

PreCOP24 Negotiators Forum 2018



OCTOBER 30TH TO NOVEMBER 1ST 2018

Nairobi, Kenya

Introduction

East African countries are interested to understand and discuss the opportunities that Article 6 of the Paris Agreement (PA) offers for low emission development and NDC implementation.

Many countries in Africa would like to expand the use of market mechanisms to directly reduce emissions, support low emission development and contribute to adaptation efforts. Article 6 (PA) covers a number of approaches for which rules, procedures and guidelines are under negotiation and will possibly be finalized at the Conference of Parties (COP) 24 in Poland.

The GIZ Carbon Markets Project in Uganda and East Africa on behalf of the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMU) together with the United Nations Framework Convention on Climate Change (UNFCCC) Regional Collaboration Centre (RCC) Kampala have over the years supported negotiators within the Eastern African Region through the Pre-COP training workshops to improve their skills and build their understanding of the key themes in the COP discussions.

In preparation for COP 24, GIZ together with the UNFCCC RCC Kampala and the East African Community held a training that brought together more than 40 participants from Kenya, Uganda, Burundi, Rwanda, Tanzania, Ethiopia, and Cote D'Ivoire. The majority of participants were representatives from their respective environmental ministries, with other participants from international development organizations and different ministries, private sector, academia and civil society.

The three-day workshop in Nairobi, Kenya delivered on four objectives

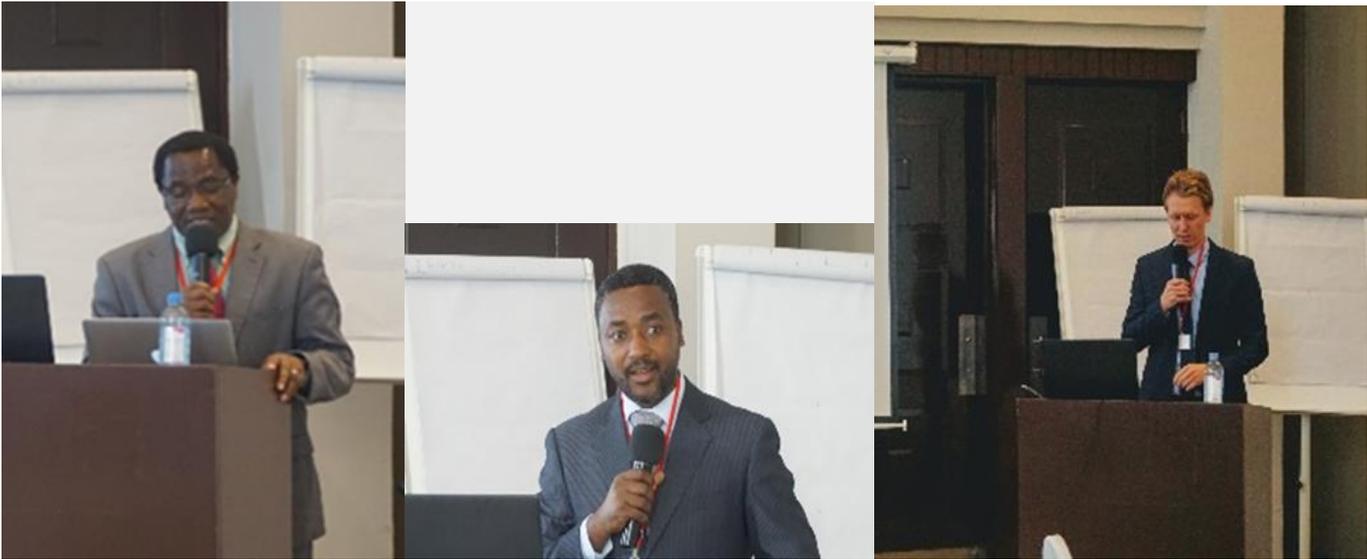
1. Provide and enhance the current knowledge base of participants on Article 6 PA negotiations.
2. Provide participants with a forum to develop a position on the different options currently being negotiated under Article 6 PA.
3. Expand the skills of negotiators e.g. strategy and procedural skills for effective participation in the UNFCCC negotiations.
4. Discussion of carbon pricing initiatives and enhanced regional collaboration.

The workshop was conducted by GIZ Carbon Markets Project Uganda and East Africa, the UNFCCC Regional Collaboration Centre- RCC Kampala, The Secretariat of the East African Community (EAC) with support of Amy Steen (UNFCCC), El hadji Mbaye Diagne (AGN Lead Negotiator for Article 6), Sandra Greiner and Tobias Hunzai (Climate Focus). Chatham House rules applied.



Overview of the Workshop Content





Welcome Remarks

The workshop was opened by welcoming remarks on behalf of the Kenyan Government by (left to right in pictures above) Mr. Stephen King'uyu Climate Change Directorate of the Kenyan Ministry of Environment, Jean Baptiste Havugimana, Director of the Productive Sector, East African Community (EAC), as well as Sven Egbers, Head of the Carbon Markets Project in Uganda and East Africa, (GIZ).

