

Implementation of Article 6.2 cooperation

Purpose of Article 6.2 cooperation

- Article 6.2 and its related decisions adopted by CMA governs internationally transferred mitigation outcomes (i.e. correspondingly adjusted carbon credits) that can be used towards NDC
- Voluntary cooperation to jointly implement and achieve NDCs
- Should allow for higher ambition in mitigation and adaptation actions
- Should promote sustainable development and environmental integrity

Article 6

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

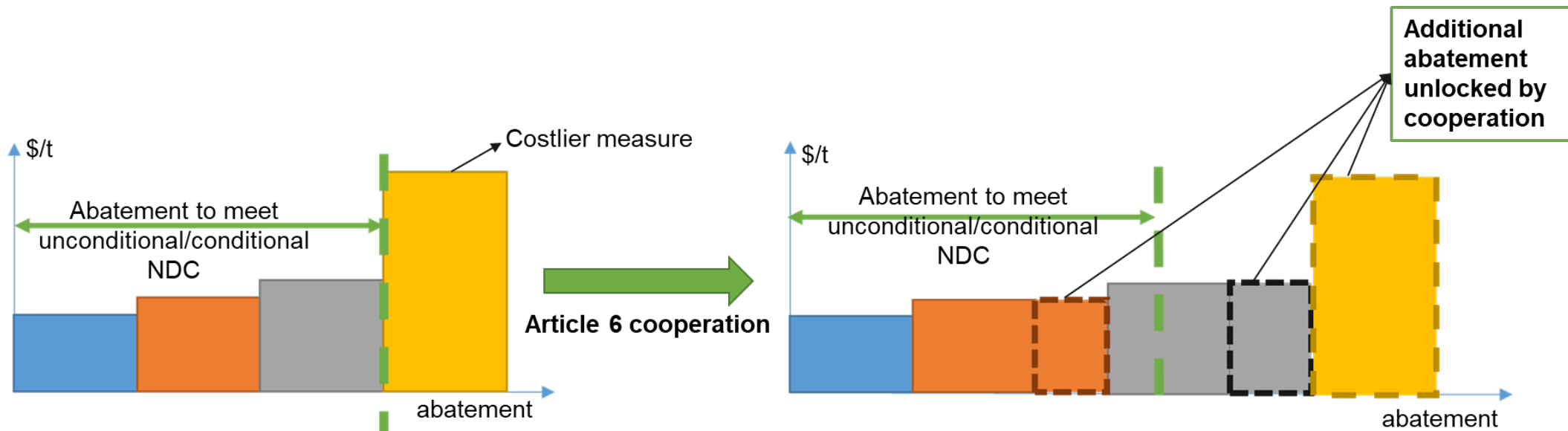
Knowing the purpose will guide the development of the policy for Article 6.2 cooperation

Key policy questions to address to scale up Article 6.2 cooperation:

1. What are the mitigation outcomes can be internationally transferred to enable partner countries to jointly achieve their NDCs?
2. What are the environmental integrity safeguards that need to be put in place?
3. How could sustainable development and co-benefits, including adaptation actions, be promoted?
4. What are the key Article 6.2 processes that the country needs to put in place?

These are important policy questions that the country need to put in writing, to inspire confidence amongst partner countries to enter into Article 6.2 cooperation and businesses to implement projects

To know what can be internationally transferred or not, the host country needs to understand what are needed to achieve its NDC now and future



Abatement after the end of the authorised crediting period will be accrued to host country's future NDCs

- The country need to have a good clarity of NDC implementation, to ascertain the potential that can be unlocked through Article 6.2 cooperation, which would otherwise not happened
- Proper governance structure to grant authorisation should be in place to facilitate implementation and reduce overselling
 - A designated national authority should be appointed to give authorisation (including authorisation statement) to avoid uncontrolled authorisation
 - As the mitigation activities will lie outside of the ministry overseeing NDC implementation, there should be a proper structure to ensure line agencies/ministries are consulted

There are various measures that can be put in place to minimise overselling risk but need to ensure they do not inhibit cooperation

- The following measures (non-exhaustive) can be put in place in combinations



Reserve the lower hanging fruits for host country's NDC use (e.g. a positive/negative list of mitigation activities)



