



International Conference for Implementing
Article 6 of the Paris Agreement
Monday 7th March, 2022, 19:00-22:00 JST



ADB's Support for Article 6 Implementation

Virender Kumar Duggal, Principal Climate Change Specialist, SDCC

-
- Nonregional Members (19 countries)**
- Austria, Belgium, Canada, Denmark, Finland, France, Germany*, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States*
- Advanced economies and/or graduated developing members.
- * Field Office
- Map Labels:**
- KAZAKHSTAN*
 - UZBEKISTAN*
 - KYRGYZ REPUBLIC*
 - INDIA*
 - NEPAL*
 - BHUTAN*
 - MYANMAR*
 - THAILAND*
 - LAO PEOPLE'S DEMOCRATIC REPUBLIC*
 - VIET NAM*
 - PHILIPPINES*
 - PALAU*
 - PAPUA NEW GUINEA*
 - FEDERATED STATES OF MICRONESIA*
 - MARSHALL ISLANDS*
 - NAURU*
 - KIRIBATI*
 - TUVALU*
 - FIJI*
 - SAMOA*
 - NIUE
 - TONGA*
 - COOK ISLANDS*
 - VANUATU*
 - NEW ZEALAND
 - AUSTRALIA*
 - SINGAPORE
 - INDONESIA*
 - TIMOR-LESTE*
 - SOLOMON ISLANDS
 - BRUNEI DARUSSALAM
 - MALESIYA
 - CAMBODIA*
 - SRILANKA*
 - MALEDIVES
 - TAJIKISTAN*
 - PAKISTAN*
 - AFGHANISTAN*
 - TURKMENISTAN*
 - AZERBAIJAN*
 - ARMENIA*
 - GEORGIA*
 - PEOPLE'S REPUBLIC OF CHINA*
 - JAPAN*
 - REPUBLIC OF KOREA
 - TAIPEI, CHINA
 - HONG KONG, CHINA
 - PEOPLE'S REPUBLIC OF CHINA*



ADB's Climate Change Strategy

Strategy 2030 sets ADB's course on how best to respond to Asia and Pacific's changing needs



7 Operational Priorities



Addressing remaining poverty and reducing inequalities



Accelerating progress in gender equality



Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability



Making cities more livable



Promoting rural development and food security



Strengthening governance and institutional capacity



Fostering regional cooperation and integration

➔ Committed to mobilizing **\$100 billion in climate finance** cumulatively from 2019 to 2030; **75% of committed operations** to support climate change mitigation and adaptation by 2030

➔ **Full alignment of ADB's sovereign operations with the goals of the Paris Agreement** by 1 July 2023, and nonsovereign operations to 85% by 1 July 2023 and fully by 1 July 2025

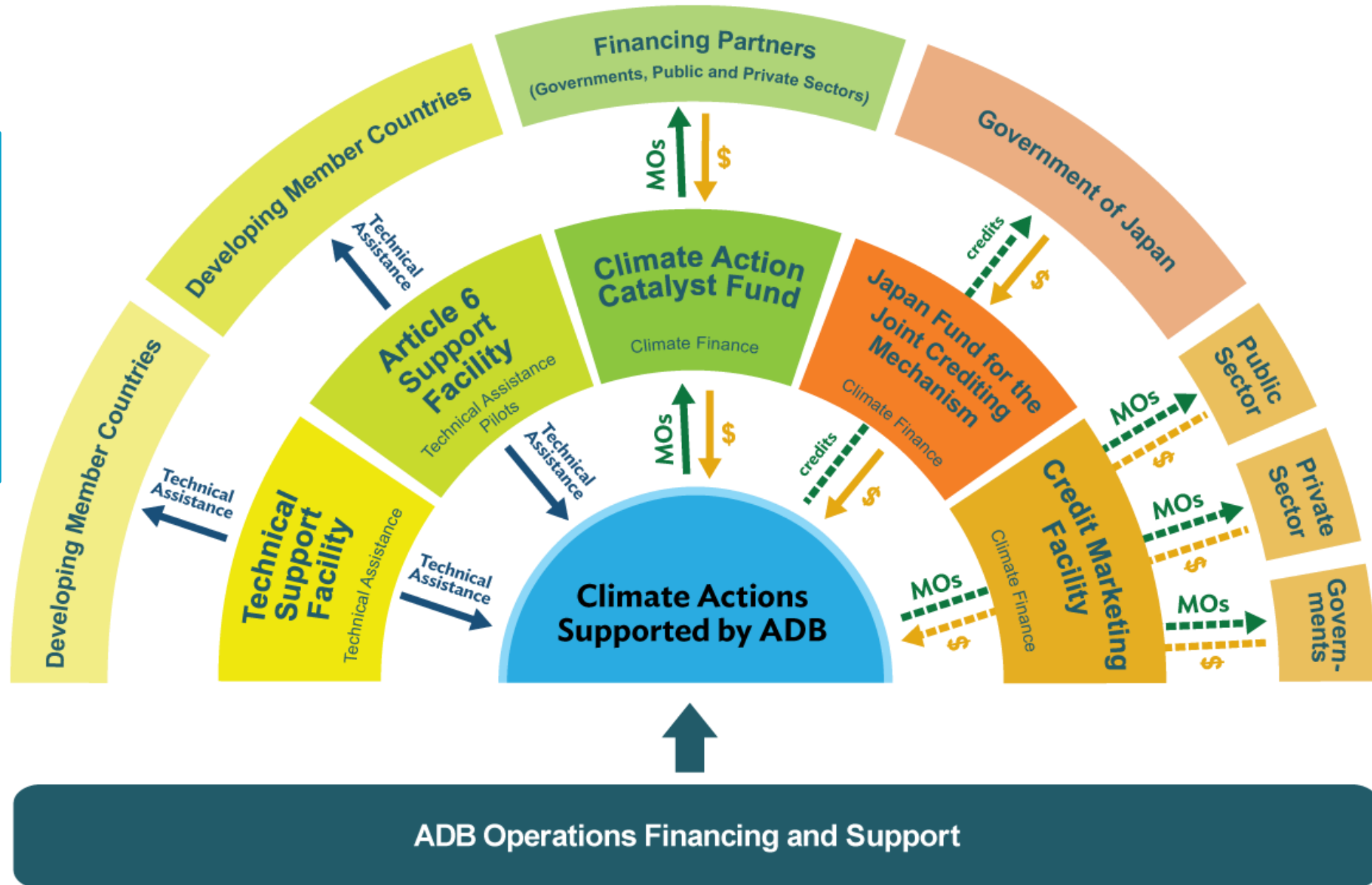
2021



Release of updated Energy Policy.

