

2019 Pre-COP Training Workshop



30 November 2019
Madrid, Spain

ecbi

European Capacity Building Initiative
www.eurocapacity.org

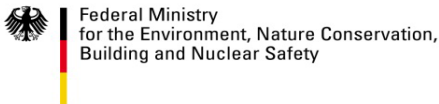
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This project is part of the International Climate Initiative (IKI). The German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) supports this initiative on the basis of a decision adopted by the German Bundestag.

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INTRODUCTION

The 2019 ecbi Pre-COP Training Workshop took place on 30 November at the Weare Chamartin Hotel in Madrid, Spain. The Workshop was attended by 19 negotiators from least developing countries (LDCs), who were attending the 25th Conference of Parties (COP25) to the UN Framework Convention on Climate Change (UNFCCC).

The workshop started with a round of introductions. Anju Sharma, head of the Publications and Policy Analysis Unit (PPAU) of the ecbi, introduced ecbi, saying the Initiative was established by Oxford Climate Policy (OCP) and the International Institute for Environment and Development (IIED) in 2005. It is a network of organisations, she said, including OCP, IIED, Legal Response International (LRI), and recently, the Women's Environment and Development Organization (WEDO). The Initiative includes two main programmes: the Fellowship Programme, for trust building among senior negotiators; and the Training and Support Programme, which builds the capacity of new negotiators to the process through regional workshops and pre-COP workshops such as the one currently taking place. A number of regional organisations in Africa and Asia partner with ecbi in the organisation of the regional training workshops. The PPAU serves both Programmes, Sharma continued, producing guides for new negotiators, and more detailed policy analysis for the senior negotiators. She invited participants to take copies of the [ecbi Pocket Guides](#) displayed in the room. She also invited them to contact LRI, if the need for legal advice arose during the COP and pointed to the [LRI email address](#) in a flyer handed out to participants.

Brianna Craft, IIED, welcomed participants, particularly those that had already attended regional training workshops organised by ecbi, and introduced the plan for the day. She invited participants to ask questions and use the opportunity to understand what to expect from COP25. She said the workshop will look at the bigger picture, discuss elements that will come up for discussion at COP25 in more detail, and talk about climate diplomacy more broadly. The Chair of the LDC Group will present key LDC Group priorities at COP25. A mock negotiations session will allow participants to work on their practical negotiating skills. This will be followed by sessions on thematic issues that will be key at COP25, including cooperative approaches under Article 6 of the Paris Agreement, and the review of the Warsaw International Mechanism on Loss and Damage. She introduced participants to the UNFCCC Code of Conduct, including what to do if the Code is broken, and the consequences of breaking the Code.

CLIMATE DIPLOMACY AND THE YEAR AHEAD

This session started with a presentation on climate diplomacy in the year ahead by Craft, on behalf of Gabrielle Swaby, IIED.

Craft said the presentation would focus on how countries discuss climate change more broadly than in the UN, integrate climate change throughout their foreign policy, and work together on climate change more broadly. She noted that the coming year is particularly important, as the Paris Agreement will come into effect in December 2020. She noted the need for a new era of climate diplomacy, where climate risks are integrated into foreign policy agendas, whether it's terrorism, climate change, trans-boundary rivers, or desertification. She said it is very important to address climate security risks as part of instability and fragility considerations globally today, because the world is experiencing increasing flood, drought, extreme weather events, migration of people across borders, as well as sea level rise. These risks will need to be addressed at the highest diplomatic level and integrated into diplomatic practices worldwide.

Craft said diplomacy is what changes the perception of national interest, which then causes countries to give their negotiators different instructions, to get better deals through different entry points and approaches to climate diplomacy. Reaching out to the public and to governments is just as important as it is to engage in conflict prevention and peace-building, she said, adding that diplomacy has to use its entire toolbox to address the various impacts of climate change. Technological solutions alone are not enough, and foreign policy and foreign ministers can contribute a lot. She noted that it is not only just climate change, but ecosystem degradation in general – a mix that combines with exclusion of people and human rights violations into a toxic cocktail that does not respect any nation states. A new climate diplomacy is needed to manage geopolitical changes proactively and embark on an era of making climate change a political priority, cooperation between diplomats and other branches and levels of government, between governments and businesses, and between countries and regions.

Craft continued that climate is something that spans multilateral conferences and any particular piece of foreign policy or diplomacy. Over the previous year, she said, climate change has been addressed by heads of state in the UN Climate Action Summit, and by foreign ministers, going beyond the mandate of environment ministries.

She highlighted ways to practically implement climate diplomacy bilaterally, giving the example of the US and China working together in the run up to agreeing on the Paris Agreement. She said bilateral diplomacy was key to the adoption of the Agreement. More recently, the EU and China have instigated a series of bilateral meetings and hope to make big bilateral announcements about climate change over the next year. Craft then described multilateralism as another key part of the puzzle, including through forums such as the UNFCCC. Lastly, she discussed summits, saying a summit by definition is a meeting of heads of state or governments, and gave the examples of the 2019 Climate Action Summit and One Planet Summits organised by France. Craft noted that the UK will host COP26 in 2020, and intends to invite heads of state and government to make their intentions about what they will do under the Paris Agreement very clear at the end of the year.

Describing the main players outside the UNFCCC, she said countries like France and Germany are playing, or trying to play, very high-profile roles in shaping the climate narrative outside of the negotiations. France organises the One Planet Summits, while Germany convenes the Petersberg Climate Dialogue. Canada has also stepped up recently and tried to shape how the narrative around climate change is developed outside of the negotiations. China has done a series of high-profile things about what they envision climate action would look like, and with India, is coming out strongly with bilateral agreements. A series of “High Ambition Coalitions” of progressive countries have come together to push climate action, including in the run up to Paris. Smaller progressive alliances also exist, such as the sub-state Powering Past Coal Alliance.

