

Regional Climate Week

Asia-Pacific

Johor, Malaysia – 13-17 November 2023



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS



Agenda of the day: Tuesday, November 14th, 2023

Time	Session
09:30 – 10:00	Welcome and Recap of Day 01
10:00 – 10:30	Session 1a: Ambitious Cooperative Approaches Activity: Country Experience in Cooperative Approaches
10:30 – 11:00	Coffee Break
11:00 – 11:30	Session 1b: “Authorizations of ITMOs”
11:30 – 12:30	Session 02: Reporting requirements. Activity: Exercise on Initial Reporting
12:30 – 14:00	LUNCH
14:00 – 15:30	Session 03: Introduction to Article 6 Accounting Activity: Article 6 Accounting Exercise.
15:30 – 16:00	Coffee Break
16:00 – 16:45	Session 4a: Infrastructure for tracking reporting requirements
16:45 – 17:15	Session 4b: Article 6 Review.
17:15 – 17:45	Kahoot Session and Closing



United Nations
Climate Change



Recap of Day 01



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

Recap of Day 01

- ✓ **Brainstorm and think about the most significant highlights of the Day 01:**
 - Top 3: New concepts that I learned.
 - Top 3: Key concepts to remember.
 - Top 3: Most Difficult Concepts.
- ✓ **Report to the audience about your Top 3 highlights.**



United Nations
Climate Change



Session 1a - Ambition in Cooperative Approaches (6.2)



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

Article 6.2 and 6.4: the basics

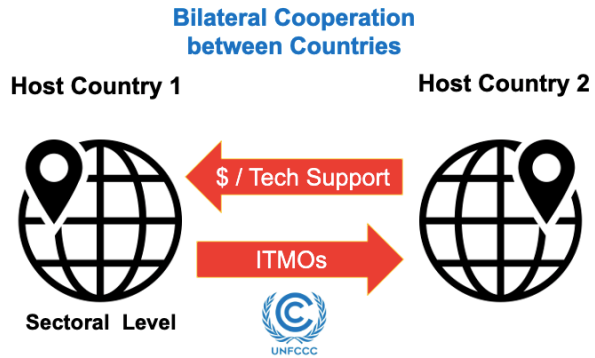


United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

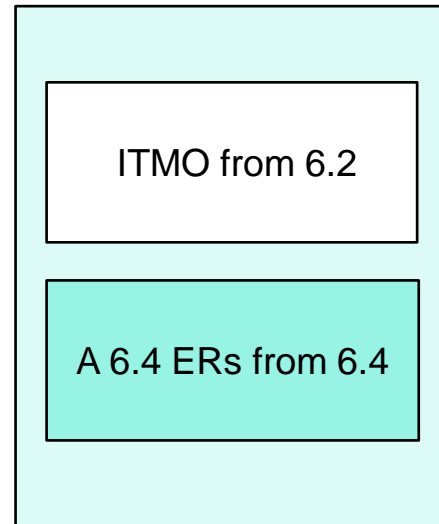
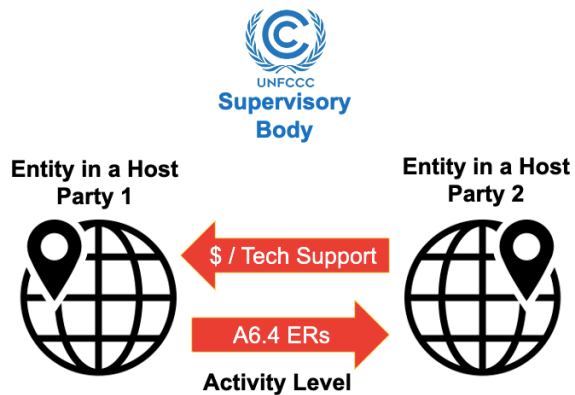
Understanding cooperative approaches under Article 6

Article 6.2



Mitigation Outcomes

Article 6.4



YES

Authorized by HP

NO

Transfer towards NDC

OIMP (Corsia, Etc)

Authorized for purposes other than above two

Domestic ETS

Voluntary purpose

CA

NO CA

Buyer Country in need of ITMOs for NDC

Surplus ITMOs



Participation requirements



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

A6.2: Participation requirements

Note: Also applies to Article 6.4 ITMOs !!!