In October 2021, ADB's new **Energy Policy** was approved that promotes a low-carbon transition across Asia and the Pacific

- ❖ Carbon Finance
- ❖ Technical Support
- ❖ Capacity Building
- ❖ Knowledge Support



ADB's Carbon Market Program 2.0

Article 6 Support Facility

The **US\$ 5 Million** Article 6 Support Facility provides **technical, capacity building, and policy development support** to ADB's developing member countries to **enhance their capacity and preparedness to participate in post-2020 carbon markets** envisaged under the framework of Article 6 of the Paris Agreement.

PROVIDE TECHNICAL AND CAPACITY BUILDING SUPPORT



Policy
Development



Article 6
Pilots



Institutional
Infrastructure

In country support for **Bhutan, Indonesia, Mongolia, Pakistan, Philippines, Thailand and Viet Nam** (at different stages of progress)

- ❖ ADB Roundtable on Article 6
- ❖ Regional Training Program on Climate Policy, Carbon Pricing, Carbon Markets, and Article 6
- ❖ Regional Dialogue on Carbon Pricing (REdiCAP)
- ❖ ADB Training Program on Article 6 Piloting
- ❖ ADB-V20 Workshop on Carbon Pricing

Article 6 Support Facility Regional Work



Article 6 Support Facility Fostering Regional Cooperation

Regional Training on Carbon Pricing

Climate Policy

Carbon Pricing

Carbon Markets

Article 6



Regional Dialogue on Carbon Pricing (REdiCAP)

- ❖ Organized together with UNFCCC and other partners.
- ❖ Platform for countries to discover and discuss the benefits of carbon pricing, the challenges, tools and best practices.
- ❖ Knowledge sharing on the linkages between carbon pricing, NDCs and potential/opportunities to meet targets under their respective NDCs.

ADB Roundtables on Article 6

- ❖ Knowledge exchange among countries to contribute to the development of new carbon markets under Article 6.
- ❖ Facilitates discussion among the participants to build deeper understanding of the technical options and key issues for the ongoing international negotiations.
- ❖ Explores the possibilities of establishing a Regional Carbon Market Alliance, its mode of work, areas of cooperation and governance.

Lessons Learnt:

1. Contextual Differences Between Countries Need
2. Addressing NDC Alignment is key for regional collaboration
3. Institutional and Infrastructural capacity is lacking
4. Information Exchange and learning from each other is highly valued within DMCs

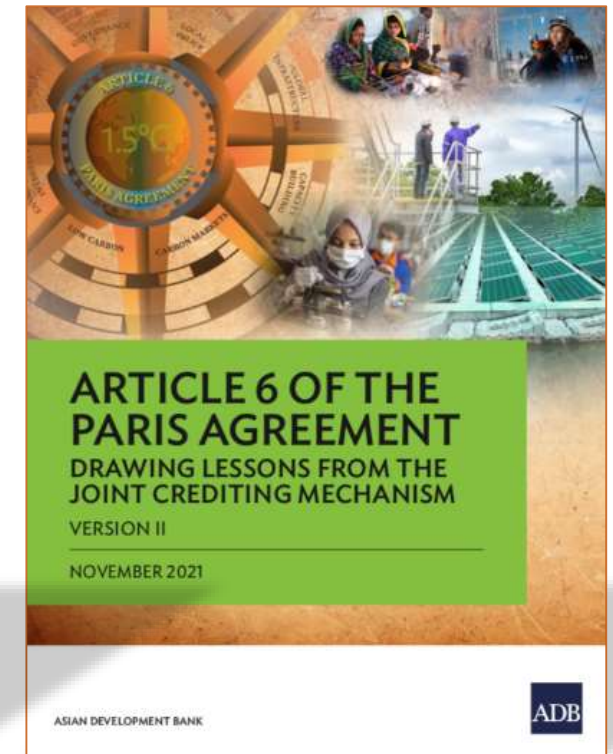
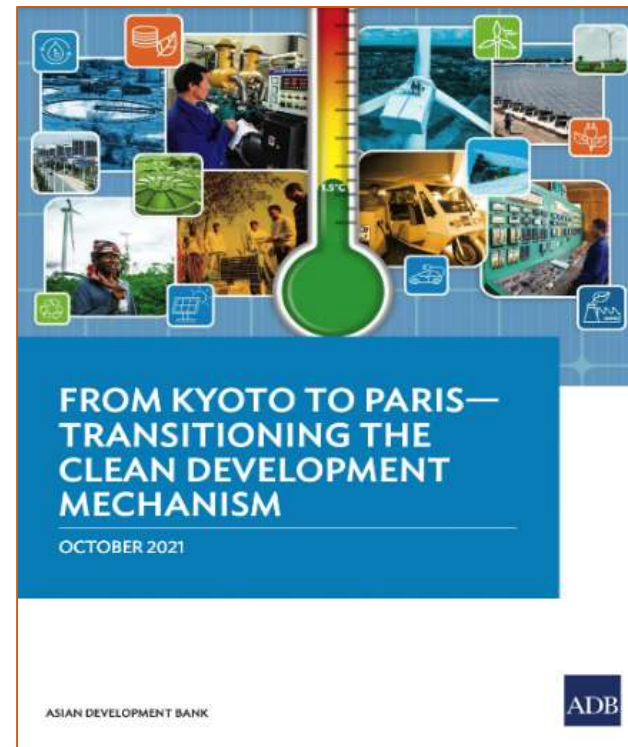
CDM Transition

- The publication aims to increase knowledge and understanding of CDM transition along with its relevance to economies in the Asia and the Pacific.
- Along with transition scenarios, it provides insights on host country considerations and challenges to build on existing knowledge to partake in Article 6.

