several others, stressed the need for streamlined processes for accreditation, particularly for Direct Access Entities.

South Africa, for the AFRICAN GROUP, the EU, JAPAN, and NORWAY, among others, called for welcoming GCF-1, in particular contributions by countries that doubled their pledges. Many developing countries underscored the insufficiency of contributions. The contact group will reconvene.

### CMA

**Matters Relating to Finance: Matters relating to the SCF:** This sub-item was discussed in a joint contact group with the COP. On the CMA, noting agreement at CMA 1-3 to initiate deliberations on setting a new collective quantified finance goal at CMA 3, South Africa, for the AFRICAN GROUP, suggested requesting that the SCF outline this process. Informal consultations will continue.

### CMP

**Matters Relating to Finance: Adaptation Fund:** This contact group was held in conjunction with the CMA and was co-chaired by Amjad Abdulla (Maldives) and Fiona Gilbert (Australia). Several developing countries questioned the role of the CMA, noting the Fund is still under the authority of and accountable to, the CMP until share of proceeds from the Paris Agreement Article 6 (cooperative approaches) are available. The Co-Facilitators will prepare draft texts for further consideration.

### SBI 51

**National Adaptation Plans:** The informal consultations were co-facilitated by Pepetua Latasi (Tuvalu) and Malcolm Ridout (UK). Many developing countries emphasized challenges in accessing financial resources for NAP formulation and implementation, including in the context of GCF readiness finance, with several countries lamenting a burdensome process. One developed country called for focusing on technical discussions, noting, opposed by many, that financial matters would be better covered under the item related to COP guidance to the GCF. In preparation for the next session on Wednesday, 4 December, the Co-Facilitators will outline elements that could feed into draft conclusions or a draft decision.

**Matters Relating to the LDCs:** Co-facilitated by Ridout and Latasi, informal consultations noted the draft conclusions adopted at SBI 50 and recalled the expectation to agree on draft conclusions or a draft decision regarding the report on the LEG’s 36th meeting. Parties exchanged on possible elements to include therein. Informal consultations will continue.

**Matters Relating to Capacity Building for Developing Countries:** Informal consultations, co-facilitated by Ismo Ulvila (Finland) and Felipe Osses (Chile), focused on: the annual technical progress report of the Paris Committee on Capacity-building (PCCB); and the review of the implementation of the framework for capacity building under the Convention and of the PCCB.

Several groups welcomed the PCCB progress report, including as a basis for the review of the PCCB. Views diverged on the purpose of the recommendations contained in the report and whether the report itself should be evaluated or not. One group called for assessing what issues were mandated to the PCCB and resources provided. Many parties called for extending the PCCB's mandate, whether through 2030 or permanently, whereas one country stated that any extension beyond 2020 is contingent on making the PCCB function better. In the afternoon, informal consultations continued, hearing views on the review of the implementation of the framework for capacity building and of the PCCB.

**Matters Relating to the Adaptation Fund: Membership of the Adaptation Fund Board:** Informal consultations were co-facilitated by Amjad Abdulla (Maldives) and Fiona Gilbert (Australia). Parties' views strongly diverged on the way forward with this item, with developing countries considering that membership is a procedural matter. Several developed countries emphasized that the Adaptation Fund Board called for additional guidance from the CMP and/or CMA.

One developed country noted the need to enhance the representation of developed countries on the Board. Several developed countries expressed support for maintaining a majority of developing countries on the board, but called for adjusting terminology on country groups to align with the Paris Agreement. Co-Facilitator Abdulla observed no consensus on the way forward. Consultations will continue.

**Gender:** In informal consultations, co-facilitated by Winifred Masiko (Uganda) and Jorge Pinto Antunes (EU), parties agreed on the need to streamline and reduce the number of activities listed in the draft gender action plan. On the draft decision, parties debated how, and whether, to reflect multiple inequalities and their intersecting effects on men and women, people in developing countries, and local communities and indigenous peoples. Informal consultations will continue.

