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KEY OUTCOMES

Humanity no longer faces climate change. We face a “climate emergency”.

2019 has become the year that the world really [woke up to the existential threat of climate change](#), and the narrative was updated to signal urgency. The global response to the threat, however, was still found lacking. Civil society participants, commentators, and even the UN Secretary-General were [disappointed](#) with the results of the Climate Change Conference in Madrid, also known as the 25th Conference of Parties (COP25) to the UN Framework Convention on Climate Change (UNFCCC), in December 2019. “The international community lost an important opportunity to show increased ambition on mitigation, adaptation, and finance to tackle the climate crisis,” António Guterres said in a [statement](#).

The crunch issues at the Conference – much higher climate ambition to meet the goals of the Paris Agreement, finance for the loss and damage caused by climate impacts, a fail-safe market mechanism that does not compromise environmental integrity, and credible financial contributions to enable action in developing countries – proved too difficult to resolve within the high-pressure, time-deficient confines of a COP, despite a two-day extension and the resilience and staying power of seasoned diplomats.

This was not only because some of the issues were too technical. The political will to treat them with the urgency that they deserve was [clearly missing](#). Tactics to delay progress and prioritise narrow self-interest, increasingly familiar to COP observers, were fully on display. The conference “seems to have turned into some kind of opportunity for countries to negotiate loopholes and to avoid raising their ambition,” [noted](#) climate activist Greta Thunberg, with acuity.

While such tactics are not foreign to the climate negotiations, and expectations are generally tempered as a result, COP25 even failed to meet its own modest ambitions. “Rule 16” in the [draft rules of procedure](#) of the UNFCCC, which states that an agenda item that cannot be completed at a conference will automatically roll over to the next session, proved to be a particularly popular outcome for many of the issues that were discussed.

The broader global context of rising nationalism continued to play out in the background. It is the sign of the times that the [Chile Madrid Time for Action](#) (CMTA) Decision adopted by COP25 begins by recognising the important role of multilateralism, which could be taken for granted not so long ago, and has to emphasise the important role of science in tackling climate change. In Madrid, as [in Katowice](#) in 2018, there were once again strong views expressed on whether the two new special reports of the Intergovernmental Panel on Climate Change (IPCC) should be “*welcomed*” or merely “*noted*”. In the end, the Decision “*expresses its appreciation and gratitude to the IPCC and the scientific community for providing the 2019 Special Reports, which reflect the best available science*”. Admittedly, this is an improvement in the recognition of the work of the IPCC from [last year](#), when only the “*timely completion*” of the 1.5°C report was welcomed.

The CMTA also reiterates the importance a “*just transition of the workforce*”. This notion, also included in the preamble of the [Paris Agreement](#), appeared to be an imperative for Chile in the light of [social unrest](#) back home. Incidents like the unrest in Chile and the [gilet jaune protests](#) in France in November 2018 highlight how important it is to ensure that the “*transformational change*” needed to address climate change is carried out on a solid foundation of social dialogue, inclusion, and equity.

The biggest disappointment from the Conference was perhaps the lack of clear and strong language telling countries what is expected of them next: significant leaps in ambition in the first round of Nationally Determined Contributions (NDCs) whose implementation begins in 2020, to reduce the “ambition gap” between their actions and the action needed to limit global average temperature rise to 1.5°C (or indeed, even 2°C).

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ABBREVIATIONS

The inability to finalise the remaining elements of the Paris Agreement Work Programme (PAWP) comes a close second. Parties were unable to agree on the rules for the so called “cooperative approaches” under Article 6 of the Paris Agreement. Without these rules, countries that want to use cooperative approaches to significantly and credibly ramp up NDC ambition will not be able to do so. This also delays potential funding for adaptation that is expected to accrue from an adaptation levy on some forms of cooperative approaches.

Another essential part of the PAWP that could not be agreed was that of a common time frame for NDCs of all countries. Despite the repeated denial of a link between common time frames and ambition by many countries, this could in fact impede overall ambition, particularly in the crucial ten-year period up to 2030. It could also impede a clear and accurate assessment of global progress towards the goals of the Paris Agreement in the first global stocktake in 2023.

Differences also persisted on the detailed templates for the “enhanced transparency framework” that will track implementation of the NDCs. Quite a lot of technical work still remains to be done on the transparency framework (although once again it was not only technical considerations that blocked progress in this area at COP25), and with no



The Paris Decision noted that the current NDCs do not achieve the 2°C goal, much less the 1.5°C target. That is why it calls on Parties to provide revised, enhanced, and more ambitious NDCs by March 2020. At the very least, COP25 should have made an explicit call for this and provided a mechanism for assessing the effect of the revised NDCs so that informed discussions can take place at COP26. This was a major disappointment.

CARLOS FULLER BELIZE

intersessional work planned, it even looks unlikely that the work will be completed at COP26.

Only incremental steps were taken on other, non-PAWP, issues under the COP and Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) that need urgent resolution rather than further delay. While the review of the Warsaw International Mechanism (WIM) for Loss and Damage was completed, the issues of governance of the WIM, and more critically, of finance for loss and damage due to climate change, remained unresolved.

The larger question of climate finance also proved controversial, with disagreements on, among other things: whether the discussions on long-term finance should continue post-2020; whether the Standing Committee on Finance (SCF) should work on a “common” definition of climate finance, the scope of its needs assessment report, and whether it should prepare a synthesis report on the US\$ 100 long-term goal; the rules of procedure of the Adaptation Fund; and on “privileges and immunities” for the Green Climate Fund (GCF).

On gender, an “enhanced five-year Lima work programme on gender and its gender action plan” was agreed, but only after efforts by the COP Presidency to resolve differences, including on whether respecting human rights should be “in light of national circumstances”, and tracking of progress was needed.

A related issue that ostensibly flew under the radar was a proposal to commence work on a code of ethical conduct. A [draft code](#) was proposed by a small drafting group in the UNFCCC Bureau, to ensure that all participants attending COP behave in an ethical manner and to allow for those who are subject to harassment or other unethical behaviour to have a formal process of redress. It was introduced briefly by Tuvalu in the discussions on the CMTA Decision, but despite warmly welcoming the initiative in the Bureau, the COP President struggled to find a means of advancing the issue within the Decision text and it fell through the cracks.

OVERALL AMBITION

The Madrid Conference took place a little more than three months before the March 2020 deadline for the submission of NDCs, before the implementation of the Paris Agreement begins. “2020 is only a few weeks away – the year when we must see more climate ambition reflected in new and revised NDCs. Without them, our window of opportunity closes,” warned UNFCCC Executive Secretary Patricia Espinosa at the opening of the high-level segment of COP25.

The current gap between the ambition reflected in NDCs, and the action needed to achieve the Paris Agreement goals is “large”, according to the [Emissions Gap Report 2019](#) of the UN Environment Programme. Countries must increase their NDC ambitions threefold to achieve the 2°C goal and more than fivefold to achieve the 1.5°C aspiration. This must happen in the NDCs whose implementation begins in 2020. “*Given the time lag between policy decisions and associated emission reductions, waiting until 2025 to strengthen NDCs will be too late to close the large 2030 emissions gap,*” according to the report

During the Madrid Conference, the Least Developed Countries (LDCs), Alliance of Small Island States (AOSIS), Independent Association of Latin America and the Caribbean

(AILAC) and several other countries wanted an explicit call for countries to update their NDCs in 2020 and to increase ambition in the [CMTA](#) Decision under the CMA, which sought to present a common vision for the future.

However, this was opposed by China, India, and Brazil, among others, who argued that the decision to update and/or enhance should be made by countries in the bottom-up regime of the Paris Agreement. The reference to updating and enhancing 2020 NDCs was removed from the penultimate draft of the decision, prompting a response from the High Ambition Coalition in a [press conference](#). “The framing of ambition in the current text remains unsatisfactory. It puts us at the risk of leaving here without a clear call to enhance ambition next year in line with the best available science,” said Tina Eonetmo Stege, Climate Envoy of the Marshall Islands. The language was made slightly stronger in the final CMTA Decision, although it still fails to include a clear requirement to raise ambition. It:

- Re-emphasises the urgent need to address the emissions gap;
- Encourages Parties to use the opportunity in 2020 to reflect the highest possible ambition to achieve the Paris Agreement goals;
- Reminds Parties that each NDC must represent a progression and reflect highest possible ambition; and
- Reminds them of paragraphs (§) 23 and 24 in [Decision 1/CP.21](#) (requesting Parties with a five-year time frame to communicate a new NDC by 2020, and for Parties with a 10-year time frame to communicate or update their NDC by 2020). It urges them to consider the emissions gap and reflect their highest possible ambition when responding to this request.

