

## Negotiations move to frenzied pace

Glasgow, 10 Nov (TWN) — As the Glasgow talks enter the final lap to close on 12 Nov, negotiations on all the outstanding issues have moved into a very frenzied pace, with negotiators dealing with bracketed draft texts in a flurry of meetings, including with ministers bilaterally, who have been tasked to resolve numerous contentious issues. The talks have been going on late into the night, even as the risk of the COVID-19 pandemic persists, with a few delegates already in isolation due to being tested positive.

The most controversial issues that continue to remain relate to climate finance, the global goal on adaptation, common time frames for nationally determined contributions (NDCs), the cover decision especially in relation to keeping the 1.5-degree C alive, the enhanced transparency framework and Article 6 of the Paris Agreement (PA) relating to market and non-market approaches.

According to sources, in one bilateral session with ministers tasked to resolve matters, the meeting did not go on, as head of delegations and negotiators from a developing country grouping were told that discussions will only be held with ministers and no one else. As the pressure mounts to reach compromises, frustration is growing, among developing country delegates especially on matters related to climate finance.

### CLIMATE FINANCE - FRUSTRATIONS MOUNT

There was a lack of progress on finance issues during discussions on Nov 9, with developing countries expressing shock and disappointment at the stance of developed country negotiators.

Developed countries were bracketing paragraphs in relation to their obligations under the UNFCCC and the PA; raising questions around who providers and recipients of climate finance should be; refusing to entertain proposals on a multilaterally agreed definition on climate finance or doubling climate finance for adaptation; and not showing any urgency to arrive at a process on the new collective quantified goal on finance.

During a climate finance session on Nov 9, **India** for **Like-Minded Developing Countries (LMDC)** expressed surprise and frustration that developed countries had no appetite for engagement on the concerns of developing countries across all the finance items. It hoped that the COP 26 Presidency was taking note of this and expressed its’ “deepest frustration and resentment with the way things are happening here.”

In discussions on the new collective quantified goal on 9 Nov, **Ecuador** said the outcome on finance did not depend on “miracles”, adding that

it was “shocked” to hear the discussions and hoped that developed countries showed the same level of “realism” of requiring time to discuss the new collective goal, as they do when it came to timelines on setting new mitigation obligations for developing countries.

Meanwhile, the **UK Presidency** communicated that the “technical” negotiators have a “hard deadline” of 7PM on Wednesday, 10 Nov to finish the finance negotiations.

Following the deadline, the Presidency is expected to meet co-facilitators of agenda items as well as ministers from **Egypt** and **Sweden** who are expected to co-facilitate ministerial consultations on outstanding finance issues where high level guidance is needed.

This update presents a snapshot of the following four finance issues that were discussed in informal consultations on 9 Nov.

- Long-term climate finance (LTF)
- Matters related to the Standing Committee on Finance (SCF)
- New Collective Quantified Goal
- Compilation and synthesis of, and summary report on the in-session workshop on, biennial communications of information related to Article 9.5 of the PA

### LONG-TERM CLIMATE FINANCE (LTF)

Key divergences among developed and developing countries on the LTF included on how to reflect language on the unfulfilled commitment by developed countries of the USD 100 billion per year goal by 2020; how adaptation finance is to be reflected in the decision; multilaterally agreed definition of climate finance; and continuation of the LTF agenda item itself under the COP. The differences came to light in relation to a draft text presented to Parties by the co-facilitators of the agenda item.

For example, while the developing countries wanted to “take note” of the continued efforts of developed countries towards reaching the goal of mobilizing jointly USD 100 billion per year by 2020, developed countries such as **Australia** and **Switzerland** wanted

to “welcome” the continued efforts, even when the goal has not been met.

Then, in relation to a paragraph that urged developed countries to continue to provide climate finance towards achieving the USD 100 billion goal as soon as possible, developing countries proposed retaining “as soon as possible” since the agreed timeline by 2020 was overdue, developed countries such as the **United States (US)** said the final data for 2020 was not yet available and therefore the phrase “as soon as possible” was inappropriate.

