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Bonn Highlights: Friday, 9 June 2023

There may not be many items related to finance on the Subsidiary Bodies' negotiations agenda, but as the Bonn Climate Conference reached its mid-way point, finance was the key issue of the day nevertheless.

Subsidiary Body for Scientific and Technological Advice

Nairobi work programme on impacts, vulnerability and adaptation to climate change: In informal consultations co-facilitated by María del Pilar Bueno (Argentina) and Maria Samuelsen (Denmark), parties discussed draft conclusions.

Across multiple paragraphs related to the work programme's mandate, parties called for language to reflect that the programme is open to all countries, while keeping emphasis on developing countries, including least developed countries (LDCs) and small island developing states (SIDS). On the organization of an event on adaptation monitoring, evaluation, and learning systems, many parties suggested it cover "all adaptation actions and support, including transformational adaptation" rather than "adaptation and transformational adaptation."

Research and systematic observation: In informal consultations co-facilitated by Elizabeth Bush (Canada) and Ladislaus Chang'a (Tanzania), parties discussed draft SBSTA conclusions and a draft COP decision related to the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report (AR6) .

On the draft conclusions, parties suggested references to topics addressed during the 15th Research Dialogue, including transboundary climate risks, countries' scientific research capacity, and how rising temperatures could limit nature-based carbon removal. They also discussed language on encouraging the IPCC to take research gaps and needs into account when scoping out its Seventh Assessment cycle.

On the draft decision, parties discussed language noting research gaps and underscoring AR6 as the most comprehensive IPCC report to date.

The Co-Facilitators will revise the draft texts.

Guidance on cooperative approaches referred to in Article 6.2 of the Paris Agreement: Informal consultations were co-facilitated by Peer Stiansen (Norway) and Maria Al-Jishi (Saudi Arabia).

On possible recommendations for the preparation of the manual for reporting tools, two developing country groups called for featuring illustrative examples, such as on assumptions and information on leakage, to enhance transparency, consistency, and ease of comparability. Others emphasized the non-binding nature of the manual, with one developed country group preferring the manual not to have country-specific examples.

Noting there is no current cooperative approach expressing non-greenhouse gas metrics, a developed country group called for focusing on Article 6 implementation, rather than on hypothetical scenarios.

The Co-Facilitators will prepare an informal note.

Subsidiary Body for Implementation

Reporting from non-Annex I parties: Provision of financial and technical support: In informal consultations co-facilitated by Sandra Motshwanedi (South Africa), the Global Environment Facility (GEF) provided an update on GEF support for developing country reporting under the Convention.

The Co-Facilitators then invited views on draft conclusions, which parties welcomed. One developing country group expressed concerns over the differing level of detail and ways of capturing discussions on support for reporting under the Convention and under the Paris Agreement, noting interlinkages between both agenda items.

Another developing country group called for simplifying the application process for countries that have already had support approved in previous support cycles. Several developed countries agreed the application process should be streamlined, with one country cautioning the need to ensure due diligence and alignment with the GEF cycle. The Co-Facilitators invited parties to consult informally and submit language for inclusion in revised draft conclusions.

Matters relating to capacity-building: In informal consultations, co-facilitated by Catherine Goldberg (US) and Gonzalo Guaiquil (Chile), parties agreed on draft conclusions on the annual monitoring of the capacity-building framework under the Convention.

Parties also discussed a Co-Facilitators' proposal for a draft COP decision on terms of reference for the second review of the Paris Committee on Capacity-building (PCCB). Some parties suggested additions to the scope of the review, such as references to inadequate financial support. One developed country cautioned against prejudging the outcome of the review. The relevant section of the annex was bracketed.

Several developed countries proposed inviting the CMA to participate in the second review of the PCCB as it relates to the Paris Agreement.

The Co-Facilitators invited parties to consult informally.

Arrangements for intergovernmental meetings: SBI Chair Munir chaired the contact group. Many developed countries stressed that host country agreements must be transparent, publicly disclosed, provide for protections of the right to free speech, and ensure harassment and intimidation of any participant are not tolerated.

Several developed countries supported inviting non-party stakeholders' statements after country groups and before individual parties. Some developing countries opposed, emphasizing the country-driven nature of the process.

With regard to CMA 5, a developing country said there was no agreement to include Article 2.1.c (making financial flows consistent with a low GHG emissions and climate-resilient development) on the agenda, while another party disagreed.

National adaptation plans: In informal consultations co-facilitated by Antwi Boasiko (Ghana) and Jens Fugl (Denmark), parties heard from the Adaptation Committee (AC) and LDC Expert Group (LEG) on the bodies' work to support the formulation and implementation of national adaptation plans (NAPs). Parties' ensuing questions related to, among others, the type of training provided to developing countries, regional

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balance of such training, and work undertaken with the Standing Committee on Finance (SCF). On how gaps and needs are assessed, the AC noted it relies on submissions by parties.

Agenda Items Considered Jointly by the SBSTA and SBI

Matters relating to the Santiago Network under the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts: In informal consultations co-facilitated by Cornelia Jäger (Austria), some parties identified their preference on the host for the Network, with some favoring the Caribbean Development Bank and others the consortium between the UN Office for Disaster Risk Reduction and the UN Office for Project Services.

On the draft conclusions, many developing countries called for:
- clearer guidelines on the development of the Memorandum of Understanding with the host, including on the independence of the Network from the host, and on managing conflict of interest;
- a timeline for operationalizing the Network; and
- details on funding for the work of the Network, including expectations regarding the host's in-kind support.

Developed and developing countries diverged over the issue of the Network's advisory board members' privileges and immunities, specifically their consistency with the Convention on the Privileges and Immunities of the United Nations.

