



INFORMATION NOTE

Workshop on the New Market-Based Mechanism

Tuesday 8 October
World Conference Center Bonn
Platz der Vereinten Nationen 2, 53113 Bonn

I. Date

1. The workshop will take place on Tuesday 8 October 2013 from 9:00 - 18:15.

II. Mandate and background

2. The Conference of Parties (COP) at its eighteenth session in Doha, Qatar, requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to conduct a work programme to elaborate modalities and procedures for the mechanism defined in decision 2/CP.17, paragraph 83, with the view to recommending a draft decision to COP 19 for adoption. COP 18 also agreed on a number of elements that can be considered as part of the work programme.

3. Following the mandate by COP 18, SBSTA 38¹ requested the secretariat to organize a workshop to discuss the modalities and procedures for the new market-based mechanism (NMM) on the basis of a number of questions on its role and technical design in relation to the elements of the work programme. Parties and admitted UNFCCC observer organizations were invited to submit their views on these matters by 2 September 2013. The secretariat was requested to prepare a technical synthesis of relevant materials, including the submissions mentioned above and to make it available for the workshop and for consideration at SBSTA 39.

III. Proposed approach

4. The objective of the workshop is to provide an opportunity for discussion and interaction between Parties, experts and admitted observer organisations with the view to clarify and narrow down the options for the role and technical design of the NMM in order to facilitate focussed discussions at SBSTA 39 and possible decision-making at COP 19.

¹ FCCC/SBSTA/2013/3 (Report of SBSTA 38)



5. The technical synthesis provided as background information for this workshop contains a summary of the submissions by Parties and other relevant materials. It attempts to identify possible areas of convergence, areas for further discussion and options for decision-making. The submissions by Parties and admitted observer organizations are made available on the UNFCCC website for further reference.²

6. After the opening of the workshop by the co-facilitators and an introduction of the submissions and the technical synthesis prepared by the secretariat, the discussions will be clustered in six sessions, organized around thematic areas related to the elements of the work programme. A limited number of presentations are planned for each session in order to facilitate the discussions. After the presentations, the co-facilitators will pose the relevant questions on the role and technical design of the NMM which were proposed at SBSTA 38, and open the floor to all participants. Participants are invited to come prepared to focus their discussions around the questions for each session, as specified in Section IV.

7. At the end of the workshop, the co-facilitators will invite participants to exchange views on options for the way forward in Warsaw and will wrap up the discussions. The informal summary of the co-facilitators will be made available on the UNFCCC website. A written report will be prepared by the secretariat and will be made available for consideration at SBSTA 39.

IV. Questions corresponding to specific agenda items

This section contains an overview of the relevant elements of the SBSTA work programme to elaborate the modalities and procedures for the NMM, the corresponding questions from the SBSTA 38 conclusions and the related agenda items.

9:30 – 10:30
arrangements

Options for the scope, purpose and institutional

NMM Element/SBSTA 38 Questions	Reference
Operation under the guidance and authority of the COP	1/CP.18, 51. (a)
<i>How should the COP exercise its guidance and authority over the NMM?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(a)
<i>What should the role of the UNFCCC be in relation to the individual Parties that implement the NMM?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(a)

² http://unfccc.int/cooperation_support/market_and_non-market_mechanisms/items/7551.php



<i>In which aspects is the NMM different from existing market-based mechanisms?</i>	FCCC/SBSTA/2013/3 Paragraph 173.(a)
<i>Is there a relationship between a Party's level of mitigation ambition and its use of the NMM and, if so, what is the appropriate relationship?</i>	FCCC/SBSTA/2013/3 Paragraph 173.(b)
<i>What are the links between the NMM and other relevant matters under the Convention and its instruments?</i>	FCCC/SBSTA/2013/3 Paragraph 173.(c)
<i>How can the consistency of the NMM with the objective, principles and provisions of the Convention, with the science of climate change and with environmental integrity be ensured?</i>	FCCC/SBSTA/2013/3 Paragraph 173.(d)
<i>What should the institutional arrangements for the NMM be?</i>	FCCC/SBSTA/2013/3 Paragraph 173.(a)
<i>What measures can be taken to ensure the good governance of the NMM?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(o)
<i>What should be the role of the implementing Party in the operation of the NMM?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(n)
Voluntary participation of Parties in the mechanism	1/CP.18, 51. (b)
<i>How should this (voluntary participation) be ensured?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(b)
<i>How can the NMM incentivize wider Party participation?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(b)
Supplementarity	1/CP.18, 51. (h)
<i>Should this be defined and ensured and, if so, how?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(h)
The promotion of sustainable development	1/CP.18, 51. (j)
<i>How can the NMM promote this (sustainable development)?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(j)