Mr. King'uyu thanked the organizers for facilitating a sub-regional discussion on the topic of Article 6. In his regard, terms like cooperative approaches, ITMOs, and new market-based approaches need to be demystified to allow for the discussion of how these frameworks can benefit Kenya and Africa. Therefore, the knowledge and involvement in the operationalization of Article 6 need to be scaled up to make a positive impact for Africa.

Mr. Havugimana stressed the importance to coordinate and articulate matters on climate change at sub-regional level. He furthermore highlighted the long-lasting and fruitful working relationship between the EAC and GIZ as well as the UNFCCC. He further thanked participants for their appearance at this important sub-regional event.

Mr. Sven Egbers (Head of the Carbon Markets Project in Uganda and East Africa, GIZ) thanked participants for their numerous appearance. He further gave participants an insight on the Carbon Markets Project in Uganda and East Africa, which operates in three different, yet correlated spheres, on the public sector level by providing policy advice on carbon mechanism, on private sector level through support of identification and development of carbon market related projects as well as on the regional level by promoting regional cooperation and a common vision on carbon markets within East Africa.

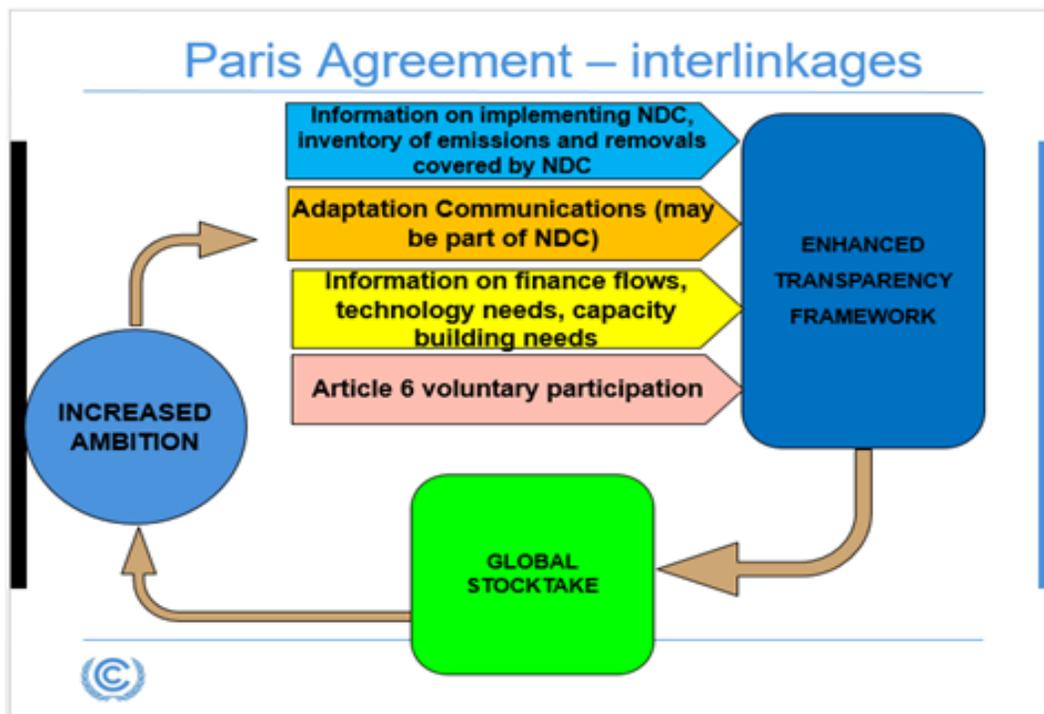
Part I: Article 6 and Interlinkages

Progress of Paris rulebook towards COP24 – interlinkages of negotiation streams (Amy Steen, Legal Officer, UNFCCC)

Amy Steen gave an introductory presentation on the current timeline and negotiations streams to operationalize the Paris Agreement (PA). With the Agreement entering into force much faster than originally anticipated, the pressure is high to finalize the Paris rulebook in two instead of the originally envisaged four years. This requires the procedural focus on the main rules of Article 6 and to recognize that not all questions will be finally addressed during COP24 negotiations.

She gave an account of the virtuous cycle of increasing ambition under the PA with the enhanced transparency framework playing a central role. Under the PA, everyone takes nationally determined actions, through the transparency framework everyone will know how this contributes to the global goals. This means, that Article 6 discussions relate to the topic of response measures, robust accounting within Article 6 and across the PA and towards the implementation of NDCs. Across the UNFCCC regime, questions arise from the role of Article 6 mechanisms for adaptation, the transition of capacities built under the Kyoto Protocol (KP) regime and the relevance of markets for climate finance negotiations.

During the plenary discussion, the main concern from participants was about the current uncertainty regarding the future of the existing CDM activity pipeline. The status of the negotiations for the options of transitioning CDM elements into the Paris framework is still unclear with no consensus between parties.

