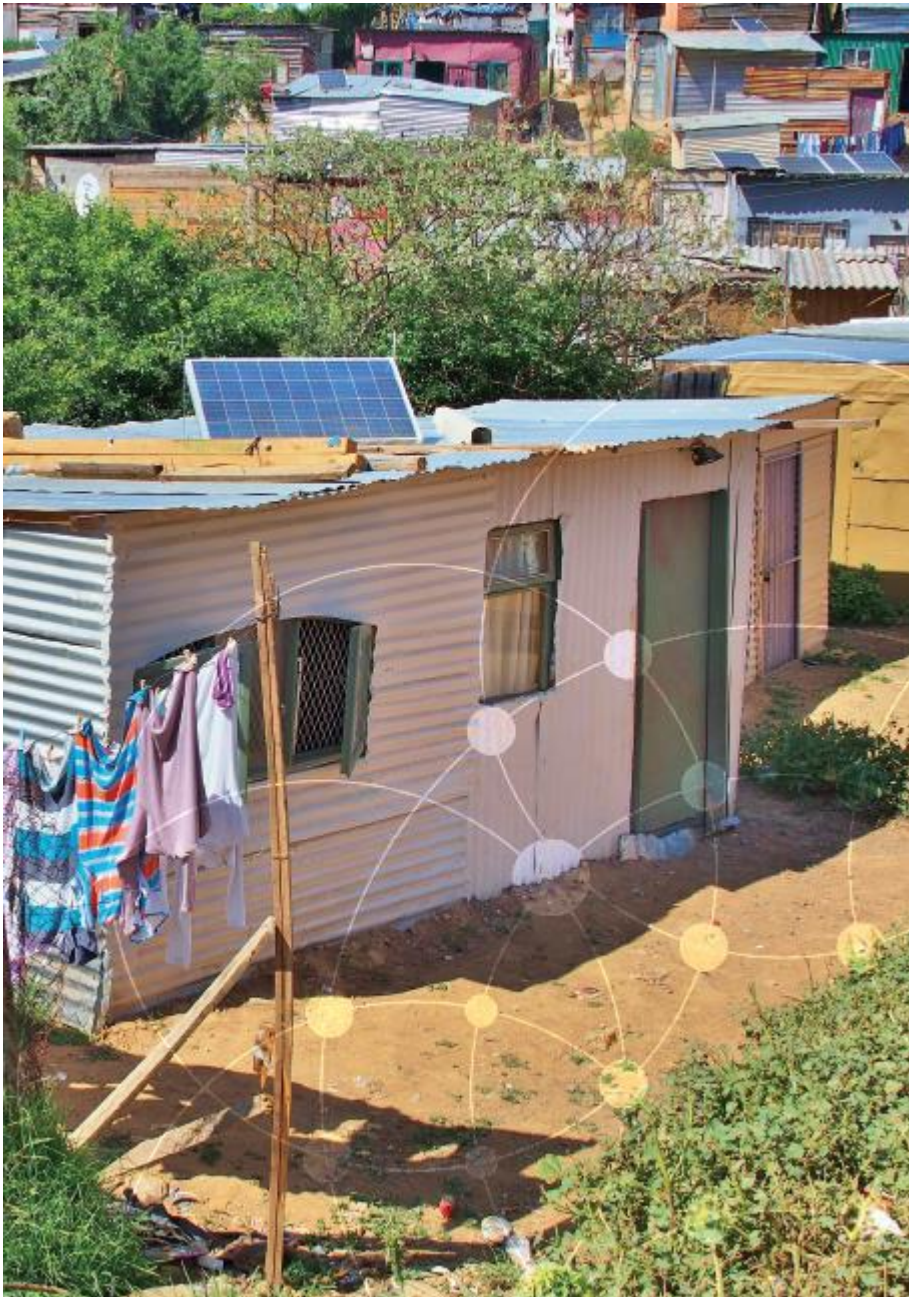




Observations from Article 6 Piloting

Dr. Sandra Greiner, Climate Focus

19th IEA-IETA-EPRI Annual Workshop on
Greenhouse Gas Emission Trading

Session on Article 6 – Update from international negotiations and role of the private sector

