

Draft texts in brackets submitted for further negotiations

14 Nov, Sharm el-Sheikh (Prerna Bomzan/Hilary Kung/Meena Raman): After intense negotiations extending into late hours in the first week of the climate talks that began on 6 Nov, the UNFCCC Subsidiary (SBs) Bodies closed on 12 Nov, with agreement to transmit draft negotiating texts on the key issues in 'brackets' for further work and consideration in the second week, under the helm of the Egyptian Presidency.

The draft texts in brackets reflect a lack of consensus among Parties and negotiations will continue this week, with the hope that consensus can be reached by 18 Nov, when the talks are to end. The different agenda items are being considered under the ongoing 27th meeting of the Conference of Parties to the UNFCCC (COP27), the 17th meeting of the Parties to the Kyoto Protocol (CMP 17) and the 4th meeting of the Parties to the Paris Agreement (CMA 4).

An informal stocktaking plenary has been called by the COP 27 President on Monday 14 Nov, and is expected to outline the mode of work for the final second week, which is expected to see negotiators continuing to find compromises, while leaving the outstanding political issues to be dealt with by ministerial led consultations.

An overarching highly contentious issue across all relevant agenda items is the issue of climate finance, which is expected to be resolved only at

the political level with the engagement of ministers, which includes the most watched issue of loss and damage finance.

This update presents highlights of some of the key sticky issues in 'brackets', in the areas of climate finance, mitigation, adaptation, loss and damage and Article 6 of the Paris Agreement (PA) dealing with cooperative approaches which includes the use of market & non-market mechanisms.

MATTERS RELATING TO FINANCE

Almost all of the agenda items remain unresolved pertaining to long-term climate finance (LTF), the Adaptation Fund (AF), the Standing Committee on Finance (SCF), the Green Climate Fund (GCF), the Global Environment Facility (GEF), the seventh review of the Financial Mechanism, the new collective quantified goal on finance (NCQG) and the funding arrangements responding to loss and damage associated with the adverse effects of climate change.

Loss and damage finance

The most contentious key issue is the funding arrangements for loss and damage which was conducted in 'informal-informal' sessions as well during the first week. On 12 November at

the informal consultations, **South Africa** for the **Africa Group** did not support the proposal by the **United States (US)** to include the “understanding” in the decision text which was read out by the **Egyptian Presidency** before the adoption of the agenda item on funding arrangements for loss and damage. ([See TWN Update 2](#)). (The US was referring to what was read by the COP President prior to the adoption of the agenda item viz. *“It is understood that: The outcomes of this agenda item are based on cooperation and facilitation and do not involve liability or compensation; this agenda item includes the Glasgow Dialogue”* [which are general discussions on loss and damage]; and *“the agenda item will launch a process with a view to adopting a conclusive decision no later than 2024”*).

The African Group reiterated its stand on agreeing on the “form” of the funding arrangements before delving into the “process” stressing that whatever final decision taken should focus on a “rapid” response, elaborating that existing mechanisms such as the AF, the GEF and the GCF have their own programmatic and Board cycles which is bound by time.

The other issue was the reopening of agreed decisions, for instance, in the case of the GCF which does not allow space for a new window (as existing windows for funding are mitigation and adaptation), said the **African Group**, adding that the only “appropriate avenue” to take a decision on the issue is to establish an “ad hoc committee” to arrive to a “consensus” at COP 28 next year. This call was echoed by **Senegal** for the **Least Developed Countries (LDCs)**, **Antigua and Barbuda** for the **Alliance of Small Island States (AOSIS)** and **Colombia** for the **Independent Alliance of Latin American and the Caribbean nations (AILAC)** while the **European Union (EU)** said that it would consider the suggestion.

Co-facilitator **Ursula Fuentes (Germany)** at the closing of the consultations informed that a list of “elements” would be provided to Parties to structure the next discussion based on views heard from groups and Parties so far to which **AOSIS**, **LDCs** and **Pakistan** for **G77 and China** sought clarity on why there had been no opening contact group on this important agenda item. **AOSIS** said that a clarification is needed from the

Presidency on why the mandate has been only for informal consultations as a mode of work which was backed by **G77 and China**, to which **Fuentes** responded that a decision text can still be worked under the current mode of work and the co-facilitators would clarify with the Presidency and provide information if they receive further guidance. The next informal consultation will be held on Monday 14 Nov.

Article 2.1(c) of the Paris Agreement

A key difficult issue relates to the work of the SCF on Article 2.1c of the PA. (Article 2.1 (c) states as follows: *“Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”*).

