

Parties Complete Work on New Proposals for Negotiating Text

Geneva, 11 February (Indrajit Bose) – On day three of the ongoing climate talks in Geneva, Parties completed their work on adding new text proposals to the various sections of the elements text. The work, under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), is underway to produce a negotiating text for a new climate agreement that is to be concluded in Paris in December this year.

After going through adaptation and loss and damage, finance, technology development and transfer, capacity building and transparency of action and support on Monday 9 February, Parties focused on the remaining sections of the elements text on 10 February: Section K on ‘Time frames and process related to commitments/contribution/other matters related to implementation and ambition’; Section L on ‘Facilitating implementation and compliance’; Section M on ‘Procedural and institutional provisions’; the preamble and definitions. The afternoon was devoted to discussing process issues on how to streamline the text (see TWN Geneva News Update #4: *Parties to propose ideas for streamlining negotiating text*).

Speaking during the session on definitions, the United States said that there are three ways of looking at differentiation on the basis of the annexes it had proposed during discussions on mitigation. (With reference to mitigation commitments, the US had said it wanted the use of the term ‘Parties in Annex X’ wherever there was a reference to ‘developed countries’ in the text and to ‘Parties not included in Annex X’ when the term ‘developing countries’ is used. It wanted the reference to ‘Parties in Annex Y’ as an alternative to the references to developed countries providing support for finance, technology and capacity building support.)

The first option, the US said, is based on Annex I and Non-Annex I of 1992 (referring to the UN Framework Convention on Climate Change), which it said is ‘untenable’. The form and the content of the agreement is on changing categories and the global level of ambition will not be sufficient to achieve our shared goals through this approach, it said. ‘No country should do more than it can but neither should any country do less,’ it added.

The second option, said the US, is a spectrum of countries based on Parties’ real and present circumstances, but not categories. ‘We prefer this option and from the mitigation point of view, this is already embedded in the Nationally Determined Contributions,’ it said. Stressing that this is self-differentiation, the US said that countries cannot be compelled to take action.

The third option is categories where countries will graduate from one category to the next as the countries’ circumstances change. This is not our preferred option, but this is to maintain the operational bifurcation, not differentiation, which Parties will have with respect to their obligations, it said.

It said that a new list of countries was needed which has evolved over time, based on established criteria of the World Bank and one that reflects the contribution of a country to global emissions as a percentage and per capita income.

It proposed the addition of a new Annex X to the definitions, for which it suggested that placeholder language would be negotiated subsequently and which would be updated regularly, and an Annex Y that would require similar placeholder language based on criteria related to capability and economic trends and which would also be regularly updated.

Highlights of some of the proposals Parties made on 9 February for addition to the different sections of the elements text are as follows:

Section E: Adaptation and Loss and Damage

There was a clear demand from most developing countries through the **Group of 77 and China (G77 and China)** to separate discussions on adaptation from loss and damage. Their argument was loss and damage should be treated independently in the Paris agreement and it should therefore feature as a separate section in the negotiation text. The **Alliance of Small Island States (AOSIS)** and the **Least Developed Countries (LDCs)** led this call.

On the long-term and global aspects of adaptation, the **Like-Minded Developing Countries (LMDC)** called for a long-term vision on adaptation based on the findings of science, the urgent need of adaptation and historical cumulative greenhouse gas emissions. The LMDC also called for prioritising developing countries that are most vulnerable to the adverse effects of climate change on adaptation and for developed countries to support initiatives, actions and programmes that are nationally determined by developing countries.

On commitments/contributions the LMDC proposed that developing country Parties should integrate adaptation with national development planning and undertake adaptation plan (NAP) process and Annex II countries to enhance their support subject to the modalities and procedures to be developed and adopted by the governing body. The group asked of the developed country Parties to take the lead in combating climate change and commit, under Article 4 of the Convention, to support country-driven processes and proposals by developing countries.

The LMDC also called for the establishment of and maintaining stronger linkages with the Green Climate Fund (GCF) and other funds, and follow the balanced 50:50 approach of the allocation of financing between mitigation and adaptation. It also called for an adaptation registry that builds on NAP-Central, an information system that will serve as the main information platform for supporting the NAP process. It also called on the Adaptation Fund to serve as the Adaptation window to the GCF.

