

# International Market Mechanisms and Transparency

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Ministry of the Environment

**IGES**  
Institute for Global  
Environmental Strategies

Article 6 of the Paris Agreement (PA) provides the opportunity for Parties to participate in international market mechanisms.

At the same time, Article 13 of the PA mandates each Party to regularly provide information on progress made in implementing and achieving its nationally determined contribution (NDC) under the enhanced transparency framework (ETF).

Although modalities, procedures and guidelines (MPGs) of the ETF are being discussed under the UNFCCC process, it is beneficial for countries to share their understanding of, and expectations and interests in reporting on the use of international market mechanisms, including avoidance of double counting.

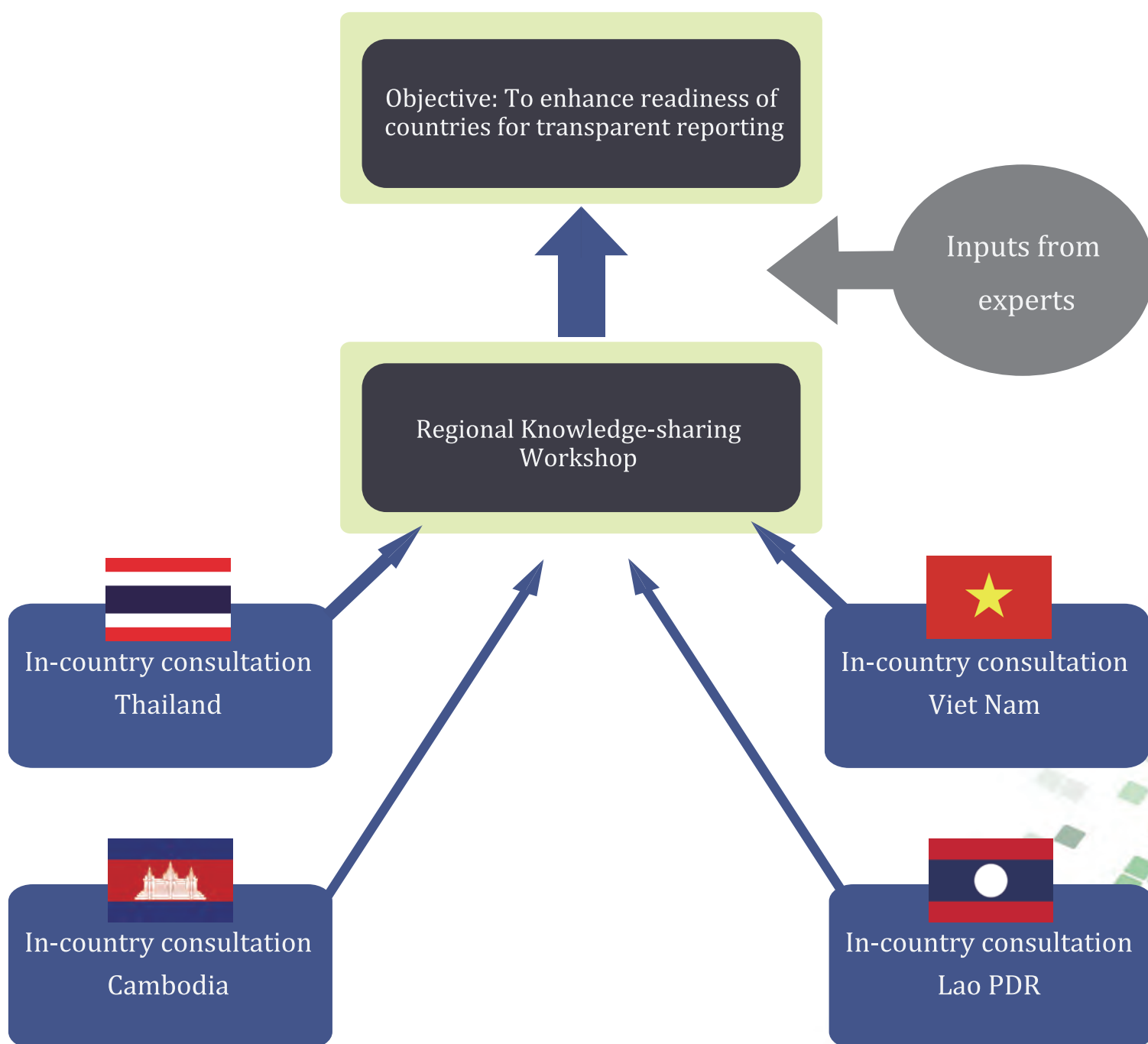


## Structure of this project

The project “International Market Mechanisms and Transparency under the Paris Agreement” , aims to enhance readiness of countries for transparently reporting actions, including the use of international market mechanisms.

The project will support knowledge and information-sharing on the uniqueness of the current status of a country’ s capacity and existing challenges in reporting by implementing:  
1) in-country consultations; and 2) regional information and knowledge-sharing workshops.

The project is funded by the Ministry of the Environment, Japan (MOEJ) and is implemented by the Institute for Global Environmental Strategies (IGES) in collaboration with the Regional Collaboration Centre (RCC) Bangkok of the UNFCCC.



## Organisation of the WS



A regional knowledge-sharing workshop on "International Market Mechanisms and Transparency under the Paris Agreement" took place on 26-27 February 2018 in Bangkok, Thailand.

A total of 30 participants attended the workshop. These included officials and policymakers from Cambodia, Lao PDR, Thailand, and Viet Nam in the field of climate change; representatives from MOEJ; representatives from the UNFCCC Secretariat including RCC Bangkok; internationally renowned experts; and IGES researchers.