Article 6.2 Participation Requirements for Parties

- It has to be a Party to the Paris Agreement.
- It has prepared, communicated and is maintaining an NDC.
- accuracy, consistency, completeness and comparability in tracking progress in implementation and achievement of its NDC
- **Arrangements** in place for **authorizing and tracking** the use of ITMOs towards achievement of NDCs
- It has provided the most recent national inventory report required (as part of BTR).
- Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.

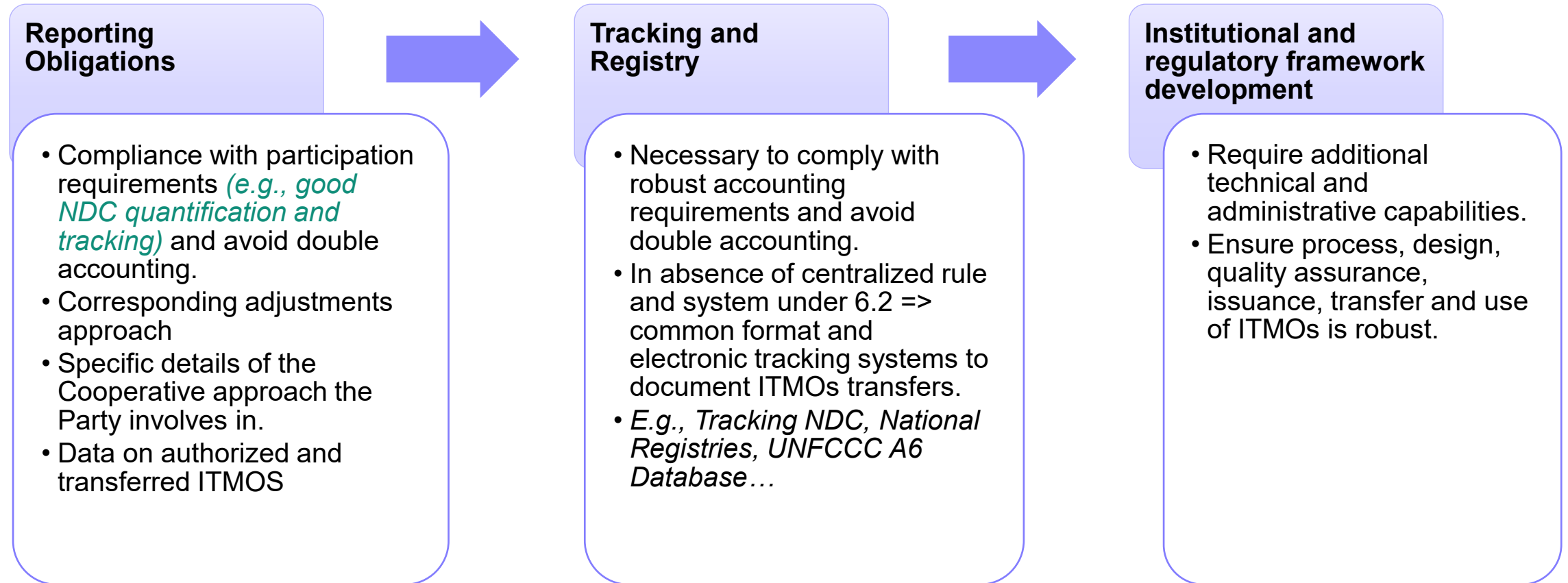


United Nations
Climate Change



NDC and cooperative approaches

- Article 6.2 participation: Implications



About ITMOs



United Nations
Climate Change

**REGIONAL
CLIMATE
WEEKS**

What is an ITMO ?

An Internationally Transferred Mitigation Outcome (ITMO) is:

- Real, verified and additional (*Unlike Article 6.4, participating Parties will under Article 6.2 need to arrange this themselves*)
- Can be for Emission reductions and removals
 - including mitigation co-benefits resulting from adaptation actions and/or
 - economic diversification plans or the means to achieve them
- Measured in tCO2e or non-GHG metric consistent with NDC of participating Parties
- From mitigation action from 2021 onwards
- Authorized for use towards NDC or OIMP (Other International Mitigation Purposes)
- Includes Art 6.4 units authorized towards NDC or OIMP

} **When internationally transferred**



United Nations
Climate Change



What is an ITMO ?

