

# **Submission of Views**

## **Papua New Guinea on behalf of the Coalition for Rainforest Nations**

### **Implementation of Article 6 of the Paris Agreement 31 March 2022**

#### **1. CONTEXT**

The Coalition for Rainforest Nations (CfRN), in response to the invitation of CMA3, submits views and provides inputs on several elements related with Article 6.2 and 6.4 implementation and makes its contribution to the interpretation of decisions 2 and 3/CMA.3 for consideration and adoption by CMA4 in 2022.

#### **2. OVERVIEW**

As recently highlighted by the IPCC, **forestry, agriculture and land use** are critical elements toward achieving the Paris Agreement objective and are necessary to ensure that global temperatures remain well below the threshold of 1.5 degrees while achieving carbon neutrality.

**Overall atmospheric integrity** must be preserved in the operationalization of the Article 6 to meet the Paris Agreement objective and comply with the urgent action to combat climate change as required by the science. This must be the overarching objective.

In addition, when operationalizing Article 6 Parties need to ensure that there is full transparency for all stakeholders on the characteristics, including the concrete contribution toward the 1.5-degree goal, of ITMOs that are being issued and used.

There are many concerns about how Article 6.2 could be abused and significantly slow progress in achieving the Paris Agreement goal. To respond to these concerns, **ONLY** methodologies reviewed and approved under the two credit generating mechanisms of the Paris Agreement, specifically Article 5 and Article 6.4, should be accounted for under Article 6.2.

We must acknowledge that the Parties did not foresee any scope to review methodologies to ensure environmental integrity under Article 6.2 rules. Rather, the Parties repeatedly require 'consistency'.

Inconsistent methodologies will undermine carbon markets, NDCs, carbon accounting, the global stock-take and the goals of the Paris Agreement.

There are concerns around countries using unapproved methodologies for their NDCs. It will be very likely that national GHG inventories reveal that NDC objectives were unmet in the end. All the while, what are in fact, useless ITMOs have been traded globally under Article 6.2.

To avoid this, a **robust and common methodological and accounting** system should be established so that all Parties may be assessed with consistency and equal level of environmental integrity.

All Parties should agree on a common methodology around carbon estimation for use within NDCs and ITMOs via Article 5 and Article 6.4.

Consequently, all Parties will provide **consistent reporting** within national communications, BTRs and national GHG inventories.

### **3. ARTICLE 6.2**

#### **a. GUIDANCE ON CORRESPONDING ADJUSTMENTS**

While [corresponding] adjustments are required as a general rule, there are complicating factors related to implementation.

- a) **Timing:** There may be multi-year time-lags between the adjustment by an issuing Party and the need for a corresponding adjustment by the receiving Party. While this flexibility should be permitted, it adds complexity to the Independent Review process and brings risk to atmospheric integrity. In fact, it may occur one Party acquires ITMOs but in the end does not need them for NDC compliance and never 'correspondingly' adjusts. Therefore, transparency around ITMOs and their usage at the end of each NDC cycle is required.
- b) **Other Purposes:** When a Party opts to authorize and adjust for credits used for 'other international purposes, there will likely never be a 'corresponding' adjustment. Thus, the Independent Review would focus only on consistency related to the authorizing Party.

#### **b. TABLES AND OUTLINES (REPORTING)**

The design of tables and outlines should be consistent with methodologies and metrics approved under the Paris Agreement. Decision 2/CMA.3 Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, Annex, 1c, refers to ITMOs as measured in metric tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq.) in accordance with the methodologies and metrics assessed by the Intergovernmental Panel on Climate Change.

Therefore, to ensure atmospheric integrity and for the purpose of the global stock-take, the global carbon accounting system and comparable tables and outlines should reflect the tonnes of CO2 equivalent metric. Any other information Parties may wish to include in tables and outlines should be expressed in the form of additional notes.

***c. STANDARDS***

To ensure consistency related to NDC reporting, carbon estimates, and carbon accounting, the global stock take, all methodological standards should be approved under Articles 5 and 6.4.

