

### Rich exchange over non-market approaches under Article 6.8

Penang, 10 June (Meena Raman) – A very rich exchange of views on the Framework for Non-Market Approaches (FNMAs) under Article 6.8 of the Paris Agreement (PA) took place at the on-going virtual climate talks held on 10 June.

The talks under the UNFCCC's Subsidiary Bodies (SBs) involve the consideration of the PA's Article 6 mechanisms and approaches. The informal consultation held on 10 June was co-facilitated by **Peer Stiansen (Norway)** and **Hugh Sealy (Barbados)**.

(Article 6.8 of the PA deals with non-market approaches and states that "Parties recognize the importance of integrated, holistic and balanced non-market approaches (NMAs) being available to Parties to assist in the implementation of their NDCs...including through, *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate...").

The governance of the FNMA continues to be the key contentious issue and relates to whether or not to have a "permanent" institutional arrangement to implement the framework and the work programme. Developed countries have been opposing "new" permanent governance arrangements, while developing countries are proponents of some new arrangements under the SBs.

In Madrid in 2019 at COP 25, (the 25<sup>th</sup> Conference of Parties of the UNFCCC), Parties could not find agreement on the many issues and managed to only adopt a procedural decision under the Conference of Parties to the PA (CMA), that requested the SBSTA to continue the consideration and adoption by the CMA of decisions next year, "on the basis of draft decision texts" which were prepared by the COP 25 Presidency, while "recognizing that these

draft texts do not represent a consensus among Parties".

At the June 10 informal consultations, Parties were asked to consider how implementation of the FNMAs can be accelerated.

**Saudi Arabia**, speaking for the **Like-minded developing countries (LMDC)** countered views of some Parties who have been saying that the FNMAs currently in the Madrid texts is sufficient for the operationalization of Article 6.8. The LMDC explained that for over a year now, countries have been battling a global pandemic which has had devastating effects especially in developing countries, and the toll that it has taken both economically and socially extends far into the future, jeopardizing a swift recovery, while maintaining the commitments made in the nationally determined contributions (NDCs) and the ambition levels. It said that there has been a wide call for a green recovery, but at this point, with the capacity that exists and with the current access to technology and finance, a green recovery is all but positive, with impacts on vulnerable populations.

It added further that the FNMAs are meant to contribute to integrated holistic and balanced approaches assisting Parties in the implementation of their NDCs through mitigation, adaptation, finance, technology transfer and capacity building and this must be properly addressed. The FNMA needs to be enhanced at COP26 and its implementation accelerated so that the framework is fully operational by the end of next year, it said further.

To accomplish that, the LMDC proposed the establishment of a **task force** to develop the work programme for implementing and operationalizing the FNMA, providing institutional support under

the authority and guidance of the CMA. It said that the task force would develop three items viz. the definition and registry of the actions under the scope of NMAs including the actions in countries' NDCs; the development of institutional arrangements for the functioning of the framework and the establishment of modalities, procedures and guidelines for coordination among relevant institutional arrangements. It said the task force will develop all necessary arrangements with the joint support of the SBs in one calendar year; present the progress and outcomes of the work programme at COP27 (in 2022) along with a decision proposal to be adopted, at which point the task force will be dissolved.

Explaining the creation of a registry hub for NMAs, it said interested Parties can register in a UNFCCC hub to be scaled up at the national, regional and global level actions such as NDCs, joint mitigation and adaptation for the sustainable management of forests, social ecological resilience, avoidance of greenhouse gases (GHGs), ecosystem-based adaptation, integrated water management, energy efficiency schemes, and agriculture among others.

It also proposed a facilitative mechanism to be established, which is meant to serve as a tool for guiding and enhancing NMAs. On the establishment of a network for the internal coordination of support for NMAs, it said that this could allow coordination among the different entities of the Convention such as the Green Climate Fund (GCF), Adaptation Fund, Global Environment Facility, etc. including the Local Communities and Indigenous Peoples' Platform.

