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SBI closes with key unresolved issues

Warsaw, 20 Nov (Zhenyan Zhu) – The UNFCCC's Subsidiary Body for Implementation closed with unresolved differences over loss and damage, impacts of response measures, institutional arrangements for reducing emissions from deforestation and forest degradation, as well as the Secretariat's programme budget for 2014-2015.

There was also no agreement on the joint report of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN).

The closing plenary of SBI 39 first convened on 16 November afternoon, then reconvened twice around 12.40 am and 5.30 am of Sunday, 17 November. It was suspended in the early hours of Sunday due to lack of quorum, and finally reconvened again in the morning of 18 November.

The SBI adopted a number of conclusions and decisions on several agenda items and made procedural arrangements for some items, while the key issues with big divergence were referred to the Conference of Parties (COP).

As of 20 November, the issue of loss and damage is at a ministerial level facilitated by Minister Edna Molewa from South Africa and Minister Lena Margareta Ek from Sweden. The issues of REDD+ institutional arrangements and the response measures Forum and programme are under further consultations led jointly by the SBI and SBSTA Chairs. The COP President is consulting on the budget issue.

In the closing plenary statements made by Parties and groups of Parties on 18 November, **Fiji on behalf of G77 and China** highlighted the importance of adaptation to developing countries and looked forward to the continued support for the LDCs to the National Adaptation Plans (NAPs) process. It also welcomed the invitation to UN organizations and other relevant organizations to enhance or establish support for programmes which could facilitate the provision of financial and technical support to other developing countries. It further welcomed the Forum on the impact of the implementation of response measures and its work programme to address these impacts, in particular the organization for this session of the workshop on area (b) of the work programme and as mandated by decision 1/CP.18. The Group looked forward to continue sharing views in the forum on policy issues of concern such as unilateral measures.

Due to the importance of the issue to all developing countries, it expressed its disappointment on the lack of progress made on the review of the work of the forum and its continuation in order to give full consideration on what actions are necessary to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures. So G77 and China look forward to continue considering this issue under the COP 19 (19th session of the UNFCCC Conference of Parties) for the adoption of a decision for the continuation of the forum and for the establishment of a mechanism to address the adverse economic and social effects of their response measures.

On technology, it hoped to see tangible actions on technology development and transfer promoted by the technology mechanism. Practicable ways to ensure coherence and synergy of the two components of the technology mechanism is crucial for the mechanism to accelerate the development and transfer of technology, and scale up international collaboration on the development and transfer of technology. The Group expressed disappointment that we cannot conclude the joint annual report of the TEC and CTCN. TEC as observer at meetings of organizations outside the Convention such as WIPO (World Intellectual Property Organization) and WTO (World Trade Organization) will be important to promote coherence and cooperation across technology activities and this is actually what TEC is mandated.

(Developed countries have objected to a decision to enable the TEC to consider obtaining observer status at the WIPO and WTO: See TWN Warsaw Update No. 15.)

On the 2013-2015 review, G77 and China underscored the importance of continuing the work under this agenda item in an inclusive, transparent and balanced manner. The provision of financial resources is the essential enabling element for developing countries to fulfill their obligations under the Convention and raise their ambition for any successful outcome in 2015. They are working in a constructive manner to achieve progress on these issues to provide guidance to the operating entities of the financial mechanism of the Convention and a very important fifth review of the financial mechanism.

Stressing that finance for adaptation is in a crisis under the Convention, G77 and China demanded that predictable, adequate and sustainable financing be provided to developing countries for adaptation. It also looked forward to a rapid and substantial capitalization of the GCF (Green Climate Fund) in 2014 beginning with pledges at this COP. A resource mobilization process for the Fund must be in place by 2014. The Fund must pursue its country-driven approach and it looked forward to the adoption of the Arrangements between COP and the Fund which would ensure the GCF is guided by and is accountable to the COP.

On the budget (of the biennium 2014-2015), it hoped to see a budget that provides resources for the effective functioning of mechanisms under the Convention that assist developing country Parties and it placed great importance on the effective participation of developing country representatives in the thematic bodies of the Convention and would like to ensure that no *ad hoc* policy would impede this participation.