Mitigation outcomes sharing between host country and partner country/project developers

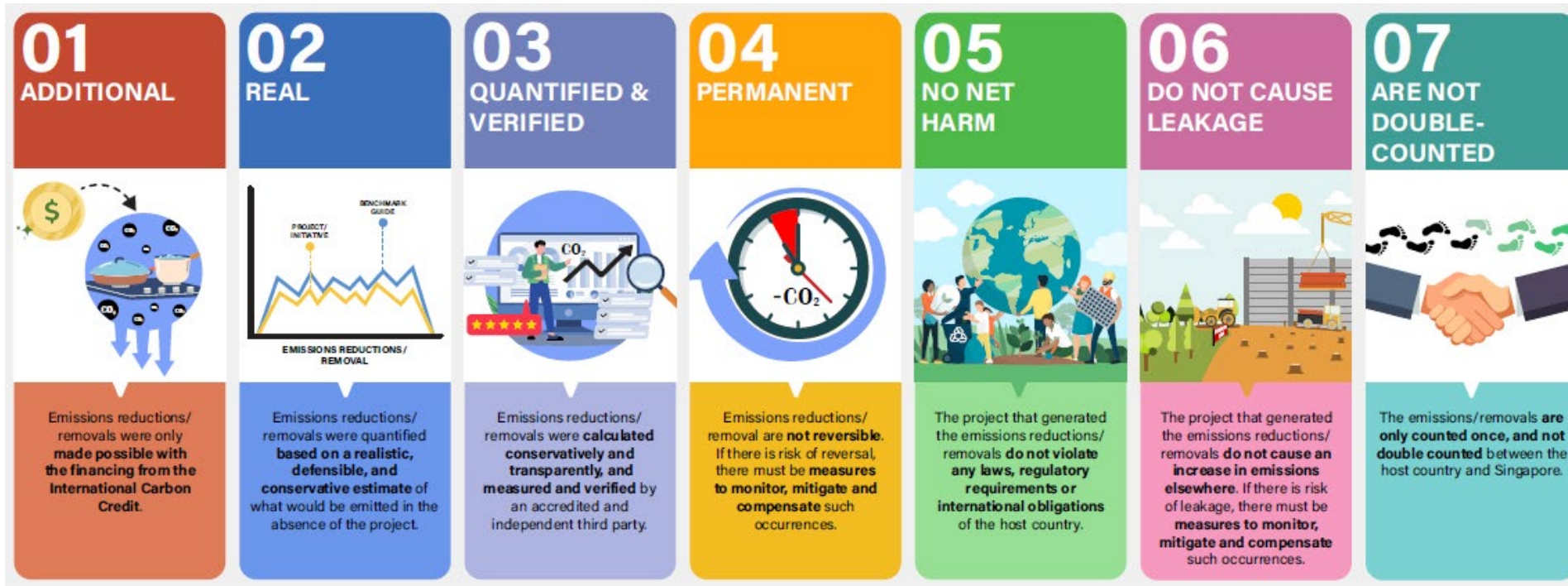
- Note: Non-correspondingly adjusted mitigation outcomes could still be sold as voluntary units internationally



Levy a corresponding adjustment fee, which could be use to implement additional mitigation and/or adaptation actions

- These measures should ideally be communicated transparently and be implemented in non-discriminatory way
 - Notwithstanding, there could mitigation activity type differentiation (e.g. \$X/t fee for activity type A, \$Y/t for activity type B), depending on how much need to be done to deliver the abatement needed
- The implicit or explicit cost of the measures will impact the viability and feasibility to implement certain mitigation activity type in the host country

Environmental integrity is critical to ensure credibility and integrity of the Article 6.2 cooperation



- This is to prevent greenwashing and ensure that the use of high-quality carbon credits can truly advance global climate action and ambition
- Use of carbon credits should also align with Paris Agreement Article 6.2 Guidance
 - Article 6 guidance adopted at COP-26 in November 2021 provides the framework and building blocks for a well-functioning and credible international carbon market
- Although this could mean that volume of carbon credits generated will be lesser, higher quality and integrity carbon credits will worth more, while ensuring the integrity of the national carbon market framework

