

ERCST “Informal Forum on Implementation of Article 6 of the Paris Agreement under the UNFCCC process”

March 5 & 6 2019, Glion, Switzerland

Agenda

Date: March 5 & 6, 2019

Location: Hotel Victoria, Route de Caux 16, CH-1823 Glion sur Montreux, Switzerland

Project Background and 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 “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 introduced with a presentation from ERCST 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, Republic of Korea, Italy and the World Bank.

March 4, 2019

19:00 Dinner at Victoria Palace, Glion

Day 1 – March 5, 2019

9:00 Welcome remarks

- A. Marcu, ERCST

9:15 Reflections on Article 6 in Katowice

This session will start with reflections on the outcomes from Katowice and where the focus should be leading to Santiago, and at COP 25 - is it a matter of more technical focus and simply better technical understanding of implication or is there a strong political component and overtone? The fractures in the room were evident and known to negotiators, but the work was concluded at a much more political level, and impressions would be useful to hear from that point of view.

Panel

- F. Perez, Switzerland
- P. Dombrovitski, Poland
- J.P. Searle, Chile
- P. Watkinson, SBSTA Chair

10:15 Comparative analysis of COP 25 text

There were a number of text versions that emerged during those long days (and nights) in Katowice. Some of them were forwarded to SB 50, and some were withdrawn rapidly as they did not seem helpful.

While not always pointing in the right direction, they tell a story of how things moved, and what is even more important, what was the perception at the time – especially what was perceived as a compromise that could fly.

There will be an initial presentation by Andrei Marcu, which will be followed by the opportunity for comments and remarks during a roundtable discussion.

The main issues that the presentation will try to focus on will be around:

- What can be considered to be generally accepted agreement?
- What are the main issues that represent serious disagreement and continue to be an issue in spite of whatever was put forward in the L text on Saturday

11:15 Coffee break

11:45 Views on the Katowice texts

This session will start with a short introduction by the members of the panel on their overall views on the texts that were retained as part of the Art 6 decision. Each panelist will have 5 minutes max.

This will be followed by a different mode of work, where we will go topic-by-topic, with each being assigned 30 min max. For each topic, there will an introduction by Andrei Marcu, who will highlight issues for discussion, to be followed by short reactions from a panel (2 min per panelist) on:

- Understanding of the issues in that section of the text
- Views on the issues, and the level of saliency and why

It is not the intention of this session to try and reach a consensus on substance or on understanding the issues. This session is intended as a process to try and identify issues that may have been papered over in the dying minutes of Katowice, but which may or may not resurface in the discussions towards COP 25.

While we may revisit the list as we approach the Glion meeting, the following items represent a preliminary list of issue for discussion, taking into account that some of the issues will be discussed in more depth in Day 2.

Article 6.2

- Definitions
- Tracking & corresponding adjustments
- Accounting – single year, multi year
- Reporting
- Review
- Application of guidance
- Share of proceeds

Article 6.4

- Delivering overall mitigation
- Avoiding the use of emission reductions by more than one Party
- Transition from the Kyoto Protocol to Article 6, paragraph 4

Panel

- M. Hession, EC
- M. Rocha, Brazil
- M. Diagne, Senegal
- M.J. Mace, St. Lucia
- K. Harrison, NZ

12:45 Lunch

14:00 Views on the Katowice texts (continued)

15:30 Coffee break

17:30 End of day 1

19:00 Dinner at Victoria Palace Hotel

Day 2 - March 6, 2019

9:00 Sustainable development

In spite of a significant amount of work that was done in preparation for COP 24, SD was hardly present in the Katowice text, which is a matter of concern, and some frustration, for those that have worked hard to give the issue some preeminence.

There will be initial remarks from Karen Holm Olsen, the Sustainable Development Initiative (SDI), a multi-stakeholder initiative involving Parties and other stakeholders, followed by a moderated roundtable discussion with initial reactions (5 min each) from the panel.

Reactions

- K. Soejachmoen, Indonesia
- K. Anttonen, Finland

10:00 Corresponding adjustments

This session will focus on a number of features related to corresponding adjustments, to clarify and better understand the current options in the texts. The issues that will be taken up will include:

- What is the flow of *corresponding adjustments - tracking of ITMOs - recording - reporting*
- Timing of corresponding adjustments – are they a choice for each Party and how would they work if mixed-and-matched?
- Role of corresponding adjustments, if any, in tracking ITMOs
- How would corresponding adjustments work with different options – CO₂e and other metrics? Can they work together?
- How to address corresponding adjustments for Art 6.4 issuance?

Initial remarks by A. Marcu, followed by reactions from the panel

Initial remarks

- M. Vaidyula, OECD
- K. Kazuhisa, Japan
- S. Fellermeier, Switzerland
- S. Chotevitayatarakorn, Thailand
- D. Hynes, UK

11:00 Coffee break

11:30 Transparency decision

This part of the meeting is dedicated to better understanding Art 77 (d) in transparency section, which emerged late in negotiations, and is still not well understood. Some of the questions that should be addressed by the initial remarks of the panel will include:

- What are the mechanics of elaborating on that provision?
- What is needed to make it operational?
- To what degree does that provision allow for the operation of Art 6.2, without further agreements in Article 6?