As is widely recognized, voluntary carbon standards fail required atmospheric integrity requirements and financial transparency principles. Further, voluntary standard being applied outside the Paris Agreement may risk being double counted and thus contravene to the spirit and principles behind the new climate regime.

Use of voluntary standards not approved under the Paris Agreement will complicate review of NDCs, transparency reporting, carbon accounting, stock-taking, etc. In spite of alleged 'integrity efforts, voluntary standards carry meaningful risk of inflating carbon markets and undermining the credibility of the whole international climate regime.

***d. AUTHORIZATION***

As indicated in Article 6.3 of the Paris Agreement, Parties participating in the Article 6.2 mechanism must authorize any ITMO.

Each Party should transparently develop a National process for authorization and advise domestic stakeholders and the UNFCCC. Authorization by countries should be undertaken by a competent national authority (for example, the UNFCCC focal point or in the context of Article 5 the national REDD+ focal point) or by the responsible Minister.

***e. REVIEWS***

The mandate of the Technical Review process considered under Article 6.2 is to assess the consistency of the information provided by the Parties on the cooperative approach.

Significant atmospheric integrity and equity issues could arise if Parties use methods not approved under the Paris Agreement and apply voluntary standards for GHG emissions reductions, removals, adaptation and OMGE.

Further, reviews must ensure that all ITMOs are shown to contribute NDCs and verified by national GHG inventories. Reviews must also ensure that all ITMOs are authorized and all required adjustments are correctly reflected.

To ensure consistency, all methodologies presented under Article 6 must be approved in advance under the Paris Agreement, unless an international transfer was authorized between Parties before the finalisation of the Article 6 rules in Glasgow by COP26.

We re-affirm that the existing REDD+ Framework enshrined in the Paris Agreement sets out review guidance in decisions already agreed under the Convention related to REDD+. Once REDD+ results successfully complete the agreed process under the REDD+ Framework and are posted on the UNFCCC's REDD+ Information Hub, those outcomes may be submitted under Article 6, paragraph 2 and paragraph 3 of the Paris Agreement subject to the avoidance of double counting.

We support an Article 6.2 review that verifies that the results are in the national inventory, that they contribute to the achievement of the NDC, that they have been accounted for accurately under a national MRV system and are correctly authorized and adjusted. Beyond this, however, the Article 6 review does not have a mandate to review existing methodologies already agreed by all Parties under Article 5 related to REDD+ results in the context of their use as ITMOs.

REDD Plus credits under Article 5 will have been already assessed and reviewed under Paris Agreement decisions. We adhere to the principle that reviews should not be redundant and cannot be done twice.

#### ***f. INFRASTRUCTURE***

As indicated by the CMA decision on Article 6.2:

- 1) each participating Party shall have, or have access to, a registry for the purpose of tracking progress on NDC implementation; and
- 2) the secretariat shall implement an international registry for participating Parties that do not have or do not have access to a registry.

To improve transparency, each Party should identify their National Registry. The registry should have the required infrastructure to track environmental credits through their lifecycle and include four key components:

- Technology: online user interface and data base behind the registry
- Terms and Conditions: rules governing use of the Registry
- Operations: review of activity documents, support of users, interaction with regulators and oversight

- Reporting: providing transparent reporting on the lifecycle of authorized credits

A National Registry must promote transparency, efficiency, trust and confidence on the use of the Paris Agreement mechanisms among Parties and fully capture corresponding adjustments.

The CfRN is providing a registry for REDD+ (the REDD.plus platform) that is already operational and can be used as a National Registry. It records and tracks Units through the entire lifecycle, including registration, sale and retirement. The REDD.plus platform is so designed that it can be easily expanded to other sectors where needed.

#### **4. ARTICLE 6.4**

##### ***a. METHODOLOGIES***

We note that the Supervisory Body will be required to develop and approve methodologies for Article 6.4 project activities.

On the basis of the CDM experience, we highlight that sectoral and national baselines are critical for atmospheric integrity, and wish to point out that REDD+ already requires the establishment of a coordinated baseline (it requires a net of all sectoral actions). The same course should be required for other sectors.

