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COP advances work on finance matters, decision-making in the UNFCCC etc.

Warsaw, 15 Nov (Zhenyan Zhu)- The second meeting of the 19th Conference of the Parties (COP19) of the UNFCC was convened on Wednesday, 13 Nov 2013 in Warsaw. The meeting focused on the matters relating to finance, including long term finance, the Standing Committee on Finance (SCF), the Green Climate Fund (GCF) and the Global Environment Facility.

Two contact groups were established to deal with the finance related agenda items. Two contact groups were established on agenda sub-items 11 (a)-(f) with co-chairs Kamel Djemouai (Algeria) and Herman Sips (Netherlands), and on sub-item (g) with co-chairs Agus Sari (Indonesia) and Christiana Voigt (Norway). Their work is to be concluded by next Thursday, 21 November

Parties also agreed to informal consultations by COP 19 President, Marcin Korolec (Poland) to deal with the two proposals to amend the Convention respectively submitted by the Russian Federation, and by Papua New Guinea and Mexico. On the Russian proposal relating to decision-making in the UNFCCC, separate informal consultations will be facilitated by Vice Ministers from Peru and Poland

Matters relating to finance, agenda item 11(a)-(g)

Long-term finance

On item 11 (a) related to the work program on long-term finance (LTF), in the Doha Decision 1/CP.18 it was decided to extend the work program for one year to the end of 2013 to identify pathways for mobilizing the scaling up of climate finance to USD 100 billion per year by 2020.

The co-chair of the work programme Mark Storey (Sweden) presented the report on the outcomes of the extended LTF work programme. The programme focused on technical issues. He stressed the need for regular and standardized reporting by developed countries to enhance transparency. The report recognized the importance of public finance and pointed that we need to scale up public finance for adaptation. Further work can be done on climate finance effectiveness in order to address the full life cycle of climate finance. Suggestions were also made to document lessons from the fast-start finance period of 2010-2012 to improve the delivery of climate finance in the long term.

The Philippines speaking for G77 and China said that the LTF is critical for us to do the work and we need to address the increasing challenge of climate change. We need clarity on predictability and sustainability especially on the adaptation finance. Adaptation is crucial for developing countries and without adaptation finance there is no possibility to raise ambition on mitigation. We also need specific clarity on pathways to scale up financing. . The Group will also look into other areas where we can help to continue the work so that we can have a clear idea what is climate finance and what has been the common ground of climate finance to address the adaptation finance, disasters, and we want to address this through the work programme and long-term finance.

Egypt on behalf of the African Group said they are looking forward to the agreement of 2015 (under the Convention's Ad Hoc Working Group on the Durban Platform for Enhanced Action). Mitigation is the crucial element and this has been acknowledged in Article 4.7 of the Convention but the level of action in mitigation is related to the level of support. The Group supports the extension of the work programme for LTF and our work should focus on how to operationalize our agreements. It pointed out that there is a huge gap of adaptation finance. It stressed our goal is not USD 100 billion; our goal is related to 2 degree C . Any discussion on finance would be in this context.

The European Union (EU) said it will deliver its finance commitment and continue to mobilize climate finance this year and in coming years and scale it up. The GCF has made progress and set priorities on completing requirements to receive resources and the EU is on stand-by to make funds available. It stressed the importance of finance for adaptation and that the GCF will increase overall finance in adaptation.

Maldives on behalf of AOSIS highlighted the need for clarification on pathways and balance between mitigation and adaptation. Public finance of adaptation is needed for small island countries and other developing countries. It urged the developed countries to scale up and mobilize climate finance and reach USD 100 billion from 2013 to 2020.

The Republic of Korea said that the work programme on LTF is supposed to terminate by the end of this year, so it is time to discuss how to proceed. In the report of the work programme, there are technical and political issues on finance and in some stages, political dialogue needs to move forward. It suggested setting up a working group comprised of senior governmental officials to focus on political issues to present a more meaningful outcome to the COP.

Colombia speaking for AILAC said in Warsaw we must have results this year. It highlighted three main priorities: the clarity and predictability in the provision of finance; clarity in the scale of resources to be mobilized by the GCF . Resources must be disbursed in 2014; and the Adaptation Fund is essential and there must be USD100 billion this year.