Craft then described the “individual leadership model”, where countries make very public statements about what they are doing on climate change to inspire others to do the same. She said the UK, in particular, is going to come out with a series of high profile announcements in the next year, including on phasing out coal and getting to net zero by 2050. They are doing this in the hope that when they convene the COP at the end of the year, they will have gathered enough political momentum for other countries to step up and make really strong pledges.

She described negotiating groups within the UNFCCC negotiations, including the G77 and China, African Group of Negotiators (AGN), the Alliance of Small Island States (AOSIS), the Independent Association of Latin America and the Caribbean (AILAC), the LDC Group, the Like-Minded Developing Countries (LMDCs), the European Union (EU), the Umbrella Group, and the Environmental Integrity Group (EIG). She said these groups have been meeting in advance of the COP to decide positions, because group positions are more powerful than an individual country position.

Describing the year ahead, she said March 2020 is the deadline for countries to submit revised and enhance NDCs. Particularly developed countries will be expected to step forward with additional pledges of what they're going to do from what they submitted before Paris. Some announcements were already made at the Climate Action Summit, particularly by European countries, but more are expected. The Petersberg Climate Dialogue will take place in May, where Angela Merkel is expected to make some big announcements, particularly about climate finance.

The next session of the Intergovernmental Panel on Climate Change (IPCC) will also take place in May 2020. She noted that the IPCC has released several special reports on the state of the climate, the most recent ones being the reports on 1.5°C, land, and oceans. These reports weren't quite so political in the past, Craft said, but because the warnings that are in them are so dire, countries are now reacting quite strongly to them.

In June 2020, the Subsidiary Bodies (SBs) of the UNFCCC will meet again and the G7 Summit, of the seven biggest economies, will meet. The G7 Summit will be hosted by the US, she said, and President Trump has been very vocal about the fact that he does not want the Summit to discuss climate change at all. This is a break from what the G7 normally does, and it's getting quite strong push-back from the EU in particular. Everyone is watching to see if the Europeans will successfully push the G7 to discuss climate change, and what they'll actually decide, if anything. In September, the next UN General Assembly will take place. The UN Secretary-General has said that he wants climate change to feature quite strongly there as a continuation from the Climate Action Summit, but also because of how important 2020 is for climate action.

Craft noted the possibility of a summit organised by the EU and China, to mirror the US-China relationship in the run-up to Paris. In October, the Convention on Biological Diversity will hold its COP, where climate change is also expected to feature. The UNFCCC pre-COP will also take place in October in Italy. In November, the US election will take place and will decide whether the US remains in the Paris Agreement, or withdraws. All of this, Craft said, will have an impact on what COP26 looks like, and how ambitious countries are willing to be.

Craft also described the broader geopolitics at play, with trade wars going on, the rise of nationalism in the West, and economic recession hitting at certain places. The increase in natural disasters are impacting developing countries, effecting their ability to focus on diplomacy with everybody else. Craft said it is important to keep all of this in mind, because being successful in climate diplomacy means a series of things that aren't so closely tied to being a negotiator at this COP, but need to be looked at seriously by the whole of government.

She said the first thing countries do when they want to implement good climate diplomacy is have their leaders and foreign ministers raise climate change as a priority issue across the board, wherever they are going and whatever they are talking about. Many countries, particularly in years like 2020, may appoint special climate envoys or climate ambassadors, because they know it's going to be a full-time job to talk about climate change in diplomatic forums.

Craft concluded that climate diplomacy considers the wider geopolitical context, and things like the rise of people's movements, trade, and economics.

In the discussion that followed, Craft described the impact of the US-China bilateral agreements in the run-up to Paris in more detail, saying it signalled to everyone else that the US and China were serious about Paris. She also described the individual leadership model. Participants queried the role of special climate envoys or ambassadors. Craft said there are some good examples of different models in the room – The Gambia appointed a Special Climate Envoy, while Tuvalu has a Climate Ambassador. Countries can take whichever

model they think is best for them, to speak articulately about climate change at the highest level, and to use their personal influence to push progress on the issue.

Responding to another question on the other question on the impact of geopolitics, she said diplomacy considers how nations work together, across the board, not just on one issue specific. For example, to work with the US right now, the domestic turmoil in the US will have to be considered, including political leadership and trade wars. She also gave the example of Chile being unable to host COP25 because of domestic upheaval, which has to be their focus of attention.

LDC PRIORITIES FOR COP25

In this session, LDC Chair Sonam P. Wangdi, Secretary, National Environment Commission, Bhutan, described the priorities of the LDC Group at COP25. Wangdi said the training of young negotiators to voice LDC concerns at the UNFCCC is one of his key priorities as Chair. He reminded participants that the 47-member LDC Group, with 33 members from Africa, 13 from Asia-Pacific, and one from the Caribbean, has a rotating chairmanship of two years each from among the three major blocks (Asia-Pacific, Francophone Africa, and Anglophone Africa). Bhutan took over as LDC Chair at COP24, and this will be the first COP where it will chair the Group.

He said the LDC Group has about 18 coordinators who meet every morning at 8 am for during UNFCCC sessions. A bigger coordination meeting of the whole Group takes place between at 1-2 p.m., and one more between 7-8 p.m., if needed. He invited participants to attend these meetings, to learn, interact with the coordinators in their areas of interest and contribute to the Group negotiations.

Describing four key priorities for COP25, Wangdi listed: enhancing ambition; loss and damage; climate finance; and conclusion of the negotiations of the rulebook for the Article 6 mechanisms.

