ERCST "Informal Forum on Implementation of Article 6 of the Paris Agreement"

April 20th -22nd, 2022, Switzerland

This meeting is held in cooperation with Govt of Switzerland, the UK as COP Presidency and Egypt as the incoming COP Presidency.

Agenda

Date: April 20th, 21st & 22nd, 2022
Location: Caux Palace, Rue du Panorama 2, 1824 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 briefing 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.

Day 1 – April 20th, 2022 (Wednesday)

9:00   **Welcome remarks**

- A. Marcu

9:15   **Critical issues in Art 6 rule book**

The Art 6 discussions have made remarkable progress at COP26 Glasgow and the agreement on the rules means that Parties can now move towards operationalization of the international carbon market and cooperative approaches. While critical issues of principle have been closed (CA, SOP, OMGE, baseline & additionality and CDM transition), others pertaining to implementation still require work and maybe open for interpretation. In this session, we will provide an overview of such issues and speculate:

- Issues with mandated submission (A6.2 infrastructure, Reporting & A6.8);
- Issues without a mandated submission (avoidance & removals, A6.2 review); and
- Issues identified individually by Parties (capacity gaps etc).

As these operational elements hold strong interlinkages, and therefore, the final outcomes of each will have a spillover effect on the overall implementation of A6. Over the course of the discussions, we intend to not conclude but enumerate options for consideration in the upcoming SB56 sessions and for successful operationalization of A6 of the Paris Agreement.

- S. Vohra
- P. Arumugam

Roundtable discussion

10:45   **Coffee break**

11:15 Avoidance

One issue that was not finalized in Glasgow was the issue of avoidance and its inclusion in Article 6.2. SBSTA was requested to develop recommendations on this issue for consideration and adoption by CMA at the next CMA meeting in 2022. While reductions and removals are included in the Art 6.2 Glasgow text there is no mention at this time to avoidance.

Another issue that was strongly debated was that of removals. Since avoidance was not included some have speculated that REDD+ is not included, while others have postulated that only parts of REDD+ would be included. How REDD+ is included in 6.2 and 6.4 is also a topic that needs to be clarified

These are important issues for many Parties and will undoubtedly make the object of intense discussions.

- W. Schuldt
- A. Magalang
- S. Tashi
- G. Baribeau

12:45 Lunch break

14:15   Article 6.8

The submissions by Parties reflected strong interest to address provisions for the implementation of A6.8 to facilitate the implementation of NDCs, in the context of sustainable development and poverty eradication along with improving the livelihoods of local communities and indigenous peoples.

Some elements within the rulebook   remain undetermined for the out-and-out implementation of A6.8. In this session, we speculate specific elements for translation of A6.8 as a tangible outcome:

- existing relevant Non-Market Approaches (NMAs);
- examples of potential additional focus areas of NMAs;
- the UNFCCC web-based platform functioning; and
- the schedule for implementing the work programme activities.

Which also gives rise to a key questions for discussion in this session,

- What practical benefits can be derieved by the Party if registered under A6.8? and
- where does A6.8 fit in the Parties NDCs and raising ambition;

- J. Ruesga
- M. Al-Jishi
- D. Pacheco
- D. Kandy

15:45   Coffee

16:15   Authorization

Authorisation is an issue that has not been streamlined in both the A6.2 and A6.4. It marks as an essential trigger for the corresponding adjustments and has to be reported by the parties initiating the cooperative approach. While it is clear that the authorisation can be towards: use of NDCs, international mitigation purposes and other specified purposes, what is questionable is:

- Who provides the authorization and who/what gets authorized?
- What will be the process of authorization by the parties for secure CA?
- What are the elements of authorization and can authorization be granted for multiple purposes?
- Can an authorized ITMO be revoked?
- What are the practical implications of the issue of unique identifiers, issuing and transferring ITMOs and tracking ITMOs as authorized?
- What are the provisions required for authorization and non-authorization?

In addition, this also draws attention to other technical issues related to timeline for authorisation and the scope and reporting framework of each transaction.