Joint Crediting Mechanism

- The publication examines the alignment of the JCM with the requirements under Article 6.2 on the framework, national, and project levels.
- Policymakers can heavily build on existing infrastructure for JCM to partake in Article 6.2

ADB Thought Leadership on CDM Transition and Article 6



Article 6 Support Facility In-Country Work



Bhutan, Indonesia, Mongolia, Pakistan, Philippines,
Thailand and Viet Nam (at different stages of progress)

**VIET NAM**

- Identification and evaluation of options for piloting mitigation actions under Article 6 considering national climate plans and policies, NDC and ongoing and planned activities in specific sectors;
- Preparation of a roadmap for a selected Article 6 pilot mitigation action.

**THAILAND**

- Development of registry system for Article 6
- Feasibility study and methodology development for pilot activities
- Capacity-building for 3rd-party entities/DOEs

**INDONESIA**

- Development of a policy framework to operationalize Article 6 and its linkage to the domestic carbon markets
- Development of a framework for the inclusion of the Sustainable Development Goals (SDG) in the implementation of Article 6 and other climate finance instruments
- Piloting new mechanisms under Article 6
- Implementation of key infrastructure and systems for MRV and GHG accounting of mitigation actions through the development of operational guidelines for validation, MRV, accounting and certification of mitigation actions and enhance technical capacity

**MONGOLIA**

- Development of a strategy including a policy framework to operationalize Article 6
- Identify priority sectors and evaluate potential options for using cooperative approaches under Article 6 in selected sectors.
- Piloting mitigation actions under Article 6 of the Paris Agreement
- Develop key infrastructure and systems for accounting mitigation outcomes

Article 6 Support Facility

Key Lessons

Promote Inter-Ministerial Coordination

Build on Existing Infrastructures and Institutions

Align Article 6 ambitions with NDC and LTS

Shift from Awareness Building to Implementation

Ensure Synergies with Climate Policy Toolbox

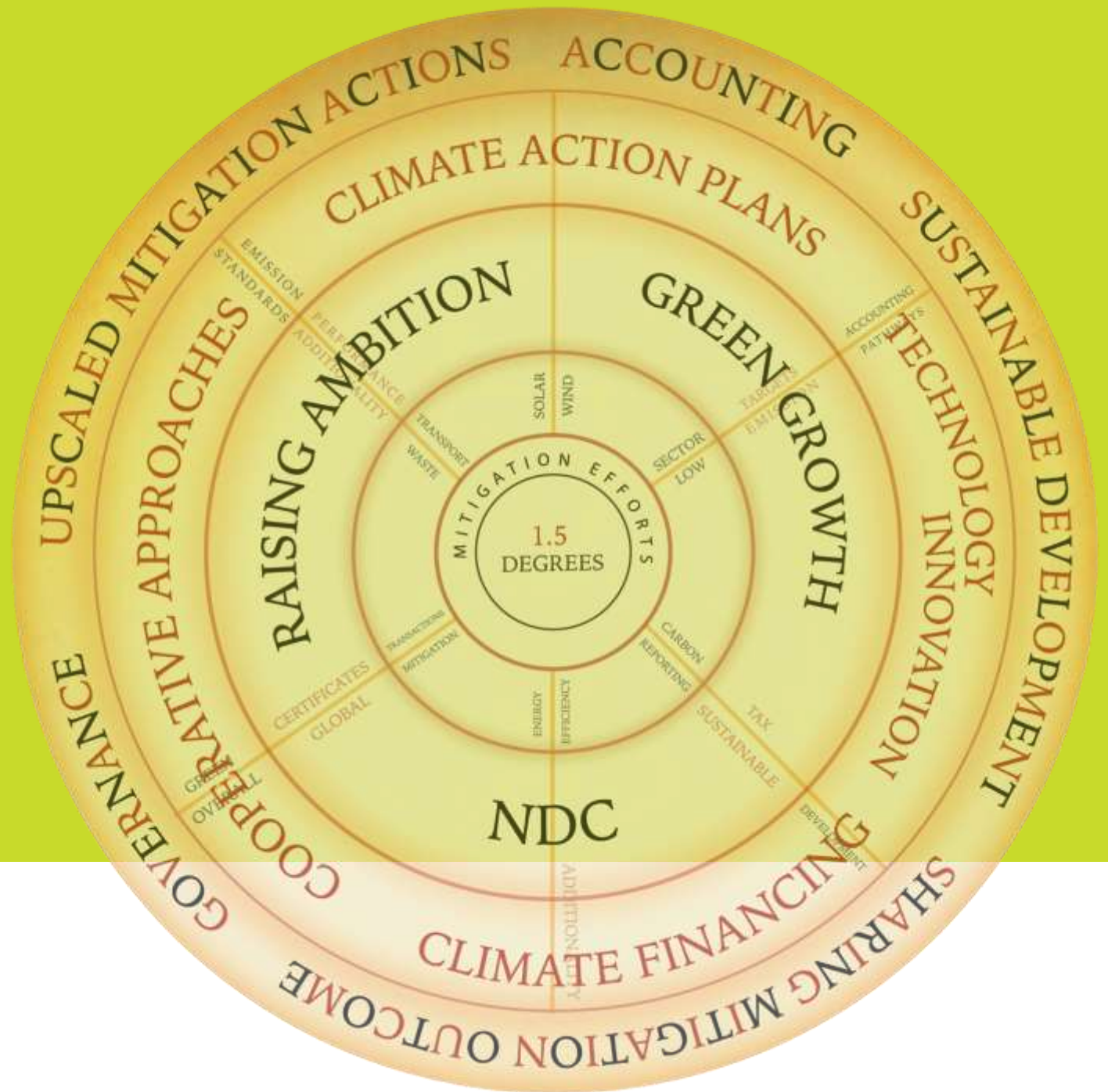
Build Stakeholder Consensus (including private sector)



Note: The image above is being used for illustrative purposes. The report is not a publication and was shared directly to the relevant counterparts.



