

Official side event of COP28

“Advancing the Article 6 Implementation Partnership
(A6IP) towards high integrity carbon markets”

Summary of the Event

December 11, 2023, 18:30 - 20:00

@COP28, Dubai, UAE

Co-organized by:

Ministry of the Environment Japan (MOEJ),
Article 6 Implementation Partnership Center, Institute for
Global Environmental Strategies (A6IP Center, IGES),
Global Environment Centre Foundation (GEC)

Summary of the Side Event

Enhancing global efforts to reduce emissions is crucial, and Article 6 of the Paris Agreement plays a key role in achieving this goal. To bolster these efforts, Japan established the Paris Agreement Article 6 Implementation Partnership (A6IP) at COP27 last year, now comprising 74 countries, along with over 100 organizations and numerous companies as of 11 December 2023.

Prior to this official event at COP 28 of the United Nations Framework Convention on Climate Change (UNFCCC) in Dubai, the Ministry of the Environment of Japan (MOEJ) and A6IP Center announced the launch of its 'Article 6 Support Package' in the presence of the Minister of the Environment of Japan, Mr. Ito Shintaro, along with other high-level participants from various countries and organizations.

With a growing emphasis on the implementation of Article 6, the importance of building the capacity of each country to operationalize Article 6 has increased. To facilitate this, the MOEJ organized an official side event at COP28, focusing on presenting the Article 6 Implementation Support Package, sharing insights from ongoing Article 6 initiatives undertaken by various countries and organizations, and discussing strategies for effective capacity building for the successful implementation of Article 6.

Key takeaways from the event are:

- A comprehensive approach to capacity building is essential, focusing on both government and private sector roles in operationalizing Article 6. This includes establishing a clear division within the government, engaging the private sector in pilot projects and market mechanisms, and integrating academic institutions and youth in the process to promote understanding and implementation of Article 6.
- Creating a platform such as A6IP that can facilitate knowledge exchange, peer-to-peer learning, active participation, and resource sharing is key, involving a range of stakeholders including governments, international organizations, universities, research institutions, and others.
- Tailored capacity-building strategies for different countries and regions is essential. This includes assessing readiness for carbon market mechanisms, developing local verification and validation bodies, enhancing digital capabilities, and creating fair benefit-sharing methodologies.

Disclaimer

The organizers have made every effort to ensure objectivity and provide a comprehensive summary of the conference, However, it is important to acknowledge that errors may occur and the organizers assume no liability or responsibility for any errors in this report.

Opening Remarks

Yutaka Matsuzawa, Vice-Minister for Global Environmental Affairs, MOEJ

- International cooperation under Article 6 plays a crucial role in building high-integrity carbon markets and supports countries to enhance their NDCs in line with the Paris Agreement's 1.5-degree target.
- A6IP, established during COP27, focuses on promoting international collaboration, understanding and implementing Article 6 rules, sharing best practices, and building capacity. With the participation of 74 countries, over 100 organizations, research institutes, and private sector companies. This event aims to share insights on the current state and challenges of Article 6 implementation. It seeks to build momentum for enhanced support through A6IP.



Yutaka Matsuzawa, MOEJ

Session 1: Presentations on Article 6 Implementation Partnership in Action

Sadamitsu Sakoguchi, Assistant Director, International Cooperation for Transition to Decarbonization and Sustainable Infrastructure, MOEJ

- A6IP was established to promote international collaboration and capacity building related to Article 6 of the Paris Agreement. It focuses on understanding Article 6 rules, linkages with NDCs, and sharing institutional best practices among other objectives.
- A6IP Center was established in April 2023 at the G7 summit. At the same time, the Principles of High Integrity Carbon Markets was endorsed by G7 ministers, emphasizing the importance of supply, demand, and market integrity in achieving net zero emissions by 2050.
- A6IP comprises 74 partner countries and over 100 organizations. Since its establishment, A6IP has conducted plenary meetings and working groups, with numerous additional sessions planned for 2024.



