

## Reflections Note of Bilateral Consultations by the COP 25 Presidency and the Incoming COP 26 Presidency on Climate Finance Matters April - June 2021

We held bilateral consultations with negotiating groups from April to June 2021 on climate finance matters. We were encouraged by the active engagement of all negotiating groups and would like to thank them for their openness and positive collaboration.

The bilateral consultations provided an opportunity to discuss how best to progress informal work on climate finance issues ahead of COP 26 in an inclusive and transparent manner so that Parties have strong foundations on which to build in Glasgow. In our engagements with negotiating groups, we discussed in particular: the potential modalities for informal work that would most effectively help Parties make progress on specific climate finance issues ahead of COP 26; and how to capture the outputs of informal work to ensure Parties can make most productive use of the limited negotiating time in Glasgow.

Building on the preliminary summary we gave during our recent multilateral consultations with Heads of Delegations on finance<sup>1</sup> and supplemented by our subsequent final discussions with negotiating groups, we have drawn from our bilateral consultations five key takeaways relating to the modalities for further informal work on climate finance issues.

**1. There is a clear common desire from Parties to engage in further informal intersessional work on finance ahead of COP 26,** recognising the full finance agenda we will have in Glasgow and the need to make progress ahead of time. During our bilateral consultations, we heard a clear willingness among Parties to engage with each other and build bridges in the run up to Glasgow. In particular, we appreciate the readiness of Parties to work both at the technical and political level on finance issues, as appropriate. We note that this common desire for further informal work was reinforced during the recent multilateral consultations with Heads of Delegations on finance.

**2. Parties would like to see a clear way forward from the Presidencies on informal intersessional finance work.** We heard a recurring request for the Presidencies to set out a proposed way forward on what informal work on climate finance issues would look like from July through to November. Acting on what we have heard, we will set out a proposed approach for informal finance work through to COP 26 ahead of the next multilateral Heads of Delegation multilateral consultations on 30 June 2021.<sup>2</sup>

**3. Informal intersessional work should continue to be guided by our principles of transparency and inclusivity.** We heard a clear desire for further intersessional work be conducted in an open, inclusive and transparent manner. We also heard that doing so would best enable informal intersessional work to form the reference point for Parties in the negotiations when we get to Glasgow.

**4. There is general consensus that progress in informal intersessional finance work should be captured in balanced and informal written outputs (with no formal status).** We heard from negotiating groups that, *inter alia* and as appropriate, these written outputs could take the form of a synthesis of views, compilation of various inputs, and/or informal notes by the Presidencies. Some negotiating groups expressed a desire to start engaging with informal draft decision text on certain issues. Others indicated that this possibility could be

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<sup>1</sup> [https://unfccc.int/sites/default/files/resource/Co-Chairs%20Summary\\_Finance.pdf](https://unfccc.int/sites/default/files/resource/Co-Chairs%20Summary_Finance.pdf)

<sup>2</sup> <https://unfccc.int/process-and-meetings/bodies/supreme-bodies/conference-of-the-parties-cop/presidency-consultations-and-other-presidency-meetings/informal-consultations-by-the-cop-25-presidency-and-the-cop-26-incoming-presidency#eq-20>

considered in later stages of informal intersessional work. We also heard that balanced written outputs circulated well in advance of relevant subsequent discussions would serve to facilitate engagement between Parties, enhance transparency and inclusivity, and support ongoing informal progress as we approach COP 26.

**5. It is important to remain flexible with the modalities for informal intersessional finance work, recognising that different approaches and outputs will work best for different climate finance issues.** We heard the clear overarching message from negotiating groups that the most appropriate modalities for informal intersessional work - including bilateral consultations, multilateral consultations, technical workshops, and/or calls for written inputs - would vary between issues. When considering which modalities would best facilitate Parties' further work on specific topics, we heard that the Presidencies should consider, *inter alia*: the extent to which Parties have already expressed their views to each other on a given issue; the extent to which greater work is needed for Parties to find ground for consensus on a given issue; and the extent to which issues could be considered by some to be mostly technical in nature.

In our discussions with negotiating groups, we also noted the importance of the work being undertaken by the Subsidiary Bodies on issues related to climate finance. We additionally noted the ongoing work of the UNFCCC Standing Committee on Finance (SCF) in preparing its reports and its draft guidance to the operating entities of the financial mechanism, which will inform Parties' deliberations on the relevant finance items at COP 26. We confirmed to Parties that the Chairs of the Subsidiary Bodies will work with Parties to set the way forward on the issues for which the Subsidiary Body Chairs are responsible. Additionally, where finance discussions at COP 26 are to be informed by the work of SCF, we will not conduct parallel intersessional work so as to avoid duplication and are encouraged by the SCF's dedication to making substantive progress on these issues in the coming months in line with its work plan. We reiterate our full support to the SCF, the other constituted bodies, and the Subsidiary Body Chairs.

### **Next Steps**

In light of this and the recent June sessional period of the 2021 Subsidiary Bodies session, we look forward to providing Parties shortly with further details on our proposed way forward for further informal intersessional work on climate finance through to COP 26. Based on what we heard from negotiating groups concerning the specific requirements for making progress on different finance issues, our proposed way forward will set out modalities to progress informal intersessional work on climate finance issues under the responsibility of the Presidencies, with the following initial steps:

- on the new collective quantified finance goal, further technical informal bilateral consultations between the Presidencies and Parties to understand expectations around the forward approach to be agreed in Glasgow;
- in relation to Long-Term Finance (LTF), to provide Parties with further opportunities to set out in greater detail their views and understanding on the status of the LTF beyond COP 26;
- in relation to the 7th Review of the Financial Mechanism, to start informal discussions with an initial multilateral exchange of views between Parties facilitated by the Presidencies;
- in relation to the Review of the SCF, to start informal discussions with an initial multilateral exchange of views between Parties facilitated by the Presidencies.

Going forward, we will continue to take into account valid concerns about virtual work, noting the clear will shown by Parties to make progress across the large number of finance issues on the table in Glasgow. We thank Parties for the support and trust given to us to facilitate intersessional informal work on climate finance so that we all come prepared for COP 26. We remain committed to working with Parties, the UNFCCC secretariat, the Chairs of the Subsidiary Bodies and constituted bodies, to make available time and space as appropriate for continuing this critical work.