

Måndag den 13 juni 2022

*Nedan följer en sammanfattning från den första veckan av Bonn Climate Change Conference (SB56) som pågick den 6–16 juni. Det är det enskilt viktigaste förmötet inför COP27 i Sharm el-Sheikh senare i höst och lägger grunden för de fortsatta förhandlingarna. ICC deltar på plats i egenskap av näringslivets officiella fokuspunkt i FN:s klimatkonvention UNFCCC. Sammanfattningen är skriven av ICC:s Sandra Hanni, Global Policy Lead – Climate.*

## OPENING PLENARY

The opening plenary on Monday, 6 June was marked by heated discussions on the organisation of work and supplementary provisional agenda items – with Parties disagreeing on the number of informal consultations (“two” or “at least two” informal consultation slots) to be held on item 18 “Glasgow–Sharm el-Sheikh work programme on the Global Goal for Adaptation”. Agreement was eventually found and contact groups and informal consultation on numerous agenda items were set up.

In their opening statements, many developing countries stressed the need for balance between discussions on mitigation and adaptation and that the limits of adaptation are now being reached, with need for urgent action on a loss and damage and the creation of a finance facility on loss and damage by COP27.

With her mandate nearing its end, UNFCCC Executive Secretary Patricia Espinosa addressed assembled delegates in a [moving speech](#), reflecting on challenges faced during her tenure but also the many achievements.

The UNFCCC Business and Industry Constituency in its [statement](#) thanked the Executive Secretary for her leadership and unwavering commitment to the Convention and Paris Agreement and outlined its key priorities for the Bonn session and COP27.

## KEY ISSUES IN NEGOTIATION ROOMS

### Article 6

At COP26, after years of negotiations, countries finally adopted rules for the implementation of Article 6 of the Paris Agreement on international emissions trading.

Glasgow decision texts cover three important issues under Article 6: two mechanisms that enable the effective functioning on international carbon markets – [Article 6.2](#) (allowing for the international transfer of carbon credits between countries) and [Article 6.4](#) (creating a central UNFCCC mechanism, also referred to as Sustainable Development Mechanism, to trade credits from emissions reductions generated through specific projects) – and a third one based on non-market approaches [Article 6.8](#).

While the fundamental rules for Article 6 are agreed, the myriad details to make them function and to ensure that the new mechanisms can deliver real and additional benefits to the climate and society have still to be defined.

Further decisions are needed, in particular on the reporting and tracking infrastructure to support 6.2 cooperative approaches and Parties also need to urgently finalise appointments of members to the Article 6.4 Supervisory Body, so it can start the significant work needed to operationalise the new mechanism under the Paris Agreement.

During week 1 here in Bonn, negotiators convened in information consultations under 6.2 (Co-chaired by Norway and Indonesia) and 6.4 (Co-chaired by Australia and South Africa) to advance important technical work on a number of important elements – such as the process for delivering overall mitigation in global emissions as well as for implementing corresponding adjustments to avoid double claiming and a levy on these cooperative activities that will go towards supporting developing countries' adaptation action (referred to as the "share of proceeds").

Co-Facilitator worked on informal notes for 6.2 (still to be published) and [6.4](#) until late in the night yesterday and today to capture views from Parties expressed. Further deliberations are set to take place in the coming days before a draft decision text needs to be submitted to the SBSTA Chair by 1pm on 15 June.

Read our key documents on [Article 6](#) and [ICC Carbon Pricing Principles](#) launched at COP26<sup>1</sup>. Please also refer to the [technical paper on infrastructure needs for Article 6.2](#) prepared by the International Emissions Trading Association.

## Adaptation Goal and Loss and Damage

Adaptation and Loss and Damage and linked finance were particularly high on the negotiation agenda at COP26 and are increasingly seen as "make or break" issues for Sharm el-Sheikh.

---

<sup>1</sup> Du hittar även informationen på svenska i [dokumentet "Prioriteringar för ICC under COP26"](#).

Many countries here in Bonn, in particular from the Global South stressed adaptation as a top priority for COP27 – calling for substantial progress on key deliverables, including on the two-year [Glasgow-Sharm el-Sheikh Work Programme on the Global Goal on Adaptation](#) (also called GGA) agreed in Glasgow and a loss and damage financial mechanism.

