

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

August 26 &27, 2019, Santiago, Chile

Date: August 26 &27, 2019

Location: ECLAC, Av. Dag Hammarskjöld, 3477, Vitacura, Santiago, Chile

Project Background and Approach

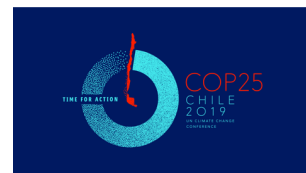
The new climate change Agreement, agreed in Paris in December 2015, is to be further defined with rules, modalities and procedures by the Conference of Parties. Article 6, which covers markets and non-markets, is an important element in the Agreement, which will need a substantial amount of political 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, Finland, Sweden, Norway, European Commission, France, Germany, Japan, Switzerland, New Zealand, Republic of Korea, Italy and the World Bank.



Day 1 – August 26, 2019

9:00 Welcome remarks

- A. Marcu, ERCST

9:15 Reflections on SBSTA 50

This session will start with reflections on the outcomes from the SBSTA 50 session in Bonn 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 implications or is there a strong political component and overtone?

The speakers may wish to focus on the following aspects:

- Issues that had been reopened
- New issues that emerged
- Negotiating and political trends
- Emerging landing zones

The speakers will each have 15 min max to outline their views on what happened at SBSTA 50.

- P. Stiansen (Norway)
- P. Watkinson (SBSTA)
- A. Marcu (ERCST)

10:00 Characteristics of ITMOs

This session is intended to discuss one of the more fundamental issues: what is an ITMO? The SBSTA 50 text seems to have crystalized some of the questions and options. While this discussion is a recurring theme, it is also one that needs to mature if we are to make progress. It is also important to start keeping track of issues that may have deep political implications and which may require early political attention and consideration. Some of the issues listed below may fall into this category.

The presentation will be sent one week in advance to all participants. Some of the questions that may be taken up in the presentation include:

- Unit, quantity, net quantity – what is an ITMOs? Can it be left as a menu? Is this a real issue given the current NDC metrics?
- Metrics – only CO₂e; CO₂e and other metrics; any metrics decided by Parties. Is a conversion factor necessary, when and under what governance?
- What does “consistent with the NDC of the participating Parties” mean? What are the implications?
- Additionality – does it need to be included and what are the implications?



- Do ITMOS include removals? All removals, including REDD+? What is the rationale to excluding some removals?
- Do ITMOs include avoidance? What is the definition of avoidance?
- What is the definition of vintage? The year when the mitigation outcome was issued or when it took place?

All interveners are being asked to read the presentations and comment on what they feel is right and wrong in it, and how they see things fitting together. Their interventions are not meant to simply restate positions, but their views and understanding, using the presentation as a starting point.

There will be an initial presentation by Andrei Marcu (15 min) followed by reactions from Anshari, Vanessa & Sonam.

This will be followed by a moderated discussion with RT participants

Presentation: A. Marcu

Reactions:

- V. Leonardi (Italy)
- A. Rahman (Singapore)
- S. Tashi (Bhutan)

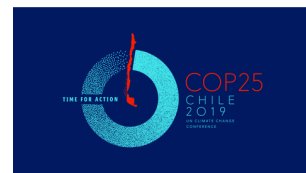
11:15 Coffee break

11:35 Issuance of ITMOs and avoidance of double counting

This continues to be one of the thorniest issues and a legacy from COP 24, and while discussed at length in the past, it continues to merit revisiting given its importance.

The discussion is intended in this case to focus on

- a) understanding the issue;
 - b) identifying any landing zones;
 - c) discuss whether this is an issue which is at first glance technical but in reality one with heavy political consequences and which may require early political attention and consideration.
- What is the definition of “beyond/outside/in addition to” the NDC?
 - Is there different treatment for first issuance for Art 6.2 and Art 6.4? Is that the case and what is the logic for different treatment?



- The criticism has focused on the danger of double counting. Double counting in the case of inventory accounting, NDC accounting, or both?

There will be opening remarks by J. Miguez, followed by a moderated discussion with the RT participants.

