

## COP 20 adopts decisions on finance, loss and damage mechanism and other issues

Kuala Lumpur, 19 Dec (Hilary Chiew) – Decisions of the 20<sup>th</sup> Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC) were adopted in three separate plenary sessions.

The bulk of the decisions were adopted in the morning of 12 Dec. and decisions on finance matters and the ‘Lima Ministerial Declaration on Education and Awareness-raising’ were adopted in the late afternoon of 13 Dec., while the decision on the Durban Platform were adopted around 1:30am on 14 Dec.

Several agenda items that could not reach agreement were deferred for further consideration next year and as such, would be included in the provisional agenda of the next COP. These items are the two proposals by Parties to amend the Convention and the linkages between Technological Mechanism and the Financial Mechanism of the Convention.

Among the major decisions adopted were as follows:

### *Matters relating to finance*

Five finance items were discussed at COP 20 and they proved to be highly contentious. As the contact group established by the COP continued to work during the first and second week, the COP President appointed two ministers to also help in the process during the final days of the meeting. The ministers were South African Minister of Water and Environment Affairs Edna Molewa and UK Secretary of State for Energy and Climate Change, Ed Davey to assist in consultation.

The agenda items were long-term finance, report of the Standing Committee on Finance (SCF), report of the Green Climate Fund (GCF), report of the

Global Environment Facility (GEF) and the 5<sup>th</sup> review of the Financial Mechanism.

Parties only managed to conclude their work on Saturday 13 Dec. and the decisions were adopted at the plenary at 5pm. Overall, Parties could not agree on a clear roadmap on scaling up finance in the pre-2020 period and on the definition of ‘climate finance’.

### *Long-term finance*

On long-term finance, the key outcome of Lima is from paragraphs 9 to 14 of the decision which reads as follow:

“Paragraph 9: *Recognizes* that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries;

Paragraph 10: *Requests* developed country Parties, in preparing their next round of updated biennial submissions on strategies and approaches for scaling up climate finance for the period 2016–2020, to enhance the available quantitative and qualitative elements of a pathway, placing greater emphasis on transparency and predictability of financial flows, as per decision 3/CP.19, paragraph 10;

Paragraph 11: *Also requests* the secretariat to prepare a compilation and synthesis of the biennial submissions on the strategies and approaches, to inform the in-session workshops;

Paragraph 12: *Further requests* the secretariat to organize annual in-session workshops through to 2020 and to prepare a summary report of the workshops for annual consideration by the

Conference of the Parties and the high-level ministerial dialogue on climate finance;

Paragraph 13: *Decides* that the in-session workshops referred in paragraph 12 above will, in 2015 and 2016, focus on the issues of adaptation finance, needs for support to developing country Parties and cooperation on enhanced enabling environments and support for readiness activities in accordance with decision 3/CP.19, paragraph 12;

Paragraph 14: *Invites* the thematic bodies under the Convention, in particular the Standing Committee on Finance, the Adaptation Committee and the Technology Executive Committee, where appropriate, to consider the long-term finance issues referred in decision 3/CP.19, paragraph 12 when implementing their 2015–2016 workplans, as an input to the in-session workshops referred to in paragraph 12 above.”

### *Standing Committee on Finance*

On the SCF, the decision in paragraph 7, Parties “noted with appreciation the 2014 Report on biennial assessment and overview of climate finance flows.”

In paragraph 8, it invited “the relevant bodies under the Convention to take note of the summary and recommendations by the SCF on the 2014 biennial assessment and overview of climate finance flows.”

In paragraph 9, it requested “relevant technical bodies to consider the recommendations contained in the report of the 2014 biennial assessment and overview of climate finance flows as part of their ongoing deliberations related to climate finance”.

It also requested in paragraph 10 for the SCF, “as part of its ongoing work on measurement, reporting and verification (MRV) of support, and with a view to recommending improvements to the methodologies for reporting financial information, to consider the findings and recommendations of the biennial assessment in its annual report to the Conference of the Parties for its consideration at its twenty-first session (November–December 2015).”

In paragraph 11, it further requested the SCF, “in the context of its ongoing work, including the preparation of the biennial assessment and overview of climate finance flows, to further explore how it can enhance its work on the MRV of support, based

on best available information on the mobilization of various resources, including private and alternative resources, through public interventions.”

### *COP Guidance to the GCF*

In considering the report of the GCF to the COP, the COP in its decision, gave guidance to the GCF. In paragraph 3, it welcomed “with appreciation the successful and timely initial resource mobilisation (IRM) process of the GCF that led to the mobilisation of US\$10.2bil to date by contributing Parties, enabling the GCF to start its activities in supporting developing country Parties of the Convention, and making it the largest dedicated climate.”

