

Asian Development Bank Carbon Market Program



Interest in market mechanisms according to NDC statements

Brunei Darussalam



“Expertise in climate mitigation and adaptation needs to be enhanced. This includes capacity to study and explore the potential adoption of **international market mechanisms** as a means of achieving its mitigation objectives.”

Cambodia



“The support received will be channeled through **bilateral and multilateral mechanisms**, including **market-based mechanisms**.”

Indonesia



“Indonesia **welcome[s] bilateral, regional and international cooperation** in the NDC implementation as recognized under Article 6 of the Paris Agreement”

Lao PDR



“The Central Bank of Lao PDR will consider **carbon credits**” “Implementation of the electricity export agreement along with development of a NAMA, and preparedness for **future carbon market mechanism**.”

Malaysia



“Malaysia has no intentions to use international market mechanism to achieve INDC contributions.”

Myanmar



“Myanmar also intends to build its capacity to effectively and efficiently [to] participate in **future market-based mechanisms**”

Philippines



**intention not stated in the NDC*

Singapore



Singapore intends to achieve the mitigation objectives under its NDC primarily through domestic efforts, but will continue to study how it can leverage international cooperation under Article 6 of the Paris Agreement.

Thailand



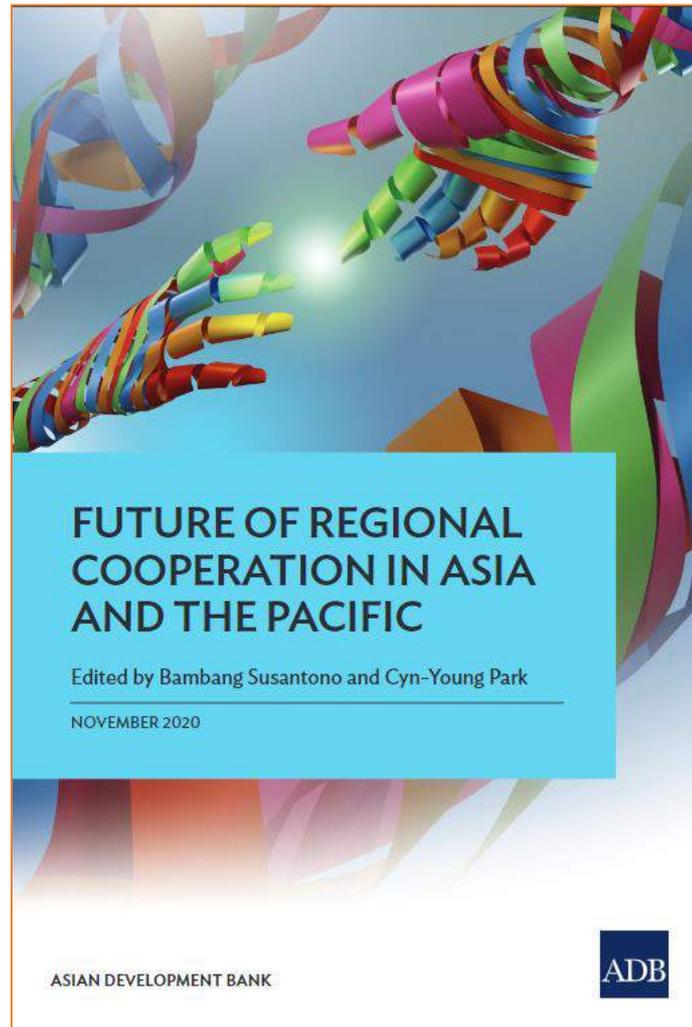
“Thailand recognizes the important role of **market-based mechanisms** to enhance the cost effectiveness of mitigation actions, and therefore will continue to explore the potentials of **bilateral, regional and international market mechanisms**”