Thank you!



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ADB's Carbon Market Program

Mobilizing carbon finance for incentivizing investments in low-carbon technologies

ADB

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Future Carbon Fund

- \$115 million Trust Fund to purchase post-2012 CERs
- Commenced operations in 2009
- Funding from 4 Sovereign and 2 private sector entities in Asia and Europe
- Providing \$53.7 million worth of carbon finance to 33 GHG mitigation projects
- Purchased 8.76 million post-2012 CERs from projects hosted in 10 DMCs
- Supports 1.1GW renewable energy projects
- To be closed in 2023

Japan Fund for the Joint Crediting Mechanism

- Commenced in June 2014
- Provides grants for advanced low-carbon technologies in ADB-financed and administered projects utilizing the Joint Crediting Mechanism initiated by Japan
- **\$88.46 million** contributed by the Government of Japan
- Supports five mitigation activities in **Maldives, Bangladesh, and Mongolia** allocating \$31.48 million

Article 6 Support Facility

- Established in 2018
- Provides technical, capacity building, and policy development support to enhance DMC's preparedness to participate in new carbon markets envisaged under the framework of Article 6
- **\$5 million** facility funded by ADB and the governments of Germany and Sweden
- Supports **Bhutan, Indonesia, Mongolia, Pakistan, Philippines, Thailand and Viet Nam.**

Technical Support Facility

- Established in 2006 and implemented through a series of 6 TA projects, with a cumulative amount of \$13.20 million
- Funded by the governments of Austria, Finland, Japan, Luxembourg, Republic of Korea, Spain, and Switzerland
- Support DMCs in enhancing the financial viability of mitigation actions through carbon markets
- Provide technical and capacity building support for DMCs to pursue, international, bilateral and domestic carbon markets
- Currently promoting life cycle management of fluorocarbons in selected DMCs

Climate Action Catalyst Fund

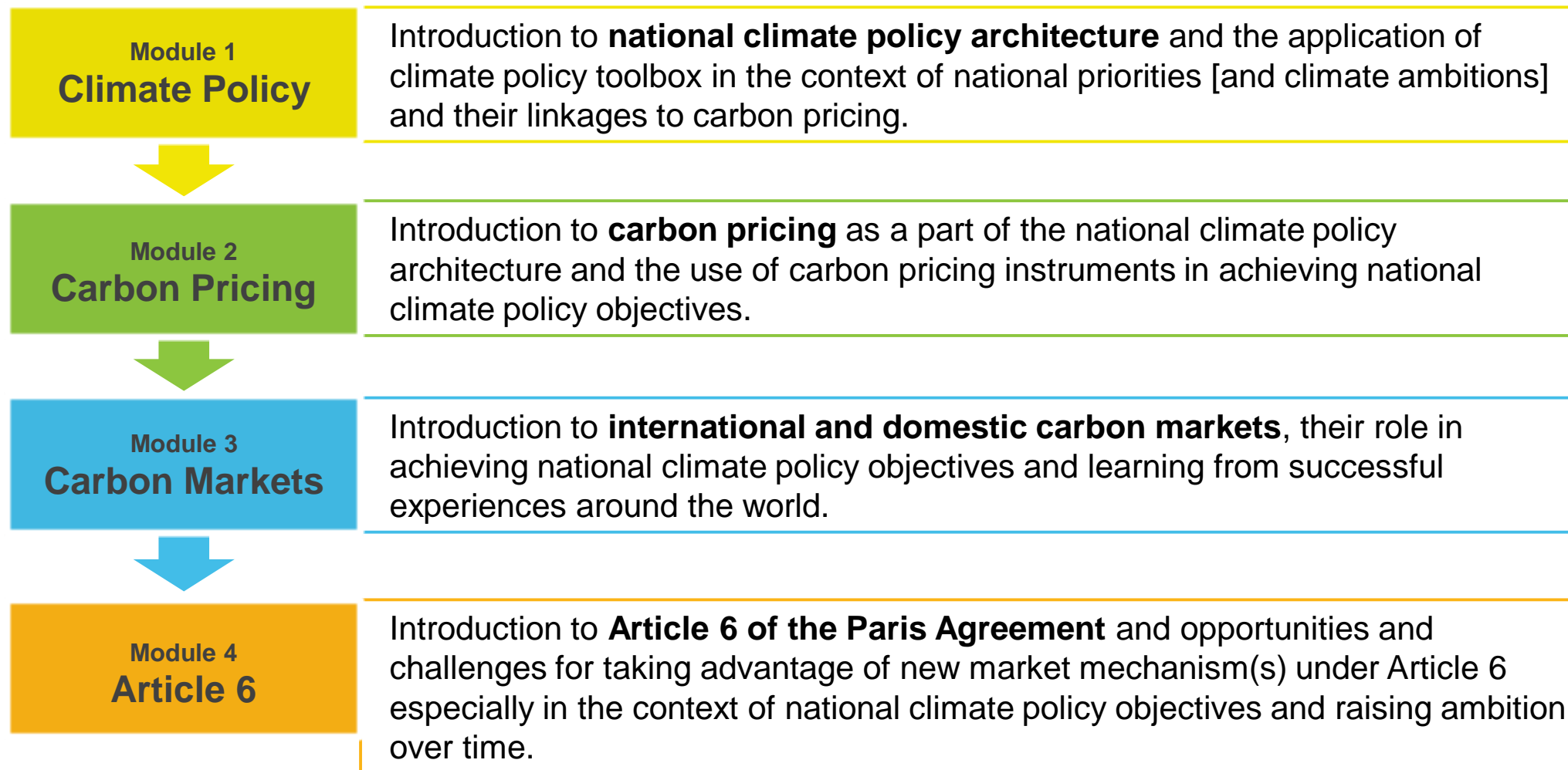
- **New carbon fund** to mobilize carbon finance to purchase carbon credits under Article 6 of the Paris Agreement
- **\$100 million plus** to support DMCs in achieving NDC commitments cost effectively and raising ambition over time
- Will support a diverse range of **transformative actions** including projects, programs, and scaled-up activities such as sectoral and policy interventions

