



Update on market discussions under UNFCCC

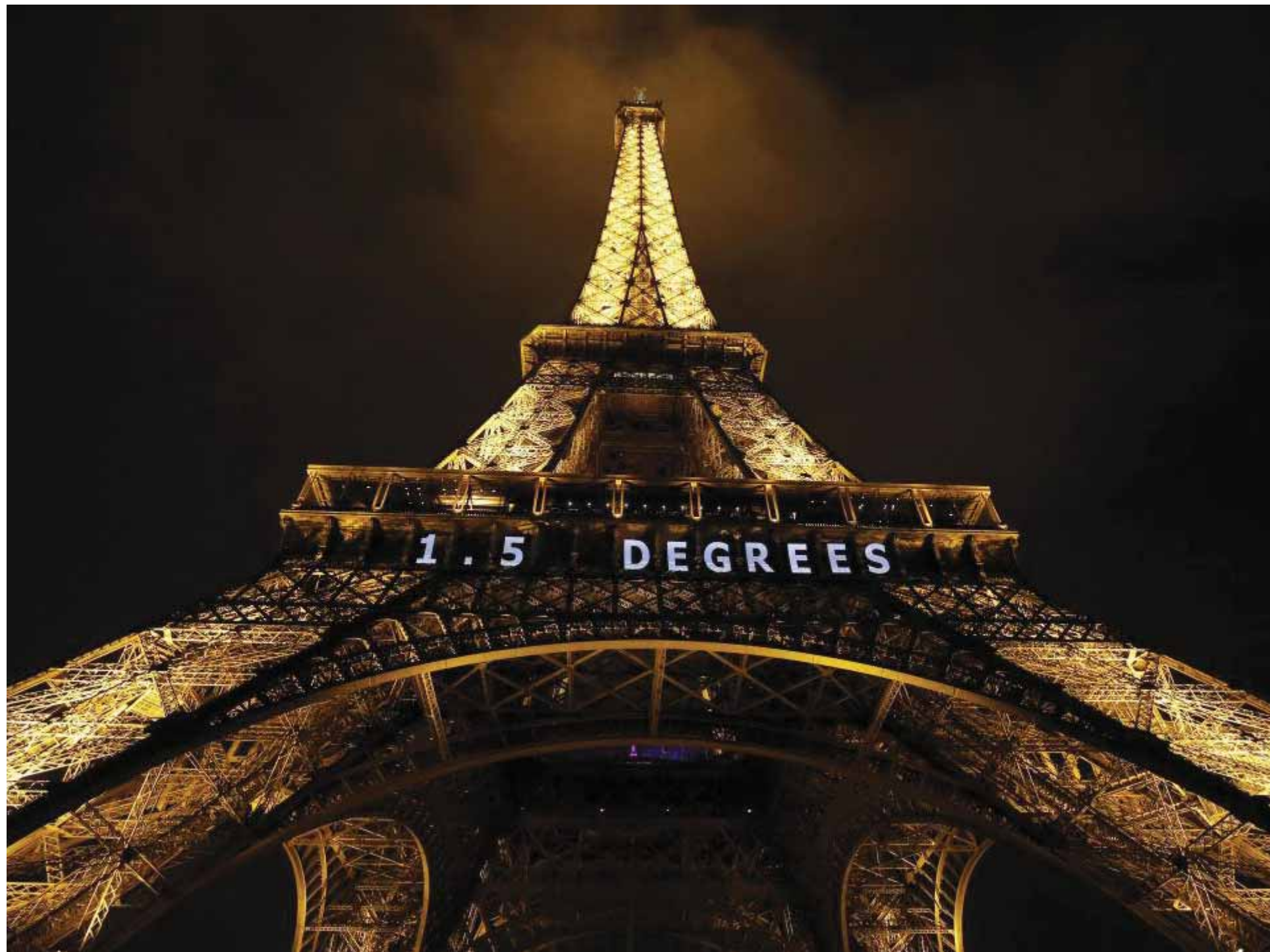
SB44 side event.

The Joint Crediting Mechanism (JCM):

Achievements and current progress of project implementations



**Niclas Svenningsen
Manager, Strategy & Relations
UNFCCC Secretariat**



The Paris Agreement

- Clean Development Mechanism
- Joint Implementation

- New Market Mechanism
- Framework for various Approaches
- Non-Market based Approaches



Paris Agreement: Article 6

- Cooperative Approaches & ITMO
- Art 6 mechanism (new)
- Non-market approaches



The Paris Agreement

- Clean Development Mechanism
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- ~~■ New Market Mechanism~~
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Paris Agreement: Article 6

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Cooperative Approaches, PA 6.1-6.3

- Parties may voluntarily cooperate in implementing their **NDC** so as to achieve **higher ambition** (mitigation & adaptation), and to promote sustainable development.
 - If cooperation results in Internationally Transferrable Mitigation Outcomes (ITMO) the approaches must apply robust accounting (no double counting) subject to **guidance by CMA**
- CMA = Conference of the Parties to the Convention serving as Meeting of the parties to the Paris Agreement)**
- 1/CP.21, para 37: SBSTA to develop relevant guidance for adoption by first session of CMA.