Parties will need to report on how cooperative approach(es)

- Contributes to the mitigation of GHGs and the implementation of its NDC
- Ensures environmental integrity, including:
 - That there is no net increase in global emissions within and between NDC implementation periods;
 - Through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage);
 - By minimizing the risk of non-permanence of mitigation across several NDC periods and when reversals of emission removals occur, ensuring that these are addressed in full;

Baselines

Permanence



United Nations
Climate Change



Implications of Participation: Corresponding Adjustments



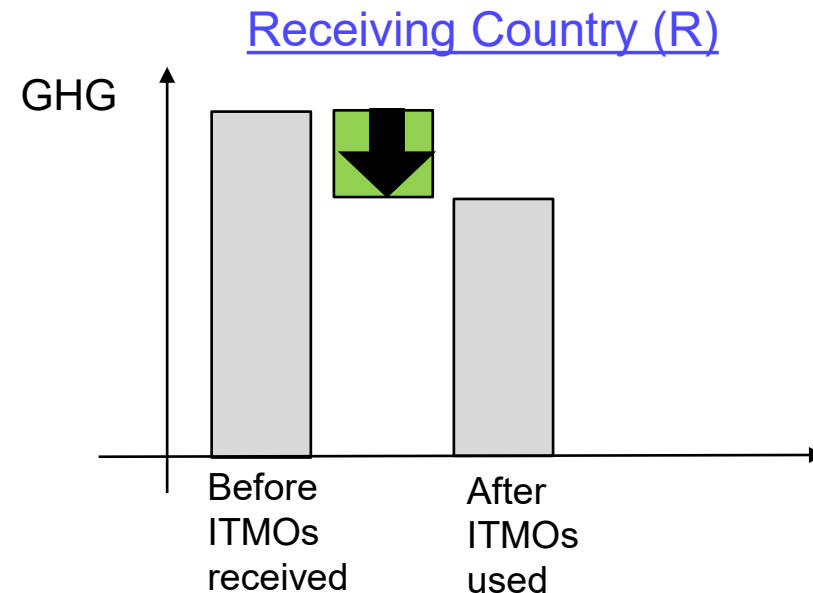
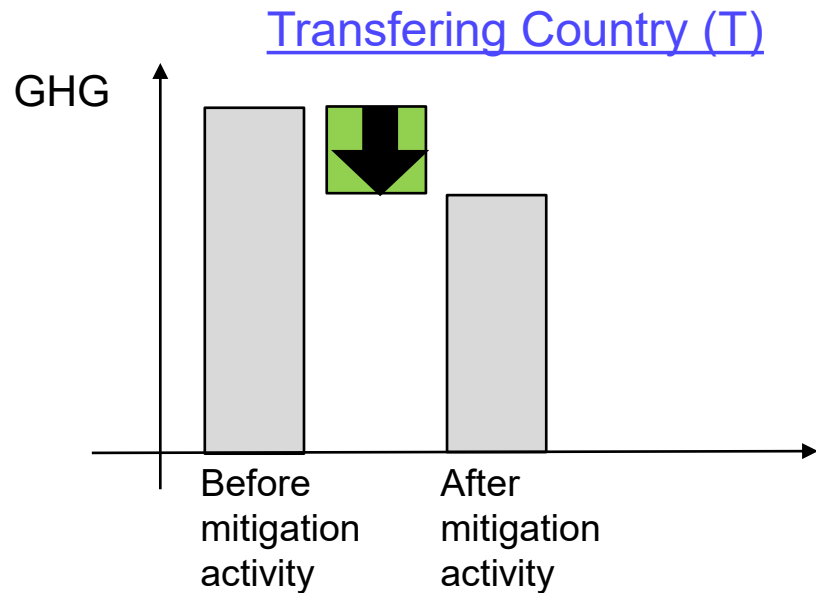
United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

NDC and cooperative approaches (Risks)

- Article 6.2 participation: Risk (Double Counting)

Double counting happens when authorized MOs are **counted** towards the NDC target of the **transferring country**, and they are **used** to achieve the **acquiring country's** NDC target at the same time.