Paris, 4 October 2019





Updated Study (June 2019)

Moving towards next Generation Carbon Markets

Observations from Article 6 Pilots

- Comprehensive overview of about a dozen ongoing Article 6 pilots
- Analysis of emerging trends and early experiences
- In-depth look at response to new challenges posed by the Paris Agreement

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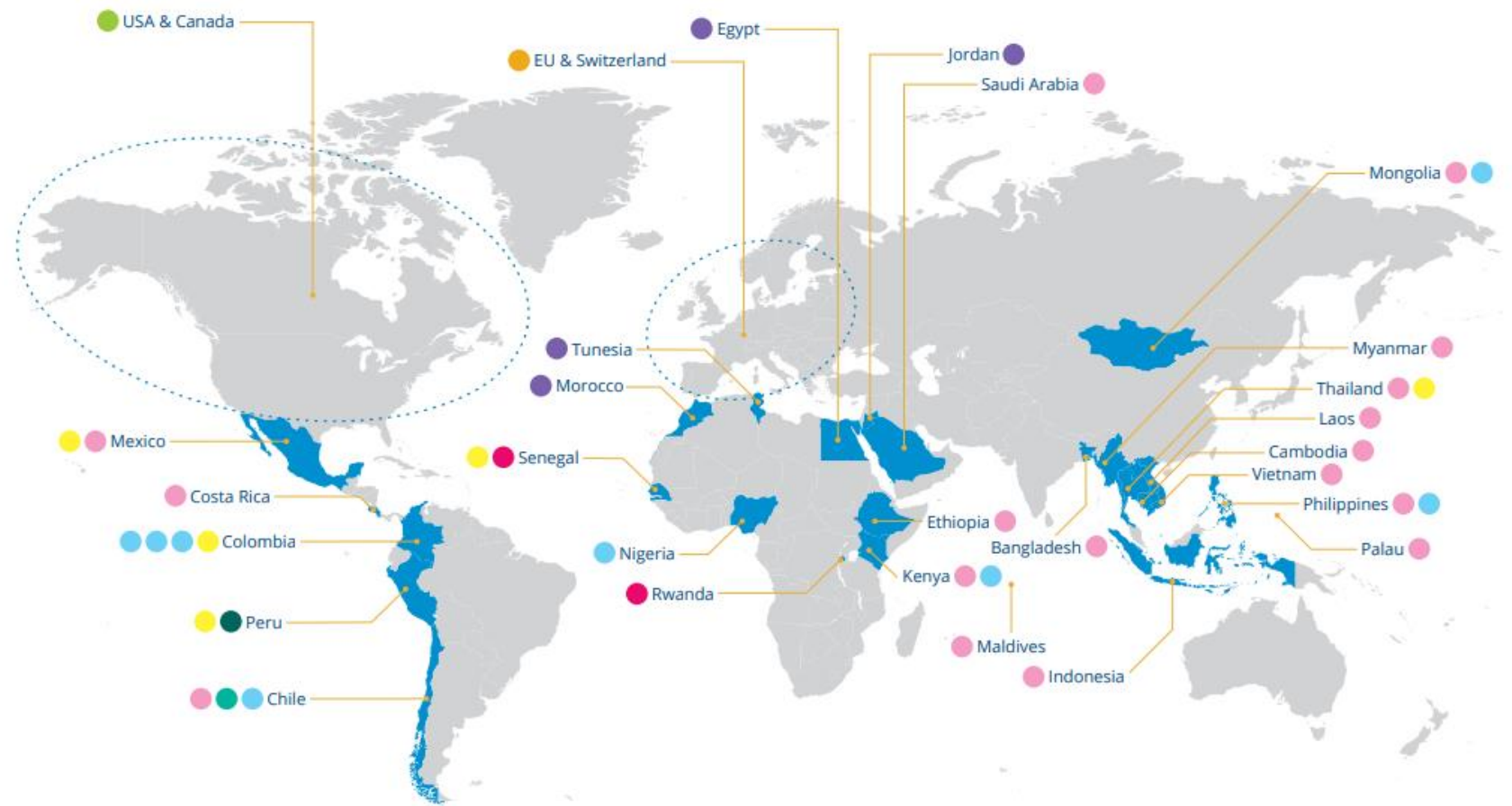
based on a decision of the German Bundestag