Cooperative Approaches, PA 6.1-6.3

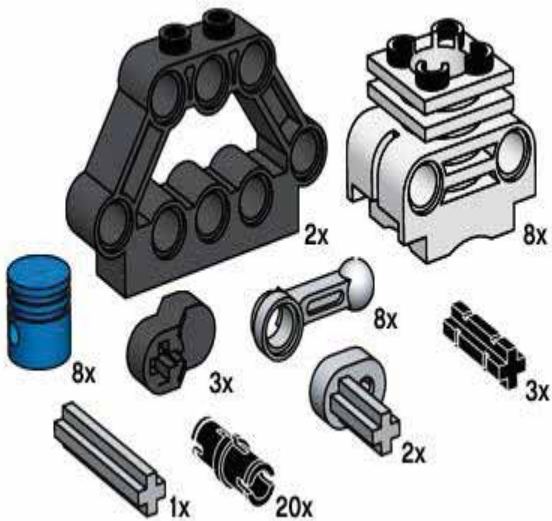
- Parties may voluntarily cooperate in implementing their **NDC** so as to achieve **higher ambition** (mitigation & adaptation), and to promote sustainable development.
- If cooperation results in Internationally Transferrable Mitigation Outcomes (ITMO) the approaches must apply robust accounting (no double counting) subject to **guidance by CMA**.
- Voluntary and authorized by participating Parties.
- 1/CP.21, para 37: SBSTA to develop relevant guidance for adoption by first session of CMA.
- PA: Art 4.13: Parties shall account for their NDC...environmental integrity, transparency , accuracy, completeness, comparability and consistency, no double counting.
- 1/CP21, para 31: AHP to develop guidance

AHP = Ad-Hoc working group for the Paris Agreement (CMA before Paris Agreement comes into effect)



A mechanism... (Article 6 mechanism)

- A mechanism to contribute to **mitigation and sustainable development**
- Under authority of CMA – supervised by body designated by CMA
- Facilitate participation by public and private entities, authorized by a party
- Resulting in emission reductions that can also be used by another party
- Result overall mitigation in global emissions
- Emission reductions can only be used by one party
- 1/CP21, para 38 & 39: SBSTA to develop rules, modalities and procedures, on the basis of... real, measurable and long-term mitigation benefits, scope of activities, reductions that are additional, verification and certification of emission reductions by DOE, lessons learned from existing mechanisms



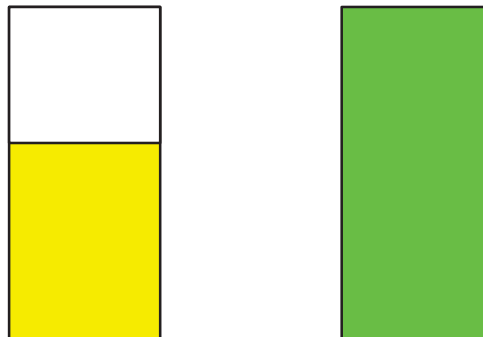
A Framework for non-market approaches

- Para 6.8 – 6.9: To assist in implementation of NDC in the context of sustainable development and poverty eradication.
- May include mitigation, adaptation, finance, technology transfer, capacity building
- Shall promote ambition (mitigation and adaptation), Enhance public and private participation in NDC, Enable coordination across instruments and institutions.
- 1/CP21, para 40: SBSTA to undertake work programme to consider linkages and synergies between mitigation, adaptation, finance, technology transfer, capacity building, and how to facilitate implementation of non-market approaches.



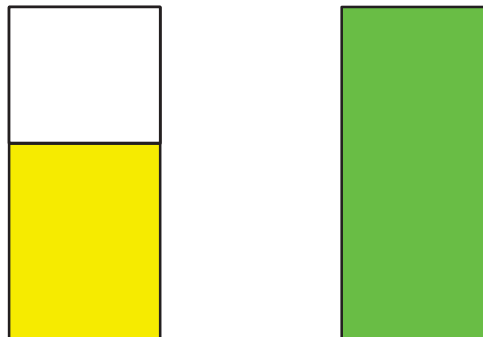
Some new fundamentals

- All parties can participate – no distinction between developed and developing countries.
- Cooperative approaches can be mechanisms "owned" by non-UNFCCC entities provided that their emission reduction units meet the UNFCCC guidance/standards.
- Basic mathematics apply: All countries have NDC. The transfer of ITMO/emission reductions has to be counted both the host country and the receiving country.



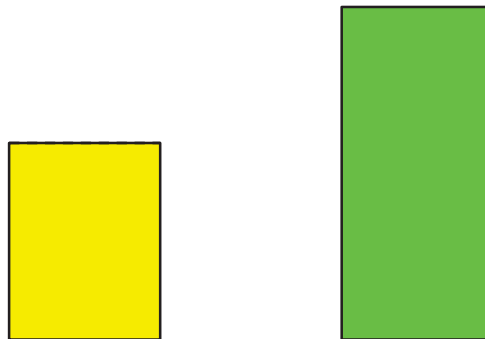
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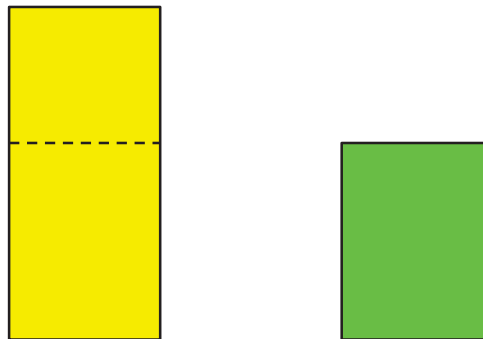
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What about CDM, JI and other market discussions?

- Both CDM and JI are under Kyoto Protocol (2023)
- JI needs Assigned Amount Units (AAU) to work
- CDM works without AAUs, and today CERs are also used outside the Kyoto Protocol compliance markets
- CDM is not the Art 6. mechanism (but the Art 6. mechanism may have many similar features)
- CDM can be seen as cooperative approach, subject to meeting CMA guidance.
- No double counting requirement has to be addressed – same as for all mechanism or cooperative approaches under Art 6.
- NMM, FVA, NMA likely to close by Marrakech



The Way Forward

Operation

PA entry into force

Elaboration

COP 21 decision

Paris Agreement

Thank You!

