

December 6, 2018

12:00-13:00

MR 4

Annkattrin Tritschoks, Uppsala University

[?] and [...] indicate points, I missed, could not follow or could not hear

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

Co-facilitator

- Looking forward to continue work in positive spirit
- First iteration issued
https://unfccc.int/sites/default/files/resource/APA1-7_DT_i8a1.pdf
- Brief discussion of this, then on sections that we have not yet worked on (e.g. board, eligibility, governance)
- Issues addressed so far
 - o Para 10 to 11, previous para 11 removed after general sense that this would be ok based on yesterday's discussion
 - o Para 15-17 slightly adjusted, and new par added
 - o Para 19-20 has been addressed, streamlined
- Reiterate need to now work on final convergences for production of second iteration
- Opening the floor for (any necessary) comments on first iteration

South Africa (African Group)

- Para 19, yesterday deep discussion, we don't believe that our views have been reflected at all
 - o (b) not necessary, (c) and (a) unsure
 - o Sense that everyone in the room stressed the importance of the AF serving the PA and we don't see this point addressed
- We have a difficult time agreeing to a decision on the AF
 - o 19 doesn't reflect our views at this time
- Agreed yesterday to work on para 10 with Switzerland
 - o We didn't conclude point on notion of institutional arrangements, due to time constraints, not disagreement

Japan

- Governance and operating modalities and source of funding
- Governance
 - o Preference for AF to serve exclusively to PA [?]
- Operating Modalities
 - o Not in a position to support para 11
 - o We cannot agree to bracketing out point 6 [?]

- Para 18
 - Ok that AF continues to be financed through share of proceeds
 - However unclear about [?]

US

- Revised para 19 misses some critical components that we see as essential
- Governance, institutional arrangements, safeguards need to be addressed
 - Proposal:

“Requests the newly formed AF board to review operating modalities, policies, and guidelines of the AF, including its environmental and social safeguards, TLC policies and independent accountability mechanisms, and revise as appropriate to ensure that the funds policies are in line with international best practices”

China

- Open-ended transition period necessary
- Eligibility to only serve PA is too early to judge
- Eligibility issue in para 14, rather change to PA language

Co-facilitator intervention: we did not touch this part of the text yet, will discuss this today, changes to eligibility, board, etc. yet

Asking China to come back in a few minutes

Canada

- Support recommendation made by Japan to bracket art 6 para 12 [?]
 - Logical because art 6 also still bracketed

Saudi Arabia

- Trying to follow 6.4?, **co-facilitator** clarified: Art 15 reference to Art 6.4 of PA
- Not much changed from what we've had
- We want to leave the AF untouched as much as possible
 - Regards everything from governance, composition of the board, modalities, etc
 - Otherwise AF rendered GCF again, which we find troublesome
 - Changing the structures will cater toward developed countries more so than developing countries
 - We don't want AF to be a reflection/to mimic GCF
 - Social fund addressed under Art 6 of the PA, thus we don't want to rush into any other ideas
- We want International Community to sit down and see if they can put any public finance into the fund to make it more sustainable
- Red line: we will not accept any reference to social finance into this fund or any other fund

EU

- We can work with the new iteration
- We have some issues with certain parts, need to check and come back with more details

Argentina (Argentina, Brazil, Uruguay)

- Our group has not finished considering this intervention
 - o Happy to work on this basis with caveat that we might come back with issues we don't feel reflected
- Regarding para 16 on trustee, we have a proposal that we discussed with G77 colleagues:
 - o idea to capture what has been mentioned before, that it could be the board that concludes these arrangements with the trustee on behalf of the CMP or CMA,
 - o though not sure if this is the right place to reflect that, could be a broader issue, maybe better to place in governance and ins arrangements section
- Para 19, list as reflected now fine with us, any additional sub item to be considered

Malawi (LDCs)

- In line with some other countries
- LDCs consider AF as one of the key funds established to support DCs and we want to see the AF move forward as soon as we can
- We are not ready to go into all details of forming a new fund board, these issues can be left out
 - o We should give ourselves a transitional period and agree
 - o Key issues
 - Sources of funding
 - Time when the AF shall start serving the PA
 - o Other parts to be addressed later
- We don't agree with others on issues of exclusivity
 - o Right now AF serves KP and we cannot stop AF serving activities of the KP

Co-facilitator

- Moving on to para 12 and 14 on eligibility

China

- We want to change para 14 [Decides that only Parties to the Paris Agreement that are developing countries are eligible for funding under the Adaptation Fund for projects under the Paris Agreement]
- We don't want 2 para's but rather just one

Co facilitator clarification: is this an attempt to merge 13 and 14?