**Cook Islands** for the **Alliance of Small Island States (AOSIS)** said that the current NDCs were insufficient, and that Article 6.8 must be treated in equal balance with Articles 6.2 and 6.4. It said Small Island Developing States (SIDS) face risks such as the dumping of obsolete technologies. On how to accelerate implementation of FNMA, it said that the work programme should be implemented in 2022. It proposed the identification of synergistic NMAs which have been successful, enabling environments and policy frameworks, the replication of successful initiatives, the identification of support and implementation, ways to engage the private sector and address their needs, the identification of barriers, ways to enhance public and private sector efforts etc. NMAs could unlock access to activities for high ambition for SIDS, it said, adding that the outputs should aim to

support synergies. It added that recommendations could be forwarded to the GCF for transformative low-carbon approaches, and there could also be approaches with adaptation co-benefits, health co-benefits, clean energy and so on from NMA approaches.

**Solomon Islands** for the **Least developed countries (LDCs)** said that Article 6.8 should enter into operation without delay. In response to the LMDC proposal for a task force, it was concerned this could delay operationalisation of the FNMA. It proposed instead a body similar to the Paris Committee for Capacity Building to enable implementation. It also suggested that the CMA should have technical workshop in 2022 for innovative ideas.

**Senegal** for the **African Group** said that there is need to adopt institutional arrangements for NMAs in the nature of an entity, such as a body, task force or committee. Members should be designated to this body and the modality of work should also be defined. It said that the main issue is if there is need to agree to institutional arrangements now before the work programme implementation or to start working under the Subsidiary Body for Scientific and Technological Advice (SBSTA), while discussing the arrangements. It said the implementation of the work programme could start. It also said that there is need to have reporting requirements for activities under the framework and also to address how the development of the FNMA will be funded. It also called for the setting up of a platform to exchange experiences on activities.

**Ecuador, India, Kuwait** and **Bolivia** echoed the proposal by the LMDC. **Bolivia** said that NMAs need to be fully operational in an expedited way and are important to developing countries to enhance linkages and synergies. It said that the COVID-19 pandemic is pushing a rethink in the approaches and pathways to limit temperature rise to 1.5°C, and that NMAs can be the centre of the economic recovery. It emphasised the importance of trust, transparency and balance. Explaining further, it said that developed countries must trust the values of the Global South in their vision for scaling up current climate actions. On transparency, it said there should not be conceptual and operational confusion. It said that there is confusion over the scope of the FNMA and its implementation. On the issue of balance, it said this relates to the entirety of Article 6 where there cannot be tangible instruments for Articles 6.2 and 6.4 but not for

Article 6.8. The latter needs an institutional structure and cannot remain an empty box. It stressed further that the FNMA is no longer about knowledge sharing but is about implementation, as an instrument to scale up ambition.

**Papua New Guinea** for the **Coalition of Rainforest** said that while Articles 6.2 and 6.4 deal with reductions in emissions, Article 6.8 could be seen as an adaptation mechanism, adding that there could be adaptation credits for NDCs, for which financing is badly needed.

**Egypt** for the **Arab Group** said that the FNMA can be accelerated in important areas with a sustainable governance structure like a taskforce, to implement the framework. It could match mitigation and adaptation to finance, technology and capacity building, supported by existing institutional arrangements such as the Standing Committee on Finance. The modalities for the work programme could be workshops, publication of outcomes and submissions, and technical papers. The reporting of progress and outcomes to the CMA on the basis of information from the work programme activities could include recommendations on how to enhance existing linkages of NMAs; how to enhance support for NMAs through relevant bodies and institutional arrangements, including on identifying the source of funding for NMAs.

**Costa Rica** for the **Independent Alliance of Latin America and the Caribbean (AILAC)** said that the majority of cooperation occurs in NMAs. It supported the rapid operationalisation of the FNMAs to realise the full potential for decarbonisation, adaptation and for sustainable development.

**Switzerland** for the **Environmental Integrity Group** said that the process has to be guided by Parties through a bottom-up approach, building on the submissions of Parties and not by a taskforce.

The **European Union (EU)** said that it was a major funder of cooperation and has a wealth of experience. On acceleration of the implementation of FNMAs, it was concerned about more haste and less speed. The EU was happy with the text from Madrid. In response to the LMDC, it asked how the taskforce could accelerate implementation, and was concerned that a taskforce could be crowding out potential for wider engagement. It also asked how additional institutional processes will help and how they will be engaged and enhanced, and how

synergies will be fostered, while avoiding duplication of efforts. It said a more open and broad process is needed. It welcomed calls to enhance ambition and the tools to implement that. It said there is need to restructure diverse economies and move away from fossil fuels and that the FNMA could help deliver that in long-term strategies. It said that there are opportunities to deliver on both the social and climate agendas. On the issue of balance in the various articles of Article 6, it said there are risks with Articles 6.2 and 6.4 which export low ambition, while in Article 6.8, it said that there is opportunity to raise ambition without those risks. It was also concerned that more bureaucracy in having institutions for the sake of could stifle innovation.

