

Bonn Highlights: Friday, 7 June 2024

Finance was a key topic throughout the day. In the morning, delegates engaged in a dialogue on loss and damage funding. In the afternoon, tension emerged over priorities in budget management in the intergovernmental process, with many keen to ensure inclusive participation opportunities.

Negotiations and Mandated Events

First Annual Dialogue on the Global Stocktake Informing the Preparation of Nationally Determined Contributions:

The second and last day of this [mandated event](#) saw discussions on issues such as: the legal foundations of the European Commission's 2040 Climate Target; the value of sector-led climate targets; and the role of line ministries in implementing nationally determined contributions (NDCs). The International Energy Agency highlighted findings from its new special report "[Strategies for Affordable and Fair Clean Energy Transitions](#)," including that speeding up the transition to clean energy technologies improves the affordability of energy and can relieve pressures on the cost of living.

Guidance on Cooperative Approaches referred to in Paris Agreement Article 6.2: During the informal consultations, Co-Facilitators Maria Al-Jishi (Saudi Arabia) and Peer Stiansen (Norway) introduced a draft CMA decision text prepared based on parties' written input. Most parties supported mandating the Secretariat to develop the common nomenclatures, noting it is a technical issue and there is no need to invite submissions of views and proposals. On guidance in relation to corresponding adjustments for multi-year and single-year NDCs, parties expressed diverging views on whether to defer consideration to 2025 or 2028.

Rules, Modalities, and Procedures for the Mechanism established by Paris Agreement Article 6.4: During the informal consultations in the morning and afternoon, Co-Facilitators Kate Hancock (Australia) and Sonam Tashi (Bhutan) introduced a draft CMA decision text prepared based on parties' written input. They explained that in addition to existing elements, the text contains three new proposals on: share of proceeds (SOP) for adaptation, transition of Clean Development Mechanism (CDM) afforestation and reforestation (A/R) activities to the Article 6.4 mechanism, and baseline methodologies.

Morning discussions focused on the new proposals. The LEAST DEVELOPED COUNTRIES (LDCs) clarified that their SOP proposal would mean that rather than benefit from an

exemption, LDCs could apply the SOP for adaptation but allocate it to their national adaptation funds instead of to the Adaptation Fund. Some, such as CANADA and NEW ZEALAND, queried how it would work and whether, for instance, such national adaptation funds would hold accounts within the mechanism registry for transfer of funds, similar to the Adaptation Fund.

GRUPO SUR explained the proposal on CDM A/R projects affirms existing rules relating to the transition of CDM activities and responds to the mandate from the Supervisory Body regarding guidance on removals. Most parties questioned the need to single out a particular sector, considering the CMA has already adopted rules for the transition of all eligible CDM activities, which would include eligible CDM A/R activities.

The COALITION FOR RAINFOREST NATIONS (CfRN) clarified that the proposal relating to baseline methodologies aims to ensure aggregation of baselines so that all emitting activities and projects are taken into consideration alongside the relevant Article 6.4 activities to give a true picture of countries' emissions levels. Many parties expressed their inability to take a position pending a better understanding of the proposal, its purpose, and its implications.

In the afternoon, informal consultations focused on authorizations, and emission avoidance and conservation enhancement activities. Regarding authorizations, most parties lamented the length and large number of options in the text, preferring to use the informal note prepared by the Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA) as a basis of discussions noting it better reflects discussions at SBSTA 59. They stressed text should focus on key issues, such as changes to authorization and whether mitigation units can be authorized after issuance.

Parties also considered the options on emission avoidance and conservation enhancement activities. Some, such as AOSIS, CfRN and the EU, preferred to conclude, at this meeting, that such activities are not allowed. Other groups and parties, including the AFRICAN GROUP, LIKE-MINDED DEVELOPING COUNTRIES (LMDCs), PHILIPPINES, JAPAN, the US, and others, supported the option to continue consideration of this issue as part of the review of the mechanism's rules to be undertaken by CMA 10 in 2028.

