

Glasgow Climate Change Conference: Wednesday, 3 November 2021

Negotiations at the Glasgow Climate Change Conference focused on many significant issues seen as crucial to COP 26, and that will require considerable work in the days ahead, including finance, transparency, and Article 6 (cooperative approaches).

COP

Matters Relating to Finance: Compilation and synthesis of, and summary report on the workshop on, biennial communications under Paris Agreement Article 9.5 (*ex ante* finance transparency):

The contact group, held following the CMA contact group on Article 9.5 and co-chaired by Georg Børsting (Norway) and Carlos Fuller (Belize), heard parties' views on the elements of the draft COP decision. Egypt, for the AFRICAN GROUP, and INDIA called for including most of the same elements as in the CMA decision and adding a component relating to the predictability of long-term finance under the COP. The EU supported mirroring the CMA decision but opposed further additions. The US, supported by Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), expressed preference for a procedural decision, noting that the Article 9.5 communications are pursuant to the Paris Agreement alone. Deliberations will continue in informal party consultations.

Report of, and guidance to, the Green Climate Fund (GCF):

The contact group was co-chaired by Diann Black-Layne (Antigua and Barbuda) and Toru Sugio (Japan). Co-Chair Sugio encouraged parties to use a Co-Facilitators' proposed draft guidance contained in an addendum to the report of the Standing Committee on Finance (SCF) as the basis of the discussion, which the US supported. South Africa, for the AFRICAN GROUP, noted that the SCF was unable to conclude its deliberation on the draft guidance, and opposed using it as a basis for negotiation.

BOLIVIA questioned why alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, were not taken into consideration in the GCF's 2020-2023 workplan.

Antigua and Barbuda, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), underscored the need to highlight the unique challenges that small island developing states face in accessing climate finance, including lack of loss and damage finance and high transaction costs of project applications. Citing a project proposal that has been waiting for four years for a funding decision, Malawi, for the LEAST DEVELOPED COUNTRIES (LDCs), indicated funds are not always accessible for developing countries, and urged reconsidering project-by-project accreditation procedures.

The EU stressed the difficulty of discussing finance separately from other issues such as technology and adaptation, and indicated that several elements in the group's submissions were not included in the draft guidance, including a mention of the 1.5°C temperature target.

Colombia, for the INDEPENDENT ALLIANCE OF LATIN AMERICA AND THE CARIBBEAN (AILAC), proposed several areas for improvement for the GCF including: efficiency and transparency; funding projects with co-benefits; increasing grants to indebted middle- and upper-middle-income countries; and providing loans in national currencies. Switzerland, for the EIG, proposed improving coherence with other financial institutions and enhancing national ownership of projects. The group suspended, as parties disagreed on whether the Co-Chairs could issue a new text that would serve as a basis for negotiation.

Seventh review of the Financial Mechanism: In the contact group, co-chaired by Daniela Veas (Chile) and Eva Schreuder (Netherlands), parties shared their views on an informal reflections note developed by the COP 25 and COP 26 Presidencies. Switzerland, for the EIG, suggested that the review takes into account the Paris Agreement and said the CMA should be part of the review, as the Financial Mechanism also serves the Paris Agreement. Costa Rica, for AILAC, CANADA, the EU, and the US supported the proposal. South Africa, for the AFRICAN GROUP, supported by INDIA and Saudi Arabia, for the ARAB GROUP, cautioned parties that the Financial Mechanism serves the needs of developing countries, not the Paris Agreement.

AILAC proposed that the SCF submit the report of the review to COP 27 and CMA 4. CANADA, supported by the EU, suggested that the review focus on efficiency and effectiveness. Deliberations will continue in informal consultations.

CMA

Compilation and synthesis of, and summary report on the workshop on, biennial communications under Paris Agreement Article 9.5 (*ex ante* finance transparency):

In the contact group, co-chaired by Georg Børsting (Norway) and Carlos Fuller (Belize), parties shared views on elements for a CMA draft decision. Many developing and developed countries underscored the importance of predictability of finance. They also called for reflecting the work mandated and undertaken under this item, including a compilation and synthesis of the information, an in-session workshop held in June 2021, and a high-level ministerial dialogue to be held in the second week of CMA 3.

