



A L L I A N C E O F S M A L L I S L A N D S T A T E S

SUBMISSION

TOPIC: ARTICLE 6(2) (COOPERATIVE APPROACHES) REPORTING TABLES & OUTLINES, AND INFRASTRUCTURE REQUIREMENTS

MANDATE

Decision 2/CMA.3: '[The CMA] invites submissions from Parties on options for the tables and outlines for the information required pursuant to chapter IV of the annex (Reporting), by 31 March 2022 via the submission portal

...

Invites submissions from Parties on options for implementing the infrastructure requirements referred to in chapter VI of the annex (Recording and tracking), by 31 March 2022'

MAY 2022



INITIAL VIEWS ON OPTIONS

AOSIS welcomes the opportunity to present views on options for the tables and outlines for the information as well as implementing the infrastructure requirements as further elements to the guidance for cooperative approaches (i.e., Article 6[2] of the Paris Agreement).

1. GUIDING PRINCIPLES AND KEY PRIORITIES

Article 6.2 reporting outlines and tables, and the agreed recording and tracking infrastructure, must provide confidence to all Parties and stakeholders that Parties, when engaging in cooperative approaches that involve the use of ITMOs toward NDCs, are ensuring environmental integrity and the avoidance of double counting, ensuring transparency, including in governance, promoting sustainable development and allowing for higher ambition in Parties' mitigation and adaptation actions.

Given the significance of the information to be reported, recorded, tracked and reviewed under Article 6 of the Paris Agreement, the design of such outlines, tables and infrastructure must:

- promote transparency, accuracy, completeness, consistency and comparability (TACCC) across Parties and across cooperative approaches;
- enable the provision of information sufficient to ensure that each Party fulfills the participation requirements set out in Article 6.2 guidance and other relevant CMA decisions and that each Party applies corresponding adjustments in accordance with the Article 6.2 guidance;
- allow for comparability and reconciliation of the application of corresponding adjustments;
- provide access to streamlined, aggregated information at a sufficient level of detail;
- provide clear information, where relevant, on how each cooperative approach delivers a contribution of resources to adaptation and to an overall mitigation in global emissions (OMGE) in accordance with guidance;
- support the Article 6 technical expert review;
- integrate relevant information on activity under the Article 6.4 mechanism;
- strike an appropriate balance between delivering complete and transparent information, while not placing undue reporting burdens on developing country Parties with limited capacity.

In order to satisfy the above *elements*, the recording and tracking infrastructure (i.e., national registries, international registry, A6 database, centralized accounting and recording platform (CARP) etc.) must generate and provide information that is reliable and readily accessible to Parties and the public.

2. IMPORTANT TOPICS REQUIRING ADDITIONAL GUIDANCE

METHOD OF CORRESPONDING ADJUSTMENTS

To assist Parties in electing an accounting approach to apply consistently throughout the NDC period, it may be helpful for a CMA decision to clarify the relationship between the provision of a trajectory, trajectories or budgets by a Party under paragraph 7, and the actual application of corresponding adjustments, i.e. the nature of the link between these elements found in paragraphs 7 and 18(c).

In addition, greater understanding of how “representativeness“, referenced in paragraph 7, might be demonstrated in the context of averaging would also be helpful guidance.

ARTICLE 6 REVIEW

The outlines, tables and infrastructure to be developed by the SBSTA will collect and manage crucial information for the operation of Article 6 and facilitate and enable the Article 6 technical expert review as detailed in section V of the annex to the Article 6.2 guidance. This information communicated and its review will in turn contribute to tracking Parties’ progress towards NDC achievement. Accordingly, these tools must be designed to promote reporting at the necessary level of granularity, to ensure consistency with Article 6.2 guidance.

The Article 6.2 guidance provides clarity on the scope of the technical expert review, (i.e., review of the consistency of information provided reported with the Article 6 guidelines and relevant CMA decisions), how inconsistencies will be communicated to Parties, and the nature of the outcome of the review (i.e. reports forwarded to technical expert review referred to in chapter VII of Decision 18/CMA.1 and published on the centralized reporting and accounting platform (CARP)). The Article 6 review will inform the Article 13 review. However, more consideration would be useful of how the outcome of these reviews might link to the Global Stocktake process and to the Paris Agreement Committee to Facilitate Implementation and promote compliance (PAICC), referred to in Article 15, paragraph 2 of the Paris Agreement.

The Article 6.2 guidance is clear that the Article 6 technical expert review will be responsible for including recommendations in its reports to the participating Party on how to improve consistency with Article 6.2 guidance and relevant CMA decisions, including on how to address inconsistencies in quantified information that is reported and/or identified by the secretariat as part of the consistency check. However, AOSIS believes that such reports, and the secretariat’s annual reports provided under paragraph 36, should also serve as input into the work of the Article 15 committee, given that this process will assist in tracking progress towards achieving the Paris Agreement goals. This should be reflected in upcoming decision texts.

3. VIEWS ON OPTIONS ON THE TABLES AND OUTLINES FOR THE INFORMATION REQUIRED UNDER CHAPTER IV (REPORTING) OF THE ARTICLE 6.2 GUIDELINES

The development of the Article 6.2 tables and outlines can be guided and informed by past experiences and lessons learned from the development of outlines, tables and reporting formats for market mechanisms under the Kyoto Protocol.

