

INFORMATION NOTE

As of 17 August 2012

Workshop on the new market-based mechanism

I. Mandate and background

1. The Conference of Parties (COP) at its seventeenth session in Durban, South Africa, defined a new market-based mechanism, operating under the guidance and authority of the COP, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind the different circumstances of developed and developing countries, which is guided by decision 1/CP.16, paragraph 80, and which, subject to conditions to be elaborated, may assist developed countries to meet part of their mitigation targets or commitments under the Convention.
2. The COP requested the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) to conduct a work programme to elaborate modalities and procedures for the mechanism, with a view to recommend a decision to the COP at its eighteenth session. Parties and admitted UNFCCC observer organizations were invited to submit their views on these matters by 5 March 2012. The AWG-LCA was further requested to conduct one or more workshops with Parties, experts and other stakeholders, to consider the submissions received, including an in-session workshop during the first part of the fifteenth session of the AWG-LCA in Bonn in May 2012.
3. During the Bonn session, Parties had the opportunity at workshops and at meetings of an informal group to exchange views on the new mechanism. There was a general sense that these experiences, particularly the workshops, helped to foster greater technical understanding of the proposals that have been made in each area. There was also a sense that further discussion about the role of the new market-based mechanism in the context of the international climate system would be helpful, although the view that work on technical elements could proceed in parallel with consideration of this role was also expressed.
4. At the conclusion of the Bonn session, Parties proposed that the following steps would be useful in progressing the work before Doha: (a) to invite Parties and admitted observer organizations to submit to the secretariat, by 6 July 2012, further views on matters relating to the new market-based mechanism, including lessons learned, with suggestions for focused discussion; (b) to request the secretariat to prepare a technical paper, which draws from the information contained in submissions, the presentations and discussions at the workshops on various approaches that were held in conjunction with AWG-LCA 15, and the discussions at the meetings of the informal group on various approaches during AWG-LCA 15; and (c) to focus discussions through workshops, where possible.

II. Proposed approach

5. The workshop will be organized in two consecutive panels, each organized around a thematic area. After the opening of the workshop by the facilitator, and an introduction of the technical paper by the secretariat, the facilitator will pose questions for consideration by all participants. Panelists will be invited to intervene, followed by statements and questions from the audience. Panelists will be drawn from Parties (developed and developing) and observers.
6. The workshop is open for participation to Parties and observers. They are invited to come prepared to participate in the discussion around the questions prepared for each panel.

6. A written workshop report will be prepared by the facilitator of the workshop with the assistance of the secretariat.

III. Panels and thematic areas

Panel 1: Scope and participation

7. The objective of this panel will be to identify and discuss options for defining the type of activities that could be eligible under the new market-based mechanism, and to discuss conditions for hosting and benefitting from outcomes from such projects.

8. Panelists will be drawn from Parties (developed and developing) and observers, including business and environmental organizations

9. The moderator will briefly introduce the topic of discussion, focusing on Parties' submissions in relation to the following questions:

- How can the activities eligible under the new market based mechanism be defined in terms of types of sectors, activities or products, or other types of eligibility criteria? Can the range of different types of activities/programmes, proposed by parties, all be accommodated under the same mechanism?
- What would be the conditions for a country to host an activity under the new market based mechanism, and what would be the conditions for other countries to benefit from outcomes of the project (for example in case offset credits would be generated)?
- What are the pertinent similarities and differences between the existing KP mechanisms (CDM, JI, and IET) and the new market based mechanisms? Is there scope for adopting/adapting elements from CDM and JI to support the development of the new market based mechanism?

10. The panel will be invited to react to this introduction, after which a moderated discussion with panelists and workshop participants will follow.

Panel 2: Accounting and unit tracking

11. The objective of this panel will be to review different options for establishing baselines and targets, for measuring the impact of activities under the new market-based mechanism, and to safeguard against double counting of efforts.

8. Panelists will be drawn from Parties (developed and developing) and observers, including business and environmental organizations

12. The moderator will briefly introduce the topic of discussion, focusing on Parties submissions in relation to the following questions:

- How can it be ensured that double counting (of emission reductions or finance) does not occur between the new market based mechanism, the framework for various approaches, the KP mechanisms, NAMAs, the green climate fund and other relevant tools and mechanisms?
- To what extent can the International Consultation and Analysis, (ICA) and the International Assessment and Review (IAR) processes be used to support the unit accounting in the new market-based mechanism?
- How can the reference point (baseline) for net mitigation be established for activities under the new market based mechanism? To what extent should such baselines take into account the local situation in a sector/country/type of activity and how often should such baselines be updated?

- What type of reporting and review of the impact of individual activities should be required to confirm achieved emission reductions and/or to issue emission reduction units? Who should be authorized to undertake this and based on what type of standards?

13. The panel will be invited to react to this introduction, after which a moderated discussion with panelists and workshop participants will follow.

IV. Date and venue

15. The workshop will take place on Friday 31 August 2012, during the informal additional session of the AWG-LCA to be held in Bangkok, Thailand. The venue and the exact timing will be announced in due course.