

## Subsidiary Body for Scientific and Technological Advice

### Chair's summary, informal technical expert dialogue on Article 6 of the Paris Agreement

#### Reporting and review under Article 6.2

#### Background

In relation to Article 6 of the Paris Agreement<sup>1</sup>, The SBSTA Chair, Mr. Tosi Mpanu Mpanu, organized an informal technical expert dialogue on the issue of reporting and review under Article 6.2 on 23 September 2021. At the request of the SBSTA Chair, the dialogue was facilitated by Kim Solberg of the Netherlands and Hugh Sealy of Barbados. This summary is produced by the SBSTA Chair under his own authority.

This summary aims to capture possible options for further consideration by Parties and Heads of Delegation. It is informal in nature, has no status, and does not provide negotiation text. It does not attempt to provide a record of all views expressed during the dialogue and in submissions, nor indicate the support each of the options appeared to have.

In relation to the topic of the dialogue, as at 11 October 2021, 1 group had made an informal submission<sup>2</sup>. This summary includes content from Party and group submissions and interventions that relate to options. Submissions made in 2021 by Parties during other informal technical expert dialogues/informal consultations covering the same or related issues are also referred to as necessary.

#### The informal technical expert dialogue

Parties generally agreed that this issue was not a contentious issue and that the Article 6, paragraph 2 COP25 3<sup>rd</sup> Presidency text (3<sup>rd</sup> PT) could be fine-tuned in the relevant sections. Interventions made and the submission, responded to guiding questions provided by the SBSTA Chair:

#### Guiding Questions

- What further dates and details are needed in the 6.2 decision to ensure sequencing is clear?
- By when do reporting formats and tables and review guidance need to be ready?
- What is the relationship with the ETF, including the structured summary, and how should the 6.2 decision reflect this?
- How do these issues relate to the rest of the package (Article 6/the wider Glasgow outcome) and how could resolving these issues contribute to reaching consensus?<sup>3</sup>

An informal technical information slide pack in relation to these issues was prepared by the secretariat<sup>4</sup>.

<sup>1</sup> Documents relating to Article 6 negotiations since 2016 can be accessed here: <https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

<sup>2</sup> <https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/submissions-informal-technical-expert-dialogues-on-article-6-of-the-paris-agreement#eq-2>

<sup>3</sup> In relation to this guiding question, most interventions addressed the linkages in the context of requirements, which are included in the sections below.

<sup>4</sup> <https://unfccc.int/sites/default/files/resource/Art.%206%20presentation%20TEDs%20reporting%20and%20review.pdf>.

## Points for further consideration

Interventions focused on a number of possible text improvements, sometimes with different views such that there are options for consideration, as set out below. In each case, the option has been introduced by at least one Party/group, but this summary does not seek to indicate how much support there is among Parties for each option, as Parties are familiar with the views expressed in submissions and interventions. Options identified below are **bolded and placed together**. Non-bolded text represents proposals that did not appear to have alternative proposals or options. Argumentation is not provided in this note given the high level of familiarity of Parties with this topic resulting from earlier work, including during the 2021 June sessional period.

## General points

- General text improvements identified
  - Cross-references should be made in the A6.2 guidance to paragraph 77(d) of decision 18/CMA.1 requirements and the structured summary.
  - A wording consistency check between 77 (d) in 18/CMA.1 and, for example, paragraph 23 (annual information report) paragraph 16 (other international mitigation purposes) is needed.
  - For mitigation outcomes (MO) in non-GHG metrics, quantification is only required for that part of the mitigation component of the NDC from which internationally transferred MO (ITMOs) are generated.
  - References to capacity building in relation to reporting and review are needed.

