

# Article 6 updates

23 March 2023

ERCST



# Article 6: co-operation towards NDCs

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## Cooperative approaches

### Articles 6.2 and 6.3 and decision 1/CP.21, paragraph 36

Bilateral/multilateral cooperation between interested countries, involving transfers of the mitigation outcomes produced through such cooperation

## The mechanism

### Articles 6.4 to 6.7 and decision 1/CP.21, paragraphs 37 and 38

To be operated centrally (UNFCCC secretariat), credits emission reductions by public and private sector actors, allows for international transfer of those credits

## Framework for non-market approaches

### Articles 6.8 and 6.9 and decision 1/CP.21, paragraphs 39 and 40

Facilitates climate action through international cooperation focused on sustainable development and poverty eradication (and does not involve trading)



# Article 6.2 transparency regime

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The rules for voluntary cooperation involving ITMOs were elaborated in Glasgow (2021)



## **PARTICIPATION REQUIREMENTS**

That Parties need to meet in order to engage in voluntary cooperation involving ITMOs



## **ACCOUNTING RULES**

Rules for ITMO lifecycle:

- Authorizing
- Accounting
- Transferring



## **REPORTING**

Reporting outlines and tables:

- Qualitative reporting (Cooperative approaches description)
- Quantitative reporting (ITMO data)



## **REVIEW**

- Review teams / experts
- Training and certification
- Review process
- Review report
- Process for dealing with inconsistencies



## **DIGITAL INFRASTRUCTURE**

Registries:

- Party registries
- International registry
- Interoperability

Reporting tools:

- Centralized accounting and reporting platform (CARP)
- Article 6 database (as part of the CARP)

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Glasgow also elaborated the work-programme for operationalizing Article 6.2



# Article 6.2 outcomes from Sharm el Sheikh

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## Reporting

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### INITIAL REPORT

Initial report outline, which allows Parties to start reporting on cooperative approaches



### REGULAR INFORMATION

Regular report outline, which allows Parties to report on progress and update information from the initial report with each biannual transparency report



### DRAFT AGREED ELECTRONIC FORMAT

A draft version of the annual electronic format, which Parties are encouraged to test and provide feedback on

## Review

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### REVIEW PROCESS GUIDANCE

Review guidelines were adopted in order to provide structure and timelines to Article 6 reviews



### REVIEW REPORT OUTLINES

Outlines for the Article 6 review reports of the initial report and regular information that detail the contents of Article 6 review outcomes



### TRAINING PROGRAMME

An outline of the training programme was agreed with the intention to develop courses for Article 6 reviewers, with an initial version of training courses planned for the end of 2023



# Article 6.2 outcomes from Sharm el Sheikh

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## Infrastructure

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### REGISTRIES

Guidance on registries and the international registry, including on ITMO unique identifiers and principles for interoperability, which enables Parties to build registries to record and track ITMOs



### REGISTRY ADMINISTRATORS' FORUM

The launch of the registry administrators' forum to facilitate discussions on recommended practices for registries



### REPORTING TOOLS

Guidance on the Article 6 database and centralized accounting and reporting platform (CARP) to support transparency by housing submitted documentation on cooperative approaches and to check consistency in reported transactions

## Capacity Building

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### SUPPORT

Capacity building programme, including 2 manuals: (1) for the Article 6 database and the centralized accounting and reporting platform (CARP) and (2) a manual containing illustrative elements of information for reporting as per decision 2/CMA.3, annex, paragraphs 18–22



### TECHNICAL PAPER

Two technical papers will be produced to further understanding on the initial report preparation and the funding of infrastructure requirements



### WORKSHOPS

Workshops on reporting elements to further Parties' understanding of how to utilize the initial report and agreed electronic format



