

PROPOSAL BY THE LIKE-MINDED DEVELOPING COUNTRIES

On matters relating to non-market approaches and the framework for non-market approaches to sustainable development in the context of Article 6, paragraphs 8 and 9, of the Paris Agreement

The Like-Minded Developing Countries (LMDC) recognizes the need to operationalize non-market approaches in the context of article 6, paragraph 8, of the Paris Agreement. In this context, it considers important strengthening actions to support holistically Parties' nationally determined contributions linked to mitigation and adaptation (**paragraph 3 of the draft text**). Also, it considers that cooperation is at the center of non-market approaches. Therefore, one of the key elements of the proposal is to promote and distribute in an equitable manner, under the scope of the Convention, financial and technical resources onto developing nations in an effort to provide a collaborative framework to improve climate ambition in the context of the Paris Agreement. As such is the context, we, as parties to the Convention, must constantly seek to legitimize and endorse the value of the UNFCCC in an effort to create a means to better allocate financial and technical resources onto all country parties under its principles mainly of equity and common but differentiated responsibilities and respective capabilities, in order to move forward the Paris Agreement.

In this regard, it is but a necessity to carry out a FNMA which brings forth the required clarity and transparency onto the financial and technical mechanisms already being set into place under the UNFCCC in order to facilitate Parties' NDC non-market actions implementation. Prompting solutions that could provide precise guidance and means to consolidate mechanisms that distribute means of implementation onto all parties without the biases that many a times characterize bilateral climate agendas must be a top priority if we are to reach our common goals. Thus, a long list of the most vulnerable developing country parties, which due to global disparities, are undermined continuously as receptors of financial and or technical support, may seek find in the FNMA a means to implement their NDC's in the context of sustainable development and poverty eradication, including through, inter alia, mitigation, adaptation, and the effective provision of finance, technology transfer and capacity building.

As such a need is a mandate of the Paris Agreement, we fully support a proposal that gives way to operationalize non-market approaches (NMA), which in turn should set in place three basic components which will allow operational capacities in the form of a: 1) NMA Registry and information hub, 2) NMA Facilitative Mechanism, and a 3) NMA Network for coordination and support. Each one of these components will be developed in the proposed text that can be found below (**paragraph 4 of the draft text**).

Also, there is the need to have specific instruments and modalities to promote the provision of means of implementation for operationalization of non-market approaches (NMA) under the Parties' NDC, are proposed as instruments to allow a flow of financial resources and technical support to developing country parties to enhance their NDCs, under the UNFCCC, to achieve the objective of the Paris Agreement (**paragraph 5 of the draft text**).

Furthermore, we also seek to constitute a Taskforce that undertakes the work programme referred to the FNMA to sustainable development in order to follow up the implementation of the components and instruments of non-market approaches and making additional recommendations for the implementation and strengthening of the institutional arrangements, functions and instruments referred to NMA. The Task Force will present a report of its work alongside a decision proposal to strengthen the institutional arrangements, decisions and instruments of FNMA for

approval by COP serving as the meeting of the Parties to the Paris Agreement at its fourth session (2022) (paragraphs 6 and 7). The Annex introduces the composition and activities of work to be undertaken by the Task Force.

DRAFT CMA DECISION

On matters relating to the non-market approaches and the framework for non-market approaches to sustainable development defined in Article 6, paragraphs 8 and 9, of the Paris Agreement

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

1. *Recalling* the recognition of integrated, holistic and balanced non-market approaches (hereinafter referred to as NMA), as defined in article 6, paragraph 8, of the Paris Agreement, being available to assist Parties in the implementation of their nationally determined contributions in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, and the effective provision of finance, technology transfer and capacity building, and therefore the need to enhance NMA implementation. Also recalls the framework for non-market approaches to sustainable development defined in article 6, paragraph 9, of the Paris Agreement.

2. *Recalling* the objective, referred to in decision I/CP.21, paragraph 39 of the work programme under the framework for non-market approaches to sustainable development, defined in Article 6, paragraph 8, in regards to sustainable development, the Paris Agreement in its entirety, including its Preamble, and to consider how to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity building, and how to facilitate the implementation and coordination of non-market approaches.