## A6 Reporting

- Initial report
  - Dates/timing
    - Latest submission for initial report in the relevant NDC implementation period:
      - **Before authorization or first transfer as Parties cannot first transfer without meeting the participation requirements**
      - **At time of authorization of first cooperative approach (which can be in tandem with first transfer)**
      - **At time of first transfer from first cooperative approach**
      - **At time of authorization or first transfer, whichever is later**
      - **At time of authorization or first transfer, whichever is earlier**
      - **At the next due biennial transparency report (BTR)**
    - Subsequent cooperative approaches in the NDC implementation period:
      - **At time of authorization of that subsequent cooperative approach (which can be in tandem with first transfer)**
      - **Included in next due BTR and directly in centralized accounting and reporting platform (CARP)**
      - **Be included in a revised initial report**
      - **Be stand alone**
    - Timing where authorization is for other international mitigation purposes (OIMP) presents specific issues
  - Pairing
    - **Initial reports by Parties participating in a cooperative approach should be submitted at the same time**

- **Initial reports by Parties participating in a cooperative approach do not need to be submitted at the same time**
  - Further information to be included
    - Make clear that initial report goes only to the CARP and not into the A6 database
    - Include language on human rights, rights of indigenous peoples and gender equality.
    - The actual authorization:
      - **To be required to be provided in paragraph 18 (f)**
      - **Not needed as cooperative approaches are too diverse for one rule**
    - The information in paragraph 22 (b) should also be reported in the initial report
    - Information required per paragraph 26 (e) in the 3<sup>rd</sup> PT of the draft rules, modalities and procedures:
      - **Should be included in the initial report**
      - **Should not be reported as there is more than one type of cooperative approach**
    - In relation to share of proceeds (SOP) and overall mitigation in global emissions (OMGE):
      - **Information on how it will be delivered**
      - **No requirement**
    - How the cooperative approach enhances ambition should be reported
    - Baseline/additionality information in relation to the cooperative approach
      - **Is needed**
      - **Is not needed**
  - A6 TER of initial report
    - **Should be before submission of BTR**
    - **Should be at same time as review of regular information in BTR**
- Annual information
  - Dates/timing
    - In respect of year X, submission deadline of January 31 in year X plus 1/March 31 in year X plus 1 could be made clear so that annual transaction data is reported promptly.
  - Information to be reported
    - Clarify ITMO flows reported annually to the database once initial report provided.
  - In relation to SOP and OMGE
    - **Reporting for transfers for SOP and cancellations for OMGE is required to be included**
    - **Transfers for SOP and cancellations for OMGE is not required to be included**
- Regular information (including annual information report)
  - Text improvements
    - Refer to structured summary and not just to BTR in paragraphs 21,22 and 23 (3<sup>rd</sup> PT)

- Dates/timing
  - The deadline for a BTR is 31 December of a given year (A). The national inventory report information included covers A minus 2 and A minus 3 years (or minus 3 and minus 4 where flexibility has been claimed). The information for tracking progress is for the same pair of years. Assuming prompt submission of A6 annual information report, the information available in that year A would be for years A minus 1, A minus 2 and A minus 3. It is not clear if the data for A minus 1 should be included in the A6 TER of the A6 regular information because that A6 TER report will go to the A13 TER, which will cover the BTR for A minus 2 and A minus 3. Text should thus clarify if A6 TER report of annual information for A minus 1 should be included in the A6 TER of regular information.
- Information to be reported
  - Ensure coherence across information reported in paragraphs 20 and 23.
  - Reporting on OIMP in paragraph 23 has to include the entities using the OIMP
  - Include rows to report for cancellation
  - Clarify that the regular information gets tagged to the BTR and not reported in BTR itself.
  - The relationship to 77 (d) should be included in paragraph 23
- In relation to SOP and OMGE
  - **Reporting for transfers for SOP and cancellations for OMGE is required to be included**
  - **Transfers for SOP and cancellations for OMGE is not required to be included**

#### A6 Review

- Text improvements
  - Make clear in text all A6 TER are desk reviews.
  - Review reports should be made publicly available in the CARP
  - Specify A6TER is to review consistency between different reports
  - Specify what is done when inconsistency is identified
- Consistency check by secretariat
  - Review for whether the information submitted does satisfy the requirements
  - Should be coordinated to match cooperating Parties reporting where possible
  - Consistency check information should be made public and put in CARP
- Dates/timings for A6 TERs
  - How many reviews
    - **Each report (initial report, regular information (including annual information report) is subject to A6 TER when it is submitted**
    - **Review of initial report, annual information and regular information all take place at same time.**
  - A6 TER should be before the A13 TER takes place in a given year
  - Sequence like REDD plus reporting – the A6 TER report goes to the A13 TER
  - Plan A6 TER on a regular/recurring set of dates to address whatever has come in at that point
  - A6 reviewer may need to be part of A13 TER team for checking consistency across A6 and A13.