Sadamitsu Sakoguchi, MOEJ

Abdessalem Rabhi, Programme Manager, A6IP Center

- A6IP offers three main activities, technical assistance, stakeholder engagement, and information sharing.
- Regarding the technical assistance activities, general support includes universally accessible training materials and e-courses, with a focus on authorization, reporting, and tracking, designed for government officials. Specific support is tailored to meet the individual needs of each country. A6IP offers a Support Package that includes comprehensive assistance necessary for each country to operationalize Article 6. This covers the development of Article 6 strategy, the implementation of regulatory frameworks, the establishment of institutional arrangements, and ongoing support throughout the implementation process.
- Stakeholder engagement includes thematic working groups and networking events designed to foster collaboration. Information sharing is facilitated through a dedicated platform that maps out various capacity-building activities based on factors such as region and organization.
- A6IP is a global, inclusive, complementary initiative that brings together a diverse range of stakeholders to enhance the understanding and application of Article 6.



Abdessalem Rabhi, A6IP Center

Session 2: Leveraging resources and expertise to effectively advance the A6

Implementation Partnership

Moderator:

- Fenella Aouane (Moderator), Head of Carbon Pricing Global Practice and a Deputy Director, Global Green Growth Institute (GGGI)

Panelists:

- Veronika Elgart, Deputy Head international climate policy, Switzerland / Felix Schmidt, Federal Office for the Environment (FOEN) of Switzerland
- Ousmane Fall Sarr, West Africa Climate Alliance Coordinator
- Malek Al-Chalabi, Senior Carbon Pricing Policy Adviser at Shell and Co-Chair of the International Emissions Trading Association (IETA)
- Vaibhav Chaturvedi, Fellow, Council on Energy, Environment and Water (CEEW)
- Emmanuel Cheo, Associate Academic Officer, UNU Vice-Rectorate in Europe (UNU-ViE)
- Michael Ivenso, Director of Energy Transport and Infrastructure, National Council on Climate Change, Nigeria



Fenella Aouane, GGGI

- GGGI, an intergovernmental organization, aims to guide member countries towards green growth, in alignment with the Paris Agreement.
- In addition to traditional climate finance through concessional loans, carbon finance offers a debt-free and result-based approach, complementing the need for financial flow and assisting countries in achieving green growth.
- GGGI not only aims to reduce emissions but also focuses on economic growth. GGGI is collaborating with 12 countries through knowledge sharing and capacity building, and it expects an increase in partnership.
- Rules of Article 6 have been decided in COP26 and 27, and post-COP28 is going to be an implementation phase.



Fenella Auane, GGGI

Veronika Elgart, FOEN

- Switzerland considers itself an early mover in Article 6, however, it is still in a learning process. Therefore, it appreciates the A6IP initiatives established by the Japanese government and the efforts of GGGI and UNDP for facilitating peer-to-peer learning in Article 6 implementation.
- The first critical step was establishing a division with clear roles for Article 6 within the government.
- Various initiatives are still on a steep learning curve, each bringing different aspects of Article 6 implementation. However, it is important to avoid duplication.
- Important elements in all initiatives include sharing of challenges and lessons learned, active participation, and fostering peer-to-peer learning to enhance the understanding and implementation of Article 6.



Veronika Elgart, FOEN

Ousmane Fall Sarr, West African Alliance

- Senegal's National Committee on Climate Change (COMNACC: Comité National sur les Changements Climatiques)
 - Senegal established the COMNACC in 2003 to address climate change, integrating cross-cutting issues and involving all key stakeholders. It functions as an advisory body to the Ministry of Environment
 - COMNACC organizes numerous capacity-building activities on Article 6, climate change technologies, and related topics.
 - COMNACC also participates in UNFCCC negotiations and engages in bilateral negotiations with countries such as Japan, Switzerland, Singapore, and Norway.
- West Africa Alliance on Carbon Markets and Climate Finance
 - It was established to avoid past mistakes made with CDM not taking full advantage.

- It assesses the readiness of its 16 member countries to participate in carbon market mechanisms and prepares support plans for each of the countries.
- However, there is a lack of resources to cover all countries currently, and it hopes for a fruitful collaboration with A6IP initiatives, aiming to position West Africa as a global dynamic hub of the carbon market.
- Capacity building needs
 - There are many areas that require capacity building in West Africa, such as identification, development, and proposal of projects that can generate carbon credits. Other areas include establishing local verification and validation bodies to facilitate project monitoring, digitalization, methodology for fair benefit sharing between countries, local communities, and improving understanding of carbon markets.