Reporting Format: Information should be submitted in a standardized electronic format. This consistency with Article 13 will allow for easier aggregation of the different information that is reported under Article 6, and facilitate the generation of information that can be used in connection with the Article 6 information to be annexed to Biennial Transparency Reports (BTRs) under the Enhanced Transparency Framework (ETF).

Timing: Information should be reported in a timely matter and reviewed, without delay and in accordance to the Article 6.2 guidance (e.g., annually), to provide transparency and clear understanding of the transfer and use of ITMOs and related corresponding adjustments.

INITIAL REPORT

The format of the initial report should allow for both quantitative and qualitative/descriptive information. The headings and subheadings should match those in paragraphs 18(a) – (h) of the annex to Decision 2/CMA.3 (hereinafter ‘Guidance Decision’).

For information that is to be quantified, such as in paragraphs 18 (d) – (f) of the Guidance Decision, the format should allow for both the result of this quantification and provide space for detailed explanation, possibly through a documentation box or in another format, in order to promote the highest level of transparency and confidence in environmental integrity and to support the work of the Article 6 technical expert review. Such an explanation might include underlying assumptions, definitions and methodologies.

It will be helpful for the secretariat to maintain a database of submitted Initial Reports and their review reports, together with the updates to these reports required under paragraph 19 of the annex to the Article 6.2 guidance, and for these reports to be submitted to the CARP at the earliest possible time.

It may be useful for the secretariat to develop templates for Parties to utilize in submitting initial report requirements.

ANNUAL INFORMATION

Annual information will be submitted no later than April 15 for the previous year, in an electronic format, for recording in the Article 6 database, as decided in paragraph 20 of the Annex to the Article 6.2 guidance. Paragraph 20(a) of the Annex provides potential headings for this information to be recorded in the database. This includes a separate and distinct heading for information on “voluntary cancellation of mitigation outcomes or ITMOs towards overall mitigation in global emissions” (OMGE), which requires reporting of quantitative information. Accordingly, reporting formats should distinguish this annual information on cancellations in connection with OMGE from other cancellations, enabling this information to be aggregated.

REGULAR INFORMATION

Parties are required to submit specified regular information in an Annex to their BTRs. The CARP may assist Parties in complying with this requirement by generating

quantified information from earlier reviewed information that Parties may incorporate in the Article 6 annexes to their BTRs.

4. VIEWS ON OPTIONS FOR IMPLEMENTING THE INFRASTRUCTURE REQUIREMENTS REFERRED TO IN CHAPTER VI OF THE ANNEX (RECORDING AND TRACKING)

Paragraph 29 of the Annex to the Article 6.2 guidance states that each “participating Party shall have, or have access to, a registry for the purpose of tracking and shall ensure that such registry records, including through unique identifiers, as applicable, authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards other international mitigation purposes, and voluntary cancellation (including for overall mitigation in global emissions, if applicable), and shall have accounts as necessary.”

According to paragraph 30 of the Article 6.2 guidance, the international registry must be able to perform at a minimum the functions listed in paragraph 29 and support the associated accounts.

Parties should indicate which registries they plan to use. This could include national registries, other registries and/or the international registry in their initial reports.

For AOSIS, the accounting and recording of quantitative information on mandatory and voluntary cancellations for overall mitigation in global emissions (OMGE) and contributions of resources for adaptation to the Adaptation Fund are one of the crucial indicators to track how Participating Parties are using voluntary cooperation under Article 6 to achieve higher ambition in mitigation and adaptation actions. Reporting and recording infrastructure need to clearly track and maintain quantitative information on the ITMOs that are cancelled for OMGE under paragraph 39 of the Article 6.2 guidance and on the resources contributed for adaptation under paragraph 37 of the same guidance.

Information in the centralized accounting and reporting platform (CARP) should be comprehensive, readily accessible and presented in a manner that is easy to read, understand, and extract for Parties and non-Parties.

In addition to annual and regular reporting, it may be useful to provide the flexibility to Parties to report information on authorisations and transfers and other transactions in real time and/or between standard reporting deadlines, to provide greater transparency.

5. CAPACITY BUILDING FOR SIDS AND LDCS

The Article 6.2 guidance requests the SBSTA to develop recommendations, for consideration and adoption by the COP, on the special circumstances of least developed countries and small island developing states.

AOSIS countries have not had much active participation in flexibility mechanisms historically due to constraints such as size and small scales of economies. However,

moving forward, many AOSIS countries may wish to participate in Article 6 cooperative approaches.

In order to facilitate this, specific capacity building arrangements should be put in place to address the constraints of SIDS and LDCs. Such capacity building arrangements might include those similar to what AOSIS proposed in its May 2021 submission on further views on common reporting tables and common tabular formats for the electronic reporting of information under the Enhanced Transparency Framework, such as:

- a training component, and
- a matching component that pairs AOSIS/LDC countries with other country Parties for support with capacity building development of national registries.

Further capacity building support may also be needed in the areas of on application and implications of corresponding adjustments, registries, needs assessment and Article 6.2 process and procedure requirements (e.g. authorisation process, legislative frameworks, contractual templates, etc.).

Involving Regional Climate Change Centres (RCC) and other initiatives such as the Capacity Building Initiative for Transparency (CBIT) are two other options for undertaking this important capacity building work.