Paragraph 29 of the draft text of 12 Nov reads *“decides”* to establish a work programme on the implementation of Article 2.1c to which the **G77 and China** expressed strong concerns. In addition, the “welcoming” of the “mapping” of information relevant to Article 2.1c was objected to by **Saudi Arabia** for the **Arab Group**. **South Africa** for the **Africa Group** elaborated how the narrative around Article 2.1c by developed countries is “restrictive” and is used by developed countries to block access to funds, citing the experience of one of its own development banks at the GCF. **Pakistan** also echoed this sentiment, stating that it is being used in a number of ways to create conditions or limitations, for example in the GCF, when developing countries want to pursue their development objectives and it asked its intervention to be put on record in this regard.

Long-term finance (LTF)

In relation to LTF, the co-chairs of the informal consultations produced a wordy 99-paragraph first iteration of the draft text on 12 Nov, which was requested by a majority of the groups to be streamlined for the next iteration.

On the delivery of the USD 100 billion goal, **Ecuador** for **G77 and China** expressed several concerns over the critical dilution in language from “developed” countries to “donors” stating that climate finance is a commitment and not a donation by developed countries. There was also

opposition by developing countries on the mention of the Climate Finance Delivery Plan (initiated by Germany and Canada in Glasgow at COP 26 for the USD 100 billion), which is outside of the UNFCCC.

Developing countries especially the **Like-Minded Developing Countries (LMDC)**, **China**, and **Cook Islands** for the **Alliance of Small Island States (AOSIS)** also expressed their frustration over the long-standing calls for a common definition of climate finance which hinders the tracking of progress of the USD 100bn goal and often results in double counting. Most developing country groups called for an annual progress report on the USD 100 billion goal which was not supported by the **US**.

Fourth review of the Adaptation Fund

On the fourth review of the AF, there was a protracted spat between the **Africa Group** particular and the **US**, over the latter's participation in the informal consultations (given that the US and Canada are not Parties to the KP, which is a fund under the Protocol).

The **US** persistently wanted to include the reference to the 'CMA' (as the AF is also to serve the PA) in the next fifth review of the AF, despite the fact that the AF's authority is currently only under the CMP.

Additionally, **South Africa** reminded that being a non-Party to the KP and with its observer status at the CMP, the US did not enjoy the right to make any textual amendments in the final decision-making to which the **US** contested, saying that the AF is in transition and will soon exclusively serve the AF. The UNFCCC legal counsel was called to solve the deadlock and after it provided an opinion against the US participation in the process, the US representative protested in being treated wrongly and walked out of the room.

MITIGATION WORK PROGRAMME

The draft text of 11 Nov includes options on the scope and duration of the work programme, as well as on who would be responsible in carrying out the programme among others.

In relation to the scope of the work programme, there are two options. Option 1 refers to 51 thematic areas contained in an annex of the draft text that includes "fair and equitable distribution of the remaining carbon budget in line with the principles of equity and of common but differentiated responsibilities (CBDR), including significant net negative emissions by developed countries before and after 2030", "definitions of sectoral benchmarks and targets", "phase down of unabated coal power and phase-out of inefficient fossil fuel subsidies", "just transitions towards net zero emissions and towards low-emission, climate-resilient development", "economic diversification as a mitigation enabler and pathway to sustainable development", "provision of finance, technology and capacity-building support to developing countries for implementing NDCs", etc.

Option 2 contains a smaller list of themes among others the following: "based on broad thematic areas relevant to urgently scaling up mitigation ambition and implementation in this critical decade... just transitions including just transitions framework towards low-emission and climate resilient development in the context of achieving sustainable development]; technologies and finance [flows][support] for enhancing mitigation ambition and implementation...".

Setting sectoral targets is being opposed by several developing country groups including the **Like-Minded Developing Countries (LMDC)**, the **Arab Group**, and **Argentina, Brazil, Uruguay (ABU)**, who argue that the NDCs of Parties are nationally determined.

In relation to the duration of the work programme, there are three options: Option 1 is until CMA 5 (Nov 2023), option 2 is until CMA 6 (Nov 2024) and option 3 is until CMA 12 (Nov 2030) or "until the global emissions trajectories required to achieve the long-term temperature goal set out in the PA have been achieved".

As regards how the work programme is to be conducted, there are three options: Option 1 contains the SBs, option 2 contains a committee consisting of Party representatives and technical experts, and option 3 contains a proposal by **Bolivia** for a "Sharm el-Sheikh interactive

dialogue on the worldviews of ancestral and millenary societies on halting the climate collapse and restoring the balance with Mother Earth...with a focus on cosmo-biocentric approaches to addressing the climate crisis, to inform the global stocktake...”.

GLOBAL GOAL ON ADAPTATION

On the framework for achieving the global goal on adaptation (GGA) firmly called by developing countries as a substantive outcome, option 1 captures the proposal by the **G77/China** detailing the elements, namely; areas, sectors, cross-cutting considerations, principles and sources of information and inputs, as well as the high-level global indicators and targets ([See TWN Update 7](#)). Option 2 contains “no text on framework”, which is the option proposed by some developed countries.

