Subsidiary Body for Scientific and Technological Advice

Chair's summary, informal technical expert dialogue on Article 6 of the Paris Agreement

Ensuring rapid operationalization (Articles 6.2, 6.4, 6.8)

Background

In relation to Article 6 of the Paris Agreement[1], The SBSTA Chair, Mr Tosi Mpanu Mpanu organized an informal technical expert dialogue on the issue of ensuring rapid operationalization (Articles 6.2, 6.4, 6.8) on 20 and 21 May 2021. At the request of the SBSTA Chair, the dialogue was facilitated by Kim Solberg of the Netherlands, Muslim Anshari Rahman of Singapore, Hugh Sealy of Barbados and Peer Stiansen of Norway. This summary is produced by the SBSTA Chair under his own authority.

This summary aims to capture possible options for further consideration by Parties and Heads of Delegation. It is informal in nature, has no status, and does not provide negotiation text. It does not attempt to provide a record of all views expressed during the dialogue and in submissions, nor indicate the support each of the options appeared to have.

In relation to the topic of the dialogue, as at 29 May 2021, 3 Parties and groups, and 2 observers had made informal submissions[2]. This summary includes content from Party and group submissions and interventions that relate to options.

The informal technical expert dialogue

Parties indicated various views on ensuring rapid operationalization of Article 6 instruments. Interventions made, and some submissions, responded to guiding questions provided by the SBSTA Chair as follows:

Given the delay in adopting decisions on Article 6 and assuming an outcome on Article 6 in Glasgow, rapid operationalization from 2022 may be necessary.

- 6.2: How could Parties advance work on the outlines for reporting and review guidelines for the Article 6 technical expert review so that they are available in 2022? How could infrastructure development and operationalization be accelerated?
- 6.4: How could the mechanism be started rapidly? What work could be undertaken by the Supervisory Body rather than the SBSTA in order to speed up operationalization and what would be the priorities for the Supervisory Body?
- 6.8: What would be needed to ensure rapid implementation of work programme activities for non-market approaches? What could be the timelines under the work programme?

General points

The broad nature of the topic under discussion led to some general remarks, that addressed these points:

- The topic assumes that major unresolved issues will be resolved in Glasgow such that implementing decisions are adopted by the CMA[3],

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[1] Documents relating to Article 6 negotiations since 2016 can be accessed here:
https://unfccc.int/process/the-paris-agreement/cooperative-implementation
[2] https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/submissions-informal-technical-expert-dialogues-on-article-6-of-the-paris-agreement#eq-2
[3] See chapeau to the guiding questions that were published, where this assumption was noted.

- Rapid operationalization is not the only consideration – interventions considered that operationalization must be effective and inclusive, ambitious and based on clear rules;
- Operationalization needs to be balanced, so that all instruments are operationalized fully at the same pace;
- Capacity-building is needed to support rapid operationalization, and capacity-building is not just training and workshops but also support to Parties to set up robust domestic infrastructure and institutional frameworks.

Interventions that were made on ensuring environmental integrity, avoidance of double counting, application of share of proceeds, application of overall mitigation in global emissions, inclusion of non-GHG metrics for cooperative approaches, the contents of the initial report, and other issues that did not specifically address the question of operationalization are not covered below as they have been or will be covered in other dialogues.

Possible options for further consideration

Interventions focused on a number of possible options for ensuring rapid operationalization, that are set out below. In each case, the option has been introduced by at least one Party/group, but this summary does not seek to indicate how much support there is among Parties for each option, as Parties are familiar with the views expressed in submissions and interventions. Argumentation provided in the submissions or interventions to support the various options are set out italics and in abbreviated and consolidated form below the relevant option. Because of the topic at hand, the main options are not mutually exclusive, in this instance. Proposals from Parties on actions to support rapid operationalization are also noted where they are not options.

6.2 cooperative approaches

Interventions addressed many aspects covered in the draft Presidency texts, including issues to be addressed or already addressed in other dialogues. The focus of the discussion was around the options described below.

- **The outline for the initial report is a priority, so that Parties can submit an initial report.**

  Argumentation: The requirement in the draft Presidency texts for the initial report to be made no later than the time of providing/receiving authorization or initial first transfer of ITMOs means that it will be needed by some Parties soon after CMA decisions are adopted.

  Proposal: A call for submissions on the outline could be launched (before secretariat is tasked, see below).

  Proposal: The secretariat, or a taskforce[4], could be tasked to prepare an informal draft outline for consideration by Parties.

  Proposal: A technical workshop could be held.

- **The agreed electronic format for the annual information and the outline for regular reports are a priority, so that Parties can provide information on ITMO transactions and their cooperative approaches.**

  Argumentation: Parties will need to know the elements to report and the timing of the reporting as a minimum in order to be able to provide the information. Further detail can be developed later.

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4   The membership of the taskforce is not specified in the relevant submission.

Sub-options to the approach for developing the format and outline were identified:

- **This work is to be done only under Article 6 and not overlap with Article 13 requirements.**

  Argumentation: Overlap and redundancy should be avoided.

- **Consistency with the Article 13 structured summary is necessary.**

  Argumentation: This approach ensures Article 6 information is fully included in the biennial transparency report.

Proposal: The secretariat could be tasked to prepare an informal paper on lessons learned from the international transaction log, review processes and reporting formats under the Kyoto Protocol.

Proposal: The secretariat, or a taskforce, could be tasked to prepare informal agreed electronic reporting formats for consideration by Parties.

Proposal: The secretariat could be tasked to prepare the outline for the regular reports for consideration by Parties.