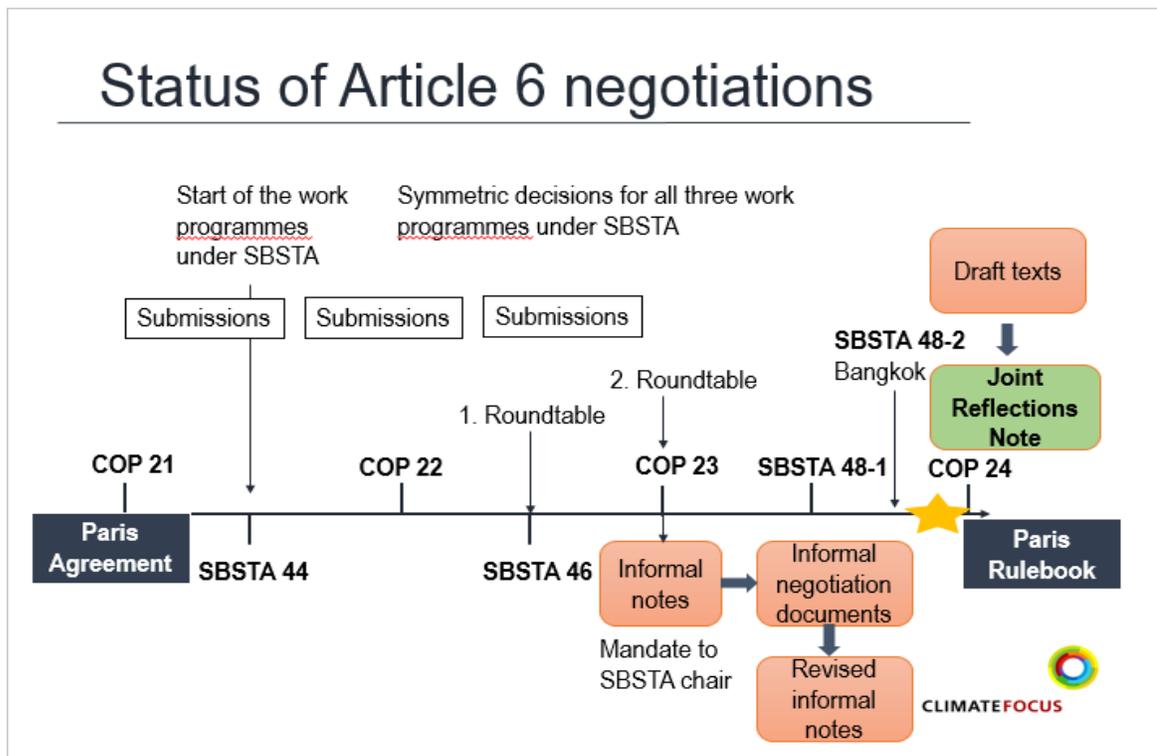


State of Article 6 negotiations under UNFCCC (Sandra Greiner, Climate Focus)

Sandra Greiner, Climate Focus, presented an update on carbon markets negotiations and the outcome of the additional forty-eighth session of the Subsidiary Body for Scientific and Technological Advice in Bangkok (SB48-2). She discussed the current status of Article 6 negotiations highlighting the outcomes of the Bangkok session in September 2018 as well as of the [joint reflection note](#) released in October 2018.

She also illustrated the work that needs to be achieved within 5 days in Katowice to accommodate over 70 pages of [textual options on Article 6 \(PA\)](#). This will require the Parties to respond quickly to textual proposals and put forward options with broad support. Sandra also discussed some of the crunch issues of Article 6 PA. For Article 6.2 the issues included: Definition of ITMOs, participation requirements, governance, eligibility of sectors outside the NDCs, levy of a share of proceeds, among others.

For Article 6.4, the crunch issues included how to define additionality, how to operationalise overall mitigation of global emissions, the role of host countries and the transition of CDM credits and activities. For Article 6.8, the crunch issues included who will host the framework, the composition of the task force, the modalities, activities and outputs of the work programme as well as the specific focus areas for the non - market approaches.



The Africa NDC Hub particularly focuses on three key support areas:

1. Fostering long-term climate action – this entails analytical work to align country-NDCs with national development agenda, its voluntary contributions, and to explore options to raise ambition necessary for low carbon and climate resilience growth on a long-term trajectory.
2. Mobilizing means for implementation – finance, capacity building, technology development and transfer. These are critical enablers to achieve the objectives of the Paris Agreement within the context of African sustainable development. The Hub will engage global climate funds and the private sector to cater for both conditional and unconditional pledges of African NDCs;
3. Coordination, Advocacy and Partnerships – the Hub will provide a platform for coordination of NDC support activities on the continent for the efficient use of limited resources.

