

Launching event of the
Paris Agreement Article 6 Implementation Partnership:
Towards high in integrity carbon markets

Summary of the event

November 16th, 2022 13:00-14:00

Japan Pavilion of COP27 Sharm el Sheik, Egypt

Organized by:

Ministry of the Environment, Japan (MOE Japan)

Summary of the event

The early and robust implementation of the 'high integrity carbon market' is necessary for the advancement of global emissions reductions. Thus, the Ministry of the Environment, Japan established the "Paris Agreement Article 6 Implementation Partnership" as an international initiative. Through this Partnership, support for Article 6 capacity building, information sharing, and collaborations to overcome challenges will be enhanced.

In this event held on November 16th, 2022 at the Japan Pavilion of COP27 in Sharm el Sheik, Egypt, the Partnership was launched and promoted with various speakers.

For more information regarding the Partnership, please visit the "Paris Agreement Article 6 Implementation Partnership" website:

<https://A6partnership.org/>

Disclaimer

The organizers have made every effort to ensure objectivity and provide a comprehensive summary of the conference, but errors can occur. The organizers assume no liability or responsibility for any errors in this report.

Launch Speech for the Paris Agreement Article 6 Implementation Partnership

H.E. Mr. NISHIMURA Akihiro, Minister of the Environment, Japan

- Thank you for taking time out of your busy schedule to attend the launching event of the "Paris Agreement Article 6 Implementation Partnership" for the establishment of a high integrity carbon markets.
- To achieve the 1.5°C target of the Paris Agreement, it is essential for the entire world to make further emission reductions. In addition, the establishment of a "high integrity carbon market" in line with Article 6 of the Paris Agreement will attract more private investments.
- More than 100 countries are interested in implementing Article 6, and there is a strong need to build capacity and to establish systems for Article 6 implementation.
- In order to respond effectively to these needs, it is important to collaborate internationally, sharing information among a wide range of stakeholders, including international organizations, research institutions, and the private sector.
- Considering these circumstances, and to promote early and steady implementation of Article 6, I am pleased to announce here today the launch of the "Paris Agreement Article 6 Implementation Partnership" for the establishment of a high integrity carbon market, in the presence of relevant organizations and countries.
- At the beginning of this launching event (November 16), we had 63 Partner countries and institutions. We look forward to working with you to further deepen our collaboration to build a high integrity carbon market through the implementation of Article 6.



Minister NISHIMURA giving the launching speech

Photo Session



Group photos with speakers and high-level participants

Keynote statements from Partners of the Paris Agreement Article 6 Implementation Partnership

Mr. Simon STIELL, United Nations Framework Convention on Climate Change (UNFCCC) Executive Secretary

- Article 6 is essential for achieving emission reductions at speed and scale.
- The UNFCCC secretariat supports to build capacity of the Parties, especially developing Parties so that they can fully benefit from Article 6. The UNFCCC implements a capacity building programme, which is developed by close consultation with Parties, through our network of the Regional Collaboration Centre (RCC).
- We will work with several key objectives in mind:
 - Understanding institutional needs
 - Participation requirements established in Glasgow are fully met
 - Availability of well-structured information
 - Enhance capacity of baseline monitoring and reporting
 - Ensuring capacity retention
- We must move forward the transition started in Glasgow providing clear guidance and process here in Sharm El Sheikh. Parties made some progress. They are shifting gears to re-prioritizing objectives. I urged them to close designing by the end of this week.
- Implementation of Article 6 gives us a tool to move at a much faster pace to get to the finish line, which is only 8 years from now.
- Effective and swift implementation of Article 6 throughout the globe can be a game changer in our efforts to tackle global warming.



Mr. Simon STIELL giving the keynote statement

H.E. Ms. Grace FU, Minister for Sustainability and the Environment, Singapore

- Norway and Singapore with the strong support from our team of Japan, look forward to moving things forward.
- The rulebook provides a common framework for Parties to cooperate and meet their targets, advancing climate actions and enhancing climate finance.
- These are coming together to operationalize Article 6 with complimentary initiatives such as the Article 6 Implementation Partnership led by Japan.
- This would enable high integrity carbon markets and provide new pathways to achieve the goals of the Paris Agreement.
- The progress on carbon markets along with more investment in low carbon technologies worldwide gives confidence to Singapore to raise its ambition and announce our commitment to achieve net zero by 2030.
- To harness the potential of carbon markets, we need to lower the barriers of entering the market for Parties to participate.
- Through the Singapore Cooperation Programme, Singapore trained close to 150,000 officials from developing countries.
- Last month, we launched Sustainability Action Package (SAP) to cover sustainability more extensively.
- Singapore and New Zealand jointly organized a workshop to support ASEAN members to enhance knowledge transfer.
- Singapore together with World Bank and IETA, will launch Climate Action Data Trust which aims to reduce the risk of double counting and bring transparency to carbon markets.
- I would like to thank Japan for advancing cooperation on Article 6.