- Scope of review
  - A6TER would review all reported information for consistency with the guidance but A13TER would review only information that goes into structured summary/77(d) .
  - Specify in guidance for CMA.3 what the A6 TER team reviews and how it interacts with relevant Parties

#### Accounting

- Method of corresponding adjustment
  - **All participating Parties to a cooperative approach should use same method of corresponding adjustment and a Party should use the same method of corresponding adjustment in respect of all cooperative approaches in which it participates.**
  - **It should not be required for each Party to match methods of corresponding adjustment with other participating Parties and use the same method in respect of all cooperative approaches.**
- Timing of corresponding adjustment
  - Obligation to correspondingly adjust occurs:
    - **For the transferring Party, at the latest at first transfer, and in respect of the year of generation and for the using Party, at the latest at the time of use**
    - **The 3<sup>rd</sup>PT is sufficient, do not need to decide whether generation/transfer year, it will be clear from the reporting cells in the table**
    - **At first transfer and at use**
  - Use must be within the NDC implementation period
  - Further work programme on “true up accounting” needed.

#### Development of formats, tables and guidance

- The secretariat should be tasked to put together drafts of the formats, prioritizing the initial report.
- The outline for the initial report, modalities, procedures and guidelines (scope, composition of review team) for the A6 TER for the initial report need to be complete by:
  - **CMA3**
  - **SBSTA June 2022**
  - **CMA.4**
- The CARP and A6 database (A6DB) are urgent as initial report and annual information submitted needs to go there and this could happen in 2022/2023
- Outline for annual information is urgent as some Parties will already be doing cooperative approaches, need it for CMA.4

#### Relationship with ETF, structured summary

- The wording in 3<sup>rd</sup>PT needs aligning in relevant places to the wording in 77 (d) of 18/CMA.1, for example, paragraph 23.
- Cover decision or guidance needs to provide that A6 TER reports are to be used by A13 TER when undertaking reviews and make clear that A6 TER reports would be made available to the A13 TER.
- 77 (d) of 18/CMA.1 is the summary of the information that needs to be reviewed in BTR relating to cooperative implementation and:
  - **77 (d) (iii) is a placeholder for additional information so the 6.2 decision text will need to specify what would need to be reported under that provision**

- **No further information is needed, 77 (d) covers everything that needs reporting** including 77(d)(iii) which could deal with non-GHG metrics.
- The reporting for the structured summary needs separate lines for OMGE, OIMP.
- Avoid duplication of work, improve coordination of A6 TER and A13 TER, as the outcomes of the A6 TER will inform A13 TER.
- Emissions balance information should be entered by Parties only into one place in UNFCCC to avoid human errors.

Other points

- Need to set a one year only work programme for consideration of special circumstances of LDCs and SIDs, so it should be completed within 12 months (CMA.4), not later.
- Non-confidential information should be defined and all non-confidential information should be publicly available on CARP.
- The requirement to apply a corresponding adjustment with respect to OIMP only applies to authorized mitigation outcomes. It is likely that there would be considerable trade in OIMP within a Party's NDC that is not authorised by a Party. This leaves a significant gap in the accounting system and a significant potential for double counting without a corresponding adjustment. This needs to be resolved by addressing non-authorized OIMP within an NDC and ensuring that a corresponding adjustment is required.
- Condensed and continuous capacity building is essential.
- There is no true up period currently in the draft guidance, but there may be a need to specify further work on this.

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