

International Conference for Implementing Article 6 of the Paris Agreement

Summary of the 2nd part of the Conference

March 7, 2022

Organized by:

Ministry of the Environment, Japan (MOEJ)
Institute for Global Environmental Strategies (IGES)

Supported by:

UNFCCC Secretariat, COP26 and COP27 Presidencies

Summary of the Conference

At the COP26 of U.N. Framework Convention on Climate Change (UNFCCC) in Glasgow last November, negotiators reached the agreement on the implementation guidelines for Article 6 of the Paris Agreement – a long-awaited piece of the Paris Rulebook. Article 6 is instrumental for operationalizing international carbon markets and has great potential to contribute to deeper global emission reductions by stimulating the global decarbonization market and private investment.

In order to accelerate Article 6 implementation at the earliest stage, it is important to understand the rules stipulated in the Article 6 guidelines by all stakeholders, to create enabling environments for the development of emission reduction projects, and to formulate strategies for utilizing the Article 6 in the achievement of NDCs.

In light of this, **the International Conference for Implementing Article 6 of the Paris Agreement** is hosted by the Ministry of the Environment, Japan and Institute for Global Environmental Strategies (IGES) and supported by the UNFCCC secretariat and COP26 Presidency and COP27 incoming Presidency.

The overarching objectives of the conference are:

- Foster a common understanding of the decisions made on the Article 6 Implementation Guidelines at COP26 and the Article 6 Work Programme for 2022;
- Share the development of institutional and governance framework and capacity-building needs based on the experience of Article 6 negotiations and piloting; and
- Discover areas where the implementation can be accelerated by collaborating with stakeholders.

The 2nd in the series was held on 7 March, aiming at framing the discussions for the 2nd conference through presentations on future work and capacity-building support needs based on the agreement of the Article 6 rules. The speakers identified, the following key areas for capacity-building as needs.

Key inputs for capacity building

- Importance of understanding the Article 6 rules and its relations to NDCs: There is a need to have a clearer understanding of the agreement to implement it.
- Need to prepare institutional arrangement for Participating in Article 6: National coordination and institutional arrangement are required to carry out authorization and corresponding adjustments.
- Utilizing Article 6.4 mechanism: The expectations on the 6.4 mechanism as a tool to enhance ambition.
- Reporting of Article 6: There is a need to discuss what is needed for Article 6 reporting, including in relation to data collection and corresponding adjustment.

- CORSIA and voluntary carbon markets: We can learn from the experiences of CORSIA.

The March conference attracted participants representing 91 countries.

For more information, please visit the IGES webpage:

<https://www.iges.or.jp/en/events/20220217>

Disclaimer

The organizers have made every effort to ensure objectivity and provide a comprehensive summary of the conference, but errors can occur. The organizers assume no liability or responsibility for any errors in this report. Please also refer to the recordings and/or presentations available on the conference site for each speaker's contribution.

1. Summary of each session

1.1. Opening session

1.1.1. Opening remarks

- **ONO Hiroshi, Director General, Global Environment Bureau, Ministry of the Environment, Japan**
 - Following the agreement on the Article 6 rule at COP26, it was mentioned that 2022 will be important year for the implementation of Article 6. He also explained that Japan, as a pioneer in the Joint Crediting Mechanism (JCM), will take the lead in supporting the implementation of Article 6 to promote decarbonization and the global market for technologies, infrastructure, and services. Building on the outcomes of the first meeting, expectations were expressed for evolving discussions on capacity building activities in collaboration with the Regional Cooperation Centers (RCCs).
- **UGA Maiko, Section Chief, Office of the Market Mechanisms, MOEJ**
 - She presented the objectives of the International Conference on Article 6 and the results of the First International Conference on Article 6. She also reported on the importance of understanding the rules of Article 6 and the relationship between institutional arrangements, the use of Article 6.4, Article 6 reporting, CORSIA and the voluntary carbon market. Regarding the support for capacity building under Article 6, she explained that a process of planning, implementation, monitoring and evaluation is necessary. It is important to prepare the rule and guideline for ensuring environmental integrity, the authorization of ITMOs, and corresponding adjustment under the implementation stage.