Pre-2020 ambition

Why some countries opposed references to updating and enhancing NDCs

One reason why countries like India, China, and Brazil opposed calls for enhancing ambition in the NDCs was that they first wanted to take stock of the action taken by developed countries in the pre-2020 period. They fear that in the post-2020 period, they will be expected to fill the emissions gap largely created by the historic inaction of developed countries. (Other reasons have also been ascribed to their reluctance, such as the withdrawal of the US from the Paris Agreement, which could mean that post-2020 action by developed countries could also fall short). Pre-2020 action [includes](#) both mitigation pledges (under the [Cancún pledges](#) and the [Doha Amendment](#) to the Kyoto Protocol – the latter has not yet entered into force even though it ends in 2020), and climate finance pledges.

“[2020] is the year in which Parties’ pre-2020 actions under the Convention are supposed to conclude and lay the foundation for future climate actions for Parties to the Paris Agreement,” the State of Palestine said in an opening statement on behalf of the G77 and China. “However, developed countries’ fulfilment of their long-standing commitments for ambitious climate actions under the Convention, including reducing their own emissions and the provision of support to developing countries, has been thus far insufficient”.

The Like-Minded Developing Countries (LMDCs), Brazil, India, South Africa, China (BASIC), Argentina, Brazil, Uruguay (ABU), African Group, and the Arab Group called for a two-year work programme on pre-2020 implementation and ambition, to identify the progress and gaps on mitigation, adaptation, finance, technology development and transfer, and capacity building of the pre-2020 commitments by developed countries,



With the Paris Agreement and its rulebook mostly in place, the negotiations should adjust to provide operational and functional guidance to keep the momentum going. The COP in Madrid showed an attempt by many to undermine the environmental integrity of an Agreement that should already be driving action and ambition on the ground.

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AILAC**

and to make arrangements to close the gap.¹ They also wanted to extend discussions on long-term finance item beyond 2020 and a status report on the US\$ 100 billion pledge by developed countries (see [finance section](#)). This was opposed by developed countries, including the EU, who called for a focus on the future, rather than the past.

In the end, in the [CMTA](#) Decision adopted by COP25, Parties decided to hold a round table among Parties and non-Party stakeholders on pre-2020 implementation and ambition at COP26 in Glasgow, in 2020. Submissions are invited by September 2020 to inform the round table – these will be summarised by the secretariat. The [CMTA](#) Decision adopted under the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) stresses the urgency of delivering on the pre-2020 commitments under the Kyoto Protocol, and underscores the urgent need for the Doha Amendment to enter into force. Agreement was not possible on how discussions on long-term finance under the Convention will continue after 2020, particularly in a context where the US will no longer be Party to the Paris Agreement, and on the US\$ 100 billion status report. These issues will continue to be discussed in 2020.

The issue of assessing pre-2020 action also arose in the context of the scope of the “periodic review” of the long-term global goal of the [UNFCCC](#), to achieve stabilisation of GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system (UNFCCC Article 2). The first such review took place between 2013-2015, following which the long-term goal was [updated](#) to reflect the Paris Agreement goal to limit warming to well below 2°C and pursue efforts to stay below 1.5°C. At COP25, Parties first disagreed on whether a second periodic review should take place at all. Once it was agreed that it should, disagreement arose on its mandate – developing countries wanted it to include a review of pre-2020 action by developed countries. In the end, while it was [agreed](#) that the second review will begin in the second half of 2020 and conclude in 2022, no reference is made to pre-2020 action. It was also decided that the review will not result in an alteration or redefinition of the long-term global goal.

COMPLETION OF THE PARIS AGREEMENT WORK PROGRAMME

Four issues from the PAWP still remained to be resolved after Katowice: the rules for Article 6 of the Agreement; common time frames; elements of the Agreement’s enhanced transparency framework; and the initial institutional arrangements for capacity building.

Article 6

Article 6 of the Paris Agreement offers Parties three modalities of voluntary cooperation in the implementation of their NDCs:

- Bilateral or multilateral **cooperative approaches**, where Parties transfer mitigation outcomes internationally to facilitate the achievement of their NDCs (Article 6.2). The CMA is mandated to adopt guidance to regulate cooperation, reporting requirements, and accounting for “internationally transferred mitigation outcomes” (ITMOs) through so-called “corresponding adjustments”.
- A **crediting mechanism** under the auspices of the Paris Agreement, where emission reduction credits will be issued for activities authorised by Parties

1. Draft text on Decision 1/CP.25, 13 December 2019 6 am

(Article 6.4), and can then be acquired by other Parties. The CMA is asked to adopt the rules, modalities, and procedures for this mechanism.

- A framework to promote **non-market based approaches** (Article 6.8). The CMA will adopt a work programme to operationalise this framework.

Consensus was not possible on these three issues in 2018 at COP24 in Katowice, and so the rules for Article 6 were not adopted in conjunction with the rest of the so-called “Paris Agreement rulebook”. Instead, the rules were to be finalised at COP25. (For more details on the key crunch issues that remained to be resolved before COP25, read [this ecbi policy brief](#)). This proved impossible once again, and the adoption of the “Article 6 rulebook” has now been deferred to COP26 in Glasgow.

There was slow but steady progress on many issues during the first week of COP25. The Chair of the Subsidiary Body on Scientific and Technological Advice (SBSTA) conducted meetings with the heads of delegations early on, focusing on three crunch issues: “corresponding adjustments”, to ensure that only one country claims credit for emission cuts and there is no double counting; an adaptation levy on transactions under Article 6.2; and the transition of activities and credits from the Clean Development Mechanism (CDM) of the Kyoto Protocol to Article 6 of the Paris Agreement. In addition, the co-facilitators of the discussions arranged “informal-informal” meetings to discuss specific outstanding issues. Despite these efforts, the texts forwarded to the ministerial negotiations on Articles 6.2 and 6.4 at the end of the first week contained many brackets.

In the second week, the negotiations suffered from an unclear process, and some observers complained about the lack of high-level engagement by the Presidency and the delay in bringing all Parties to the negotiating table. Instead, the Presidency conducted bilateral consultations with different groups for several days, while non-facilitated technical discussions on selected issues continued. In the final days of the Conference, ministerial consultations took place on a few outstanding issues in different formats. The Presidency then issued three texts for each of the three components of Article 6 in an effort to break the deadlock – first on Friday, 13 December, then on Saturday, and finally on Sunday.²

The texts published on Saturday, in particular, had several compromises proposed on the adaptation levy under Article 6.2; the achievement of “overall mitigation on global emissions” (OMGE) to ensure a net benefit for the atmosphere; and concrete dates and timelines for a transition process from the CDM to the Article 6.4 mechanism. However, no agreement could be found. The latest, Sunday iteration of the Presidency texts then proposed deferring difficult issues to a later stage, but this was unacceptable to a number of Parties (including Brazil, India, and the African Group) who did not think the final Presidency text reflected all the positions expressed through the two weeks of the COP. This could have been because of the hasty iterations of text in a very short period of time.

Despite the brief, procedural nature of the [outcome](#) adopted in the end, stating that negotiations would continue during the June 2020 session on the basis of the three Presidency texts of 13-15 December, progress was achieved on a number of issues.

2. Texts released on Friday: on [Article 6.2](#), [Article 6.4](#), and Article 6.8. Texts released on Saturday, on [Article 6.2](#), [Article 6.4](#), and [Article 6.8](#). Texts released on Sunday, on [Article 6.2](#), [Article 6.4](#), and [Article 6.8](#).