The ALLIANCE OF SMALL ISLAND STATES (AOSIS), CfRN, and the EU expressed willingness to accept continuing consideration as part of the 2028 review, provided inclusion of such activities is not allowed pending the outcome of the review. The US, supported by the ARAB GROUP and RUSSIAN FEDERATION, recalled the option to clarify that these activities

may be considered as emission removals or reductions if they meet the mechanism's eligibility requirements.

Operation of the Clean Development Mechanism: In informal consultations co-facilitated by Alick Muvundika (Zambia) and Karoliina Anttonen (Finland), discussions focused on the Secretariat's [technical paper](#) on operations of the CDM registry. Diverging views remained on setting an end date for all CDM operations, with some parties supporting the earliest possible date, and others preferring to wait until after the Article 6.4 mechanism is fully operational.

Regarding certified emission reductions (CERs) held in the pending account for non-payment of the SOP, the EU, supported by the EIG, but opposed by the AFRICAN GROUP, LMDCs and others, supported administrative cancellation of such CERs. AOSIS and the AFRICAN GROUP, supported checking in with the relevant project participants ahead of COP 29 to determine their intentions regarding the CERs.

The AFRICAN GROUP, supported by LMDCs and ARAB GROUP, but opposed by the EU, supported deferring further discussions under this agenda item to SBSTA 61 or 62 so that any decision relating to the Article 6.4 mechanism registry can be taken into consideration.

Informal consultations will continue.

Nairobi Work Programme on Impacts, Vulnerability, and Adaptation to Climate Change: In informal consultations co-facilitated by Camila Minerva Rodriguez Tavaréz (Dominican Republic), parties shared views on draft text on the Nairobi Work Programme (NWP).

The G-77/CHINA called for deleting provisions on the NWP's contributions to the work programme on indicators for the global goal on adaptation, to avoid prejudging the latter's outcomes. The EU, US, JAPAN, and AUSTRALIA opposed, stating that the provisions would not prejudice the work.

The LMDCs noted the need for collaboration between the NWP and the constituted bodies. The INDEPENDENT ASSOCIATION FOR LATIN AMERICA AND THE CARIBBEAN (AILAC) pointed out the NWP's lack of activity across all regions, particularly in the Latin America and the Caribbean region, and requested the SBSTA Chair to take note of the need for further financial resources to carry out NWP activities.

The Co-Facilitators will revise their draft text.

Dialogue on Loss and Damage Funding: The second and last day of this [mandated event](#) started with reports on the first day's breakout group discussions, during which participants touched upon, among others:

- risk of process fatigue in the absence of results on the ground;
- the importance of risk management and links between preparedness, response, and long-term resilience;
- availability, affordability, and standardization of data for risk assessment;
- funding reaching those at the forefront, with a trigger-based disbursement of funding, minimum percentage allocation for small island developing states (SIDS) and LDCs, and small grants channeled through programmatic approaches;
- support for national-level coordination; and
- regular meetings between the Executive Committee of the Warsaw International Mechanism (WIM ExCom), Santiago Network, and Fund.

Participants then reflected on recent progress and how to further enhance it. Many underscored the importance of the first annual high-level dialogue on coordination and complementarity among loss and damage funding arrangements (called for in Decision 5/CMA.5). Several called for: holding the dialogue before COP 29; fostering actual dialogue, rather than a series of statements; engagement with stakeholders such as the United Nations Office for the Coordination of Humanitarian Affairs and the International Organization for Migration; and a follow-up process to leverage discussions. Many highlighted the 2024 WIM review as an opportunity to reflect on the changed loss and damage landscape.

