

Developing countries express concerns on lack of progress on finance issues

Bonn, 13 Nov (Perna Bomzan) – Developing countries, led by the **Group of 77 and China**, expressed concerns over the lack of progress on all finance related issues due to the lack of political will by developed countries, adding that finance is the key enabler in the operationalization of the Paris Agreement.

These concerns were raised at a stock-take session, held at the end of the first week of the UNFCCC climate talks on 11 Nov. in Bonn, Germany and was presided over by Fijian Prime Minister, Frank Bainimarama.

Parties heard reports from the Chairs of the Subsidiary Body for Implementation (SBI) and the Subsidiary Body for Scientific and Technological Advice (SBSTA) as well as the Co-chairs of the Ad Hoc Working Group on the Paris Agreement (APA) on the progress made in the talks during the first week.

Parties also provided their own feedback on the talks raising various issues of concern.

Elaborating further on the lack of progress on the finance related issues, the **Ecuador**, speaking for the **G77 and China** said that one of the most important issues is the eligibility criteria for the provision of funds by the Global Environment Facility (GEF) and stressed that all developing countries are entitled to access the financial resources of the GEF. (The G77 was referring to complaints from some developing countries who had difficulties in getting GEF resources.)

In relation to the Green Climate Fund (GCF), **Ecuador** reiterated its concerns that the GCF Board has started to categorize developing countries according to their income levels that are neither recognized by the Convention or the governing instrument of the Fund.

“These categories are in clear violation of the eligibility criteria of the Fund and cannot be the basis for the (GCF) Secretariat giving guidance to Parties suggesting that they do not apply for grants or concessional financing for climate change,” lamented Ecuador. It called for the rejection of this behavior by the GCF Secretariat and said that it will insist that the Conference of Parties (COP) provide such guidance to the GCF.

On the review of the functions of the Standing Committee on Finance (SCF), Ecuador said that the G77 recognized that the Committee has made great efforts to enhance the participation of observers and that it has a key role in assisting the COP in all finance related issues. However, due to the difficulties related to extreme weather events, and other economic and political shocks, developing country members have not been able to guarantee their participation in every session of the SCF meetings, and for this reason, it has proposed a system of alternates so that when a member is not able to attend the meetings, its alternate would be able to do so. This proposal, with no budgetary implications has been objected to by developed countries without reason, said the G77.

On the process to identify the information that developed countries will present under Article 9.5 of the PA, Ecuador said that while there is willingness of developed countries to limit discussions on types of information already being reported under the biennial reports and under biennial submissions on strategies and approaches to mobilize climate finance, there was however a lack of will to discuss modalities to report that information.

“Without these modalities, like common formats, definitions, underlying assumptions and methodologies, the information that will be presented on expected levels of financial support will be rendered incomparable, impossible to aggregate and useless to have a global picture of climate finance to be provided,

which limits developing countries planning on their implementation of the PA and their nationally determined contributions (NDCs)”, said Ecuador.

As regards the Adaptation Fund serving the PA, Ecuador expressed regret over the lack of will by developed countries to have a decision saying that the Fund shall serve the Agreement.

“We are stuck in discussions on the strategic role of the Adaptation Fund within the broader climate finance panorama, or on the conditions to engage in these discussions, like the definition of every detail and arrangement for the Fund to serve the Agreement, when these arrangements can be developed until 2020,” expressed Ecuador. It urged developed countries to demonstrate political will for a decision at this COP, particularly taking into account the importance of this Fund to developing countries and Small Island Development States (SIDS) in particular.

On the issue of adaptation, it reiterated the high priority of this issue particularly in the current context of the increasing occurrence and severity of extreme weather events and the costs involved. It said that the G77 has worked hard in this session to continue having a common position on adaptation, especially with regard to the provision of guidance on adaptation communication (as part of the NDCs under the PA).

“One of the key points of this guidance is the support needed from developed to developing countries in order to implement Article 7(13) of the PA, considering the need for public and grant-based resources for adaptation as provided for under Article 9(4),” said Ecuador.

On National Adaptation Plans (NAPs), it said that there were still multiple challenges that developing countries faced in accessing financial support for the development and implementation of NAPs from the GCF and called for easy and simplified procedures by the GCF for the NAPs’ readiness and implementation facilities.

On the issue of loss and damage, the G77 was concerned about how extreme weather events have affected developing countries in a more frequent and destructive manner than ever and there is no effective approach to address the loss and damage associated with slow onset events related to climate change. It called for the full implementation of Article 8 of the PA on loss and damage and relevant decisions of the UNFCCC. There is need for special financial resources from developed countries for activities and actions in developing countries in this regard and for loss and damage issue to be a permanent item on the agendas of the Subsidiary Bodies (which is not currently the

case.) This is needed to fully operationalize the Warsaw International Mechanism on Loss and Damage (WIM), said Ecuador further.