Article 6.2: Guidelines on cooperative approaches

On Article 6.2, Parties worked on compromises to account for different types of NDCs. This included differentiating accounting approaches for NDCs with multi-year mitigation trajectories and NDCs with a mitigation target for a single year, where averaging and trajectory-based approaches will be applied.



We are disappointed that it was not possible to finalise the rules for Article 6 in Madrid, but it is better to postpone their adoption than to seek to satisfy the concerns of some countries and stakeholders at the expense of the planet and vulnerable populations.

**EL HADJI MBAYE DIAGNE
SENEGAL**

Parties also developed more detailed provisions on how to account for ITMOs that are expressed in non-greenhouse gas (GHG) metrics. The final iteration of the Presidency text proposed that corresponding adjustments will be applicable to all types of transfers, irrespective of whether the ITMO was achieved within or outside the scope of the NDC, whether the ITMO is used towards another Party's NDC, or whether it is used for other international mitigation purposes, such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

The reporting and review procedures for Article 6.2 were clarified, and the coherence of the chapters on reporting, review, and recording and tracking was improved. As a compromise on the application of an adaptation levy on Article 6.2 transactions (opposed by developed countries), it was proposed that ITMO buyers be “strongly encouraged” to contribute to adaptation funding at a level “commensurate” to the share of proceeds levied under Article 6.4.

Article 6.4: Rules, modalities, and procedures

Parties made progress on a proposed work programme for SBSTA and on the Article 6.4 Supervisory Body. On corresponding adjustments for activities “outside” an NDC, a grace period of five years was proposed (a deviation from the accounting rules proposed under Article 6.2).

Significant progress was achieved in developing a compromise for the review of CDM methodologies and their preliminary use in Article 6.4 activities in a transitional period; and for the re-registration of CDM activities after an eligibility check and renewed host country approval. It was proposed that CDM credits from activities registered after a cut-off date be allowed for a transition period, and only be allowed to be used towards NDCs before a defined date.

The final iteration of the text also presented clear compromise proposals on the “share of proceeds” for adaptation (at a level of 2% of credits). It narrowed down the options for operationalising OMGE to a mandatory cancellation (with a minimum of 2%, increasing over time), thereby discarding the option of operationalising OMGE through conservative baselines that was still present in the version before. While emissions “avoidance” (for instance, through forest protection) was excluded, “removals” (through afforestation and reforestation and other negative emissions technologies) were included.

Options to account for transfers of mitigation outcomes expressed in non-GHG metrics (for instance, megawatts or megawatt hours in the context of renewable energy instead of CO₂e) were also fleshed out, introduced in the text, and included in a follow-up work programme. This was a key issue for the LMDCs in particular.

Article 6.8: Work programme on non-market approaches

The negotiations on the Article 6.8 work programme progressed well – only a few contentious issues remained after COP24. Bolivia, the strongest supporter of non-market approaches, particularly of institutionalising the work programme and facilitating joint mitigation and adaptation activities, was absent from COP25. The final iteration of the text proposes the establishment of a Non-Market Approaches (NMA) Forum under the auspices of the chairs of the Subsidiary Bodies (SBs). The SBs will consider the need for further institutional arrangements after a review of the work programme in 2024.

The text also proposes tasking the NMA Forum to develop a schedule for the implementation of the work programme, and inviting submissions on its priorities. According to the text, the work programme would be implemented through workshops, meetings with stakeholders and experts, the elaboration of technical papers, and in coordination with other relevant ongoing processes under the UNFCCC. Activities under the work programme will aim to develop and implement tools for the facilitation of NMAs, and identify and share relevant information on them.

Deal breakers

This section summarises the key issues that proved to be deal-breakers in the final rounds of informal Article 6 negotiations at COP25.

Article 6.2: Parties were unable to agree on the adaptation levy, and on OMGE. The African Group, supported by many developing countries, demanded a mandatory contribution to adaptation finance. This was strongly opposed by the US and many other developed countries, though they were willing to accept a strong encouragement to deliver adaptation finance at a scale commensurate with the funds levied under the Article 6.4 mechanism. The issue of using surplus Kyoto units held in reserve – for instance by Australia – to achieve NDCs in case of an eventual shortfall was also highly contentious, though it was not discussed in detail in the negotiations.

Article 6.4: The Article 6.4 text proved to be the most contentious during the final hours of negotiation. The question of whether Article 6.2 guidance should apply to mitigation activities “outside” (or not included in) an NDC was a central controversy. Parties were unable to agree on a common understanding of what “outside” an NDC means, and what NDC progress is to be tracked against. While most countries refer to “sectors and gases” that are included in an NDC and the measuring of progress against GHG inventories from these sectors and gases, Brazil understands the NDC to be a compilation of policies and measures. In this context, Brazil insisted on an exemption from accounting for activities that it considers “additional” to government pledges and thereby “outside” of its NDC. The delegation proposed compromise language to accommodate different understandings of “outside” an NDC, which was not acceptable to other Parties. In addition, there is no agreement on whether or not accounting for action “outside” the NDC is required.

Another highly contentious issue was the use of pre-2020 CDM credits in Article 6. Brazil, India, and China rejected compromise proposals by the US and Japan to introduce cut-off dates and limit eligible units to projects or programmes registered after 2015 or 2016. Others (including the African Group, AILAC, AOSIS, LDCs, and the EU) opposed any transition of units. They were unwilling to agree on earlier cut-



COP25 has been seen by many as a failure, but a lot of progress was made in a number of technical negotiations, providing clarity and taking us closer to outcomes.

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off dates. Deferral of a decision on this issue to a later date was dismissed by Parties supporting and opposing a transition.

The period in which pre-2020 CDM credits can be used towards NDCs was also controversial. The second iteration of the Presidency text had proposed that all CDM credits would have to be used by 2023, but some countries demanded that use should be allowed for the complete first NDC implementation period, until 2030. The final iteration of the text proposed deferring the discussion to 2020, but this was also not acceptable. A further suggestion by the Presidency to put all non-transferable CDM credits into a reserve account that can be accessed in future if the need arises was also rejected.

Another highly contentious and very technical issue was the specification of approaches to set crediting baselines and determine the additionality of Article 6.4 activities. The Presidency text proposed deferring this discussion as well, while a list of key principles for methodologies was retained in an annex (related to transparency, conservativeness in assumptions, link to NDCs, and ambition, among others). The deletion of a specific rule on additionality testing and baseline methodology approaches dissatisfied several Parties.

Another issue that received significant media and civil society attention was the protection and promotion of human rights, and social and environmental safeguards in market-based cooperation under Article 6 as a whole. Though several countries supported strengthened language in contact group meetings and plenary sessions, the issue was not discussed in detail in informal negotiations, and the language in the draft texts remains weak.

Future outlook

Parties will now have to agree on a new consolidated text during the next negotiating session in June 2020. Although the last two iterations of the text significantly narrowed down the options on the table, it is likely that a larger number of issues will be reopened by Parties during this consolidation process. This happened after COP24, where there was a similar situation and two texts were forwarded to SBSTA50. “If the text emanating from COP25 can be used as the sole basis for further deliberations, then the Article 6 negotiations can be successfully concluded at COP26 in Glasgow,” says Carlos Fuller, negotiator from Belize. “If time is spent debating the status of texts, then agreement may not be possible even then.”

However, given the fact that the negotiations advanced significantly during COP25, and many technical issues could be resolved to the satisfaction of most Parties, there is hope that a number of the compromises won’t be revoked, and Parties can agree quickly on a consolidated negotiation text at the next SB session. They can then focus on outstanding (and mostly) political questions at COP26.

Discussions will most likely continue on the transition from the CDM; accounting for activities “outside” NDCs; the metrics for transfers; and accounting for different types of NDCs. The adaptation levy for Article 6.2 and OMGE for both mechanisms will continue to be debated. Issues that completely fell through the cracks in the latest versions of texts, such as the need for further safeguards and limits to international transfers, may be brought up again.