Presentation: J. Miguez (Brazil)

12:15 Lunch

1:30 Flow of tracking ITMOs & performing, reporting, recording and reviewing of corresponding adjustments

Corresponding adjustments, and the flow of actions that it is a part of, needs to be seen not as an isolated exercise, but as a tool to avoid double counting and fulfill the high transparency ethos of the Paris Agreement. It also raises questions regarding the level of governance (CMA, Parties involved in international cooperation) that needs to be informed and receive information on transfers, as well as the frequency and the timing of such actions.

The discussion under this section cannot be divorced from the discussion on the definition of an ITMO.

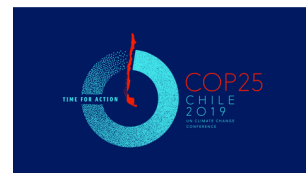
The session may also discuss the different levels of accounting and tracking that need to be considered: asset level, NDC level and inventory level.

There will be initial presentations by Yuji, Konrad, Mandy and Molly. This will be followed by reactions from the floor and a moderated discussion with the RT participants.

Initial intervention:

- Y. Mizuno (Japan - IGES)
- K. Raeschke-Kessler (Germany)
- M. Rambharos (S. Africa)
- M. Peters-Stanley (USA)

3:00 Coffee break



3:20 Design elements of Art 6.4 mechanism

While Art 6.2 is seen as largely under a decentralized, cooperating-Party-driven governance, the design elements for Art 6.4 are largely expected to emerge from SBSTA discussions. Discussions at SBSTA 50 have shown that to reach a conclusion at COP 25 the elements of Art 6.4 require significantly more discussions, including on its governance and the role that Host Parties will play.

A number of elements deserve discussions for better understanding and in order to start identifying potential landing zones:

- Governance; what are the elements that will remain the sole preserve of the Supervisory Body; what functions may be handled by Host Parties and under what governance?
- Baselines; what was learned from CDM and what provisions does the rulebook have to contain?
- Appeals processes: there are lessons learned from the CDM, is this a necessary provision, and what may it look like?
- Responsibilities of Host Parties? While under the CDM Host Parties' responsibilities were largely limited to Letters of Approval. Under the Art 6.4 mechanism, much more seems to be expected of host countries. Is there an overview, is there capacity and are there resources to deliver these functions?
- SOP & OMGE – two key issues under the design elements under Art 6.4 that have also been at the heart of discussions.

Each topic will be debated for 25-30 min, with opening remarks to start the conversation (5-7 min), to be followed by a moderated RT discussion.

Initial remarks

- M. Hession (EC): Governance
- F. De Leon (Costa Rica): Baselines
- C. Voigt (University of Oslo): Appeals
- G. Baribeau (Canada): Host country responsibilities
- M.J. Mace (Saint Lucia): SOP & OMGE

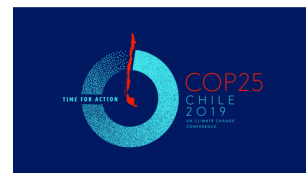
17:30 End of day 1

19:30 Dinner

Bar Nacional

Isidora Goyenechea 2926, Las Condes

<http://www.barnacional.cl/isidoragoyenechea/>



Day 2 – August 27, 2019

9:00 Morning Remarks

- A. Marcu (ERCST)

9:15 Art. 6 issues

Discussions on Art. 6 cannot be complete without two additional elements:

- What would happen in the absence of an agreement on Art. 6?
- CDM transition – another hot potato, not referred in the Paris Agreement or decision 1/CP.21, but a significant ask for many Parties.

There will be opening remarks (5-7 min), followed by a moderated RT discussion on these topics

Initial remarks

- S. Fellermeier (CH): what would happen if there is no outcome on Art. 6 at COP 25?
- M. Peters-Stanley (USA), S. Lim (ROK), T. Forth (Germany): CDM transition

10:15 Integrating sustainable development

The starting point will be a presentation by Sven Braden with the latest thinking, focusing on specific landing zones and on how to integrate sustainable development in the Art. 6 rulebook. This will be based on the work that the Sustainable Development Initiative has done.