Insights into support opportunities for NDC implementation (Margaret Barihaihi – NDC Partnership, regional specialist for Anglophone Africa)

The NDC Partnership (NDCP) is an Alliance created at COP 21 in Paris that supports countries in the implementation of their NDCs. The NDCP facilitates improved learning, collaboration, and coordination amongst its Partners. So far, 4 partnership plans between the NDCP and countries have been approved: Honduras, Uganda, Mongolia and Namibia; with 14 draft partnership plans being elaborated (including Kenya, Mali, Morocco, Rwanda and Mozambique). Focal points are finance, environment and planning ministries, to ensure coordination. Carbon markets are currently being considered in the following national implementation plans:

- The implementation plan for Namibia includes the goal, to support policy frameworks for the use of voluntary markets mechanism to fund low carbon business operations.
- In Uganda, the support includes projects that will benefit from existing or new carbon market mechanisms or approaches.
- The support to Kenya aims to include payments through REDD+/carbon markets for forestry

COUNTRY ENGAGEMENT UPDATE CONT'D

- **36 active with NDC Partnership Engagement**
- **4 Partnership Plans approved by Government and under implementation:**
Honduras, Uganda, Mongolia and Namibia
- **39 partners** committed to provide support
 - Changing the **legal framework** for NDC implementation
 - Developing climate **budget coding and tracking** systems
 - **Preparing projects:** water, energy, transport, forestry, agriculture, waste
 - **Improving data** for NDC revision process
 - Engaging banks and developers through **national environmental funds**
 - **Coordination mechanisms** designed, developed or strengthened
 - Carbon markets approaches (few countries- Namibia, Uganda, Kenya)
- **14 Partnership Plans in draft form** and soon to be signed off (*Colombia, Costa Rica, Dominican Republic, Guatemala, Jordan, Kenya, Mali, Morocco, Republic of the Marshall Islands, Rwanda, Sao Tome and Principe, St. Lucia, Vietnam and Mozambique*)
- **7 countries with supported facilitation role** from FAO (Mozambique), EU (Seychelles), GIZ (Namibia) and Netherlands (Uganda, Jordan, Indonesia, Mali)



Development of carbon markets, globally and in East Africa (Tobias Hunzai, Climate Focus)

Tobias Hunzai from Climate Focus provided an account of the existing CDM activities in East Africa compared to the global issuance of CERs, registration of projects and Programme of Activities. This stock take informed the discussion on transition of CERs or activities towards Article 6 and recaptured the slow uptake of the CDM in Africa. The region however benefitted from the introduction of programmatic approaches where it represents a quarter of global activities.

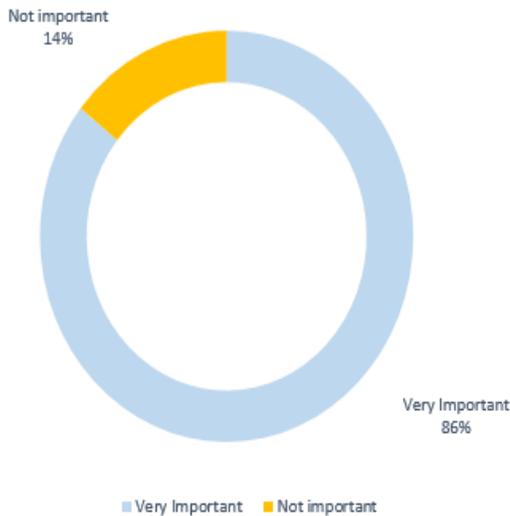


Identifying opportunities, challenges, pre-conditions and questions for using carbon pricing for NDC implementation in East Africa

Participants were asked on the importance of carbon pricing, relevant approaches, expected benefits as well as on the possible role of carbon markets and carbon finance in implementing the countries' NDC (please see graphs below).

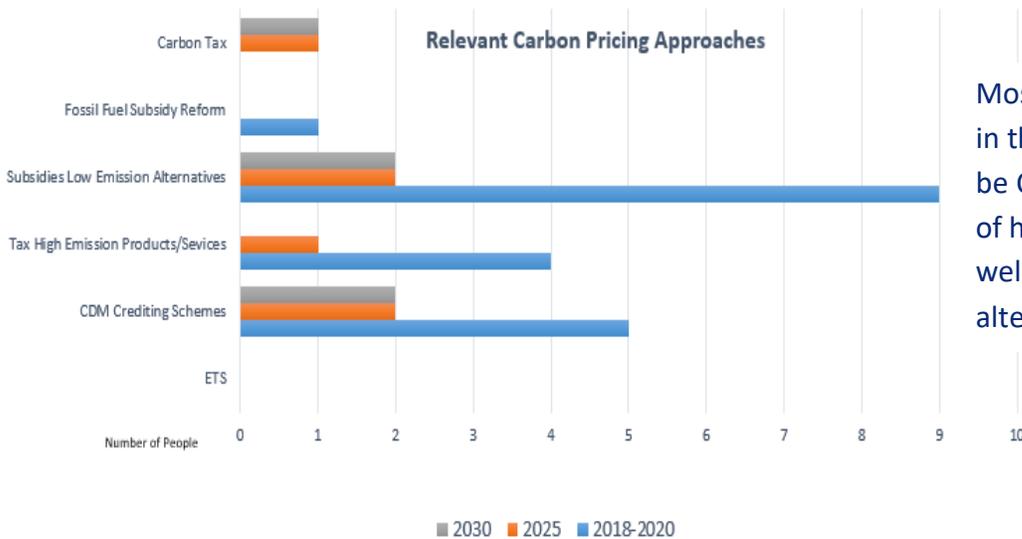
Question 1: How important is carbon pricing to you?