Long-term finance should be assured under the Convention. Unless there is certainty and assurance that predictable, adequate and accessible financial resource are made available to developing countries Parties for them to meet their obligation under the Convention, then it would be difficult for them to ensure a successful outcome in 2015. G77 and China has put forward a draft decision with clear pathways for scaling-up of climate finance and way forward to ensuring that financial resources, including for the transfer of technology, would be made available to them under the Convention.

On the schedule for the fulfillment of commitments for the first commitment period of the Kyoto Protocol, it was extremely disappointed and concerned on the reluctance by Annex I Parties to present their true-up period report for the first commitment period which is the only document to contain information on the use of Kyoto units and on units that Parties will want to carry-over from the first to the second commitment. Such information must be available before we go to Paris (COP 21 in 2015).

Australia on behalf of the Umbrella Group was pleased with work and progress in the SBI, NAPs, Adaptation Committee, TNA (Technology Needs Assessment) and operationalization of CTCN. On loss and damage, it would continue to work diligently to conclude the mandate in Warsaw and it appreciated additional time provided by the Chair on this issue.

On mitigation action, there is need for much more understanding about developing countries' NAMA action and it urged Parties to come with further information in 2014 and timely submit their biennial update reports. The outstanding International Consultations and Analysis must be finalized in Warsaw.

On REDD+, Parties made much progress to finalize the REDD+ architecture and achieve understanding of each Party's right to determine how they approach implementation and finance for REDD+ activities. On technology, it will continue to cooperate with Parties to complete the joint annual report of TEC and CTCN.

Nauru on behalf of Alliance of Small Island States (AOSIS) said it is pleased to see progress in some of the agenda items under the SBI, such as the work of the 2013 – 2015 review, adaptation, and to some extent finance, but there are still important items that have yet to be completed.

On loss and damage, it reiterated that this is different from mitigation and adaptation. Parties must act with the urgency demanded to address the human, social, and economic impacts of climate change by establishing an international mechanism to address loss and damage here in Warsaw. The mechanism must address the needs of SIDS and other particularly vulnerable countries, and it is more important than ever.

It reminded Parties that unless urgent, and dramatic action is taken to reduce greenhouse gas emissions in the next few years, well before 2020, the opportunity to avoid global warming in excess of 2 degrees Celsius, let alone 1.5 degrees, above pre-industrial levels will be lost forever, and previously unimaginable impacts like Typhoon Haiyan and, tragically, the loss of entire nations will be our new reality.

Nepal on behalf of the Least Developed Countries (LDCs) said the LDCs left Doha (COP18 in 2012) with a strong hope to see the launch of the Warsaw international mechanism on loss and damage but it is really disconcerting and discouraging to witness the reluctance of some negotiating partners going back from the decision we agreed after long and difficult negotiation hours in Doha. The LDCs requested the SBI to extend and give more time for Parties to negotiate until the final draft is ready for submission to the COP and called for a clear decision on this issue as it was mandated by the COP18.

On adaptation, it stressed the importance of adaptation, NAPs and means for implementing our long-term adaptation needs. It said we need to maintain the momentum on the NAPs and look forward to the initiation of NAPs formulation and urge all other Parties, partners and the LEG (LDCs Expert Group) to continue to support the NAPs for LDCs. It looked forward to hearing experiences from LDCs in the coming year regarding the application of the initial guidelines for formulation of NAPs. It re-emphasized that the full "NAPs process" should include the "implementation of NAPs" in addition to "formulation of NAPs" and hoped to start work towards how the full NAPs process is implemented and supported.

On Consultative Group of Experts on national communications from non-Annex I Parties (CGE), the LDCs were concerned by the lack of progress under the agenda item relating to the CGE and the issue related to the technical team of experts for the international consultancy and analysis. Considering the importance and the role of the CGE in supporting the preparation of national communication and biannual update reports, they were of the view that CGE should be given a longer mandate so that they continue to provide assistances to the LDCs.

On the review of the Clean Development Mechanism (CDM) guideline, it welcomed the progress achieved here in Warsaw and the consolidated but non-exhaustive list of suggested changes to the modalities and procedures for the CDM and looked forward to progressing on this agenda item at the next session.

Date for completion of the expert review process under Article 8 of the KP for the first commitment period ("true-up period report")

The Chair of the CMP referred to SBI for consideration on agenda item 9 of CMP but Annex I and non-Annex I Parties had great controversy on this item.

