



**Government of the Republic of Vanuatu**

**Submission on Matters Relating to Article 6 of the Paris Agreement – Article 6 Paragraph 2**

**Issue:** Matters relating to Article 6 of the Paris Agreement – 6.2

**Mandate:** FCCC/PA/CMA/2021/L.18 Para. 4

**Call:** Views on options for the outlines for the information required pursuant to chapter IV of the annex (Reporting)

**Body/Session for Consideration:** SBSTA 56

**PARAGRAPH 4:**

4. Requests the Subsidiary Body for Scientific and Technological Advice to undertake the following work, on the basis of the guidance in the annex, to develop recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022) on:

**(a) The special circumstances of the least developed countries and small island developing States;**

Article 6 speaks explicitly to higher mitigation and adaptation ambition and design choices for Article 6 should reflect this current context of the vulnerable developing countries.

Recalling the AOSIS submission on Article 6 of the Paris Agreement (Markets & Non-Market Approaches) - enabling ambition in article 6 instruments on June 2021, Vanuatu Strongly agrees with the statement “We cannot afford for cooperative approaches recognized under the UNFCCC process to undermine ambition; instead Article 6 instruments will need to be designed to protect NDC ambition, and secure additional abatement and resources for the adaptation needs of particularly vulnerable developing countries”. The Art 6 instruments will need to ensure easy going collaborative approach between the SIDS and any Annex 1 countries to facilitate smooth trading of ITMO at an efficient manner to meet NDC implementation timeframes.

The complexity of the mechanism itself under 6.2 therefore requires flexibility. It is important to acknowledge and consider the challenges in terms of capacity within SIDS to operationalize any proposed mechanism, and as such, capacity building and institutional strengthening must be an aspect of focus for SIDS. Opportunities for potential support to enable voluntary market mechanisms for the LDC’s and SIDS to fully operationalize systems must be provided. The mechanisms under 6.2 needs to be user friendly to meet the pace of varied learning from the LDC’s and SIDS countries.

An Instance drawn from Vanuatu, where this mechanism is yet to be fully operationalized with potential partner support and all in setting up the national mechanism to guide the implementation of the Market mechanism at the National level. While this initiative has been established, there are currently several challenges in terms on capacity and national systems to support and full implementation of the initiative.

(b) Elaboration of further guidance in relation to **corresponding adjustments** for **multi-year** and single-year nationally determined contributions, in a manner that ensures the avoidance of double counting, on:

(i) Methods for establishing an indicative trajectory, trajectories or budgets and for averaging, including with respect to relevant indicators, and for calculating cumulative emissions by sources and removals by sinks;

Trading under Article 6.2 between countries is relatively loose with few rules or restrictions set at the International level. However, it is a must to make sure trading is subject to robust accounting for the purposes of transparency and avoiding double counting.

Corresponding adjustments must be accounted for between country's engaging in the 6.2 Mechanisms with strict parameters to avoid double-counting between buyer and seller country for either a single or multi-year targets. The corresponding adjustments will be set between countries which reaffirms by Art 6.3; and so protects an overarching arms of the Article 6 which enables Environmental Integrity.

In alignment with AOSIS views, the areas that needs to be strengthened include:

- Principles and guidance for baselines
- Clarity that annual information for Article 6 will be submitted and collected annually, including in connection with SOP and OMGE elements, to support transparency, progress reports and the Global Stock take
- Clarity on the timing of initial reports and for their review
- Reporting on the treatment of SOP and OMGE in cooperative approaches in initial reports
- Further detail in Section VII on how SOP and OMGE will be reported in initial and regular reports
- Clarity on when information is to be presented in connection with “further cooperative approaches” that were not detailed in initial reports, including on the treatment of OMGE and SOP in connection with each approach.
- Reporting on gases and sectors covered by emissions inventories (18/CMA.1, para 48)
- Clarity on accounting processes, to help Parties understand the implications of accounting choices in connection with initial report requirements
- Protocols for electronic reporting, to facilitate reporting and the collation of information by the secretariat, to support the Global Stocktake
- Review process and review guidelines, once the necessary substantive provisions are in place.

(ii) Methods to demonstrate the representativeness of averaging for corresponding adjustments by quantifying how much the yearly transaction volume differs from the average for the period;

Yearly where countries with multi-year targets would make corresponding adjustments each year covered by the NDC.

(c) Consideration of whether **internationally transferred mitigation outcomes** could include **emission avoidance**;

- The principle of TACCC must be applied in a situation of ITMO inclusive of emission avoidance
- A need to ensure reporting is consistent among the offsets along with how this is recorded domestically and internationally.
- A need to address how to ensure parties can reach the ambition of these ITMOs, while not interfering with the “nationally determined nature” of NDCs.
- Reporting will also have to demonstrate how the aforementioned “environmental integrity” is being implemented