

Updates on UNFCCC discussion on market mechanism

18 Novemer 2016

COP 22, Japan Pavillion Side Event

Marrakech, Morroco



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Background

Paris Agreement

- Art 6.2–6.3 (Cooperative approaches)
- Art 6.4–6.7 (A mechanism)
- Art 6.8–6.9 (Non-market approaches)



Decision 1/CP.21

- Para 36 (SBSTA to recommend “**guidance**” for cooperative approaches)
- Para 38 (SBSTA to recommend “**rules, modalities and procedures**” for Art 6.4 mechanism)
- Paras 39–40 (SBSTA to undertake a “**work programme**” and to recommend a “decision on the work programme”)



Progress so far

SBSTA 44 (May 2016)

- Agreed to focus on establishing common understanding at SBSTA 45
- Invited Parties and observer organizations to submit views on:
 - The **guidance** (for cooperative approaches)
 - The **rules, modalities and procedures** (for Art 6.4 mechanism)
 - The **work programme** (for non-market approaches)
- “Co-facilitators’ notes”



Progress so far

SBSTA 45

- Over 20 Parties or Negotiation Groups made submissions
- Parties engaged in productive exchange of views to establish common understanding
- Convergence and divergence in views in different areas
- Facilitators presented indicative timeline towards 2018
- Adopted conclusions for the next step



Areas raised for consideration

Cooperative approaches

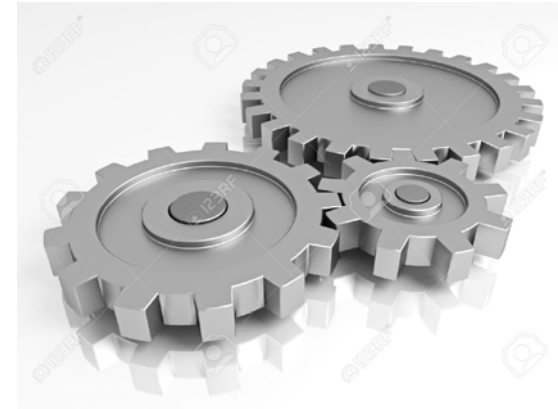
- Definition of ITMO
- Governance
- Guidance on:
 - Robust accounting (incl. avoidance of double counting)
 - Corresponding adjustment
 - Sustainable development, environmental integrity, transparency
- Reach of guidance in lifecycle of ITMO
- Relationships with other provisions in the Paris Agreement (e.g. Art 4.13 and Art 13.7), Convention, and its legal instruments



Areas raised for consideration

Art 6.4 mechanism

- Crediting/issuing within and outside NDCs
- Governance
- Rules, modalities and procedures on:
 - Fostering sustainable development
 - Delivery of “overall mitigation”
 - Specific scopes of activities
 - Additionality
- Relationships with other provisions in the Paris Agreement (e.g. Art 6.2), Convention, and its legal instruments
- Use of experience gained and lessons learned from existing mechanisms
- Transition of activities under the Kyoto Protocol



Areas raised for consideration

Non-market approaches

- Governance
- Sustainable development and poverty eradication
- Reporting and accounting for outcomes towards implementation of NDCs
- Scope of non-market approaches
- Coordination across instruments and related institutional arrangement under the Convention (e.g. adaptation, technology transfer, capacity building)
- Relationships with other provisions in the Paris Agreement, Convention, and its legal instruments



Next step

SBSTA 45 conclusions

- Invited Parties to submit views on, inter alia
 - The elements to be addressed, including their operationalization, in:
 - The **guidance** (for cooperative approaches)
 - The **rules, modalities and procedures** (for Art 6.4 mechanism)
 - The **decision on the work programme** (for non-market approaches)
 - Overarching issues
 - Relationships with other provisions of the Paris Agreement, the Convention and related legal instruments
 - Roundtable discussion among Parties in conjunction with SBSTA 46 (May 2017)
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United Nations Framework Convention on Climate Change

