Article 6 negotiation updates

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Perumal, Amy and A.6 team of UNFCCC secretariat Paris-Agreement-Article-6@unfccc.int



UNFCCC Secretariat

Article 6: co-operation towards NDCs

Cooperative approaches

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

Bilateral/multilateral cooperation between interested countries, involving transfers of the mitigation outcomes produced through such cooperation

The mechanism

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

To be operated centrally (UNFCCC secretariat), credits emission reductions by public and private sector actors, allows for international transfer of those credits

Framework for non-market approaches

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

Facilitates climate action through international cooperation focused on sustainable development and poverty eradication (and does not involve trading)



Key outstanding A6 issues for resolution

Top three issues

- Adaptation financing/Share of proceeds on 6.2
- Avoiding double use 6.4 accounting for 6.4ERs from <u>outside</u> <u>the NDC</u>
- Using CERs (pre-end 2020) for NDCs (post-2020)

Remaining group (not exhaustive)

- Baselines and additionality for 6.4 mechanism
- Overall mitigation in global emissions
- CDM activity transition (the how)
- Non GHG cooperative approaches (the how)
- Removals/avoidance
- Governance and timelines 6.8



Way to Glasgow

- COP Presidencies has set up a multi-layered approach to their work, with engagement at the ministerial, head of delegation (HoD) and technical levels.
 - a) Political track: UK along with Singapore and Norway to engage Ministers
 /HODs around the world and convene ministériels to sensitize ministers on A6 issues that might need attention at the political level during the COP;
 - **b)** Informal technical dialogues for Article 6 SBSTA Chair to convene these informal meetings.
 - c) Multilateral consultations with Group Chairs and HoDs: These meetings are steppingstones to COP 26: a chance for Parties to move together towards COP 26, identifying and testing solutions to key topics along the way.



Key factors impacting negotiations

- COP-26 will have other major issues, not just Art.6 (ambition and NDC updates/revisions, pre-2020, adaptation finance (as part of the broader finance issues), technical work on transparency, etc.
- Remaining Art.6 issues are few compared to Madrid but "big"; much effort at all levels is needed in 2021 to ensure success in Glasgow
- SBSTA-CMA-CMP cooperation/coordination remains important
- Quantitative analysis of CER transition issues is needed
- Outside developments (ICAO, other developments in voluntary markets) need monitoring
- Further non-adoption of Article 6 decisions at CMA-3 would have considerable implications for CDM operation
- Non-adoption at CMA-3 there may be political and technical linkages with some other deliverables



Key factors to reach outcome

- CMA 2 in Madrid was very close on Article 6 and achieving agreement is feasible in Glasgow.
- Intense work during the year is needed to identify workable compromise solutions on the few unresolved issues which are now also highly political
- Minimize roll back of issues for which compromise achieved. The negotiations should be issue-based to tackle unresolved issues.
- This has to be a "consensus story" all countries, all interests, inclusivity like the Paris Agreement. Landing operational rules requires a commitment to an outcome from all groups and countries and compromise from all groups and countries.
- And it is REAL! There is strong real-world potential for cooperative action as existing Article 6 pilots show, but without UN decisions, it may be difficult to achieve a meaningful impact of cooperative action on global mitigation.

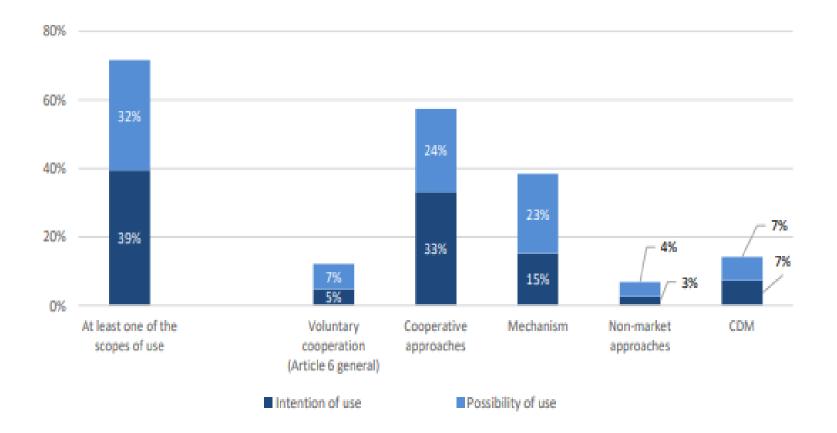


NDC Synthesis and Voluntary co-operation

- Almost all the parties plan to or will possibly use voluntary cooperation in at least one of its scopes in implementing their NDCs by directly or indirectly.
- The share of Parties that indicated that they plan or will possibly use voluntary cooperation in at least one of its scopes has nearly doubled, from 44 to 87 per cent, in the new or updated NDCs compared with those Parties' previous NDCs.
- A few Parties communicated the use of voluntary cooperation as a condition for achieving their mitigation targets.
- Few have limited their use of voluntary cooperation to achieving their conditional mitigation targets only;
- Few have set quantitative limits on their use of voluntary cooperation for achieving their mitigation targets, such as achieving unconditional targets primarily through domestic efforts but partially through voluntary cooperation; and
- Some have set qualitative limits on their use of voluntary cooperation for achieving their mitigation targets, (units that adhere to standards and guidelines to ensure additionality, permanence or avoidance of double counting of emission reductions.
- The share of Parties that have set qualitative limits on their use of voluntary cooperation has doubled, from 19 to 39 per cent, in the new or updated NDCs compared with those Parties' previous NDCs.



Share of Parties indicating in nationally determined contributions the intention to use or possibility of using specific scopes of voluntary cooperation





All Article 6 documentation and official events: https://unfccc.int/process/the-parisagreement/cooperative-implementation





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