On adaptation finance, the draft decision text contained language on the need for “doubling adaptation finance, including from public and grant-based resources on top of mitigation finance...” The **European Union (EU)**, **Canada** and the **US** proposed deleting the doubling reference in the text. The US further said that honing “grant-based” resources would be “bad for everyone”.

In response, **Belize** for the **Alliance of Small Island States (AOSIS)** said adaptation gets maybe 20-25 per cent share of the total climate finance and there is a significant gap. Referring to the World Leaders Summit held during the start of the Glasgow talks, it said that “Every single leader’s statement from the developed world mentioned scaling up adaptation finance. It is shocking to hear the EU, US, Canada suggest deleting a phrase where we want the adaptation finance trajectory to reach.” Other developing countries supported Belize in retaining the reference to doubling adaptation finance. **Bangladesh** further proposed that the language should read “at least doubling adaptation finance”.

In relation to the definition of climate finance, the proposals in the draft decision text included drawing attention to the lack of a multilaterally agreed definition of climate finance and acknowledging its importance for clarity and accountability of financial flows from developed to developing countries; requesting the SCF to do further work on the definition of climate finance; and stressing that climate finance shall include certain elements (the elements included: “resources must be new and additional”;

“resources shall be climate-specific”; and “resources shall be grant, concessional loans and guarantees/ other instruments that ensure concessional finance”).

The **US** proposed alternative language: “Takes note of the definitions of climate finance provided by Parties in their NDCs, NATCOMs (national communications), BRs (biennial reports) and BURs (biennial update reports) and encourages Parties to enhance clarity and transparency of their definitions to facilitate greater understanding and harmonisation over time”.

The **G77 and China sub-groups** proposed sticking to the proposals in the draft text and stressed on the need for a “multilaterally” agreed definition rather than on how each Party defined climate finance and said the rationale for their call is the lack of accountability to determine what is climate finance without such a definition. However, the developed countries continued to be opposed to a common climate finance definition. Further, the **EU, the US, Japan** said that the issues should be discussed in the agenda item on the SCF matters rather than discussing them under the LTF.

In relation to the continuation of the LTF agenda under the COP, two options were presented. One was to continue discussions with a proposal to “establish a measurement and tracking platform...with the objective of tracking progress and fulfilment of the goal of mobilizing jointly USD 100 billion per year by 2020 under the Convention, including the preparation of an official synthesis report on the delivery of this goal...in 2022...as well as annual UNFCCC synthesis reports that assess the delivery of this goal from 2020–2025, and which constitute inputs to the global stocktakes in 2023 and 2028”.

The developing countries’ preference was for the LTF to continue, but developed countries led by **Switzerland** preferred the second option that the deliberations on LTF had ended in 2020.

The co-facilitators are expected to issue a fresh iteration of the draft text and consultations are to continue on 10 Nov.

## MATTERS RELATED TO THE STANDING COMMITTEE ON FINANCE (SCF)

A key divergence was in relation to whether to mandate work to the SCF on the operational definition of climate finance. The paragraph concerned read: “Underlines that the lack of a universal climate finance definition represents an outstanding challenge for the provision and mobilization of climate finance and requests the Standing Committee on Finance to continue its technical work on operational definitions of climate finance...”

(According to a Decision 11/CP.25 adopted in Madrid in COP 25, the COP had underscored “the important contribution of the SCF in relation to the operational definitions of climate finance,” and invited Parties to submit...their views on the operational definitions of climate finance for consideration by the SCF in order to enhance its technical work on this matter in the context of preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows. Following the submissions, the SCF included a section on the definition issues in its 2020 Biennial Assessment and Overview of Climate Finance Flows. At the latest SCF meeting held in Oct 2021, developing countries had called for COP recommendations to the SCF to continue work on the definition of climate finance. However, developed countries did not agree, and the recommendations of BA 2020 could not be adopted. See related [update](#).)