Adaptation Fund: In informal consultations co-facilitated by Ralph Bodle (Germany) and Amena Yauvoli (Fiji), parties agreed to postpone the consideration of the matter, but diverged on when to resume it. The EU, SWITZERLAND, AUSTRALIA, the US, and NORWAY favored putting it on the agenda for SB 61 in Baku. Pointing to a possible resolution on the Article 6.4 mechanism in Baku, they emphasized the need to ensure the Fund is ready to receive SOP that might materialize before SB 62. The AFRICAN GROUP and ARAB GROUP preferred postponing to SB 62, emphasizing the matter should be reconsidered once a SOP actually materializes, not when it is likely to materialize. CHINA supported this, adding it is unlikely SOP would materialize by then.

The Co-Facilitators will consult with the Chair of the Subsidiary Body for Implementation (SBI) on the way forward.

Just Transition Work Programme: In the contact group co-chaired by Marianne Karlsen (Norway) and Kishan Kumarsingh (Trinidad and Tobago), disagreements continued on the G-77/CHINA's proposal to establish a work plan for the Just Transition Work Programme (JTWP). The US opposed the proposal, arguing that the proposed work plan was a premature anticipation of the outcome of the JTWP's review in 2026. She underlined that the role of the contact group is to consider issues raised in the pre-session dialogue and outline possible improvements to the dialogue.

The ARAB GROUP and LMDCs urged for the JTWP to be implemented based on the need for sustainable development and poverty eradication, and according to national circumstances and the principles of common but differentiated responsibilities and respective capabilities (CBDR-RC). IRAN stressed that just transition cannot take place in the presence of "unilateral coercive measures," including trade measures.

TRADE UNION NGOs stressed the need for an expert body to help inform the implementation of the JTWP which includes relevant stakeholders. YOUTH NGOs (YOUNGO) called for an intersectional approach to just transition, and for reform of education systems to ensure adequate training for youth.

Discussions will continue.

Research and Systematic Observation: In informal consultations co-facilitated by Patricia Nyinguro (Kenya) and Frank McGovern (Ireland), parties welcomed the Co-Facilitators' informal note as a good basis for negotiations.

AOSIS, the LDCs, AFRICAN GROUP, EU, SWITZERLAND, RUSSIAN FEDERATION, the UK, and INDONESIA proposed welcoming statements related to research and systematic observation made during the opening plenary of the Subsidiary Bodies. The AFRICAN GROUP proposed acknowledging the role of national meteorological and hydrological services with regard

to information on marine and mountain ecosystems. GRUPO SUR, the US, RUSSIAN FEDERATION, and BELIZE suggested merging elements related to recognizing the importance of sustained financial support for systematic observations needed to meet the goals of the Convention and Paris Agreement.

The LDCs, AFRICAN GROUP, EU and AOSIS suggested noting the beginning of the Intergovernmental Panel on Climate Change (IPCC)'s seventh assessment cycle and, opposed by the ARAB GROUP, recognizing its critical role in providing relevant information to parties.

AOSIS, the EU, CANADA, and CHILE acknowledged the organization of the 16th meeting of the research dialogue and the research needs discussed therein. The ARAB GROUP objected, recalling the failure to consider parties' submissions in defining the meeting's theme.

Discussions will continue in informal informals.

Local Communities and Indigenous Peoples Platform: In informal consultations, Co-Facilitator Clement Yow Mulalap (Micronesia) invited parties' comments on draft text.

GRUPO SUR, ARAB GROUP, and CHINA objected to a paragraph inviting the Conference of the Parties serving as the meeting of the parties to the Paris Agreement to decide that the Facilitative Working Group (FWG) of the Local Community and Indigenous Peoples Platform (LCIPP) shall also serve the Agreement. They noted the need to better understand the implications of such a decision. The US, seeing no issue with the FWG serving the Paris Agreement, suggested informal engagement on the matter.

The ARAB GROUP raised questions on the inclusion of the paragraph on budgetary implications of the Secretariat's activities on the LCIPP. The EU noted that this is standard practice.

Parties agreed to bracket both contested paragraphs.