Many, including Switzerland, for the EIG, Belize, for AOSIS, and Egypt, for the AFRICAN GROUP, called for including recommendations for how the biennial communications could be improved, including recommendations from the workshop. Ecuador, for the G-77/CHINA, called for reflecting consideration of developing countries' needs and priorities, conditional elements in nationally determined contributions (NDCs), and loss and damage support needs. INDIA stressed: clarity; information on "new and additional"; and a multilaterally-agreed definition of climate finance. Brazil, for ARGENTINA, BRAZIL and URUGUAY (ABU), and the AFRICAN GROUP called for methodological clarity. Colombia, for AILAC, called for enhancing both quantitative and qualitative information and lamented that Latin America is not considered a priority.

The EU and NORWAY expressed openness to discussing lessons learned to improve reporting. The US proposed as elements: reference to the Paris Agreement's long-term goal on finance; mobilization of finance at scale; and challenges and barriers to scaling up climate finance.

Deliberations will continue in informal party consultations.

SBSTA

Methodological Issues under the Paris Agreement: Common tabular formats (CTF) for tracking progress in implementing and achieving NDCs: Informal consultations were co-facilitated by Helen Plume (New Zealand), who introduced a document outlining changes and updates to the options for CTF for tracking progress on NDCs. Delegates converged on calling on the Co-Facilitators to further streamline the options, pointing to opportunities for merging options to shorten text and better highlight where differences lie. Several speakers noted "we are much closer than we thought," with a developing country group summarizing that many of the differences among current options relate to how to present information, not which information to include. Delegates reflected on how to address interlinkages with outstanding decisions under Article 6. Disagreement related to references to NDC descriptions, and to the reporting format, with one developing country group suggesting that it is up to parties to decide whether to report in a tabular or a narrative format.

Common reporting tables for national inventory reports: Informal consultations were co-facilitated by Xiang Gao (China), who pointed to a document compiling parties' suggested edits to the draft outlines. Discussions focused on flexibility provisions. Delegates emphasized the importance of making clear where flexibility provisions were applied and indicated their respective preferred approaches, pointing to the use of notation keys, footnotes, cell shading, documentation boxes, summary tables, and combinations thereof. Some pointed to caveats related to the use of footnotes and shading, as these are already used for other purposes. Several countries called for targeted discussions on how to indicate the use of flexibility provisions in the different instances in which these could apply. While some emphasized countries should be able to self-determine how to indicate the application of flexibility provisions, others underscored the need for a common approach, to ensure consistency between the reports.

Outlines of biennial transparency reports (BTR), national inventory documents (NID), and technical expert review reports (TERR): Informal consultations were co-facilitated by Helen Plume (New Zealand), who presented a document containing draft outlines of the different reports. A recurrent point in the discussion related to provisions on the identification of significant, persistent inconsistencies, with several countries underscoring this should be discussed in consultations on the Implementation and Compliance Committee.

Several developing country groups called for differentiating between information on adaptation and information related to loss and damage in the reference to a voluntary review thereof, with several developed countries preferring not to extend the scope of the review.

Other points related to, among others: the level of detail of the energy chapter under the NID; addressing improvements in reporting over time separately from flexibility provisions; and clarifying the difference between two chapters on support needs.

Delegates agreed to consult informally and that the question of the legal status of the outlines, meaning whether their use is to be mandatory or voluntary, be discussed in the contact group with a view to be clarified in the cover decision.

Article 6: Throughout the day, parties exchanged views on draft text in informal consultations co-facilitated by Mandy Rambharos (South Africa), Hugh Sealy (Barbados), Peer Stiansen (Norway), and Kim Solberg (the Netherlands).

Article 6.2 (internationally transferred mitigation options, ITMOs): On corresponding adjustments, four developed country parties said methods should be resolved in Glasgow rather than carried forward into a work programme. Three parties said the timing of the application of corresponding adjustments should also

be decided at COP 26. A developing country group suggested a 2028 deadline for a methods work programme to conclude.

Two developing countries questioned the need for corresponding adjustments for ITMOs generated outside the scope of an NDC, which some developed countries supported retaining in the text, but noted the need to clarify what "scope" refers to.

On ambition under 6.2, several supported the principle of no net increase in emissions in participating parties. A developed country party urged ensuring balance between guidance for 6.2 and 6.4 (mechanism), suggesting that there should be requirements for participation and reporting that the ITMO contributes to the delivery of the Paris Agreement's long-term goals. One developing country group opposed reference to the temperature goals of the Paris Agreement. Several parties opposed quantitative limits to the transfer and use of ITMOs, with one developing country referring to "economically unnecessary limits." A developing country group underscored the need for the share of proceeds and overall mitigation of global emissions to parallel the provisions under 6.4.