## SBSTA 51

**Development and Transfer of Technologies: Joint annual report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN):** In informal consultations, co-facilitated by Stella Gama (Malawi) and Steven Turnbull (Australia), delegates considered the 2019 joint annual report of the TEC and CTCN.

Many delegates encouraged collaboration between the entities of the technology and financial mechanisms, such as the Adaptation Fund and the Global Environment Facility (GEF) in the context of the readiness program. One group suggested exploring the option of multi-country efforts in accelerating technology transfer.

Welcoming the monitoring and evaluation system, some requested that future reports also focus on regional strategies, and particular technologies or sectors. Several groups called for reporting concrete results, emphasizing the clarity of facts and quantified impacts. They stressed that showcasing the TEC's and CTCN's achievements can raise participation and mobilize funds, with some calling for scaled-up financial support from Annex I parties. Co-Facilitators will draft decision text.

**Research and systematic observation:** Elizabeth Bush (Canada) and Quingchen Chao (China) co-facilitated informal consultations, and called for elements to be included in draft conclusions.

Many parties welcomed, and noted with concern, the World Meteorological Organization's provisional *Statement on the State of the Global Climate 2019*. Many stressed the need to support continuous systematic observation, especially in developing countries and ocean systems. Another party requested that the

SBSTA ask the IPCC to prepare a Special Report on "gaps in the science," with Co-Facilitator Bush noting that the session's scope was restricted to systematic observation. The Co-Facilitators will develop draft text for consideration.

**LCIPP:** Informal consultations, co-facilitated by Geert Fremout (Belgium) and Tosi Mpanu-Mpanu (Democratic Republic of the Congo), heard a report from Majid Shafiepour (Iran), Co-Chair of the Facilitative Working Group, on the draft two-year workplan agreed to by the Working Group. All welcomed the workplan and supported its adoption. One party noted "institutional issues" that could be addressed in the decision to adopt the workplan. The Co-Facilitators will draft conclusions.

**Methodological Issues under the Paris Agreement:** Xiang Gao (China) and Helen Plume (New Zealand) co-chaired the contact group. Co-Chair Xiang laid out the programme of work, noting that the group would aim to produce at least one iteration of a draft decision for each sub-item by the end of the week. Participants raised views on, *inter alia*: the pressing need to complete work; how best to capture progress; and the role of the Consultative Group of Experts (CGE).

Co-Chair Xiang invited views on how to operationalize flexibility. In the discussion, views diverged on whether operationalization of flexibility should be included within outlines and tables, with Brazil, for ARGENTINA, BRAZIL, AND URUGUAY, supporting, or expressed in specific provisions, with Saint Kitts and Nevis, for AOSIS, Costa Rica, for AILAC, and the EU supporting.

**Common Tabular Formats (CTFs) for support provided and mobilized, and needed and received:** In informal consultations, co-facilitated by Delphine Eyraud (France) and Seyni Nafo (Mali), participants exchanged views on the elaboration of proposed tables. Several parties and groups commented on the tables they would be submitting.

On technology transfer, several developing country groups proposed separate columns for contributions for capacity building and contributions for technology transfer. One developed country noted the importance of maintaining "factual consistency" with modalities, procedures, and guidelines for the transparency framework. Discussions will continue.

**Outlines of the biennial transparency report, national inventory document and technical expert review report:** Helen Plume (New Zealand) and Xiang Gao (China) co-facilitated informal consultations and sought views on the outlines of all three documents according to the informal note produced during SBSTA 50. Parties generally agreed that the informal note was a good basis for discussions.

On flexibility, views diverged about whether the issue should be discussed in a standalone section or integrated across each document. One party suggested having a separate table outlining flexibility, as well as mentioning when certain parties had applied flexibility across the document, noting that "it is not an either/or" question. Several parties underlined the fact that these outlines are optional and intended as a tool rather than a requirement. The Co-Facilitators will collect parties' comments on the proposed outlines and will prepare a draft text by Thursday, 5 December.