United Nations
Climate Change

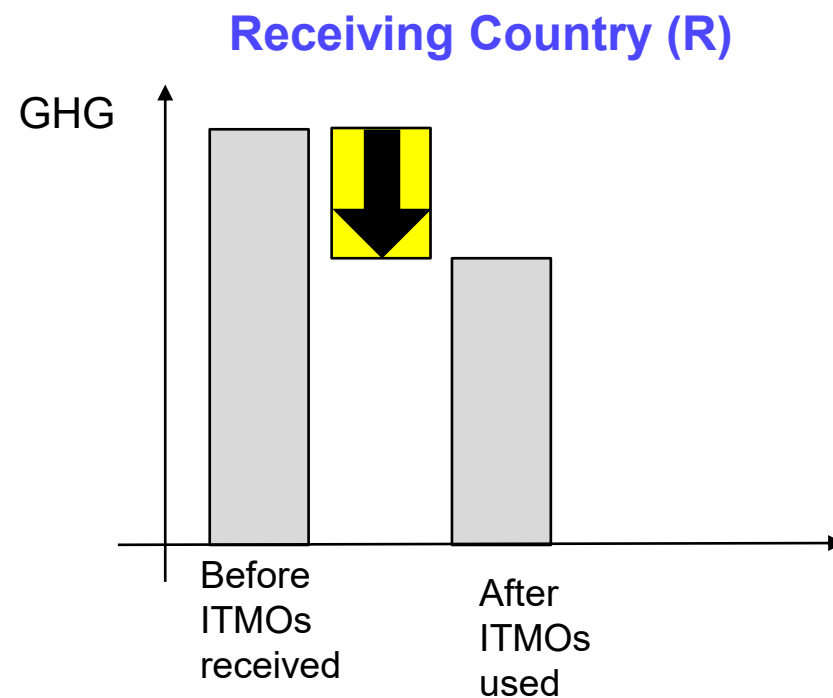
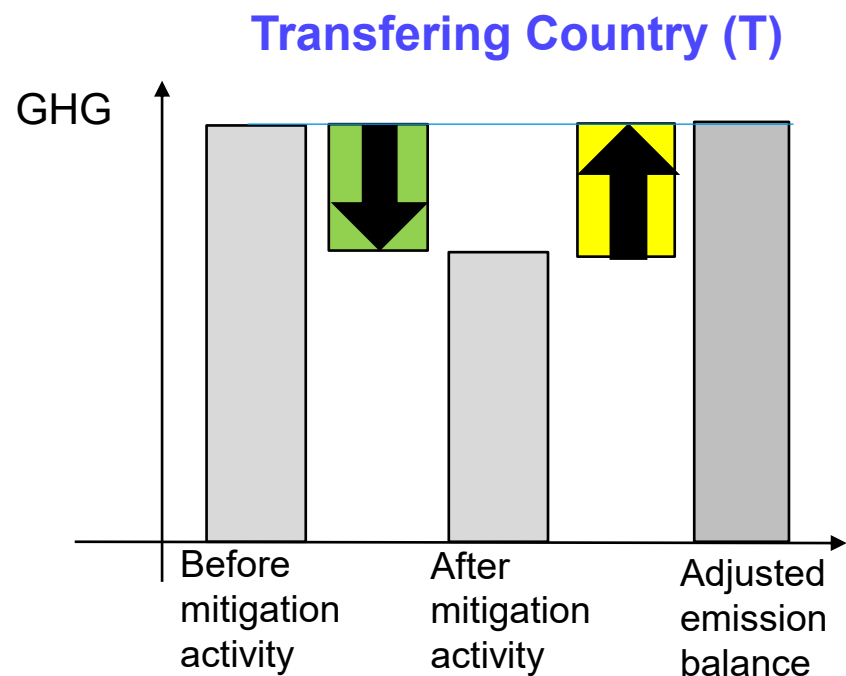


NDC and cooperative approaches (Risks)

- Article 6.2 participation: Risk (Double Counting => Corresponding adjustments)

