

APA agenda item 8: Informal consultations on issues related to Adaptation Fund

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9 November 2017- COP23- Bonn, Germany- RakiRaki Room

Start time: 11:15 (late because of prior meeting in room); End time: 12:15

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Notes for short hand

Blue- pretty much a direct quote

Bold- emphasis by the parties

AF- Adaptation Fund

PA- Paris Agreement

[]- note taker comments

Co-facilitators

- Second information consultation on the Adaptation Fund
- We have made good progress in this session so far
- From the previous sessions we understood that the informal note was a good start
- We also asked for inputs from parties ahead of this meeting
- Also parties feel that this is not the end and we have taken note of this
- We have an agreement that preparatory work is needed for the AF to serve the Paris Agreement
- We received inputs from Switzerland, EU, G77, and Canada on behalf of Australia, Japan, New Zealand, Canada and US
- Might be in a good position to prepare a formal note after this meeting
- There is significant progress on moving this forward quickly
- The current notes have no formal status
- Give floor to parties that did the written inputs

Bahamas on behalf on G77 and China

- As we indicated yesterday, the G77 and China was working on a submission, but we missed the submission deadline. We have worked tirelessly to come to consensus on this. Wasn't sure if everyone in their group who is in the room has seen the note yet, so he is sorry about that, but just got consensus on this a little while ago
- G77 and China has been working to bring a conclusion to this matter- thank those coordinators within the group for their hard work
- The point that G77 has made and continues to make- we see this matter as one that we should take action on
- I know we aren't discussing the text, but to reiterate our position, we do need to progress on this matter
- We have submitted draft CMP and CMA positions. This is the place that we need to move something forward
- The text is intended to replace text that they initially submitted- based on two decisions. Draft CMP decision and draft CMA decision. The draft CMA decision is that the AF **shall** serve the Paris Agreement and **shall** function under the CMA.
- This is the thinking that G77 has on this matter. We are talking about shall serve. And we are talking about two steps. The first is with the CMP and the second is with the CMA

EU

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- This is a preparatory process towards a decision in 2018
- We think that the AF should only serve the PA and only until 2020
- Important that under the guidance and the issue of reporting
- Intention to leave no one behind
- Set multiple placeholders
- To take decision in 2018, we need all the information and we need the legal information about the AF serving the Paris Agreement. We need mandated Adaptation Fund board to make revisions as necessary.

Switzerland

- We have several elements to our submission. In our document we outline why we believe the AF is important and what is the comparative advantage and we need the comparative advantage to be preserved under the PA.
- We definitely think it should serve the PA
- We think there should be a transitional period and we believe it should be very short
- We see some similar elements in our document and in the other two that we saw
- We also think that this should be under the CMA
- Reporting of the AF- what body should it report to?
- One element that is really important- everything we come up under the transparency framework under the other agenda item should apply to the AF
- Similar opinion on eligibility to the EU
- Sources of funding to the AF are very important to us. To us the funding should come from share of proceeds- this is a very strong position of ours and links to how we feel about other parts of the text
- There are two ways to address transitional period- there could be a different period for different elements or there could be one for everything.
- We want to discuss how to move it from the CMP to the CMA
- We don't have any lawyers on our team, so we need clarification whether we need a CMP and CMA decision. We are happy to go with whatever the legal understanding is. We want to know what order it will happen in.

Canada

- In preparing our document, we started with looking at COP22 decision and we highlighted the important things about the AF potential to play an important role in implementing the PA
- Decision sequencing- the CMP would give up all legal aspects and then the CMP would decide in 2018 to pick it up
- We include safeguards
- And we include other questions that we have that we want answered during this process

Co-facilitator

- Countries that did not submit a paper document, do you have any comments?

New Zealand

- Thank parties for their explanations
- Absolutely support the Fiji president in wanting to come to a conclusion on this topic
- Value the elements of the fact that the AF is complementary to other funds
- We want the AF to serve the Paris Agreement and we want to figure out how to do it
- Agree with the submission of G77 that action should be taken this year and we think action is clear in our submission that Canada presented and that of the EU. There are

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some disparities between the two [EU and Canada document] and we can have a good discussion about how to deal with this.

- We are committed to a good outcome for this Fund, but we are not looking for a one line symbolic decision. A symbolic decision would be hollow.

Mexico

- Agree with general statement that market mechanisms should be the primary source for funding the AF. But my question is when the market momentum can support adaptation. Can we consider more flexible sources that we consider relevant to the transition time?