3. *Decides* that non-market approaches are focused on supporting Parties' nationally determined contributions through cooperation to achieve mitigation and adaptation in the context of sustainable development and poverty eradication, considering the provision of means of implementation (finance, technology transfer, and capacity building), including the following:

- (a) Joint mitigation and adaptation for the integral and sustainable management of forests.
- (b) Social ecological resilience.
- (c) Avoidance of greenhouse gas emissions.
- (d) Ecosystem-based adaptation.
- (e) Integrated water management.
- (f) Energy-efficiency schemes.
- (g) Mitigation measures to address climate change and foster sustainable development.
- (h) Others to be identified by Parties under the UNFCCC.

4. *Adopts* the governance arrangements for the full and meaningful implementation of the Framework for Non-Market Approaches to Sustainable Development under article 6, paragraph 9, of the Paris Agreement, as follows:

- (a) **NMA Registry and information hub.** To support the registration, information and report of the operationalization of NMA to assist Parties in the implementation of their nationally determined contributions, considering:

- i. Registration by interested parties of NMA included in their NDCs to be scaled-up at the national, regional and global level.
 - ii. Follow up of the alliances between Parties to enhance cooperation to implement their NDCs.
 - iii. Inform and report the progress in the operationalization of the NMA and their impacts on mitigation and adaptation to climate change in the context of the Enhanced Transparency Framework.
- (b) **NMA Facilitative Mechanism.** To govern the modalities of NMA by facilitating, coordinating and implementing Parties' non-market approaches, through:
- i. Provide opportunities for non-market-based cooperation between Parties to address developing country Parties' NDCs on mitigation and adaptation,
 - ii. Enhance existing linkages and creating synergies for the implementation of NMA in Parties' NDCs.
 - iii. Enhance the access to the means of implementation: financial provision, technology support, and capacity building for supporting NMA in developing countries' NDCs.
 - iv. Facilitate the matchmaking between of mitigation and adaptation NMA needs of NDCs of developing country parties and the means of implementation for their support.
 - v. Develop NMA methodologies, modalities and instruments to support implementation of Parties' NDCs.
 - vi. Support the monitoring and evaluation of NMA mitigation and adaptation outcomes.
 - vii. Develop guidelines and support the functioning of the NMA Network of coordination and with other organizations as needed
 - viii. Systematize relevant lesson learned from existing tools to enhance NMA.
 - ix. Promote the sharing of experiences on NMA.
- (c) **NMA Network of coordination.** To develop linkages and create synergies between mitigation and adaptation, and means of implementation, in particular finance, technology development and transfer, and capacity-building needs of developing country Parties, taking into account:
- i. Current work undertaken by entities at UNFCCC in mitigation, adaptation, and means of implementation.
 - ii. Coordination and cooperation in NMA mitigation and adaptation considering all entities under the UNFCCC, including, the Green Climate Fund (GCF); Adaptation Fund Board (AFB); Standing Committee on Finance (SCF); Technology Executive Committee (TEC); Climate Technology Centre and Network (CTCN); Paris Committee on Capacity-building (PCCB); and Local Communities and Indigenous Peoples Platform (LCIPP).
5. *Decides* to establish the following instruments, elements and modalities for the operationalization of NMA:
- (a) NMA are implemented through Joint Climate Ambition Alliances (JCAA) oriented to facilitate and enhance cooperation by developed country Parties to developing country parties NDCs, involving a party or a group of parties.
 - (b) JCAA include the following elements: i) access to financial support by developing country parties, in particular by GCF, ii) access to technological transfer for mitigation and adaptation, and iii) preferential access to developed country of products that can be linked to sustainable production practices and that ensure resilience to climate change.
 - (c) JCAA are implemented considering the following modalities:

- i) Development of a joint climate ambition alliance with the direct support of the NMA Facilitative Mechanism.
 - ii) Bilateral or multilateral joint climate ambition alliances developed by parties and registered in the NMA registry and information hub.
- (d) The Facilitative Mechanism will promote JCAA ensuring equal and balanced opportunities to developing country Parties in order to implement their NDCs and ensure global goals.