Corresponding adjustments - countries' emissions levels, as reported when they track the progress towards achieving the NDC, should be adjusted to reflect the transfer (export) or receipt (import) of mitigation outcomes

Generate competition between achievement of NDC / selling MOs



United Nations
Climate Change



NDC and cooperative approaches (Risks)

- **Article 6.2 participation risks: opportunity, Management & infrastructure cost**

Opportunity cost:

- MOs can be considered national assets and therefore when they are authorized to be transferred, another country/actor can claim them.
- **Opportunity costs** are created when the ITMOs lead a transferring country to conduct costly abatement to achieve his NDC.
- This opportunity cost is the cost of the **corresponding adjustment**.

Management & Infrastructure:

- Art. 6.2 process requires administrative and technical capabilities => financial implication
- The benefits of participation in 6.2 must consider these financial implications
- E.g., Administrative costs can be applied for ITMO transfers, approval authorizations etc. to finance infrastructure and regulatory body as standalone entity or office within government



United Nations
Climate Change



NDC and cooperative approaches (Risks)

- Article 6.2 participation risks: Overtransfer

Overtransfer can be the result of:

Selling Low-cost MOs
necessary to meet
NDC target
(low hanging fruits)

Selling MOs that do not
represent real
reductions
(non-existent fruits)

Selling MOs uncounted
in the GHG inventory
(uncounted fruits)

Selling MOs outside
the scope of NDC

Corresponding Adjustment still apply !!!
...despite mitigation results not reflected in the NDC



United Nations
Climate Change



Participation: benefits



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

NDC and cooperative approaches (benefits)

- **Article 6.2 - Benefits of participating – despite corresponding adjustments**

Mitigation benefits:

- Mitigation benefits if not all MOs are sold (e.g., sharing of outcomes / conservative crediting)
 - A country can keep a share for its own NDC achievement.
- Mitigation benefits if the activity continues after the end of the crediting periods
- Potentially: Reinvestment of income into domestic mitigation

Possible benefits beyond mitigation:

- Revenues (e.g., share of proceeds)
- Health and environment
- Energy security
- Technology/practice penetration
- Job creation
- Trade balance

