Article 6 of the Paris Agreement

16th IEA-IETA-EPRI Annual Workshop on Greenhouse Gas Emission Trading
18 and 19 October 2016, Paris France
Purpose of presentation

• Introduction to Article 6 of the Paris Agreement
• Presentation of current state of work
“Impossible isn’t a fact: its an attitude”*

- “Markets” and “non markets” were included in short form in the Lima Call for Climate Action (decision 1/CP.20), which contained elements for a draft negotiating text.

- ADP 2.8 February 2015 produced the “Geneva Negotiating Text” – pages of markets text and principles.

- As part of mitigation discussions, they were “way back in the queue” in terms of time allocated to negotiations.

- Keeping them in the draft text was a repeated, year-long challenge:
  - In the July “Co-Chairs Tool” markets and non-markets text was “unallocated” – not placed in draft agreement or accompanying draft decision
  - In October, they all but disappeared from the Co Chairs “Non Paper” (very draft agreement). Parties reacted strongly against the Non-Paper on all issues (and put in lots of text on markets and non-markets).

* Christiana Figueres, repeatedly in 2015
“Impossible isn’t a fact: its an attitude”*

- Real negotiation of “red line” issues came late in the year and primarily in Paris (during ADP and COP). What emerged was the need for a separate article addressing all aspects.

- Markets and non-markets nearly ran out of time – Article 6 was the last article finalized (early am Saturday 12 December).

- Close, but not impossible …
Article 6

- Article 6 is about using cooperative approaches to enhance ambition and promote sustainable development and environmental integrity in the implementation of nationally determined contributions.

- Closely connected to nationally determined contributions, mitigation accounting and the transparency framework …

- Three siblings, each very different

- Cooperative approaches
- Mechanism to contribute to mitigation and support sustainable development
- Framework for non-market approaches to sustainable development
Article 6 – Cooperative approaches

Article 6, paragraph 2
- Internationally Transferred Mitigation Outcomes (ITMOs)
- Used by Parties towards NDCs
- Voluntary basis
- Promote sustainable development and ensure environmental integrity and transparency, including in governance
- Robust accounting to ensure avoidance of double counting
- Consistent with guidance adopted by CMA

Article 6, paragraph 3
- Use to achieve NDCs to be authorized by participating Parties

Decision 1/CP.21, paragraph 36
- SBSTA to develop guidance under Article 6, paragraph 2 including guidance to ensure double counting is avoided on basis of corresponding adjustment by Parties
Article 6 – The mechanism

Article 6, paragraph 4

- To contribute to mitigation and support sustainable development
- Voluntary
- Supervised by body designated by CMA and under guidance and authority of CMA
- Aims:
  - Promote mitigation while fostering sustainable development
  - Incentivize and facilitate participation by public and private entities
  - Contribute to reductions in host, use by other Party to fulfil NDC
  - Deliver overall mitigation

Article 6, paragraphs 5, 6, 7

- No double use
- Share of proceeds
- Rules, modalities and procedures for CMA 1
Article 6 – The mechanism

Decision 1/CP.21, paragraph 37

• Recommends **rules, modalities and procedures** on basis of:
  • Voluntary participation authorized by each Party involved
  • **Real, measureable, and long term benefits** related to mitigation
  • **Specific scopes** of activities
  • Reductions that are **additional**
  • **Verification and certification** of emission reductions by DOE
  • Experience gained with and lessons learned from existing mechanisms

Decision 1/CP.21, paragraph 38

• Rules, modalities and procedures at first session of CMA
Article 6 – Non-market approaches

Article 6, paragraph 8

- Recognize importance of integrated, holistic and balanced non-market approaches
- Assist in implementation of NDCs in context of sustainable development and poverty eradication
- Coordinated and effective manner, including through mitigation, adaptation, finance, technology transfer and capacity-building
- Aim to:
  - Promote mitigation and adaptation ambition
  - Enhance public and private sector participation in implementation of NDCs
  - Enable opportunities for coordination across instruments and relevant institutional arrangements.

Article 6, paragraph 9

- Framework for non market approaches to sustainable development
Article 6 – Non-market approaches

Decision 1/CP.21 paragraphs 39 and 40

- **Work programme** with objective of:
  - Considering how to enhance linkages and create synergy
  - Facilitate implementation and coordination of non-market approaches

- **Draft decision** on work programme
  - Taking into account views of Parties
Status of current work

• The three elements are now each in a work programme in the SBSTA:
  • Cooperative approaches – guidance
  • Article 6.4 mechanism – rules, modalities and procedures
  • Framework for non-market approaches – work programme, draft decision for consideration and adoption
• Party and Observer submissions were invited before Marrakech conference – many submissions, with a good level of detail
  • Parties:
    Submission Portal Parties
  • Observers:
    Submission Portal Observers
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