

SOP and OMGE in the AEF; reversal risk and risk category in AEF; emissions and removals in AEF

AOSIS

Workshop on Article 6

Session 6

SOP and OMGE

- Article 6 aims to increase mitigation and adaptation ambition
- Tools have been designed for this in our system
- 6.4 - Mandatory 5% SOP and 2% OMGE
- 6.2 - Parties and Stakeholders strongly encouraged to contribute resources to adaptation and to cancel toward OMGE
- Rules need to enable these contributions and account for them to avoid double counting
- AEF needs to acknowledge these contributions
- AEF need to be specific enough to capture these elements: cancellations for OMGE (20(a)); a broad category of cancellations for example would not be sufficient

7 June 2022

The Integrity Council for the Voluntary Carbon Market
info@icvcm.org

**RE: Aligning the IC-VCM's core carbon principles to the key elements
of the Article 6 guidance**

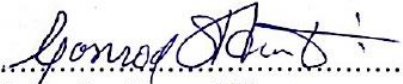
Dear IC-VCM Board members,


On behalf of the Alliance of Small Island States (AOSIS) and the Least Developed Countries (LDC) Group, we encourage the Integrity Council for the Voluntary Carbon Market (IC-VCM), following the conclusion of the Paris rulebook at COP-26, to look favorably upon including elements of Article 6 guidance from the rulebook: a 5% share of proceeds for adaptation (SOP) to the Adaptation Fund, a 2% cancellation rate to contribute to an overall mitigation in global emissions, avoiding double counting, and application of methodologies reflecting conservative baselines, as recommended best practices in the voluntary carbon market (VCM).

Recognizing the enormous challenges we face from climate impacts, AOSIS, the LDC Group and other Parties advocated for the carbon markets to generate additional resources for adaptation and to help close the 2030 mitigation gap and limit warming to 1.5-degrees. We believe the VCM can play a valuable role in this regard.

Alignment with Article 6 on these elements would not only benefit our countries, but also put the VCM in the vanguard of progressive instruments to tackle the climate emergency.

Sincerely,


.....
Ambassador Conrod Hunte
Lead Climate Negotiator
Antigua and Barbuda
Chair of AOSIS


.....
Madeline Diouf Sarr
Chair of the LDC Group
Republic of Senegal

**Analysis of options for determining OMGE,
SOP and Transition within Article 6**

Implications of policy decisions for international crediting
under the Paris Agreement



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Institut für Applied Energy

May 2021

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AEF needs to capture info on SOP and OMGE under both 6.4 and 6.2

- Contributions under 6.2 can be made in many ways and at many times
- Up front,
 - a Party can signal its intention to set aside a share of units/amounts for SOP and OMGE from all cooperative approaches – in authorization statement, initial report etc
 - A Party can signal its intention to set aside units/amounts for SOP and OMGE from certain cooperative approaches
- A particular cooperative approach can embed contributions to SOP and OMGE (e.g. bilateral agreement, Gold Standard, Verra) up front, or enable these over the course of time
- Also at any time, a Party or entity acquiring or holding units or amounts can be directed for SOP/adaptation and OMGE – must reflect in AEF and first transfer trigger must be ensured for amounts and units to avoid double counting.

- Contributions to SOP can be monetary or in units under para 37 and 39 – AEF needs to reflect this
- Tagging units from programmes that apply up front – to show contribution – AEF to capture tagging
- Tracking of SOP and OMGE (first transfer, cancellation etc) needed for TACCC
- AEF needs to enable summary of SOP and OMGE contributions (both mandatory and voluntary, across 6.2 and 6.4) for transparency

Emissions and removals; Reversal risk and risk category

- Categories of reversal risk needed
- Common nomenclature to indicate RR, and RR in AEF
- Emissions v removals in common nomenclature and in AEF