

## Submission by the Czech Republic and the European Commission on behalf of the European Union and its Member States

Subject: Views on non-market approaches, specifications for the UNFCCC web-based platform and elements of a draft decision on the schedule for implementing the activities of the work programme under the framework for non-market approaches.

Prague, 25<sup>th</sup> August 2022

The European Union and its Member States (EU) welcome the opportunity to share their views on the topics referred to in the conclusions in paragraph 134 of the SBSTA 56 report<sup>1</sup>. In this regard we also recall our previous submissions on related topics, namely *Implementation of Article 6.8*<sup>2</sup>, from 16/06/2021, *Governance and timelines for the 6.8 framework*<sup>3</sup>, from 20/10/2021 and *Information on existing relevant Non-Market Approaches (NMAs), examples of potential additional focus areas of NMAs, the UNFCCC web-based platform functioning and the schedule for implementing the work programme activities*<sup>4</sup>, from 15/03/2022. We believe that it is crucial for the implementation of Articles 6.8 and 6.9 of the Paris Agreement to make progress on the common understanding of the provisions for non-market approaches (NMAs) and the framework for non-market approaches. NMAs have a high potential to contribute to coordinated and efficient implementation of NDCs and thereby increase the ability to raise the collective ambition of NDCs. Cooperation through NMAs can deliver innovation, peer-to-peer learning, knowledge

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<sup>1</sup> [FCCC/SBSTA/2022/6](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202203151458---FR-2022-03-15%20Soumission%20UE%20art.6.8.pdf)

<sup>2</sup> <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202106161042---PT-06-16-2021%20EU%20Submission%20Article%206.8.pdf>

<sup>3</sup> <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202110201701---SI-10-20-2021%20EU%20submission%20on%20Article%206.8.pdf>

<sup>4</sup> <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202203151458---FR-2022-03-15%20Soumission%20UE%20art.6.8.pdf>

transfer and un-lock collective action needed to tackle the global challenge of climate change.

### **General remarks**

Given the cross-cutting and overarching character of this framework, it is critical to ensure that the Work Programme (WP) is complementary and facilitative and avoid duplication of work already undertaken under other work streams.

We would like to recall the principles of chapter I of the annex to decision 4/CMA.3, and specifically (b)(i) indicating that NMAs facilitated under the framework represent voluntary cooperative actions that are not reliant on market-based approaches and that do not include transactions or quid pro quo operations. We would also like to underscore, as we have been reiterating during negotiations, that the inclusion of a NMA under the framework for non-market approaches does not constitute a UNFCCC approval and it does not confer any special status compared to NMAs that are not included under the framework. We also reiterate that the framework is not a funding mechanism or a financial instrument, meaning that this framework does not create any obligation for support.

Moreover, we welcome the agreement reached in Glasgow regarding the governance and institutional arrangements translated into the decision text. In this context, it is worth mentioning that any new discussion on governance (if needed) may only happen after the implementation of the WP (as part of the review), as is also stated in chapter III (Governance of the framework) of the annex to decision 4/CMA.3.

***A. The elements of a draft decision on the schedule for implementing the activities of the work programme under the framework for non-market approaches (NMAs) referred to in Article 6, paragraph 8, of the Paris Agreement.***

The draft decision on the schedule for implementing the activities of the work programme should include indicative year-based periods for implementing the activities of the work

programme defined through paragraph 8 of the annex of decision 4/CMA.3 and may also include expected outcomes from the work programme activities that facilitate progress on the implementation of the framework for non-market approaches and the work programme established there under.

### *The schedule*

We support the proposal that the schedule includes two phases of work. Phase I “Identification phase” (2022–2023), will focus on the activities referred to in paragraph 8(a) and (b)(i) of chapter V in the annex to decision 4/CMA.3, with the aim of providing Parties an opportunity to establish a better understanding of existing and possible non-market approaches (NMAs). Phase II, “Implementation phase”, will focus on activities referred to in paragraph 8(b)(ii–iii) of chapter V in the annex to decision 4/CMA.3. We support the proposal that implementation measures can be initiated in parallel with identification measures and suggest that selected measures are initiated in 2023.

### *Expected outcomes of the work programme activities that may be included in a draft decision on the schedule for implementing the work programme*

Calls for submissions from Parties, observers and public and private sector stakeholders may be included in a draft decision. The detailed specifications of each call for submissions should be based on identified appropriate next steps and determined by SBSTA at the preceding session. The secretariat may be requested to prepare synthesis reports of the submissions.