- **The modalities, procedures and guidelines for the Article 6 reviews are a priority so that initial reports can be reviewed.**

  Argumentation: The initial reports need to be reviewed so the modalities, procedures and guidelines for the Article 6 review also need to be developed. The outcomes of the review need to be defined.

  Argumentation: The modalities, procedures and guidelines for the transparency framework provide the starting point as they contain the scope, process, information to be reviewed, format and the composition of expert teams, so the elements that are relevant for Article 6 could be developed from them.

  Argumentation: Understanding of the timing, sequencing and process of the Article 6 review is necessary to understand how the Article 6 and Article 13 reviews would work together.

  Proposal: The secretariat could be tasked to prepare an informal draft, outlining possible functionalities, for consideration by Parties.

  Proposal: The secretariat could be tasked to map out the timing, sequencing and process of the Article 6 review and the relationship to the Article 13 review.

- **Arrangements for the Article 6 review teams are needed**

  Argumentation: Experts would need to be nominated, and a training programme developed. The coordination of the Article 6 review teams with the Article 13 review teams would be needed.

  Proposal: Training of Article 6 experts could be included in the SBSTA discussions on capacity building/training for methodological issues under the Paris Agreement.

- **The 6.2 infrastructure needs development – including the centralized accounting and recording platform (CARP), the Article 6 database and the international registry.**

  Argumentation: Information reported per Article 6.2 guidance is recorded in the CARP and so the infrastructure is needed to make the reported information from the initial reports, annual and regular reports transparently available as soon as possible.

  Proposal: The secretariat could be tasked to prepare to develop the international registry and develop the design for the infrastructure of the Article 6 database and the centralized accounting and recording platform.

6.4 mechanism

Interventions addressed many aspects covered in the draft Presidency texts, including issues to be addressed or already addressed in other dialogues. Issues addressed below focus on options for rapid operationalization, in particular the issue of which body (SBSTA, supervisory body, secretariat, CMP, CDM Executive Board) should be undertaking the action.

- **Constituencies/groups should prepare to nominate members and alternate members of the supervisory body.**

  Argumentation: Constituencies/groups will need to be prepared to nominate members and alternates so that they may be elected by the CMA at CMA.3 in Glasgow.

- **In addition to the mandates to the supervisory body in the draft Presidency texts, CMA could mandate the supervisory body to:**

  - **Develop a management plan.**

  - **Develop reporting and review requirements that relate to the 6.4 mechanism.**

  Note: The draft Presidency texts identify a number of work programme items for the supervisory body, many of which were mentioned again as needing implementing after adoption in this dialogue. They are not re-listed in this summary.

- **Instead of the CMA mandating the SBSTA (as per the draft Presidency texts), the CMA could mandate the supervisory body to:**

  - **Develop the rules of procedure further as needed, for adoption by the CMA (at later CMA);**

  - **Develop some or all of the rules to address reversals and set crediting periods for forestry and land-use projects**

  Note: The draft Presidency texts identify further work for the SBSTA, including the items above. Interventions in the dialogue indicated the above items could instead be mandated in whole or in part to the supervisory body.

- **The CMA decision needs to provide for capacity-building to support Parties' participation in the mechanism.**

  Argumentation: For Parties to be able to use the mechanism, particularly those that did not develop experience through the CDM, it would be necessary to provide support to develop processes and infrastructure to enable participation. This may include financial and technical

support. Some of the capacity building support could be delivered through the UNFCCC Regional Collaboration Centers and/or other UN agencies or other agencies.

- **Ensure adequate resources for the 6.4 mechanism**

  - **Through a CMP decision, reallocate surplus CDM administrative funds to the mechanism.**

  - **Task the secretariat to assess the funding needs for operating the mechanism[5].**

Argumentation: Surplus funds in the CDM resulting from the fees (share of proceeds for administration) could be offered by the CMP to the CMA for the 6.4 mechanism[6].

- **Cooperation between the CDM and 6.4 mechanism could be enabled; the CMA could invite the CMP to provide guidance to the CDM Executive Board to cooperate with the 6.4 supervisory body.**

Argumentation: The CMA could support the operationalization of the 6.4 mechanism by inviting the CMP to request the CDM EB to support CDM transition.

Argumentation: The CMP could request the CDM EB to collaborate with the supervisory body on issues related to lessons learned, methodologies and other aspects.

6.8 framework for non-market approaches

A number of interventions considered the work programme was ready for adoption and was being delayed only due to absence of agreement on the guidance for cooperative approaches and the rules, modalities and procedure for the mechanism.

- **Work programme could start immediately after adoption**

  Proposal: Submissions on work programme activities and scheduling those activities could be used to create a detailed schedule of work. If submissions were received by March 2022, the secretariat could be tasked to produce a synthesis report for the first sessional period of 2022.

- **Accelerate the future work of the SBSTA on institutional arrangements for the framework.**

  Argumentation: Institutional arrangements are needed and should be considered for CMA.3.

  Proposal: A body like the Paris Committee on Capacity Building, or a taskforce could be established and its members nominated and elected at CMA.3. A forum was also proposed.

- **Ensure resourcing for the 6.8 work programme**

  Proposal: Establish a unit in the secretariat for supporting the work programme.

  Proposal: Request funding from the Financial Mechanism to support the work programme.

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[5] Note: Parties may wish to refer to document FCCC/SBI/2021/4, the Proposal by the Executive Secretary in relation to the Programme Budget for 2022-2023, where estimates are made in relation to Article 6. https://unfccc.int/sites/default/files/resource/sbi2021_04_adv.pdf See footnote a, Table 7 in particular.

[6] Note: This would require a CMP decision to (a) allocate funds from the CDM trust fund to the UNFCCC fund for supplementary activities and (b) invite the CMA to allocate those funds to operationalization of the mechanism.