The African Group proposed a global goal for adaptation with the purpose of enhancing the implementation of adaptation actions in developing countries. As per the group's proposal, under the global goal for adaptation, a platform would be established for developing countries to communicate

their efforts towards achieving the global goal on adaptation, as well as for the exchange and sharing of best practices of all countries on adaptation in the formulation and implementation of adaptation measures.

The global goal for adaptation shall provide for supporting enhanced adaptation planning and sharing of best practices by all Parties; the understanding of adaptation needs in light of mitigation ambition; the available support for developing countries to meet their adaptation needs; and recognition for adaptation investments by developing countries as part of their contribution to the global effort, the Group said.

Speaking for the **LDCs, Tuvalu** said that Annex II Parties to the Convention, and those Parties in a position to do so, shall support the LDCs in the implementation of national adaptation plans and the development of additional activities under the LDC work programme, including the development of institutional capacity by establishing regional institutions to respond to adaptation needs and strengthen climate-related research and systematic observation for climate data collection, archiving, analysis and modelling.

Tuvalu also called for regional adaptation centres to be established in all major regions to help facilitate a regional knowledge base on the most appropriate adaptation responses for the region to provide capacity-building on adaptation responses and facilitate research into adaptation measures. It also called for all existing UN institutions and international and national financial institutions to provide information to the international clearinghouse and registry for adaptation on how their development assistance programmes and finance incorporate climate-proofing measures.

Calling for a separate loss and damage mechanism, Tuvalu said the purpose of the mechanism has to be stated, adding that Parties recognise that inadequate mitigation and insufficient adaptation lead to more loss and damage and that financial and technical support shall be made available to vulnerable developing countries and communities to address Loss and Damage related to both extreme events and slow onset events. It also called for a comprehensive approach to climate risk management and for a financial technical panel under the Warsaw International Mechanism on Loss and Damage to provide support for micro-finance initiatives and explore compensation finance for slow onset events.

South Africa called for a global goal on adaptation with both 'qualitative and quantitative aspects'.

Ghana stressed that in order to determine levels of adaptation support (finance, technology, and capacity) required for a given commitment period, the ex ante assessment of aggregate mitigation action and associated temperature rise action shall be used as a basis, including the consideration of nationally determined needs for adaptation, under the adaptation goal.

Brazil said Parties are encouraged to prepare, maintain, communicate and implement an adaptation component in their nationally determined contributions, which may include, inter alia, their undertakings in adaptation planning, taking into account the relevant guidance developed under the Convention and following the processes and timelines for the development of national adaptation plans. It also proposed text to say that developing country Parties may further include in the adaptation component of their contributions an assessment of vulnerabilities and specific needs with regard to finance, technology and capacity building to implement their adaptation actions. It asked for the provision that the Secretariat shall keep and update an online registry of adaptation actions, with a view to strengthening and enhancing cooperation on adaptation through the relevant institutions, mechanisms and channels of the Convention.

Following its call on Annex X and Annex Y that was made while adding proposals to the mitigation section, **the US** reiterated again during discussions on adaptation that 'developed countries' be replaced with 'Annex X' and 'developing countries' be replaced with 'Parties not included in Annex X'.

Section G: Finance

Speaking for **the G77 and China, Bolivia** proposed that 'all developed country Parties and other Parties included in Annex II provide climate finance as a means to enhance action towards achieving the objective of the Convention including through this agreement, in line with the needs of developing countries, in accordance with their obligations and commitments under Articles 4, paragraphs 3, 4, 5, 7, 8, and 9, of the Convention, the principles under the Convention, in particular the principles of common but differentiated responsibilities and respective capabilities and equity, noting that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by developed country Parties of their commitments related to financial resources, transfer

of technology and capacity-building, acknowledging that the need for support by developing country Parties may change over time and be accommodated under Article 4, paragraph 7, of the Convention, and acknowledging the need for financing for forestry in line with the Warsaw Framework for REDD-plus; including alternative approaches to results based actions such as joint mitigation and adaptation for the integral and sustainable management of forests'.

It called for financial resources provided by developed country Parties, and for the means of implementation, to comprise 'new, additional, adequate and predictable financial resources provided by developed country Parties and other Parties included in Annex II to developing country Parties for the full and enhanced implementation of the Convention, as part of promoting sustainable development in developing countries, including through enabling enhanced mitigation and adaptation actions'.