H.E. Ms. Grace FU giving the keynote statement

Mr. Stefan WENZEL, Parliamentary State Secretary of the German Ministry for Economic Affairs and Climate Action, Germany

- Article 6 Implementation Partnership is supported by Germany.
- Germany is prepared to share its activities in the field of capacity building supporting.
- Let us keep the momentum and let us enable Parties to get access to the UNFCCC based carbon markets.
- I would like to underline Germany's position on the CDM.
 - Germany will not engage in outdated mechanism which is not designed to raise ambition
 - Ongoing CDM projects should be transitioned to Article 6 to use updated methodologies
 - Article 6.4 is a new mechanism and should not be delayed by CDM
- Germany and EU do not want to weaken our climate goals by substituting our mitigation contribution by using offsets.
- Use of Article 6 is relevant for Germany in the following ways:
 - Strengthen developing countries' capacity to accelerate transformation to carbon neutrality
 - Appreciate that many countries are developing long term low carbon strategies
 - Long-term low carbon strategies are the right way to utilize Article 6 cooperation to achieve carbon neutrality faster



Mr. Stefan WENZEL giving the keynote statement

H.E. Mr. James SHAW, Minister for Climate Change, and Associate Minister for Environment (Biodiversity), New Zealand

- New Zealand supports Article 6 cooperative approaches.
- Our NDC target by 2030 is more ambitious than what we can do domestically.
- Capacity building is needed for Article 6 process and market readiness to further build policy foundations which fits in line with NDCs, Long-term Strategies, and Sustainable development.
- A lot of technical knowledge is necessary. It can be a burden for developing countries.
- We need a regional approach, which is the partnership launched by Japan. NZ supports pacific nations.



H.E. Mr. James SHAW giving the keynote statement

Mr. Daniel WESTLÉN, State Secretary to Minister for Climate and the Environment, Sweden

- Climate crisis requires global cooperation. Carbon finance alone does not achieve the Paris Agreement, so the carbon market has an important role to mobilize finance.
- At the COP26, we agreed on the Article 6 rulebook, now implementation is needed and it requires cooperation for capacity building.
- We welcome Japanese Article 6 Implementation Partnership. Sweden has a high ambition, net zero by 2045, which requires cooperation with other countries to achieve it, and Article 6 is one of the cooperation.
- Article 6 also supports other countries to reach their goals as well. We have supported CDM projects under the Kyoto protocol.
- We have been implementing Article 6 support from 2018 and have built bilateral agreements with Ghana, Dominican Republic, and Nepal on Article 6 cooperative approaches.



Mr. Daniel WESTLÉN giving the keynote statement

H.E. Mr. Madis KALLAS, Minister of the Environment, Estonia

- Article 6 builds common rules for carbon markets and we would like to thank Japan to establish Article 6 implementation partnership to make high integrity carbon markets.
- To make high integrity carbon markets, transparency is the key. All stakeholders including local community, indigenous people, and women should be in the center.
- Estonia has been moving toward digitalization and has been increasing finance for green technologies to developing countries.
- It is important to share knowledge and experience on mitigation and adaptation actions to other countries. We are ready to share our experience for creating high integrity carbon markets.



H.E. Mr. Madis KALLAS giving the keynote statement

Mr. Trigg TALLEY, Special Presidential Envoy for Climate, U.S. Department of State

- We need to invest to build capacity building to make high integrity carbon markets and to support countries' ambitions.
- The USA made bilateral and global agreements with countries on sustainable landscape and REDD+ for enabling them to issue credits.
- We are also integrating Article 6 reporting into our transparency support, where the EPA has a Paris Agreement Transparency Accelerator.
- We have to provide information to countries about carbon markets. We are engaging with various voluntary carbon market initiatives. Special Presidential Envoy for Climate, John Kerry, has announced a new programme to accelerate energy transition related to voluntary carbon market initiatives.