**Canada** said that it was sceptical about centralised ideas, adding that Article 6.8 is to enhance linkages and synergies and not to duplicate efforts. It stressed that Article 6 is a package and decisions need to be adopted for Articles 6.2, 6.4 and 6.8 as well. **New Zealand** expressed similar views. **Japan** also supported advancing work on the basis of the Madrid COP 25 Presidency text.

**Russia** too said that the Madrid text provides a basis for work and that the issue of the governing body remains. It said that there is need for a deeper understanding of the various NMAs to make the framework work.

The **LMDC** in response to the questions raised said that the purpose of the facilitative mechanism it proposed was precisely to avoid duplication, adding that there were different entities under the UNFCCC that are entitled to speak to each other to move in one direction. The registry hub was for Parties to state their interest and in what area they needed support and the facilitative mechanism facilitates the support needed. The networking of connections is to streamline the process, explained the LMDC.

**Australia** said that Article 6 is a package and there is need to address the challenges of all the respective articles, adding that Articles 6.2 and 6.4 were not as well advanced compared with the Article 6.8 work programme. Parties are already engaging in NMAs, it said, and that they were not constrained to do so. The framework needs to be enhanced, which requires identification of relevant approaches and priority focus areas. This must be guided by Parties and can commence in 2022, it added.

The **United States** said that workshops and other activities of the work programme are not waste of time. This is how the NMAs will be enhanced, it added. It said that the issue of institutional arrangements is outside the bounds of the framework as is now. Such proposals could not be accepted in Paris (in 2015) and its views have not changed in this regard. The NMA forum is a fair compromise which is in the Madrid text, it said further, adding that it does not believe that there is need for financial support for the implementation of the FNMA. The US was for version 3 of the Madrid text which it said allows for finalisation.

**Bolivia** in response agreed that all the sub-articles of Article 6 are different, but they all have a common objective to enhance implementation of NDCs and ambition, including on the means of implementation. Enhancing actions with the provision of the means of implementation is where enhancing of NDCs happen and that Article 6.8 is closely related to this, and goes beyond knowledge sharing, stressing that it is about action and implementation. It did not see the duplication as presently, mitigation and adaptation are seen in silos and that the innovative nature of Article 6.8 is that it brings both together. So this is a value-add, said Bolivia and is about the creating of synergies. It also did not see any place where the means of implementation is linked to the NDCs. So, this is not duplication but there are a lot of synergies and potential for enhancing the scaling up of actions. It said that the registry proposed by the LMDC is to give visibility to the NDCs in terms of scale and scope. The objective it said is precisely for the means of scaling up implementation. It explained further that the role of the facilitative mechanism is to connect the needs of Parties for comprehensive support for the means of implementation. It can also provide guidance for the coordination needed, it said further. On the network for coordination, it said that this is essential to develop as it is currently fragmented under the Convention.

In response, the **EU** expressed confusion and said that co-ordination and facilitation are good things to do but this has to be on the basis of what the gaps are. It said that if there is a lack of coordination and synergies in the UNFCCC, this could be raised through the SBs. Agreeing with the US, the EU said that in Paris, Parties agreed to a work programme and that is sufficient. It was open to being convinced otherwise and stressed that there is need to move in stages.

**Bolivia** in response said that market schemes have not done much and said that there seemed to be a lack of will to advance the FNMA.

The **US** said that Parties are ‘putting the cart before the horse’, in talking about institutional arrangements, when what is needed is to implement the work programme first.

**Japan** said that on the institutional framework, the NMA forum is where Parties could start from, which can be chaired by the SB Chairs. It agreed with Bolivia that NMAs are not just about knowledge sharing, but involve actions and actual synergies that allows the implementing of NDCs.

**Co-facilitator Sealy** said that all Parties want the implementation of Article 6.8 but there is divergence about whether the work programme is adequate and there are issues still about the institutional arrangements.

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