On **enhancing ambition**, Wangdi highlighted the difference in emissions between bigger industrialised countries and the LDCs, and the warning of the IPCC's *Global Warming of 1.5°C* report, that with the current level of ambition in the NDCs, global average temperatures could rise by 3°C. This poses a grave threat to some countries and ecosystems, he said, and enhancing ambition in the NDCs is a critical priority. Countries are expected to announce their enhancements by March 2020, and many LDCs will come forward to do so.

He noted that 70 countries have pledged to go carbon neutral by 2050. The LDCs took an active part in the UN Secretary-General's Climate Action Summit in September 2019, where these pledges were announced. Bhutan was represented by its Prime Minister and foreign minister, who, with others, highlighted the need for global emissions to halve by 2030, to be able to reach net zero by 2050 and keep global average temperature rise to 1.5°C. While some political momentum was built through the Summit, pledges by the big players were lacking. Smaller countries, including LDCs, continued to be on the frontline in terms of increasing ambition despite suffering the maximum impact of climate change, Wangdi said. The science on the worsening impacts in future is clear, he said, and it cannot be negotiated. Yet, many of the larger countries are engaging in delaying tactics and were not even willing to welcome the IPCC special report on 1.5°C. He highlighted the LDC ministerial meeting that took place in Bhutan in September 2019, and the resulting communiqué that calls for 2020 to be the year of ambition, with countries updating their NDCs.

On **loss and damage**, he noted that LDCs do not have the capacity to deal with climate-related loss and damage. The LDC Group is working to build alliances with other countries and groups on this issue, to resolve

both the issues of governance arrangements for the loss and damage discussions, and of finance for loss and damage. He said the review of the Warsaw International Mechanism on Loss and Damage associated with climate change impacts (WIM) at this COP is critical because if it is not comprehensive, the opportunity to expand the mandate of the WIM may not arise for another five years.

On the **Article 6 mechanisms**, he said the discussion is focused on incentivising emissions reductions, and the key priority of the LDC Group is to ensure environment integrity, so that real reductions take place and overall global emissions actually decrease as a result of the activities under the Article. He noted that a later session will address the issue in more detail.

On **climate finance**, Wangdi noted that resources for mitigation and adaptation are hard to come by. The LDC Fund has been helpful, and the Group was able to mobilise some resources for it during the Climate Action Summit. However, these resources, even combined with the recent replenishment of the Green Climate Fund (GCF), are insufficient. Research indicates that the requirements of the LDCs alone will run into the trillions. While the announcements on doubling of contributions to the GCF by some countries is good news, the US\$ 9 billion promised so far is small in comparison to pledge to deliver US \$100 billion annually by 2020, and in comparison to the estimates put forward on the resources that will actually be needed by developing countries. He noted disagreements on the accounting of climate finance, with different figures put out by contributors and recipients. He said climate finance has to be defined better, counted better, and be additional to official development assistance (ODA) – currently, some commercial loans are also considered as climate finance. Another key concern for the LDCs related to climate finance is access, Wangdi said, particularly to funds from the GCF.

Wangdi concluded by thanking ecbi and its donors for funding the workshop, while calling for more such training efforts. He said he has asked LDC National Focal Points to include young negotiators in their teams, to prepare them to deal with the complexity of the negotiations, and added that young negotiators will be welcome to contribute to the Group's work at COP25.

In the discussion that followed, a participant sought further clarity on the US\$ 100 billion goal, and the challenges that will be faced by LDCs if it is not met. Wangdi said the goal is to be achieved by 2020 – so far, it has not been achieved. Moreover, only a small proportion of what is claimed to have been delivered is actually easily measurable, as a direct contribution to the climate funds. The proportion of funds available, even from the GCF, which has around US\$ 9 billion for four years, is much smaller. The bigger figures that have been put forward so far include both ODA and commercial loans. The measurement of climate finance, both *ex ante* and *ex post*, will be enhanced by the enhanced transparency framework in future, he noted, if the formats are agreed and effective.

In response to another question, Wangdi said efforts are underway to set up a more permanent institutional arrangement for the LDC Group coordination, to retain institutional memory over time.

The session concluded with the LDC Group Chair calling on the trainees to work hard, and do their homework and research to become good negotiators.

INTRODUCTION TO THE COP AGENDAS

Manjeet Dhakal, Climate Analytics, presented in this session, familiarising participants with the meetings and agendas for COP25. He noted that five meetings will take place in Madrid during the coming two weeks:

- 25th Conference of the Parties (COP) to the UNFCCC (COP25)
- 15th COP serving as the Meeting of the Parties to the Kyoto Protocol (CMP15)
- 2nd COP serving as the Meeting of the Parties to the Paris Agreement (CMA2)
- 51st session of the Subsidiary Body for Implementation (SBI51)
- 51st session of the Subsidiary Body for Scientific and Technological Advice (SBSTA51)

During the first week (2-7 December 2019), a formal opening ceremony and the first part of the high-level segment with national statements will take place, along with informal negotiations and meetings. At the start of the second week, the SBSTA and SBI closing will take place, while the other negotiations will continue, and the second high-level segment will take place along with mandated high-level events. He presented the following thematic elements that will be discussed at the meetings:

- Adaptation and agriculture
- Loss and damage
- Mitigation
- Market and non-market mechanisms
- Transparency framework
- Finance
- Technology transfer and development
- Capacity building
- Gender
- Process-related and crosscutting agendas

He then provided a detailed list for each thematic area, along with a brief description of the context and key issues.