1.2. Capacity-building support for early implementation of Article 6 of the Paris Agreement

1.2.1. Experience in the capacity-building programme for host countries

- *Achievements and experiences of the RCCs.* **Jens Radschinski, Head, UNFCCC Regional Collaboration Centre (RCC), Bangkok**
 - He presented an overview of the activities and roles of Regional Cooperation Center, as well as the experience in capacity building for Clean Development Mechanism (CDM) etc and beyond covering various other elements under the UNFCCC namely mitigation, adaptation, means of implementation etc. He also explained that the capacity building is necessary for the implementation of Article 6 of the Paris Agreement including reporting on Article 6.2 and Article 6.4, and institutional arrangements related to Article 6.4.

1.2.2. Identification of capacity building activities for implementing Article 6

1.2.2.1. Article 6 reporting and corresponding adjustments; Mutual Learning Program for Enhanced Transparency

- **HATTORI Tomohiko, Researcher, IGES**
 - He introduced the experience of mutual learning for enhanced transparency which was conducted with Chile, Thailand, Mongolia, and Indonesia. In the mutual learning, an exercise on Article 6.2 reporting was conducted for government officials to promote understanding of corresponding adjustment and initial report. Through the exercise work, it was reported that there is a need to promote understanding on the terminology of Article 6, preparing the authorization, as well as the coordination to track JCM credits.
- **Juan Pedro Searle, Head of Climate Change Unit, Ministry of Energy, Chile**
 - Chile implemented the cooperation with Switzerland on a small project regarding Article 6. In addition, the bilateral cooperation is also being implemented with Japan and Canada. He also shared that the Pacific Alliance's activities include activities related to MRV. The future tasks include the relationship with Climate Change Bill, the need for hiring a staff member to be in charge of the preparation of the biennial transparency report.

1.2.2.2. Readiness activity for Article 6 : Institutional arrangement, MRV and peer learning

- **Bianca Gichangi, Coordinator, Eastern Africa Alliance on Carbon Markets and Climate Finance**
 - She presented the overview of the activities of East Africa Alliance. She also shared their activities on the workshop to promote understanding of corresponding adjustment, Private sector dialogues, and Article 6 negotiators handbook. She also stressed the importance of the authorization, corresponding adjustment, reporting and development of registry in the context of the implementation of Article 6 in the future. It is necessary to prepare the procedures for authorization and corresponding adjustment and templates for reporting.
- **Ousmane Fall Sarr, Coordinator, West African Alliance on Carbon Markets and Climate Finance**
 - He introduced their activities such as the participation in the UNFCCC negotiations, pilots of the transition of CDM and readiness for the implementation of Article 6. He also explained that 18 countries and donors such as Switzerland, World Bank, Japan, Sweden, and Germany have participated in the West African Alliance roundtable. He mentioned the importance of workshops to promote understanding of corresponding adjustments,

CDM transition, additionality and baseline setting. Several challenges were identified such as the lack of knowledge including the private sector in the host country as well as policy, regulatory frameworks and strategies for the implementation of Article 6.

1.2.2.3. Pilot activity: Infrastructure development, domestic market policy and participation by private sector

- **Virender Kumar Duggal, Principal Climate Change Specialist, Sustainable Development and Climate Change Department, Asian Development Bank**
 - As a part of the Carbon Markets Program 2.0, he introduced the technical assistance being provided to seven countries (Bhutan, Indonesia, Mongolia, Pakistan, Philippines, Thailand and Vietnam) through the Article 6 Support Facility for the implementation of Article 6. He also shared lessons learned through the assistance, including the need to promote inter-ministerial coordination, alignment of Article 6 ambitions with NDC and long-term strategies, and building on existing infrastructure and institutions.
- **Wendy E. Hughes, Practice Manager, Carbon Markets and Innovation Climate Change Group, World Bank**
 - She introduced the activities which has been involved since the Kyoto Mechanisms. She also shared their activities including Partnership for Market Readiness, Partnership for Market Implementation Facility (PMIF), and the Climate Markets Club's experience in implementing Article 6. As lessons learned, it was explained that further understanding in host countries, infrastructure for implementation, and tools need to be developed in the future.
- **Drik Forrister, President & CEO, The International Emissions Trading Association**
 - He shared IETA's evaluation of the Article 6 agreement from the private sector perspective as well as the results of the model analysis on Article 6. One of issues to be addressed in the future were identified such as the rapid implementation of Article 6, the relationship between Article 6 and NDCs, authorization and corresponding adjustment, reporting and transparency, and the establishment of Article 6.4 mechanism. He also explained that IETA will work with various partners, including international organizations, and provide training for the private sector in the future.