In paragraph 4, it requested “the GCF to ensure that the ongoing resource mobilization efforts are commensurate with the ambitions of the Fund, and *calls* for contributions by other developed country Parties, as well as *invites* financial inputs from a variety of other sources, public and private, including alternative sources,<sup>5</sup> throughout the initial resource mobilization process.”

Paragraph 5 of the decision urged “the GCF, the Interim Trustee, and contributors to confirm the pledges in the form of fully executed contribution agreements/arrangements, taking note that the commitment authority of the GCF will become effective when 50 per cent of the contributions pledged by the November 2014 pledging session are reflected in fully executed contribution agreements/arrangements received by the secretariat no later than 30 April 2015 as provided for in GCF Board decision B.08/13, annex XIX, paragraph 1(c).”

Paragraph 7 welcomed “the GCF Board decision B.08/07 to start taking decisions on the approval of projects and programmes no later than its 3rd meeting in 2015.”

Paragraph 8 requested “the Board of the GCF to accelerate the operationalisation of the adaptation and mitigation windows, and to ensure adequate resources for capacity-building and technology development and transfer, consistent with paragraph 38 of the Governing Instrument.”

In paragraph 9, the decision also requested “the Board of the GCF to accelerate the operationalisation of the private sector facility by

aiming to ensure that private sector entities and public entities with relevant experience in working with the private sector are accredited in 2015, expediting action to engage local private sector actors in developing country Parties, including small- and medium-sized enterprises in the least developed countries, small island developing States and African States, emphasizing a country-driven approach, expediting action to mobilize resources at scale, and developing a strategic approach to engaging with the private sector.”

In paragraph 10 the decision further requested the Board of the Green Climate Fund, in the implementation of its 2015 workplan, to complete its work related to policies and procedures to accept financial inputs from non-public and alternative sources, the investment and risk management frameworks of the Green Climate Fund, the impact analysis on its initial results areas, including options for determining Board level investment portfolios across the structure of the Fund,<sup>7</sup> and the approval process of the Fund, including methodologies for selecting programmes and projects that best achieve the objectives of the Fund

The decision in paragraph 11 requested the Board of the GCF to consider ways by which to further increase the transparency of its proceedings;

It also requested the Board of the GCF in paragraph 12, “to accelerate the implementation of its work programme on readiness and preparatory support, ensuring that adequate resources are provided for its execution, including from the initial resource mobilization process, providing urgent support to developing countries, in particular the least developed countries, small island developing States and African States, led by their national designated authorities or focal points to build institutional capacities in accordance with Green Climate Fund Board decision B.08/11.”

It also encouraged, in paragraph 13, “the timely implementation of the accreditation framework and *requests* the Board of the Green Climate Fund, in its implementation, to pay adequate attention to the priorities and needs of developing country Parties, including the least developed countries, small island developing States and African States, emphasizing the need to provide readiness support to those

national and regional entities eligible for fast-tracking that request it.”

In paragraph 14, it invited “developing country Parties to expedite the nomination of their national designated authorities and focal points as soon as possible, as well as the selection of their national and subnational implementing entities, to facilitate their engagement with the GCF.”

### *Guidance to the GEF*

In considering the report of the GEF, the COP gave guidance to the GEF as follows.

It noted in its paragraph 2 that “the amount of funding available for the climate change focal area was reduced in the sixth replenishment period of the Global Environment Facility and that the country allocation of some countries, including some least developed countries, small island developing States, and African States has decreased as a consequence, while highlighting that funding for climate change related interventions at the Global Environment Facility has continued to increase with pilot integrated approaches.”

In its paragraph 5, it encouraged the GEF “to continue to cooperate with all its implementing and project agencies as well as recipient countries in order to improve its project cycle, taking into account the report of the fifth overall performance study of the GEF and the recommendations contained therein.”

In paragraph 6, it also encouraged the GEF “to continue to increase the overall transparency and openness of its operations, particularly with regard to the disclosure of information on the status of the implementation of projects and programmes, the project-level accountability of its implementing agencies and with respect to the timely disbursement of funds as well as the advice provided to countries on co-financing.”

Paragraph 9 of the report took note “of the policy on co-financing of the GEF and the concerns regarding the implementation of this policy as raised by some Parties” while paragraph 10 encouraged the GEF “to improve the communication of its co-financing policy so that it is better understood, and appropriately applied by accredited project agencies and the implementing agencies of the Global Environment Facility, while acknowledging the

potential impacts of this policy on developing country Parties, in particular the least developed countries, small island developing States, and African States.”