# Article 6.2 work programme

2023

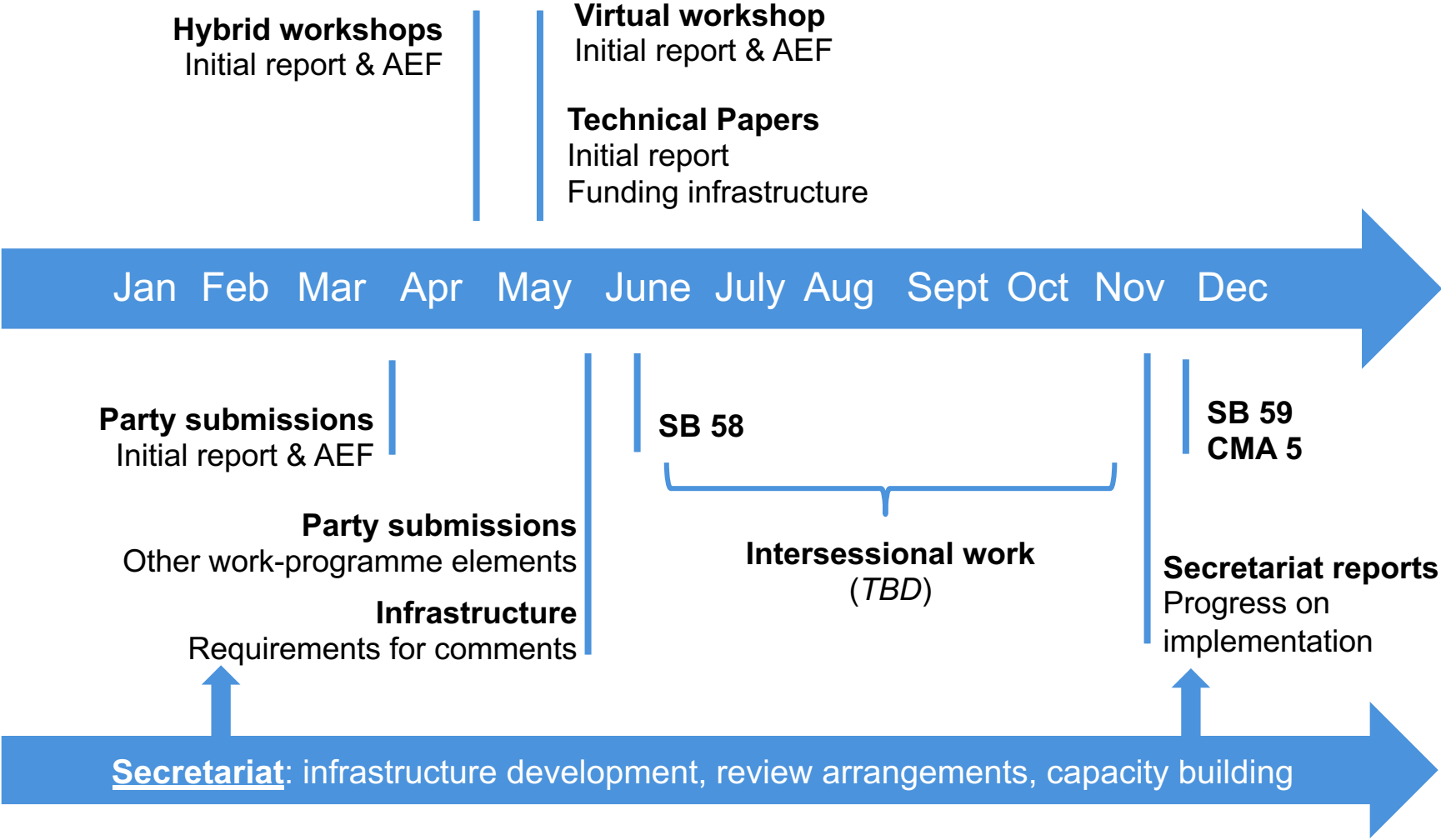
Accounting	<ul style="list-style-type: none"><li>● <b>Authorization processes for ITMOs, entities and cooperatives approaches</b></li><li>• <b>First transfer rules when an ITMO is authorized for more than one use</b></li><li>• Notification and correction of inconsistencies in reported information</li></ul>
Reporting	<ul style="list-style-type: none"><li>● <b>Recommendations for a manual to support the preparation and submission of initial reports</b></li><li>● <b>Finalization of the agreed electronic format for quantitative information</b></li><li>• <b>Tables for aggregated quantitative information and corresponding adjustments (p23)</b></li><li>• <b>Common nomenclatures</b></li><li>• Non-GHG metric conversions</li></ul>
Review	<ul style="list-style-type: none"><li>● <b>Sequencing and timing of initial report submission and its review, and the submission of the agreed electronic format</b></li><li>• Recommended actions when inconsistencies are not addressed</li><li>• Reviewing confidential information</li></ul>
International registry	<ul style="list-style-type: none"><li>• <b>Accounts and role of the international registry administrator</b></li><li>● <b>Procedures for reporting and review for the cooperative approaches of the participating Parties requesting services</b></li><li>• <b>Submission of information for recording and tracking ITMOs to the international registry</b></li><li>• Transfer of A6.4ERs to the international registry</li></ul>
Other	<ul style="list-style-type: none"><li>• <b>Funding Article 6.2 activities by the secretariat</b></li><li>• Considerations for LDCs and SIDS (<i>continuous consideration</i>)</li></ul>