Article 6 Support Facility



Article 6 Support Facility

Regional Training on Carbon Pricing



This 4-module training program is also being offered to individual DMCs as a national training under each country work plan

Article 6 Support Facility

ADB Roundtable on Article 6

- ❖ Knowledge exchange among countries to contribute to the development of new carbon markets under Article 6.
- ❖ Facilitates discussion among the participants to build deeper understanding of the technical options and key issues for the ongoing international negotiations.
- ❖ In 2021, the ADB Roundtable focused on exploring the fundamental aspects of establishing a Southeast Asia Carbon Market Alliance, its mode of work, areas of cooperation and governance.



Article 6 Support Facility

ADB Roundtable on Article 6 - Regional Carbon Market Alliance

- ❖ Explores possibilities of establishing a Regional Carbon Market Alliance - discuss fundamental aspects such as mode of work, areas of cooperation and governance
- ❖ Driven by the need to create common standards, share infrastructure, and develop a vigorous hub in carbon market services - leading to increased efficiency
- ❖ Key activities of the Alliance can include:
 - ✓ capacity building such as training programs and roundtable discussions
 - ✓ country-specific market readiness support, and the
 - ✓ development of Article 6 pilots.



Article 6 Support Facility

Regional Dialogue on Carbon Pricing (REdiCAP)

- ❖ Organized together with UNFCCC and other partners
 - ❖ Platform for countries to discover and discuss the benefits of carbon pricing, the challenges, tools and best practices.
 - ❖ Regional Dialogue for Central Asia and South East Asia
-
- ❖ Knowledge sharing on the linkages between carbon pricing, NDCs and potential/ opportunities to meet targets under their respective NDCs.



Article 6 Support Facility

Workshop on Piloting Article 6 of the Paris Agreement

- ❖ Attended by line ministries and other stakeholders in Viet Nam and Indonesia
- ❖ Provided an introduction on the key concepts of carbon crediting and an overview of activities being considered as Article 6 pilots
- ❖ Introduced a roadmap for DMCs to establish a strategy for Article 6 and engage in pilot activities
- ❖ Presented ideas on how to screen potential pilot activities, key considerations, and roles and responsibilities of key actors

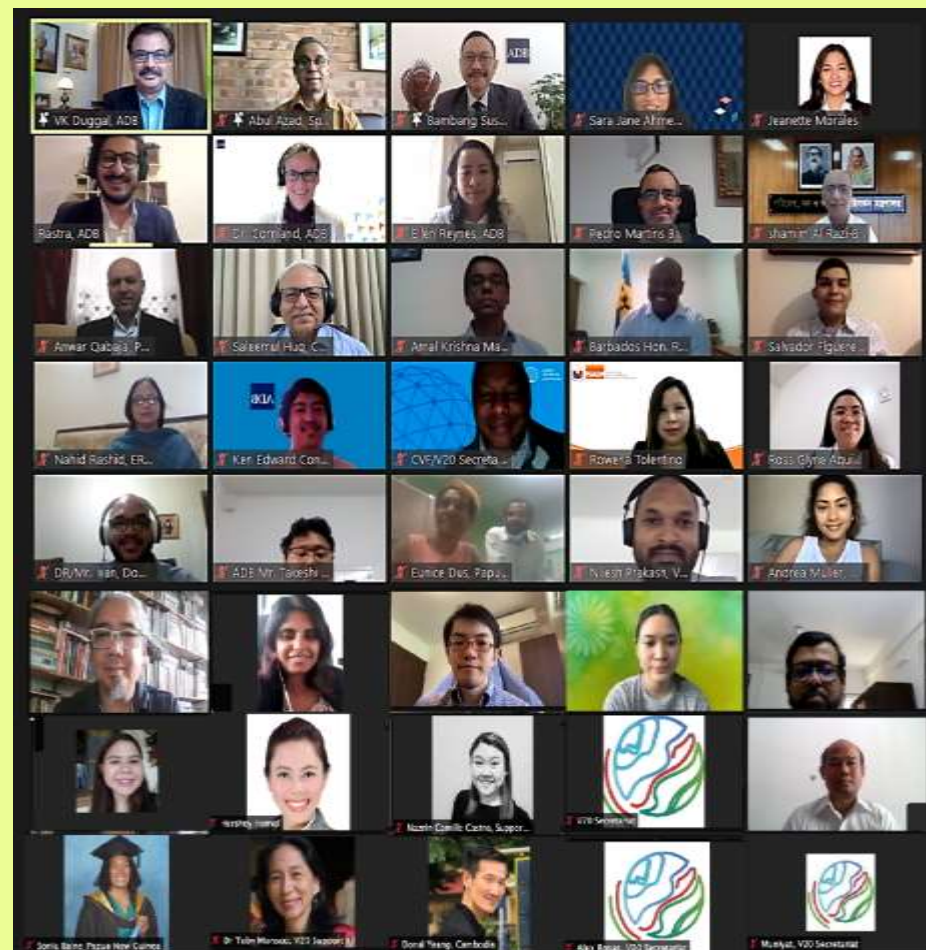
ADB Workshop on Piloting Article 6 of the Paris Agreement



