

*APA Agenda item 8a: Informal Consultation of Adaptation Fund
November 9 2017, 11:15-12:15 (late start), RakiRaki Room
Note taker: Andrea Becerra, Tufts University*

Introduction:

- Three written inputs: Switzerland, EU, Australia, Japan & U.S. Other parties might not be in a position to write inputs but still willing to receive them.
- Goal is to come out of APA 8a with a work plan.

Bahamas

- Worked with Group 77 of China but did not meet 8pm deadline. Thank members of their group to come to a consensus. Members of group have already seen the document. Tried to inform members to ensure they have access to the document. For those that have not seen it he apologizes. Got consensus short while ago.
- The point they make: we see this matter as one that we should act on. I know that we're not going to discuss actual text, the position is that we do need to progress this matter. A draft CMPA decision and CMA decision. This is the place for us to move this process forward. And start the process of implementation.

Co-Facilitator:

- Given that not everyone was given a chance to read the submission give us a brief walk through:

Bahamas

- Requested to project the text on the points.

Co-Facilitator:

- Oral presentation is preferable for the sake of time. Very brief summary of points in 5 minutes.

European Union

- Would be a lot easier if we could see the text. If it is possible without going into a detailed discussion. It would benefit our previous session and our discussion.

Bahamas

- Position this group has taken. Will adhere to your ruling line by line. There is a need to progress this particular issue. Text is intended to submit original submission. Two draft decision:
- Draft CMA decision: adaptation fund shall serve Paris Agreement, following a decision by conference parties. The work that needs to be undertaken to perfect that through the CMP decision. Highlighted three items:
 - 1) Procedure welcomes decision taken by CMP
 - 2) Confirms that Adaptation fund shall serve Paris Agreement
 - 3) Operational and procedural guidelines for the parties to access funds from Adaptation Fund.

European Union:

- Few highlights:
- First bullet from 2020 the AF should only serve the Paris Agreement
- Up until then should serve the Kyoto Protocol

- With the intention to leave no one behind.
- We have a set of placeholders for funding for the board of composition. This is what is discussed under Article 6.
- We have a placeholder regarding relationship between Secretariat and Trustee.
- To be able to take decision in 2018. Important to have all the information necessary to make that available.
- We have done some work here but we also see this as something that needs to be further elaborated. To check operational policies and if appropriate revise them.

Switzerland

- Several elements: at the beginning outlined why the adaptation fund is important. The comparative advantage would be conserved to serve the Paris Agreement.
- There's a short element around transitional period. It should be reasonably short so that action can be continued.
- Following structure of informal notes and included elements of things we would like to see: Authority under which the Adaptation Fund operates. Everyone so far has spoken about it being under the guidance of the CMA and we agree
 - Reporting to the AFB: everything we develop under transparency framework should also apply here
 - Guidance to AFB: how the board looks like, constitution of the board, links to source of funding
 - Eligibility criteria: similar position to EU: secretariat services, adaptation fund should continue to serve in that matter; preliminary source of funding is share of proceeds which is a major part, we feel strongly about this
 - Accreditation process
 - Transitional period: one option could be a different transitional period for different elements, or one for everything
 - We don't have lawyers in our team we would like to have support on this. To clarify whether we need a CMP and a CMA decision, and if so in what sequence.

Canada

- Submission by Australia, Canada, Japan, New Zealand and the United States
- Adaptation Fund should serve Paris Agreement
- Decision sequencing: CMP would take first decision, giving up all authority over existing Adaptation fund
- CMA to make a decision in 2018 that the Adaptation Fund serves Paris Agreement, and address:
 - Board composition, transitional arrangement, guidance provided to the AF & governance and institutional arrangements
- Safeguards
- They have a few outstanding questions moving forward.

Co-Facilitator: Opening up for parties that did not provide a submission.

New Zealand

- Recognized the role of the Adaptation Fund, in particular for the Pacific Small Islands. See that its complimentary to other funds. Serving the Paris Agreement in time for 2018, as agreed last year. We therefore agree with the submission by G77 that actions should be taken this year.

Mexico

- Market mechanisms should be primary source of funding. But when will market mechanisms be prepared to promote adaptation? Would like to consider more flexible and innovative options and sources for funding.