The first in-session workshop under the work programme on GGA was conducted. Co-facilitated by Ghana, Parties were informed by the IPCC Working Group II on key findings on climate change impacts and adaption and were invited to share views on operational aspects and way forward. Co-facilitator developed this [draft decision](#) that endorses the themes and sequence of the workshops for 2022 set out in the [compilation and synthesis of submissions on the Glasgow–Sharm el-Sheikh work programme](#).

COP26 also established the [Glasgow Dialogue](#) between Parties, relevant organisations and stakeholders to discuss the arrangements for the funding of activities to avert, minimise and address loss and damage associated with the adverse impacts of climate change. We saw heated debates on whether funding arrangements for loss and damage exist and whether they are sufficient to meet existing and future needs. Several developed countries recognised the urgency of the issue for vulnerable countries but also underlined that they do not necessarily support a new fund and called instead for strengthening existing instruments and broadening mandates and scopes of climate finance institutions.

## Agriculture

Issues related to agriculture were discussed under the Koronivia Joint Work on Agriculture (KJWA) established at COP23, officially acknowledging the importance of the agriculture sector in adapting to and mitigating climate change.

Deliberations under KJWA progressed very slowly during the first week. Parties were asked to adopt a) conclusions on the findings of the last KJWA workshop on water management and implementation of innovation and technologies held last in 2021 and b) a draft COP decision on the overall progress done under KJWA and future work. Co-facilitators from Poland and Peru were mandated to produce a draft conclusion on item a) and an informal note on item b). A [draft text of conclusion](#) on item a) was published on Saturday and further deliberations will take place in the coming days before final draft texts need to be sent to SBSTA and SBI for consideration by 15 June 1pm.

The draft recognises the importance of considering sustainable land and water management for agriculture in a systemic and integrated manner. Adaptation, adaptation co-benefits and mitigation as well as the importance of ensuring food security and nutrition are also mentioned, without any reference of “agroecology” – which was one of the points generating disagreement. The mention of mitigation and adaptation and adaption co-benefits seems an important first step in opening future work on agriculture to consider a broader range of interlinked issues.

Business contributed to the discussion with a [statement](#) emphasising the need for any future work to establish links between the agricultural discussion and the broader UNFCCC decision-making process, including Article 6 on markets.

#### Global Stocktake

This week also saw the opening of the first technical dialogue under the Global Stocktake [Global Stocktake](#) (GST) – a key means of accountability in the Paris Agreement architecture.

ICC and the Business and Industry Group is actively participating and contributing to the respective technical dialogues on mitigation, adaptation and finance. A copy of the business statement delivered at the opening session can be found [here](#).

#### Enhancing stakeholder engagement and conflict of interest

As the UNFCCC process pivots to implementation, Parties discuss engagement with non-Party stakeholders in the UNFCCC process under the SBI agenda of “Arrangements for Intergovernmental Meetings”. The number of Observer organisations continues to increase at a moment when Parties are focussed on efficiency of the deliberations, which is posing logistical challenges for the negotiations.

During the week, the UNFCCC Executive Secretary, the High-Level Climate Champions, the UK COP26 Presidency and incoming COP27 President, and the SB Chairs clearly stated that the engagement of all stakeholders, including business, was critical in the UN climate process and in all aspects of implementation in order to achieve collective climate goals.

Business and Industry had the opportunity to deliver a [statement](#) reiterating that business has a genuine interest in achieving the goals of the UNFCCC, including the Paris Agreement, and that business has much to contribute to increase and deliver on ambitious climate action. Business stated that including business experts across every sector and jurisdiction would actually contribute to the deliberations’ efficiency and supported an EU proposal for a workshop on these matters.

We will continue to monitor discussions, as some civil society groups argue for the addition of a distorted interpretation of “conflict of interest” which would stigmatise or disqualify some business sectors in the process and will speak with government delegations to seek continued support for inclusive involvement by business.