On **adaptation**, he said the following items will be discussed:

- Report of the Adaptation committee (SBSTA agenda item 10, SBI agenda item 3 and COP agenda item 6)
- Matters related to LDCs (SBI agenda item 11 & COP agenda item 11)
- National Adaptation Plans (SBI agenda item 6)
- Koronivia joint work on agriculture (SBSTA agenda item 6 & SBI agenda item 6)
- Nairobi Work Programme (SBSTA agenda item 3)
- Public registry – Paris Agreement Article 4.12 (CMA agenda item 4 (b))

On **loss and damage**, the following items are on the agenda:

- Report of the Executive Committee of the WIM and the 2019 review of the Mechanism (SBI agenda item 9, SBSTA agenda item 4 and COP agenda item 7)
- WIM for Loss and Damage associated with Climate Change Impacts (CMA agenda item 5)

On **Article 6** (carbon markets), the following items are listed:

- Matters related to Article 6 of the Paris Agreement (SBSTA agenda item 12, CMA agenda item 10), including:
 - (a) Guidance on cooperative approaches referred to in Article 6.2 of the Paris Agreement;

(b) Rules, modalities and procedures for the mechanism established by Article 6.4 of the Paris Agreement;

(c) Work programme under the framework for non-market approaches referred to in Article 6.8 of the Paris Agreement.

- Matters related to CDM and Joint Implementation (CMP agenda items 5 and 6)

On **mitigation**, the following items are listed:

- Annex-1 Reporting (SBI agenda item 3, COP agenda item 4); and non-Annex I reporting (SBI agenda item 4, COP agenda item 5)
- Common time frames for NDCs (SBI agenda item 5)
- Matter related to the Kyoto Protocol (SBI agenda item 6)
- Scope of the next periodic review (SBI agenda item 5 & SBSTA 7(b))
- Research and Systematic observation (SBSTA agenda item 7(b))
- Response Measure (SBI agenda item 6, SBSTA item 9, COP item 12, CMA item 9, CMP item 10)
- Methodological issue under the Convention (SBSTA agenda item 8); and Methodological issue Kyoto Protocol (SBSTA agenda item 9)
- Public registry – Paris Agreement Article 4.11 (CMA agenda item 4 (a))
- Second review of the adequacy of Article 4, para 2 (a-b) of the Convention (COP agenda item 15)

On **transparency**, the following items will be discussed:

- Methodological issues under the Convention (SBSTA agenda item 10)
- Methodological issues under the Paris Agreement (SBSTA agenda item 11), which include the following elements:
 - (a) Common reporting tables for national inventories
 - (b) Common tabular formats to track progress made in implementing and achieving NDCs
 - (c) Common tabular formats for financial, technology development and transfer and capacity-building support provided and mobilised, and support needed and received
 - (d) Outlines of the biennial Transparency Reports, National Inventory Documents, and Technical Expert Review reports
 - (e) Training programme for technical experts participating in the Technical Expert Review
- Annual reports on the technical reviews (SBSTA)
- Reporting from and review of Parties included in Annex I (CMP)

On **finance**, the following items are listed:

- Matters relating to the Adaptation Fund (SBI agenda item 14 and CMA agenda item 6 (d))
- Administrative, financial and institutional matters – UNFCCC audit report, financial statement, budget performance and other budgetary matters (SBI agenda item 19, COP agenda item 16, CMP agenda item 12 and CMA agenda item 12)
- Matters relating to the Standing Committee on Finance (CMA agenda item 6 (a), COP agenda item 8(b))
- Report and Guidance to the GCF and Global Environment Facility (CMA agenda items 6(b) and 6 (c); COP agenda items 8(c) and 8(d):)
- Long-term finance (COP agenda item 8 (a))
- Provision of financial and technical support (SBI agenda item 4 (c))

On **technology and capacity building**, the following items are listed:

- Joint report of Technology Expert Committee and Climate Technology Center and Network (CTCN) (SBI, SBSTA, COP, CMA)
- Alignment between processes pertaining to the Review of the CTCN and periodic assessment (SBI agenda item 13 (b))
- Poznan strategic programme on technology transfer (SBI agenda item 13 (c))
- Annual technical progress report of the Paris Committee on Capacity Building (SBI)
- Matters relating to capacity-building under the convention and institutional review (SBI, COP)
- Capacity building under the Convention (CMA)
- Capacity Building under the Kyoto Protocol (CMP)
- Report on activities related to Action for Climate Empowerment (SBI)

Dhakal then listed the following process-related and crosscutting agenda items:

- Gender and Climate Change (SBI agenda item 17 and COP agenda item 12)
- Local Communities and Indigenous People's Platform (SBSTA agenda item 8)
- Consideration of the proposals by Parties for amendments to the Convention under Article 15 (COP agenda item 14)
- Consideration of the proposals on special needs and special circumstance of Parties (under CMA agenda item 11)

He said additionally, the following major events will take place during the two weeks:

- Koronivia Workshop on Agriculture, on 3-4 December
- Ministerial Dialogue on Adaptation, on 10 December
- 2019 WIM review event, on 1 December
- Earth Information Day, on 3 December
- High-level event on forests, on 5 December
- Informal round table on NDC mitigation ambition, on 6 December
- Joint SBSTA-IPCC special event on the special report on Climate Change and Land, on 4 December
- Joint SBSTA-IPCC special event on the special report on the Oceans and Cryosphere in a Changing Climate, on 5 December
- Gender technical workshop by the Presidency, on 28 and 30 November and Gender Day, on 10 December

He then listed the following items for consultations by the Presidency and on the provisional agenda:

- Proposal from Turkey to delete the name of Turkey from the list in Annex I to the Convention (COP agenda item 14(c))
- Consideration of special needs and special circumstances of Parties (CMA agenda item 11)
- Africa proposal on matters relating to adaptation (supplement to the provisional agenda)
- WIM (CMA agenda item 5 and COP agenda item 7)

Dhakal noted that while some issues are listed in more than one place, each body will deal with specific issues that are under its mandate. He pointed to a difference in the way the discussion on WIM is listed under the CMA2 draft provisional agenda, and the COP25 draft provisional agenda. In the latter, he said, a footnote states that "*inclusion of this item does not prejudice outcomes on matters related to the governance of the Warsaw International Mechanism*". He said this relates to the difference between developed and developing countries, on the governance arrangements for the WIM. While the developed countries think the WIM matters should only

be dealt with under the Paris Agreement, the developing countries want it to report back to both the COP and CMA. This difference will be negotiated during the two weeks.