While many expressed frustration at the lack of agreement on Article 6 at COP26, others were relieved that a “bad deal” was avoided. In the final plenary, the EU and other groups noted that market-based cooperation under Article 6.2 could go ahead in the

absence of an Article 6 rulebook, while other Parties (including Brazil) insist that Article 6 is a package deal, and Article 6.4 and 6.8 need to be agreed before Article 6.2 can take effect. In an interview, James Shaw, Minister for Climate Change, New Zealand, even mused that putting the Article 6 negotiations on hold for a couple of years would be a good idea, as compromise appears out of reach.

Meanwhile, nine countries, led by Costa Rica and Switzerland, launched the [San José Principles](#) on 14 December 2019. The Principles include eleven criteria to ensure market-based cooperation with “high integrity”, including through not using pre-2020 CDM credits, corresponding adjustments for all transfers, a contribution to OMGE, and transparent reporting. A further 22 countries signed on to the Principles within 24 hours, mostly from AILAC, AOSIS, and the EU (with no signatures from Asia, Africa, or North America). It remains to be seen if the Principles mark the debut of a new “club” in international carbon markets, and what the implications of such a club will be on COP26 negotiations.

Common Time Frames

Another lost opportunity to complete the Paris ambition mechanism

A key element of the Paris rulebook that still remains to be resolved is the issue of “common time frames”. The importance of this issue is often underestimated – it is one (if not the only) way to create sufficient clarity and complete the Paris “ambition mechanism”. It was decided, at the Paris Conference, that the CMA “shall consider” common time frames for NDCs at its first session. Although this issue has been discussed under the Subsidiary Body for Implementation (SBI) since 2017, the only progress made so far was in [Decision 6/CMA.1](#) at COP24, in Katowice in 2018, that “*Parties shall apply common time frames to their nationally determined contributions to be implemented from 2031 onward*”. They could not agree on what those time frames would be.

Common time frames were discussed at the Heads of Delegation meeting in Santiago de Chile in August 2019, indicating that the Presidency considered this a critical element for an “ambition COP”. Indeed, at COP25, several countries drew explicit links between common time frames and ambition, from AOSIS and LDCs to Brazil and the EU. It was rather surprising, therefore, that the topic was given only two hours of negotiating time in the SBI timetable during COP25. It was clearly not possible to make significant progress in that time, or the small amount of additional time that was subsequently provided.

At COP25, one of the major disputes was whether countries should “update” the ambition in their initial NDCs by COP26, five years after they were communicated, in light of new developments over this period. Countries argued on whether §23 and §24 of [Decision 1/CP.21](#), two defining components of the Paris ambition mechanism, are sufficient to mandate a 2020 update. The conclusion was that the two paragraphs are not sufficiently clear on the issue. In the end, it was not even possible to decide on a deadline for a decision. The issue was rolled over to the next SBI session in June 2020, and the SBI Chair suggested discarding the COP25 note on options to make a fresh start.

The SBI discussions at COP25 did, however, indicate a significant change in mood on the issue among Parties compared to Katowice. In Katowice, there was no urgency attached to arriving at a decision. In Madrid, the procrastinators³ were significantly outnumbered

3. According to the NGO Newsletter [ECO](#) on 7 December: “*Canada and Australia suggested the issue doesn't need to be decided until 2023, and the US further suggested the issue needn't be discussed again until 2022. The US was outdone though by, good friend of climate action, Saudi Arabia who suggested that the issue not even be discussed*



Chile did its best to steer a meaningful outcome at COP25, but it was outgunned by the negotiating might of Brazil and others. It also lacked the presiding authority that a Presidency has when hosting a COP in its own country. The formal withdrawal of the US from the Paris Agreement was a major contributing factor in downgrading the outcomes in Madrid. There was a pervading sense of 'why should we take strong action if the biggest polluter in the world has walked away from the process'.

IAN FRY TUVALU

by Parties calling for a decision to be taken as soon as possible. A number of Parties and groups, including LDCs, the African Group, and the Environmental Integrity Group (EIG), also agreed that the end-points of NDCs should be spaced at five-yearly intervals rather than longer time frames (to avoid the risk of locking in low ambition for too long, and to align NDCs with the five-year cycle of the global stocktake); and communicated in a 5+5 pattern, as suggested in what has become known as the *Dynamic Contribution Cycle*. There was considerable frustration about the lack of progress on this issue at COP25, leading to a formal request by Brazil in the SBI plenary that more time be allocated to this agenda item in future sessions, with a view to coming to a decision in Glasgow.

Civil society was also more vociferous in voicing their dismay on the lack of progress on this issue. In an article entitled *C'mon!!! Do we really Need 5 Years to Decide on 5 Year Common Time Frames?*, non-government representatives asked, with incredulity, whether those asking for more time were “*missing the sad irony of asking for more time*” in light of the urgency for climate action.

Transparency

At the Madrid Conference, SBSTA was expected to continue work on the remaining elements of the Paris Agreement’s enhanced transparency framework, including: formulating common reporting tables (CRTs) and common tabular formats (CTFs) that Parties must use in reporting information; agreeing the outlines of biennial transparency reports (BTR), national inventory reports (NIRs), and technical expert review (TER) reports; and designing a training programme for the technical experts in the TER process. These elements are to be adopted by CMA3 at COP26 in Glasgow, in 2020. The first BTRs and NIRs (if submitted as a stand-alone report) are then due by 31 December 2024.

The modalities, procedures, and guidelines (MPGs) for the enhanced transparency framework were *agreed* in Katowice, with flexibility provisions for those countries that need it. It was also agreed that while the application of this flexibility will be self-determined by countries, they should clearly indicate the provision to which flexibility is applied, clarify capacity constraints, and provide estimated time frames by which the constraints will be addressed. The operationalisation of this flexibility, and the reconciliation of common reporting standards with the nationally determined nature of NDCs, were major cross-cutting issues for all sub-items on the transparency agenda in the Madrid discussions.

Common Reporting Tables

On CRTs for NIRs, Parties discussed which of the tables that are currently used for reporting under the UNFCCC can be adapted for the MPGs. Some developing countries opposed the use of existing Common Reporting Format tables used by Annex I Parties, while others rejected making the use of CRTs mandatory. On operationalising flexibility, the options ranged from having specific notation keys, colour codes, footnotes, or summary tables where flexibility was applied, to modifying tables as a whole or even deleting columns and rows where information cannot be provided. Agreement on CRTs, and their harmonisation, will impact the ability to produce summary tables on NDC progress and allow for technical reviews. While the discussions are very technical, they will have a significant impact on the transparency of Paris Agreement implementation. Parties also discussed available and applicable software tools that could help reduce reporting burdens.

until 2023. Miraculously, the EU is no longer the ones kicking this can the furthest down the road.”

Common Tabular Formats

Parties discussed how to accommodate different types of NDCs in the CTFs to track progress in NDC implementation, and how to reflect their country-driven nature in common tables. The format of the structured summary of NDCs was also subject to debate. This structured summary is a sensitive topic because:

- It defines how much detail Parties are ultimately willing to provide on whether they are meeting their NDC targets.
- It includes information on the use of Article 6 cooperative approaches, while negotiations on Article 6 are still ongoing.

There was consensus that the existing reporting tables under the UNFCCC are a good starting point for discussion for the CTFs for support provided and mobilised, and for support needed and received. Parties discussed how to differentiate and disaggregate information on climate finance, technology transfer, and capacity building; between mitigation and adaptation; and whether to include information on finance provided and received for loss and damage. They discussed how to include information on the definitions, assumptions, and methodologies used to estimate reported figures; and how to report both support needed and received in the same CTFs.

Outlines of BTRs, NIRs, and TER report

Parties discussed if flexibility provisions should be addressed in stand-alone chapters in these reports, and/or within different chapters. There was no consensus on whether an executive summary should be mandatory for NIRs.

Training programme for TER experts

The role of the Consultative Group of Experts (CGE) in developing a training programme for the technical experts participating in the review process was considered. (This discussion was partly responsible for stalling discussions on the terms of reference for the CGE, as it shifts toward supporting reporting under the Paris Agreement). Details of the programme, including the number and the subject of the courses that reviewers will have to undertake, were also discussed.