Brazil on behalf of G77 and China said they are disappointed on the lack of progress on this item. We agree in this session of SBI on the specific date for the presentation of the drafts of the true-up period report by Annex I Parties under the KP. It recalled Parties to the meaning of the true-up period report that will contain information related to use of the units of the KP, including from the KP mechanism of CDM, emissions trading and joint implementation, and information requested by Parties on units that will carry over to the second commitment period of the KP.

From the view of G77 and China, this information is extremely important for assessing the level of ambition of Parties under the first commitment period of KP. Only by having these information before the conclusion of on-going negotiation of the ADP will we have a thorough assessment of the mitigation gap we have, including in relation to first emission period of KP.

In addition, said Brazil, in our discussion in the context of the 2015 agreement, it is important for us to build upon rules and institutions of the KP so that we are able to develop the new agreement to be adopted by 2015. Information contained in the true-up period report would allow us to assess the success of the KP during the first commitment period.

It added that despite the political importance in the meaning of having the true-up period report be presented by Parties before our negotiation in Paris, Annex I countries have been insisting to postpone this presentation to the date in the year of 2016, but we would insist and would urge Parties to agree to the date that the Secretariat has proposed and demonstrated to be possible, 30 October 2015. If we agree to that date and that decision, the true-up period report would be also views of the Parties, not only related to the negotiation of workstream 1 of ADP but also related to our work in trying to bridge the emission gap under workstream 2. It is crucial for us to have clarified information of true-up period report available to us before the end of the negotiation of the Durban Platform. It is our concern that the reluctance from Annex I Parties to agree on such a date is a signal of lack of engagement of commitment on their side to ensure that KP remains the corner stone of the climate regime in the main reference for enhanced action we are considering under the Durban Platform.

China, Cuba, Bolivia and **Nicaragua** supported the statement made by Brazil on behalf of G77 and China.

The Russian Federation responded that our negotiations on this item in the SBI is important but its technical determination of the date of completion of the expert review process under Article 8 of the KP for the first commitment period is something that must be based on full information of meeting their commitments. All the procedures must be carried out in in accordance with all the Marrakesh decisions and it said some certain countries are seeking to complicate the issue.

The European Union emphasized that this is just a technical matter and noted that the relevant information will be publicly available by mid-2014. It also cautioned against compromising the integrity of the expert review process.

The positions of the Russian Federation and EU were supported by **Australia, New Zealand, Norway** and **Japan**.

The Chair found that there was no consensus on this issue and there was very little chance to continue the discussion and so proposed to forward this item to SBI 40, adding that he would present this item to the President of COP and CMP to decide whether to consult with Parties for the way forward.

2014-2015 biennium budget

In addition, Parties could not reach conclusion on the programme budget of the Secretariat for the biennium 2014-2015 as some countries did not accept the proposal of additional text made by G77 and China to the proposed draft conclusions as contained in the document FCCC/SBI/2013/L.22. (See TWN Warsaw Update No.12.)

[According to sources, among the reasons for the impasse were also concerns from developing countries over increased support from the core budget for matters related to the work of ADP and for measuring, reporting and verification (MRV) related activities, compared to support for other existing thematic bodies related to adaptation, finance and technology transfer.

The UNFCCC has 3 trust funds – for the core budget; for supplementary activities; and for the participation in the UNFCCC process. Contributions are made to the core budget by all the Parties to the Convention based on a scale of assessment, while contributions for the supplementary activities and for participation in the UNFCCC process, are based on voluntary contributions.]

Work of the CGE on National Communications from non-Annex I Parties

On Sunday morning, 17 November, the SBI Chair informed Parties that a deal was struck on the composition of a technical team of experts and the work of CGE. They also discussed the issue of how to provide for the opportunity of inclusion of non-Annex I Parties, which is not listed in the decision 3/CP.8 on the CGE, into the work of this group and successfully concluded the way forward.

Joint annual report of the TEC and CTCN

On agenda item 13(a), since there was no consensus achieved on this item, the Chair would convey Australia's request of recording this in the report to the COP President as this item now belonged to the COP. He would seek legal advice from the Secretariat about the final legal status of this item.

The Chair decided to convey all the views of the Parties to the COP President and the President would make the decision.