Standing Committee on Finance

On item 11 (b) on the Report of the Standing Committee on Finance (SCF), the co-chairs of the Standing Committee presented the report. The co-chair Stefan Schwager (Switzerland) said in Doha in 2012, Parties requested the SCF to initiate the first biennial assessment and overview of climate finance flows, to take into account relevant work by other bodies and entities on the measuring, reporting and verification (MRV) of support and the tracking of climate finance, and prepare the first biennial assessment and overview of financial flows to consider ways of strengthening methodologies for reporting climate change.

The co-chair Diann Black Layne (Antigua and Barbuda) reported on the first forum of the SCF and the virtual forum, the three meetings held by the Committee in 2013, the arrangements between COP and GCF, and elements of the draft guidance to the operating entities of the financial mechanism of the Convention (GCF and GEF), the objective and scope of and tentative timeline for the first biennial assessment and overview of climate finance flows, as well as the work plan of 2014-2015.

The Philippines speaking for G77 and China expressed thanks for the outstanding work done by the SCF but pointed out that lots of work remains to be done. It said that the work on MRV of support should be reinforced and expected clarity and concrete action, as without MRV of support we will not have a successful outcome in 2015. .

Egypt on behalf of African Group said the amount of the work in the report confirms the importance and the need for the SCF. The Group wanted to stress two elements. The first is the MRV of support and it believed there is a need to enhance transparency. The second is the biennial assessment and overview of flows of finance. It looked forward to getting the report on those elements.

Bolivia said finance is the corner stone of the Convention. . Forestry is a highly priority issue for many countries. It cannot be an approach from just one standpoint and we must have multifold approaches. The forest plays a very important role in the eco-system, so when we talk of forest finance, the general initiative should be finances rather than reduce everything to REDD. There should be other mechanisms like the joint adaptation and mitigation mechanism (a proposal already submitted by Bolivia) and we hope this mechanism can be considered under the guidance of the SCF and GCF.

Green Climate Fund

On agenda item 11 (c) on the Report of the GCF to the COP and guidance to the GCF, the former co-chair of the Board Zahir Fakir (South Africa) presented the second report of GCF to COP. There is convergence that the Fund should be ambitious, flexible and scalable, country-driven and owned, with direct access, leveraging additional resources through private resources including through the Private Sector Facility. The

Fund should focus on mitigation and adaptation. The Private Sector Facility should support the Fund to figure out how to address barriers to private sector investment in adaptation and mitigation activities, such as market failure, insufficient capacity and lack of awareness in order to mobilize private resources and expertise at a scale in accordance with national plans and priorities.

The Fund made progress on the COP guidance such as to develop a transparent no-objection procedure; the Board provided guidance to the Secretariat on the policy matters regarding country ownership under the Fund and had an open call to developing countries to designate a National Designated Entities. The Board in 2014 will prioritize and focus on completing essential requirements to receive, manage, programme and disburse finance resources. The Board made progress in establishing an independent secretariat in the Republic of Korea and agreements between the interim trustee and the Secretariat. The Board also approved the draft arrangements from the SCF.

Philippines speaking for G77 and China said there is much expectation of the GCF especially from developing countries. It believed that three years after launching the GCF, it is time for mobilization of resources and hoped next year the GCF could substantively meet the expectation and the needs for finance. The decision in Cancun said that adaptation finance should flow through the GCF and we would like to hope for the same transparency for work in the GCF as in the SCFand LTF work programme.

On the Private Sector Facility, the Group stressed it must operate within a country driven approach and that is the object of the GCF and this is going to be pursued in the context of sustainable development. The arrangement is important and ensures the GCF established by the COP is guided by and accountable to the COP. We would like to ensure resource mobilization for the GCF should not be subject to conditions, and direct the flow of finance to developing countries, which is the purpose of the GCF.

Egypt on behalf of the African Group said ambitious mobilization of funds through the GCF as committed by developed countries should be ready to materialize and we believe the mobilization would be sustainable, predictable and adequate.

India noted that the immediate provision of resources for the GCF has not materialized and without new resources in the GCF, we cannot do further action on mitigation. It emphasized that GCF should maintain a balance of adaptation and mitigation and the types of finance instruments must be grants and concessional loans. Private sector is a wide range of actors including small and medium enterprises and in some countries there is no private sector; so how do you enable that? So the Private Sector Facility must play a supplemental role but not the main role.