- S. Lingorsky
- M. Soares
- S. Fellermeyer
- M. Peters-Stanley
- T. Forth
- K. Koakutsu

15:00   End of Day 1

19:00   Dinner

Day 2 – April 21ˢᵗ, 2022 (Thursday)

9:00   **Opening remarks**

- A. Marcu (ERCST)

9:10   **Tables and outlines for reporting**

Each Party initiating CA within A6.2 has to report initial, annual and regular information (including CA and emission balances), and the inputs will be in form of both qualitative and quantitative information. To a certain extent, the Glasgow decision reflects certain overlapping texts for regular and annual information. Therefore, it is crucial to define specifically each information/element included in form of standard reporting electronic tables and formats that will feed in the A6 database. Keeping in mind, avoiding double counting/overlaps particularly for CA information in para 23 and structured information within the Art 6 registry , some of the key points on the table for discussion include:

- How do we manage and minimize reporting burden/ flow of information in case of duplication of information feeding in form of CA (para 23) and structured information in the Art6 database? How do parties report for inconsistencies?
- What will be the reporting requirements for Parties registering for 6.4 mechanism? How do the Parties intend to handle the reporting outlines?
- What are the key learnings from the Enhanced transparency framework (ETF) approach particularly for Art 6 information on para 18 and 23?
- Will the unique identifiers be the same for all the CA information?
- What is the arrangement to sequence different timelines for the submission of information by Parties? Eg. Until the initial report comes in (latest with the next BTR after authorization) annual information cannot be submitted?

- S. Lim
- M. Rocha
- K. Hancock

- S. Closson
- K. Koakutsu
- J. Ruesga

11:00   **Coffee break**

11:30   **Article 6 Infrastructure**

Many stakeholders are familiar with the infrastructure under the KP, including the ITL and the CDM registry, as well as national registries. For a variety of reasons, the infrastructure required under Art 6.2 will be quite different and require significant further clarifications and elaboration. Currently, it is anticipated Parties have an option of:

i.   National registry or designated Art 6 registry
ii. International registry

As an individual level, Parties need to understand the functions of the national level registry based on their capacity and to what extend information can be recorded. Whereas, at international level, it is crucial to determine the linkages between the international and A6 registry.

Furthermore, based on previous discussions the focus shall remain upon three areas:

- Further understanding the architecture of the various elements of the Art 6.2 infrastructure and what is their function;
- Main issues related to infrastructure that need clarification;
- Vision of different intervenors on the issues identified in 2.

- Key takeaways from the submissions, (UNFCCC secretariat)
- S. Lingorsky
- E. Diagne
- M. Hession

- K. Koakutsu
- R. Manokara
- S. Bose

12:30   **Lunch break**

14:00   **Article 6 Infrastructure- Continued**

15:30   **Coffee break**

16:00   **Review**

The Art 6 expert review team has been established to overview the initial and annual reports submitted by the Parties for inconsistencies and provide recommendations to address and improve guidance and relevant decisions of the CMA. While it explicitly mentions that the report will be forwarded to the Technical expert review(TER) team under the ETF for consideration, it is still unclear as to what type of considerations? This session will focus on:

- Understanding the role and responsibilities of Art 6 expert review team?
- What will be the role of the Parties in the review process?
- How do we ensure consistency between the reporting of all the Parties and what does this mean for upstream reporting requirements?

- M. Soares
- MJ Mace
- P. Stiansen

17:15   **End of Day 2**

19:30   **Dinner**

Day 3 – April 22nd, 2022 (Friday)

9:00   **Opening remarks**

- A. Marcu

9:05   **Capacity building**

> One of the crucial aspects for the operationalisation of Art 6 is capacity building of the Government and other related organisations. Considering the decentralized nature of A6 governance, particularly A6.2, it can be complex to structure/develop a standard capacity building programme for all the Parties depending upon their support needs and capabilities. In this case, extensive knowledge sharing of best practices can play a critical role or CB work programmes which can further contribute to the countries to enhance their NDCs and ambition. However, to build respective capacities, it is crucial to understand and determine:
>
> - What aspects of A6.2 and A6.4 require specific capacity building acc to different Parties should be included?
> - Capacity building for A6.2 in terms of participation requirements, approval and authorization of ITMOs, infrastructure, tracking, reporting and review. Will CB be specific for countries?
> - Can the previous CDM experience have a state of play in A6.4 capacity building?
> - What institutional, policy and governance arrangements are being initiated at the national level according to A6 rules?

- B. Gichangi
- M. Soejachmoen
- T. Forth
- K. Koakutsu

10:30   **Coffee break**

11:00   **Mode of work at SBSTA**

> This session is intended to provide a general sense of what can we look forward to during the SB sessions on Art 6 and highlight:
>
> - The progress and issues discussed in the workshop
> - The work programme
> - Prioritization and further recommendation on the information that needs to be delivered at CMA 4 at SB56.
>
> The informal SBSTA discussions will be the focus on this session with participants having the opportunity to raise informally issues of substance that will be discussed.

- G. Baribeau
- M. Soares
- M. Hession
- T. Mpanu
- L. Rodger
- R. El Dieb

12:35   Concluding remarks

- T. Mpanu (Congo)

13:00   End of meeting & Lunch