Parties were unable to agree on the transparency provisions at the end of the first week. The Co-Chairs proposed asking the secretariat and CGE to prepare technical papers, and hold intersessional workshops and expert dialogues. This was supported by some Parties and groups, including the EU, Australia, US, AOSIS, and the EIG, but opposed by the Arab Group, China, and Egypt. The US, EU, LDCs, AILAC, and AOSIS, among others, proposed continuing work under the SBSTA during the second week, but this was opposed by China for the LMDCs and the African Group, who said other pressing items on the agenda also need sufficient negotiation time, in particular adaptation and finance. Rule 16 of the UNFCCC *draft rules of procedures* was therefore applied, and the transparency discussions will continue at the session in June 2020.

While it is not surprising that no real progress was achieved in the absence of a firm deadline at COP25, the inability of Parties to agree is troubling. It shows that the negotiations on transparency are political in nature despite having a specific and highly technical mandate. Agreement on CRTs will not be possible without addressing financial and capacity building support for developing countries to conform with the new requirements; and striking a delicate balance between the harmonisation of

reporting standards to allow comparisons between all countries on the one hand, and the provision of flexibility on the other. In other words, the transparency negotiations are quite tangled up with the larger political issues between Parties in the climate negotiations.



The immense strength of a unified front amongst developing countries was once again on display during the 2019 review of the WIM. While there is still much work to be done, and the governance of the WIM has yet to be resolved, the review has successfully placed addressing loss and damage at the centre of taking action on climate change.

LINDA SIEGELE AOSIS

Adaptation communications registry

At COP25, Parties were [expected to agree](#) on whether the prototype registry for adaptation communications, developed by the secretariat, will serve as the public registry referred to in Article 7.12 of the Paris Agreement. However, the LMDCs and the Arab Group argued that the adaptation registry must be discussed jointly with the NDC registry. Although other developing countries urged agreement, or at least substantive discussions, lack of agreement meant that it could not be finalised, and it will not be available for Parties to use in 2020. Switzerland, for instance, noted in the Plenary that it is unable to submit its adaptation communication because the launch of the adaptation registry is held up.

Institutional arrangements for capacity building

Parties had also [decided](#), in Katowice, to consider and adopt a decision on the initial institutional arrangements for capacity building at CMA2; and to consider recommendations made by COP25 on enhancing institutional arrangements for capacity building. In Madrid, it was decided that the [Paris Committee on Capacity Building](#) (PCCB), created in 2015, shall serve the Paris Agreement in accordance with its mandate and terms of reference. It will report to both the COP and CMA.

The [priority areas](#) for the PCCB and activities, adopted by COP in a related [Decision](#) following the review of the PCCB, include: enhancing coherence and coordination of capacity building; identifying capacity gaps and needs; and promoting awareness-raising, knowledge- and information-sharing, and stakeholder engagement. The activities are listed in an Annex to the COP Decision, which also agreed to extend the term of the PCCB for five years. The Committee is requested to extend its current rolling workplan to the end of 2020. The workplan for the extension period will be considered at COP26.

WIM REVIEW, GOVERNANCE, AND FINANCE

Negotiations on “loss and damage” due to climate impacts are at a relatively nascent stage under the UNFCCC, though the concept is at least as old as the Convention. AOSIS had [called](#) for climate-related loss and damage caused by sea-level rise to be addressed through an insurance pool in 1991, when the UNFCCC was being negotiated, but this issue lay largely dormant over two decades, until 2013, when the WIM was finally set up under the authority of the UNFCCC COP. Subsequently, it was agreed in Article 8.2 of the [Paris Agreement](#) that the WIM will be subject to the authority of the CMA.

Governance arrangements

However, the inclusion of the WIM under the authority of the CMA in the Paris Agreement resulted in a disagreement on the governance arrangements of the WIM, as developed countries (particularly the US) then argued that the WIM should be under the sole authority of the CMA, not of both the CMA and the COP (as developing countries wanted).

Other bodies, such as the Technology Mechanism and the Climate Technology Centre and Network [have similar joint governance arrangements](#), reporting to both the COP and CMA. The position of the developed countries on limiting the governance arrangements of the WIM to the CMA has been attributed to two reasons:

- Many developed countries would like to [ensure](#) that §51 of the [Paris Decision](#), which states that the Paris Agreement's Article 8 (on loss and damage) “*does not involve or provide a basis for any liability or compensation*”, applies to all discussions on loss and damage.
- The US would like the loss and damage discussions to be limited to the Paris Agreement, from which the country is withdrawing. This will effectively exclude the US from any future discussions and obligations related to supporting developing countries in dealing with climate-related loss and damage.

Developed countries were willing to compromise, but only if §51 of the Paris Decision applies to the discussions under the COP as well. Despite efforts at the highest level that continued into Sunday, 15 December, agreement proved impossible. Following a compromise suggested by the COP Presidency, a [procedural Decision](#) was adopted under COP, stating that discussions will continue at COP26 in November 2020 and this does not prejudice the outcome of further considerations on the issue of WIM governance. It is worth noting that although the WIM review was mandated by the COP, the substantive Decision on the review was taken under the CMA, suggesting a clear direction of travel (towards the CMA), despite the “without prejudice” wording.

“During the last two weeks we have had one Party who has been insisting that the WIM operate under the Paris Agreement,” said Ian Fry, Climate Ambassador, Tuvalu, in his [statement](#) to the closing plenary. “Ironically or strategically, this Party will not be a Party to the Paris Agreement in 12 months’ time. This means if they get their way with the governance of the WIM, they will wash their hands of any actions to assist countries which have been affected by the impacts of climate change. This is an absolute tragedy and a travesty on those affected by the impacts of climate change. There are millions of people all around the world who are already suffering from the impacts of climate change. Denying this fact could be interpreted by some as a crime against humanity.”

Funding for loss and damage

Developing countries had hoped that the occasion of the review of the WIM at COP25 would provide the opportunity to address finance for loss and damage in more concrete terms, and to improve the institutional structure for loss and damage under the UNFCCC to better deal with an increasingly pressing issue.

In a [submission](#), the G77/China had called for:

- Developed countries to provide adequate, easily accessible, scaled up, new and additional, predictable finance, technology, and capacity building for loss and damage.
- The WIM Executive Committee to facilitate increased collaboration with bodies, institutions and organisations under the UNFCCC on loss and damage finance.
- The operating entities of the UNFCCC Financial Mechanism to fund activities related to loss and damage (some developing countries also wanted separate funding windows for loss and damage under the operating entities).
- The SCF to collaborate with the WIM Executive Committee, and ensure that guidance on funding for loss and damage is included in draft guidance to the



The Decision on the WIM is bittersweet. Notwithstanding the new channels for enhancing collaboration between the WIM Executive Committee and the SCF and GCF, and ostensibly catalysing implementation under the Santiago Network, the finance elephant in the room is still roaming free. Until this issue is addressed with the sobriety and seriousness that it deserves, the climate emergency that Parties shout about from the mountain tops will remain climate inertia within the negotiating walls, to the likely detriment of the most vulnerable societies. This is something we will have to be prepared to live with on both sides: realistically and conscientiously.

**KISHAN KUMARSINGH
TRINIDAD AND TOBAGO**

operating entities of the Financial Mechanism.

- The GCF Board, to provide expedited access to adequate, scaled up, new and additional funding for loss and damage.

In addition, the submission called for an expert group to be set up in 2020 under the WIM Executive Committee, to enhance action and support; and for a “Santiago Network on Addressing Loss and Damage” under the WIM, for the provision of technical support. Some groups within the G77/China, such as the Bolivarian Alliance for the Peoples of Our America (ALBA), also called for a separate financial mechanism under the WIM. Others called for a separate “implementation arm” of the WIM, to complement the existing “policy arm”.

