

7<sup>th</sup> December 2018

## Article 6 of the Paris Agreement — Piloting for Enhanced Readiness Side Event Report

Overseas Environmental Cooperation Center, Japan (OECC)  
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This is a report of a side event held at the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP24) from 3<sup>rd</sup> December to 18<sup>th</sup> December 2018, in Katowice, Poland.

- Title : Article 6 of the Paris Agreement – Piloting for Enhanced Readiness
- Date : 16:30 - 18:00, Friday, 7<sup>th</sup> December 2018
- Organizer(s) : Asian Development Bank (ADB)
- Venue : IETA Pavilion
- Moderator: Virender Kumar Duggal, (ADB)
- Panelists : Virender Kumar Duggal (ADB), Woonchong Um (ADB), Sandra Lindstrom (Swedish Energy Agency: SEA) and Albert Altarejos Magalang (Climate Change Office, Philippines: CCOP).

### Abstract

This event discussed launching by the ADB of The Article 6 Support Facility to provide capacity building and technical and policy development support to its Developing Member Countries (DMCs) to help them identify, develop, and pilot mitigation actions under the framework of Article 6 of the Paris Agreement.

It addressed the role of pilots for facilitating climate finance towards enhanced ambition, as well as the challenges for upscaling market-based mechanisms and what pilots can contribute. It also included discussions on the role of Article 6 in the context of the Philippines NDC.

### Session Summary

1. Duggal, ADB: “Article 6 of the Paris Agreement: Piloting for Enhanced Readiness”

- Article 6 created a framework to help achieve the Paris Agreement objectives and parties can use it in addition to their NDCs depending on the policy landscape.

- To achieve the goals, countries will need effective policy instruments which need to be tested through piloting.
- CDM was built on trial and error and pilot activities can test the problems encountered in previous mechanisms.
- This can be done through transparent documentation of results of pilot programs.
- Measurable outcomes from pilot testing will contribute to informed negotiations, help define scopes of projects (national and international responsibility), establishing institutional frameworks such as registry and tracking systems, building capacity and developing methodologies.
- The ADB is launching the Article 6 Support Facility totaling USD 4M provided by the government of Germany for 3 years to help in mitigating actions under Article 6 of the Paris Agreement.
- The fund is specifically earmarked for capacity building and also for technical and policy development to its member countries.
- It will cover support to Developing member countries (DMCs) for identifying, developing and piloting mitigating projects related to cooperative approaches involving ITMOs and those under article 6.4.
- Piloting of the facility will be done through the ADB's existing project portfolio to ensure any potential setbacks or issues are addressed and in seeing how the fund can be integrated into market mechanisms and carbon pricing.
- It will improve the capacity of DMCs to enable proper accounting and reporting of mitigation actions in their context.
- The key aim is to be able to learn from these pilots and to prepare countries in their implementation of cooperative approaches within markets.

#### **Panel discussion with Q&A**

Q1. As we can see in the CDM especially, it can raise ambition which is a good thing and makes it relevant today. Your thoughts?

Also, about sustainable development goals, in the CDM, what are your experiences on this?

A1. Magalang, CCOP:

Article 6 is about sustainable development and so in essence it will not be hard to implement because the mitigating actions involved will go hand in hand with sustainable development.

A1. Duggal, ADB:

For example, the ADB Future Carbon Fund has been supporting a lot of projects.

Last year, an assessment of the co-benefits came up after a study on this.

Mitigation also generates co-benefits which can be measured.

In the Paris Rulebook, it should be made mandatory that MRV of co-benefit is recorded and compensated which can also help the countries report what kind of mitigation outcomes are received.

Q2. Regarding this new ADB Article 6 Support Facility, which you have discussed, which countries will be covered?

A2. Duggal, ADB:

No countries have been decided yet, only stakeholder consultations. We are looking at 3-4 pilots spread out in diverse geographical regions.

Q3. How might you leverage the private sector finance expertise for this facility?

A3. Duggal, ADB:

It is part of the project design to engage the private sector.

At country level, we will engage the private sector in addition to the public. This is part of the project design.

Q4. It is important to have robust accounting in Art 6 in these pilots. Is the philippines ready for piloting as It has MRV systems in place?

Also, the early pilots might bear the risk that, if you move too fast and when MRV is not fully concrete, it runs the risk of causing complications. So in the philippines are we ready to do piloting yet and if not, what remains to be done?

Magalang, CCOP:

We have MRV systems in place. The president has issued an executive order to have the government engaged in implementing MRVs.

It is a work in progress as the architecture of the enhanced framework will cover it. We are ready for any adjustments.

The robustness of the data is not assured, but will be improved constantly. It's a working policy that is actually being implemented among government agencies.

Q5. Elaborating on process of engagement with different countries, what steps would the countries go through in the Article 6 Support Facility especially with regards to sustainable development?

A5. Duggal, ADB:

The steps that will be taken will vary from output to output.

The first phase will focus on countries which have not identified their uses of market

mechanisms and we will be working with them on action plans and capacity building with like-minded countries.

In addition, we will keep in mind developing a robust accounting method which is not done in isolation.

In terms of projects to be picked up, we will have direct access to programs that have a lot in common. We have limited funds in this facility and would like to be diligent and engaging.

Q6. The corporates in the Philippines domestic business sector might be interested in reducing emissions, selling the results of their activities as VERs in markets. If you produce ITMOs, is there a risk of double counting? Selling VERs and ITMOs to other countries at the same time from domestic action in the Philippines is a risk, isn't it?

A6. Magalang, CCOP:

No country would like to have scandals of double counting.

Looking at the transfer of ITMOs, I don't know how to ensure there is no double counting.

We are looking at the MPGs at the moment. But we would like to give assurance that we must avoid that.

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