2024

Accounting	<ul style="list-style-type: none"><li>• Further guidance on corresponding adjustments</li><li>• Consideration if ITMOs could include emissions avoidance</li></ul>
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# Article 6.2 outlook for 2023



# Article 6: co-operation towards NDCs

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# Article 6.4 mechanism - Short history

Post-Paris, Parties extensively negotiated to develop a “rulebook” of the three instruments of its Article 6, but had faced deadlock on some critical issues (e.g., accounting, baseline setting, transition of CDM activities and units), resulting in no-agreement in Katowice (2018) and also in Madrid (2019)

## **CMA 3 (November 2021):**

- Adopted rules, modalities and procedures (RMPs) for the 6.4 mechanism
- Mandated SBSTA and the Supervisory Body to elaborate key principles set out in the RMPs

## **CMA 4 (November 2022):**

- Adopted guidance on the 6.4 mechanism, including elaboration of the processes and key principles
- Mandated SBSTA to work on few remaining aspects of the RMPs, while giving mandates to the Supervisory Body to develop processes for operationalization of the 6.4 mechanism



# Mandates from CMA 3 - elaboration of RMPs

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## Through SBSTA

Decision 3/CMA.3, paragraphs 7(a)-(h)

- a) **National arrangements**
- b) **Transition of CDM activities to the 6.4 mechanism**
- c) **Use of CERs towards the first or first updated NDCs**
- d) **Reporting by host Parties**
- e) **The 6.4 mechanism registry**
- f) **Share of proceeds for administrative expenses and for adaptation**
- g) **Overall mitigation in global emissions**
- h) **Emission avoidance and conservation enhancement activities**

## Through Supervisory Body

Decision 3/CMA.3, paragraphs 6(a)-(d)

- a) **Rules of procedure**
- b) **Share of proceeds for administration**
- c) **Activities involving removal**
- d) **Requirements for methodologies**



# Article 6.4 – Key takeaways from CMA 4

Areas	Agreement
Transition of CDM activities to 6.4 mechanism	<ul style="list-style-type: none"><li>➤ Defining eligible activities for transition</li><li>➤ Defining remaining crediting periods under 6.4</li></ul>
Use of CERs towards NDCs	<ul style="list-style-type: none"><li>➤ How to initiate and confirm the transfer of CERs</li><li>➤ How to use CERs for first NDCs</li><li>➤ How using Parties report the use of CERs for first NDCs</li></ul>
Reporting by host Parties	<ul style="list-style-type: none"><li>➤ How to fulfil participation requirements</li><li>➤ How to provide approval of activities and activity participants</li></ul>
Mechanism registry	<ul style="list-style-type: none"><li>➤ Defining functions, transaction procedure, information to be provided and connection with the international registry</li></ul>
Share of proceeds	<ul style="list-style-type: none"><li>➤ Setting fee structure and levels for admin SOP</li><li>➤ Defining modalities for transfer of SOP adaptation to the Adaptation Fund and their monetization</li></ul>
Overall mitigation in global emissions	<ul style="list-style-type: none"><li>➤ Defining modalities for mandatory and voluntary cancellation of A6.4ERs for OMGE</li></ul>
Avoidance and conservation enhancement	<ul style="list-style-type: none"><li>➤ To be delivered by CMA 5 (2023 programme)</li></ul>
National arrangements	<ul style="list-style-type: none"><li>➤ To be delivered by CMA 6 (2024 programme)</li></ul>