The SBs were unable to agree on these issues before the deadline of the end of the first week of COP, and instead forwarded a draft conclusion with a bracketed draft decision. This still included different options on the mobilisation of finance, and on the expert group and Santiago Network. Consultations continued under the guidance of the COP25 Presidency during the second week, facilitated by ministers from Grenada and Norway. In the end, a Decision was adopted under the CMA on 15 December. It:

- Urges the scaling-up of action and support, as appropriate, including finance, technology and capacity-building, in §32.
- Urges private and non-governmental organisations, funds, and other stakeholders, to scale up action and support (§33).
- Acknowledges the wide variety of sources (public and private, bilateral and multilateral, including alternative sources of finance) relevant to loss and damage (§34).
- Urges bodies, organisations and funds under and outside the Convention and the Paris Agreement to scale up support (§35).
- Invites Parties to make use of available support from a wide variety of sources, “*including through the operating entities of the Financial Mechanism, as appropriate, to an extent consistent with their mandates*” (§36).
- Requests the WIM Executive Committee to engage with the SCF in accordance with its mandate in Decision 2/CP.19 when the SCF provides draft guidance to the operating entities of the financial mechanism (§37).
- Requests the WIM Executive Committee to collaborate with the GCF to clarify how developing countries can access GCF funds to develop funding proposals related to the strategic workstreams of the WIM’s five-year rolling workplan, consistent with §36 (§39).

In a statement to the closing plenary, the G77/China noted with concern the absence of a direct request to developed countries to scale-up action and support for loss and damage in §32. While the previous version of the draft had urged developed countries to scale up their financing to developing countries on loss and damage, the G77/China representative said, it was revised to a generic reference to scaling up of finance in the final version, without any reference to where it comes from. Others noted that the lack of a reference to “new and additional” funding for loss and damage runs the risk that this funding will come from existing finance streams intended to fund mitigation and adaptation. Finally, while Parties are invited to make use of “available support” from the operating entities in §36, this is only to be done “*to an extent consistent with their mandates*”.

An expert group on loss and damage for action and support was established. It will meet in 2020 to develop a focused plan of action that will, among other things, relate to the activities on support for loss and damage in §§ 37-39 of the Decision, including engaging with existing financial institutions within the UNFCCC to find ways of enhancing the provision of climate finance for loss and damage. The expert group will also collect, compile, and disseminate information on available sources of such support, but its mandate does not include the mobilisation of new and additional finance.

It was also decided to establish, as part of WIM, the Santiago Network for averting, minimising and addressing loss and damage associated with the adverse effects of climate change, to catalyse technical assistance for the implementation of relevant approaches at the local, national, and regional level. The Decision does not, however, include a timeline for operationalising the Network.

Finally, the [CMTA](#) Decision calls on international entities, including financial institutions, to continue supporting the development and implementation of measures to avert, minimise, and address the adverse impacts of climate change. While loss and damage is not specifically mentioned, developing country negotiators consider it inclusive, especially since recent IPCC reports recognise that there are limits to adaptation.

The next review of the WIM will take place in 2024, and every five years thereafter.

GENDER

The [Lima Work Programme on Gender](#) (LWP), adopted in 2016, and its [Gender Action Plan](#) (GAP), adopted in 2017, were due to be reviewed at COP25. Negotiations on their successors, the “enhanced” LWP and GAP, proved more contentious than usual, with two issues at the centre of debate.

First, developing countries called on developed countries to provide the means of implementation for the work programme and action plan, for developing countries and the secretariat. Developed countries countered that financial issues should be discussed and decided by those negotiating agenda items related to finance.

Second, references to human rights and a just transition were controversial. Some developing countries were uncomfortable with blanket references to universal human rights. They noted that the Paris Agreement lists specific human rights, not all. Parties wrestled with ways to convey the multiple intersections of how place, race, and gender increase vulnerability – for example, women from developing countries or indigenous communities may face different types of vulnerabilities than women from developed countries.

These issues were eventually resolved through consultations led by the COP Presidency. On means of implementation, it was agreed to simply “*invite*” “*Parties*” to provide support for developing country Parties, instead of “encouraging” specifically “developed countries Parties”. On human rights, and on ensuring a just transition, the preambular language already agreed in the Paris Agreement was simply reiterated.

The enhanced Lima work programme (LWP) and its gender action plan (GAP) recognises that climate change impacts on women and men can often differ owing to historical and current gender inequalities and multidimensional factors and can be more pronounced in developing countries and for local communities and indigenous peoples.

Parties are once again encouraged to appoint and provide support for a national gender and climate change focal point (NGCCFP) for climate negotiations, implementation, and monitoring. It invites them to submit information on efforts and steps taken to implement the LWP and its GAP.



The UNFCCC secretariat is requested to continue to, among other things: prepare an annual gender composition report and biennial synthesis report on progress in integrating a gender perspective into constituted body processes; facilitate support for building and strengthening the skills and capacities of NGCCFPs; and provide capacity-building support to constituted bodies and the secretariat in integrating gender perspectives.

There is no clarity on the financial support that will be provided for, and be accessible by, developing countries (not mobilised through their co-financing). In this situation, it is very difficult for developing countries to engage in any process to enhance ambition. If they do, they can only offer political announcements and try their best to implement their unconditional contributions to the Paris Agreement.

KAMAL DJEMOUI
ALGERIA

The enhanced gender action plan retains the five priority areas of 2017-2019: capacity building, knowledge management and communication; gender balance, participation and women's leadership; coherence; gender-responsive implementation and means of implementation; and monitoring and reporting. Specific activities with assigned timelines, deliverables, and responsibilities are listed for each priority area.

The implementation of the enhanced LWP and GAP will be reviewed at SBI61 in 2024. Civil society groups have, however, already expressed concern over the lack of clearly defined indicators and targets for measuring progress. An intermediate review will take place at SBI56, in 2022.

FINANCE

Four issues related to climate finance were discussed at COP25: long-term finance; several elements related to the Standing Committee on Finance (SCF); guidance to the Green Climate Fund (GCF) and Global Environment Facility (GEF); and the Adaptation Fund Board's membership.

Long-term finance

Long-term finance refers to the "US\$ 100 billion annually by 2020" commitment, made by developed countries in 2009. A work programme on long-term finance, first launched at COP17 in Durban, in 2011, was extended till 2020 at COP19 in Warsaw, in 2013. It included biennial submissions by developed countries on their approaches for scaling up climate finance, in-session workshops, and biennial high-level ministerial dialogues. The G77/China proposed a permanent forum to discuss long-term finance, saying the issue needs regular discussion from a strategic perspective. Developed countries objected to mandating the SCF to assess progress, saying it duplicated the SCF's work on biennial assessments, and also opposed extending the current work programme or creating a new forum.

In the closing plenary, the African Group said the draft text proposed by the Presidency, which "affirms the importance of climate finance and decides to continue discussion on this

matter under the COP" did not reflect agreement reached in consultations the previous night. They requested returning to the Group's understanding of [agreed language](#), which specifies that discussions would continue at the next COP ("notes the importance to the COP of continued discussions on long-term climate finance and decides to consider the matter at COP 26"). Agreement was not possible as this wording was opposed by developed countries, and it was decided that Rule 16 will apply.

Several developed countries linked long-term finance to results, pointing to the second element on long-term finance in Paris [Decision1/CP.21](#) ("...in the context of meaningful mitigation action and transparency on implementation"), thereby linking long-term finance with other contentious agenda items, notably NDCs and enhanced transparency.

Standing Committee on Finance

The SCF was [established in 2010](#) with the express purpose of assisting the COP with, among other things, "exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing" and "rationalization of the financial mechanism". Several Parties were therefore disappointed by the absence of draft guidance from the SCF to the operating entities of the Financial Mechanism at COP25. The SCF was [unable to agree](#) on this draft guidance, and instead forwarded a [compilation of submissions](#).

Common definition of finance

The SCF is also mandated to assist the COP with the "measurement, reporting and verification of support provided to developing country Parties". India, with other LMDCs, and supported by other developing countries, pushed for retaining text calling on the SCF to work on a "common" definition for climate finance that both developed and developing countries agree on. Without a common definition, it is difficult to determine (at least in a mutually satisfactory manner) whether financial commitments, particularly the US\$ 100 billion per year commitment, are being met. Developed countries suggest there is a strong upward trend in the provision of climate finance, while several developing countries remain sceptical. The call for a common definition was opposed by developed countries, and the [SCF workplan](#) agreed for 2020 simply underscores the SCF's contribution to the operational definitions on climate finance. It also invites submissions on this issue by 30 April 2020, to assist the SCF in preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows.