The Group also called on developed country Parties and other Parties included in Annex II 'to provide financial resources for the enhanced implementation of the Convention under this agreement, in order to / in a manner that: aims for a balanced allocation of financing between adaptation and mitigation, while assuring a minimum of 50% of resources for adaptation and an equitable distribution between different regions of developing countries and enhances country ownership in the disbursement of financial resources'.

It said all financing for adaptation should be 'grant based, prioritizing the urgent and immediate needs and special circumstances of developing countries particularly vulnerable to climate change, including in particular LDCs and SIDS and African States'. It also called for further options to simplify access procedures to funds, especially for LDCs (least developed countries) and SIDS (small island developing states).

The Group called for a 'clear process for periodic reviews and assessment of the finance goal based on the needs assessments of developing country Parties, addressing gaps in the delivery of resources and in line with an agreed goal on the limit of temperature increase', to be established under this agreement as well as an effective measurement, reporting and verification of support mechanism, including of all means of implementation, to be developed.

On anchoring institutions under the new agreement, the G77 and China stressed that 'the Financial Mechanism of the Convention under Article 11 shall serve as the financial mechanism of

the 2015 agreement; the related funds established under the Kyoto Protocol will also serve as instruments of the legal agreement. This will also apply to all rules and guidelines developed by the COP and the CMP in relation to the operation of the financial mechanism, its operating entities and associated Funds and to the decisions related to the transparency and MRV of support; with the GCF acting as the main operating entity of the Financial Mechanism.'

It called for the GCF to be strengthened through developed country Parties providing 'a list of specific amounts/percentages reflecting the required share of climate finance to be provided to the GCF, subject to review and in accordance with Article 11 and the arrangements between the COP and the Fund; developing linkages with the thematic bodies under the Convention and this agreement, in order to provide the GCF with the necessary expertise to serve its funding windows, both present and future'.

The Group also called for 'funding windows to be established by the GCF on Technology development and transfer and Loss and Damage'.

It said that the provision of finance should be 'based on a floor of USD 100 billion and shall take into account the different assessments of climate finance related needs prepared by the Secretariat and reports by other international organizations'.

The G77 also proposed, 'A periodic process for assessing the needs of developing countries to implement the Convention including through this agreement, is established. The assessment process will be based on country parties submissions and other relevant reports and will be performed every four years aligned with replenishment cycles of the operating entities of the financial mechanism, the outcomes of the process should serve as input in the replenishment process.'

It further proposed 'new and additional finance, independent of adaptation budgets, to be provided for the financing and operationalization of the Warsaw International Mechanism on Loss and Damage'.

Endorsing the G77 and China's statement, **the LMDC** said that climate finance shall be provided as new, additional, adequate and predictable financial resources by developed country Parties and other Parties included in Annex II for the full and enhanced implementation of the Convention as part of promoting sustainable development in developing countries. 'In accordance with the principles of the Convention, developed country Parties will submit their intended nationally determined contributions of financial resources in their INDCs. Developing

country Parties will submit their requirements of funds in their INDCs, for the same cycle,' it added.

The African Group called for a quantitative goal on finance, and added that there should be periodic assessment of financial flows from developed to developing countries. It also called for deletion of portions from the text that did not conform to the Convention.

The LDCs called for a 50:50 balance in financing mitigation and adaptation and said 50% of financing should go to SIDS and LDCs and said all funding should come in the form of grants.

The Group proposed a special window for loss and damage to be established under the GCF, which 'shall, inter alia, provide finance for regional risk pools, micro-finance initiatives, and measures to address compensation'. It also called for a replenishment cycle of the GCF to be established.

The LDCs further called for 'financial support under the agreement to be regularly scaled up and be subject to a triennial review'.

On sources, it said that 'in establishing the levy scheme, ICAO and IMO are encouraged to take into consideration the needs of developing countries, particularly the LDCs, SIDS and countries in Africa heavily reliant on tourism and international transport of traded goods'. (One option in the elements text encourages the International Civil Aviation Organisation and the International Maritime Organisation to develop a levy scheme to provide financial support for the Adaptation Fund.)

