

State of Article 6 negotiations under UNFCCC

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CLIMATEFOCUS

Agenda

- What is the current status of Article 6 negotiations?
- What are the crunch issues?
- How can East African negotiators ensure their priorities are reflected in the outcome from Katowice?

Brief summary of Article 6

Article 6 is concerned with international guidance for voluntary cooperation between Parties in the implementation of their nationally determined contributions (NDC), as a tool for enhancing ambition

This is accomplished through carbon markets that involve the transfer of mitigation outcomes cross border, or through non-market approaches

Three approaches/mechanisms:

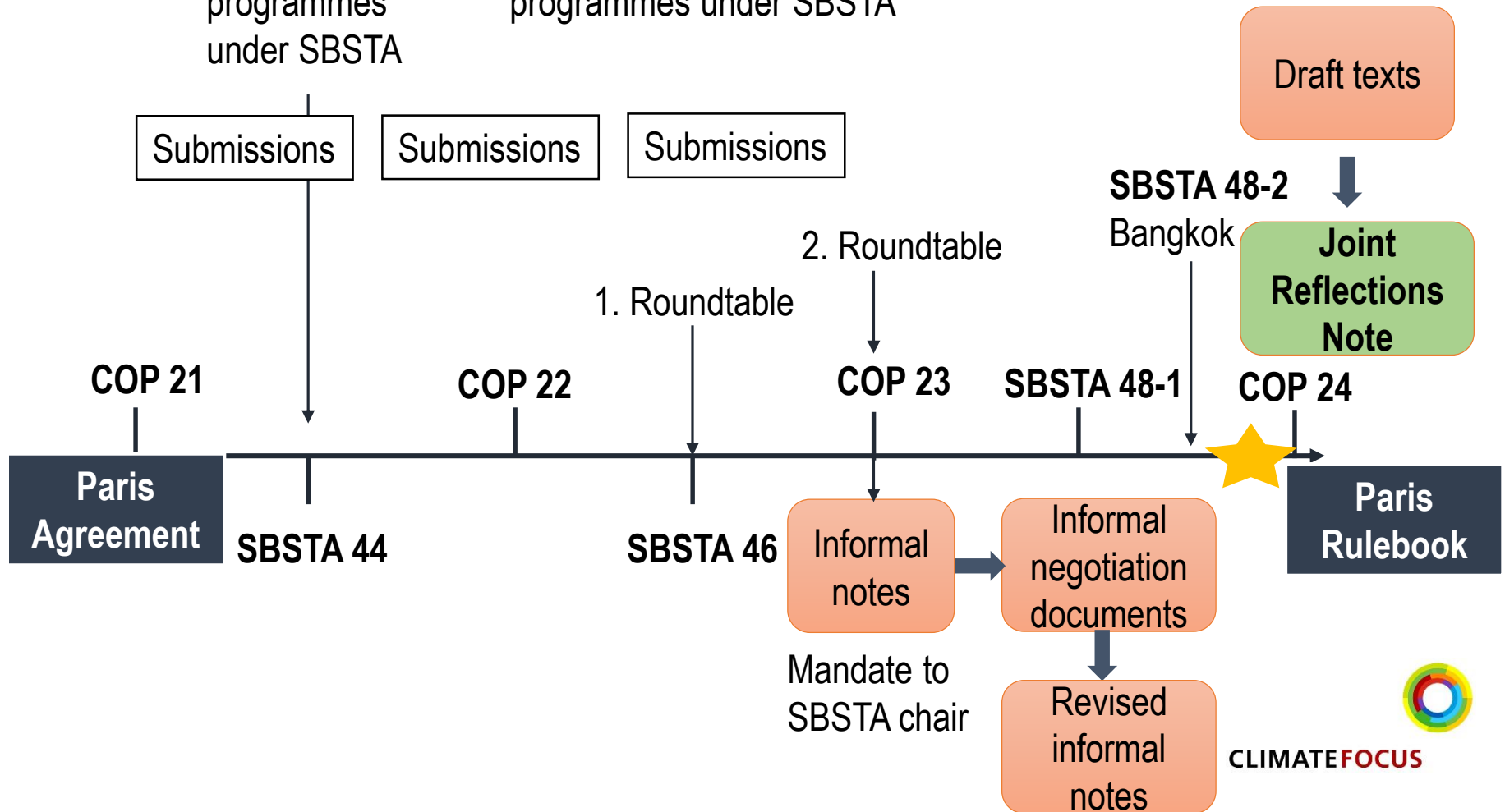
- **Cooperative approaches** (Art 6.2 & Art 6.3)
- **A global mechanism for mitigation and sustainable development** (“A64 Mechanism” or “Sustainable Development Mechanism, SDM”) (Art 6.4-Art 6.8)
- **Framework for non-market approaches** (Art 6.8 & 6.9)



