

Working document

[Section F - Finance]

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Main observations:

- Upon invitation by the Co-Facilitators, Parties engaged in a round of expression of views with regard to the overall storyline of, and narrative for, the finance section of the draft Agreement and the draft Decision 1/CP.21. Parties clearly expressed their views on the main concepts and building blocks that would have to be reflected in each of them.
- In this regard, Parties also started to identify concepts that are currently captured in either the draft Agreement or the draft Decision that would need to be strengthened as, from their perspective, the current language is not succinct, clear or sufficient enough, as well as key concepts are missing.
- Generally, all Parties signalled that they are more than ready to engage in more in-depth discussions and dialogue. Various Parties indicated that they will provide textual inputs on specific issues currently missing from the draft Agreement and/or the draft Decision.
- In this first engagement, it became clear that there is a common understanding around specific concepts to be addressed in the draft Agreement and/or the draft Decision. However, there is significant divergence of views with regard to various key concepts. The discussions also made it clear that further conceptual clarity and discussions on specific issues are needed in order to advance their common understanding.
- A tentative schedule was presented by the Co-Facilitators with regard to the distribution of work in informal meetings (spin-off groups) over the coming days and Parties agreed to proceed with the proposed mode of work after a few amendments were made to the tentative schedule.
- Concerns were raised regarding the place for discussions on the following issues: transparency/MRV of support, adaptation finance and thematic funding. The Co-Facilitators indicated to Parties that they will raise such concerns with the Co-Chairs.

Work on institutional arrangements – Financial Mechanism

- Parties initiated informal deliberations with discussions focusing on the issue of institutional arrangements (Financial Mechanism), as agreed on in the facilitated group. Two Party representatives were invited by the Co-Facilitators to report back on the outcome of the informal meetings, which was shared with the facilitated group on finance in the evening session, with the following issues having been identified:
 - The Financial Mechanism as described in Article 11 of the Convention is to serve as the Financial Mechanism of the new Agreement, as Parties saw no need for the creation of a new Financial Mechanism;
 - The existing funds will remain in place, but there is no convergence on whether and how such funds should be reflected in the draft Agreement/Decision, so more discussions on this issue may be necessary;
 - There is a need to continue to provide guidance to the operating entities of the Financial Mechanism, but the question of the channel for such guidance remains (e.g. Agreement, Decision or regular COP agenda item);
 - There was an agreement that the Standing Committee on Finance will continue to assist Parties with regard to the Financial Mechanism, including with regard to increasing the coherence and coordination of the Financial Mechanism;

- An opportunity to create new institutional arrangements may be needed, should Parties see the need for this.
- Issues such as importance of predictability and accessibility were also raised.
- More detailed notes on the discussions will be provided to the Co-Facilitators by the designated delegates.

Next steps

- Informal meetings of the facilitated group on finance will take place tomorrow on the following issues: notion of scale and scaling up; and commitments/obligations/actions.
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