It also said: 'The Conference of the Parties serving as the meeting of the Parties to this Protocol shall, at its first session decide on a process to identify and implement new sources of finance for the implementation of this agreement, in particular for adaptation finance, and take a decision on these sources at its subsequent session.'

AOSIS called for concrete commitments for SIDS and said wherever 2°C is mentioned, to replace it with 1.5°C. It called for a readiness programme to be established as well as a placeholder for 'financing loss and damage' and for a 'proposal to include subsection on MRV of climate finance that should also include a specific reference to a regular cycle of climate finance'. It also called for 'taking into account the urgent and immediate needs and special circumstances of the LDCs and SIDS' to be included in the text.

The Arab Group said developed country Parties, and other Parties included in Annex II, should provide new, additional, and adequate climate financing to assist developing country Parties in implementing commitments and actions under the

Convention. Any funding from private/other sources shall in no way diminish the obligation of developed country Parties to provide financial assistance to developing country Parties in accordance with the terms of the Convention and the agreement, it reiterated.

Brazil added, ‘All Parties committed under Article 4.3 of the Convention shall prepare, maintain, communicate and implement a financial component in their nationally determined contributions, including, as appropriate, quantified financial pledges, targets and actions to mobilize climate finance to developing countries and to assist the implementation of the NDC of developing countries, primarily through the financial mechanism of the Convention. Developing country Parties may clarify in their NDC the extent to which the implementation of their nationally determined contributions is dependent upon the provision of international financial support, technology transfer and capacity building, including particular gaps and needs to this regard. The communication of the components pursuant to this paragraph shall follow the processes and timelines required for national budgets, taking into account the agreed communication channels and relevant guidance developed under the Convention.’

It also suggested that ‘developing country Parties implementing REDD+ activities may utilize the positive incentives and results-based finance provided in accordance with the Warsaw Framework for REDD+, and any other related decisions, to support the implementation of their nationally determined contributions’.

The European Union proposed all Parties individually or collectively to mobilise climate finance.

The US added that the agreement must ensure that the climate finance captures ‘phasing out maladaptive investments’ and proposed: ‘Parties to reduce international support for high-carbon investments, including international fossil fuel subsidies.’

Australia added its voice and called for annexes to be replaced with ‘all countries in a position to do so’.

Canada called for bilateral and multilateral sources to be mentioned in the agreement.

Section H: Technology development and transfer

The discussion on technology development and transfer was a short one. Developing countries stressed on the need for technology development and transfer from developed to developing countries.

The LMDC stressed on the need to promote access to public sector technology; for developed country Parties to support the development and enhancement of endogenous capacity and technologies of developing country Parties; and for the technology mechanism to enhance cooperation and synergy with other institutional arrangements under the Convention. It proposed the following language: ‘Developed country Parties shall support the development and enhancement of endogenous capacities and technologies of developing country Parties.’

‘The GCF, in operationalizing its adaptation and mitigation windows shall ensure adequate financial resources for technology development and transfer and capacity building for all climate change actions. Assessments of the effectiveness, adequacy and implementation of the institutional arrangements for technology development and transfer shall be conducted,’ the LMDC said.

It also called for ‘Developed country Parties, in accordance with the principles of and obligations under the Convention, to establish means to promote access to and the deployment, application, diffusion, including transfer of technologies, practices and processes while enhancing and rewarding innovation in environmentally sound technologies for adaptation and mitigation’.

The LMDC further said: ‘The Green Climate Fund, in operationalizing its adaptation and mitigation windows shall ensure adequate financial resources for technology development and transfer and capacity building for all climate change actions; assessments of the effectiveness, adequacy and implementation of the institutional arrangements for technology development and transfer shall be conducted.’

China proposed: ‘A global goal of technology development and transfer shall be established, in order to meet the technology requirements for achieving an emission pathway consistent with limiting the global average temperature increase to below 2°C or 1.5°C above pre-industrial levels and considerably improving the adaptation capacity of developing countries. Under this global technology goal, developed countries shall commit to conduct regular assessment on technologies that are ready for transfer, and make the list of ready-to-transfer technologies, and set target for supporting the development and transfer of each technology in developing countries, and mobilize resources to deliver the support. The aggregate effect of the supported technology development and transfer shall be reviewed with a view to achieving the 2°C or

1.5°C target and considerably improving the adaptation capacity of developing countries.’