Article 6 Support Facility

ADB Workshop on Carbon Pricing for V20 Countries

- ❖ Highlighted the role of carbon pricing in achieving both a green recovery from the COVID-19 pandemic and the Paris climate goals
- ❖ Highlighted that V20 countries have access to a wide array of policy instruments including carbon pricing to support climate resilient infrastructure
- ❖ Facilitated requisite deliberations in the lead up to COP26 where the Rulebook on Article 6 of the Paris Agreement is likely to be finalized
- ❖ Carbon Pricing Workshop for V20 Countries in Asia and the Pacific, April 2021



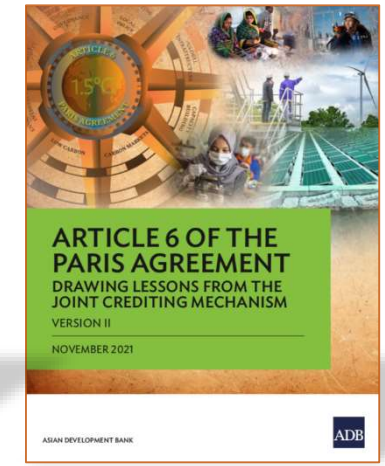
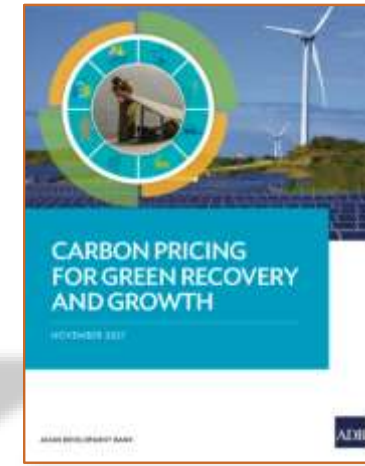
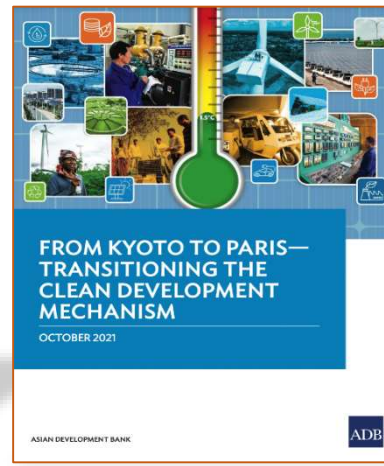
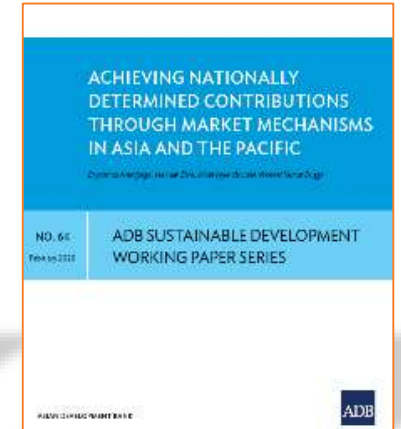
Article 6 Support Facility

ADB Workshop on Carbon Pricing for SIDS

- ❖ Highlighted the role of carbon pricing in achieving both a green recovery from the COVID-19 pandemic and the Paris climate goals
- ❖ Underscored the importance of making well informed country specific choices of carbon pricing instruments
- ❖ Provided participants with knowledge on the latest state and trends of carbon pricing, and how it can be an effective instrument as a new source of public revenue to shape economy level climate actions as part of the broader climate policy toolbox to achieve climate targets articulated under their respective NDCs and raise ambition over time
- ❖ Carbon Pricing Workshop for Small Island Developing States, Sep 2021



ADB's Article 6 Support Facility Knowledge Products – Thought Leadership



Links to these publications are available at: <https://www.adb.org/projects/50404-001/main#project-documents>

Climate Action Catalyst Fund (CACF)

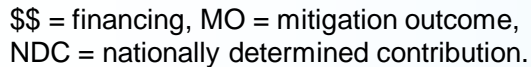


Climate Action Catalyst Fund (CACF)

Fund At A Glance

Fund Size	\$100 million plus
Financing Partners	Any national/sub-national government or its agencies or any public/private-sector entity from ADB member countries
Minimum Commitment	\$10 million per Financing Partner
Fund Management	Multiple-partner trust fund managed by ADB as the Trustee. Fund operations and management to be carried out by a Fund Manager supported by a Fund team.
Fund Governance	Partner-governed trust fund with a two-tier governance structure: Governing Council — provides strategic guidance and approvals Fund Board of Directors — approves investment and operational procedures.
Fund Life	Fund Commencement Date: 1 July 2022 Fund Subscription Date: 31 December 2023 Fund Operating Period*: 1 July 2022 to 31 December 2033 Fund Closing Date: 31 December 2035

