Cooperation under Article 6.2 (Paris Agreement): the Swiss Experience

6 May 2021, Veronika Elgart
Article 6 is an opportunity …

… for enhanced global mitigation action
… to contribute to sustainable development

- Paris Agreement allows for cooperation to achieve enhanced ambition (Art 6.1 of Paris Agreement)
- Switzerland has formulated a Nationally Determined Contribution (NDC) beyond the effect of its strengthened domestic policies
  > NDC: minus 50 percent by 2030 compared to 1990 levels
  > Domestic policies: minus 37.5% by 2030 compared to 1990
- Demand for emission reductions beyond partner country’s NDC will lead to additional investments & associated co-benefits
- Switzerland: means used for purchase of ITMOs are additional to international climate finance
## Peruvian - Swiss approach to Art 6.2

### Bilateral Agreement connecting national frameworks:
- to provide investment security and create an international market

#### Bilateral Agreement
- governments **authorize transfers & guarantee recognition** thereof
  - under application of **defined method for avoidance of double counting**
- **set of criteria for environmental integrity & sust. development**
- **operational rules & procedures**

Agreement to be adjusted to emerging multilateral rules, as necessary.

### National Framework (Transferor):
- **National authorization framework**: mandate and procedures & decision basis
- **Sourcing/development** of activities

### National Framework (Receiver):
- *as box on left*

### Purchase agreements:*
seller – buyer (private or public entities)
> to govern amount and price of mitigation outcomes
Lessons learnt: bilateral Agreement

International Agreement clarifies framework conditions, guarantees recognition of transfers and thereby stipulates a carbon market

• A bilateral framework that is legally binding is key to reduce risks
  – Investment risks (mostly private entities)
  – Ensuring compliance with Paris Agreement provisions

• Strong role for national frameworks
  – authorizations governed in national frameworks, remain voluntary under bilateral Agreement (unilateral statements)
  – allows building up of a national strategy / criteria for authorizations
  – allows engagement in various international systems / mechanisms

• Built in flexibilities, including
  – allow the cooperation to evolve (e.g. niche to large scale)
  – allow various cooperation (use of ITMOs not limited to NDC achievement; direct engagement of private actors in transfers)
Lessons learnt: national frameworks

National frameworks must be ready for Article 6 cooperation. Many institutional arrangements are already in place.

• Authorization decision governed in national framework
  – Establish mandate for authorization decision & procedures for inter-ministerial consultation
    > Switzerland: CO$_2$-law / inter-ministerial committees at technical & high-level
  – Decision basis for authorization requests (strategy, criteria)
    > Switzerland requirements specified in national legislation
      www.bafu.admin.ch/bafu/fr/home/themes/climat/communiques.msg-id-83088.html

• Examination of transfer requirements (MRV; no double claiming; no violation of human rights) > technical steps to be established.

• Use of a database (registry) to recognize transfers
  > In absence of issuance of units, simple tools are sufficient.
  > Switzerland will use national registry incl. for issuance of national units. Issuance of international units only upon definition of a jointly used registry.

• Reporting towards Paris Agreement (annuals reports; BTRs)
Lessons learnt: enhanced ambition and identification of activities

National strategies for use of international carbon markets are key. «Additionality» to be made fit for the Paris Agreement framework.

- National strategies for the identification of Article 6 activities will help to maximize benefits from international carbon markets.
  - Strategies may be built up over time, based on early lessons learnt.
  - Strategies may identify sectors / technologies eligible for international carbon markets or set general criteria.
  - Role of private sector may vary between countries

- Highlighted: additionality & safeguarding against overselling are key for all participants
  - transfers authorized by both Governments (Art 6.3 Paris Agreement)
  - transparency on additionality in cooperation is crucial
  - common understanding on additionality will enhance credibility
Thank you.

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