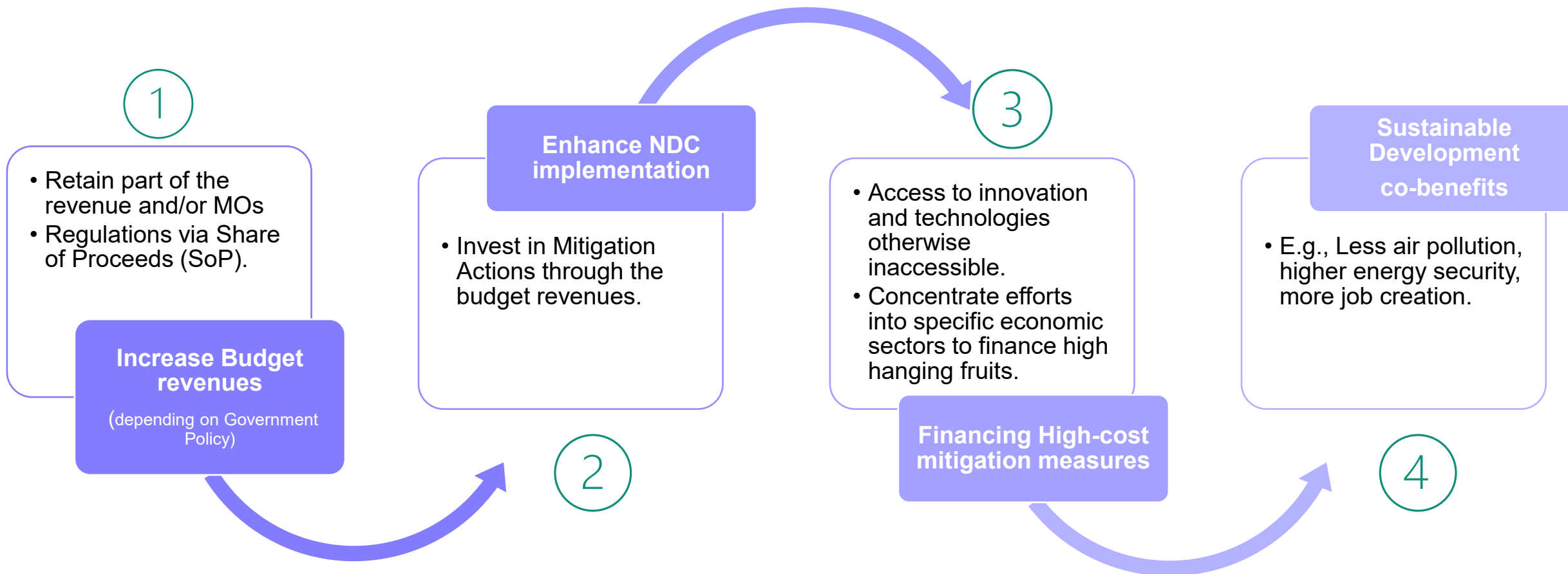


United Nations
Climate Change



NDC and cooperative approaches (Benefits)

