United Nations Framework Convention on Climate Change

Article 6 of the Paris Agreement

- Negotiation Update -

20th Global CDM DNA Forum 13 June 2019, Bonn, Germany



Article 6 – co-operation towards NDCs

Cooperative Approaches

Articles 6.2 and 6.3 and decision 1/CP.21 paragraph 36

The Mechanism

Articles 6.4 to 6.7 and decision 1/CP.21 paragraphs 37 and 38

Framework for non-market approaches

Articles 6.8 and 6.9 and decision 1/CP.21 paragraphs 39 and 40



Markets and non-markets in the Paris Agreement

- Aim of the Paris Agreement
 - Hold increase in global temperature to well below 2 °C and aim to limit to 1.5 °C
 - Article 6 is a voluntary set of tools to support implementation to allow for higher ambition in NDCs
- Ambition in NDCs
 - NDCs should reflect highest possible ambition (based on circumstances)
 - Article 6 should support, not undermine, that ambition
- Progression of NDCs over time
 - New NDCs should show progression
 - Article 6 should support, not undermine, that progression



Decision 8/CMA.1

 Outcome on Article 6 at CMA 1-3 (Katowice) was procedural as agreement could not be achieved on some key issues.



from the SBSTA (8 December), and

draft decision texts

- "Katowice texts" from the Presidency consultations (14 December),
 with a view to <u>forwarding a draft decision to CMA 2</u> (December 2019)
- ➤ The CMA noted that information in a structured summary referred to in the MPGs for the transparency framework under Article 13 (para 77(d) of the annex to the decision on transparency) is <u>without prejudice</u> to the outcomes on Article 6 matters



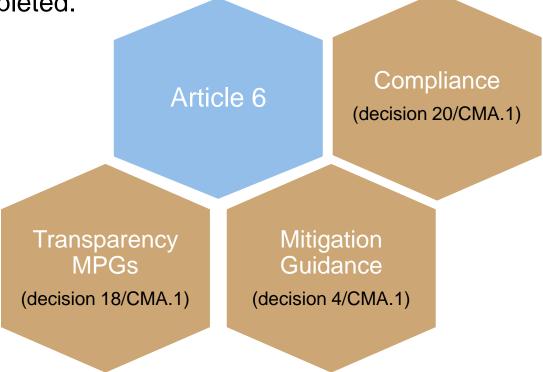
Article 6: status of negotiations

- Significant progress was nonetheless made:
 - 6.2 reduction of options so text reduced from 27 pages pre-session, to 12 pages mid-session and 7.5 pages at end
 - 6.4 reduction of options: 31 pages to 15.5 pages to 11 pages
 - 6.8 reduction of options: 10 pages to 5.5 pages to 4.5 pages
- Reduction of pages was not mechanical but reflected substantive progress, with clearer text and far fewer remaining options.



Mitigation/transparency Landscape for Article 6

 There is now a context into which Article 6 negotiations can be slotted as the rest of the Paris Agreement work programme has been completed.



 The mitigation, transparency, compliance and finance regimes under the Paris Agreement may help in finalizing Article 6 issues but also raise questions



Article 6: key unresolved issues

- What is the timing and trigger of corresponding adjustments
- Question of application (or not) of corresponding adjustments for the Article 6, paragraph 4 mechanism
- How to address mitigation from outside the scope of an NDC
- Use of internationally transferred mitigation outcomes (ITMOs) for purposes other than NDCs (and accounting for that)
- Whether to have a share of proceeds (levy) for adaptation on cooperative approaches (6.2) in addition to on the mechanism (6.4)
- Delivery of "overall mitigation in global emissions" in Article 6 implementation
- Transition of mechanisms under the Kyoto Protocol (CDM, JI) to the Article 6, paragraph 4 mechanism – activities and issued units
- Confirming the governance arrangements in the framework for nonmarket approaches



Article 6: why it matters

- Article 6 is an important part of the Paris Agreement and a key part of the world's "toolbox" for addressing climate change
- Article 6 is the only part of the Paris Agreement that directly engages the business and private investment sector in directly implementable activities in which they can invest
- In addition to the trading instruments, implementation of non-market approaches is essential to contribute to sustainable development and poverty eradication
- There is strong real-world interest shown by existing pilot Article 6 projects, but without UN decisions, pilots may lead to multi-standard implementation



Article 6: next step

- SBSTA 50 (17–28 June) proposed to take a 3-layered approach:
 - Contact group under the SBSTA Chair to provide overarching view of progress and conclusions
 - Informal consultations under facilitators responsible for developing the texts and for managing substantive negotiations
 - Spin-off groups on specific issues within the informal consultations
- Develop a next version of the textual basis for the negotiations for our successful delivery of decisions that operationalise Article 6 at CMA 2 in Santiago (2–13 December)



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