Finally, Dhakal listed the key LDC negotiation priorities for COP25:

- Raising ambition to limit temperature rise to 1.5°C.
- Article 6 rules and guidance that increase global mitigation ambition, prevent accounting loopholes, and generate increased support to the Adaptation Fund.
- Mobilising increased climate support for adaptation and mitigation initiatives; continuing discussions on long-term finance towards launching negotiations; and arrangements and governance of the Adaptation Fund.
- Innovative approaches and greater financial and technical support for loss and damage, resulting from the WIM review.
- Continuing negotiations on elaborating the Paris Agreement rulebook, including NDC common time frames, adaptation communications and methodologies, and operational details of the enhanced transparency framework.
- Other items, including the institutional arrangements and mandate for the Paris Agreement Committee on Capacity Building, and the terms of reference of the Consultative Group of Experts (CGE).

Dhakal encouraged participants to further refine the areas that they will be following at the COP, saying just defining a broad area like adaptation or mitigation will still be unmanageable and impossible to follow in detail.

In the discussion, Dhakal advised participants to keep an eye on the daily schedule on screens at the venue to make sure they don't miss negotiations on their agenda items, and advised them to download the UNFCCC App. The daily LDC coordination meeting are also helpful to navigate the meetings, he said, encouraging the participants to offer their support to thematic coordinators. Another participant said joining the WhatsApp group of that specific agenda item is also a helpful way to keep track of meetings.

ARTICLE 6: MARKET AND NON-MARKET MECHANISMS

This session started with a presentation by Ambassador Ian Fry, Tuvalu. Fry said Article 6 is one of the most controversial and technically complex issue on the COP25 agenda, and one of the few items of the Paris Agreement Work Programme that still remain to be finalised. Article 6 includes three cooperative mechanisms:

- **Internationally Transferred Mitigation Outcomes** (ITMOs, under Article 6.2), which allows countries to buy credits from other countries, which have achieved more than they promised in the NDCs, to achieve their NDC target.
- **Sustainable Development Mechanism** (Article 6.4), which allows for project-based activities in other countries by various actors, to generate credits, also for achieving NDC targets.
- **Non-Market Approaches** (Article 6.8), which does not involve the use of markets, but refers to cooperative arrangements among Parties to reduce emissions.

Article 6.2

On ITMOs, he listed a number of issues that still remain to be resolved in the negotiations:

- Definitions
- Governance
- Participation responsibilities
- Tracking of ITMOs

- Corresponding adjustments
- Application of guidance
- Reporting
- Review
- Recording of corresponding adjustments
- Infrastructure
- Safeguards and limits
- Share of proceeds for adaptation
- Overall mitigation in global emissions
- Addressing negative and social economic impacts

Describing a few of these issues in detail, he said a question that remains to be resolved is the actual unit that will be traded in. Most greenhouse gases such as carbon dioxide, methane, and nitrous oxide can be converted into one unit, which the IPCC calls “carbon dioxide equivalent”. For instance, methane has a global warming potential that is 14 times that of carbon dioxide, so a tonne of methane can be multiplied by 14 to get the carbon dioxide equivalent. But there are some countries that want to trade in other units, including LDCs who, for instance, have excess hydro power that they want to trade in megawatt hours. Measuring in different units instead of a common tradable unit, however, adds complexity to the accounting system, and how to make it simpler is one of the issues that is being discussed under Article 6.2. Most developed countries think we should just be trading in carbon dioxide equivalent.

A second issue is that trade is not just limited between two countries, Fry said. There are lots of trades going on all the time, between countries, and also between companies. How this trade can be tracked to make sure that a sale is recorded in both the seller and buyer account, in a way that doesn’t amount to “double counting”, is another challenge. This issue is important for environmental integrity. Each tonne of carbon dioxide equivalent will have to be carefully tracked and accurately recorded in the accounting system. He noted that this becomes even more complicated because countries have such varied NDCs – some have a time period of five years, others of ten. Some have a “single-year target” (where the goal will be reached at the end of that year), and others have a “multi-year target”. If countries with a single year target get it wrong and find at the end of the year that they have over-sold or over-bought ITMOs, it will become challenging to balance the books. Some countries want all sales to be recorded in a centralised registry, and have each country maintain an inventory. However, keeping an inventory can be quite a burden on countries with limited capacities.

The next issue that is critically important to LDCs, Fry said, is that a “share of proceeds” from each trade is contributed to the Adaptation Fund. This was part of the Clean Development Mechanism (CDM) of the Kyoto Protocol, where 2% of each transaction went towards the Adaptation Fund. The LDC position is that 5% of each trade under the Paris Agreement should go to the Adaptation Fund, but developed countries are pushing back on applying this to the Article 6.2 mechanism, saying it is not mentioned in the Paris Agreement.

Another issue important for the LDCs is that of “overall mitigation in global emissions”, Fry continued. In a trade between two countries, he said, there is no real benefit for the atmosphere. The LDCs are calling for a portion of the traded amount – 10 to 20% – to be cancelled, to ensure that there will be actual “overall mitigation in global emissions”. However, this is opposed by developed countries are against this.

