

## **Informal Forum on Implementation of Article 6 of the Paris Agreement under the UNFCCC process**

February 21 & 22, 2017 Ottawa, Canada

**Venue: Hotel Chateau Laurier, 1 Rideau Street, Canada Room, Ottawa, Canada**

### **Project background & approach**

The new climate change agreement, agreed in Paris in December 2015, is to be further defined with rules, modalities and procedures by the Conference of Parties. Article 6, which covers markets and non-markets, is an important element in the Agreement, which will need a substantial amount of political and technical decisions to be taken before it can be implemented.

This meeting is part of the project “Implementation of markets and non-markets provisions in the Paris Agreement” project, which aims to create an informal atmosphere, where the main objective is to explore, discover, explain and understand different points of view related to the issues in Article 6 of the Paris Agreement. That is, to understand the options available to define rules, modalities and procedures on Article 6 of the Paris Agreement, as well as the consequences of adopting each option.

What is also very important is, to the extent that participants are willing to explain, to understand the different views, and more importantly, WHY these views are held. The discussions will be free and informal. They are generally started with a presentation from ICTSD, and launched with reflections from the participating negotiators. Discussions will be held under Chatham House rules (views expressed can be quoted, but cannot be attributed to any of the participants). At the end of each meeting we will not produce summaries, but a Reflection Note, with what the Chair took back from the discussions.

Above all, this process is totally separated from the UNFCCC negotiating process. There is no intention, or mandate, to produce any text or negotiate an outcome.

This project is made possible by contributions received from a number of donors including Australia, Canada, Finland, Sweden, Norway, European Commission, France, Germany, Japan, Switzerland, New Zealand, and the World Bank.

## Agenda

### Day 1 – February 21, 2017

**8:00 – 8:30**                    **Registration**

**8:30 – 9:00**                    **Welcome and introduction**

Chair: Andrei MARCU, Senior Fellow, ICTSD

David Runnals, Chair, ICSTD

Emilio Sempris, Deputy Minister of Environment, Republic of Panama

Hon. Catherine McKenna, Minister of Environment & Climate Change, Canada

**9:00 – 10:00**                    **Catching up after Marrakech**

Amy Steen, UNFCCC Secretariat

Carlos Fuller, Chair SBSTA

Kelley Kizzier, EC

Tomasz Chruszczow, Chair SBI

This session will ensure that everyone is up to speed with the outcomes of SBSTA in Marrakech. The UNFCCC Secretariat will take us through the SBSTA conclusions in a factual manner. The SBSTA Chair will provide his views as being in overall charge of this file. Kelley who has facilitated this CG will provide her views and perspectives. The Chair of SBI will provide an overall view of how this issue melds with some of the items that are related and come under SBI.

**10:00 – 16:30**                    **Outline of Submissions**

Some of the participants listed below may wish to present the outline of their submissions for SBSTA (optional). The participants in the list below have already agreed to present the outline of their submissions. However, we are continuing to wait for other expressions of interest.

Kay Harrison, New Zealand

Martin Lajoie, Canada

Kazuhisa Koakutsu, Japan

M.J. Mace, AOSIS

Peer Stiansen, Norway

Abdelrahman Al Gwaiz, KSA

Martin Hession, EC

Taras Bebeshko, Ukraine

Diana Barba, AILAC

Kuki Soejachmoen, Indonesia

Veronika Elgart, Switzerland

Kata Hancock, Australia

The rest of the day will be dedicated to listening to, and discussing, presentations by participants which are intended to cover two areas. Only those that wish to present will do so, there is no obligation.

- a) An outline of what is intended to be included in the submissions by Parties, which are due by March 17, as a result of the discussions in SBSTA in Marrakech. This is not necessarily intended to go into the substance of the submission, unless Parties are willing to do so. It is more intended to provide an opportunity to discuss what the outline/table of contents will be, what is the focus of the submission, and the format. While each Party will be, as always, free to make any submission it chooses, it may be useful to be coordinated and try to avoid that submissions vary widely in format, focus, and content.
- b) Many countries have referred in their NDCs to the use of market mechanisms domestically, as well as the use of international markets, towards meeting NDCs. To the extent possible the presenters should also try and also cover in their presentations what is the expected evolution and use of domestic and international markets for their NDCs.

Such a long session can easily become unfocused, unless the presentations are very much to the point. Each presenter will have 10 min for the presentation and 10 min for discussions. It is not a lot, but it will allow an overview of what Parties intend to focus in their submissions, which will be critical if we are to make progress in June in Bonn.