Status of Article 6 negotiations

Start of the work programmes under SBSTA

Symmetric decisions for all three work programmes under SBSTA



Going into Katowice

- In October 2018, the presiding officers of APA, SBSTA and SBI released a joint reflections note with textual proposals for each sub-Article containing three parts:
 - Draft CMA decision
 - Annex I with draft guidance [Art 6.2] / draft rules, modalities and procedures [Art 6.4] / draft decision on the work programme [Art 6.8]
 - Annex II work plan for 2019
- The textual proposals closely resemble the documents developed during the Bangkok session
- Main changes consist of streamlining and structuring of options
- Annex I should allow Parties to identify with at least one option under each section



The challenge in Katowice

- Time. Only 5 days of technical negotiations for 70 pages of text and countless options
- What will be the mode of work to accommodate all issues?
- Reflection note advises Parties to be able to quickly respond to text proposals and to put forward options with broad support

How to prepare

- Until now negotiations have not started and are expected to kick-off at high speed in Katowice
- To be able to successfully impact the outcome, East African negotiators should:
 - Go through the text and identify priority options, “liveable” options and red flags
 - Identify key concerns not adequately championed by other groups and try to build consensus around them with other groups

Tour d'horizon on crunch issues

Article 6.2

Article 6.4

Article 6.8

Article 6.2 - Cooperative approaches

Context

- Recognition of “bottom-up” approaches by the UN
- Examples: Linking of emission trading schemes, government to government cooperation in mitigation initiatives, baseline and credit approaches that are developed by countries themselves

Role of the CMA

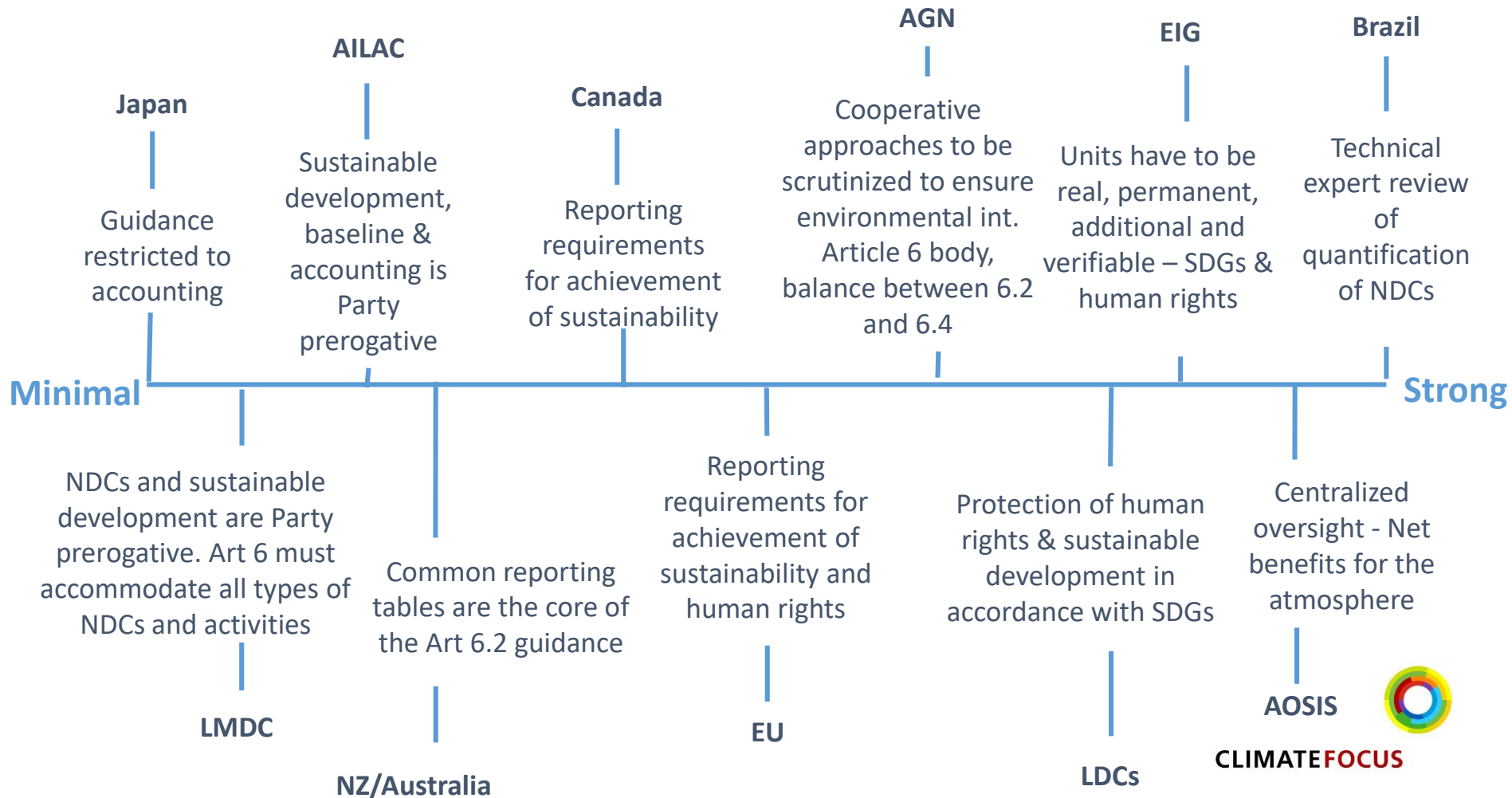
- adopt guidance, including guidance to ensure that double counting is avoided on the basis of a “corresponding adjustment” by Parties