In particular:

- CDM methodologies should be updated under sectorial or national baselines
- Any new standard and methodology should undergo the approval process under the 6.4 rules.
- We suggest that Parties provide such guidance to the Supervisory Body

##### ***b. FOREST AND CONSERVATION ACTIVITIES***

Any decision under article 6 must not prejudice what is already agreed under Article 5 of the Paris Agreement.

Consideration of removals under Article 6.4 decision may open the door for 'stakeholders' to run independent forest projects that are not consistent with the REDD+ mechanism, prejudice existing COP decisions, result in double counting, and complicate implementation in this sector.

In addition, any Party engaging in any activity under Article 5 of the Paris Agreement must follow the same rules and processes agreed for developing countries under paragraph 2.

Forests remove carbon dioxide from the atmosphere and conservation activities are essential to such removal. Rainforest nations which avoid deforesting their forests and conserve them should be financially incentivized for these mitigation efforts.

***c. AVOIDANCE***

Parties should be given more time to discuss the issue of avoidance since it is a very complex concept that does not belong to Article 6 only. The concept of emissions avoidance does not reconcile with the Paris Agreement global objective (1.5) and the ambition mechanism created by the Paris Agreement (global stocktake). Given the current state of the science, as outlined in the most recent reports by the IPCC, all Parties must exclusively focus on increasing reductions and removals.

***d. RULES OF PROCEDURES***

On the elaboration of its rules of procedure, any conflict of interest must be avoided as identified in the Paris Agreement. For example, members of the Supervisory Body should be free of any potential conflict of interest and not participate in any other board for standards that are not consistent with the Paris Agreement principles and rules. Integrity in the selection of the Supervisory Body must be preserved otherwise the whole mechanism is at risk.

***e. SHARE OF PROCEEDS***

Both under the UNFCCC and the Paris Agreement, adaptation funding has to flow from developed countries to developing countries. The SOP decision violates the Paris Agreement in that it requires a flow of funds from developing countries to developing countries.

We believe a new adaptation mechanism should be created to generate adequate and predictable funding for adaptation.

**5. FURTHER MATTERS**

***a. ADDITIONALITY***

Currently, as indicated under Decision 2/CMA.3 Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, an ITMO under 6.2 must be additional (Annex, paragraph 1a).

Standing forests that are conserved or sustainably managed remove huge quantities of co2 eq annually. Rainforest removals are part of the global carbon budget and must be valued in global carbon markets. At present, REDD+ countries are removing global emissions for free.

In many cases, removals frequently exceed emissions. Net removals are therefore additional - they would not have occurred in the absence of deliberate action to conserve forests that remove and store CO<sub>2</sub>.

Rainforest nations have taken deliberate action to engage and respond to all REDD+ requirements under COP decisions. Rainforest nations have set up national robust monitoring systems, national forest reference levels and systems to address social and environmental safeguards to produce Paris Agreement recognized REDD+ results. All of these steps are additional.

Therefore, the removals that result from conservation and sustainable management would not have occurred without such actions on the part of Governments in rainforest countries. This is clearly additional.

In terms of environmental integrity, the effectiveness and impact of rainforest nations committing to implement a national REDD+ program is by nature very different from individual projects covering small portions of the national territory and not harmonized with the national scheme.

Further, the IPCC and the science confirm that forest is key to keeping global atmospheric temperature below 1.5C and so the net result produced by maintaining standing forests on the national-scale is additional for the atmosphere.

***b. Eligibility pre-2020 REDD+ credits***

Even though REDD+ under Article 5 is part of the Paris Agreement, there is no recognition of early action for pre-2020. It is unacceptable that post-2013 credits for CDM which were not subject to comparably robust accounting rules for environmental integrity are now eligible to participate in the market. Conversely, REDD+ results post-2015 which were obtained in full compliance with COP-approved rules, modalities and procedures are not. This constitutes a double standard. It is unjust and is not acceptable.

CDM credits are included in a Protocol that is currently not supported by the vast majority of global GHG emitters. Results generated under Article 5 of the Paris Agreement are fully integrated in the new climate regime.

CfRN will continue working with all Parties on the various items to complete all rules by COP27 in Egypt.