Needs determination

At COP24 in Katowice, the SCF was requested to prepare, every four years, a report on the determination of the needs of developing countries related to implementing the Convention and the Paris Agreement, for consideration by the COP, starting at COP26. At COP25, developing countries wanted to call on the SCF to make this needs assessment "comprehensive", so it can serve as one of the tools guiding the replenishment of the operating entities. They also wanted to include loss and damage in the needs assessment. Both suggestions were opposed by the developed countries. The [Decision](#) encourages the SCF to present, "to the extent possible", disaggregated information on climate finance flows and the needs of developing countries, including information on data availability and gaps by sector. On loss and damage, the Decision notes the inputs the SCF has already provided to the [technical paper](#) on financial support for addressing loss and damage; and "looks forward" to future input from the WIM, on the SCF's guidance to the operating entities of the Financial Mechanism.

Synthesis report on the US\$ 100 billion goal

The African Group wanted the SCF to prepare a synthesis report on the US\$ 100 billion goal, to inform the discussion on setting a new collective quantified goal from a floor of US\$ 100 billion per year, set to begin in November 2020. This was once again opposed by developed countries. A proposal by AILAC to include an overview of the achievement of the US\$ 100 billion goal as part of the biennial assessment was also rejected by developed countries.

Parties agreed to initiate the review of the functions of the SCF relating to the Paris Agreement, aiming to complete the review in November 2022.



At the end of a year when the devastating effects of climate change have become ubiquitous, the meager results of COP25 are very disappointing. As climate negotiator from a small country, I am frustrated to see several big countries sabotaging the multilateral climate process and urgently needed climate action.

**STEFAN SCHWAGER
SWITZERLAND**

Guidance to the GEF and GCF

Work on these two items, regulars on the COP agenda, was more difficult this year because the SCF did not provide draft guidance for the two operating entities of the Financial Mechanism (see section on SCF).

In the discussions related to the GEF, developing countries raised the decline in climate funding in the seventh replenishment; eligibility criteria for accessing GEF support; and challenges with co-financing requirements. Among other issues, the guidance invites the GEF to continue its efforts to minimise the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds.

The operating entity is urged to continue to report any change or update to the eligibility criteria for accessing resources to the COP, including the System for Transparent Allocation of Resources country allocation. There was a general push by many developing countries to ensure that the guidance given by the COP on eligibility would not be re-interpreted or overridden by the GEF later on.

The GEF is invited to consider ways to include LDCs and small island developing States in the fourth phase of the global project on technology needs assessments (TNAs), if they have not undertaken a TNA. It is requested to “adequately support” developing countries in preparing their first and subsequent BTRs under the Paris Agreement.

In its role in administering the LDC Fund, the GEF is requested to continue to provide approved funding to countries transitioning from LDC status, for those projects approved before their graduation.

The discussions on the GCF included: concerns about delays in accreditation, and calls for streamlining the process, particularly for Direct Access Entities; politicisation of project eligibility decisions; the need for information about actual disbursements; calls for a strategic direction to address loss and damage and to establish an emergency response window; the need to prioritise adaptation funding; and the insufficiency of contributions during the Fund’s first formal replenishment.

The guidance to the GCF welcomes the pledges made by 28 contributors to the first formal replenishment process, resulting in a nominal pledge of US\$ 9.66 billion and a "notional credit" of US\$ 118.47 million that may be earned in the event all contributors make early encashment. Further contributions are encouraged.

The GCF is to “*swiftly conclude*” its work on the approach and scope for providing support to adaptation activities, and to continue to enhance its support for the implementation of National Adaptation Plans.

On loss and damage, the GCF Board is invited to “continue” providing resources for activities aimed at averting, minimising, and addressing loss and damage, within the existing investment, results framework, and funding windows and structures of the Fund. “It is not clear what existing resources are available for loss and damage,” commented a developing country negotiator in the aftermath of COP25. In this context, the Board is asked to take into account the existing workstreams of the five-year rolling workplan of the WIM. This falls short of the call for a dedicated GCF window for loss and damage.

A further issue that came up at COP25 was that of “privileges and immunities” for the GCF, as mandated in its *Governing Instrument*. Such privileges and immunities, secured bilaterally with countries, allow the GCF to be more flexible in its project approval process and legal agreements, and facilitates quicker access to GCF resources and faster implementation of projects after Board approval. However, these arrangements are not yet in place in most countries – as of May 2019, the GCF had bilateral agreements with only 21 countries. The issue will continue to be discussed at COP26. For now, the GCF is encouraged to continue its efforts to procure bilateral agreements. Efforts by the COP25 President to work with the UN Secretary-General, and explore a possible institutional linkage between the UN and GCF to address this issue, are noted, with a request for an update at the next Conference.

The Adaptation Fund Board and its Membership

At COP24 in Katowice, the CMA decided that the Kyoto Protocol’s Adaptation Fund shall serve the Paris Agreement (exclusively, once the share of proceeds from the Paris Agreement become available), and the CMP was invited to review the Adaptation Fund Board’s rules of procedure in this context. Some developed countries have since called for the membership of the Adaptation Fund Board to be revisited. Currently, a majority of the 16 Board members (about 67%) are from developing countries.

A discussion on the composition of the Board took place in Madrid, under the CMA and the CMP. Developing countries said the COP24 mandate does not include a revision of the composition of the Board, and only refers to its rules of procedure. They wanted the decision to be purely procedural. Other countries called for substantial changes. Japan, for instance, called for the representation of developed countries to be enhanced, and the Environmental Integrity Group wanted the Board’s composition to be revisited depending on the source of funding.

The *current language* on the composition of the Board refers to two representatives “from Annex I Parties”, and two from “non-Annex I Parties” (referring to Annex I of the UNFCCC). Some developed countries supported draft text that replaced these references to, respectively, “developed countries” and “developing countries” to reflect the grouping of the Paris Agreement rather than the UNFCCC. This was opposed by developing countries. No agreement was reached, and the discussion will continue at the June 2020 session.

In a *CMP Decision* that renews the World Bank’s role as interim trustee of the Adaptation Fund, paragraphs related to Board membership were removed due to the

ongoing disagreement. A decision was also taken for the GEF to continue to serve as the Adaptation Fund's secretariat. Unlike the past, when the interim roles of both the World Bank and GEF were reviewed periodically, no timeline is established to review their role.



Adaptation remains of urgent importance to small island developing States and it is worrying how little progress was made on the issue at COP25. The divide among countries on many issues is also worrying given that everyone needs to adapt to the impacts of climate change.

**SINDY SINGH
AOSIS ADAPTATION COORDINATOR**

ADAPTATION

There are aspirations in the Paris Agreement and its rulebook that adaptation will receive as much political and practical attention as mitigation. This is a long-standing concern for developing countries, made more urgent by the IPCC's 2018 and 2019 special reports on *Global Warming of 1.5°C, Oceans and Cryosphere in a Changing Climate*, and on *Climate Change and Land*, which issued a clarion call for urgent action, including on adaptation. 2019 also presented a first opportunity to add new issues to the CMA's agenda – until 2018, CMA1 (first held in 2016) was “suspended” each year, until the completion of the agenda items for CMA1. With the completion of the Paris Agreement rulebook in 2018, new agenda items could be added for CMA2.

The African Group proposed a new agenda item for the CMA on adaptation, to discuss the reports of the Adaptation Committee (as already mandated), and a new sub-item on the global goal on adaptation. In an informal consultation, the African Group explained the importance of the global goal on adaptation and the lack of parity between this goal and the goals for mitigation and finance. Developed countries countered that adaptation-related matters were agreed and mandated to various bodies, such as the Adaptation Committee, so there is no need for further discussion.

In the end, while there was no major outcome on adaptation, the *CMTA* Decision under the CMA calls on countries to submit their first adaptation communication as soon as possible and to engage in adaptation planning and implementation. It requests the Adaptation Committee to consider approaches to reviewing the overall progress made in achieving the global goal on adaptation, and to reflect the outcome in its 2021 annual report. It urges developed countries to provide financial resources to assist developing countries with respect to both mitigation and adaptation, and earlier calls for a balance between adaptation and mitigation funding are also reiterated.