Zambia said that it appreciated the full operation of GCF and that the capitalization of the GCF allows climate finance at the country level. It said the finance in GCF should be 50% for adaptation, and adaptation is one of the priorities for LDCs, small island countries and African countries. .

Brazil said the GCF has a prominent role in implementing decision 1/CP16 para 70 on REDD-plus and encouraged work under agenda sub-items 11 (b) and (c) to be closely coordinated with the work under agenda sub-item 11 (g) as well as the joint process of the SBI and SBSTA (the two Subsidiary Bodies of the Convention).

Columbia wanted the GCF to move forward particularly on mobilization of resources and scaling up resources and said we must ensure initial capitalization of funds on a necessary scale.

Maldives on behalf of AOSIS said that the Board of the GCF must implement its work and be fully operational.. It should capitalize the Fund as soon as possible, no later than the second half of next year. The goal of the GCF is to achieve paradigm shift to meet the aim of the Convention and the GCF is the essential pillar to implement the 2015 agreement. .

The Republic of Korea said initial resource mobilization should be prompted immediately. It supported the priority for readiness and preparatory activities in its operational phase and hoped the GCF Board decides on timelines and list of resources in the first meeting next year.

The European Union (EU) said the GCF has made progress and several EU countries contributed to the Fund. It looked forward to success within the Board and said we stand ready as soon as the Fund is ready to work.

Uganda called on those Parties who have capacity to capitalize the GCF. It said it is time now to implement all programmes we put together in adaptation activities. **Mexico** said it will firmly and strongly support the Fund and will continue to support and ensure its operationalization next year, it added.

Arrangements between the COP and the GCF

On agenda sub-item 11(d) on arrangements between the COP and the GCF, in decision 7/CP.18 the COP requested the SCF and the Board of the GCF to develop such arrangements.

Philippines speaking for G77 and China said arrangements between the GCF and the COP are a very important document and it hoped to look into it and agree to the document as soon as possible. It said we should ensure the GCF is guided by and accountable to the COP. The guidance provided by the COP consists of policies, eligibility criteria, etc. and we need to send the guidance, particularly the initial guidance, by the COP to the GCF.

Global Environment Facility

On item 11 (e) on the Report of the Global Environment Facility (GEF) to the COP and guidance to the GEF, the representative of GEF presented the report from July 2012 to June 2013. During the report period, the GEF allocated USD 409 million to 68 projects in the climate change mitigation focal area while investments leveraged an additional USD 3 billion from outside funding. For adaptation, the LDC Fund's resources amounting to USD 271 million were approved for 41 projects and programs and two additional National Adaptation Programs of Action (NAPAs). SCCF grants amounting to USD 39 million were approved for 6 stand-alone projects and these projects and programs will mobilize USD 218 million in co-financing from governments of recipient countries. The GEF continues to support piloting projects and innovative projects for technology transfer and financing including a project supporting Technology Needs Assessment. It is ready to continue to support the activities of the Climate Technology Center and Network (CTCN). On GEF-6 replenishment, during the negotiation sessions, participants discussed and came to agreement on a set of GEF policy reforms to be undertaken. A process to develop a long-term strategy for the GEF has been launched and the object of the process is to articulate a long-term strategy that can guide the GEF's achievement of its mission.

The Philippines speaking for G77 and China said we are supportive of the work of the GEF. It will provide further guidance to the GEF especially as concerns replenishment. It reminded the GEF of the annex to Memorandum of Understanding with the COP especially on how it responds to assessment of needs. The Group requested the GEF to consider its role in the evolving finance architecture, especially in relation to the GCF. There should be some particular attention on emerging matters. Finance should be allocated to developing countries that have received far less than their allocated funds. We are looking forward to receiving the results of the replenishment of the GEF and we are concerned about the lack of resources especially on transfer of technology and full implementation of the LDC Fund of the performance identified by LDCs in NAPs.

Uganda said it is informed that GEF supported Technology Needs Assessment (TNAs) in many developing countries including LDCs. It raised the issue that TNA has been carried out, synthesis of reports has been compiled and priorities of LDCs have been identified, but the challenge remains how to implement the outcome of the GEF. It requested more resources for implementation of the outcomes.