Co-Facilitator

- Saudi Arabia

Saudi Arabia

- Now we are clearly, openly putting the condition on the table for the AF to serve Paris Agreement and create something called carbon markets. We are now speaking openly about this. We do not wish to put the destiny of the Paris Agreement under the condition of us accepting these so-called markets. We are not going to negotiation on this basis. If you are betting on this, that unless we get markets, then there is start. We just want to remind you that this is a cooperative approach by the international community to address climate change. We want to include resilience and the one fund that speaks to that is AF. Everything you are hearing is against Paris Agreement. It's as if we're going to renegotiate the Paris Agreement. At this stage, when told in our face, very bluntly that we need to move on determining the markets to discuss the share of proceeds and discuss innovative finance. Alternative sources of financing. Suggest we balance the floor. Deal both argument. This is no starter for us. If this is the predetermined condition for us to discuss the Paris Agreement on condition to see progress on Article 7 & 4, have never mentioned conditions on markets. We will not be able to address 2 degrees unless we address adaptation. IPCC to achieve 2 degrees need to address adaptation in a way that benefits mitigation.
- What is the objective here? Not very clear. Keep things in perspective as we offer opportunity for GCF. Makes more sense to make adaptation fund serve Paris Agreement.

Egypt

- Differentiation between two things: are we talking about AF to serve PA.
- I think the submission from G77 very clear: AF to serve PA. Other issues should not be a decisive element here. It is very simple, what we are mentioning, assurance that we are progressing toward achieving something. Expand AF to serve PA, then process to review, where it sits, its government. Instead of pushing for things, as seen in EU submission. It's as if we are restructuring AF fund. That is now how the African group sees it. Review the whole status in a later stage, maybe by 2020, or 2021. There is a process. Let's agree on something that AF serves PA. Current sources ...we take note of what EU says but that it supports developing countries in adaptation.

Switzerland

- Unfortunate that Saudia Arabia no longer in room b/c was going to respond. We are in full agreement that this room doesn't talk about article 6.4. We were talking about share of sources. We do not want to discuss 6.4 by any means. We agree with Egypt that this room should focus on AF. For us it is very important..we do not see this as only funding, we see this as preliminary funding. If this isn't part of the conversation, then that is also a non-starter for us, because there is a big fund GCF, that is supposed to go to AF. There are many other streams and channels. We've supported the AF since Lima. This was always an important prerequisite and want parties to understand that.

Argentina

- Speaking on behalf of Brazil, Uruguay & Argentina. Three delegations pleased to see positive developments in submissions made. There is a lot of room for conversion. If we think of where we were in Paris and even last May how our parties were on these issues, I think this is a great development. And I think this deserves to be noted. I think we are all in agreement that we have to make a decision that CMP needs to make a decision, and following that CMA will make its own decision confirming that. There are however a lot of issues that some parties would like to see addressed and we are also of the view that some of these issues need to be addressed. And how we're going to deal with that is probably the key of how we are going to move forward. Whether it should be the AF Board who does some preparatory work, I know the BA has been tasked with preparatory work, there are issues between agreements of trustees and CMP. There are issues between MOU and CMP. All this is very administrative but needs to be addressed. Other issues that worry me is the safeguard issue. Not saying that they don't need to be reviewed, but the safeguards of the fund is fit for the purpose. It's a small fund, projects are small, there are no category 8 projects. This is a decision that lies with AF Board, not with APA or CMA. It's the Board that chooses how to operationalize the fund. Are we going to micromanage the fund because it's in the PA?

EU

- We do not intend to suggest any large reforms of AF. I think we know it's worked well. We agree that there are administrative issues that need to be changed. There may be other issues that we must change from an administrative point of view. And want to make sure that when we meet next time to address those issues. It's important that when we leave the room we have an understanding of our submission.

Japan

- Decide in 2018. Then clear the issue and focus on the areas where we can see progress in the session and moving forward. That is my understanding of the process.

Burkina Faso

- Revision put forward by G77 China. Yes, we are in the process. Leave Bonn with a positive note. From Paris, as Egypt said, we went from "may" to "should." On the operative p.2 from G77 proposal we all agree that there is more work to be done. And after clarification of EU we think we are in the same terms. We have something concrete, draft decisions, on which we can work from. Let's use proposal of G77 as a working document so that by next week we can adopt something. That way we can continue negotiating structure next year.

Norway

- Timeline set to finish by 2018. What does that mean? Just reflecting on G77 submission, interested to hear more fleshing out the ideas behind that. I would like to know more on the government and institutional arrangements, the safeguards and how that can be fleshed out. I hope we can spend time on the decision of should or shall and more on the issues. And thanks to Argentina for mentioning thoughts, and sources of funds. It comes both from donors and also markets. What I take from this is that we have some work to do and I think we have collected material for your submission. Would like to finalize what works needs to be done by the boards to make the best decision by 2018.

Bahamas

- There is a positive mood in this room. Always when we talk about AF. The review of the AF I would encourage colleagues to read because it raises many important issues on policies and procedures. I think that would inform the whole discussion process. Mr. Co-Facilitator position taken by G77 is that we need to forward on this. We took the time to finish drafting decision. And we're doing it here to deal with CMP and CMA and we agree that need to produce report. Need to begin to engage in issues: what needs to happen when and at what time do we begin to engage in the issues.

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