Paragraph 11 encouraged the GEF “to finalise the accreditation of project agencies and to share, in its next report to the Conference of the Parties, lessons learned and progress made in its pilot accreditation of project agencies, particularly in the least developed countries, small island developing States and African States.”

Paragraph 12 requested the GEF “to continue to work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which Parties not included in Annex I to the Convention receive funding to meet their obligations under Article 12, paragraph 1, of the Convention.”

#### *Fifth Review of the Financial Mechanism*

The operating entities of the Financial Mechanism of the Convention are the GEF and the GCF.

The COP decision noted that the “fifth review of the Financial Mechanism focused on the GEF owing to the fact that the GCF is still developing its operations and that therefore it was premature to review many aspects of the Green Climate Fund.”

The decision in paragraph 1 welcomed with appreciation “the expert input to the fifth review of the Financial Mechanism provided by the SCF, contained in the technical paper referred to in paragraph 3 below.”

In paragraph 2, it also encouraged “the SCF to build on the same methodology and criteria in future reviews of the Financial Mechanism.”

In paragraph 3, it acknowledged the executive summary of the technical paper on the fifth review, as contained in the annex, including the conclusions and recommendations made by the SCF.”

The decision in paragraph 4 encouraged “the operating entities of the Financial Mechanism to address, as appropriate, these recommendations in their future work, particularly with regard to the complementarity between the operating entities of the Financial Mechanism.”

The decision recognised in paragraph 5, “the general positive assessment of the performance of the GEF” but in paragraph 6, it noted, however, “that the least developed countries and small island developing States still experience challenges in accessing the resources from the GEF.”

In paragraph 7, the COP decided “to consider the timing of guidance provided by the COP to the operating entities of the Financial Mechanism, especially that guidance which has resource implications vis-à-vis the replenishment cycles of the operating entities of the Financial Mechanism, in order to ensure that key guidance is fully considered in the programming strategies and policy recommendations associated with each replenishment period.”

#### *Warsaw International Mechanism for Loss and Damage*

After days of wrangling over the composition and governance of the permanent executive committee (ExCom), Parties reached agreement on 10 December after the draft decision was transmitted to the COP for further consultation upon closing of the SB41 session.

The COP decision in paragraph 5, agreed that the ExCom shall be composed of the following:

- “(a) Ten members from Parties included in Annex I to the Convention (Annex I Parties);
- (b) Ten members from Parties not included in Annex I to the Convention (non-Annex I Parties), comprising two members each from the African, Asia-Pacific, and the Latin American and Caribbean States, one member from Small Island Developing States, one member from Least Developed Country Parties, and two additional members from non-Annex I Parties.”

Paragraph 6 encourages “Parties to nominate to the Executive Committee experts with the diversity of experience and knowledge relevant to loss and damage associated with climate change impacts.”

In paragraph 7, it is also decided that “members shall serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms of office, and that the following rules shall apply:

- (a) Half of the members shall be elected initially for a term of three years and half of the members shall be elected for a term of two years;
- (b) Thereafter, the Conference of the Parties shall elect members for a term of two years;
- (c) The members shall remain in office until their successors have been elected.”

It is further decided in paragraph 8 that “the ExCom may establish expert groups, subcommittees, panels, thematic advisory groups or task-focused ad hoc working groups, to help execute the work of the ExCom in guiding the implementation of the Warsaw International Mechanism, as appropriate, in an advisory role, and that report to the ExCom.”

In paragraph 12, it is decided that “the ExCom shall meet at least twice per year, while retaining its flexibility to adjust the number of meetings, as appropriate while in paragraph 13, it is decided that the ExCom shall convene its first meeting as soon as practical following the election of its members commencing at the twentieth session of the Conference of the Parties but no later than March 2015, and at its first meeting shall adopt its rules of procedure and begin implementing its workplan.”

#### ***Forum and work programme on the impact of implementation of response measures***

On 12 Dec., the COP decided to forward the text of a draft decision containing a four-page annex for consideration by the Subsidiary Bodies at their 42<sup>nd</sup> session in June 2015 with a view to recommending a draft decision on this matter for adoption by COP21 (in Paris next year).

The heavily-bracketed annex was the draft decision that Parties arrived at on 6 Dec. after the joint agenda item of the 41<sup>st</sup> session of the Subsidiary Body of Implementation (SBI41) and the 41<sup>st</sup> session of the Subsidiary Body of Scientific and Technological Advice (SBSTA41) agreed to transmit the matter to the COP, having failed to reach a conclusion on the matter.

At the closing of the SB41 at the end of the first week of the climate talks, COP20 President Manuel Pulgar-Vidal instructed the SBI and SBSTA Chairs to conduct informal consultations under his authority to move the issue forward. Four informal

consultations were undertaken during the second week.