Article 6.4: Sustainable Development Mechanism

Fry said this new mechanism looks a lot like CDM, where one country will carry out an emissions reduction project in another country (for instance, installing wind turbines), and claim the credit for the resulting emissions reductions. The complication, however, is that all countries have to take on emissions reductions

and have NDCs in the Paris Agreement, unlike the Kyoto Protocol, where only the developed countries had emissions reductions targets. So, if one country is giving away emissions reduction to another country, it is taking away from its own NDC, and the emissions reductions it gives away should not be counted as part of the seller's NDC.

He listed the unresolved issues under Article 6.4:

- Definitions
- Role of the CMA
- Supervisory Body
- Participation responsibilities
- Rights and responsibilities of Host Parties
- A6.4 activity cycle
- Levy of share of proceeds for adaptation
- Delivering overall mitigation in global emissions
- Avoiding the use of emissions reductions by more than one Party
- Uses for purposes other than NDCs
- Safeguards and limits
- Addressing negative social and economic impacts
- Transition from Kyoto Protocol

One difference between Article 6.2 and 6.4 is that the Article 6.4 activities will be overseen by a Supervisory Body to approve trade, like with the CDM, Fry said. Issues relating to this governing body include its membership and how countries will be represented on this body. Other issues include the methodology used for baselines, and the accreditation system. The “activity cycle” of the Article 6.2 activities will include authorisation, validation, registration, monitoring, verification, and certification.

A key controversial issue under this mechanism is whether the credits generated under the Kyoto Protocol before 2020 can be used here. Some countries have accumulated credits from CDM that they haven't been able to spend in the pre-2020 Kyoto Protocol period. Should these be carried over to meet their targets under the Paris Agreement? This is a real challenge, as some countries have generated emissions reductions from the first commitment period of the Kyoto Protocol, which ended in 2012. There are real questions about how these credits were generated, and their environmental integrity. They could undermine the Paris Agreement system, particularly if the NDCs of these countries are weak. Some countries are pushing for their use strongly, because the country generated its own emissions Certified Emissions Reductions under the CDM in what was called “unilateral projects” (instead of project between two countries), but they were unable to sell them because the second commitment period of the Kyoto Protocol never entered into force. Most countries don't agree with this proposal, but a compromise is being sought. Brazil has proposed that they will hold on to these credits and only use them if they are needed, but this also poses problems.

Article 6.8: Non-Market Mechanisms

Moving on to Article 6.8, Fry said there will be no trading of units under this mechanism, but it is more about cooperative arrangements. The Article was the result of a proposal from Bolivia, which does not believe in the commodification of pollution. Countries may agree amongst themselves, for instance, to buy solar panels on a large scale, to get a better price. Such cooperative approaches could be very open-ended. The key unresolved issues relate to the governance of the mechanism (whether a permanent body is needed, or just a work programme under the SBSTA); and reporting on the outcomes of activities. He said the LDCs are calling for a permanent body to enable exchange of views, to capture lessons learnt, and to report back to the CMA each year.

Fry concluded that the LDC positions on Article 6 are based around environmental integrity, to deliver real emissions reductions towards the 1.5°C goal and not create loopholes. Transparency and accountability are key. Special consideration for LDCs is already in the text at the moment, but they will need capacity building and assistance with the accounting.

He said while some countries only support trade within elements that are in the NDCs, this poses a problem for countries like the US, who are not part of the Paris Agreement, but would like their existing national trading systems to participate. The International Civil Aviation Organization has also set up a trading system to offset the emissions from aviation, and some feel this should be allowed to participate in the Paris Agreement trading system, but this raises additional complications.

In the discussion, a participant queried the fate of CDM projects in an early phase. Fry said it is unlikely that they will go ahead as CDM projects because there is not going to be a second commitment period, and there will be no buyers. However, there is a chance that while credits may not be carried over into the Paris Agreement, projects could be carried over, as long as they meet the Paris Agreement's rules. The lessons learned from the experience can be shared with other countries by the new governing body. He added that "standardised baselines" are being considered for LDCs, so they don't have to calculate the baselines for individual projects. The "joint crediting mechanism" approach under the CDM may also be carried over into the Paris Agreement. Such details will likely be resolved by a work programme once the basic set of rules for Article 6 are agreed, he said, while the project-by-project detail will be left to the governing body. Projects in the conception stage will also have to be considered for whether they are part of the existing NDC of that country, based on the rules agreed.

In response to a question on conversions from carbon dioxide equivalent to megawatt per hour, Fry said renewable energy projects could, for instance, claim to address a percentage of the emissions reductions in the buying country's NDC, using a conversion factor.

On trading inside and outside NDCs, Fry said while the long-term goal is for all countries to have "economy-wide" emissions reductions, for now, some countries, including LDCs, just picked certain sectors for emissions reduction in their NDC. It remains to be decided whether trade should be restricted to those sectors that are included. Once the rules are agreed, it will be clear which sectors would work under the Article 6 trading mechanism. For this reason, some countries are waiting for a decision on Article 6 before they revise their NDCs. The negotiators involved in the discussion on transparency are also waiting for a decision on Article 6, and people are getting impatient for the trading rules to be agreed. There is a danger that the rules may be pre-empted by others if they are not completed soon – some groups are already threatening to come up with their own rules if the Article 6 rules are not agreed. He concluded by saying that he hoped that a good deal will be possible at COP25.

CLIMATE FINANCE: KEY ISSUES FOR MADRID

This session started with a presentation by Mamadou Honadia, a lead negotiator for Burkina Faso.

Honadia presented a background on climate finance, saying the issue has its origins in Article 4 of the UNFCCC. Article 4.3 calls on developed country Parties and other developed Parties included in Annex II to provide new and additional financial resources to cover the full agreed costs incurred by developing country Parties in fulfilling their obligations under Article 12.1 of the UNFCCC. Developed countries shall provide the necessary financial resources to developing country Parties, including for the purpose of technology transfer,

to cover the full agreed additional costs incurred in implementing the measures referred to Article 4.1. The implementation of these commitments shall take into account the need for adequate and predictable funding, as well as the importance of appropriate burden-sharing among developed country Parties. He said these elements of the Convention cannot be reinvented or rewritten.