Viet Nam

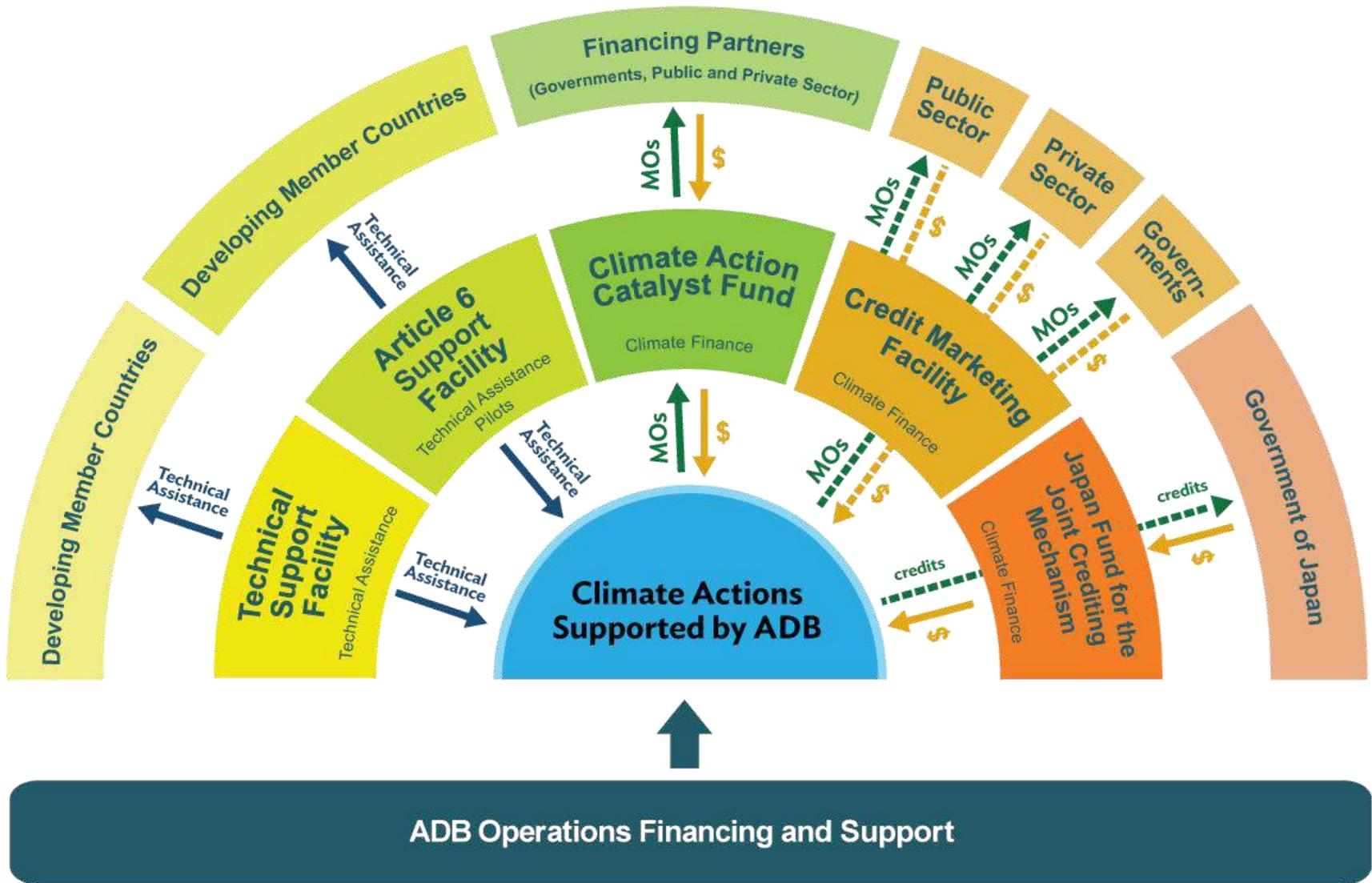


“In 2012, the National Green Growth Strategy was approved, [including] regulations on **linking with international carbon markets**.” “management of **carbon credit trading activities** to the world market” “Apply **market instruments** to promote structural change”