In the final stock-take plenary on 11 Dec. at 6pm, SBI Chair, Amena Yauvoli (Fiji) who had personally chaired the last informal consultation on this matter earlier in the morning, conceded that despite the efforts and hard work of all Parties, there was no agreement on the most sticky issue regarding institutional arrangements to address the impact of the implementation of response measures. Parties did agree to a continuation of deliberations based on the annex at the next SBs session.

At the final informal consultation which was also attended by several heads of delegations, Parties tried to break the deadlock and focused on the contentious paragraph 6 which reads:

*“Requests the subsidiary bodies to review at their [forty-fifth] sessions the work of the forum, including the need for its continuation, [or propose other future institutional arrangements] with a view to providing recommendations to the Conference of the Parties at its [twenty-second session (November-December 2016);]”*

Last year, the COP19 in Warsaw also could not adopt a decision on this issue and it remains a highly-contentious subject deliberated as a joint agenda item of SB40 in June and SB41 in Lima.

(A separate article on this agenda item will follow soon.)

#### ***Development and transfer of technology and implementation of the Technology Mechanism***

Parties adopted the joint annual reports of the Technology Executive Committee (TEC) and the Climate Technology Centre and Network (CTCN) for 2013 and 2014 respectively.

[At COP19 in Warsaw, the 2013 annual report could not be adopted as developed countries were opposed to the TEC having an observer status at the World Intellectual Property (IWPO) and the World Trade Organisation (WTO)].

The impasse was resolved at SB40 in June this year in Bonn. The decision is contained in the annex of *FCCC/SB/2013/1* where the desire of developing countries of having observer status in the two international organisations outside of the Convention was not granted.

On the agenda item on linkages between Technology Mechanism and Financial Mechanism, no decision could be taken.

In its intervention at the COP plenary on 12 Dec., **China**, speaking for the **G77/China** regretted that no decision could be adopted although Parties were closed to getting an agreement. It welcomed the recommendations from the TEC on this matter, noting that the linkage is a key element for the implementation of the Convention where the end goal is to develop and use climate technologies to help developing countries to implement climate actions.

It further said as mandated by paragraph 62 of decision 1/CP.18 (in Doha), the two years' effort was highly appreciated and a clear link between the mechanisms need to be established here in Lima including the creation of a funding window under the Green Climate Fund (GCF).

It also noted that the requests of developing countries during the deliberation of the matter were within the mandate but were not acceptable to developed countries although China and other developing countries had exhibited flexibility in accommodating the various concerns.

"It is, therefore, regrettable that the matter will have to wait for another year for the chance to discuss this issue and it remains unclear how much longer will it need before the issue of technology development and transfer will enjoy the support of the Financial Mechanism," it concluded.

### *The Lima Ministerial Declaration on Education and Awareness-raising*

The COP also adopted a decision entitled 'The Lima Ministerial Declaration on Education and Awareness-raising'.

Through this decision, Ministers and Heads of Delegation recognised "that education, including formal, non-formal and informal education, and public awareness programmes should promote the attitudes and behaviour needed to prepare our societies to adapt to the impacts of climate change."

The decision in paragraph 1 stressed "that education, training, public awareness, public participation, public access to information,

knowledge and international cooperation play a fundamental role in meeting the ultimate objective of the Convention and in promoting climate-resilient sustainable development."

In paragraph 2, Parties reaffirmed their "commitment to promote and facilitate, at the national and, as appropriate, at sub-regional and regional levels, and in accordance with national laws and regulations, and within the respective capacities, the development and implementation of educational and public awareness programmes on climate change and its effects, of public access to information on climate change and its effects and of public participation in addressing climate change."

In paragraph 3, governments were encouraged "to develop education strategies that incorporate the issue of climate change in curricula and to include awareness-raising on climate change in the design and implementation of national development and climate change strategies and policies in line with their national priorities and competencies".

Paragraph 4 urged "all Parties to give increased attention, as appropriate, to education, training, public awareness, public participation and public access to information on climate change."

Paragraph 6 expressed the "resolve to cooperate and engage through multilateral, bilateral and regional complementary initiatives that aim to raise awareness and enhance education on

climate change and its impacts, opportunities and co-benefits."

### *Other decisions*

In noting that "gender-responsive climate policy still requires further strengthening in all activities related to adaptation and mitigation as well as decision-making on the implementation of climate policies", the COP also adopted the 'Lima work programme on gender' with a two-year work programme for promoting gender balance and achieving gender-responsive climate policy including effective participation of women in the bodies established under the Convention.

Parties were also informed that Morocco offered to host COP22 from 7 to 18 November in 2016.

*Edited by Meena Raman*