*Nedan följer en sammanfattning från Bonn Climate Change Conference (SB56) vilket är det enskilt viktigaste mötet inför COP27 senare i höst där länderna lägger grunden för förhandlingarna. Sammanfattningen är skriven av ICC:s Sandra Hanni, Global Policy Lead – Climate.*

## FINAL OUTCOME OF BONN SESSION

Against the backdrop of the conflict in Ukraine, energy, food and economic crises, over 3,300 delegates from over 100 countries, including NGOs and business gathered in Bonn to advance on important technical work in a number of key areas (market approaches, technology, climate finance, climate mitigation and adaptation, agriculture, response measures) and prepare key decisions for the upcoming UN Climate Change Conference (COP27) in Sharm el-Sheikh in November 2022.

It was the first meeting since COP26 in Glasgow, where nations committed, *inter alia*, to scale up mitigation ambition and 2030 climate targets ahead of COP27 and created a new work programme on mitigation. Discussions under the new programme commenced in Bonn.

Some progress was made on important technical issues, including on Article 6 on market and non-market approaches. However, most issues were left unresolved and a large amount of work is to be undertaken in the months ahead in order to ensure a successful outcome in Egypt.

The session was particularly marked by heated debates between developed and developing countries over a new finance mechanism for loss and damage but also funding for adaptation and resilience efforts, as well as over differing mitigation responsibilities. Developing countries called on developed nations to “take the lead” on mitigation efforts, while some developed countries stressed the need to impose similar emission reduction goals on all nations.

The Bonn session closed on Thursday evening last week with Parties agreeing on a number of procedural conclusions and a series of “informal notes” capturing countries views (please see [SBSTA 56](#) and [SBI 56](#)) that will provide the basis for continued work between now and November.

ICC, as the official UNFCCC Focal Point for Business and Industry and members of the business group actively participated in a number of technical discussions and with the incoming COP27 Presidency and key negotiators where we shared our expertise, experience and advice. Our final statement during the Closing Plenary can be found [here »](#)

## KEY ISSUES IN NEGOTIATION ROOMS

### Article 6

With regards to Article 6 (market and non-market approaches) – historically the “problem child” of the Paris Agreement – we saw relatively constructive discussions amongst Parties that concluded in an agreement on significant intersessional work and requests for a number of technical papers (including on the more contentious issue of corresponding adjustments, reporting, transition of CDM activities) as well as workshops over the coming months.

This technical work is set to assist countries in reaching agreement at COP27 on the important elements under Article 6.2 and Article 6.4 that must be resolved urgently to give

the mechanisms a chance to be successfully launched. Throughout the Bonn session, the business group also reiterated the urgent need for countries to finalise nominations for Article 6.4 Supervisory Body so it can start the significant work needed to stand up the crediting mechanism.

Please refer to the conclusion on [Article 6.2](#), [Article 6.4](#) and [Article 6.8](#).

### **Matters on finance**

In Bonn, there were only small items on the official agenda that covered finance but the issue was at the heart of all discussions. We also understand from the incoming COP27 Presidency that finance will be a top priority for Sharm el-Sheikh, with a particular focus on financing for adaptation.

The main finance-specific event was a “technical expert dialogue” concerning the “new collective quantified” goal on climate finance that will take effect in 2025. Co-chaired by Trinidad and Tobago and Italy, the Dialogue focused on milestones, approaches, and topics for discussion in future dialogues (including specific thematic areas of adaptation, mitigation, means of implementation; sources of finance and the relationship between public and private sources; roles of different actors; understanding of the current status of finance flows). Two more technical expert dialogues will take place in 2022, one before and one during COP27.

To build trust, fulfilling the 100 billion dollar-a-year promise and further enhancing on adaptation finance will be critical. Most vulnerable countries also expressed concerns regarding the quality of financing provided, referring to high-interest loans that are often included in climate finance reports.

### **Adaptation Goal and Loss and Damage**

Adapting to climate change impacts and losses and damages caused by climate change as well as linked finance were among the most important issues addressed in Bonn.