Co-facilitator

- We feel that we can start writing an informal note and move forward

Saudi Arabia

- I wasn't going to intervene, but I'm intrigued by the previous intervention. Now we are clearly putting on the table the condition for accepting the AF under the PA, that we use markets
- Now we are speaking openly about markets funding the Fund. This is not a good start. We do not wish the destiny of the Fund to serve the Paris Agreement with markets. If this is true then we should end the discussion here. We will not negotiate on this.
- Paris agreement is a cooperative agreement to tackle climate change and under 2.1 b we want to increase resilience and resilience is increased by the AF
- Everything with markets goes against the Paris Agreement
- We do not think this is a good faith negotiations at this phase
- We have been talking about markets and innovative funding. I have never heard for innovative financing.
- I am saying for the record that there is not start for us if markets are the pre-determined condition
- We will not be able to address the 2degrees unless we address adaptation because adaptation has a lot of co-benefits for mitigation.
- If we are going to allow the AF to serve the PA, rest assured that we are not going to be able to reach the global goal, well we don't really know what that is right now because it is just to open things up for investment??? ...[End of statement]

Egypt (Africa Group)

- Need to decide if we are just deciding if the Adaptation Fund should serve the Paris Agreement
- Other conversations are taking care of the other elements of this
- We can have a process to review where it sits and how it all works **after we decide that it will serve the PA**
- The way forward for the African group is that we say that it serves now and then we figure out everything else over more time. It is okay if that takes more time
- Let's just agree that the functions will be expanded to serve the Paris Agreement
- Let's not get into Article 6 here, like the sources of the fund
- Yes discuss the sources, predictability of sources is important, we can further discuss this, but whatever happens we need it to serve the developing countries

[Note that Saudi Arabia has left the room at some point during Egypt intervention- they did not return]

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Switzerland

- Unfortunate that Saudi Arabia is no longer in the room, because I want to respond to them
- We agree here that we are not working on article 6.4. We don't want to talk about 6.4 in this room by any means. We agree with Egypt on that. Just to be very clear that for us it is important [speaking about the market sources of funding for the AF]. We do not see this as the only source of funding, but we see it as a primary source of funding [referring to markets]. But if markets are not part of the conversations, then this is a non-starter for us. For us we have supported the Adaptation Fund service the PA before Paris. But this has always been our position.

Argentina (Brazil, Uruguay, Argentina)

- Very pleased to see positive developments in the decisions made. We believe there is a lot of room for conversions. Where we think about where we were last May, how parties were on this issue. I think this is a great development. This deserves to be noted. Having said that, I think we are all in agreement that we have to make a decision that the AF **shall** serve the PA and following that the CMA will make its own decision confirming that. There are, however, a lot of issues that parties would like to see addressed and we are of the view that they need to be addressed. How we are going to deal with that is going to be the key of how we are going to move forward. Whether it should be the AF board who does some prep work, I know the APA has been tasked with this work, but there are issues that are administrative, but needs to be addressed
- There are other issues that worry me a little more
 - Safeguards- I'm not saying the safeguards won't be reviewed because AF does review their safeguards, but the safeguards policy of the fund is fit for purpose. More importantly this is a decision that lies with the AFB, not with the CMP or the CMA. Are we going to micromanage the fund just because it is going to be under the PA?
- Restate that we are pleased that we are apparently coming together on this topic

EU

- Clarify- we do not intend to suggest any large reforms of the AF, we believe it has worked quite well. But there are administrative issues that need to be changed. There may be other issues that we have to change from an administrative POV. We want to make sure when we meet next time we have all these issues on the table. There is no suggestion in our submissions for reforms as such

China

- Last year, COP set a timeline for this matter and gave us the mandate for this work and that is why we are here. Some issues we need to clear now and some need to be done later.

Burkina Faso (LDCs)

- Support the position put forward by G77 and China
- Here in Bonn, we are keen to see positive movement. We should leave Bonn with a positive mood.
- We all agree on what the further work should be in G77 on, and, after the clarification from the EU, we think we are on the same page
- Let's use the proposal by the G77 as the working document so by next week we can adopt something so that by next year we can start working on the structure

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Norway

- Want to talk about the deadline of 2018- what does that mean
- On the G77 position. I want to hear more flushing out of ideas. Want to hear more about the government and institutional arrangements, the safeguards, and the modalities.
- We don't want to do just *should* or *shall*. We want to talk about more than that.
- What I take from this is that we have some work to do, and we have collected submissions. From Norway's side we are ready to go with the co-facilitators note about what needs to be done by the Board and the parties to reach the best decision in 2018

Bahamas

- There is a positive mood in this room and there always is when we are talking about the AF. The third review of the AF is out. Encourage colleagues to read it because it has a lot of information about the work that needs to be done.
- But, the position taken by G77 and China is that we need to move forward on this. We don't necessarily believe that just the co-facilitators should write a note on this. This is why we wrote a draft decision. We agree you need to write your report, but we need to engage with the issues of what needs to happen when. We are at the COP and at the CMP. We need to make decisions and delaying this would not be beneficial

Co-facilitator

- Who needs to do what and by when?
- We will put this in the informal note
- We will circulate the notes and will put it on the Agenda 8 website
- Next meeting time is not set
- Meeting adjourned