10:45-11:45

Options for the NMM modalities and procedures

Under this agenda item participants may wish to consider the options for and the structure of the NMM modalities and procedures.



11:45 – 12:45 **Means to stimulate mitigation across broad segments of the economy and on facilitation of the effective participation of the private sector**

NMM Element/SBSTA 38 Questions	Reference
Means to stimulate mitigation across broad segments of the economy, which are defined by the participating Parties and may be on a sectoral and/or project-specific basis	1/CP.18, 51. (e)
<i>What are examples of such segments?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(e)
<i>How should the NMM stimulate mitigation within them?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(e)
<i>On what basis should the participating Parties define them?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(e)
The facilitation of the effective participation of private and public entities	1/CP.18, 51. (k)
<i>How should the NMM facilitate such participation?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(k)
<i>How can its incentives be structured appropriately?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(k)

14:00 -15:00 **Criteria for accurate and consistent recording and tracking of units**

NMM Element/SBSTA 38 Questions	Reference
Criteria for the accurate and consistent recording and tracking of units	1/CP.18, 51. (f)
<i>What are these criteria?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(f)
<i>How should they be applied?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(f)



<i>What technical systems need to be in place?</i>	FCCC/SBSTA/2013/3 Paragraph 5.(f)
<i>What lessons should be learned from other experience, including under the Kyoto Protocol?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(f)

15:00-16:30 **Panel on experiences and lessons learned from existing approaches on standards to achieve mitigation, MRV requirements, share of proceeds and criteria and methods for the establishment of reference levels and issuance of units**

NMM Element/SBSTA 38 Questions	Reference
Requirements for the accurate measurement, reporting and verification of emission reductions, emission removals and/or avoided emissions	1/CP.18, 51. (d)
<i>What are these requirements?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(d)
<i>How should they be applied?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(d)
<i>What lessons should be learned from other experience, including under the Kyoto Protocol</i>	FCCC/SBSTA/2013/3 Paragraph 174.(d)
Standards that deliver real, permanent, additional, and verified mitigation outcomes, avoid double counting of effort and achieve a net decrease and/or avoidance of greenhouse gas emissions	1/CP.18, 51. (c)
<i>What are these standards?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(c)
<i>How should they be developed and applied?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(c)
<i>What lessons should be learned from other experience, including under the Kyoto Protocol?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(c)
Criteria, including the application of conservative methods, for the establishment, approval and periodic adjustment of ambitious reference levels (crediting thresholds and/or trading caps) and for the periodic	1/CP.18, 51. (f)



issuance of units based on mitigation below a crediting threshold or based on a trading cap	
<i>What are these criteria?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(f)
<i>How should they be applied?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(f)
A share of proceeds to cover administrative expenses and assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation	1/CP.18, 51. (i)
<i>Should there be a share of proceeds?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(i)
<i>How should it be structured and applied?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(i)
<i>At what level should it be set?</i>	FCCC/SBSTA/2013/3 Paragraph 174.(i)



16:45-17:30

Discussion on the facilitation of a prompt start

NMM Element/SBSTA 38 Questions	Reference
The facilitation of the prompt start of the mechanism:	1/CP.18, 51. (l)
What measures should be taken to facilitate the prompt start of the NMM and	FCCC/SBSTA/2013/3 Paragraph 174.(l)
What criteria should be in place?	FCCC/SBSTA/2013/3 Paragraph 174.(l)