Mr. Trigg TALLEY giving the keynote statement

Mr. Dirk FORRISTER, CEO and President of the International Emissions Trading Association (IETA)

- We thank Japan in leading this Partnership to deliver the Paris Agreement.
- Article 6 can enable the private sector to involve climate change around the world.
- IETA educates the business sector on how they can set up systems to engage in Article 6 cooperative approaches.
- This is how we make sure of system integrity. We are also interested in the data side of this, and climate action data is a basis of trust.
- It helps us to identify overlaps and engagement where it is needed.
- Many countries are interested in engaging Article 6 to achieve their ambitions.
- We are committed to work together to deliver solutions.



Mr. Dirk FORRISTER giving the keynote statement

Ms. Jennifer SARA, Global Director for Climate Change, World Bank

- We support this Partnership. After many years of negotiations, the Article 6 rulebook was agreed at COP26 and now the momentum has been built to operationalize the Article 6.
- Over two thirds of NDCs now include carbon market and carbon pricing as mitigation tools.
- Capacity building and infrastructure at the domestic level is key to operationalize Article 6.
- We have been working in international markets for a long time, starting with the Kyoto Protocol.
- We provided technical assistance for over 20 developing and emerging countries through the Partnership for Market Readiness (PMR).
- Now we have the Partnership for Market Implementation (PMI) which supports direct implementation for 17 countries from African, Pacific, and Latin American countries.
- We engage with developing innovative methods and tools to help operationalize Article 6 and Climate Warehouse is one of them, a digital platform to facilitate credit transactions.
- We are also supporting countries without institutional capacities to deliver high quality verifiable emission reductions.



Ms. Jennifer SARA giving the keynote statement

Mr. Alessandro MODIANO, Director General, Directorate General for European and International Activity, Ministry of Ecological Transition, Italy

- We have just decided to join this Partnership. We look forward to further cooperation.



Mr. Alessandro MODIANO giving the keynote statement

Overview of the Article 6 Implementation Partnership

Mr. ONO Hiroshi, Vice Minister for Global Environmental Affairs, Ministry of the Environment, Japan

- We concluded the long negotiation of Article 6 rules and completed the Paris rule book in COP26. More than 120 countries have expressed their willingness to use Article 6 in their NDCs.
- The implementation of the Article 6 is now entering a new stage of real implementation. Implementing Article 6 requires certain national institutional and technical capacities. Therefore, capacity building plays a significant role in its appropriate implementation.
- Experts have estimated that the implementation of Article 6 could lead to a reduction of an additional 4 to 12 billion tCO₂ emission per year by 2030.
- This corresponds to 10% - 40% of global CO₂ emissions in 2018 so that it has a significant potential to fill the gap in 2030, while stimulating economic growth by creating a new market.
- One estimation shows that the market size of emissions trading is expected to reach US\$300-400 billion in 2030.
- Results of surveys on capacity building for Article 6 implementation have led us to the conclusion that a forum for sharing information about various capacity building programs are needed.
- In light of this, we have launched the Article 6 Implementation today.
- Objectives, areas of work, roadmap and activities of the Partnership are as shown in the slides.
- The number of Partner countries and organizations is still growing.
- Those who are not yet a Partner is welcome to register.
- We look forward to working with you for the implementation of Article 6.



Mr. ONO Hiroshi presenting the outline of the Partnership



環境省
Ministry of the Environment
Government of Japan

Launching Event of the Article 6
Implementation Partnership
Towards high integrity carbon markets

Overview of the Paris Agreement Article 6 Implementation Partnership

Ministry of the Environment, Japan
Hiroshi ONO
November 16, 2022







Many countries mention Article 6 in their NDC

165 countries that submitted new NDCs, 74% (122 countries) mentioned the use of Article 6.

Mention Article 6.2 cooperative approach: 54% (89 countries)

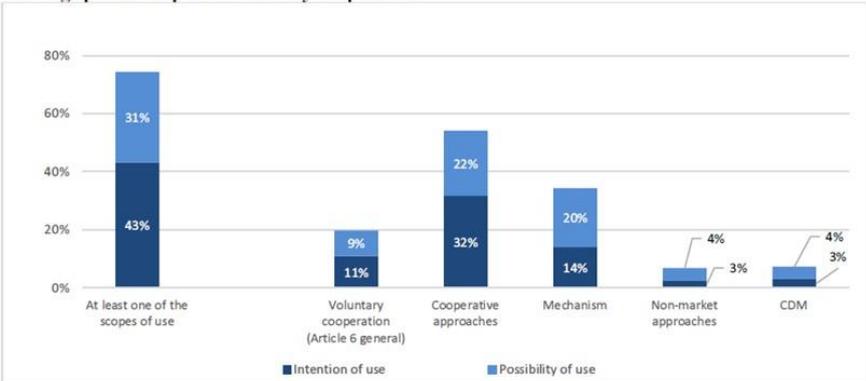
Mention Article 6.4 mechanism: 34% (56 countries)

Mention Article 6.8 non-market approaches: 7% (11 countries)

Mention Clean Development Mechanism (CDM): 7% (11 countries)

The implementation of the Article 6 is now entering a new stage, and capacity building plays a significant role in its proper implementation.