Over the two days of the workshop, participants shared information and vibrant discussions on the use and reporting of international market mechanisms under the PA. Since Parties are mandated to report the progress of NDCs, the workshop also facilitated discussions around institutional arrangements and capacity building needs for enhancing transparency (see Agenda on next page).



## Session 1: Landscape of transparency framework

- Updates on the international negotiations on the transparency framework
- Current arrangements of national reports and possible way forward

## Session 2: Country' s experiences for reporting and implementing market

- Japan
- Thailand
- Viet Nam
- Cambodia
- Lao PDR

## Session 3: Landscape of reporting regarding the use of market

- Updates on the international negotiations on market mechanisms
- Possible elements to be reported for the robust accounting, including avoidance of double counting

## Session 4: Toward enhancing transparency (preparation for a group exercise)

- Transparency of existing market mechanisms
- Institutional arrangements for reporting, including the use of market mechanisms
- Identifying and reporting capacity-building needs

## Session 5: Group exercise

Participants were divided into three groups and discussed the following three topics:

- #1 Reporting the use of markets
- #2 Enhancing institutional arrangements for reporting
- #3 Identifying and reporting capacity-building need

After three rounds of group exercise, the facilitator of each topic reported the summary of discussions on each topic to all participants.

## Session 6: Wrap-up and way forward

**After a variety of presentations on each country' s experience, inputs from experts on Article 6 and Article 13, and intensive discussions through group exercises, IGES identified the following key findings and possible inputs to UNFCCC process related to robust accounting under Article 6 and the MPG of the ETF under Article 13.**