Regional Cooperation

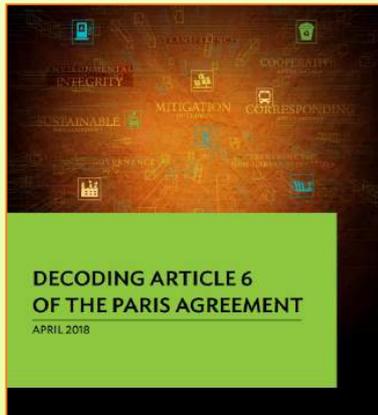


Carbon Market Program 2.0



MO = mitigation outcome

Decoding Article 6 of the Paris Agreement (Part II)



Article 6 Support Facility Overview

INTRODUCTION

Provides **technical, capacity building, and policy development support** to ADB's developing member countries to **enhance their preparedness to participate in new carbon markets** envisaged under the framework of Article 6 of the Paris Agreement.

- ❖ Continuation of ADB's engagement with carbon markets
- ❖ Began operations on 1 January 2019
- ❖ Initial Tenure: 2019 to 2023
- ❖ Current Budget: US\$5 million
- ❖ Funded by ADB, Govt of Germany, and Swedish Energy Agency
- ❖ Open to all DMCs in the Asia and Pacific region
- ❖ Currently supporting 7 developing member countries:
 - ❖ **Bhutan, Indonesia, Mongolia, Pakistan, Philippines, Thailand and Viet Nam (at different stages of progress)**
 - ❖ Different needs of DMCs, ranging from support to develop national policy/legal framework and MRV for Article 6 implementation to basic capacity-building and pilots