It is to be noted that during the informal consultations in the first week, conference room papers (CRPs) were submitted by **Zambia** for the **Africa Group**, **Saudi Arabia** for **LMDC**, **Argentina** for **Argentina, Brazil, Uruguay (ABU)**, the **European Union (EU)**, **Iceland** and **Japan**. Responding to request by **Zambia** to include all CRPs along with the draft text for consideration next week, Co-facilitator **Kishan Kumarsingh (Trinidad and Tobago)** stated that there was objection to it (which was by the **United States**) and that CRPs are only valid for the session with no status beyond hence they would not accompany the draft text.

At the joint SBs closing plenary, **Pakistan** expressed disappointment at the failure of agreeing to the draft text and urged Parties to “continue working constructively towards reaching a common ground” next week.

NATIONAL ADAPTATION PLANS

In relation to national adaptation plans (NAPs), developing countries are urging developed countries to double adaptation finance through the GCF for the preparation as well as implementation of their NAPs.

Currently, the GCF only supports the formulation of NAPs through its Readiness Programme and

the funding amount for adaptation is far lesser compared to mitigation. Paragraph 18 of the draft text of 12 Nov reads as: “[*Request developed country Parties to channel adequate [scaled-up] financing to adaptation action [through the Green Climate Fund in response to] [in the context of the urging] [their commitment] as per decision 1/CMA.3 to at least double their collective provision of climate finance for adaptation to developing country Parties from the 2019 level by 2025 in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, in accordance with Article 9, paragraph 4, of the Paris Agreement;*]”.

SANTIAGO NETWORK ON LOSS AND DAMAGE (SNLD)

The SBs were not able to conclude their deliberations on the SNLD agenda item, and accordingly forwarded draft decision text to the COP/CMA. Work on the draft decision text continued at the technical expert level among interested Parties under the Presidency in order to conclude and agree on the decision text on the institutional arrangements for the Network.

ARTICLE 6 OF PARIS AGREEMENT

Article 6.2 allows Parties to engage “on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs)” towards their NDCs, that promote sustainable development, ensure environmental integrity, transparency and avoid double counting.

During the informal consultations under Article 6.2, several topics that were seen being prioritised to enable its operationalisation which are: infrastructure (database, international registries, tracking system), reporting format, expert review guidance and capacity building program. However, there remain diverging views especially on the Article 6 infrastructure.

Under Article 6.4, while Parties were able to complete a read through of the entire draft negotiating text, there remain huge differences of views and understandings to be resolved. Article 6.4 has been agreed to in as a mechanism to “contribute to the mitigation of greenhouse gas

emissions and support sustainable development”.

The contact group on 10 Nov saw reservations from Parties against the recommendations prepared by the Supervisory Body for the Article 6.4 mechanism on activities involving ‘removals’ and indicated the need for further work, before consideration of the issue. While several Parties registered concerns, strong reservations came from **Argentina, Brazil, Uruguay (ABU)** and **St. Kitts**. While appreciating the work of the Supervisory Body with its recommendations, **ABU** expressed concerns over what it saw as an “extremely problematic document on removals” as well as the approach of the Supervisory Body, saying that the recommendations were silent on safeguards. In its closing statement of the SBs, **ABU** said that this treatment of removals in the recommendations is without scientific basis.

St. Kitts also lodged serious concerns, especially when the recommendations treat all sources of removals as being the same, and allows the use of these removals to compensate for the ongoing emissions associated with the use of fossil fuels. It did not support any language in the recommendations and called for the Supervisory Body to revisit the document and bring back the recommendations next year.

(For the purpose of the guidance, “removals” are defined “as processes or outcome of processes to remove greenhouse gases from the atmosphere through anthropogenic activities and durably store in geological, terrestrial, or ocean reservoirs, or in products”).

On the consideration of whether Article 6.4 activities could include emissions avoidance and conservation enhancement activities, a number of the Parties expressed that emissions avoidance is not a priority for operationalising Article 6.4 and wanted to defer the discussions to next year.

Under Article 6.8, (which is a non-market mechanism). one of the key issues is the specification and function of the UNFCCC web-based platform, whether as a platform for recording and exchanging information or as a registry of needs and provision of the means of implementation to developing countries. Article 6.8 deals with non-market approaches and states that “Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their NDCs... including through, *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate...”.

Bolivia for **LMDC** has been championing an option in the draft text which goes beyond recording existing and intended non-market approaches (NMAs) and support available, but also to include a ‘matching facility’ to match intended NMAs with support available. The **Least Developed Countries (LDCs)** and the **Africa Group** also supported this. The **United States** is opposed to this proposal and other developed countries have also expressed concerns with the matching facility for support.