

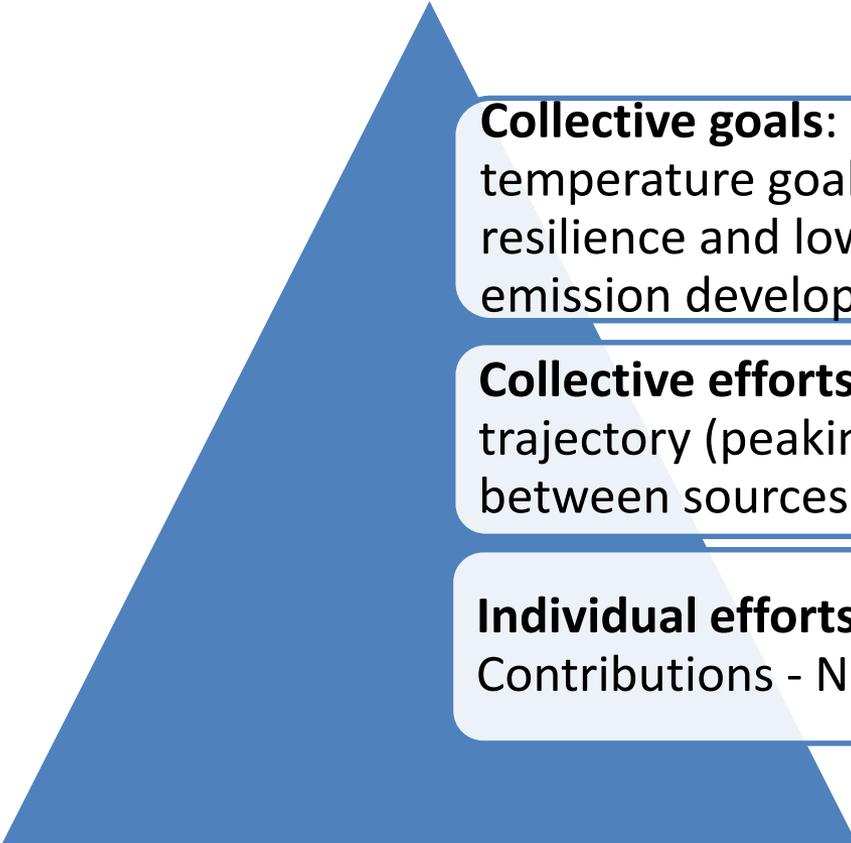
# Article 6 of the Paris Agreement: An update



# NDCs in the Paris Agreement

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## The Paris Agreement and its objectives



**Collective goals:** long term temperature goal; resilience and low GHG emission development

**Collective efforts:** a global emission trajectory (peaking, reduction, balance between sources and sinks)

**Individual efforts:** successive Nationally Determined Contributions - NDCs



# Article 6 – co-operation towards NDCs

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## 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

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- **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)
  - Markets and non-markets should support, not undermine, that ambition
- **Progression of NDCs over time**
  - New NDCs should show progression
  - Markets and non-markets should not undermine



## Article 6 implementation negotiations

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- Implementing negotiations started in May 2016.
- First meeting of the Paris Agreement Parties (November 2016) agreed to **forward the Paris Agreement Work Programme for adoption in December 2018.**
- Parties **continued work** in May 2017, November 2017, May 2018 and September 2018.
- The SBSTA Chair issued “**textual proposals**” before COP 24
- **COP 24**, Katowice, Poland in December 2018, Parties worked on a number of iterations of the texts.
- However, Parties could not agree on some key issues and so agreed to **continue work in 2019 (SBSTA 50 and 51) in order to complete work for CMA 2.**



## Decision 8/CMA.1

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

- The CMA requested the SBSTA to continue consideration of the mandates relating to Article 6 (1/CP.21, paras 36–40), taking into consideration the draft decision texts
  - from the SBSTA (8 December), and
  - “Katowice texts” from the Presidency consultations (14 December), with a view to forwarding a draft decision to CMA 2 (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 without prejudice to the outcomes on Article 6 matters



## Article 6: status of negotiations

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- **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.**



## Article 6: status of negotiations continued

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- 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 **transparency and finance regimes under the Paris Agreement can now help in finalizing Article 6 issues given the close linkages**
- The **mid year UN negotiation session (SBSTA) is important:**
  - Need a text basis to work on that captures progress so far;
  - May benefit from higher level engagement from Parties (Heads of Delegations)



## Article 6: key unresolved issues

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### Some key unresolved issues:

- Question of **application (or not) of corresponding adjustments for the mechanism** under Article 6, paragraph 4
- 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** in addition to on the mechanism
- 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 non-market approaches**



## Article 6: why it matters

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- 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 Art.6 projects but without UN decisions, pilots may lead to multi-standard implementation