Article 4.4 of the UNFCCC called on developed country parties and other developed parties listed in Annex II to assist developing countries in meeting the cost of adaptation. Article 4.5 states that developed country parties and other developed parties listed in Annex II shall take all feasible measures to encourage facilitate and finance, as appropriate, the transfer of or access to environmentally sound technology and know-how to implement the provisions of the Convention.

Honadia noted that finance has always been at the heart of international treaty debates on operationalisation and implementation. The various treaties signed and ratified have provided for one or more operating entities in charge of the Financial Mechanism and adopted Decisions to enable their implementation. The Global Environment Facility (GEF) was created in 1991 and made an operating entity for the UNFCCC. In 2010, the GCF was established as the second operating entity. Several decisions taken over the years have invited or encouraged countries in a position to do so, existing institutions or organisations to provide support to developing countries to facilitate the implementation of the treaty.

Honadia said there are four key areas of finance that participants should keep in mind: funds to keep the UNFCCC secretariat functioning; finance for the operating entities; projects and programmes for adaptation and mitigation; and finance from the private sector, civil society organisation, municipalities, research foundations etc.

At COP24 and the SB meetings held in June 2019, Honadia said the following was agreed:

- **Ex-ante finance, under Article 9.5 of the Paris Agreement:** The discussion relates to the quantitative and qualitative information that developed countries shall biennially communicate on the projected levels of public financial resources to be provided. The vehicles for reporting were agreed, and reporting will begin in 2020. This information will inform the global stocktake.
- **Ex-post finance, under Article 9.7 of the Paris Agreement:** This relates to information to be provided on support provided, mobilised, and on finance support needed and received.
- **The Adaptation Fund serving the Paris Agreement:** The Adaptation Fund started serving the Paris Agreement in January 2019. It will serve both the Paris Agreement and Kyoto Protocol till the share of proceeds from Article 6.4 of the Paris Agreement are available. Thereafter it will exclusively serve the Paris Agreement. Sources of funding will include public and private sources.
- **The work of the Standing Committee on Finance (SCF):** The SCF is asked to prepare, every four years, a report on the determination of the needs of developing countries related to the implementing the Convention and the Paris Agreement for the COP's and the CMA's consideration starting from November 2020. It will also map the available information relevant to Article 2.1(c) of the Paris Agreement, on financial flows for low carbon emissions and climate resilient development.
- **The first replenishment of the GCF:** The process was launched, and since then, approximately US\$ 9.6 billion has been pledged.
- **Long-term finance:** In-session workshops were held on the effectiveness of climate finance, and the provision of financial and technical support in relation to holding the temperature increase to 2/1.5°C. Summary reports will be forwarded to the COP for its consideration.
- **New collective quantified goal on finance:** Parties agreed to initiate the discussion at CMA3 (November 2020) on setting the new collective quantified finance goal from a floor of US\$ 100 billion per year to support developing countries. Parties should aim to take a decision at CMA7 (2024).

Honadia then listed the following elements on the COP25 agenda related to finance:

- **Long-term finance:** COP will consider the report of the in-session workshops.
- **Matters related to the SCF:** COP will consider draft guidance for the SCF reports.
- **Report of the GCF:** COP will consider the report of the GCF.
- **Matters related to the Adaptation Fund:** CMA will consider recommendations of the CMP rules and procedures. SBI will consider the membership of the Adaptation Fund Board and make recommendations to the CMP.
- **Common tabular formats** for the electronic reporting of the information on financial, technology transfer and development and capacity building support provided and mobilised and well as support provided and received. SBSTA will make a recommendation to the CMA.
- **Provision of financial and technical support:** SBI will continue consideration and agree on further actions.
- **Programme budget for 2020-2021:** COP will adopt the decision.

Listing priority areas for the LDCs, Honadia said the Adaptation Fund Board will make recommendations on the rules of procedures of the Board, arrangements for the Adaptation Fund with respect to the Paris Agreement, and implications of the Adaptation Fund receiving a share of proceeds from activities under the Kyoto Protocol when the Adaptation Fund serves the Paris Agreement. The Adaptation Fund Board has already drafted the recommendations for consideration by CMA2 and CMP15 on some issues such as the arrangements with the trustee. With regard to the governance arrangements for the Adaptation Fund, he said the LDCs would like the current arrangements to continue, with more developing country members. Developing countries must ensure that no major governance and policy changes in the Adaptation Fund which affects its nature and uniqueness are approved. They should also secure a meaningful outcome so that share of proceeds from both, Article 6.2 and 6.4, Paris Agreement market mechanisms feed the Adaptation Fund.

On Articles 9.5 and 9.7, he underlined the importance of Parties being as transparent as possible when reporting on the underlying assumptions, definitions and methodologies; and the need for scaled-up financial and technical support to build lasting capacity for LDCs to report on finance received and needed.

On the determination of developing country needs by the SCF, he said it is important to ensure that the report focuses on quantitative and qualitative information on the actual needs of developing countries, and does not merely focus on modalities for assessing the needs. On Article 2.1(c), he said it is important to understand developing country concerns with regard to this Article and how this can be reflected. The SCF should also be asked to assess whether Annex I Parties have achieved the collective goal of US \$100 billion; and provide a definition of climate finance.

On the guidance to the GEF and GCF, he said critical challenges that countries face with regards to accessing the GCF and GEF should be reflected, and proper guidance be given to the operating entities.