**11:30 -12:00**                    **Coffee break**

**1:00 – 14:00**                    **Lunch**

**16:00 – 16:30**                    **Coffee break**

**16:30 – 17:30**                    **Roundtable discussion with IETA**

**End of day 1**

**19:00**                                **Working dinner with IETA**  
Le Café, National Arts Centre, 1 Elgin St, Ottawa  
(ICTSD invitation)

## **Day 2 – February 22, 2017**

**9:00**                                **Relationship between Article 6.2 & 6.4**  
Chair: Andrei Marcu, ICTSD

Remarks:  
Thomas Forth, Germany  
Peer Stiansen, Norway  
Eduardo Ferreira, World Bank  
Dirk Forrister, IETA

There are many views on Art 6.2 & 6.4, as well as the relationship between them. There are horizontal issues, which appear in both articles, such as sustainable development, environmental integrity, double counting. Is there a relationship between these concepts in Art 6.2 and Art 6.4? The governance is different, which implies that the international compliance value of units emerging from 6.2 and 6.4 will be determined in different ways. Finally, some see

Art 6.4 as CDM successor issuing credits, while Art 6.2 is seen as a successor to Art 17 of the Kyoto Protocol. How will ITMOs and units from Art 6.4 relate and interact?

**10:00**

### **Accounting**

Remarks:

Christina Hood, IEA

Chandra Sinha, World Bank

Accounting will be discussed in the IEA session on February 20<sup>th</sup>, where the focus will be, by-and-large, on case studies on how accounting will be treated in different circumstances. Since accounting is one of the key issues to ensure both for a well functioning market, as well as the environmental integrity of the market, which is clearly identified as a “must” in both Art 6.2 and 6.4, it is important that we identify the issues that need to be addressed under SBSTA. This session is totally focused on the accounting issues, which will need to have precise answers in the package that will be the rulebook for Art 6. As such it is hoped that the outcome of this session will be a list of issues, which the presenters, and the discussions that follow with the participants, will identify.

**11:00**

### **Coffee break**

**11:30**

### **CDM Transition**

Remarks:

Andrei Marcu, ICSTD

Andrew Howard, Koru & Sandra Greiner, Gambia

Karen Holm, UNEP DTU

Dariusz Dybka, Poland

It has been often remarked that the CDM has been an important element of the KP, and what some may today call Carbon Markets 1.0. However, for many, the CDM is coming to its natural end. The reality is that it is unclear if the CDM will continue, will be transposed into Art 6.4, what will happen to the existing projects, the CERs that were issued, the projects which were registered, or for that matter future issuances of CERs. This can be seen also as an important issue for the credibility of the carbon market, which has suffered from a significant drop in prices and with that, the viability of the projects, which depended on the CDM. How will all lessons learned from the CDM (and JI) be used, what will happen to the accumulated knowledge, the methodologies, the existing infrastructure and regulatory set up? What are the options?

The presentations will focus on

- Lessons learned from CDM governance
- Lessons learned from the use of the SD tool?
- Options from the transition period

The presentation will be followed by discussions with the participants

**13:00**

### **Lunch**

**14:00**

### **Issues that need to be addressed**

Andrei Marcu, ICTSD

Reactions:

Marcelo Rocha, Brazil  
Veronika Elghart, Switzerland  
Yuji Mizuno, Japan

Some had hoped that the SBSTA sessions in Marrakech on Art 6 would result in a work programme, which could then be implemented over the next (two) years. This was not the case, as the discussions continued to be general in nature. This session is intended to discuss the “big box” issues that need to be addressed in depth, and have options, or in-depth solutions in order to be able to have Art 6 operational. It is hoped that take away will be a number issues that different entities may take the lead in developing further. There will be an initial presentation from Andrei Marcu. This will be followed by interventions from Marcelo Rocha, Laurence Mortier and Yuji Mizuni/ Kazuhisa Koakutsu.

**15:00**

**Mode of work**

Remarks:

Kay Harrison, New Zealand  
Walter Schuldt, Ecuador  
M. J. Mace, AOSIS

This last session is intended to build on the previous session which will identify ISSUES and areas of work to be included in the work programme and discuss ways forward. Some of the questions, which may be discussed, include:

- Is the current “perfect symmetry” which is reflected in all SBSTA decisions the best way forward?
- Should there be a coordinated effort to develop solutions, and provide options, that can be discussed in formal and informal fora? What is the best way forward for this?

The four presenters will provide their initial thoughts, and will be followed by a moderated discussion

**16:00**

**Coffee**

**16:30**

**Some final thoughts....**

Kelley Kizier, EC  
Hugh Sealey, Maldives  
Carlos Fuller, SBSTA Chair

**16:45**

**Start of Roundtable with IETA**

**17:30**

**End of workshop & closing remarks**

Andrei Marcu, ICSTD

**19:00**

**Dinner**

**The Black Tomato, 11 George Street, Ottawa**  
(ICTSD invitation for sponsored participants)