**Matters Relating to Article 6 of the Paris Agreement:** SBSTA Chair Watkinson presented the organization of work, which he noted was based on the approach outlined in the SBSTA Chair's reflections note and consultations with heads of delegations and parties. He proposed informal consultations, complemented by bilateral consultations by the SBSTA Chair and the Co-Facilitators, as well as "informal informals" as needed, and requested the Co-Facilitators to deliver first iterations of revised draft texts on the three sub-items by Wednesday morning, 4 December. He underscored the importance of the SBSTA delivering a set of draft texts that contain only a handful of issues left to be resolved under the guidance of the CMA President. Parties agreed to this approach. Peer Stiansen (Norway) and Hugh Sealy (Barbados) co-facilitated informal consultations on all sub-items.

**Article 6.2 (internationally transferred mitigation outcomes, ITMOs):** Delegates provided the Co-Facilitators with inputs on the draft decision text, mainly reflecting their preferences

and with many stressing the need to: avoid double counting; ensure environmental integrity; raise ambition in mitigation and adaptation action; and promote sustainable development. Parties identified areas for streamlining and areas for further work, in particular text on corresponding adjustments and on the relationship between use of markets and NDCs in terms of ambition. They also called for more clarity, including on the sequencing of reports and disclosure of information in registries. Many groups supported allocating 5% of the share of proceeds to the Adaptation Fund. Several stressed the need for corresponding adjustments for actions both “inside and outside NDCs.”

Views diverged on accounting issues, with some groups advocating for a common accounting system. One party supported a menu approach for parties that engage in Article 6.2 transactions to choose from, and to apply consistently throughout single or multi-year NDC periods. Others proposed limiting options under each timeframe. One group, opposed by another, stressed that units from the Kyoto Protocol had no place under Article 6. Many supported voluntary cancellation.

**Article 6.4 (mechanism):** In the informal consultations, Co-Facilitator Stiansen invited streamlining proposals to the draft text agreed at SBSTA 50. Some parties supported dedicating more time to the decision text, with one suggesting that work programmes relegated to 2020 need to be focused and time bound. Responding to a party’s reservations to establishing the mechanism’s supervisory body at CMA 2, Co-Facilitator Stiansen noted the need to reflect in the next iteration what the body could be mandated to do if established at CMA 2.

Parties identified areas or themes for streamlining, including: delivering overall mitigation in global emissions; the supervisory body; baselines under activity cycle methodologies; issuance; and host party responsibilities. Some called for an orderly transition from the CDM to the new mechanism. Others stressed the need to clearly spell out “no options,” for example in relation to the use of Kyoto credits, GHG methodologies, and double counting. Parties also reiterated their views on aspects of the rules, modalities and procedures, including: overarching issues relating to Articles 6.2 and 6.4; shares of proceeds; transition from the Kyoto Protocol; corresponding adjustments; delivering overall mitigation; safeguards and limits; and addressing impacts of response measures.

**Article 6.8 (non-market approaches):** In informal consultations, discussions of the draft decision text focused on governance and work programme activities. On governance, one group suggested reducing the redundancy of similar options on establishing a permanent institutional arrangement for the framework. Two other groups stressed that the purpose of the framework is to enable developing countries to meet their adaptation needs, including economic diversification. They proposed developing implementation tools, including a “registry” complemented with a “matching facility” supportive of generating means of implementation. Another two groups indicated their preference for a permanent arrangement over an open-ended working group, with one party suggesting a joint SBI/SBSTA chairmanship. On work programme activities, several parties highlighted the value of opportunities for leveraging and generating mitigation “and adaptation co-benefits.” One party suggested referring to “adaptation co-benefits as appropriate.”