In the discussion, participants discussed the different governance arrangements of the climate funds; difficulties in acceding funds due to the politicisation of the issue of climate finance; the legal nature of climate finance, including its links to liability and compensation and to the achievement of the conditional elements of the NDCs.

NEGOTIATING EFFECTIVELY AND GROUP SCENARIO

During this session, participants practised negotiating a group position, and received negotiating tips from resource people.

LOSS AND DAMAGE: KEY ISSUES FOR MADRID

This session started with a presentation by Subhi Barakat, IIED. Barakat said loss and damage is a very innocent-looking term for a very ugly problem, particularly for LDCs and small island developing states (SIDS), which have typically severe capacity constraints and other kinds of vulnerabilities that are quite unique, even relative to other developing countries. However, he noted, climate-related loss and damage can happen anywhere, including in very rich developed countries.

While there is no clear definition of loss and damage, he said it is about the unavoidable and sometimes irreversible harm caused by climate change, and the impacts that entities are unable to adapt to. Examples include the loss of entire islands due to sea-level rise, and loss of land due to coastal erosion and salt water intrusion. The understanding of the issue is evolving over the past ten years, and it has only recently become part of the UNFCCC negotiations, where it is slowly being distinguished from adaptation. While adaptation implies that preventative or precautionary measures can be taken for some climate impacts, there are limits to adaptation, and could be quite contextual. Loss and damage may be more severe in countries with less capacity, and less severe in countries with the infrastructure to absorb such damage.

Barakat said the UNFCCC created the WIM to engender a greater understanding of the loss and damage. However, there is still no dedicated support to deal with loss and damage under the GCF or any other mechanism. To get funding for loss and damage, it currently has to be labelled adaptation, which defeats the purpose of separating it from adaptation in the first place. The more adaptation and loss and damage are dealt with as one, the harder it will be to get funding for the latter separately. Re-allocating funds from other purposes for loss and damage means that the other purposes suffer.

Barakat said the WIM was part of the conceptual exercise of separating loss and damage from adaptation, and giving it its own home. The WIM has three main functions: promote overall understanding of loss and damage; coherence and coordination (within the UNFCCC bodies, but also outside, with bodies such as the Food and Agriculture Organisation of the UN); and enhancing support. It is guided by an Executive Committee, elected from the different regional groups. The WIM had a five-year rolling plan for the 2017-2021 period, with five strategic workstreams.

Describing the three issues that will be discussed at COP25, Barakat listed: a review of the WIM; financing loss and damage; and governance of the WIM.

On the **review of the WIM**, Barakat said this will consider how the WIM has performed and if it is fulfilling its mandate. The terms of reference for the review were agreed in June 2019. He noted that while the WIM has done well on the first two elements of its mandate, it has not fared so well in enhancing support for loss and damage. As an Executive Committee, the body is also missing the mandate to actually generate and enable support. The review is therefore an opportunity to look at those structures and see how they can be enhanced; and of course, to address barriers and gaps such as the inability to do anything about finance for loss and damage.

On **finance for loss and damage**, Barakat reiterated that minimal attention has been given to the third function of the WIM, on enhancing support. One way to address the issue is to ensure dedicated finance for loss and damage, for instance by creating a window dedicated to loss and damage under the climate funds. A danger is that it gets mixed up with adaptation. For instance, the Adaptation Fund is focused on adaptation, and it will be confusing if it also deals with loss and damage. Also, simply diverting adaptation funds to loss and damage is not a solution. Another possibility is to create possibly a financial facility under the WIM. This relates to the structure of the WIM mentioned before, to see if it can be enhanced to better achieve its mandate. This is unlikely to find favour with developed countries, who do not want to create additional institutional structures.

Barakat said so far, loss and damage finance has been addressed mostly in the context of insurance. The problem is who will pay the insurance premiums, especially in rural areas in poor countries. There are other problems with insurance, he said, such as the pay-outs and the fact that insurance is mostly private finance, and the discussion has to evolve beyond private finance. Insurance companies are not public entities, which means governments of rich or developed countries are not providing funding for loss and damage. To move the discussion beyond insurance, the LDCs are calling for a task force or programme that, over the course of next year, will start to investigate the different options and opportunities for loss and damage finance. By the next COP, this will hopefully enable a decision that will actually result in some kind of stream of support.

On the governance of the WIM, Barakat said the outcomes of the WIM's review will have to be forwarded to a body – the COP or CMA – to make decisions. While the WIM was created under the UNFCCC, it was agreed that it will also serve the Paris Agreement. Developed countries now want it to report only to the CMA, and not the COP. Some Parties, like the US, are Parties to the COP but not the CMA, and would like not to have any obligations on loss and damage under the COP. However, the obligations that already exist under the COP cannot disappear, Barakat said. The LDCs would like to ensure that the WIM is governed by both of these bodies, and ensure that all Parties address loss and damage, and can be held accountable for loss and damage.

Barakat concluded by highlighting that loss and damage is more than the WIM, which is just one institution working on loss and damage. He listed the following publications and online sources for further reading:

- [Pocket Guide on Loss and Damage under the UNFCCC](#)
- [Loss and damage in the Paris Agreement's global stocktake](#)
- [UNFCCC Portal on WIM](#)

In the discussion, a participant highlighted the difficulties in explaining loss and damage due to climate change to local communities and described an African insurance initiative for climate-related loss and damage. Another participant asked how the effectiveness of the WIM will be judged. Barakat agreed that this is a critical question, and how the review is carried out, and the structure of the outcome are important issues. He said this will be part of the discussion at the COP and urged participants to be vocal in the negotiations to make the review more effective. Participants also discussed the role of insurance in risk management and transfer, and its limitations, including in addressing non-economic losses.

The workshop ended after a session where the participants and resource people provided feedback and advice.