With regard to agriculture, the G77 called for a decision at the COP following the years of work on this issue and was concerned over the resistance of developed countries to address this. “Not arriving to any outcome again, would be a very bad sign”, said Ecuador as agriculture is a vulnerable sector and the basis of food security.

On the issue of capacity building, Ecuador said that there were still gaps with regard to strengthening work on capacity building and registered disappointment with lack of progress in finalizing textual proposals, with some Parties seeming to block progress. “The current resource constraints have an effect on the mandate of the Paris Committee on Capacity Building (PCCB) to fully implement its work plan, aimed at achieving the goals as set out in Article 2 of the PA”, it said further.

It also re-emphasized “the urgent need to enhance pre-2020 action and support in finance, technology and capacity building” and looked forward for the assessment of progress made on the implementation of the Warsaw decision (referring to decision 1 C.P/19 paras 3 and 4).” It reaffirmed the high importance of this issue, in particular in the context of the 20th anniversary of the Kyoto Protocol (KP) and said that the increasing adverse impacts of climate change in developing countries remind us that we need climate action and support now, and not only after 2020, stressed Ecuador.

Mali on behalf of the **Africa Group** expressed concern on progress being made on finance and adaptation issues. “Firstly, we are concerned about developed country Parties not fulfilling on their obligations under the PA. Developed country Parties have an obligation in Article 9(5) for biennial communications of indicative support...We would underline this as an important provision that should be operationalized post-2020. The African Group has presented a draft decision as a Conference Room Paper to the APA Co-chairs as an important aspect of the COP 23 package”.

“We would like to highlight the urgency of starting as early as possible the process towards identifying the new collective goal of finance ... as early as possible, taking into consideration the experience related to the existing finance target of USD 100 billion annually by 2020, which has not been addressed satisfactorily 8 years down the line,” said Mali further.

“Secondly, the adaptation negotiations under the APA

are regressing, rather than progressing. Adaptation is a priority for African countries, and we emphasise the need of ensuring that this agenda item presents a level of specificity that responds to pursuit of balance between adaptation and mitigation”.

It also called for the provision of a permanent space to discuss the issues of loss and damage and looked forward to the establishment of an expert group on action and support with availability of financial support from the core budget of the Secretariat to enable the WIM Executive Committee and its sub-committees and task forces to implement their work.

It also emphasized the importance of pre-2020 actions and that “this process and international cooperation is built on trust and how some partners are engaging on pre-2020 aspects is rather concerning. In fact, six developed country Parties conditioned ambition in their Cancun pledges on the adoption of the PA. Therefore, it becomes a question of trust when some of these Parties do not engage positively on the proposed agenda item on pre-2020,” said Mali, referring to the proposal by the **Like-minded developing countries (LMDC)** for including the pre-2020 issue on the agenda of COP 23.

Iran on behalf of the **LMDCs** clearly stated that pre-2020 issues are extremely important and must be tackled head on by this COP. “Agreements made ever since Durban in 2011, Doha in 2012, up to Paris in 2015 regarding the balance between pre-2020 and post-2020 action,” it added.

It said that LMDC members are living up to their word, as their pre-2020 nationally appropriate mitigation actions (NAMAs) and post-2020 NDCs are ambitious and are being implemented and hence, they are responding to the commitments they have made.

“Developed countries in 2012 promised to review and enhance their pre-2020 pledges once a post-2020 agreement is reached with developing countries being part of it in terms of having commitments; we already have the PA entering into force in 2016, but we haven’t seen any movement in terms of enhancing their pre-2020 mitigation targets. In fact, we have seen the opposite, with some countries reducing their pre-2020 targets, most others not ratifying the Doha Amendment, a few not yet ratifying the PA, and one deciding to leave the PA altogether”.

Iran further said “developed countries also promised in 2012 and in 2015 to provide new and additional financing, technology, and capacity building to developing countries to help them with their pre-2020 and post-2020 actions. What we have seen is a lot of recycling and double counting of financial flows that

nevertheless fall short of what is needed, virtually no technology transfer other than on commercial terms, and capacity building that is focused on getting developing countries to attend seminars and workshops on reporting on their actions and hire consultants from developed countries”. Additionally, “what we are seeing now is that the negotiations related to finance, technology and capacity building are being blocked by developed countries”.

“In the APA negotiations, we see developed countries working hard to rewrite the PA. What happened to all of those statements from other developed countries, after one developed country announced its intention to withdraw from the PA but that it could reenter if the Paris Agreement is renegotiated to suit it better, that they would not agree to rewrite or renegotiate the PA?”