In-session workshops may be included in a draft decision, if deemed facilitative for progress within the framework. Relevant areas of work for workshops should be based on identified appropriate next steps and determined by SBSTA at the preceding session. The secretariat may be requested to prepare informal notes to compile the outcomes of such workshops.

At this point in time, priority should be given to work programme activities that contribute to foster the common understanding of what constitutes a NMA and what the framework

for NMAs should comprise. Establishment of guidelines, procedures and safeguards to facilitate NMAs in line with the principles described in chapter I and chapter II of the annex to decision 4/CMA.3 is e.g., such an activity.

The establishment of new working groups or coordination networks should not be included in the draft decision on the schedule for implementing the work programme.

***B. The specifications for the UNFCCC web-based platform referred to in paragraph 8 (b)(i) of the annex to the decision 4/CMA.3.***

To make progress on the UNFCCC web-based platform it is crucial to recall that the mandate from paragraph 8(b)(i) of the annex to decision 4/CMA.3 is a platform for recording and exchanging information on NMAs, including information identified through the work programme, and supporting the identification of opportunities for participating Parties to identify and implement NMAs. Including elements outside of this mandate risk delaying the implementation of the web-based platform substantially. It is therefore crucial to stay within the currently given mandate at this point in time.

Preparatory work should include an assessment of features and information on existing platforms such as the Global Climate Action Portal – NAZCA, the NAMA Registry, the UNFCCC Climate Finance Data Portal, the TT:Clear: Climate Technology Project Pipeline, the CDM Bazaar and the Capacity Building Portal. In this context the added value of the potential functions of the NMA UNFCCC web-based platform should also be assessed.

**Functions:**

- Recording and exchanging information on NMAs, including through links to related web-based platforms. Linking, rather than duplication of information, should be promoted. Estimations of impacts, including positive and negative co-benefits, may be recorded and exchanged using a high level of transparency on the

methods used. We do not, however, see a link with the Article 6.2 platform as necessary or even possible.

- Recording and exchanging information on lessons learned and good/best practices including links to studies and practitioners contact information (voluntary). The knowledge sharing function could include a networking function.
- Information should be easily searchable by any end user. Searching and filtering should be possible by key words, such as country, region, sector, or theme (e.g. mitigation, adaptation, transparency etc).

An active matching function is outside of the scope established through paragraph 8(b)(i) of the annex to decision 4/CMA.3, therefore such a matching function must be excluded. Self-directed matching can, however, be facilitated by the platform on the basis of information captured on the platform which may include information on needs for expertise, capacity building, technical support, finance etc.

***C. Actions that facilitate the implementation of nationally determined contributions and can be identified, developed and implemented through the framework for NMAs***

The EU and its Member States interpret this topic as an opportunity to elaborate on our views on actions that support NDC implementation and that could be facilitated by the framework for NMAs, considering all the provisions of the Paris Agreement and the subsequent decisions related to non-market approaches. Agreed upon provisions imply that NMAs constitute:

- Voluntary cooperative actions that are not reliant on market-based approaches and that do not include transactions or quid pro quo operations. This is an important principle to differentiate cooperation under Article 6.8 and the framework under 6.9 from cooperation under Article 6.2 and Article 6.4. It implies that actions related to markets or including transfers of outcomes cannot be considered under the framework for NMAs.

- Integrated, innovative and transformational actions that have significant potential to deliver higher mitigation and adaptation ambitions. This implies that NMAs are not stand-alone small-scale projects, but rather holistic, large-scale programmes integrated in the national policy framework and that they must be in line with a credible theory of change.
- Actions that support the implementation of NDCs of Parties hosting NMAs and contribute to achieving the long-term temperature goal of the Paris Agreement. This principle implies that NMAs must contribute to the implementation of the participating Parties NDC or contribute to an enabling environment for NDC implementation. Such as:
  - Support to implement necessary governmental processes and procedures to implement the Paris Agreement fully and successfully.
  - Support to implement progressive climate policy.
  - Support to implement transformative mitigation action.
  - Coherent implementation of climate policies across countries to minimize leakage and market distortions, which could include components of technology transfer.
  - Analytical work related to NDC expansion or implementation, as well as further work on NAPs.

It should be noted that adaptation action is an equally important component of the NMA framework but should not necessarily be used to implement NDCs, but rather to implement NAP, NAPA, and Adaptation Communications. Joint adaptation action to maximize resilience across countries and avoid negative spill-over effects and side effects of fragmented adaptation action could constitute such an NMA.