Article 6 Support Facility

ADB Roundtable on Article 6

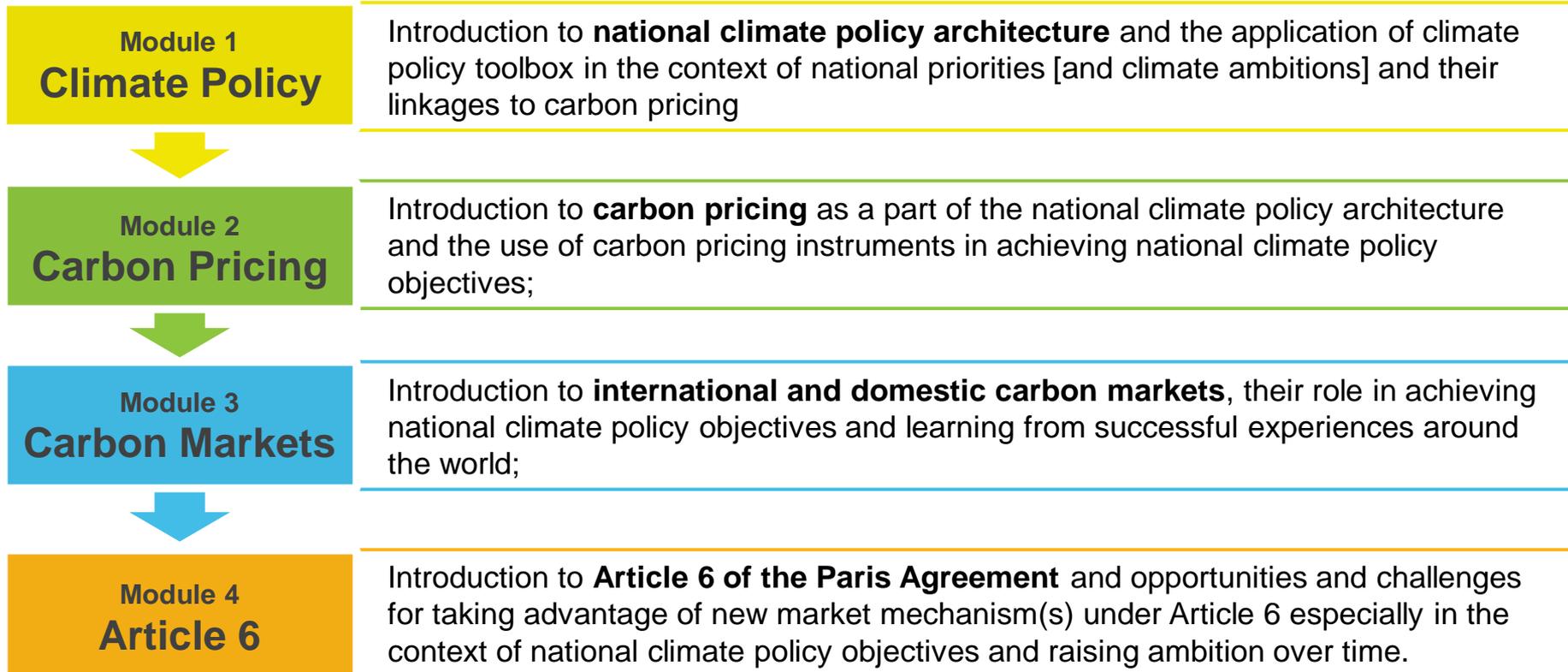


- ❖ The Roundtable discussion is part of ADB's efforts to enable its DMCs to contribute to the development and eventually take advantage of new carbon markets under Article 6
- ❖ The Roundtable aims to facilitate discussion among architects of new market mechanisms under the Paris Agreement for building deeper understanding of the technical options and key issues for the ongoing international negotiations.
- ❖ 3 Roundtables conducted in 2018 to 2019.
- ❖ Three (3) Roundtables will be organized for 2020 (Dec) and 2021 (prior to SBSTA and COP26).



Article 6 Support Facility

Regional Training on Carbon Pricing



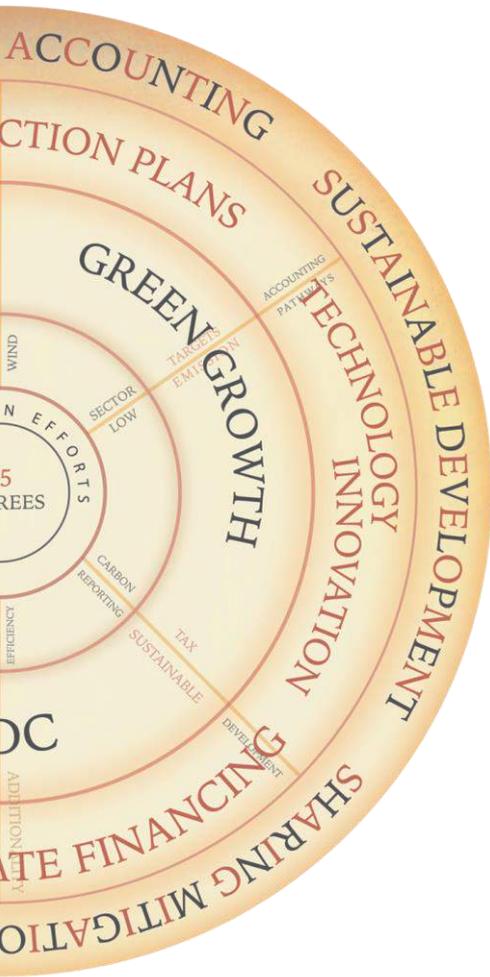
This 4-module training program is also being offered to individual DMCs as a national training under each country work plan.



Article 6 Support Facility Regional Training on Carbon Pricing



Article 6 Support Facility In-Country Support



1. Viet Nam
2. Indonesia
3. Mongolia
4. Pakistan
5. Philippines
6. Thailand
7. Bhutan

Article 6 Support Facility

Support to Viet Nam



Policy Development Support

- ❖ Recommendation on a **policy framework** to operationalize Article 6 in Viet Nam
- ❖ Provide technical support to supplement Viet Nam's **domestic carbon market** plan
- ❖ Support to identify and evaluate options for **piloting** mitigation actions under Article 6

Capacity Building Support

- ❖ How **carbon pricing instruments** including those under Article 6 can support NDC implementation and enhance ambition
- ❖ **Implementation of Article 6 pilot**
- ❖ Support to enhance capacity, systems, and infrastructure for **robust accounting** in the context of international transfers of mitigation outcomes



Article 6 Support Facility

Support to Indonesia



Output 1: Capacity to identify and assess mitigation actions under Article 6 enhanced

- ❖ Support to develop a **policy framework** to operationalize Article 6 and its link to the domestic carbon market.
- ❖ Support to develop a framework for the **inclusion of the Sustainable Development Goals (SDGs)** in the implementation of Article 6 and other climate finance instruments.
- ❖ **Capacity building of relevant public and private stakeholders** for the operationalization of Article 6 in Indonesia.

