



Submission by Portugal and the European Commission

On behalf of the European Union and its Member States

Subject: Ensuring rapid operationalization (Articles 6.2, 6.4, and 6.8) to advise the SBSTA regarding the Informal technical expert dialogues to be held until June 2021

10 May 2021

Ensuring rapid operationalization (Articles 6.2, 6.4, and 6.8)

The EU and its member states would like to thank the SBSTA Chair for the encouragement to provide views ahead of the Article 6 events.

We welcome the opportunity to address provisions for rapid operationalization of Article 6. Implementation of mandates on guidance, modalities and procedures and the work programme are now long overdue, given that the other elements of the Paris rulebook were finalized in 2018 at COP 24 in Katowice.

In our view rapid implementation of Article 6 at COP26 will depend on clear and unambiguous decisions on key issues such as accounting and ambition. In practice this means:

- Addressing key requirements on accounting and ambition for all aspects of Article 6 as clearly and simply as possible.
- Adopting reporting and review formats and guidance necessary for the operationalization of Article 6 facilitated by preparatory work by the secretariat.
- Decisions on all key policy issues necessary to ensure the operationalization of the Article 6.4 mechanism, including clear mandates to the Article 6.4 supervisory body and to the secretariat, and decisions on the rate of the SoP on Article 6.4. These should not be deferred to subsequent COPs.
- Decisions by the CMP redirecting technical infrastructure and human and financial resources currently dedicated to flexible mechanisms under the Kyoto Protocol to implementation of Article 6.
- Clear provision for capacity building support to implementation of Article 6 by those in need of such support, taking into account the lessons from the regional distributional effects of CDM activities due to the lack of preparedness of host countries. Countries with less capacity to engage in market could benefit from early access to a well-designed mechanisms that operates in their interests.

We also note that for many elements of Article 6, proposals for compromise often add complexity, or suggests an agreement based on a degree of constructive ambiguity, or the deferral of significant questions to further discussion. While recognising the reality we think



that a lack of clarity on elements of the rules on Article 6 risks undermining not only overall integrity of the agreement but also will lead to delay or confusion in implementation.

Therefore, for any elements that are not needed for the rapid operationalization of Article 6 and that might therefore be postponed for later COP, we should agree at COP26 guiding principles and criteria for the further elaboration that could be addressed in a work programme.

Article 6.2

We already have adopted reporting guidance with respect to Article 6 in the Enhanced Transparency Framework under Article 13. Parties are required to report and adjust an indicator comprising the emissions and removals covered by the NDC in the structured summary in line with para 77d of the transparency framework.

Article 6.2 requires more granular reporting to support the transparency accuracy, completeness, consistency and comparability of information on parties participation and use of Article 6, when tracking progress in the implementation and achievement of NDCs.

Current drafts of Article 6.2 guidelines provide for more regular and specific reporting and review of more detailed information. To operationalize this requires reporting formats, and review guidance, as well as infrastructure to support consistency checks by the secretariat, the Article 6-review and the publication of information.

We would encourage the Secretariat to come forward with proposals for the implementation of these elements in time to support the ongoing intensive technical consultations we believe will be necessary between the June sessions and COP26. In particular the initial report, to be provided as soon as possible and at the latest at the time of authorization of a MO or a transfer of an ITMO (ex-ante), and the infrastructure (such as registries, the Article 6 database and the centralized accounting and reporting platform) will need to be operational as soon as possible. Draft non-papers outlining potential formats and arrangements for infrastructure would contribute to facilitate discussion during COP26. We will in any event need to mandate specific further work.

Article 6.4

As a practical matter, a crediting mechanism under Article 6.4 cannot be made operational in the absence of rules, modalities and procedures for Article 6 overall.

We need to mandate the implementation of Article 6.4 through the appointment of members to the supervisory body and the provision of the necessary resources to the mechanism in Glasgow.

Clear rules and procedures, and mandates both for the Article 6.4 body and its support structure, and for parties participating will be essential to avoid confusion and delay.



We would underline that this includes particularly clarity on:

- the responsibilities of the mechanism with respect to host countries interests,
- the enhanced role of host countries in specifying the terms of their participation in the mechanism,
- the crediting approaches and baseline ambition to be adopted by the mechanism,

It will be equally if not more important to support potential hosts in considering the implication of participation in the mechanism for their NDCs and long term strategies, to facilitate greater ambition in mitigation, and the sharing of the benefits of the mechanism between user of credits and hosts.

While the CMA has been actively discussing the necessary transition from the CDM to the Article 6.4 mechanism, it is essential that the CMP, in Glasgow, plays its role in this transition as well.

We have raised the need for coordinated CMA/CMP decision making on these items in both places and consider that we will need to address and mandate redeployment of staff and resources from the CDM to Article 6.4 to facilitate the prompt implementation of new rules.

To enable rapid implementation parallel CMA/CMP decisions should provide for the:

- Redeployment of secretariat staff to support the Article 6.4 mechanism
- Redeployment of technical infrastructure of the CDM, including particularly the CDM registry, to support early implementation of 6.4
- Reorientation of support for the implementation of Article 6, including for capacity building from existing arrangements such as RCCs

In this regard we underline that the Article 6.4 mechanism will operate under new mandates expectations and requirements to deliver on the objectives of Article 6.4 and its implementing rules modalities and procedures.

Article 6.8

A failure to agree on guidance on the market elements of Article 6, has meant that the work programme on other cooperative approaches has been delayed, and further consideration of arrangements and focus of the programme have also been delayed. While we are open to seeking to further refine the arrangements and focus of the programme, we consider the latest iteration of the Article 6.8 to be well specified, and essential ready for implementation once a decision has been made.