Update on Negotiations and Progress towards COP22

PMR Fifteenth Meeting of the Partnership Assembly (PA15)
18 October 2016, Hanoi, Vietnam
• “Markets” and “non markets” were included
  
  - in short form in the Lima Call for Climate Action (decision 1/CP.20)
  - In the *Geneva Negotiating Text* (from ADP 2.8) in February 2015: pages of markets text and principles.

• *Keeping them in the draft text: a challenge*

  • In the July “Co-Chairs Tool” markets and non-markets text was “unallocated” – not placed in draft agreement or accompanying draft decision
  • In October, they all but disappeared from the Co Chairs “Non Paper” (very draft agreement). Parties reacted strongly against the Non-Paper on all issues (and put in lots of text on markets and non-markets).
Markets in negotiations leading to Paris

- **State of play before Paris:**
  - Some Parties strongly opposing markets
  - Some Parties seeing markets as essential for their NDC
  - Some Parties perceiving markets as “not needed” in the text
    - No international markets needed, or
    - Convention itself sufficient to allow for “cooperative/joint action”
  - 98 INDCs considered the use of markets

- **Real negotiation of “red line” issues came late in the year and primarily** in Paris (during ADP and COP).

- **Markets and non-markets nearly ran out of time** – Article 6 was the last article finalized (early am Saturday 12 December).
Article 6

- Article 6 is about using cooperative approaches to enhance ambition and promote sustainable development and environmental integrity in the implementation of nationally determined contributions.

- Closely connected to nationally determined contributions, mitigation accounting and the transparency framework …

- **Cooperative approaches**

- **Mechanism** to contribute to mitigation and support sustainable development

- **Framework for non-market approaches** to sustainable development
Status of current work

- The three elements are **now each in a work programme** in the SBSTA:
  
  - **Cooperative approaches** – to be consistent with guidance - SBSTA to **develop guidance** under Article 6, paragraph 2 including guidance to **ensure double counting is avoided on basis of corresponding adjustment** by Parties
  
  - **Article 6.4 mechanism**: Supervised by body designated by CMA and under guidance and authority of CMA
    
    - Rules, modalities and procedures:
      
      - SBSTA to be developed and recommended by SBSTA by CMA1
      
      - To be adopted by CMA1
  
  - **Framework for non-market approaches** – work programme, draft decision for consideration and adoption
Negotiation process

APA 1 and SB44 in Bonn:

• Unpacking of the Paris Agreement in a constructive mood

• Discussion of issues:
  o Mitigation – APA (features, upfront information and accounting) covering items in Article 4 of the Paris Agreement
  o Transparency framework for reporting on action and support – covering items in Article 13 of the Paris Agreement

After that:

• Submissions

• Parties’ views regarding further guidance in relation to the Paris Agreement
  o mitigation section
  o transparency framework for action and support
Status of current work

• In relation to Article 6
  o Article 6 items all in SBSTA
  o Results: Co facilitators produced “Reflection Notes” under their own authority, which have no formal status, to capture views. Some parties did like them, some did not
  o Further steps:
    - Party and Observer submissions were invited before Marrakech conference – many submissions, with a good level of detail
    - Information document by secretariat on views expressed in submissions
### Some issues to be still discussed

| Article 6.2 | Oversight for Art. 6.2  
- At which level to establish rules?  
- Definition of rules?  
- Application of rules?  

Point of application of accounting rules (generation / use / transfer of ITMOs) |
|---|---|
| Article 6.4 | Differences/similarities to CDM/JI?  
Consideration of SD benefits: at the national level?  
Meaning of “overall mitigation”?  
How to interpret “long-term benefit”?  
For implementing NDCs or going beyond? |
| Article 6.8 | How to define non-market  
How to avoid duplications with other elements  
Cooperative only or also domestic? |
Thank you!