**The Fund Operating Period is subject to extension*

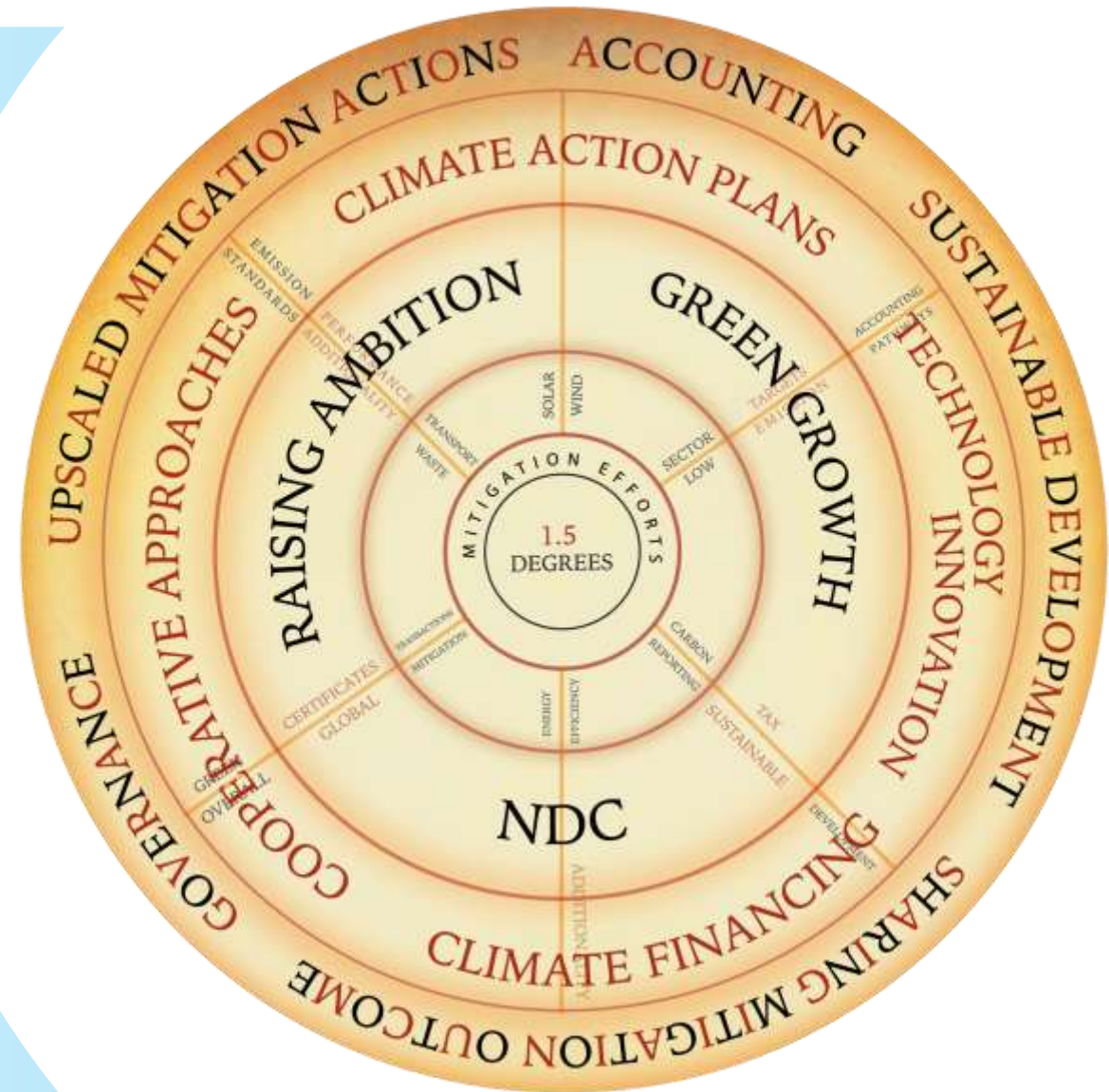


CACF Objectives

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The Fund is intended to:

- ❖ Catalyze **voluntary cooperation** under Article 6, amongst ADB member countries, to support achievement of their **NDC targets** and **raising ambition** over time;
- ❖ Mobilize carbon finance through the purchase of Mitigation Outcomes (MOs) to incentivize the deployment of **low-carbon technologies** in ADB's DMCs;
- ❖ Help Financing Partners meet their **compliance targets** and/or fulfil **other purposes** by purchasing MOs from a **diverse portfolio** of projects, programs, and scaled-up activities **supported by ADB**; and
- ❖ Facilitate carbon finance to support **Mitigation Actions** and provide **sustainable development co-benefits** in ADB's DMCs.



Japan Fund for the Joint Crediting Mechanism (JFJCM)