On human rights and Indigenous Peoples' rights, two parties noted that Indigenous Peoples should be able to participate and that previous markets have led to displacement. Two developing country groups, supported by two developed country parties, suggested altering this text to reflect language in the preamble of the Paris Agreement, with some suggesting this language should appear in the decision's preamble rather than the guidance. One developing country opposed any such reference, while two developed country parties expressed support for existing text. One developing country group urged strong safeguards to protect rights.

Views also diverged on: the use of ITMOs for other international mitigation purposes; non-GHG metrics, with parties indicating some flexibility; timing of the initial report; and addressing reversals through monitoring across several NDC periods. Many questioned the establishment of a group of experts to develop options for implementing the infrastructure requirements, citing representativity and inclusion concerns.

Article 6.4 (mechanism): Parties discussed baselines and additionality, including how to streamline paragraphs on approaches to setting the baseline. Parties variously expressed preferences for performance-based approaches, best available technologies, and actual or historical emissions. One party called for reference to national, regional, or local circumstances. One developing country group called for "maximum flexibility" on baselines.

On participation responsibilities, a developing country group proposed deleting text on explaining how the activity and its baseline approaches would contribute to a host party's NDC and Low Emissions Development Strategy (LEDS).

On functions of the supervisory body, one party opposed approval of host party national arrangements for accreditation of operational entities, development of methodologies, and renewing crediting periods. Parties also exchanged views on: corresponding adjustments under 6.4; shares of proceeds; Clean Development Mechanism and certified emissions reduction transition; transition of pre-2020 REDD+ units; and suppressed demand.

Article 6.8 (non-market approaches): Parties debated the governance arrangements. Several developed countries preferred a previous text from Madrid and called the current text a step backward. They noted that the mandate for this work lies under the SBSTA and suggested that a "light touch" institutional arrangement may facilitate information gathering on non-market approaches. Several developing countries supported the option for a two-tier arrangement, with a permanent facilitative mechanism or network and a temporary task force that would further operationalize the work programme. They supported an institutional arrangement resembling those for the other elements of Article 6. One developing country group stressed the work programme should be under the CMA, not SBSTA, and another called for inclusion of references to human rights, gender, and Indigenous Peoples.

Sources of Input for the Global Stocktake: In informal consultations, co-facilitated by Juliana Arciniegas (Colombia) and Christiane Textor (Germany), discussions focused on

whether parties consider the list of sources of input for the Global Stocktake as enumerated in paragraphs 36 and 37 of decision 19/CMA.1 sufficient, and if not, what they propose adding.

The Co-Facilitators emphasized there will be further opportunities to reconsider the list and it is non-exhaustive. Parties agreed that the list is a starting point, and several developed countries viewed it as sufficient. Several developing country groups listed sources that they proposed adding and noted the Stocktake itself can consider sources beyond the list. Some highlighted the need for a deliberate process to seek inputs from non-party stakeholders, particularly from developing countries, and for the Secretariat to provide support to enable this, to ensure balanced inputs from developed and developing countries. Informal consultations will continue.

SBI

National adaptation plans (NAPs): Informal consultations were co-facilitated by Jens Fugl (Denmark), who invited views on draft decision text. Several developing country groups lamented lack of time to consider the text. After a suspension to allow for regional coordination on the draft, delegates provided general views, mainly focusing on the preambular elements. Some suggested referring to the role of NAPs in “building adaptive capacity” instead of “as a tool to reduce vulnerability and prevent loss and damage.”

One developed country cautioned that the Adaptation Committee already has a high workload and that requests to the GCF should instead be considered in the finance discussions. Several countries preferred having single national focal points for adaptation, rather than several focal points for different adaptation-related processes. Delegates emphasized the need for more time and the Co-Facilitators indicated they would request additional meeting slots.

Fourth review of the Adaptation Fund: Informal consultations, co-facilitated by Ali Waqas Malik (Pakistan), heard reactions to a new draft CMP decision text on the review, containing an annex with its terms of reference. Developed countries and some developing country groups called for removing brackets, as well as the words “as appropriate,” from a paragraph requesting the SBI to recommend a draft decision completing the review to the CMA in 2022, in addition to requesting a CMP draft decision the same year. They also supported keeping a reference to decision 13/CMA.1 (*inter alia* deciding that the Adaptation Fund shall serve the Paris Agreement). Other developing country groups opposed, suggesting the CMA may provide guidance once the CMP has concluded the review.