2. Way forward

At the wrap-up session, **KOAKUTSU Kazuhisa, Director of International Negotiations, Office of Market Mechanisms, MOEJ** summarized the 2nd conference:

- Sharing good practices and lessons learned with RCCs (RCCs hub)
- A6 institutional arrangement (authorization), ambition raising (Communication)
- Replication and scale up of activities: A6 reporting: replication through RCCs network for other regions
- A6 mechanism baselines and tools: experience of CDM standardized baselines, hands-on support
- Piloting and project development
- Domestic tracking and recording infrastructure (registry)
- Coordination of efforts (RCCs, Parties, International Organizations, Private Sector, etc.) is much needed

For the closing remarks, **SEGAWA Keiko, Deputy Director General of Global Environmental Bureau, MOEJ**, conveyed her gratitude to all the speakers. She also mentioned that Ministry of the Environment Japan plans to conduct capacity building in cooperation with the RCC, other countries and organizations to contribute to the stable and rapid implementation of Article 6. In particular, it was expressed that capacity building support for both institutional arrangements and technical aspects of Article 6 implementation was being considered.

- The institutional arrangement: training of officers to carry out appropriate corresponding adjustment and authorization system in collaboration with Asia-Pacific RCC in Bangkok.
- The technical aspects: technical support for calculating emission reduction, and setting the baseline for the Article 6.4 project, individually or in the form of workshop.

Annex: Agenda of the 2nd Event

Contents:

- Based on the discussion at the first conference, 2nd event will focus on specific needs of related governments and the private sector related to the development of institutional and governance framework and capacity, and identify issues for the early implementation of market mechanisms.
- Furthermore, we will discover areas where implementation can be accelerated by collaborating with stakeholders such as the UNFCCC RCCs.

Date: Monday 7th March, 2022, 19:00-22:00 JST / 11:00-14:00 CET Meeting format: Webinar

Organizer: Ministry of the Environment, Japan (MOEJ) / Institute for Global Environmental Strategies (IGES)

Support: UNFCCC Secretariat, COP26 and COP27 Presidencies

Agenda

Time	Contents / Speakers
5 min	Opening remarks - ONO Hiroshi, Director General, Global Environment Bureau, MOEJ
10 min	Summary of the discussion at the 1st conference and matters to be considered at this Conference - UGA Maiko, Section Chief, Office of the Market Mechanisms, MOEJ
Capacity-building support for early implementation of Article 6 of the Paris Agreement	
15 min	Experience in the capacity-building programme for host countries Achievements and experiences of the RCCs - Jens Radschinski, Head, UNFCCC Regional Collaboration Centre (RCC), Bangkok
130 min	Identification of capacity building activities for implementing Article 6 (Moderator: KOAKUTSU Kazuhisa, Director of International Negotiations, Office of the Market Mechanisms, MOEJ) (1) Article 6 reporting and corresponding adjustments; Mutual Learning Program for Enhanced Transparency - HATTORI Tomohiko, Researcher, IGES - Maria Carolina Urmeneta Labarca, Pacific Alliance, Head of Climate Change Divisions, Ministry of the Environment, Chile (2) Readiness activity for Article 6 : Institutional arrangement, MRV and peer learning - Bianca Gichangi, Coordinator, Eastern Africa Alliance on Carbon Markets and Climate Finance - Ousmane Fall Sarr, Coordinator, West African Alliance on Carbon Markets and Climate Finance (3) Pilot activity: Infrastructure development, domestic market policy and participation by private sector - Virender Kumar Duggal, Principal Climate Change Specialist, Sustainable Development and Climate Change Department, Asian Development Bank - Wendy E. Hughes, Practice Manager, Carbon Markets and Innovation Climate Change Group, World Bank - Dirk Forrister, President & CEO, The International Emissions Trading Association
	Wrap-up - Summary of discussion - Future activities for capacity building for Article 6
5 min	Closing remarks - SEGAWA Keiko, Deputy Director General of Global Environmental Bureau, MOEJ