- Actions that aim to promote mitigation and adaptation ambition, enhance participation of public and private sector and civil society organizations in the implementation of NDCs and enable opportunities for coordination across

instruments and relevant institutional arrangements. Processes and mechanisms that involve sub-national governments, private sector and civil society are crucial elements for successful, transformative and efficient implementation of mitigation and adaptation measures.

- Actions that assist participating Parties in implementing their NDCs in an integrated, holistic and balanced manner, including through, inter alia mitigation, adaptation, finance, technology development and transfer, and capacity building and as appropriate contribution to sustainable development and poverty eradication. Please see list of NMA above, under the third bullet point.
- Actions facilitated under the framework identified by the participating Parties on a voluntary basis, involving more than one participating Party, that does not involve the transfer of any mitigation outcomes, nor the facilitation of payments for delivery of any other benefits, outcomes, or units, and that facilitates the implementation of NDCs of host Parties and contributes to achieving the goals of the Paris Agreement.
- Actions conducted in a manner that respects, promotes and considers respective obligations of Parties on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity, consistent with the eleventh preambular paragraph of the Paris Agreement. In addition, each NMA must minimize and, where possible, avoid negative environmental, economic and social impacts. These principles are of the highest importance and are crucial to reach the long-term goals of the Paris Agreement. To ensure compliance with these principles, stringent safeguards must be an integrated part of NMA action implementation.

**D. NMAs related to initiatives programmes and activities**

There is a wide range of activities and programmes that could be considered fitting within the framework for non-market approaches and the provisions for NMAs (according to decision 4/CMA.3, including capacity building, technology transfer, analytical work and other types of international cooperation on climate change).

We have highlighted a number of examples of potential NMAs in previous submission on this subject, *Information on existing relevant Non-Market Approaches (NMAs), examples of potential additional focus areas of NMAs, the UNFCCC web-based platform functioning and the schedule for implementing the work programme activities*<sup>5</sup>, from 15/03/2022.

In addition to that, existing international collaborations that could constitute NMAs include multilateral initiatives providing technical support for implementation of NDCs such as the NDC Partnership and The Task Force on Access to Climate Finance, as well as knowledge transfer initiatives such as LeadIT and private sector engagement initiatives such as the First Movers Coalition. On adaptation, initiatives include the NAP Global Network and the Nairobi Work Programme. NMAs could also be initiatives that promote technology transfer including the development and implementation of Technology Action Plans (TAPs). TAPs contain measures to overcome barriers for transfer and diffusion of technology to improve resilience to climate change and to reduce greenhouse gas emissions. Multilateral initiatives working to establish uniform low emission product and production standards among parties, e.g., for carbon intensive materials, such as The Clean Energy Ministerial Industrial Deep Decarbonisation Initiative (IDDI) could also constitute NMA action. In collaboration with national government members, IDDI works towards a harmonized low emission production for cement and steel, as well as the application of Green Public Procurement principles for these materials.

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<sup>5</sup><https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202203151458---FR-2022-03-15%20Soumission%20UE%20art.6.8.pdf>



In addition to these examples, various joint efforts based on declarations and statements such as the Statement on international public support for the clean energy transition and the Glasgow Breakthrough Agenda could also constitute NMAs.

***E. How NMA initiatives and programmes, consistent with the framework for NMAs have addressed the elements of chapter II, paragraph 3 (e), of the annex to the decision 4/CMA.3 and other relevant criteria determined by the participating Parties, as relevant.***

How the NMAs aspiring to be included under the framework for non-market approaches and registered on the UNFCCC web-based platform are consistent with all the provisions related to NMAs, including the elements of chapter II, paragraph 3 (e), of the annex to the decision 4/CMA.3, must be included in the application submitted to the process of registration as a NMA under the framework and on the web-based platform.

The decision text stipulates that the Work Programme will include, while not being limited to, the establishment of guidelines, procedures and safeguards to facilitate NMAs. In this respect, we view the development of safeguards as necessary, including to ensure compliance with the provisions of the elements of chapter II, paragraph 3 (e-f) of the annex to decision 4/CMA.3 and to secure the deliverance of the Sustainable Development Goals of the 2030 Agenda. When identifying and designing NMAs, safeguards allow to assess the potential social and environmental risks and impacts associated with development interventions. Safeguards should help define measures and processes to effectively manage risks and enhance positive impacts when taking action to address climate change. The safeguard framework must include the requirement that NMA activities and programs include an easily accessible and sufficiently disseminated grievance mechanism related to the aspiring NMA.