On the scope of the review, one developing country group proposed including how the Adaptation Fund is supporting developing countries in implementing the Paris Agreement and addressing loss and damage, and efforts to achieve the global goal on adaptation. Several developing countries opposed references to “eligible” developing country parties. Developing countries also called for references to the provision of “credible” and “accessible” financial resources. Developed countries suggested that the review assess the Adaptation Fund Board’s governance and the Fund’s effectiveness in serving the Paris Agreement.

The Co-Facilitators proposed meeting in informal informals to discuss issues related to the role of the CMA and governance.

Common Time Frames: SBI Chair Marianne Karlsen (Norway) facilitated and presented draft conclusions and an annexed draft decision, which contains nine options based on her 16 June 2021 informal note, informal consultation inputs, and subsequent submissions. She acknowledged the text was “imperfect” with more work remaining, but highlighted that it reflects all views and options on an equal footing. Some parties engaged in the substance of the draft decision, but Karlsen emphasized that the purpose of this meeting was not to make a decision, but to ensure the SBI forwards a basis for the CMA’s deliberations in the second week. She encouraged parties to

engage informally to narrow down options. After discussions, the SBI agreed to forward draft conclusions and a draft decision to CMA 3.

SBSTA/SBI

Koronivia Joint Work on Agriculture (KJWA): In informal consultations, Co-Facilitator Philip Blackwell (Ireland) presented draft conclusions. Parties broadly welcomed the Co-Facilitators’ efforts to produce a balanced text, considering it a good starting point for engagement.

Discussions pertained to, among others: whether and how to reflect consideration of the “New Zealand workshop” in the draft conclusions; the lack of clarity on the methodological framework for collecting and analyzing data; carbon storage; and ecosystem services.

Some developed countries highlighted that the KJWA focuses on agriculture, not solely adaptation, and should include mitigation, emphasizing this does not force any country to reduce emissions. Some developing countries opposed including mitigation. Some parties emphasized that the KJWA is under the Convention and should not be linked to the Paris Agreement. Informal informals then convened.

Second Periodic Review of the Long-term Global Goal:

In informal consultations, Co-Facilitators Una May Gordon (Jamaica) and Frank McGovern (Ireland) invited parties to comment on an informal note reflecting discussions held in June 2021. Some developed countries suggested that some elements in the review have become politicized, and proposed, supported by other parties, more engagement with the Intergovernmental Panel on Climate Change’s Working Groups II and III at the next meeting of the structured expert dialogue (SED). Several groups recommended more in-person sessions for future SED meetings.

Some groups underscored that the review should also consider progress towards means of implementation under the Convention. A developing country party suggested equal focus on both themes of the review (adequacy of long-term global goal and progress towards achieving it). Some developing countries suggested to reflect the next steps of the review in the draft conclusions.

The Co-Facilitators will provide a draft text for parties to consider.

In the Corridors

As the sun shone in Glasgow on Wednesday, the atmosphere inside the venue was notably calmer. Instead of world leaders and their entourages, often bubbled by camera crews, there was the more usual mix of parties and observers shuttling between meetings and side event rooms.

The calm dissolved inside the negotiating rooms to a much more intense mood. The day saw consultation sessions on many major agenda items, such as finance and Article 6. Many negotiators continued to voice their concerns about unbalanced participation and unfair application of “1+1” entry rules. Negotiations on five finance agenda items were opened with uneven success. On the guidance to the Green Climate Fund, countries could not agree to give the Co-Chairs a mandate to develop a draft text.

Surprisingly to some, heads of delegations met to discuss the “cover decisions” – decisions that usually contain the final “package” deal or address mandates not on the negotiation agenda. Some parties questioned the mandate for, and motivations behind, cover decisions at this COP.

Others expected exhausting negotiations until the end of the two-week meeting, with issues like a process for the new collective quantified finance goal being “highly politicized without any chance of reaching an agreement,” according to one delegate’s view. With several negotiators currently self-isolating for having tested COVID-positive or having been a close contact, the question of health and safety loomed large in delegates’ minds as Wednesday drew to a close.