Importance of Carbon Pricing



The majority of the countries' feedback was that carbon pricing is very important, despite from the fact that most countries do not feel well equipped for moving towards implementation in their respective countries.

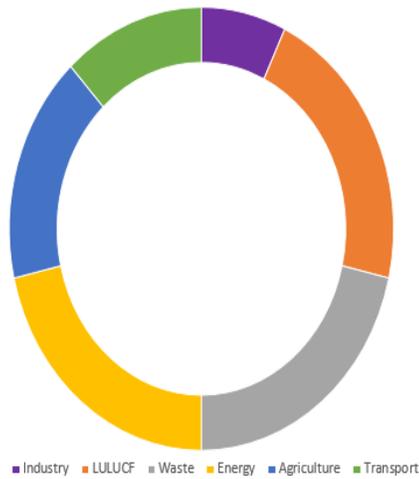
Question 2: Which approaches to Carbon Pricing could be relevant for your country



Most relevant formats of carbon pricing in the sub-region are being considered to be CDM type crediting schemes, taxation of high emission products and sources, as well as subsidies for low emission alternatives.

Question 3: Which parts of your country's NDCs are suitable for carbon market or climate finance?

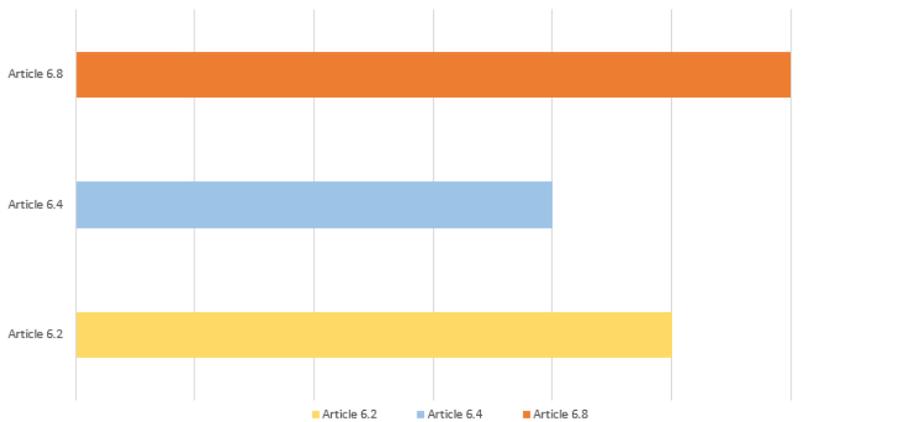
Countries' NDC suitable for carbon market or climate finance support



Participants find most sectors in their respective countries NDC to be eligible for carbon market and/or climate finance support. However, industry and transport are sectors regarded as least suitable.

Question 4: From which of the Article 6 approaches do you expect to benefit most?

Prospects of benefit



Question 5: How do you envision Article 6 to support implementation of your NDC?

Participants expect Article 6 to support the implementation of their NDC through financial incentives for low emission development that addresses poverty alleviation and adaptation to climate change.



Part II: Negotiation strategies and skills

The second part of the forum focused on the integration of interactive elements into the topic of Article 6 negotiations in order to enhance the understanding of participants of rules and dynamics of the negotiation procedures. An initial quiz gave the participants the chance to test their knowledge about the UNFCCC rules of procedure (RoP).

Following the quiz, Amy Steen gave an insight presentation on the intricacies of the rules applied to the negotiations. She highlighted the main aspects of the UNFCCC process while focussing on the practical implications of the draft rules of procedure.