Core of the guidance

- Parties shall, where engaging in cooperative approaches that involve the use of “ITMOs” towards NDCs, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting



Positions on international oversight for cooperative approaches



Crunch issues related to Article 6.2

- Whether guidance should be limited to accounting (avoidance of double counting) or also define requirements for cooperative approaches themselves
- Definition and denomination of internationally transferred mitigation outcomes (ITMOs)
- Participation requirements, e.g.
 - ex ante check on participation
 - NDC translated into a budget of allowable emissions
- What needs to be reported and how often
- How to do corresponding adjustments What should be the accounting basis for corresponding adjustments? Inventory emissions? NDC pledges? Others?
- Governance – the degree to which cooperative approaches need a dedicated review process (Art 6 body, Art 6 technical experts) or whether review is fully integrated into the Art 13 process
- Whether activities in sectors outside the scope of the NDCs are eligible
- Whether to levy a share of proceeds and require overall mitigation



Article 6.4: A mechanism for mitigation and sustainable development

- A mechanism under the authority of the CMA and supervised by a designated body – similar to the CDM

Objectives:

- To mitigate GHG emissions and support sustainable development
- To incentivize and facilitate participation in the mitigation of GHG emissions by public and private entities authorized by a Party
- To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its NDC
- To deliver an overall mitigation of global emissions
- To raise a Share of Proceeds to cover administrative expenses and the costs of adaptation
- Double counting: Emission reductions resulting from the mechanism shall not be used to demonstrate achievement of the host Party's NDC if used by another Party to demonstrate achievement of its NDC
- **Role of the CMA:** to adopt the rules, modalities and procedures for the mechanism (similar to CDM M&P)



Crunch issues related to Article 6.4

- How to define additionality, baselines and crediting periods in the context of the Paris Agreement and the NDCs
- How to operationalize overall mitigation of global emissions
- Composition and rules of procedures of the Supervisory Body, and when to establish the body
- Role of the host countries
- Whether Article 6.2 guidance applies to A64ERs and under which circumstances
- Transition of CDM credits and activities

Article 6.8 - Framework for non-market approaches (NMA)

Key features

- Recognizing the importance of integrated, holistic and balanced non-market approaches in the context of sustainable development and poverty eradication
- aims to promote ambition, enhance public and private sector participation, enable opportunities for coordination across instruments and institutional arrangements
- SBSTA to undertake a work programme

Objectives of the work programme

- Enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity building
- Consider how to facilitate the coordination and implementation of non-market approaches

Role of the CMA

- adopt a decision on a work programme



Crunch issues related to Article 6.8

- Where the framework will be hosted (under SBSTA/SBI or a dedicated new body/task force)
- What the composition of the task force should be
- Whether the work programme is open ended or time-bound
- What are the modalities, activities and outputs of the work programme on non-market approaches
- Whether any specific focus areas or NMAs should be defined in Katowice