

A6.4-SB004-AA-A02

Concept note

Consideration of the special circumstances
of LDCs and SIDS

Version 01.0



United Nations
Framework Convention on
Climate Change

1. Procedural background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) requested the Supervisory Body of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism) to ensure the implementation of the requirements referred to in paragraph 29 of the annex to decision 3/CMA.3 in relation to the least developed countries (LDCs) and small island developing States (SIDS).
2. **Decision 3/CMA.3, annex, paragraph 29 states** that in relation to the LDCs and SIDS, pursuant to Article 4, paragraph 6 of the Paris Agreement, their special circumstances shall be recognized **where these rules, modalities and procedures relate to nationally determined contribution (NDCs)**, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to these rules, modalities and procedures.
3. It should be noted that the ‘mandate’ from the CMA is more in the form of an instruction to the Supervisory Body to ensure the implementation of CMA decisions, and not a requirement to develop or recommend anything further in relation to the LDCs and SIDS.

2. Purpose

4. The purpose of this concept note is to provide the Supervisory Body with wider contextual information of the special circumstances relating to the NDCs of LDCs and SIDS and the implementation of those requirements.

3. Key Issues and proposed solutions

5. The key provisions/decisions contained in the Paris Agreement referring to the special circumstances of LDCs and SIDS (including relating to NDCs) include:
 - (a) Also recognizing the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, as provided for in the Convention (preamble);
 - (b) Taking full account of the specific needs and special situations of the LDCs with regard to funding and transfer of technology (preamble);
 - (c) The LDCs and SIDS may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances;¹
 - (d) The transparency framework shall build on and enhance the transparency arrangements under the Convention, recognizing the special circumstances of the LDCs and SIDS, and be implemented in a facilitative, non-intrusive, non-punitive

¹ Article 4, paragraph 6, of the Paris Agreement available at: <https://unfccc.int/process-and-meetings/the-paris-agreement>.

manner, respectful of national sovereignty, and avoid placing undue burden on Parties.²

6. The key provisions/decisions contained in the enhanced transparency framework (see annex to decision 18/CMA.1) referring to the special circumstances of LDCs and SIDS (including relating to NDCs) include:
 - (a) Also decides that the LDC Parties and SIDS may submit the information referred to in Article 13, paragraphs 7, 8, 9 and 10, of the Paris Agreement at their discretion (see para. 4 of decision 18/CMA.1);³
 - (b) The LDCs and SIDS may submit the information referred to in paragraph 10 of the annex to decision 18/CMA.1 at their discretion (see para. 11 to the annex to decision 18/CMA.1).
7. Paragraph 7 of the Paris Agreement includes:
 - (a) Each Party shall provide a national inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases;⁴
 - (b) Each Party shall provide the information necessary to track progress in implementing and achieving its NDC under Article 4 of the Paris Agreement.⁵
8. In addition to the provisions on NDC accounting and transparency listed above, Parties have agreed to the following provisions of the rules, modalities and procedures for the Article 6.4 mechanism, as they relate to LDCs and SIDS:
 - (a) The Supervisory Body may apply **simplified approaches for demonstration of additionality** for any LDC or SIDS at the request of that Party, in accordance with requirements developed by the Supervisory Body;⁶
 - (b) All the fees for the **administrative share of proceeds are waived** for activities in the LDCs and SIDS.⁷
9. The provisions of the rules, modalities and procedures for the 6.4 mechanism that materially relate to NDCs are the provisions in paragraphs 42–44 of the annex to decision

² Article 13, paragraph 3, of the Paris Agreement.

³ Article 13, paragraphs 7, 8, 9 and 10, of the Paris Agreement cover the provision of inventories, information on tracking progress, information on climate change impacts and adaptation, and information on support provided, and needed and received.

⁴ Decision 18/CMA.1, annex, paragraph 10(a). Note that national inventories are the starting balance for calculating an emissions balance.

⁵ Decision 18/CMA.1, annex, paragraph 10(b). Note that the structured summary of the biennial transparency reports is where corresponding adjustments for authorized Article 6, paragraph 4, emission reductions are implemented; if an LDC or SIDS does not do this, they cannot comply with accounting rules.

⁶ Decision 3/CMA.3, annex, paragraph 39 contained in document FCCC/PA/CMA/2021/10/Add.1 available at: <https://unfccc.int/documents/460950>.

⁷ Decision -/CMA.4 (Guidance on the mechanism established by Article 6, paragraph 4, of the Paris Agreement), annex, paragraph 58 is available at: https://unfccc.int/sites/default/files/resource/cma4_auv_14_PA6.4.pdf.

3/CMA.3 on the authorization of Article 6, paragraph 4, emission reductions (A6.4ERs) issued for an activity for use towards the achievement of NDCs and/or for other international mitigation purposes as defined in decision 2/CMA.3, paragraph 1. These require host Parties to perform corresponding adjustments for the authorized A6.4ERs, which requires the calculation of an inventory for the NDC, or that portion of the NDCs from which A6.4ERs originate, and requires the submission of structured summaries in which the corresponding adjustments are effected by the host Party.

10. There is a clear issue for LDCs and SIDS that **make use of the special provisions** relating to NDC accounting and transparency in that they may not be able to perform the corresponding adjustments and therefore there may be **potential problems with authorizing A6.4ERs** issued for an activity for use towards the achievement of NDCs and/or for other international mitigation purposes as defined in decision 2/CMA.3.
11. However, nothing prevents LDCs and SIDS that make use of the special provisions relating to NDC accounting and transparency from approving an Article 6, paragraph 4, activity without that authorization or the issuance of mitigation contribution A6.4ERs.
12. Furthermore, since this is an issue that relates more to the enhanced transparency framework and the reporting requirements under the guidance for cooperative approaches contained in decision 2/CMA.3, it should be noted that the issue is already well recognized and forms a specific element of the capacity-building programme for cooperative approaches in the mandate to the secretariat in decision 2/CMA.3, paragraph 12(c).⁸
13. Nevertheless, the Supervisory Body may wish to request the secretariat, when designing and implementing the capacity-building programme for the Article 6.4 mechanism, to include a component recognizing the special circumstances of LDCs and SIDS where these rules, modalities and procedures relate to NDCs.

4. Subsequent work and timelines

14. The secretariat will include a component recognizing the special circumstances of LDCs and SIDS where these rules, modalities and procedures relate to NDCs when designing and implementing the capacity-building programme for the Article 6.4 mechanism.
15. The secretariat will consider the inclusion of simplified approaches for the demonstration of additionality for LDCs or SIDS that may be used at the request of an LDC or SIDS within the wider work on developing approaches for the demonstration of additionality for the further consideration of the Supervisory Body.
16. The secretariat will fully implement the waiver of all fees for the administrative share of proceeds for activities in the LDCs and SIDS.

5. Recommendations to the Supervisory Body

17. The secretariat recommends that the Supervisory Body request the secretariat, when designing and implementing the capacity-building programme for the Article 6.4 mechanism, to include a component that recognizes the special circumstances of LDCs and SIDS where these rules, modalities and procedures relate to NDCs.

⁸ Decision 2/CMA.3, paragraph 12(c), requests the secretariat to assist the LDCs and SIDS in meeting the participation requirements as set out in chapter II of the annex to that decision (Participation).

- 18. The secretariat further recommends that the Supervisory Body report on how it has addressed this mandate from the CMA in its next annual report to the CMA.

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