• Article 6.2 : Benefits of Participating in 6.2

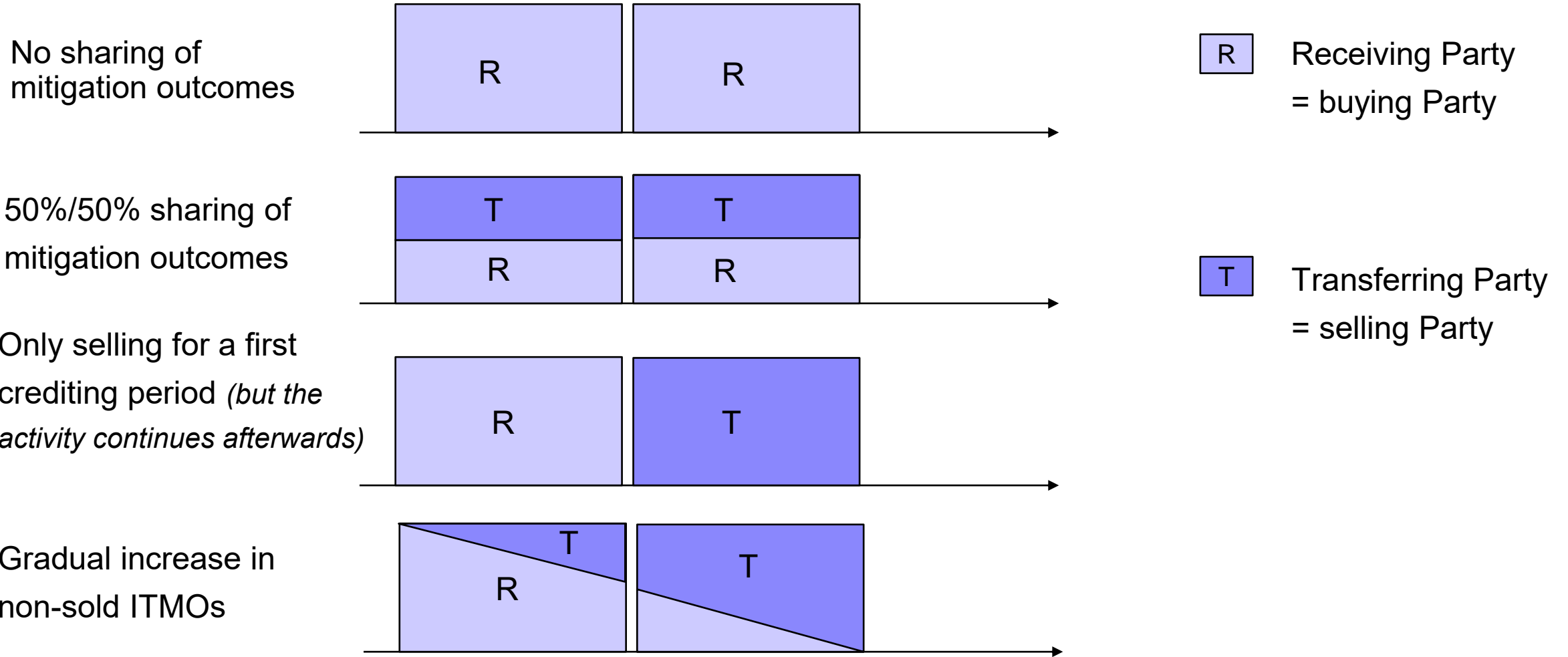


United Nations
Climate Change



NDC and cooperative approaches

- Article 6.2 - Benefits of participating – models of sharing of MOs



United Nations
Climate Change



Participation: strategies

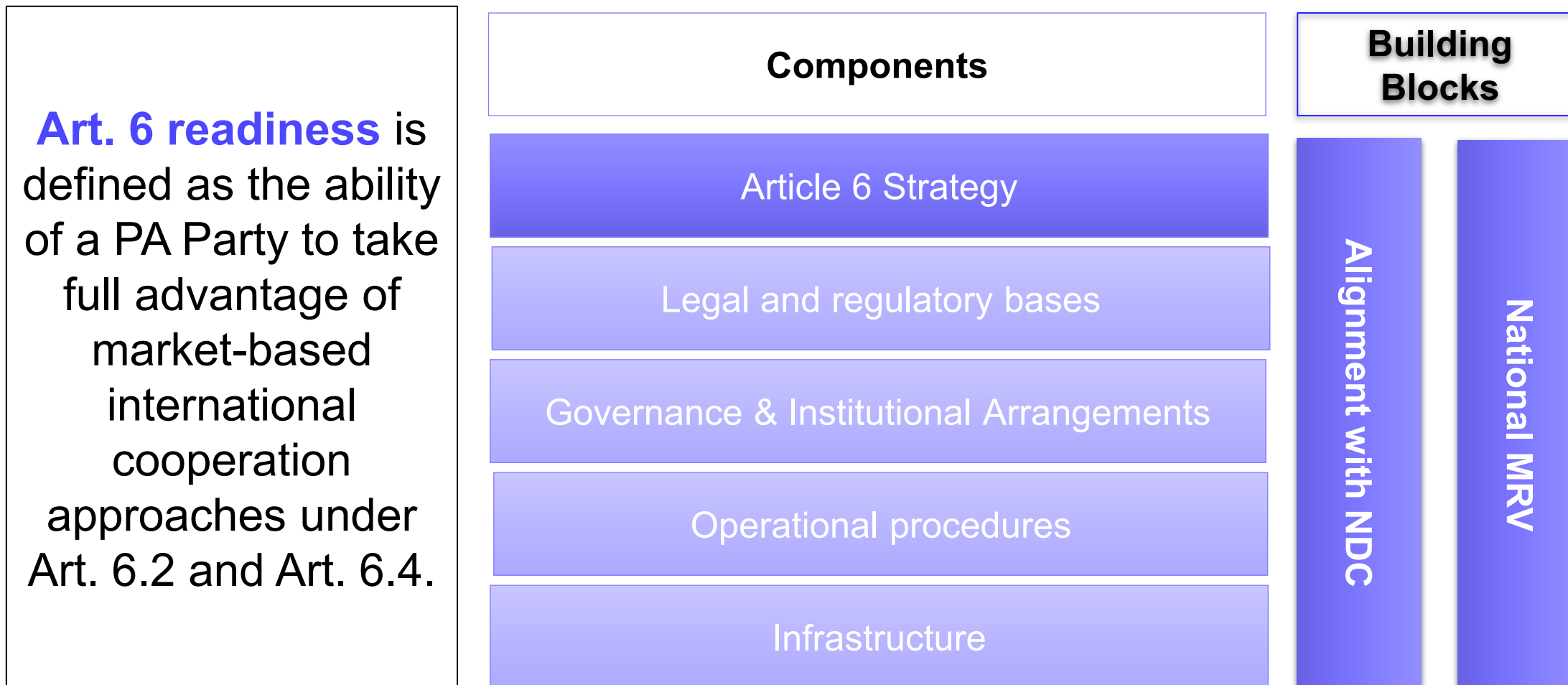


United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS

NDC and cooperative approaches

- Article 6.2 participation : Strategies and Activity Identification



United Nations
Climate Change



NDC and cooperative approaches

- Article 6.2 participation : Implementation Strategies

Article 6 Strategy

- Political mandate
- Objective and type of cooperation A6
- Detail basic principles
- Eligibility criteria
- **Eligible activities?**
- Conditions for authorization?
- For which uses will authorization be granted?