The *CMTA* Decision under the COP also includes several provisions on adaptation, including recognition that the current need for adaptation is significant; greater levels of mitigation can reduce the need for additional adaptation efforts; and greater adaptation needs can involve greater adaptation costs. With regard to the IPCC reports, the SBSTA is requested to hold dialogues on the ocean and climate change (on both adaptation and mitigation related issues), and on the relationship between land and climate change adaptation-related matters.

Report of the Adaptation Committee

Even the *Report of the Adaptation Committee* proved contentious at COP25, as developing countries objected to the nature and extent of its focus on private sector engagement. They felt the report and its recommendations neglected the full breadth of the work of the Committee and obscured the role of developed countries in providing public finance for adaptation. In the end, they were unwilling to even noting the report “with appreciation”. No agreement was possible, and once again Rule 16 will apply – discussions will continue in June 2020.



To find our way out of the Madrid cul-de-sac, all three global goals in the Paris Agreement must be advanced with equal determination and ambition.

**SIMON CARDY
SOUTH AFRICA**

Meanwhile, it is unclear how the Adaptation Committee will fulfil its role in serving the Paris Agreement in 2020 without guidance from the CMA. Among the issues left without guidance is the inventory of relevant methodologies for assessing adaptation needs, which was mandated in Katowice. It is worth noting that the IPCC Working Group II co-chairs declined the Adaptation Committee's request for assistance, due to the high workload associated with its sixth assessment report cycle. It is unclear how this work will proceed.

National Adaptation Plans

The progress in formulating and implementing National Adaptation Plans (NAPs) was considered at COP25, through informal consultations under the SBI. Many developing countries described challenges in accessing funds for NAP formulation and implementation, including from the GCF Readiness and Preparatory Support Programme for the formulation of NAPs, with some citing a burdensome process. The COP [Decision](#) on NAPs notes the challenges, and invites the delivery partners of the GCF to strengthen efforts to support them with the goal of expediting the submission of readiness proposals.

READING THE RUNES

2020 is a crucial year for the fight against climate change. It is the year that implementation of the Paris Agreement is set to begin. It also marks the start of the ten-year [window of opportunity](#) to keep global average temperature rise to 1.5°C, by reducing global emissions by 45% from 2005 levels by 2030. It can therefore either be a turning point for climate change (if countries significantly raise the ambition of their NDCs), or the year that marked the beginning of the end for ecosystems that cannot withstand a warmer world.

2020 also marks the deadline for the US\$ 100 billion annual commitment of developed countries. The extent to which this commitment is delivered – and perhaps more importantly, the extent to which developing countries agree that it has been delivered – could have significant impacts on the already low trust quotient in the UNFCCC process, alongside pre-2020 action. This latter element was already building momentum at COP25. “There is a breakdown of trust, given that the political balance underpinning Paris has been undermined, especially on pre-2020 issues as the basis of the transition to Paris,” said one developing country negotiator. (In this context, developing countries have it in their hands to make the Doha Amendment to the Kyoto Protocol enter into force in 2020 and trigger scrutiny of developed country pre-2020 mitigation action – only eight more countries need to ratify).

The perception that developed countries have not done their fair share pre-2020 combines with the fear that they will not take responsibility in the post-2020 period either – especially the country with the largest share of cumulative historical carbon dioxide emissions. The US election in 2020 will indicate whether the US will definitely leave, or potentially re-join the Paris Agreement. At COP25, the US continued to participate in the development of the Paris Agreement rulebook despite its imminent departure, exasperating many. “The refusal of developed countries to even acknowledge the US problem (that the US had red-line positions that were incompatible with the multilateral process on all issues under the Paris Agreement), let alone to shoulder some of the burden

from the resulting gaps, took the oxygen out of the Conference,” a developing country negotiator said. “We had the surreal situation where a Party exiting the Paris Agreement was lecturing us on the ‘true’ meaning of the Paris consensus, around their interpretations, backed by other developed countries. Developed countries in essence presented a united front in allowing the US control over the Paris architecture even post-exit.”

The question of whether the UNFCCC process is “fit for purpose” has been asked before, but never perhaps with the intensity that followed COP25. This can be attributed to increased public scrutiny in the face of an imminent crisis, and the pressure is only likely to grow in future. While many now feel that broader reforms are needed, this is likely to be a slow process. In the short term, negotiators can increase their efficiency by purging some of the bad habits they may have picked up along the way. “At COP25, we were unnecessarily complicating negotiations even on procedural issues for the sake of ‘negotiation tactics’, resulting in a very dysfunctional process of decision-making,” said one negotiator. “While this may have made sense while negotiating the Paris Agreement or the Katowice rulebook, it should not continue – otherwise this process will become obsolete.”

The UK, as host of COP26, is described as a “safe pair of hands” recognised for its diplomatic machinery, with a dedicated team of climate change diplomats based all over the world (30 new climate experts have been hired for climate outreach). But even this diplomatic behemoth may find it challenging to walk the tightrope that is the Paris Agreement, while keeping all the balls in the air. Despite the importance of mitigation pledges in 2020, the delicate “political balance underpinning Paris” must not be forgotten. Mitigation ambition for some countries relies on the credibility of public climate finance commitments, and the ability of the UNFCCC system to make the finance available where it is needed, in a timely manner. At COP25, the sense that developed countries were trying to downplay or wriggle out of their financial commitments (either by objecting to direct references to developed countries in decisions related to the provision of finance or, in the case of the US in the WIM discussions, completely trying to wash their hands off responsibility) was far from helpful. Parity for adaptation action, meanwhile, is becoming even more important, and the complete stonewalling on the global goal on adaptation at COP25 was not confidence inspiring.

The UK will also have the chance to prove its diplomatic skills by delivering agreement on Article 6. While some negotiators and observers seem to have given up on this issue, lack of agreement could result in fragmented, increasingly volatile voluntary markets and bilateral government-to-government programmes with limited international oversight and transparency. This will limit the amount of finance mobilised by market mechanisms, and smaller countries with limited capacities, in particular, will be restricted in their opportunities for generating revenues for mitigation through market mechanisms. Agreement on the Article 6 rules, on the other hand, could help increase mitigation ambition in the short to medium term; harness private sector mitigation action; deliver a system whose environmental integrity can be trusted; and create a level playing field for all Parties.

COP26 will be under considerable pressure to deliver enhanced ambition on all elements of the Paris Agreement, in the face of heightened public expectations and scrutiny. Failure to deliver on these expectations will further undermine public faith in the multilateral process.

ABBREVIATIONS

ABU	Argentina, Brazil, Uruguay
AILAC	Independent Association of Latin America and the Caribbean
ALBA	Bolivarian Alliance for the Peoples of Our America
AOSIS	Alliance of Small Island States
BASIC	Brazil, India, South Africa, China
BTR	Biennial Transparency Report
CDM	Clean Development Mechanism
CGE	Consultative Group of Experts
CMA	COP serving as Meeting of the Parties to the Paris Agreement
CMP	COP serving as the meeting of the Parties to the Kyoto Protocol
CMTA	Chile Madrid Time for Action
COP	Conference of the Parties (to the UNFCCC)
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CRTs	Common reporting tables
CTFs	Common tabular formats
GCF	Green Climate Fund
GEF	Global Environment Facility
IPCC	Intergovernmental Panel on Climate Change
ITMO	Internationally transferred mitigation outcome
LDC	Least Developed Country
LMDCs	Like-Minded Developing Countries
LWP and GAP	Lima Work Programme and its Gender Action Plan
MPGs	Modalities, procedures and guidelines
NIR	National Inventory Report
NDCs	Nationally Determined Contributions
NMAs	Non-market approaches
OMGE	Overall mitigation in global emissions
PCCB	Paris Committee on Capacity-Building
PAWP	Paris Agreement Work Programme
SBs	Subsidiary Bodies (of the UNFCCC)
SBSTA	Subsidiary Body for Scientific and Technological Advice
SCF	Standing Committee on Finance
TER	Technical expert review
TNA	Technology Needs Assessments
UNFCCC	United Nations Framework Convention on Climate Change
WIM	Warsaw International Mechanism on Loss and Damage

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