### Key findings

1. In applying possible arrangements for robust accounting including avoidance of double counting, information on emission reduction projects under international market mechanisms is needed. Information needed, such as amount and timing of credits transferred and used, is not always available for most of countries in a timely manner, though such information is usually tracked and exists in registry systems.
2. Robust accounting including avoidance of double counting, should recognise the situation where the reported figure of emissions and removals in national greenhouse gas (GHG) inventory reports in a specific year could change as a consequence of improvements of data and methodologies.
3. Countries expressed a strong need for understanding deeply the linkages between Article 4, 6 and 13, as discussed in international negotiations, and the technical implications on actual implementation of reporting by countries. The latter includes understanding the linkages of possible options between avoidance of double counting, and the emissions and removals reported in GHG inventory reports.
4. Capacity in developing countries for preparing national GHG inventories can be enhanced significantly through improvements in institutional arrangements, data collection systems, political leadership and domestic budget. Possible benefits for developing countries to do so under the PA include that the effects of mitigation actions can be more visible, and effective decision making may become possible based on inventory data.
5. Data collection systems can benefit from an enhanced legal mandate for governmental agencies to cover provision of necessary data and data quality assurance. A decentralised system, in which inter-ministerial data collection and review are done in an iterative manner, was seen as a good suggestion to enhance the quality of reports.

# Possible inputs to UNFCCC process related to Article 6 and 13

## Robust accounting

In order to ensure that robust accounting works, not only tracking information but also reporting that information in a transparent manner is necessary. Therefore, in addition to developing an information tracking system, arrangements should be developed internationally for reporting information from countries involved in international market mechanisms and administrators of mechanisms, e.g. using a common format.



	2-3yrs	10-20yrs	Goal
	Outputs	Outcomes	Impacts
Personnel	UNFCCC Experts Participate in TTE	Understand IPCC GLs Benefits of GHG Inv Number 10	Delivery of GHG Inv regularly
Organisation	Documentation Teams	Institutional Arrangements strengthened	
Data			

## Transparency framework

Systems have to be created where developing countries can improve their transparency over time. Under the system, it is important that developing countries can repeat the process of submitting national reports and receiving reviews on those submitted reports frequently, so that they become familiar with the process and improve subsequent reports.

## Identifying and reporting capacity-building needs

Guidance under the ETF should cover more details of the approaches for identifying and reporting capacity-building needs. This can help not only to enhance transparency of capacity-building status, but also to effectively allocate resources for capacity-building activities in a country.



# Introduction of IGES and UNFCCC-IGES RCC

IGES

URL:<https://www.iges.or.jp/en/>

The Institute for Global Environmental Strategies (IGES) is the leading non-profit policy research institute promoting sustainable development across the Asia-Pacific region. IGES was recently recognised as the top climate think tank in the world, not including institutions in North America and Europe, in the 2016 edition of the ICCG Climate Think Tank Rankings.

Since 2003, IGES has actively promoted market-based mechanisms in the region and has provided substantial technical assistance to countries in Asia and the Pacific for building their capacity to integrate market mechanisms in their environmental policy frameworks.

IGES also specialises in the creation of knowledge products and currently manages a broad range of GHG emissions and market mechanism databases, and is further responsible for publishing a series of regularly updated charts and guidebooks that encapsulate the latest information on the development of market mechanisms in the region and around the globe. IGES is headquartered in Hayama, Japan and has branch offices and desks in Bangkok, Beijing, Kansai, Kitakyushu, New Delhi, and Tokyo.



UNFCCC-IGES RCC

URL:[https://bit.ly/RCC\\_Bangkok](https://bit.ly/RCC_Bangkok)

In 2015, IGES and the UNFCCC secretariat signed a memorandum of understanding to establish a Regional Collaboration Centre (RCC) in Bangkok, Thailand.

RCC Bangkok, which began operations in September of 2015, supports 57 developing countries in Asia and the Pacific and has been established to provide hands-on support to governments, NGOs, and the private sector to develop their mitigation efforts through capacity building, direct technical assistance, and strategic networking. Since the adoption of the PA in 2015, RCC Bangkok has broadened its scope to support the development and implementation of countries' NDCs with a focus on market mechanisms.

RCC Bangkok provides assistance in five areas, namely clean development mechanisms support and development, climate & sustainable development goal aligned finance, carbon pricing, global climate action, and NDCs support. RCC Bangkok is part of a vast global network and has developed strong relationships with many government bodies, development banks, funding agencies, academic institutions, and international organisations.

RCC Bangkok is an implementation partner of this project.

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