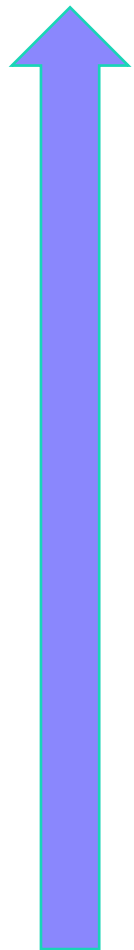
- Countries seeking to participate in Art. 6.2 should strategize on what activities can be part of cooperative approaches and how to prioritize them.
- The process to identify those mitigation activities which go beyond the NDC and can be part of cooperative approaches agreement with other countries is complex and require a deep understanding of:



United Nations
Climate Change



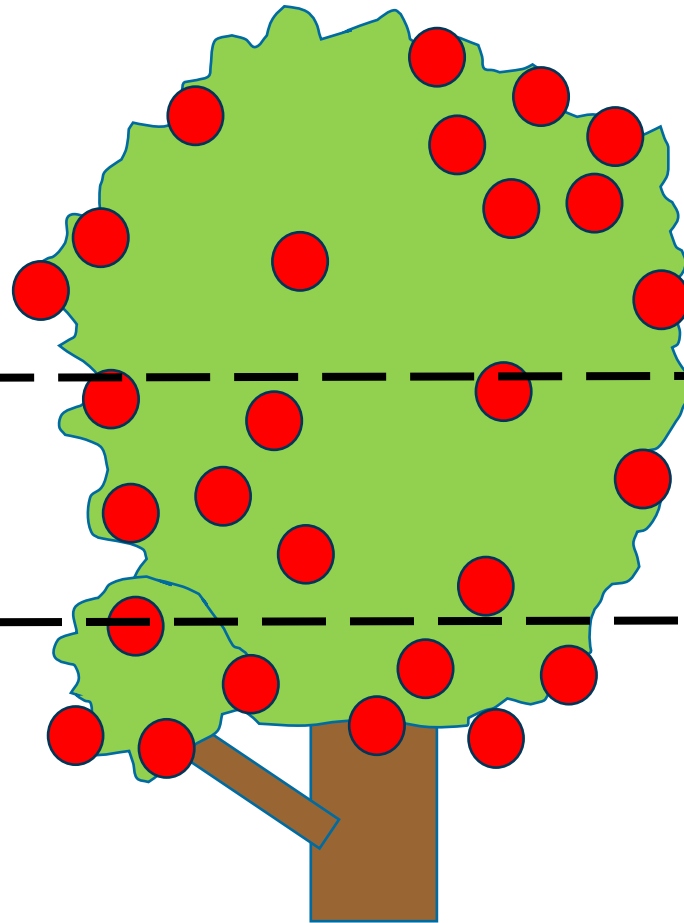
Relative effort/cost to harvest the mitigation potential



High-hanging fruits

Mid-hanging fruits

Low-hanging fruits



Examples of course of action(s):

Not mobilizable yet / too expensive

Sell as ITMOs

Sell now as ITMOs

Consider in future NDC

Mobilize for the current NDC



United Nations
Climate Change



NDC and cooperative approaches

- **Article 6.2 participation : Activity identification**
- **The prioritization of preferred Art 6.2 activities may conclude on a defined strategy for Art. 6.2 participation that ensures activities go beyond the NDC targets and may respond to:**
 - Which sectors will be targeted?
 - Which types of activities are preferable in these sectors?
- **This strategy will also support:**
 - Understanding the medium and long-term objectives.
 - Establish overall objectives that will guide participation, such as the number of MOs that the government intends to transfer.
- **A detailed and even public country-level strategy is likely to provide confidence and clarity to**
 - donor countries and institutions (as well as project developers) and
 - Sectoral ministries, government agencies and the private sector



United Nations
Climate Change



THANK YOU FOR ATTENDING



United Nations
Climate Change

REGIONAL
CLIMATE
WEEKS