

## Partied unable to agree on advancing work on market/ non-market approaches

Bonn, 27 June (Perna Bomzan)- Agreement on the way forward on advancing work on the negotiating texts on market mechanisms and non-market approaches under Article 6 of the Paris Agreement (PA) could not be reached on penultimate day of the Bonn climate talks, which are scheduled to end today, the 27 June.

A contact group presided over by the Chair of the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA) has been scheduled morning of the final day for two hours in an effort to make further progress.

Many Parties had requested for more time to read and consider the iteration of the negotiating texts on Article 6 when the contact group was convened evening of Wednesday, 26 June.

**SBSTA Chair (Paul Watkinson from France)** convened the contact group meeting to “discuss the outcomes of work” carried out in the current session and to “agree on the conclusions” to be adopted at the SBSTA plenary on the concluding day.

Following a flurry of interventions by Parties, SBSTA Chair Watkinson noted the clear need for Parties to read the texts proposed (given that the documents had just been made available before the contact group met). He appreciated that “many groups were not ready to engage on the draft conclusions” and announced a contact group meeting in the morning Thursday, hoping to “find a very positive way forward”. He also wanted Parties to consider the draft conclusions that he had proposed.

The contact group also heard the report from the co-facilitators who had conducted the informal consultations on the matter. One of the co-facilitators, **Peer Stiansen (Norway)** reported that the “new iteration” (which was a second iteration) of texts of all three items under Article 6 (i.e. on the international transfer of mitigation outcomes (ITMOs) under Article

6.2; the sustainable development mechanism under Article 6.4 and the framework for non-market approaches under Article 6.8) had been released just before the convening of the contact group.

**Stiansen** clarified about the “two versions” of each text, one being a “clean” text while the other contained “highlighted changes” and hoped that they had “managed to reflect” views and proposals from Parties. He further elaborated that views had been captured in the form of “options” and “narratives” with a lot of “brackets” (not agreed) and that they “did not remove” text from the last version, while only removing those text based on the “direction” of Parties during the informal consultations.

(The texts prepared contained draft decisions to be adopted by the Conference of Parties to the PA [CMA] and annexes which detail the guidance on cooperative approaches under Article 6.2 [ITMOs]; the rules, modalities and procedures for the Article 6.4 mechanism [sustainable development mechanism] and the work programme for non-market approaches under Article 6.8).

(The annex for the ITMOs include matters relating to the definition of ITMOs, governance, responsibilities of the participating countries, tracking of ITMOs, corresponding adjustments, multi-year and single-year nationally determined contributions [NDCs], reporting, review, safeguards and limits, share of proceeds for adaptation, and addressing the negative social and economic impacts etc. In relation to the sustainable development mechanism, the annex rules cover matters such as the definition of the mechanism, the supervisory body, governance and functions, the responsibilities of participating countries, the activity design, safeguards and limits, the share of proceeds for adaptation and addressing the negative impacts of the mechanism. As regards the non-market approaches [NMA], the text covers elements relating to the

principles, the framework for the NMA, governance, modalities and activities of the work programme).

Following the co-facilitator's report, SBSTA Chair **Watkinson** hoped that views had been captured on an "accurate basis" and then drew the attention of Parties to the "draft conclusions" that he had produced. He proposed to briefly walk through the conclusions with a view to forward them to the SBSTA plenary for adoption.

**Saudi Arabia** speaking on behalf of the **Like-Minded Developing Countries (LMDC)** made a point of order and firmly expressed that it was "not prepared" to engage on the draft conclusions since Parties have not got the chance to reflect on the new text. It also questioned the "status" of the draft conclusions.

**Watkinson** responded that he understood that Parties need time to reflect on the text, nonetheless, to "allow" him to walk through and explain the conclusions. He would then "open the floor" for discussion for "next steps".

**Tuvalu** for the **Least Developed Countries (LDCs)** said that the approach was "reasonable".

**Watkinson** then explained that the proposed conclusions only has "three" paragraphs with the third as "placeholder". In the first paragraph, the "content is very clear" on the work carried out across the three items (on Article 6); the second paragraph contained the "mandate" given by relevant decisions with footnotes linked to those documents and third paragraph represents a placeholder for "mandating intersessional, if any". Further, this placeholder is "bracketed" because some Parties supported it while others did not.

**Saudi Arabia** for the **LMDC** took the floor again and reiterated that the group was not ready to engage on the draft conclusions as that would lead to "prejudging any possible discussions" on the three texts. It requested for more time to go through the texts and to understand it comprehensively and reflect on it, adding that "we need coordination with our delegation and our groups".

**Egypt** for the **Arab Group** echoed similar concerns of receiving the texts "just few minutes ago" further saying "we are not going to engage" unless "having enough time to go through the second iteration (of the texts) which has no status".

**Tuvalu** for the **LDCs** also came back stating that there was "value in intersessional work to resolve some more technical work and reflect on the texts with options". "There are some political issues but also technical issues", it added.

**South Korea** supported Tuvalu and suggested the need for "technical papers" and "maybe a Party-driven process on some focused workshop".

**Belize** for **Alliance of Small Island States (AOSIS)** also supported intersessional work as it would "benefit focused attention".

**Brazil** sought clarification on the "mode of work" on whether to "engage or postpone discussions". It stated that "we cannot support the draft conclusions" and its "format" as there has been a "change in the way we have been working," with "different sets of conclusions" for the three items. "We do not see any room for any intersessional work", it added, as there was already a "very good understanding on views".

**Senegal** for **Africa Group** supported intersessional work and expressed "flexibility" in the mode of that technical work.

**Saudi Arabia** for the **LMDC** again requested for the floor expressing "surprise" that "there was no concern that the three texts have just come out" and "nobody was interested in reflecting on them and giving opinions". It reaffirmed that "for us it is important to preserve the work" and "by ignoring this and discussing draft conclusions is very concerning to us".

**Costa Rica** for **Independent Alliance of Latin America and the Caribbean (AILAC)** stated that it was "flexible" on whether to have one or three sets of conclusions. It also agreed on the technical intersessional work and was "happy to support moving forward".

The **European Union** said that the draft conclusions were a "package of decisions" and that this had been the case since the beginning and was "open to a-single set of conclusions" as well as for a technical paper and intersessional work.

**India** aligned with **Saudi Arabia** and said that unless Parties see the texts, it was not possible to agree to the conclusions. It was also not in favour of intersessional work. **Iran** also could not support intersessional work. Similar sentiments were expressed by **Algeria, Bolivia, Kuwait, Ecuador** and the **Democratic Republic of Congo**.

**Switzerland** for **Environmental Integrity Group (EIG)** also supported intersessional work in order to "enhance common understanding for better preparations for Santiago," referring to the year-end talks in Chile. **Mexico** echoed Switzerland on the intersessional work.

**Senegal** for the **Africa Group** proposed having further discussions on the last day of the meeting to advance further work.

**Australia** supported that “many Parties are saying putting the cart before the horse” in terms of latest iteration of the text.

**Norway** echoed Switzerland, Mexico and the EU while **Japan** also supported a single-set of conclusions and emphasized on technical intersessional work along with a technical paper.

The rules for the implementation of Article 6 was an outstanding item under the PA Work Programme that could not be agreed to in Katowice, Poland last year. Parties will reconvene morning of Thursday, 27 June, to see if any agreement can be reached on the way forward on the matter in Bonn.

*Edited by Meena Raman*