During the discussions on the SCF, the **Africa Group**, the **LMDC** and the **Least Developed Countries (LDCs)** stressed the need for the SCF to continue its work on the definition and spoke about its importance for accounting and measuring what really is climate finance. However, **Canada**, the **US** and the **EU** did not agree to give any mandate to the SCF to work on the definition.

The co-facilitators are expected to share another iteration of the draft text on 10 Nov.

## NEW COLLECTIVE QUANTIFIED GOAL

In relation to the collective goal, key divergences included the organisation of work; whether the deliberations should reflect a quantum mobilisation tar-

get; and the timeline to complete deliberations on the goal. Other issues such as who the providers and the recipients of the goal should be, raised by **Australia, US and Switzerland** led to a sharp counter by developing countries during the discussions. They said that it is clear in the PA that developed countries will provide and mobilise support and developing countries will receive such support.

On the organisation of work, three options were presented in the draft text. One was an ad hoc committee including its terms of reference; second one was an ad hoc working group with its terms of reference; and the third option was workshops in 2022, 2023 and 2024.

(The ad hoc committee's terms of reference included having two Co-Chairs, with members from UN regional groupings and work being initiated in 2022 and the committee submitting its first report to the CMA in 2022, among other details. The ad hoc working group's terms of reference (ToRs) included having two Co-Chairs with the first meeting to be convened in March 2022 and holding two physical meetings a year in addition to meetings in parallel with the subsidiary bodies of the Convention, among other details.)

The **Africa Group, LMDC** and the **LDCs** were in favour of the ad hoc committee, while being flexible to discuss the ad hoc working group provided the ad hoc working group laid down a clear process. The **Independent Alliance of Latin America** and the Caribbean (AILAC)'s preference was for the ad hoc working group and they said the committee would not be inclusive and for them the third option of workshops was "not even an option for negotiations." The **Alliance of Small Island States (AOSIS)** preferred the ad hoc working group, but with adjustments to the ToRs. **ABU (Argentina, Brazil and Uruguay)** preferred the ad hoc committee but with changes to the ToRs.

The **EU, Switzerland, Japan and Australia**, however, expressed their preference for workshops under option 3 as the means to organise work on the collective goal. Australia though added that these workshops would not be a two-hour workshops twice a year, and

these will have to be designed in a manner that gets "political steer" from the CMA (Conference of Parties to the PA).

On whether the deliberations should reflect a quantum mobilisation target, there were three options presented in the draft text. The first option reflected setting a new collective quantified goal from a floor of USD 100 billion per year; the second option stated "an ambitious figure...that includes the quantity, quality, and access features and targets of the goal as well as the transparency arrangements"; the third option stated that "deliberations on the quantum mobilization target should start from range of a commitment by developed countries to mobilize jointly at least USD 1.3 trillion per year by 2030, of which 50% for mitigation and 50% for adaptation and a significant percentage on grant basis from a floor of USD 100 billion, taking into account the needs and priorities of developing countries".

The **Africa Group, LMDC**, and the **LDCs** had a clear preference for the third option with a quantified number. **AILAC** and **AOSIS** preferred option 2, while the **EU, Switzerland, the US, Japan and Australia** were in favour of option 1. According to them, the third option "prejudged" negotiations on the matter.

On the timeline, the draft decision proposed concluding the deliberations in either 2023 or 2024. The **Africa Group, LMDC, AOSIS and LDCs'** preference was 2023, while the **EU, Switzerland, US, Japan and Australia's** preference was to conclude deliberations in 2024.

The **Africa Group** and **LMDC** highlighted the need to conclude deliberations early on since it would have a bearing on the second round of submission of Parties' NDCs (in 2025). However, the developed countries approach was that a lot of deliberations were needed, including on providers of finance for the goal, and there was no need to rush to conclude deliberations in 2023.

Parties are expected to engage further on 10 Nov to find resolutions on the key divergences.



