



Designated Operational Entities
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Subsidiary Body for Scientific and Technological Advice

By email

secretariat@unfccc.int

Subject **Guidance on cooperative approaches referred to in Article 6, paragraph 8, of the Paris Agreement**

Within the scope of developing the future framework for climate action, the D.I.A. welcomes the opportunity to respond to the invitation by the Subsidiary Body for Scientific and Technological Advice to submit views on the guidance on cooperative approaches referred to in Article 6, paragraph 8, of the Paris Agreement.

In our capacity as the voice of engaged Designated Operational Entities and Independent Entities we would like to direct the attention to issues of special relevance for our member organisations which can refer to more than a decade of direct involvement in validation and verification of activities registered under the CDM or JI.

We trust that our views expressed are helpful to continue and further expand the valuable activities of the SBSTA. We are looking forward to further contributing on this matter.

Kind regards,

Werner Betzenbichler
General Manager

Rainer Winter
President

The Designated Operational Entities and Independent Entities Association (D.I.A.) is registered as an association in Geneva, Switzerland, creating a collective voice to represent the interests of companies auditing greenhouse gas (GHG) emission reduction projects in international carbon markets. The purpose of D.I.A. is to be an independent, not-for-profit organization dedicated to the development and establishment of effective processes and criteria for, and related to, the determination, validation and verification of emission reduction and sequestration projects and to represent the members at relevant bodies that administer the various GHG programmes that accept UNFCCC accredited bodies to carry out determination and validation or verification services.

Article 6

8. Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their nationally determined contributions, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity building, as appropriate. These approaches shall aim to:

(a) Promote mitigation and adaptation ambition;

(b) Enhance public and private sector participation in the implementation of nationally determined contributions; and

(c) Enable opportunities for coordination across instruments and relevant institutional arrangements.

Article 6.8 promotes a variety of actions that may assist Parties in implementing their NDCs. This includes activities like finance, technology transfer and capacity building. Donors of such activities may frequently apply result-based payment systems. Then, a core requirement will be robust regulations on MRV to be applied for all elements of such approaches. When referring to the tracking of a variety of initiatives and actions it is necessary to keep in mind that MRV results are only comparable if a global standard is applicable.

In retrospect, the success story of the Clean Development Mechanism (CDM) was based essentially on well-operating DOEs. Both aspects, the bottom-up start of the CDM and related criticisms, emerged from unprecedented level of transparency in handling project documents. It is considered as an essential asset that – while implementing activities in more than hundred countries – oversight and efficient control has been enabled by a single accreditation scheme under the governance of UNFCCC.

The quantum of emission reductions expected under the Paris Agreement calls for new mechanisms that are equally credible and transparent. For the international co-operation on mitigation activities, the role of DOEs or the function of independent verification has to be re-defined. Not only markets as we have known so far from the Kyoto mechanisms, but also other ways of cooperation like those under Article 6.8 require a high degree of reliance and environmental integrity. The voluntary co-operative action under Article 6 of the Paris Agreement (PA) is substantially different from the action under Articles 6 and 12 of Kyoto Protocol (KP). Independent verification will remain crucial for any program which intends to operate on basis of result-based payments.

The members of the D.I.A. have, through validation/verification of project activities and programme of activities for the CDM & JI schemes gathered collective expertise under the Kyoto Protocol that could be put to use while creating the modalities and procedures under the Paris Agreement. The D.I.A. believes that our members can play a greater role under the Paris Agreement which could include:

- Verification of the Nationally Determined Contributions (NDC) made by the Parties under the Paris Agreement
- Verification of mitigation measures instituted by public and private entities authorised by the Parties

- Validation of low greenhouse gas emission development strategies
- Verification of actions for results based payments
- Verification of sustainable development indicators
- Verification of adaptation measures

In order to build the new transparency and tracking framework for the long term, it is necessary to take quick action from now to the entry of force of the Paris Agreement and help climate actors to face the challenge it brings to them: to be more transparent about their climate actions than ever before. Work on this will necessarily start considering the previous collective experience delivered from the current UNFCCC MRV approach and the existing modalities and procedures developed along the years for the flexible mechanisms, including the positive and negative lessons learnt. We consider it as essential asset to work under a single accreditation scheme established by the UNFCCC.

In order to achieve the highest level of mutual trust and credibility, it is essential for the assessment of the present and future initiatives to:

- develop clear accountability procedures and methodologies, which are applicable globally, to obtain comparable reports on progress and final information;
- implement the necessary flexibility towards developing countries which had never been subject to this level of scrutiny before;
- implement a clear verification system that delivers transparent results to be used by Party and non-Party stakeholders.

It would be necessary to develop specific methodologies and procedures for accountability, tracking and verification that deliver transparent information about the actual achievement of commitments. Provisions to avoid double counting would be essential in this scheme in order to ensure the possibility of a common accountability system along with national results.

The fact of simultaneous developments at various regions and economies as well as by various actors put a high risk with regard to the comparability of results and in meeting the objective of generating a transparent and reliable set of climate actions. Thus it is considered as an issue of high urgency to find common metrics, modalities and procedures in MRV. We hope that the SBSTA follows our point of view that these aspects need to be discussed at an early stage.

Furthermore, we want to direct attention to the fact that the recent gap in demand on MRV activities in ghg accounting on project, sectoral or national level results in a draining of resources and capabilities of entities engaged in that business. In order to expand the recent demand, the DIA wishes as one of the pre-2020 action a full or limited recognition of the Certified Emission Reductions (CERs) achieved under the Kyoto Protocol (2013-2020), i.e. their acceptance under the to-be-developed modalities and procedures of the Paris Agreement coming to effect from 2020. Furthermore, it is recommended to have an early decision by CMP on the creation of a transfer regime for project activities under the CDM that might deemed being eligible to be recognized as action under any article of the Paris Agreement. Such a process might foster pre-2020 action which could seek CDM registration in the meantime. It would also deliver an excellent tool to preserve the established working infrastructure at UNFCCC secretariat and at our member organisation until implementation of the Paris Agreement becomes effective.

We support:

- ✓ the development of a global standard on MRV and a single accreditation framework scheme under the governance of the UNFCCC;
- ✓ the instantaneous development of a transition scheme for CDM projects and CERS into the post 2020 markets including pre-2020 activities;
- ✓ the safeguarding of the integrity and the credibility of any emission mitigations claimed by Parties or private entities through the requirement of an independent and accredited verification.
- ✓ an early start of discussions on the need of a UNFCCC accreditation regarding the assessment of climate action;
- ✓ an awareness raising campaign in the context of MRV requirements under the Paris Agreement.

The proposals that the DIA supports have already been confirmed by representatives from the Parties in different Regions as it has been published by the UNFCCC Regional Collaboration Centers in the reports of the Regional Non-State actor dialogues on Article 6 held in the last few months. The conclusions, as published, show:

- ✓ That the “non-market approach” does not mean that it is not subject to verification.
- ✓ That quantification of outcomes is necessary for transparency and that quantification methodology is a challenge.
- ✓ That environmental additionality is required to avoid double-counting.