Share of Parties indicating in nationally determined contributions the intention to use or possibility of using specific scopes of voluntary cooperation



Scope of Voluntary Cooperation	Intention of use (%)	Possibility of use (%)
At least one of the scopes of use	43%	31%
Voluntary cooperation (Article 6 general)	11%	9%
Cooperative approaches	32%	22%
Mechanism	14%	20%
Non-market approaches	3%	4%
CDM	3%	4%

Nationally determined contributions under the Paris Agreement. Synthesis report by the secretariat, FCCC/PA/CMA/2021/8/Rev.1

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Expected effects of Article 6



- Experts have estimated that the implementation of Article 6 could lead to a **reduction of an additional 4 - 12 billion tCO₂ emission per year** by 2030.
- This corresponds to 10% - 40% of global CO₂ emissions in 2018.
- **Market size of emissions trading** is expected to reach **US\$300–400 billion in 2030**.✘

Additional reductions through Article 6 in 2030	References
9 billion tons CO₂/year	J. Edmonds et al. (2021). How much could article 6 enhance nationally determined contribution ambition toward Paris Agreement goals through economic efficiency? <i>Climate Change Economics</i> (2021) 2150007
4-5 billion tons CO₂/year	UNEP and UNEP DTU (2021) Emissions Gap Report: Heat is On, Chapter 7 The role of market mechanisms in bridging the emission gap
8 - 12 billion tons CO₂/year	TASKFORCE ON SCALING VOLUNTARY CARBON MARKETS Final Report (2021) January

✘ References:

UNEP and UNEP DTU (2021) Emissions Gap Report

IETA (2021) The Carbon Markets Role of Article 6 Compatible Carbon Markets in Reaching Net-Zero

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Current status of A6 capacity building mentioning specific country names for implementation



Though there are many programs on Article 6 implementation provided by various entities, due to the lack of systematic coordination, limited numbers of countries have received the benefits and there also seems to be regional gap.

Regions		Asia	Eastern Europe and Central Asia	Europe	Latin America & the Caribbean	North Africa & the Middle East	Northern America	Oceania	Sub-Saharan Africa	All regions
		Content								
# of countries indicating the use of A6*		15	7	34	16	5	2	6	25	110
% of countries with support for A6**	Participation	33%	0%	0%	25%	20%	0%	0%	60%	23%
	reporting	40%	0%	0%	25%	20%	0%	0%	32%	17%
	project development and implementation	60%	14%	0%	6%	40%	0%	0%	44%	22%

*Countries indicated as "Yes" for using at least one type of market mechanism in the "IGES NDC Database Version 7.6 (October 2021)".

**Data source: "A6 capacity building survey" results received by MOEJ between Mar.-Sept. 2022.

***This analysis is subject to assessment.

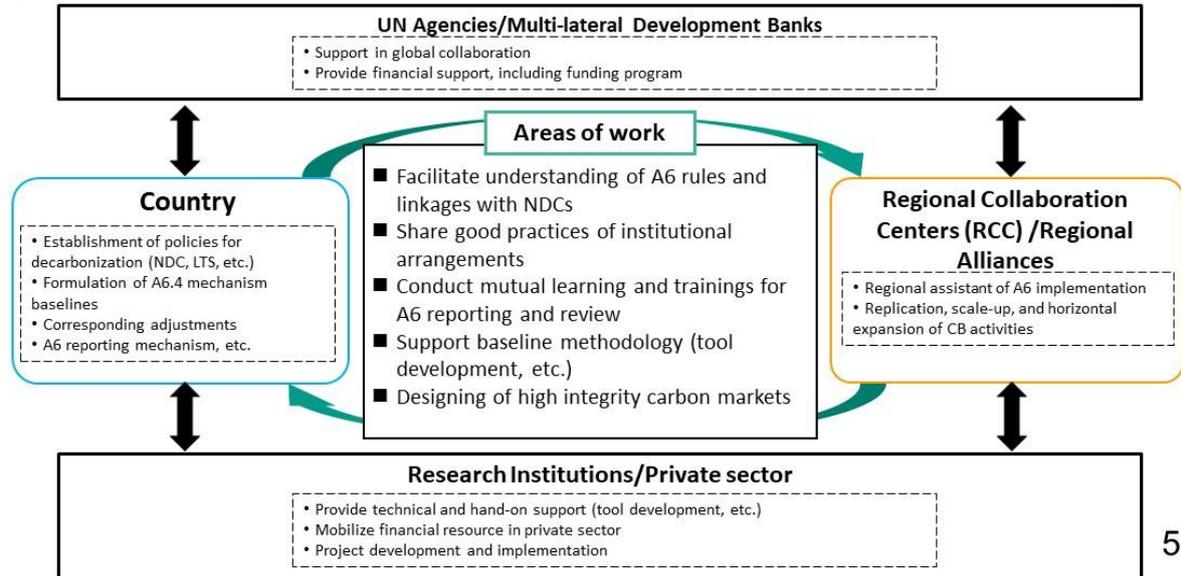
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Article 6 Implementation Partnership