## BIENNIAL COMMUNICATIONS OF INFORMATION RELATED TO ARTICLE 9(5) OF THE PA

Key divergences that arose included language on the preamble of the draft decision text proposed; highlighting concerns around missing elements from the first biennial communications of developed countries and calling on developed countries to improve information in certain specific areas; developed countries' calls to developing countries to submit biennial communications; and possible guiding topics for biennial in-session workshop in 2023.

(Article 9.5 mandates developed countries to biennially communicate indicative quantitative and qualitative information on the provision and mobilization of projected levels of public financial resources to be provided to developing countries. The first biennial in-session workshop on the biennial communication of information in this regard was organized in June this year, following which the Secretariat released a summary report. During the workshop, participants shared views on the information included in the first biennial communications and discussed how to improve the predictability and clarity of information on financial support for implementing the Paris Agreement. Developing countries had expressed then that the information provided by developed countries were still not adequate enough to enable them in their climate action plans.)

In relation to the preamble, **the European Union** proposed deleting language in the pertaining to underlining the importance of Article 9 of the PA and "recalling the obligation to provide new and additional financial resources taking into account the need for adequacy and predictability in the flow of funds." **Argentina, Brazil and Uruguay (ABU)** and the **LMDC** objected to the EU's proposal stating these were important for clarity and they set the context.

Another paragraph that proved contentious, read: "Recognizes with concern that not all developed countries provided the types of information in accordance with Article 9.5 and decision 12/CMA.1 as specified in the annex."

The **EU** proposed rewording the paragraph to read "Recognizes with concern that not all developed

countries provided on time." It said it did not understand what "types of information" referred to in the paragraph. **Australia** supported the EU and added that not all the types of information listed in the annex of Decision 12/CMA.1 were mandatory.

The **LMDC** and **ABU** objected to the EU's proposal and stressed that mentioning types of information is relevant since the aim is to have as much granular and clear information which the first round of biennial communications by the developed countries did not provide.

Another related paragraph called on the "developed countries to include all types of information specified in the annex to decision 12/CMA.1 in preparing their second biennial communications in 2022", "including on quantitative and qualitative information on programmes, including projected levels, channels and instruments"; "indication of new and additional resources to be provided, and how it determines such resources as being new and additional"; and "relevant methodologies and assumptions used to project levels of climate finance".

Developed countries, however, were reluctant to engage on the paragraph. Their rationale was that the communication of information in the annex was "as applicable" and "as available" and therefore they did not see the point of listing out selective elements from the annex.

Developing countries, however, stressed the need for such information from developed countries for clarity and granularity. The **Africa Group** spoke about the importance of progression in Article 9 and said subsequent rounds of developed country communications must reflect this progression and this must be captured in the decision.

Another paragraph that became contentious read: "Notes that no submissions of such biennial communications have been made by other Parties providing resources and encourages other Parties providing resources to also communicate biennially indicative quantitative and qualitative information related to Article 9.1 and 9.3, of the PA, as applicable, on a voluntary basis".

The **US** said that this was a critical paragraph and instead of 'Notes,' to state 'Notes with concern.' The **LMDC**, **ABU** and **China** objected to the inclusion of the paragraph.

**India** for the **LMDC** said they could not understand the logic that developed countries preferred not to address the types of information that they did not submit, and yet they were pushing for noting with concern about information that is purely voluntary. "This is against the principle of common but differentiated responsibilities," it said.

Another contentious paragraph was in relation to the biennial in-session workshops in 2023, with possible guiding topics for discussions. The topics included how grant-based resources for adaptation were being taking into account; information on types of finan-

cial instruments to mobilize and provide resources; how channels that will be used to mobilize and provide resources, among others.

**Canada**, **US**, **Australia**, **EU** and **Switzerland** did not agree with retaining the paragraph and they said that since the workshop would be held in 2023, Parties could look at the topics next year. Developing countries, however, were in favour of retaining the paragraph, including the possible topics for the workshop.

Following the discussions, the co-facilitators said they would issue another iteration of the draft text on 10 Nov. and discussions will continue. Whether and how compromises will be reached will be watched closely, as the clock ticks away.