Host country need to put in place some systems and frameworks to ensure environmental integrity and unlock co-benefits



MRV System

- Other than knowing the mitigation activities that will be eligible for Article 6.2 cooperation, the host country will have to ensure that there are monitoring, reporting and verification system to account for the emissions in the sectors and gases covered by the mitigation activities
- All mitigation outcomes that are internationally transferred will need to be correspondingly adjusted, even if it is outside the scope of the host country's NDC
 - Therefore, if not done correctly, it could undermine host country's NDC achievement



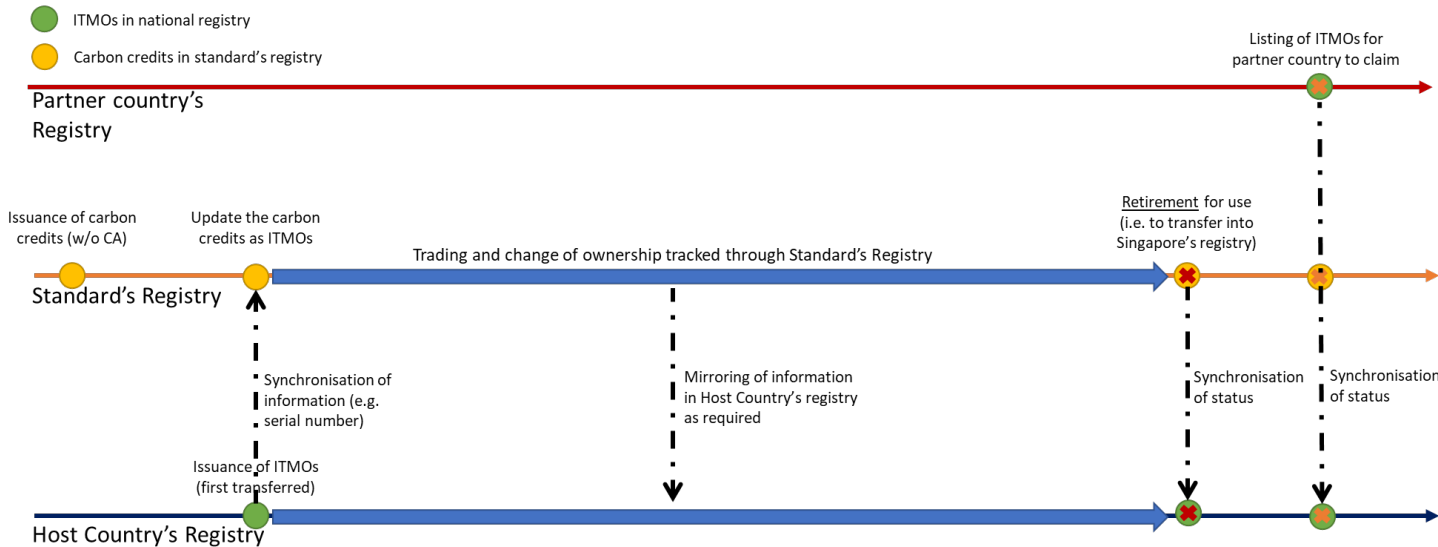
Safeguards for indigenous population and local communities

- Safeguards need to be put in place to ensure indigenous population and local communities are not sidelined and will benefit from the implementation mitigation activities
- This will also ensure the project developers will act honestly and transparently, while yielding co-benefits for indigenous population and local communities
- Some measures could include stakeholder consultations, free prior informed consent and environmental impact assessment

Host country will also need to build up capabilities to align with Article 6.2 requirements

This further reinforces the need for a designated national authority; Some capabilities include:

Registry to track and account for ITMO



Article 6 reporting (e.g. initial report)

National Article 6 Policy Framework (paragraph 18a-f)

Before entering into cooperative approaches with any countries, countries should submit an initial report to describe:

- its participation responsibilities (paragraph 18a)
- NDC (paragraph 18b)
- Its method for ITMO quantification and metric, and corresponding adjustment (paragraph 18c)

Alignment with the policy framework of the country

Authorisation of mitigation activities (paragraph 18g-l, 22)

