

Article 6 & CDM of the Paris Agreement Outcomes from COP27

Partnership for Market Implementation
Technical Workshop

29 March 2023, Kigali, Rwanda



Article 6: co-operation towards NDCs

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

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)

Glasgow also elaborated the work-programme for operationalizing Article 6.2



Article 6.2 outcomes from Sharm el Sheikh

Reporting



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



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

Infrastructure



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



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

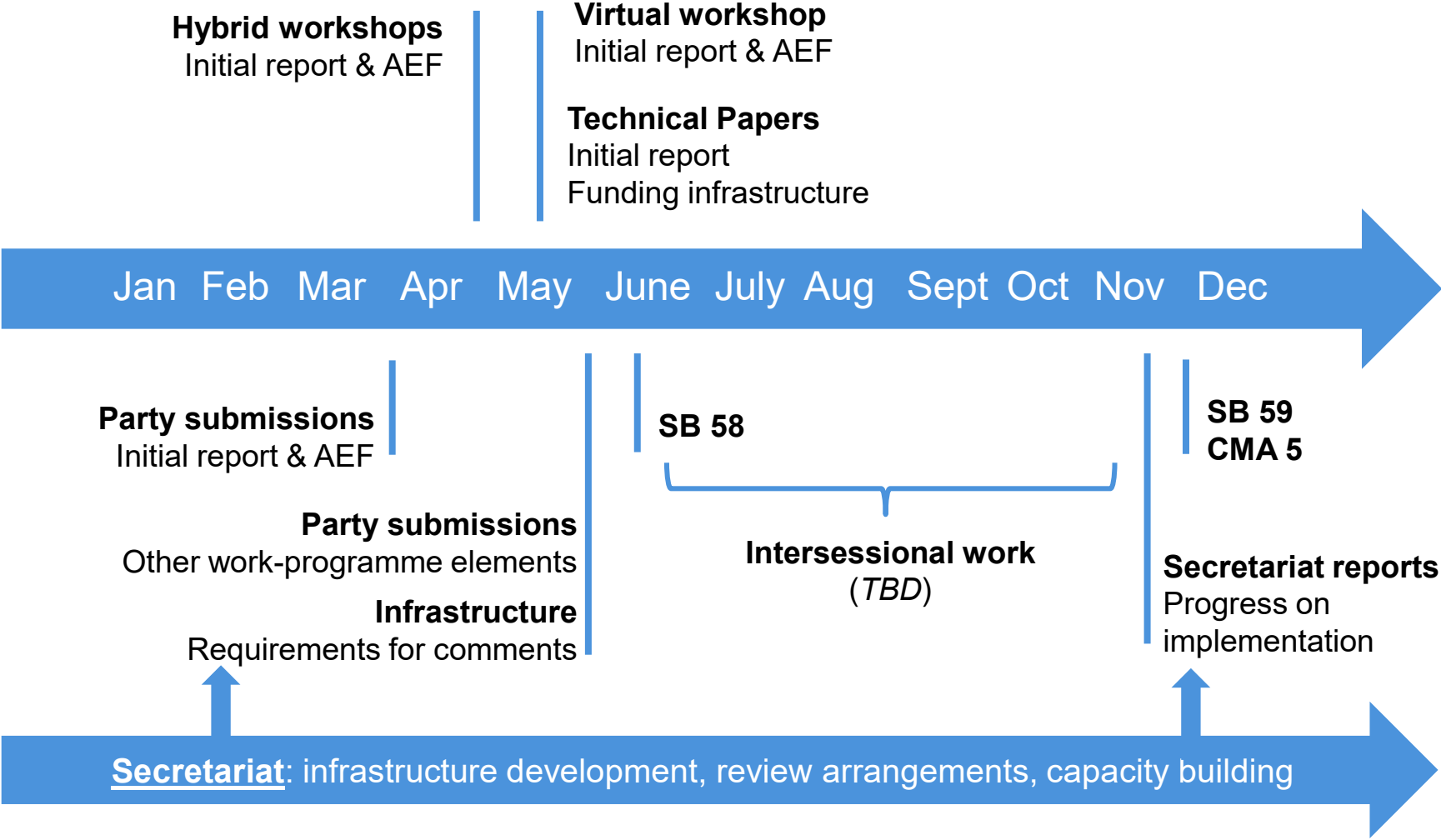
Accounting	<ul style="list-style-type: none">● Authorization processes for ITMOs, entities and cooperatives approaches• First transfer rules when an ITMO is authorized for more than one use• Notification and correction of inconsistencies in reported information
Reporting	<ul style="list-style-type: none">●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

2024

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



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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

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



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)

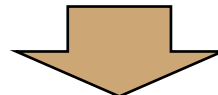
Supervisory Body

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



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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 deep dive



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.