# Article 6.4 work programme (2023)

## SBSTA

### Registry

- Connection between IR&MR and other registries

### Authorization on the use of A6.4ERs

- Timing
- Information
- Revision/ Revocation

### Expanded scope of the mechanism

- Possible inclusion of avoidance and conservation enhancement



- **Submission** by 15 Mar 2023 and **synthesis** for SBSTA 58
- **Technical expert dialogue** between July to Nov 2023 (taking into account submissions and synthesis)

## Supervisory Body

### Activities involving removal

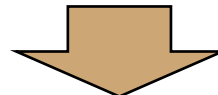
- Operationalization of removals

### Requirements for methodologies

- Guidance on methodologies

### Operationalization of mechanism

- Activity cycle
- Methodology development,
- Accreditation
- Transition of CDM activities



CMA 5



# Overview of decisions taken at SB 004 (1)

## Supervisory Body

### Meeting 004

Adopted

01.

#### Workplan for 2023

Agreed on sequence for operationalization of the mechanism

02.

#### Decision and documentation framework

Highlight progress

03.

#### Sustainable development tool

Agreed to make it mandatory, taking into account countries' circumstances.

04.

#### A6.4 mechanism roster of expert

Finalize the expert list with three specializations.

05.

#### Capacity-building programme for CDM transition

Start implementing and report back twice per year

(cont.)



# Overview of decisions taken at SB 004 (2)

## Supervisory Body

### Meeting 004

**06.**

#### **CDM transition**

First draft for standards and procedure to be considered at SB 005

**07.**

#### **Procedures for the development of methodologies, methodological tools, standardized baselines**

First draft to be considered at SB 005.

Agreed to establish Meth Panel and working groups.

**08.**

#### **Activity standards, validation and verification standards, and activity cycle procedures**

First draft to be considered at SB 005

**09.**

#### **Requirements for the development and assessment of mechanism methodologies**

Further work with call for public input

**10.**

#### **Accreditation standards**

Further work continues

**11.**

#### **Removals**

Further work with call for public input

Highlight progress



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### Key outcomes from COP 27

- Agreed on a **two-phased schedule** for implementing work programme activities;
- Requested the secretariat to develop and operationalize a **UNFCCC web-based platform** for non-market approaches (NMAs);
- Agreed on means to **enhance networking and collaboration** on non-market approaches;
- Requested the secretariate to include activities related to the work programme in its broader **Article 6 capacity-building programme**.



Requested the secretariat to **develop and operationalize a UNFCCC web-based platform** for non-market approaches

### Key functions

- Record and exchange information on NMAs, NMAs seeking support, and information on support available for NMAs
- Facilitate opportunities, by connecting Parties, to identify, develop, and implement NMAs

### Other functions of the web-based platform

- **Information hub** on available resources and tools on NMAs, incl. links to relevant websites and news
- **Visualization tool for mapping** NMAs
- **Discussion forum** for Parties and non-Party Stakeholders to facilitate networking among active users

### Upcoming work up to SBSTA 58 (June 2023)

#### Pre-sessional Work

- Development of UNFCCC web-based platform
- Technical paper on possibilities for enhancing engagement with public and private sector stakeholders

#### In-Session Work

- SBSTA Chair to meeting with UNFCCC constituted bodies and institutional arrangements
- In-session workshop at SBSTA 58 on facilitate networking among active users discuss in more detail specific topics identified by GCNMA

#### Post-sessional Work

- Complete development and implement the UNFCCC web-based platform



# CDM & JI



# Recommendations to CMP 18

- SBI track
  - Review the status of the Trust Fund of CDM and develop recommendation.
- Technical paper
  - Functioning and operation of the processes and institutions of the clean CDM in the future, including appropriate time frames
- CDM EB:
  - Technical feasibility to allow A/R activities and PoA under temporary measures



# Recommendations to CMP 18

- Decides to terminate the JISC
- Secretariat to take the necessary steps to conclude matters relating to the operations of the Committee
- Prepare a report on the operation of Track 2, with recommendations on the orderly management of residual resources and other matters relevant to the termination of the Committee.