Output 2: Capacity to pilot mitigation actions under Article 6 enhanced

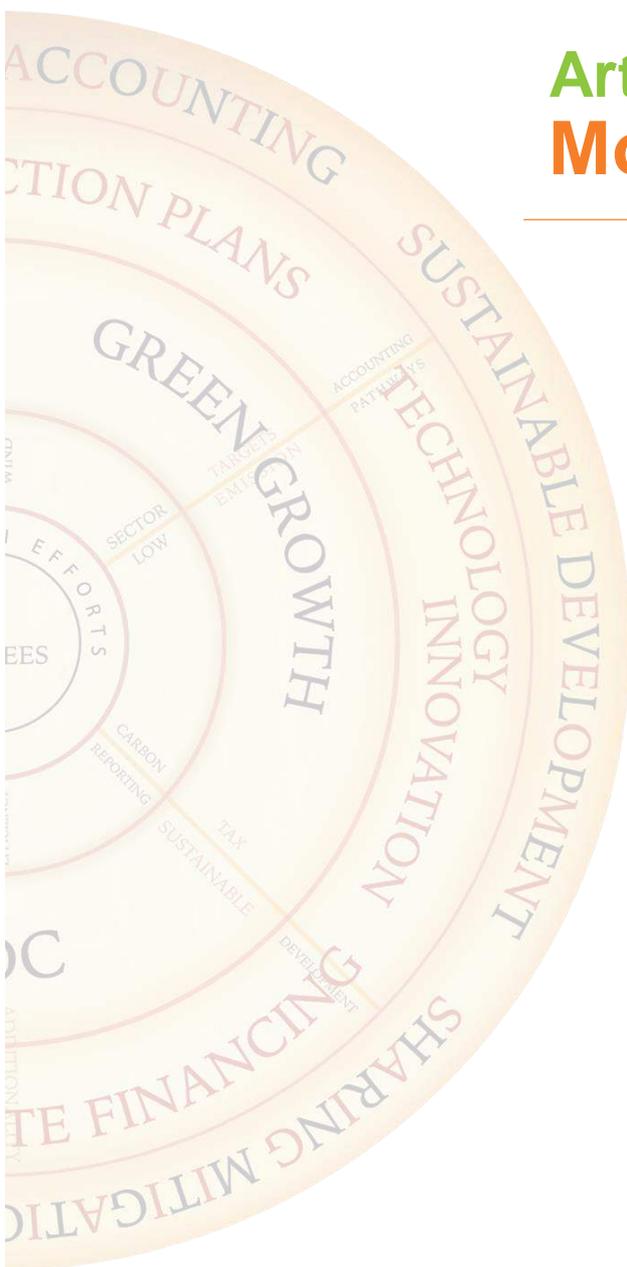
- ❖ Support Gol to **pilot new mechanisms** under Article 6 of the Paris Agreement.

Output 3: Capacity to undertake robust accounting and reporting of mitigation outcomes strengthened

- ❖ Support Gol to implement key infrastructure and systems for **MRV and GHG accounting of mitigation actions**.