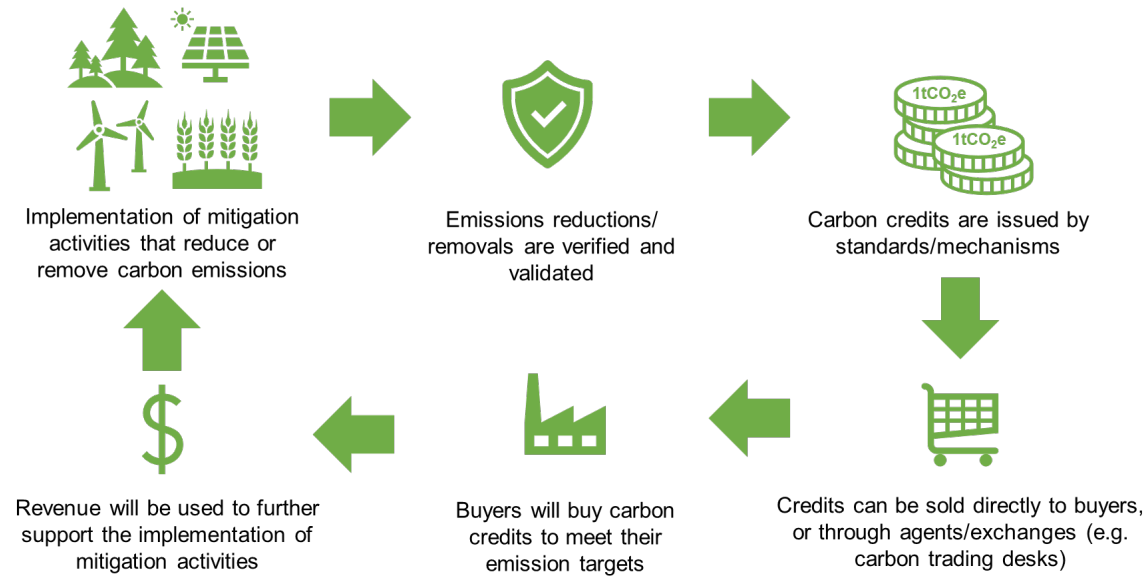
After authorising an mitigation activity, countries should update its initial report to describe the mitigation activity authorised under a cooperative approach (i.e. Implementation Agreement) with the following details included:

- Description and duration of the mitigation activities
- Expected mitigation outcomes
- Environmental integrity assurance
- Authorized entities
- Any other additional description

Every time when authorising a mitigation activity under an Implementation Agreement

Paragraph 18 in Annex of Decision 2/CMA 3

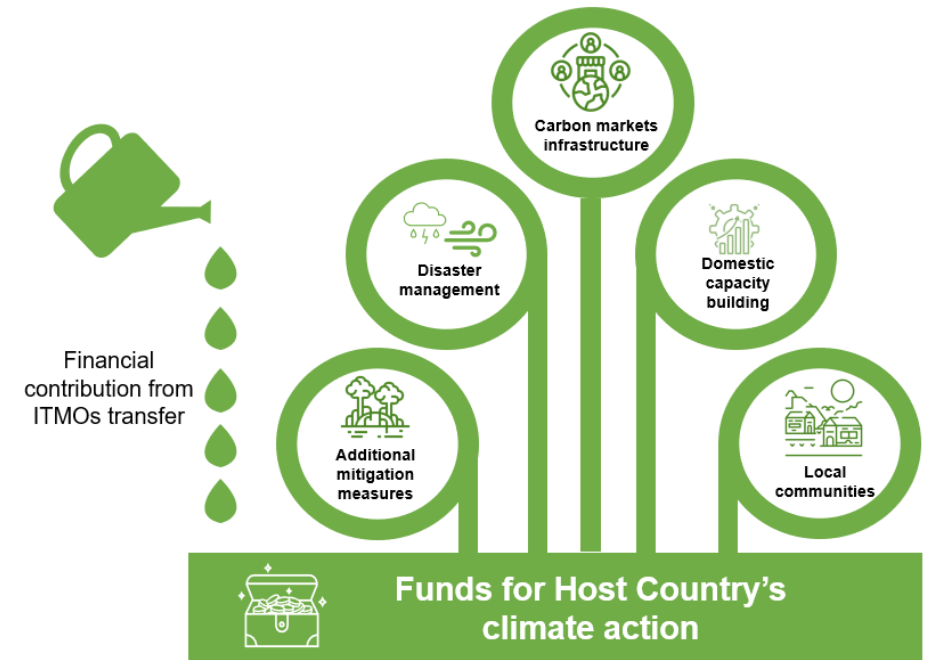
For Article 6.2-aligned mitigation activities to be implemented, the guidelines, framework and rules need to be transparent and clear