### SBSTA/SBI

**Report of the Adaptation Committee:** In informal consultations, co-facilitated by Annela Anger-Kraavi (Estonia) and Pepetua Latasi (Tuvalu), Co-Facilitator Anger-Kraavi noted the objective to agree on a draft COP decision on the report and recommendations contained therein, and also to agree on how and what to report to the CMA. Parties commended the Committee for the clarity of its report, including regarding the timeline for the sequencing of its work, and congratulated the Committee on its achievements, especially on gender.

Many developing countries said that the recommendations give too much prominence to private sector adaptation finance, and underscored that the main source should be public finance from developed countries. Several developed countries underlined the

potential of private sector investment in providing adaptation finance. The Co-Facilitators will circulate draft text by the end of the day.

**Scope of the next periodic review of the long-term global goal under the Convention and of overall progress towards achieving it:** Leon Charles (Grenada) and Madoko Yoshino (Japan) co-facilitated informal consultations. Invoking the draft negotiating text which had been drawn up at SBSTA 50, several developing country party groups supported an option whereby the periodic review and the Global Stocktake would both proceed, and suggested new language to the effect that the COP would coordinate with the CMP and CMA to ensure that the next periodic review would avoid duplication of efforts and take into account the work of relevant fora. Many developed countries opposed and preferred options considering closing the review on a permanent basis, with one arguing that the scope of the Global Stocktake is broader than that of the periodic review. Co-Facilitators will draft a document for consideration.

**WIM:** Informal consultations were co-facilitated by Marianne Karlsen (Norway) and Kishan Kumarsingh (Trinidad and Tobago). Donald Lemmen, Co-Facilitator of the WIM mandated event, reported back, highlighting: positive views about the Task Force on Displacement and the Fiji Clearing House for Risk Transfer; the need to enhance work on slow onset events, non-economic losses, and action and support; and fostering greater coordination of the ExCom with bodies within and beyond the UNFCCC, especially drawing on the experience of the CTCN.

During discussions, several developing countries emphasized: the need for a financial and a technical facility; establishing an expert group on action and support; and that the WIM review “is about more than the ExCom.” Other issues that parties raised included: leveraging the convening power of the WIM for raising the profile of loss and damage; financial support for conducting loss and damage needs assessments; aligning the WIM review with the Global Stocktake; and improving the accessibility and usability of WIM products. Informal consultations will continue.

**Response Measures:** The contact group, co-chaired by Una May Gordon (Jamaica) and Keith Anderson (Switzerland), welcomed the 2019 report by the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures (KCI). Some considered the recommendations therein as guidance for developing the six-year workplan of the forum and the KCI. INDIA said the KCI should focus more on technical work.

On proceeding work based on a list of activities proposed for the workplan at SB 50, Saudi Arabia, for the G-77/CHINA, agreed with the understanding that the list was non-exhaustive.

A number of countries proposed focusing on core activities, with SINGAPORE reminding that the group should follow the COP 24 mandate in developing the six-year workplan. The AFRICAN GROUP stressed the regions’ special circumstances and policy concerns, and urged focus on cooperation for a trade agenda that supports climate action.

### In the Corridors

As the corridors grew noticeably more crowded on Tuesday, one observer quipped that an issue’s profile seemed to directly correlate with the number of delegates sitting in the room. Indeed, the rooms for several issues – cooperative mechanisms under Article 6, finance, and reporting and transparency-related issues – had people sitting awkwardly on the floor. With many issues already settled in the Katowice Rulebook, this smaller set of issues are subject to greater scrutiny. The energy in the room at the first Article 6 meeting was palpable, reflecting “just how crucial it is to send the right political signal” by agreeing on a decision at this COP, in the words of one delegate.

Elsewhere, those who attended the Earth Information Day event warmly welcomed new information from the scientific community on earth system observation. One delegate, however, put things back into perspective: “we keep saying how wonderful these reports are, and they are essential,” he said. “But their content is deeply unsettling. We need to translate evidence into public policy. Otherwise, nothing will change.”



## Will COP25 also leap forward? .....

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