It also raised the issue of balance again. We have learnt from the GEF report that there have been only two adaptation projects under the technical program. Adaptation is our priority and we preferred first to implement adaptation and then take some mitigation. It needs mobilization of available resources to support adaptation activities in technology transfer. Now the CTCN and TEC are operational and the CTCN Board calls on developed countries to submit their National Designated Entities. .

Fifth review of the financial mechanism

On item 11 (f) on the Fifth review of the financial mechanism, in Decision 8/CP.18 the COP requested the SCF to further amend the guidelines for the review of the financial mechanism and to provide draft updated guidelines for consideration and adaptation by COP19 with a view to finalizing the fifth review of the financial mechanism for consideration at COP20.

The Philippines speaking for G77 and China said the fifth review of the financial mechanism is an important one. We see very new developments that would affect the financial mechanism of the Convention. The financial mechanism should be also the financial mechanism for any new agreement so it should remain in the new agreement of 2015. As for the two new operating entities (the GEF and the GCF), it would like to see coherence in the financial mechanism under the Convention and also to ensure predictability, adequacy and accessibility of finance going to developing countries and there should be balanced use of the financial resources. The 5th review is very crucial for the clarification we are asking for in the finance for developing countries so it will be able to raise ambition. Adaptation finance is going to be the priority.

REDD-plus

On item 11 (g) on the Report on the work program on results-based finance to progress the full implementation of the activities, the co-chairs Agus P. Sari (Indonesia) and Christina Voigt (Norway) reported on the outcomes of three workshops for results-based finance, particularly the two workshops on results-based finance for REDD-plus. At the first workshop on results-based finance in the SBI June (2013) session, the discussion focused on the issue of how to transfer payment and identified barriers to receive results-based finance and how to address this. At the second workshop in August, the presentations focused on the ways to incentivize non-carbon benefits that are important. The participants discussed the key elements for consideration in designing the architecture for results-based financing for the full implementation of REDD-plus actions. The architecture should ensure several things in place before results-based finance, including adequate finance for readiness and the needs to address all elements in the decision 1/CP.16.

Brazil highlighted the relation between the workshops and other negotiation tracks in this conference, especially SBSTA, agenda sub-items 11 (b) and (c). It said we trust we will have enough time to provide meaningful decisions that may unlock the action and support for REDD including results-based finance.

The Philippines speaking for G77 and China said that it liked to see REDD finance integrated as a part of the financial mechanism of the COP. Most finance used for REDD-plus are multilateral and bilateral and are not under the authority of the COP. We would like to suggest the 5th review of financial mechanism to consider how results-based finance for REDD-plus could be integrated into the whole financial mechanism. .

Regarding REDD finance implementation, **China** proposed the establishment of a contact group on this issue. **Papua New Guinea** said it is important to have an appropriate financial mechanism with appropriate governance and it saw two elements linked under the Convention. **Bolivia s**aid forests are not merchandise to trade and in REDD-plus finance this issue should be taken into account.

Proposals to amend the Convention

On sub-item 6(a) on the proposal from the Russian Federation to amend Article 4.2(f) of the Convention and sub-item 6(b) on the proposal from Papua New Guinea and Mexico to amend Article 7 and 18 of the Convention, the President proposed to establish informal consultations with the COP19 President as the facilitator and to report back by next week. The Parties had no objection and it was so decided.

On sub-item 17(d) on 'Decision-making in the UNFCCC process', the agenda item proposed by the Russian Federation, the President proposed to establish informal consultations with co-facilitators Vice Minister Gabriel Quijandria Acosta (Peru) and Vice Minister Beata Jaczewska (Poland).

Fiji speaking for G77 and China thanked the President for sending his Vice minister to talk with the Group. It highlighted some important points. It requested informal consultations to be an open-ended session and to allow all members and Parties to fully participate. It emphasized the importance to avoid duplication and procrastination. We need to clarify the current discussion in agenda item 2 (b) (on the draft Rules of Procedure) and item 6 (b) (on the PNG/Mexico proposal) and not link these to the discussion under item 17 (d). The discussion must aim to ensure a more inclusive, transparent and open process and G77 and China is willing to engage in a constructive and cooperative manner. .

The Parties had no objection on the President's proposal on this sub-item and it was so decided.