China response

- Better to choose 14 only

Switzerland

- We could accept option 2 from previous discussion
- If we go for option 1, our group wonders about bracketed 'particularly vulnerable', how would that be measured?
 - o Thus, we prefer reference to 'developing countries' generally

Chile (Peru and Chile)

- Para 14, Option 2 preferred

Argentina (A, B, U)

- Strongly support option 2

EU

- Also prefer option 2, simple and does the job
- Option 1 same concern as Switzerland

Maldives (LDCs)

- Preference for option 1
- Streamline para 12 and 13
- Include special ref to LDCs and SIDS in art 9.4[?]

Saudia Arabia

- In line with China, merge 13 and 14
- Should say 'parties' rather than 'parties to PA' because we have not established exclusivity yet

Australia

- Supporting option 2, however if consensus emerging around option 1 we would want to merge para 13 and 14
- In para 12 hard to define vulnerability, which is not the case for LDCs and SIDS, thus merging 13 and 14 to reflect that

Panama

- Support for option 2, para 14

Malawi

- Para 13 [...]

India

- We should not pre-judge issue of exclusivity

Pakistan

- Also agreeing with Saudi Arabia not to prejudge outcome of discussion on exclusivity

South Africa

- We do not believe that there needs to be a section on eligibility and suggest to move the entire section into brackets
 - o We advocate for AF under CMP, notion of eligibility well-covered in that
- Prefer to request the board to come back to parties on how exactly AF would serve developing countries

- Not prejudging as decision on exclusivity

Argentina

- Would support a reference as in para 14 to SIDS and LDCs
- Regarding comment by Saudi Arabia
 - o This group supported to have a transitional period where the AF would be under both the CMP and the CMA, thus we understand that the reference to the AF serving the PA would at the same time mean the AF serving under the KP
 - o Since we have not touched governance section here, we wanted to make that clarification

Indonesia

- Supporting option 2, however ready to work on exercise regarding merging para 12 and 13

Co facilitators

- moving to para 5 to 9 on board composition
 - o In particular on essential need to have his section in COP24 decision
 - o In case it's important for your country/group, signal which option you prefer

Saudi Arabia

- We don't see any need to change board composition, because same principles as from CDM are there
 - o Key success is the way the board is structured
- We are of the opinion that the current composition giving majority to DCs is the right structure and will continue to give DCs consideration and make their circumstances the overarching business environment
- We don't want to bring in conditionalities into climate financing, which would be the case if we give more strength to developed countries

Switzerland

- We would not be in agreement with option 2, postponing the decision is not an option
 - o Decision needed here in Katowice
- Option 1 not ok because it makes references to annexes, which is a sensitive political issue
 - o If we want the fund to serve the PA, we need to remove references to annexes,
 - o Essential to at least replace annex I, non-annex I notions with developed countries, developing countries respectively
- Parties that were not parties to the KP need to be part of the conversation
 - o At least one seat may be added so that non-KP parties can also participate in board
- We do not intend to change geographical balance, which we recognize is important to G77 members

Argentina (A, B, U)

- Changing the composition of board at this stage is not a good idea from a practical perspective
 - o We have been practical throughout this negotiations and board has worked well
- We support to keep in essence current composition of the board
- We foresee the cooperation of non-KP parties that are PA parties in membership, where seats are available but changing composition of the board at this stage is not sth we support

South Africa (African Group)

- Supporting colleague from Argentina, Saudi Arabia
- No need for us to change composition of the board
 - o Our strong position
- I understand however that there are colleagues with concerns around the notion of parties on the board that are neither party to the KP or PA
 - o Making a mountain out of the molehill
 - o Issue can be resolved by bureau by advising regional groups to not nominate members that are neither parties to PA nor to KP
 - o There is a simpler way to dealing with issue if concern is about non-paying members on the board

India

- Resonate point of views by South Africa, Saudi Arabia and others
- At the moment, no need for change of board structure

Pakistan

- We do also not believe that there is a need to change composition of the board
 - o It has proofed over the years
 - o Fully agree with South Africa that issue of representation could always be resolved within regional constituencies

Japan

- We support Switzerland's proposal
 - o The composition of AF board should be changed in accordance with PA
- We also think that the decision should be made this year

US

- Our submission to change composition of the AF was based on the opinion that we can't prejudice what funding source will be under PA
- At this point it makes sense to leave some options for us to ensure that going forward, language reflects actual source of funds

Co-facilitator

- Inf consultation tomorrow, to address governance

- In the meantime, we encourage you to meet in inf infs in particular re composition and governance
 - Signal to us when would be a good time to meet and we will book rooms
- Meeting adjourned