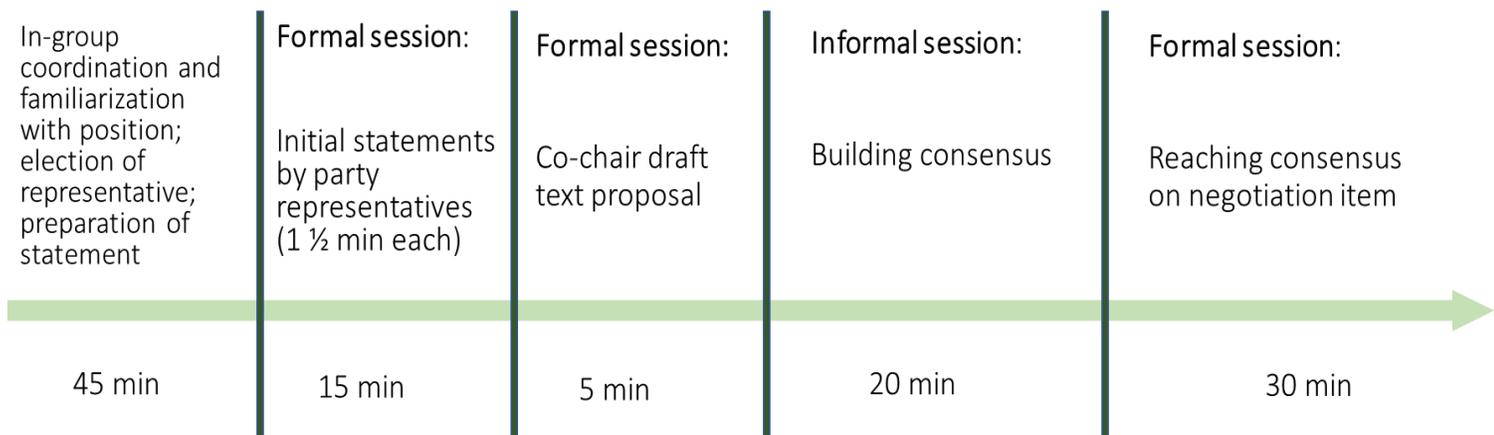
The draft rules of procedure being applied

- **Rules of Procedure:**
 - Rules of the game and for the orderly conduct of business
 - Provide **certainty, consistency and guarantee of fair play**
- **COP mandated to develop rules of procedure for itself and SBs (Article 7.3)**
- **Draft rules applied, with exception of rule 42 (voting) – consensus used**
- **President to ensure observance of the rules**
- **Parties obliged to comply with the rules of procedure**



Simulation of UNFCCC negotiations

Participants engaged in a simulated negotiation session to revisit specific negotiation skills and to address advocacy opportunities and act effectively as a group in the negotiations. Therefore, participants were asked to apply the RoP's to the context of the simulation while representing different positions on the topic of CDM transition with the aim to reach consensus between parties. Participants were allocated groups to negotiate on behalf of six different blocks: African Group of Negotiators, Brazil, Least Developed Countries, European Union, Umbrella Group and the Alliance of Small Island States.



The topics for consideration by parties were:

1. Should CDM activities be allowed to transition to the Paris Agreement framework?

What kind of activities should be allowed to transition?

What should be the process?

2. Can CDM CERs be used to achieve NDCs?

Despite the concentrated effort from all participants, the negotiating blocks were unable to reach a consensus in time and rule 16 of the Draft Rules for the Conference of the Parties and its Subsidiary Bodies was applied.

Part III: Analysis of co-chair draft text for Article 6

The third segment of the three-day workshop focused on an in-depth analysis of the joint reflections note by the presiding officers of the APA, SBSTA and SBI that will be the basis for the COP24 deliberations.

The discussions on all three Articles supported the drafting of a separate Article 6 briefing note. The joint reflections note by the presiding officers of the APA, the SBSTA and the SBI on matters related to Article 6, which contains the textual proposal on Article 6 for the start of negotiations in Katowice, is a 72 page long document. It is divided into the guidance for cooperative approaches referred to in Article 6.2, the rules, modalities and procedures for the mechanism referred to in Article 6.4 and the work programme under the framework for non-market approaches referred to in Article 6.8.

Going through the text, participants discussed preferred options, red flags and acceptable options.

- Amy Steen facilitated the discussion on Article 6.2;
- Sandra Greiner facilitated the discussion on Article 6.4;
- El hadji Mbaye Diagne facilitated the discussion on Article 6.8.

A key concern for East Africa is the subject of CDM transition.

This is especially important in terms of capacities, of public and private sector, which have been built up in the region but also with regards to existing CDM project activities.

It is therefore important that existing CDM activities transition into the new Article 6.4 mechanism. However, a re-application of project activities for approval by host countries is favorable in order to allow for an assessment how CDM activities fit within the context of the host countries' NDCs.

The transition of certified emission reductions (CERs) has to be considered with nuances. While the transition especially of later vintages may benefit those activities that have not yet sold their pre-2020 emission reductions, this could however lower the overall effort needed to implement NDCs after 2020. East Africa has only a small share of issued certified CERs – amounting to 0.4% of global issuance from single projects and 13% of global issuance from programme of activities.

Discussions during the workshop also revolved around the role of host Parties in the Article 6.4 mechanism. The textual proposals addressing participation requirements and responsibilities of host Parties in the joint reflections note are neither clear nor do they represent preferred choices. A key concern is that obligations that should apply to mitigation activities (e.g. “demonstrate that the activity will contribute to overall mitigation in global emissions”) are phrased in such a way that a number of responsibilities are not placed on host Party governments. Responsibilities should build upon those known from the CDM and possibly a check for safeguards. Host Parties should not be required to meet all the responsibilities under cooperative approaches of Article 6.4.

It was noted with interest that the draft CMA decision on Article 6.4 foresees the possibility of starting the Article 6.4 Supervisory Body in Katowice. This is a welcomed intent. It would require a decision on composition, quorum, voting rules, preliminary mandate and funding, while the detailed rules of procedure of the body can be subject to later finalization in the work plan. The rules of procedures can be elaborated by the body itself for recommendation to the CMA.