Discussions under the two-year [Glasgow–Sharm el-Sheikh work programme on the Global Goal on Adaptation \(GGA\)](#) began in Bonn with the first technical workshop. Parties expressed divergent views on the priorities for future workshops as well as how the findings of the IPCC Working Group II Report on impacts and adaptation can be drawn into the process to help understand global risks and responses.

After a Heads of Delegation meeting in the morning of the closing plenary, Parties agreed on a [draft conclusion](#). Many developing countries were disappointed that the outcome on the GGA remained primarily procedural and that discussions in Bonn did not lead to any substantive progress. The second and third workshop will be held virtually in August and September, followed by a fourth in-person workshop during COP27.

The [Glasgow Dialogue on loss and damage](#) established at COP26 – as a three-year set of discussions – convened Parties and non-Party stakeholders for its first dialogue in Bonn. We saw difficult and heated discussions amongst Parties. Many developing countries and representatives of small island states emphasised that they had acquiesced to the Dialogue “on the condition that it will lead to a loss and damage finance facility” at COP27. Others argued that existing financial institutions, including some under the Convention – such as the Green Climate Fund and Adaptation Fund as well as efforts by other institutions (World Bank, UN Environment Programme, Sustainable Development Goals Funds, Sendai Framework for Disaster Risk, multilateral, regional and bilateral assistance schemes) should be strengthened and scaled up.

### **Technology**

Discussions under this item focused on the development and transfer of technologies and implementation of the Technology Mechanism as well as linkages between the Technology

Mechanism and the Financial Mechanism of the Convention. During informal consultations, Parties could not reach agreement and decided to forward the issue to the next session in Sharm el-Sheikh. The latest draft text can be found [here](#).

## **Agriculture**

Issues related to agriculture were discussed under the Koronivia Joint Work on Agriculture. Parties welcomed the reports from workshop held in June and October 2021 and highlighted a number of findings from the workshops, in particular the importance of sustainable land and water management for agriculture; the multiple co-benefits of implementing sustainable approaches in agriculture; and the importance of increased access to, capacity building, and technology development and transfer.

Disagreements arose in discussions on the [co-facilitators' informal note](#), with many parties arguing that the note does not fully capture their views. Parties finally [agreed](#) to continue considerations at the next session in November.

As UNFCCC business group, we contributed actively to the discussions where we also stressed the need for a more horizontal approach to climate change and agriculture by also looking at interlinkages with other UNFCCC workstreams, in particular carbon markets and work under Article 6 of the Paris Agreement. Please find the two statements we delivered [here](#) »

## **Global Stocktake**

The Bonn meeting also constituted a milestone in preparing for the [Global Stocktake](#) under the Paris Agreement that will come to a close at COP28 in 2023 in the United Arab Emirates.

The GST convenes at five-year intervals to review collective progress and is seen as an important instrument to drive the climate accord's ambition cycle and accelerated action. The business and industry group participated actively in several roundtable discussions mitigation, adaptation, and finance and delivered [this](#) statement at the GST closing plenary.

## **Enhancing stakeholder engagement and conflict of interest**

Under the agenda item of Arrangements for Intergovernmental Meeting – also called AIM, we saw significant interest in increasing the efficiency of UNFCCC meetings and enhancing observer participation. With regards to the proposal to host a workshop on increasing the efficiency of the UNFCCC process, no agreement could be found.

As previously mentioned, some stakeholder groups including Climate Justice Network, Climate Action Network and Youth NGOs, advocated restricting, or even banning, certain sectors of business from the UNFCCC discussions and called for a “conflict of interest” policy.

The [final decision](#) on this item did not contain any reference to “conflict of interest” or other stakeholder-restrictive proposals.

Additional informal discussions on the issue of conflict of interest are set to take place later this year in a separate [process to strengthen observer engagement](#) established by the UNFCCC Secretariat earlier this year. The issue will be addressed under the agenda item “Representation and equitable access” and will include representatives from the different civil society groups, as well as Parties, UNFCCC Secretariat, COP Presidencies, SB Chairs. Any outcomes of these discussions will have no legal status within the UNFCCC. We are also in close contact with several countries that reiterated their strong support of the UNFCCC process continuing to include all stakeholders, including all sectors of business. We will keep you informed about any further developments in the months ahead.