Ousmane Fall Sarr, West African Alliance

Malek Al-Chalabi, IETA

- IETA, with over 300 private sector members, focuses on carbon markets.
- IETA published a paper on how governments can operationalize carbon markets while maximizing private sector involvement.
- Through B-PMI (Business – Partnership for Market Implementation), IETA collaborates with WB to identify the role of the private sector in accelerating decarbonization through market mechanisms.
- IETA uses a podcast to explain how carbon markets contribute to decarbonization.
- From a private sector perspective, piloting and experimenting play a significant role and encourage others in the implementation of Article 6.
- Increasing efforts in capacity building and knowledge sharing are crucial for expanding carbon markets both in compliance and voluntary schemes.



Malek Al-Chalabi, IETA

Vaibhav Chaturvedi, CEEW

- India recently passed a law to establish a domestic carbon market with two components: an ETS setup and an offset market. This shows a transition of carbon markets from international climate finance to domestic decarbonization tools in India.
- The offset market is expected to be operational first, followed by the ETS market in about a year. Initially, it will cover 4 sectors: steel, cement, fertilizers, and petrochemicals. The Carbon Border Adjustment Mechanism (CBAM) has played a significant role in motivating the development of India's ETS.
- There is a need for India-specific research for carbon markets, considering interactions with existing policies. Capacity building is essential as carbon markets are gaining more attention in India.
- It is necessary to go beyond building capacities of government members and focus on the entire ecosystem, including institutions and stakeholders outside of the government.



Vaibhav Chaturvedi, CEEW

Emmanuel Cheo, UNU-ViE

- Based on past project experience, capacity-building projects for youth and women are deemed critical. It's also important to involve academic institutions early in the implementation process
- Creating a platform to facilitate knowledge exchange and resource sharing is key, involving a range of stakeholders including universities, and research institutions.
- One of the research topics includes exploring the role of blockchain technology in establishing a transparent carbon market in Africa.



Emmanuel Cheo, UNU-ViE

Michael Ivenso, National Council on Climate Change, Nigeria

- Nigeria has been developing a framework and regulations for its carbon market with support from UNDP. In June 2023, Nigeria issued a regulatory guidance for participation in carbon markets, aimed at incentivizing domestic economic operators to take climate actions, especially in the uptake of renewable energy sectors.
- The removal of fossil fuel subsidies in Nigeria this year was a big step forward towards decarbonization. Moving forward, Nigeria recognizes the importance of global cooperation with initiatives such as A6IP in advancing its climate change action and carbon market initiatives.
- There is a need for capacity building and increased involvement of decision-makers in Nigeria to clearly understand the benefits of global cooperation in carbon markets and their potential for national development.

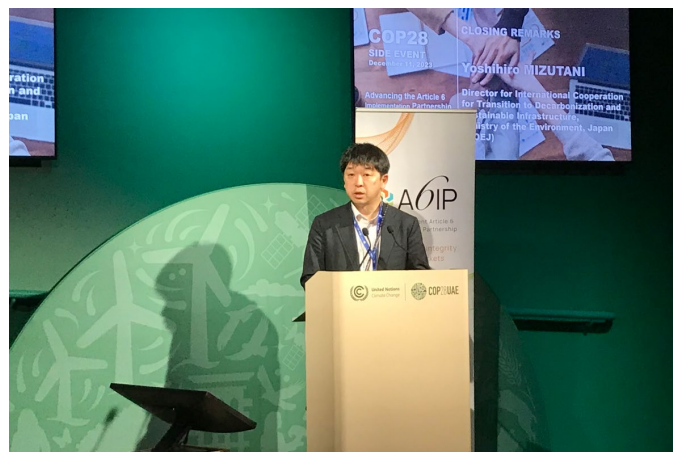


Michael Ivenso, National Council on Climate Change, Nigeria

Closing Remarks

Yoshihiro Mizutani, Director for International Cooperation for Transition to Decarbonization and Sustainable Infrastructure, MOEJ

- ‘The ‘Article 6 Implementation Support Package’ was presented at a high-level event at COP28 prior to this event. The package aims to promote the implementation of Article 6 and enhance the ambition of the next NDCs to be submitted in 2025, incorporating further improvements based on today’s discussions.
- A6IP welcomes the participation of additional countries and organizations for future collaboration.



Yoshihiro Mizutani, MOEJ