



Regional: Establishing a Support Facility for Article 6 of the Paris Agreement

Project Name	Establishing a Support Facility for Article 6 of the Paris Agreement	
Project Number	50404-001	
Country	Regional	
Project Status	Proposed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA: Establishing a Support Facility for Article 6 of the Paris Agreement	
	Technical Assistance Special Fund	US\$ 1.50 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Energy - Energy sector development and institutional reform Water and other urban infrastructure and services - Urban policy, institutional and capacity development	
Gender Equity and Mainstreaming	Some gender elements	
Description	The Asian Development Bank (ADB), through the proposed knowledge and support technical assistance (TA), will establish and implement the Article 6 Support Facility (_the Support Facility_). The Support Facility will provide capacity building and technical support to developing member countries (DMCs) to help them to identify, develop and test mitigation actions under the framework of Article 6 of the Paris Agreement. The TA is included in the Sustainable Development and Climate Change Department (SDCC) Results-based Work Plan 2018-2019.	

Project Rationale and Linkage to Country/Regional Strategy

ADB has approved Strategy 2030 to respond to a rapidly evolving Asia and the Pacific. Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability is one of seven operational priorities of Strategy 2030. The Climate Change Operational Framework 2017 2030 (CCOF2030) strengthens ADB's support to DMCs in meeting their commitments under the Paris Agreement, including their nationally determined contributions (NDCs), as well as the Sustainable Development Goals (SDGs), and the Sendai Framework for Disaster Risk Financing.

The Carbon Market Program (CMP) , established in 2006, is one of ADB's flagship climate change initiatives, providing technical support and carbon finance to mitigation projects in DMCs. Through the CMP, ADB is supporting DMCs to develop and implement market-based approaches under the Paris Agreement and will continue to play a leadership role in the development of post-2020 carbon markets.

The Paris Agreement sets out the long-term goals for all countries to limit the global temperature increase to well below 2oC, while pursuing a 1.5oC target. It requires all countries to contribute through their NDCs, which set out their national post 2020 climate targets and commitments. The bottom up approach, centered on NDCs, respects national autonomy, allowing countries to determine their own mitigation and adaptation ambitions. As of August 2018, 174 Parties have communicated their first NDCs. However, the collective levels of ambition are not sufficient to meet the Paris Agreement goals and efforts are needed by all countries to raise ambitions.

Article 6 of the Paris Agreement enables countries to voluntarily cooperate in implementing their NDCs through market and non-market-based approaches. Article 6 could help countries access cost effective mitigation opportunities and additional climate finance streams through cooperation and form the basis for raising their ambitions over time. The market-based approaches in Article 6 include cooperative approaches under Article 6.2, which allows countries to use "internationally transferred mitigation outcomes" (ITMOs) towards their NDCs, and a new mitigation and sustainable development mechanism under Article 6.4, which will generate mitigation outcomes that could be traded internationally. These parts of Article 6 lay the foundations for post 2020 international carbon markets under the Paris Agreement by allowing countries to use mitigation outcomes from another country towards their NDCs.

Most of ADB's DMCs have submitted their first NDCs, and the majority are developing and implementing national climate plans and policies to support implementation. Almost all DMCs have provided commitments in their NDCs that are conditional (fully or partially) on international support. Cooperation under Article 6 could provide part of this support. Twenty-six countries in Asia and the Pacific have expressed their willingness to use carbon pricing, including international carbon markets, as a key tool for NDC implementation and potentially raising ambitions in the future, and are working to understand the how to engage in mitigation actions under Article 6. For example, Thailand has indicated it will explore the use of such cooperation, Pakistan is reviewing policy considerations in order to further integrate market mechanisms in responding to emerging threats, and Viet Nam and India have indicated that they will use market mechanisms to achieve their NDCs. The Republic of Korea states that it will partly use international market mechanisms to achieve its 2030 mitigation target, while Bangladesh does not rule out the use of market-based mechanisms.

In order to engage in activities under Article 6, DMCs must understand the specific requirements and associated accounting systems that they will need to manage participation. The PA requires countries that engage under Article 6 to promote sustainable development and ensure environmental integrity, transparency and robust accounting. DMCs are, or need to, begin to understand what this means in practice. The guidance, rules, and procedures for the implementation of Article 6 are currently being negotiated, as part of the _Paris Rulebook_, which is expected to be adopted at the 24th session of the Conference of the Parties (COP 24) in December 2018. However, negotiations have been slow, and the elaboration of many issues is likely to continue well beyond 2018. The complexity and uncertainty created by the ongoing negotiations are challenging for DMCs.

There is growing momentum in DMCs to undertake pilot activities under Article 6. Pilot activities will play a critical role in building the capacity of DMCs to assess the use of cooperative approaches and the new 6.4 mechanism; contribute practical insights on how market based approaches under Article 6 can be designed and implemented; help DMCs begin to develop, the institutional capacity and systems needed; and help DMCs to begin to engage the private sector in mitigation actions under Article 6. Pilot activities could also demonstrate how Article 6 could potentially be used for supporting new activities and/or those outside the scope of the NDC. The lessons learned from pilot activities will also strengthen DMC's ability to participate as important stakeholders in the negotiation and development of the international rules and the implementation of the Paris Agreement.

Impact	Low carbon development in Asia and the Pacific accelerated (Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific)
Outcome	DMCs' capacity to use mitigation actions under Article 6 of the Paris Agreement is increased.
Outputs	Capacity of DMCs to identify and assess mitigation actions under Article 6 enhanced Capacity of DMCs to pilot mitigation actions under Article 6 enhanced. Capacity to undertake robust accounting and reporting of internationally transferred mitigation outcomes strengthened
Geographical Location	Regional

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services Individual consultants will be recruited to provide international and national consulting inputs.

A. International Consultants

1. Carbon Market Expert
2. Project Manager
3. GHG Accounting/ MRV Expert

B. National Consultants

1. Carbon Market Expert
2. Technical Expert
3. GHG Accounting / MRV Expert
4. Research Assistant
5. Technical Assistant Coordinator
6. Administrative Assistant

Responsible ADB Officer Duggal, Virender K.

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Responsible ADB Division SDCD

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Timetable

Concept Clearance 29 Oct 2018

Fact Finding 31 May 2018 to 31 May 2018

MRM -

Approval -

Last Review Mission -

Last PDS Update 13 Nov 2018

Project Page <https://www.adb.org/projects/50404-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=50404-001>

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