Article 6 Support Facility Mongolia



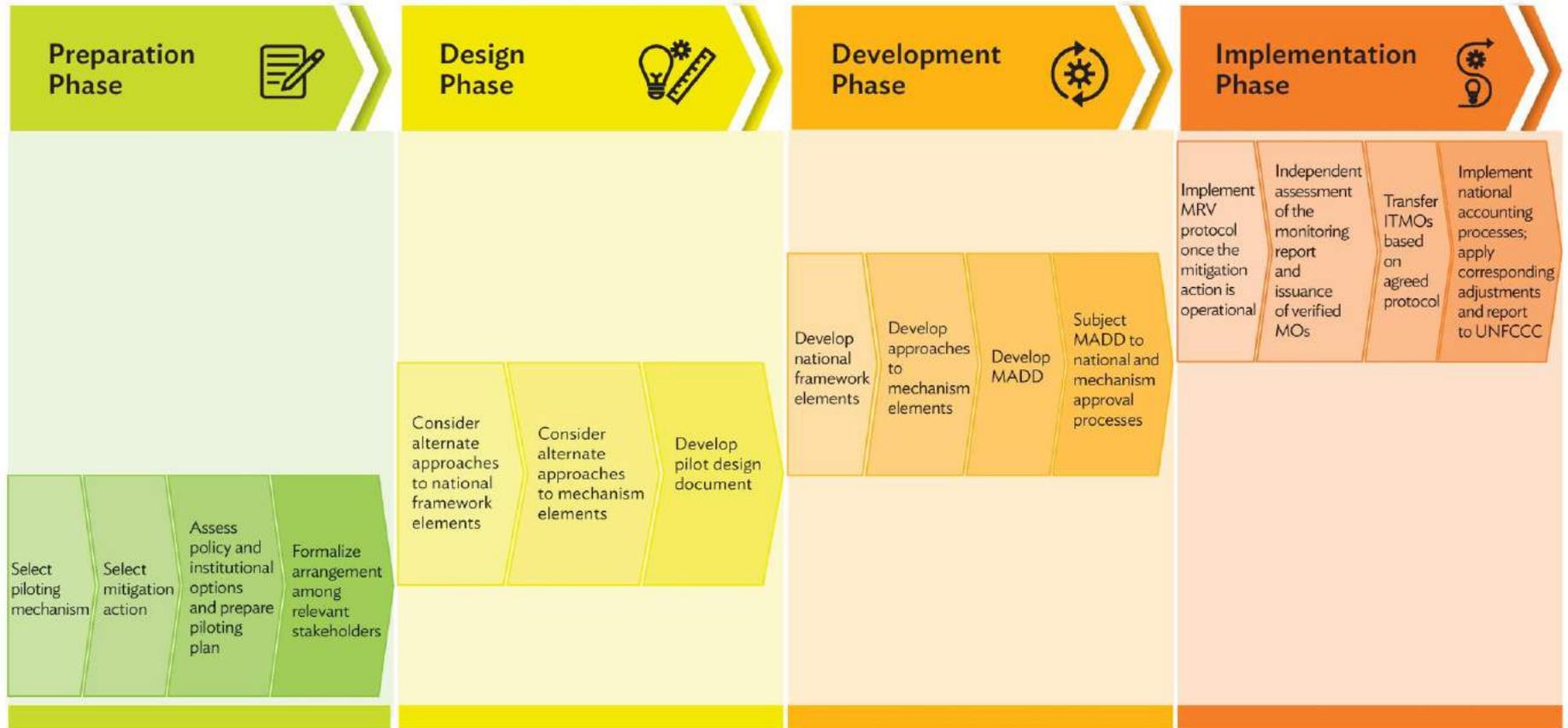
Proposed areas of support under discussion

- ❖ Support key policy makers and relevant stakeholders to understand and assess how **carbon pricing instruments** including those under Article 6 can support NDC implementation and enhance ambition.
- ❖ **Capacity building** of key policy makers, international negotiators and other relevant stakeholders to enable them to progress the national agenda and contribute to ongoing international negotiations for Article 6.
- ❖ Support Mongolia to **identify and assess potential mitigation actions** to be pursued under Article 6.
- ❖ Support Mongolia to develop **policy frameworks** for the operationalization of new market mechanism(s) under Article 6 including bilateral mechanism(s) such as JCM.

Article 6 Support Facility

Roadmap for Article 6.2 Pilots

Roadmap for Conducting Article 6 Pilots



Assess and document lessons learned (at the end of each Phase)



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