Some key findings from pilots

- While rules have yet to be finalized, **Article 6 is already real**
- Around **USD 345Mio** have already been committed to Art 6 pilot initiatives
- **Diverse set of initiatives** ranging from projects and programmatic initiatives to sector and policy level interventions
- **Initiatives anticipate Article 6 design elements** and differ from the CDM in many respects

Article 6 pilot landscape

- Article 6 pilots are those initiatives that have the **potential** to align themselves with, or qualify under Art. 6.2, 6.4 or 6.8 of the PA
- Low-income countries and Africa relatively well represented



SELECTION OF ARTICLE 6 PILOT INITIATIVES



ARTICLE 6 PILOT INITIATIVES

African Development Bank
The Adaptation Benefit Mechanism

Canada-Chile
Program to reduce emissions in the waste sector

EBRD
Integrated Carbon Programme for the Southern and Eastern Mediterranean

Japan
The Joint Crediting Mechanism

NEFCO
Peru Cooperative arrangement pilot in the solid waste sector

Swedish Energy Agency
Virtual Pilot Studies

Switzerland
Pilot activities of the Climate Cent Foundation

Switzerland
ITMO purchase program of the KliK Foundation

World Bank
The Standardized Crediting Framework

World Bank
The Transformative Carbon Asset Facility

OTHER RELEVANT INITIATIVES

Asian Development Bank
Article 6 Support Facility

World Bank
Carbon Partnership Facility

REDD+ Initiatives

World Bank
The Warehouse Facility

Linking Emissions Trading Schemes

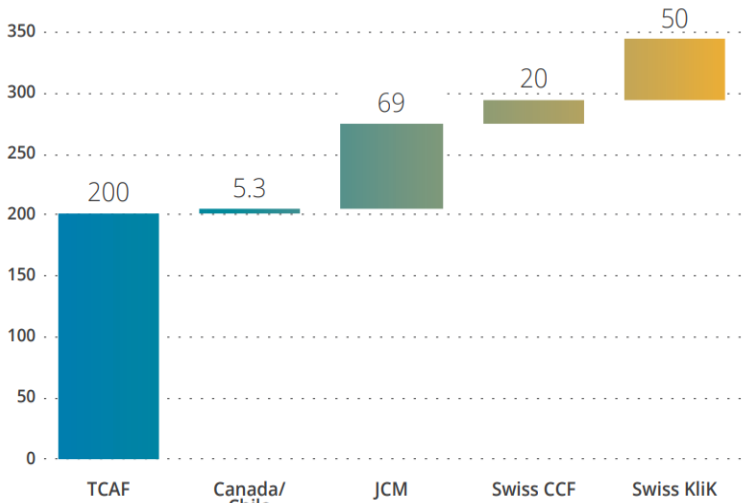
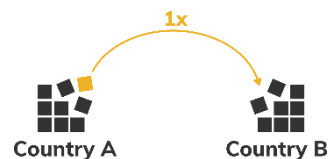
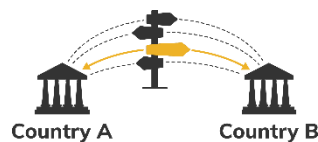


Figure 3: Indicative financial resources committed to Article 6 pilots (in Mio USD)

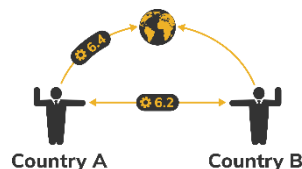
New challenges arising under Article 6.2/6.4?



Avoidance of double counting



Openness to all types of cooperation



More pronounced role of governments



Sector oriented baselines



Overall mitigation in global emissions



Contribution to sustainable development goals

Study looks at how pilots respond to the changing context of carbon markets under the PA

In a nutshell

- Pilots are seeking to raise to the challenge and anticipate Art 6 guidance
- Innovative solutions are being devised (baselines, contracting structures, registries)
- Relationship with NDCs is the main challenge
- Accounting for ITMOs still at its infancy