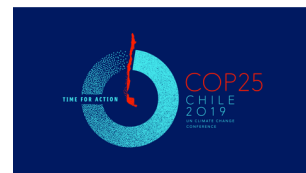
There will be initial reactions (5 min) followed by a moderated discussion with the RT participants.

Presentation: S. Braden (SDI)

Reactions:

- M. Diagne (Senegal)
- T. Forth (Germany)

11:00 Coffee break



11:20 Issue that may require early political consideration (break-out groups)

This session will be dedicated to an initial discussion in break up groups (3 to 4), with Moderators, as to what would constitute issues that may require early political/HoD consideration.

The groups will be moderated by Mandy and Anshari. After lunch, the break-out groups will report to the plenary.

12:20 Lunch

13:50 Issue that may require early political consideration (plenary)

Each of the Rapporteurs will provide their input to the whole group. The presentations will be followed by a moderated discussion.

While the whole discussion is a policy & political discussion and decisions, this segment of the discussion (and the one that follows) are aimed more directly at political decision makers.

14:40 Way forward & possible landing zones

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:

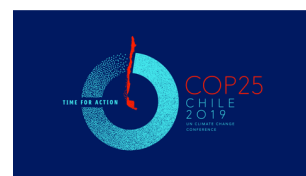
- What is the mode of work needed?
- Focus on a limited set of issues to make Art. 6 operational?
- How much definition does Art. 6.4 need before it can become operational and with further definition under the Art. 6.4 Supervisory Body?
- What are potential landing zones for a package or for individual issues?

The initial intervenors are encouraged to provide some final remarks.

Initial remarks

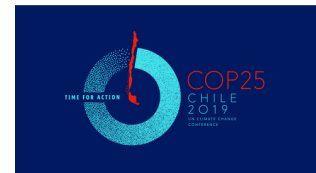
- K. Hancock (Australia)
- M. Hession (EC)
- J. Miguez (Brazil)
- M. Rambharos (S Africa)
- T. Croad (NZ)
- K. Koakutsu (Japan)

End of Day 2



List of Participants

Country	First Name	Last Name
Australia	Kate	Hancock
Bhutan	Sonam	Tashi
Brazil	Jose	Miguez
Brazil	Isabel	Costa
Canada	Grégoire	Baribeau
Chile	Juan	Searle
Chile	Eduardo	Silva
Chile	Jose Eduardo	Sanhueza Flores
Chile	Alexa	Kleysteuber
Chile	Francisca	Reyes
Costa Rica	Felipe	De Leon
EC	Martin	Hession
Finland	Karoliina	Anttonen
Germany	Konrad	Raeschke-Kessler
Germany	Thomas	Forth
IETA	Dirk	Forrister
Indonesia	Moekti Handajani	Soejachmoen
Italy	Vanessa	Leonardi
Italy	Edoardo	Berionni Berna
Jamaica	Omar	Alcock
Japan	Kiyoshi	Komatsu
Japan	Kazuhisa	Koakutsu
Japan	Yuji	Mizuno
Japan	Kaori	Takagi
Japan	Kiyoshi	Komatsu
Kenya	Bianca	Gichangi
Kenya	Stephen	King'uyu
KSA	Ayman	Shasly
Mexico	Camila	Zepeda
New Zealand	Todd	Croad
New Zealand	Katie	Roche
Norway	Peer	Stiansen
Panama	Eduardo	Reyes
Republic of Korea	Ji hye	Moon
Republic of Korea	Yongsik	Choi



Republic of Korea	Seoyoung	Lim
Saint Lucia	MJ Mace	Mace
SBSTA	Paul	Watkinson
SDI	Sven	Braden
Senegal	El Hadji Mbaye	Diagne
Singapore	Anshari	Rahman
South africa	Mandy	Rambharos
Switzerland	Simon	Fellermeyer
Switzerland	Franz	Perrez
Thailand	Supanut	Chotevitayatarakorn
UNFCCC	Sergey	Kononov
UNFCCC	Amy	Merrill Steen
UNFCCC	Perumal	Arumugam Pillai
University of Oslo	Christina	Voigt
USA	Christopher	Sherry
USA	Molly	Peters-Stanley