A contentious issue regarding **eligible mitigation activities under Article 6** is whether these need to be covered by a country's NDC or could also be taking place outside the scope of the NDCs. African countries are in support of allowing activities both inside and outside the scope. A possible bridging proposal to consider the concerns of other Parties is to require sectors to be included within the next NDC cycle.

Lastly, **the preferential treatment of LDCs and SIDS**, considering their special circumstances, in the application of the Article 6.4 and 6.2 rules were discussed. The Paris Agreement grants special treatment to LDCs and SIDS and does not obligate them to submit an NDC. However, if LDCs are not involved in the development of the rules regarding Article 6 they run the risk of being unable to take part in Article 6 activities due to capacity intense participation requirements.

Part IV: Regional collaboration and way forward

In this last segment of the workshop, participants discussed the need to intensify sub-regional cooperation and potential for an East African Alliance on carbon markets and climate finance. The East African Community Secretariat presented the concept of the Alliance, which aims to enhance the long-term position of East African countries to participate in international carbon markets and increase the region's capacities to access results-based climate finance for NDC implementation.

Specific objectives of the Alliance include:

- ✓ Active participation by East African delegates in the UNFCCC negotiations on market mechanisms and climate finance;
- ✓ Managing the transition of CDM related capacity and projects to the Paris Agreement context, engaging in pilots on the ground;
- ✓ Promotion of access to opportunities under market mechanisms and climate finance at national and regional level;
- ✓ Harnessing pilot experiences to feed back into the negotiations and vice versa.

Participants voiced their support for the creation of a more closely-knit collaboration network in East Africa that resembles the setup of the West African Alliance on carbon markets and climate finance.

The West African Alliance follows a bottom-up approach with technical experts leading the engagement within the Alliance. Eastern African countries want to build on the lessons learnt of the West African Alliance and

decided to avoid a top-down approach, which requires high level political participation. Countries agreed to review the concept note of the Alliance, prepare a work plan and budget as well as to nominate focal points from each country.

Overall, the feedback from participants was that they value regional cooperation. They indicated the need to strengthen the sub-regional efforts and communication to engage with the topic of market mechanisms under the PA. The idea is that the East African Alliance will further structure the regional exchange and give it more continuity in the future.

Attached

Annexes for agenda and the list of participants of the work shop.

Annex I: Agenda

DAY 1: ARTICLE 6 AND INTERLINKAGES WITH OTHER TOPICS		
Time	Topic	Format / Presenter
8:30-9:00	Registration	
9:00-9:45	Welcome remarks	Dr. Charles Mutai – Ministry of Environment Kenya; Jean Baptiste Havugimana – East African Community
	Welcome remarks GIZ	Sven Egbers
	Introduction to the workshop and review of the agenda	Climate Focus
	Participants expectations from the workshop, envisaged areas for market mechanisms	Plenary
Session 1: Review of Article 6 and the ongoing negotiations process		
9:45-13:00	Progress of Paris rulebook towards COP24 – interlinkages of negotiation streams	Amy Steen- UNFCCC
	Coffee break 10:45 – 11:15	
	State of Article 6 negotiations under UNFCCC	Sandra Greiner – Climate Focus
	Key concerns of AGN going into Katowice	El hadji Mbaye Diagne
13:00-14:00	Lunch break	
Session 2: Revisiting carbon pricing approaches in Africa		
14:00- 14:30	Insights into regional efforts to foster carbon pricing, support Article 6 preparedness and implementation	Olufunso Somorin, AfDB
14:30- 15:00	Development of carbon markets, globally and in East Africa	Tobias Hunzai – Climate Focus
15:00-15:45	Identifying opportunities, challenges, pre-conditions and questions for using carbon pricing for NDC implementation in East Africa	Climate Focus
15:45 – 16:00	Coffee break	
16:00- 16:30	Insights into support opportunities for NDC implementation	Margaret Barihaihi – NDC Partnership
16:30-17:15	Examples of carbon pricing approaches in African countries and the potential for CPLC to support	Rachel Boti-Douayoua (CPLC - regional working group chairs)
17:15	Reflections and closing	UNFCCC RCC

DAY 2: NEGOTIATION STRATEGIES AND SKILLS		
Time	Topic	Format / Presenter
Session 3 – Introduction to the skills training		
9:00	Recap of day I	GIZ

9:15- 10:00	UNFCCC rules of procedure introduction and application/ quiz	UNFCCC; Climate Focus
10:30-11:00	Introduction to negotiation simulation	Climate Focus
11:00- 11:30	Coffee break	
Session 4 – Practical exercise/role play		
11:30- 13:00	Simulated negotiation session based on Article 6 negotiations from various countries/groupings regarding the topic of CDM transition	Climate Focus
13:00-14:00	Lunch Break	
14:00- 14:30	Simulated negotiation session based on Article 6 negotiations from various countries/groupings regarding the topic of CDM transition	Climate Focus
14:30-15:00	Summarize key lessons / reflection	El hadji Mbaye Diagne / Climate Focus
15:00- 15:15	Coffee break	
Session 5: Analysis of co-chair draft text for Article 6		
15:15- 17:15	Analysis and discussion of Art 6.2 draft text from SBSTA 48.2 with focus on: <i>Scope of Art 6.2 guidance</i>	Amy Steen - UNFCCC
17:15	Recap and closure of day 2	UNFCCC RCC