Discussions will continue in informal-informals.

Work programme on just transition pathways referred to in decision 1/CMA.4: In informal consultations co-facilitated by Selam Kidane-Abebe (Zambia) and Marianne Karlsen (Norway), the Secretariat provided an overview of the work on just transition in various UNFCCC processes. The Co-Facilitators then invited parties' views on an informal note that contained sections on, among others, objectives, scope, and modalities.

Developing countries objected to a mitigation-centric approach, emphasizing the need to consider just transition in the context of sustainable development, and urged unlocking means of implementation. Several developed countries noted just transition is a tool for facilitating enhanced ambition and also pertains to developed countries. Environmental NGOs (ENGO) highlighted countries' differing fiscal space and access to resources.

Several developed countries called for the Katowice Committee of Experts on the Impacts of the Implementation of Response Measures (KCI) to serve as an expert body, with several developing country groups opposing. Many parties called for streamlining the section on interlinkages, noting the list is non-exhaustive. Various groups and parties called for references to, among others, a human rights-based approach to just transition, climate justice, people with disabilities, and aging workers.

The Co-Facilitators will revise their informal note.

Sharm el-Sheikh mitigation ambition and implementation work programme: In informal consultations, Co-Facilitator Carlos Fuller (Belize) invited parties to continue commenting on the lessons learned from the first global dialogue and investment-focused event, held on 5 June 2023. Many speakers supported making the events hybrid and using innovative discussion formats.

Topics proposed for future events included: renewables; energy efficiency; and carbon capture, utilization, and storage. One party stressed the sub-topic and guiding questions for future events should be narrowly focused.

A developing country group noted that, without agreed SB agendas, the informal consultation does not have a clear mandate and its discussions may not be reflected in an outcome. Others welcomed the convening of the group. Co-Facilitator Fuller said the next informal consultations will discuss possible conclusions.

Mandated Events and Other Sessions

Technical dialogue of the first Global Stocktake: Harald Winkler (South Africa) and Farhan Akhtar (US), Co-Chairs of the technical dialogue of the first Global Stocktake (GST), invited participants to comment on what the GST's key messages on means of implementation (MOI) should be.

Cuba, for the G-77/CHINA, stressed the IPCC's recommendations to accelerate financial support and ensure financial flows meet needs. SAUDI ARABIA said financing has been inadequate since 1992. The EU noted parties to the Paris Agreement agreed finance should be mobilized from all sources and called for addressing fossil fuel subsidies and putting a price on carbon. Switzerland, for the ENVIRONMENTAL INTEGRITY GROUP (EIG), said the IPCC showed there is sufficient finance, but it is geographically imbalanced. She called for contributions from emerging high-income countries in order to move from billions to trillions, and stressed the need to send key messages to the private sector. The US indicated the USD100 billion goal will be met in 2023 and technology transfer is increasing.

Uruguay, for ARGENTINA, BRAZIL, and URUGUAY (ABU), called for addressing the barriers faced by developing countries in receiving MOI. Lamenting increased debt, Bhutan, for the LDCs, urged for grants. India, for the LIKE-MINDED DEVELOPING COUNTRIES (LMDCs), noted co-financing requirements create barriers.

Samoa, for the ALLIANCE OF SMALL ISLAND STATES (AOSIS), said many developed countries' policies to achieve the long-term goal on finance do not take into account extraterritorial impacts. He also called for eliminating the "workshop culture" on capacity building and to think about ways to attract and retain capacity in developing countries. LOCAL GOVERNMENTS AND MUNICIPAL AUTHORITIES (LGMA) noted the lack of capacity in local governments to identify and implement climate-related projects.

Second Glasgow Dialogue on loss and damage: In breakout group discussions, parties and observers exchanged views on the capacities of existing institutions to respond to loss and damage and the best way to ensure funding addresses not only immediate needs but also medium- and long-term recovery needs of local communities.

Cuba, for the G-77/CHINA, stressed loss and damage financing should not increase debt loads but should be easily accessible, appropriate to different national circumstances, and recognize different time scales of climate events. BANGLADESH urged solutions-oriented approaches with windows that address immediate responses and longer-term rehabilitation needs. He noted the existence of gaps in the current system, including a "gap of integration" among funding sources. Brazil, for ABU, stressed the need for loss and damage funding to be new, additional, and adequate and suggested that it could include trigger mechanisms to expedite disbursement.

GUINEA emphasized loss and damage as a development issue and pointed to existing humanitarian institutions as "part of the solution but not the solution." NORWAY noted the need to address the question of what happens in the long term after humanitarian organizations finish immediate response efforts.

The STOCKHOLM ENVIRONMENT INSTITUTE suggested considering ways to distribute loss and damage funds through small grants that communities can directly access, ultimately taking ownership of funds so they can use them "according to their own needs."

In the Corridors

Finance negotiators were especially busy, taking the floor in multiple rooms throughout the day. While protesters called for governments to "fill the [new loss and damage] fund" earlier in the week, debates at the mid-way point of the conference focused more on whether past pledges are being met, who is receiving existing funding, and how quickly.

"It just takes so much time to fill out all these application forms," shared a developing country representative, "and then you still have to wait months, sometimes years to get the funds." When it comes to loss and damage, such delays are simply not acceptable, underscored many in the Glasgow Dialogue.

Heads of Delegation experienced a delay of a different kind: "No lunch until there is agreement on the way forward with the agendas," they were told. Stomachs growling, some presented a compromise proposal to move beyond the remaining contentious issues, but others were holding out hope for a different conclusion on the issues of "urgently scaling up financial support in this critical decade" and mitigation ambition.