Joint Work on Implementation of Climate Action on Agriculture and Food Security: In informal consultations co-facilitated by Una May Gordon (Belize), parties reported back from discussions held in informal informals, specifically on the list of workshop topics.

The G-77/CHINA emphasized the need for a workshop on means of implementation, which includes finance, technology development and transfer, and capacity-building, but suggested that priorities must first be identified by parties so the Secretariat can take those into consideration. The EU, the US, SOUTH SUDAN, NEW ZEALAND, and AUSTRALIA noted similarity in some topics in the informal note and suggested merging them.

The EIG, US, and UK proposed a workshop on integration of agriculture and food systems considerations in NDCs, national adaptation plans, and long-term strategies, among others. JAPAN highlighted the importance of innovation in achieving food security. ARMENIA agreed, suggesting inclusion of cutting-edge technology and artificial intelligence that provide solutions to climate change in agriculture.

INDIGENOUS PEOPLES' ORGANIZATIONS urged for the recognition of Indigenous Peoples' knowledge. YOUNGO underscored the need to have a clear roadmap and tangible progress at the next COP. ENVIRONMENTAL NON-GOVERNMENTAL ORGANIZATIONS called for workshops to be open to observers.

Discussions continued in informal informals.

Arrangements for Intergovernmental Meetings: SBI Chair Nabeel Munir chaired contact group discussions, which continued to focus on increasing the efficiency of the UNFCCC process.

The LDCs, UK, and CANADA were open to clustering certain issues under umbrella items, such as in the form of "matters related to..." The LMDCs, ARAB GROUP, and CHINA opposed, with the ARAB GROUP arguing that determining those umbrella items would lead to further inefficient deliberations. NORWAY, with the UK, supported multi-annual agenda planning to ensure better alignment with certain mandates' cycles.

The US, UK, and AUSTRALIA lamented the Secretariat's decision not to provide a virtual platform at SB 60. The AFRICAN GROUP suggested that the Secretariat provide a list of options for innovative funding methods so as to increase revenue.

Administrative, Financial, and Institutional Matters: In a contact group, Co-Chairs Gabriela Blatter (Switzerland) and Zita Wilks (Gabon) pointed to a document outlining the Secretariat's response to questions submitted by parties after the first contact group session. They also invited views on draft decision text.

The UK called for better capturing concerns over the lack of consultation before decisions to cancel the regional climate weeks and virtual access to SB 60 were made. The ARAB GROUP called for making the report from the United Nations Board of Auditors available so that parties can reflect on how to handle its recommendations.

Parties debated how to foster a decision-making process that is better informed by budgetary considerations. The ARAB GROUP argued this should be considered centrally rather than under individual agenda items, to ensure proportionality is taken into account. He also suggested exploring revenue-generating options, such as COP participation fees for the private sector.

The ARAB GROUP also requested more clarification on the Executive Secretary's travel expenditures and expressed concern that the travel and communication budgets are compromising resources for the intergovernmental process.

The Co-Facilitators invited further written submissions and will revise their draft text.

In the Corridors

The wisdom of the Wu-Tang Clan came alive on Friday: delegates in sessions concerning the budget and future meetings came up against the hard reality that *Cash Rules Everything Around the UNFCCC*.

With regional events and virtual participation opportunities under the knife due to budgetary constraints, some delegates were transparent in their frustration with how funds have been handled. One delegation shared that they resorted to providing earmarked funding to ensure that the issues dear to them and which they saw threatened—such as developing the reporting tools under the Paris Agreement—were funded.

Money concerns were also apparent in the briefing by the incoming COP 29 Presidency. If the Marshall Islands were openly appalled by price hikes in Baku accommodations, they were not the only ones: the Dutch delegation and many others were vocal in their disapproval—and their concern over civil society's participation and freedom of assembly in Azerbaijan. "The Presidency has some reassuring to do," one long-time observer noted. "Here's hoping we show up in Baku with a bit more money and a bit more trust."