“The LMDC has always been open to seeing other Parties’ positions and negotiating with other Parties; but what we are seeing now is a concerted effort by developed countries to drop the G77 and LMDC proposals from the table in order to focus further negotiations only on developed countries’ positions. This is not negotiations in good faith, and further erodes trust. Censoring other Parties’ views from being included into the negotiating texts as the basis for negotiations is clearly not in good faith,” it added further.

Ethiopia on behalf of the **Least Developed Countries** expressed concern that under the Paris Work Programme, negotiations under the different thematic areas are progressing at different pace with different formats for textual outputs. “This creates the potential for important linkages between items to be lost. We must capture the progress made at this session so that next time when we meet we should be able to engage on textual mode of negotiation,” it said further.

It continued to call for progress in the negotiation room, to reach a simple procedural decision that could be made quickly and easily that the Adaptation Fund “shall” serve the PA. It also stressed that for the LDCs, it is of vital importance to have loss and damage considered and make progress on the remaining time in this session. It called for clear progress on transparency of support, in addition to scaled up finance far beyond current pledges.

Ethiopia acknowledged the critical importance of the pre-2020 agenda item and urged Parties to accept the bridging proposal made after the wide consultations by the COP Presidency, as a pathway to address the cross-cutting issue of pre-2020 action.

Maldives on behalf of the **Alliance of Small Island States (AOSIS)** highlighted as essential priority, in the

design of the 2018 Facilitative Dialogue, to find a creative way to ensure the findings from the Intergovernmental Panel on Climate Change's 1.5 degrees Special Report are taken up in the process before the COP, possibly as an event in conjunction with the pre-COP or as an intersession. It further stated that loss and damage is an absolutely priority for the group.

“Our three main asks from this COP are, firstly, ensuring there is significant profile raising of loss and damage and that we are assured to be given chance to discuss this matter inter-sessionally. Secondly, we want to ensure that the expert group be established under the ‘action and support’ work stream of WIM Excom and thirdly, we want to ensure that there is linkage of loss and damage to Financial Mechanism of the Convention”.

On the Adaptation Fund, it was disheartened by the lack of engagement on the essential issues to have a decision that will finally confirm that the Fund shall serve the PA. “It cannot be that a Fund that has been effectively delivering support to address the needs of our small island developing states, a Fund especially dedicated to adaptation, is being excluded on a technical basis”.

It also reiterated that fulfilling our pre-2020 commitments is essential to achieving our Paris goal.

Saudi Arabia on behalf of the **Arab Group** firmly stated that it looked forward to “one single text” and “one omnibus decision” and that the “balance” of a successful PA must be retained. It further stated that it ratified the PA on the balance achieved so this must not be lost in the whole operationalization of the PA. A “Party-driven” text subject to reiteration with minimum interference from the Co-chairs and co-facilitators must be ensured so that the text is owned by all Parties.

Peru on behalf of the **Independent Alliance of the Latin America and Caribbean (AILAC)** expressed concern that certain issues that are at the essence of the PA have not made progress, especially in relation to the NDCs guidance and strengthening action and ambition in the pre-2020 which is of greatest importance to achieve the long term goal of the PA. It called for the inclusion of the topic in the agenda and further expressed concern that following consultations, there is still no decision on this issue.

Australia on behalf of the **Umbrella Group** said that constructive and creative ideas are needed to overcome differences while some Parties are proceeding to work outside of the PA mandate. It stated that new agenda items (referring to the LMDC call for inclusion of pre-2020 issues in the COP 23 agenda) have not been helpful and urged Parties to be flexible while preserving their negotiating principles to ensure all items move in their own pace. It further said, “moving means moving and not stalling”. This COP must deliver significant outcomes to demonstrate to the world that we are on track to deliver.

The **European Union (EU)** said there has been moderate progress in the APA agenda items and that it did not recognize a lack of political will. Parties should remain focused and honour the balance of the PA recognizing the substantive differences and that it is important to allow progress in accordance with the substance.

On the design of the ‘Talanoa Dialogue’ (2018 facilitative dialogue), it said a mature design was being reached. It also looked forward to progress on decisions as regards the local communities and indigenous peoples’ platform and gender and climate change.

It further said that there is no disagreement on the importance of pre-2020 issues and that the EU it was well on track to achieve 20% emissions reductions below 1990 levels with 23% reductions in 2016. Collective ambition is, therefore, needed to fill the emissions gap. Additionally, it has systematically increased climate finance support with USD 20.2 billion in 2016.

Switzerland on behalf of the **Environmental Integrity Group (EIG)** expressed concern about the slow progress on the first week in relation to the Paris Work Programme and regretted that after six days, there has been no move towards technical discussions as expected in view of the work and limited time. It stressed that it is of great importance to ensure negotiations swiftly move to technical discussion in next May. Parties have to leave this COP with a clear mandate with the co-facilitators providing materials and documents to all Parties in technical discussions which is urgently needed in this COP.