DAY 3: ARTICLE 6 DISCUSSIONS TO GUIDE POSITION OF THE AGN		
Time	Topic	Format / Presenter
9:00-9:15	Recap of day 2	GIZ
Session 6: Analysis of co-chair draft text for Article 6		
9:15- 11:15	Analysis and discussion of Art 6.4 draft text from SBSTA 48.2 with focus on: - <i>AGN proposal of Art 6 body</i> - <i>Role of the supervisory body</i>	Sandra Greiner – Climate Focus
11:15- 11:30	Coffee break	
11:30- 13:00	Analysis and discussion of Art 6.8 draft text from SBSTA 48.2 with focus on: <i>Work programme, modalities and governance</i>	El hadji Mbaye Diagne
13:00-14:00	Lunch break	
Session 7: Regional collaboration and way forward		
14:00- 14:30	Next steps in the preparation for COP24	GIZ
14:30- 15:00	Update on the West African Alliance on Carbon Markets and Climate Finance	Tobias Hunzai – Climate Focus
15:00- 16:30	Discussion on enhanced sub-regional coordination and needs for support Flexible coffee break	GIZ/RCC
17:00	Closing of the workshop	GIZ

Annex II: List of Participants

No	Name	Organisation
1	Ameha Johannes	Ministry of Environment, Forestry and Climate Change
2	Amy Steen	United Nations Framework Convention on Climate Change (UNFCCC)
3	Anitha Karire	Geography Institute of Burundi (IGEBU)
4	Ann Omambia	National Environment Management Authority (NEMA)- Kenya
5	Astère Nindamutsa	Geography Institute of Burundi (IGEBU)
6	Augustine Kenduiwo	Ministry of Environment and Forests - Kenya
7	Bianca Gichangi	EED Consulting
8	Bob Natifu	Climate Change Department Uganda
9	Boti-Douayoua Rachel	Africa CPLC
10	Brenda Rwamahe	United Nations Framework Convention on Climate Change (UNFCCC)
11	Charles Mutai	Ministry of Environment and Forests - Kenya
12	Dismass Mwikila	East Africa Community (EAC)
13	El hadji Mbaye Diagne	Africa, Energy and Environment
14	Elizabeth Okwuosa	Kenya Agriculture and Livestock Association
15	Gloria Namazzi	Germany Development Agency (GIZ)
16	Grace Ineza Umuhoza	Rwanda Environment Management Authority (REMA)
17	Herman Kwoba	State Department of Transport Kenya
18	Irene Chekwoti	Climate Change Department Uganda
19	James Metto	Kenya Generation Company (KenGen)
20	Jean Baptiste Havugimana	East Africa Community (EAC)
21	John Ssemulema Kasiita	Germany Development Agency (GIZ)
22	John Tumuhimbise	Ministry of Energy and Mineral Development Uganda
23	Joseph Qamara	Vice President's Office Tanzania
24	Joshua Were	Kenya Generation Company (KenGen)
25	Joyce Njogu	Kenya Association of Manufacturers (KAM)
26	Kunal Sharma	United Nations Framework Convention on Climate Change (UNFCCC)
27	Ladislaus Kyaruzi	East Africa Community (EAC)

28	Lerenten Thomas	Ministry of Environment and Forests Kenya
29	Lucy Ng'ang'a	Ministry of Agriculture Kenya
30	Mackay Okure	Makerere University Uganda
31	Maikut Chebet	Climate Change Department Uganda
32	Mandy Rambharos	Eskom South Africa
33	Margaret Barihaihi	NDC partnership
34	Marie Della Dukuze	Rwanda Environment Management Authority (REMA)
35	Marsida Rada	Germany Development Agency (GIZ)
36	Maurice Othieno	Ministry of Environment and Forests Kenya
37	Michael Koech	Safaricom Kenya
38	Michael Mugarura	Conservation International
39	Muluneh Gebremariam Hedeto	Ministry of Environment, Forests and Climate Change Ethiopia
40	Olufunso Somorin	Africa Development Bank
41	Peter Omeny	Ministry of Environment and Forests Kenya
42	Prudence Bizimana	Geography Institute of Burundi
43	Sandra Greiner	Climate Focus
44	Stephen King'uyu	Ministry of Environment and Forests Kenya
45	Sven Egbers	Germany Development Agency (GIZ)
46	Tirhas Mebrahtu Hindeya	Ministry of Environment, Forests and Climate Change
47	Tobias Hunzai	Climate Focus
48	Veronica Ndetu	Ministry of Agriculture Kenya