Initial remarks

- S. Fellermeier, Switzerland
- S. Lim, ROK
- M. Rocha, Brazil
- Y. Mizuno, Japan

12:30 Lunch

14:00 Links between Art 15 and Art 6

This session will focus on the links between Art 6 and Art 15 of the Paris Agreement and will start with remarks from Christina Voigt (Norway) and Loredana Dall'Ora (Italy)

Initial remarks

- C. Voigt, Norway
- L. dall'Ora, Italy

15:00 Pilots: how can they contribute to Art 6 rulebook

This session should focus on the on-going pilot projects, or those that are in the process of getting started and understand the contribution that they can make, if any, to the issues facing Article 6 negotiators

The session will start with presentations from the World Bank and others that are in the process of starting pilot programs.

The World Bank initiated the “Operationalizing Article 6” work program in 2018 to catalyze the development of post-2020 climate markets through learning-by-doing. The program builds on and complements the World Bank’s other climate change initiatives such as PMR, CPLC, TCAF and Ci-Dev. It focuses on four work streams:

- Understanding options for the regulatory framework of Article 6 and their operational implications;
- Creating mitigation outcomes (MOs) from the World Bank’s \$7-8 billion average annual lending with climate mitigation co-benefits;
- Creating financial products and risk mitigation instruments to facilitate private sector participation in post-2020 carbon markets; and
- Designing and supporting the creation of infrastructure for post-2020 carbon markets.

The session will provide an update on the progress of the work program, including the approach to scale-up mitigation activities at the regional level through power pools, and at the national level through engagement with national utilities or national development banks. The session will also discuss challenges in creating and trading mitigation outcomes under Article 6, including: (a) development of cost-effective and credible MRV systems; (b) assessment of mitigation activities in context of countries’ NDCs; (c) design of procedures and institutions in host countries for the avoidance of double counting; (d) development of infrastructure to execute corresponding adjustment; etc.

The Sustainable Development Initiative (SDI) presents its work plan on piloting of Sustainable Development (SD) tools and approaches. The SDI work plan provides for SD case studies on existing market-based mechanisms and identifies pilot activities, where SD tools and approaches can be tested in Article 6 approaches.

The SDI work plan supports Parties:

- In promoting SD when engaging in voluntary cooperation in Art. 6, and
- In meeting reporting obligations under Article 6 in line with the Enhanced Transparency Framework as agreed in Katowice.

- C. Sinha, World Bank
- S. Braden, SDI
- Tbd (Sweden, Germany, Switzerland)



16:30 Way forward

This is the concluding session for this two-day meeting and will explore the expectation on moving forward towards COP 25. Some of the questions for discussion will include:

- What will form the basis for discussions when negotiations reconvene at SBSTA 50?
- What is the mode of work needed? Is there need for inter-sessional meetings and what would that bring?
- Is there a need for political intervention earlier in the process – what would be useful timing and place for such discussions? What is needed from negotiators to prepare such discussions?

Initial remarks

- T. Forth, Germany
- P. Stiansen, Norway
- M. Lajoie, Canada
- K. Hancock, Australia

End of Day 2

List of Participants

Country	Last Name	First Name
ADB	Duggal	VK
Australia	Hancock	Kate
Austria	Friedrich	Angela
Bhutan	Pem	Tashi
Brazil	Theoto Rocha	Marcelo
Canada	Lajoie	MARtin
Chile	Sanhueza Flores	Jose Eduardo
Chile	Searle	Juan
Chile	Silva Besa	Eduardo
Costa Rica	De Leon	Felipe
Environmental Defense Fund	Hanafi	Alex
ERCST	Teixeira da Costa	Antonia
ERCST	Vangenechten	Domien
ERCST	Marcu	Andrei
European Commission	Hession	Martin
Finland	Anttonen	Karoliina
Gambia	Greiner	Sandra
Germany	Raeschke-Kessler	Konrad
Germany	Forth	Thomas
IETA	Forrister	Dirk
Indonesia	Soejachmoen	Moekti Handajani
Italy	Leonardi	Vanessa
Italy	dall'Ora	Loredana
Jamaica	Alcock	Omar
Japan	Komatsu	Kiyoshi
Japan	Mizuno	Yuji
Japan	Koakutsu	Kazuhisa
Netherlands	Solberg	Kim
New Zealand	Harrison	Kay
Norway	Stiansen	Peer
Norway	Voigt	Christina
Norway	Andresen	Stian Rein
OECD	Vaidyula	Manasvini
Peru	Braden	Sven
Poland	Dombrowicki	Piotr
Republic of Korea	Choi	Yongsik
Republic of Korea	Lim	Seoyoung
Republic of Korea	Moon	Ji hye
Saint Lucia	Mace	MJ



SBSTA	Watkinson	Paul
Senegal	Diagne	El Hadji Mbaye
Singapore	Chua	Darryl
Solvay	Chauveau	Philippe
Sweden	Karlberg	Marie
Switzerland	Fellermeyer	Simon
Switzerland	Perez	Frans
Thailand	Chotevitayatarakorn	Supanut
UK	Hynes	David
UNEP DTU Partnership	Olsen	Karen
UNFCCC	Arumugam Pillai kalyani	Perumal
UNFCCC	Kononov	Sergey
World Bank Group	Sinha	Chandra Shekhar
World Bank Group	Srinivasan	Sandhya
World Bank Group	Rogers	Stephanie