

Status on the Implementation of Article 6 of the Paris Agreement

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Outline of presentation

- Context of Article 6 in the Paris Agreement
- Outcomes on Mitigation and Transparency
- Update on Article 6 negotiations

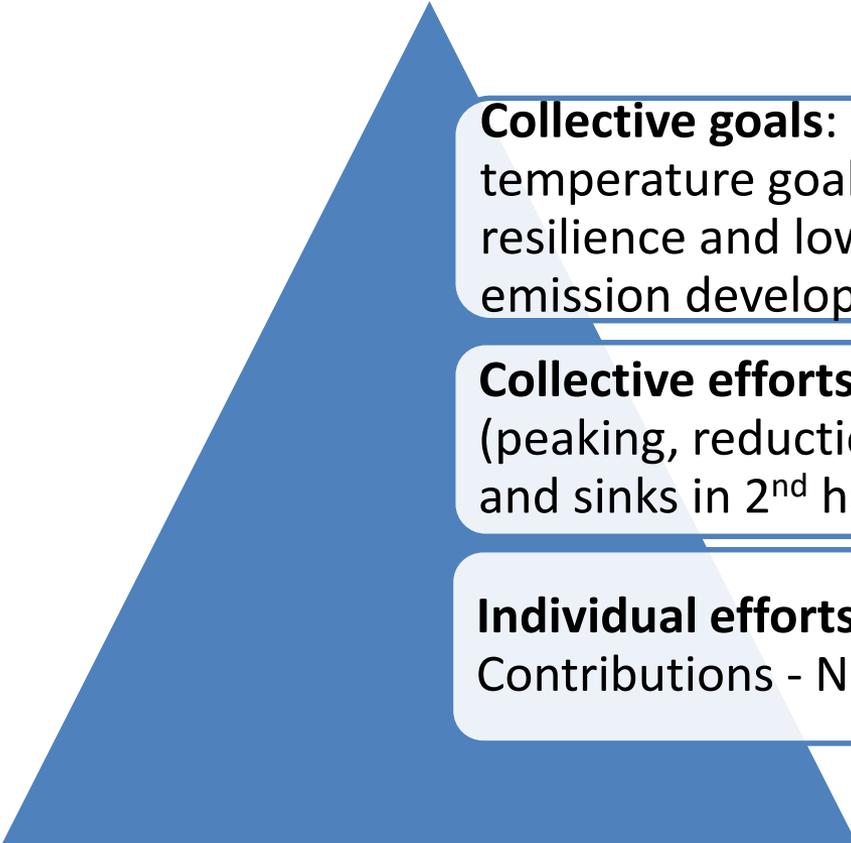


Context of Article 6 in the Paris Agreement



NDCs in the Paris Agreement

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 in 2nd half of 21st century)

Individual efforts: successive Nationally Determined Contributions - NDCs



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



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

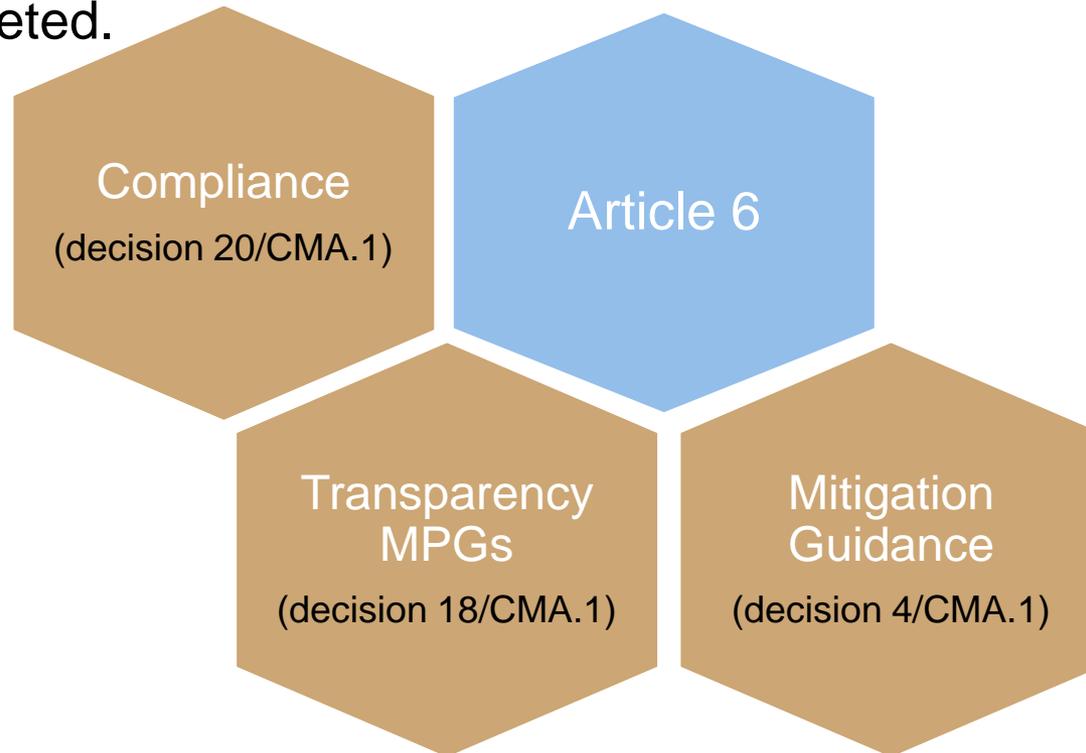


Outcomes on Mitigation and Transparency – linkage with Article 6



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**



Decision 4/CMA.1 – Mitigation Guidance

- **Substantive outcome on guidance for ICTU**, to be applied from the second NDCs – but Parties are strongly encouraged to apply the guidance to new/updated NDCs to be submitted by 2020
- **Substantive outcome on accounting for NDCs**, to be applied from the second NDCs – but Parties are strongly encouraged to apply the guidance to the first NDCs
- Further guidance on **Features of NDCs** to be discussed in 2024
- Parties **account for their NDCs in their biennial transparency reports**, including through a structured summary, consistent with the Transparency modalities, procedures and guidelines (MPGs)



Decision 18/CMA.1 – Transparency MPGs

Aspects that mention Article 6

- All Parties to submit **National GHG inventories**, with some flexibilities for developing countries that need them (noting para 48)
- All Parties to submit **information necessary to track progress** made in implementing and achieving NDCs under Article 4 of the Paris Agreement (noting paras 61, 64(f), 75(f), 76(d) and 77(d))
- All Parties to undergo **technical expert review**, (noting para 176)
- Where Article 6 is mentioned, it is generally “**consistent with**” further CMA guidance, noting that the Article 6 decision says that the information provided in para 77(d) is “**without prejudice**”



Decision 18/CMA.1 – Transparency MPGs

Other aspects that may be relevant to Article 6

- The **description of the NDC** and the selection of **indicator(s) relevant to the NDC** (GHG and non-GHG, quantitative and qualitative) to track progress in implementation and achievement of NDCs
- The process of **reporting** the most recent information for the indicator for each reporting year during the implementation period of the NDC and **comparing** it to the indicator's reference
- The process of Parties providing an **assessment of achievement** of the target(s) for their NDCs under Article 4 based on the information provided



Update on Article 6 negotiations



Decision 8/CMA.1

- 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

- **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: Key unresolved issues

Some 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 non-market approaches**
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Article 6: Next steps

- **SBSTA 50** (June 17-28) 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 at CMA 2 in Santiago (2–13 December) of decisions that operationalize Article 6