- As these mitigation activities are implemented by private sector partners, there needs to be incentive for them to sink in the investments
- These incentives can be created by:
 - Business certainty through providing guidelines, framework and rules (e.g. certainty for corresponding adjustments post-authorisation)
 - Good business environment (e.g. clear property rights, non-discriminatory treatment)
 - Justified implicit and explicit fees and charges

Singapore's approach towards Article 6.2 cooperation with host countries

- High environmental integrity so that units transacted will be seen as credible
- Delivering mitigation in global emissions through cancelling emission reduction credits (2% OMGE)
- Involvement of local stakeholders and support local adaptation (5% Share of Proceeds)
- Leverage existing standards (e.g. Gold Standard, Verra) where possible
- Bring onboard expertise in finance, technology and capacity building



Singapore's authorisation framework under our cooperation with host countries

- Singapore will authorise the project (i.e. cooperative approaches), based on environmental integrity criteria which is being distilled into a list of eligible carbon crediting programmes and methodologies
 - The list will be common denominator with host countries' environmental integrity criteria and activities that they can authorise as ITMOs
- Singapore's designated national authority, National Environment Agency, will assess project applications submitted by project proponents against the eligibility list
 - If positive assessment, NEA will issue a Letter of Authorisation
- For a project to be authorised as a cooperative approach, the host country will also have to authorise the project; Then, both countries can submit initial report for the cooperative approach to UNFCCC
 - The host country will assess whether to give authorisation on the basis of its national policies, framework and legislation

Singapore's eligibility criteria

- The Eligibility Criteria requires ICCs to **comply with rules under Article 6 of the Paris Agreement**, and **meet seven principles to demonstrate high environmental integrity**
 - To comply with Article 6 of the Paris Agreement, the certified emissions reductions or removals (represented by the ICCs) must have occurred between 1 January 2021 and 31 December 2030, and authorised by the host country for corresponding adjustments
 - Seven principles to demonstrate high environmental integrity:



Singapore's eligibility list of carbon crediting programmes and methodologies

- This lists the **programmes and methodologies that adhere to the Eligibility Criteria**
- ICCs that come under the listed programmes and methodologies can be used by companies in Singapore for carbon tax offset
 - Currently, the Eligibility List only contains Papua New Guinea, as the programmes and methodologies **have to meet the host country's criteria** as well, and agreed as part of a **legally-binding Implementation Agreement**

Host country	Carbon Crediting Programme	Methodologies
Papua New Guinea	Gold Standard for the Global Goals (GS4GG)	All active methodologies published before 31 March 2023 except: <ul style="list-style-type: none"> • Those under the "Land Use and Forestry & Agriculture" category of GS4GG; • ...
	Verified Carbon Standard (VCS)	All active methodologies published before 31 March 2023 except (i) VM0044 Methodology for Biochar Utilization in Soil and Non-Soil Applications, v1.1; (ii) methodologies under the "Sectoral Scope 14" category of VCS, with these allowable exceptions: <ul style="list-style-type: none"> • Scenario 2a and 3 of VCS Jurisdictional and Nested REDD+ (JNR) framework; • ...
	American Carbon Registry (ACR)	All active methodologies published before 31 March 2023, except methodologies under "Sectoral Scope 3 (Land Use, Land Use Change and Forestry)" category of ACR.
	Global Carbon Council (GCC)	All active methodologies published before 31 March 2023, except the following project types or methodologies: <ul style="list-style-type: none"> • Nuclear energy; • ...

- The Eligibility List will be reviewed annually and updated as necessary to maintain relevance