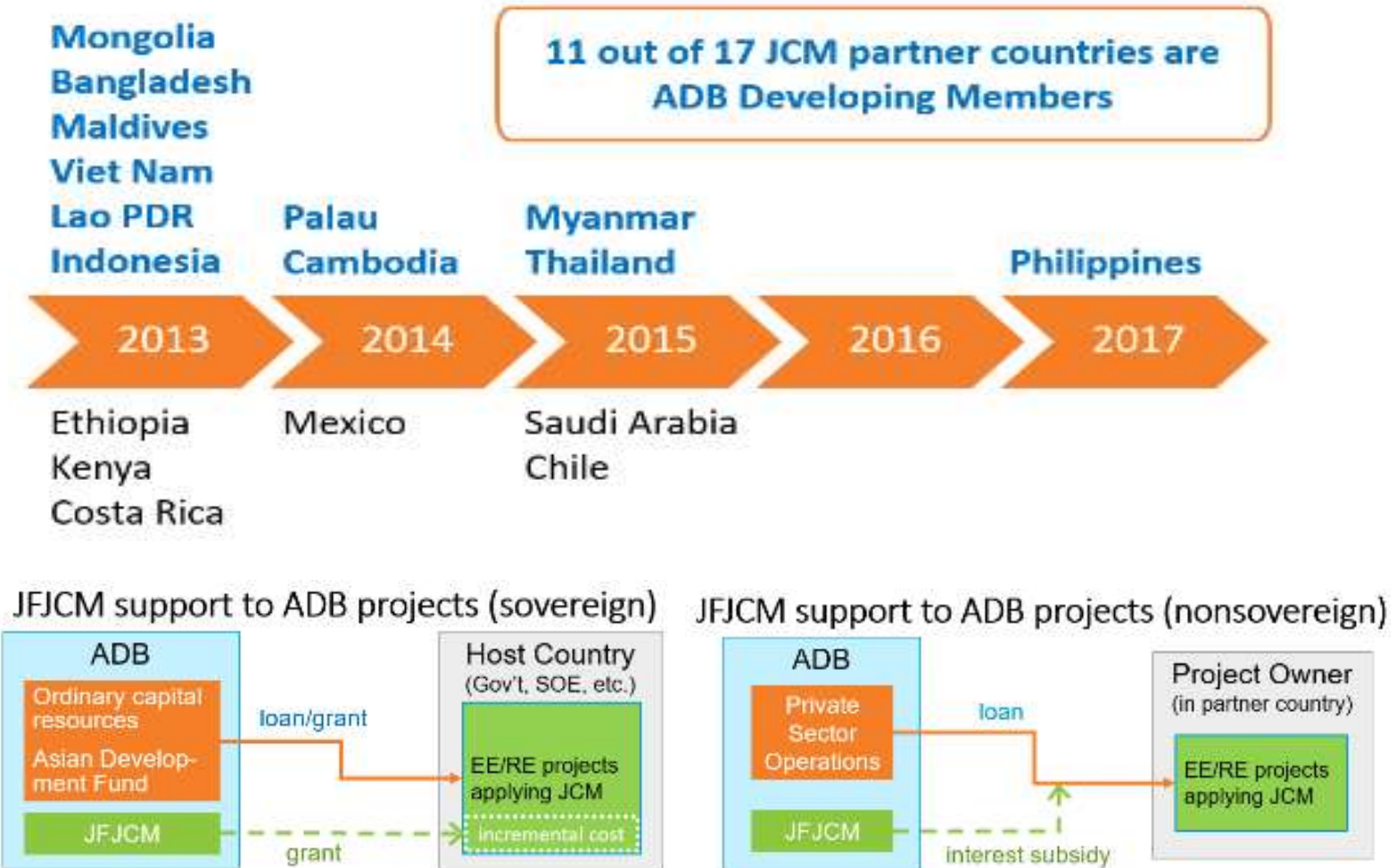
Japan Fund for the Joint Crediting Mechanism

Overview	
Established	June 2014
Funding	\$88.46 million contributed by the Government of Japan
Objective	JFJCM provides financial incentives (grants) for adopting advanced low-carbon technologies in ADB-financed and administered projects
Support provided	<ul style="list-style-type: none"> • Grant to sovereign projects (max. \$10 million) • Interest subsidy to non-sovereign projects (max. \$10 million)
Project Portfolio	<p>➤ \$31.48 million committed to five JCM projects</p> <ol style="list-style-type: none"> 1. An advanced battery system and energy-management system for a renewable-energy project in Maldives 2. Energy-efficient transmission lines for a grid-expansion project in Bangladesh 3. A project for scaling up the renewable-energy sector (solar PV with an advanced battery system and EMS) in Mongolia 4. Energy efficient HVAC, high-insulation windows, rooftop solar PV and ground-source heat pump for a health sector project in Mongolia 5. Waste-to-energy (incineration) project for Greater Male capital region and its inhabited outer islands in Maldives
GHG emission reduction	The projects are estimated to reduce a total of 74,100 tCO ₂ e per year

Japan Fund for the Joint Crediting Mechanism

- ❖ Established in June 2014 as one of ADB's trust funds
- ❖ Contribution by Government of Japan: **\$88.46M** (2014-2021)
- ❖ Provides **financial incentives (grant)** for adoption of **advanced low-carbon technologies** in **ADB-financed projects** that use the Joint Crediting Mechanism (JCM)*
- ❖ Both **sovereign** and **non-sovereign** projects are eligible

*The JCM is a bilateral carbon market mechanism initiated by the Government of Japan.



JFJCM Case Study: Micro-grid Technology in Maldives

Project name	Preparing Outer Islands for Sustainable Energy Development Project
JFJCM grant	\$5 million
Technology supported	Advanced battery system and energy management system
Description	<p>On top of 1.6 MW of solar PV installed under the project, battery storage and EMS supported by JFJCM will:</p> <ul style="list-style-type: none"> ➤ Smooth out the fluctuation of solar PV generation ➤ Optimize diesel generator operation ➤ Integrate large amounts of renewables to the grid
Location	Addu, Maldives
Emission reductions	1.3 thousand tCO ₂ /yr (estimate)




Signing ceremony for the contract on battery system and EMS



Project Site / Source: Ministry of Environment and Energy, Maldives

ADB Methodology for Assessing and Reporting Sustainable Development Impacts of Climate Action



ADB Methodology for Assessing and Reporting Sustainable Development Impacts of Climate Action

FRAMEWORK

ADB Methodology to assess Sustainable Development Impacts of Climate Action

SD Impacts Dimension

Impact Areas

(5 indicators to assess each impact area)

Corresponding SDGs



Environment

Improves air quality



Improves land management and quality of terrestrial resources



Improves resource management and efficiency of resource use



Increases awareness of environmental and sustainability issues



Improves water quality and efficiency of water use



Avoids GHG emissions



Improves protection and conservation of natural resources



Social

Improves nutrition and food security



Increases availability of, and/or access to improved health-system facilities



Increases and makes access to basic resources and services more inclusive



Increases gender equality and empowerment of women



Supports and nurtures youth and marginalized groups



Facilitates community cohesion and social inclusion



Enhances capacity of adults for employment and promotes future skilling



Economic

Increases new investments



Improves living standards and promotes poverty alleviation



Increases access to employment and livelihood opportunities



Promotes inclusive economic prosperity and benefit sharing



Promotes local markets and local value chains



Supports development of physical infrastructure



Increases industrial and technological innovation



Energy



Transport



Industry



Waste



Agriculture



LULUCF

Sectors Covered