6. *Decides* to establish a Task Force (as contained in the Annex) to undertake the work programme for following up and making additional recommendations for the implementation and strengthening the institutional arrangements, functions and instruments of the FNMA, as appropriate, as follows;

- (a) Development for the specific rules and procedures and governance and functions for the implementation of the institutional arrangements of the FNMA, in accordance with relevant decisions of the CMA, to be operational at the latest by CMA4.
- (b) Identification of modalities and methodologies to operationalize non-market approaches under the framework for non-market approaches of the Paris Agreement.
- (c) Following-up the implementation of institutional arrangements for the operationalization of the FNMA as established in this decision and making additional recommendations.
- (d) Suggest initiatives for exchange of views about the implementation of FNMA.
- (e) Development of the activities of the work programme.

7. *Decides* that the Task Force will present reports of its work alongside a decision proposal, as appropriate, to strengthen the operationalization of the institutional arrangements, modalities and methodologies of the framework for non-market approaches to sustainable development in the context of article 6 of the Paris Agreement for approval by COP serving as the meeting of the Parties to the Paris Agreement at its fourth session (2022).

8. *Agrees* that the SBSTA and SBI will undertake the work programme commencing with the launch of the work programme at CMA3 and to conclude its work by CMA4.

9. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision.

ANNEX

Conformation and activities of work of the Task Force under the work programme of the framework for non-market approaches to sustainable development

1. The Task Force will comprise the following members with equal representation of developing and developed country Parties, as follows:
 - (a) 1 member from each of the five United Nations regional groups;
 - (b) 2 members from developed country Parties;
 - (c) 2 members from developing country Parties;
 - (d) 1 member from the least developed country Parties;
 - (e) 1 member from small island developing States;
 - (f) 1 member from each of the Boards of the Green Climate Fund, the TEC, the PCCB and 2 of the LCIPP.
 - (g) Participation of observer organizations.

2. Two co-chairs of the Task Force will be appointed, with one being a member from a developing country Party and the other from a developed country Party.
3. The Task Force will develop all necessary arrangements with the joint support of the SBI and SBSTA Chairs to finalize the work program in one-year calendar since CMA3 to CMA4.
4. The Task Force will develop its work building upon existing processes undertaken under the Convention in particular in mitigation, adaptation, finance, technology transfer and capacity building taking into consideration relevant decisions.
5. The activities of the work programme and of the Task Force include the following:
 - (a) Regular bimonthly in-person meetings of the Task Force with the support of the secretariat and the participation of relevant UNFCCC entities, starting on second week of January 2021.
 - (b) Development of the rules and procedures for the implementation of the institutional arrangements for non-market approaches, in accordance with relevant decisions of the CMA, for consideration of SBSTA 57 (June 2022) and election of members by CMA4.
 - (c) Establishment of the registry with the support of the secretariat by June 30, 2022, and follow up its implementation.
 - (d) Development of means and ways for the work of the NMA Network of coordination with the support of the secretariat by June 30, 2022, and follow up its implementation.
 - (e) Development of methodologies for modalities and instruments to enhance non-market approaches under article 6.8, and exploring NMA under articles 6.2 and 6.4 of the Paris Agreement, as appropriate, with the support of the secretariat by August 2022, and follow up their implementation.
 - (f) Report on the progress of the implementation of non-market approaches under the framework for non-market approaches to sustainable development to be considered by SBSTA 57 (June 2022) and a final report by SBSTA 58 (November 2022).
 - (g) Development of proposal of decisions to strengthen non-market approaches and the framework for non-market approaches to be presented to CMA4.
6. Parties and observers are encouraged to submit views on the topics detailed in paragraph 5 by January 20, 2022, in particular regarding on: i) rules and procedures of the Facilitative Mechanism, ii) scope of non-market approaches under article 6 of the Paris Agreement; iii) identification of non-market approaches, modalities and instruments to support them; and iv) means and ways to improve coordination of UNFCCC entities in the context of NMA integrated support.
7. Requests the secretariat to support the work of the Task Force and provide guidance in the development of all activities under the work programme, where appropriate.
- (h) On the conclusion of the FNMA in the COP27 on CMA4 (2022), the Task Force will be dissolved.