Objective

- Promoting international coordination of Article 6 Capacity Building
- Developing information platform for A6 implementation
- Supporting piloting & knowledge products

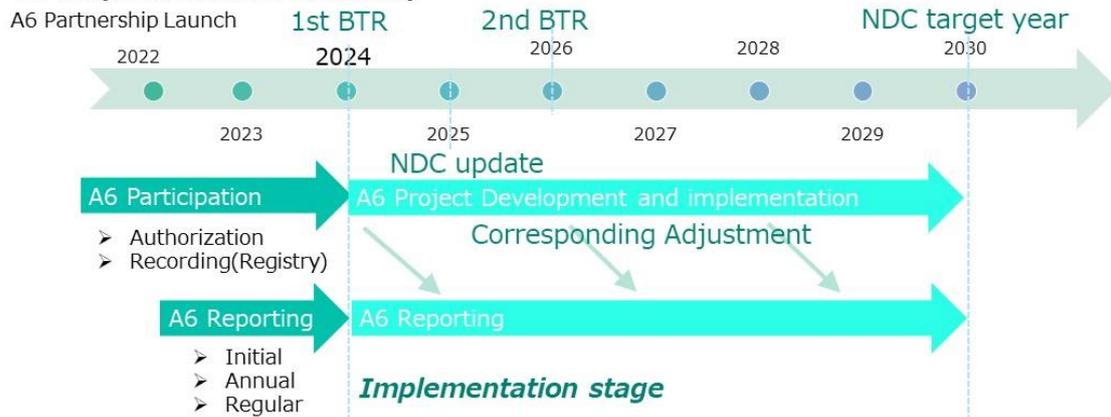


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A6 Implementation Roadmap and Activities



A6 Implementation Roadmap



Timeline of A6 Implementation Partnership's activities

2023	2024	2024 and beyond
<ul style="list-style-type: none"> • Start working groups on : <ol style="list-style-type: none"> 1. Authorization 2. Registry 3. Reporting (initial, annual information) 	<ul style="list-style-type: none"> • Support the submission of regular info. under the 1st BTR 	<ul style="list-style-type: none"> • Support the submission of regular info. under BTR (including corresponding adjustments) • Support project development

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More Partners are welcome



Benefits for joining the Partnership

- ✓ Opportunities to share / gain knowledge from best practices and lessons learnt on A6 capacity building and implementation
- ✓ Provide / gain support for A6 capacity building
- ✓ Utilize the information platform for A6 implementation

For more information, please visit the Partnership website:
<https://A6partnership.org>



Paris Agreement Article 6 Implementation Partnership Secretariat
(MOE Japan) can be contacted by e-mail at
A6_implementation@env.go.jp

Annex: Agenda

Launching Event of the Paris Agreement Article 6 Implementation Partnership *Towards high integrity carbon markets*

November 16th 13:00 to 14:00 (Egypt local time) at Japan Pavilion (Zone B P23), COP27

Agenda

Moderator: Mr. KOAKUTSU Kazuhisa, Ministry of the Environment, Japan

13:00-13:05 Launch Speech for the Paris Agreement Article 6 Implementation Partnership

Speaker: H.E. Mr. NISHIMURA Akihiro, Minister of the Environment, Japan

13:05-13:10 Photo Session (Keynote speakers and Ministers of Partner countries)

13:10-13:50 Keynote statements from Partners of the Paris Agreement Article 6 Implementation Partnership

13:50-14:00 Overview of the Article 6 Implementation Partnership

Speaker: Mr. ONO Hiroshi, Vice Minister for Global Environmental Affairs, Ministry of the Environment, Japan