‘An ad hoc review and monitoring mechanism shall be established and conduct a periodic assessment of the effectiveness and adequacy of the Technology Mechanism/institutional arrangements for technology development and transfer. The Technology Mechanism/institutional arrangements shall improve their performance, and be mandated new functions as needed, according to the result of the assessment,’ it said.

Saudi Arabia spoke for the **Arab Group** and said that Parties shall cooperate to promote and enhance the technology development and transfer of technology from developed country Parties to developing country Parties to enable developing country Parties to effectively implement their nationally determined commitments under the Convention and the agreement.

India said it is important to enhance clarity to access climate smart technologies and asked for a provision for funds from the GCF to be allocated to meet the full cost of intellectual property rights of environmentally sound technologies and knowhow and that such technologies would be provided to developing countries free of cost to enhance their actions to address climate change.

Brazil proposed: ‘All Parties committed under Article 4.5 of the Convention shall prepare, maintain, communicate and implement a component related to technology development and transfer to developing countries, as well as to capacity building, including, as appropriate, actions, policies and measures for technology development and transfer to developing countries and to promote capacity building, with a view to assisting the implementation of the nationally determined contributions of developing countries.’

Sudan asked for a placeholder on ‘Framework for scaling up technology development and transfer’.

Section I: Capacity Building

Speaking for the **LMDC**, **Egypt** said that capacity building must be guided by responding to national needs and fostering country ownership, including at the national, sub-national and local levels and build on existing provisions and lessons learned on capacity building under the Convention. It also said that developing countries would enhance their climate change actions subject to the means of implementation provided by developed country Parties. It proposed that text should be included to say that the developed country Parties shall cooperate

to enhance the capacity of developing countries to support the implementation of their climate change actions based on the principles and provisions of the Convention.

The **LMDC** called for an international capacity building mechanism building on previous and ongoing work and lessons learned from existing institutional arrangements on capacity building established under the Convention, including the Durban Forum on capacity building.

AOSIS called for an international capacity-building mechanism with a capacity-building coordination centre. ‘The centre’s mission will be to stimulate/foster cooperation on capacity-building and to enhance and support capacity-building. In addition, the centre will assist developing countries in areas of capacity-building consistent with their respective capabilities and national circumstances and priorities,’ it said.

Saudi Arabia spoke for the **Arab Group** and said that enhancement of capacity may provide important and relevant guidance to developing country Parties, but it shall not interfere with the nature, scope or substance of the developing country Parties’ nationally determined contributions.

South Africa called for MRV of capacity building support against the needs of developing country Parties.

The European Union spoke of developing national capacity to determine MRV requirements.

Section J: Transparency of action and support

Jordan spoke for the **LMDC** and called for a transparency framework, applicable to developed country Parties, to promote transparency of action and support by providing information on the implementation of developed country Parties’ commitments/contributions in an efficient and flexible manner. It also called for strengthening the mandate of the Standing Committee on Finance in relation to the MRV of support and ensure that commitments and provision of support by developed country Parties are implemented and complied with and verified through a robust verification system, and facilitate the comparison of MRV of all types of support provided with the needs expressed and identified by developing country Parties.

The group said double counting of financial support provided from developed country Parties to developing country Parties must be avoided. With respect to the transparency framework, the group stressed on avoiding onerous burdens on particularly vulnerable developing countries, with respect to

support received for adaptation, capacity-building and access to and development and transfer of environmentally sound technologies.

The Africa Group called for the section on transparency and support to remain as a standalone chapter in the agreement. It said that there have to be MRV arrangements on support provided by developed countries.

The EU said that there need to be structural changes in the elements text as some of the content from Section J would be more appropriate in Section D, on mitigation. It said that establishment of mitigation commitments shall be applicable for all Parties. It said that the existing text misses the opportunity to establish MRV arrangements and called on each Party to maintain MRV arrangements

which reflect their national circumstances. It called for a common framework with common MRV provisions for all and to adapt those to different commitment types. It also called for common guidelines on reporting as per national circumstances.

China supported the LMDC and stressed that information provided through biennial update reports that would be subject to technical analyses should not be intrusive and should respect sovereignty.

Saudi Arabia spoke for **the Arab Group** and said that the transparency section does not address the adaptation component.

(Highlights of proposals discussed on 10 February will follow in a separate update.)