

# Views on Sustainable Development Provisions in the rulebook drafts of Art. 6 Paris Agreement

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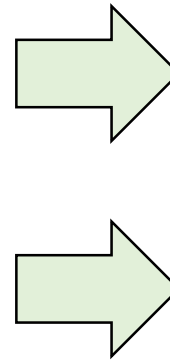
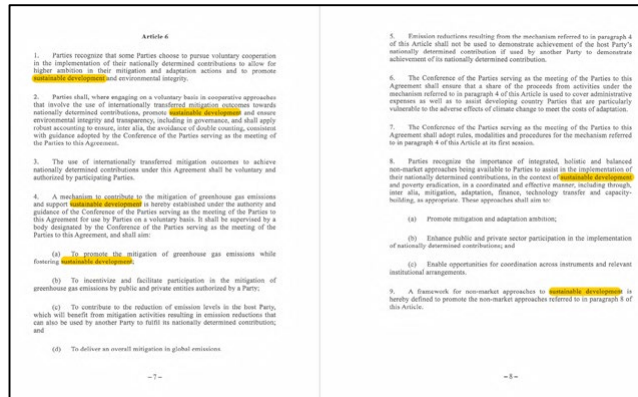


# Introduction

- Art. 6 is expected to be the enabler of carbon markets under the Paris Agreement. The Article covers cooperative approaches (Art. 6.2), a mechanism to contribute to GHG mitigation and SD support (Art. 6.4) and non-market approaches (Art. 6.8). In order to make Art. 6 work, countries need to agree on a detailed rulebook for implementation.
- The Paris Agreement foresaw that the rulebook should be concluded by the end of 2018 (at COP24 in Katowice, Poland). That was not the case. Nor were countries able to conclude the rulebook one year later at COP25 in Madrid, Spain (led by Chile). Work will continue over 2020 and 2021.
- The next attempt for countries to adopt the rulebook will be at COP26 in Glasgow, UK in 2021.

# Introduction

How is the SD Mandate from the Agreement text reflected in the rulebook drafts?



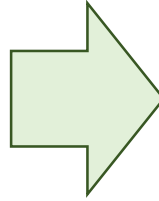
## Identification of SD provisions

What are provisions on Sustainable Development in the context of Art. 6?  
What areas do these provisions cover?

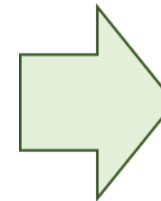
Governance	Safeguards	Stakeholder Inclusivity	SD Assessment	MRV of SD	Reporting
National Prerogative, Disclosure of Information	Requirements that prevent and/or mitigate negative, unintended consequences that may arise from an activity	Opportunity for stakeholders to engage, incl. grievance mechanisms	Alignment with SDGs, Baseline setting, Impact assessment approach	Monitoring scopes include ex-ante and ex-post scope, Verification	Aggregation of Information, Reporting

High level options to promote SD in Art. 6 identified in respective submissions from countries in 2017

# Scope of Analysis – SBSTA texts between Bonn and Madrid



SB50, Bonn 2019



Two screenshots of PDF documents showing draft CMA decisions. The left document is titled "6.2\_COP25\_2it.pdf" and the right is "6.2\_COP25\_3it.pdf". Both documents contain the text: "Draft CMA decision on guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement". The left document is dated "Version 1 of 4 December 06:00 hrs" and the right is "Version 1 of 13 December 11:15 hrs". The documents are overlaid on a background of a meeting room.

## Art. 6.2 – SD only considered as reporting element

Issue	Pre-COP25 (SBSTA Drafts)	COP25 Presidential Proposal (all 3 iterations are considered)	Observation
Safeguards	Options on safeguards included: <ul style="list-style-type: none"> <li>• Use of Art. 6 should not lead to negative <b>environmental</b> or <b>social</b> impacts;</li> <li>• Use of Article 6 should respect <b>human rights</b> in its application;</li> </ul>	<b>No safeguards anymore</b> , both options were erased in final draft texts. A decision on the need for safeguards shall only be done (after SBSTA Review of guidance) by 2028, <i>Paragraph 9 lit. e)</i>	The proposal to have no safeguard in the guidance at all could undermine Art. 6.2 credibility from the start.
Stakeholder Consultation	<b>Not mentioned</b>		Grievance mechanisms and stakeholder consultations are crucial to support public acceptance of Art. 6.2 activities.
Assessment / Monitoring SD	<b>Not mentioned</b>		Voluntary tool/approaches to assist Parties in assessing/tracking SD
Reporting	SD is a reporting element of BTR; <b>Parties shall include information on how each cooperative approach is consistent with SD objectives of host Party, noting national prerogatives, Paragraph 22 lit. g).</b>		No guidance on SD here since its reference is just repetition of text in Art. 6.2 – in fact, explicit reference to national prerogative may even limit international coordination in the future.

# Art. 6.4 – SD is embedded in the mechanisms operating architecture (1)

Issue	Pre-COP25 (SBSTA Drafts, incl. options)	COP25 Presidential Proposal (all 3 iterations are considered)	Observation
Safeguards	<ul style="list-style-type: none"> <li>Avoid negative environmental and social impacts;</li> <li>Mechanism to assist Parties to respect, promote and consider their respective obligations on human rights;</li> </ul>	<p><b>Art. 6.4 activity shall avoid negative environmental and social impacts, Paragraph 31 lit. d) (iii).</b> No more reference to human rights.</p>	<p><u>Safeguards</u> are now <u>part of the activity design</u>, which means their consideration is mandatory from the start. Further Safeguards may be added if needed from 2028 on, Paragraph 12</p>
Sustainable Development	<p>As Participation Requirement: <b>Host Party shall, prior to participating in the mechanism, ensure that (...) it has indicated publicly how its participation in the mechanism contributes to SD, while acknowledging national prerogative, Paragraph 26 lit. d)</b></p>		<p>Obligation to publicly indicate how activity contributes to SD (as a participation requirement) is an improvement compared to CDM</p>
	<p>As part of Approval process: Confirmation that the activity fosters sustainable development in the host Party;</p>	<p><b><u>As part of Approval process:</u></b> Confirmation that <b>and information on how</b> the activity fosters sustainable development in the host Party; <i>Paragraph 39 lit. a)</i></p>	<p><b>Explanation requirement</b> reg. SD contribution <b>is new</b> and improves SD role compared to CDM (only confirmation of SD contribution in LoA, no explanation required)</p>

## Art. 6.4 – SD is embedded in the mechanisms operating architecture (2)

Issue	Pre-COP25 (SBSTA Drafts)	COP25 Presidential Proposal (all 3 iterations are considered)	Observation
Stakeholder Consultation	YES - Activity shall undergo local and, where appropriate, subnational stakeholder consultation consistent with applicable domestic arrangements in relation to public participation, local communities and indigenous peoples, as applicable; Paragraph 31 lit. e)		Presidential Proposal developed prior options on stakeholder consultations further.
Grievance Mechanism	YES - Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body, Paragraph 59.		There is a risk that the Supervisory Body may not be objective in grievance processes, if it has to examine its own decisions – this risk should be mitigated through respective future decisions on implementation of SBSTA, Paragraph 8 lit. e).
Assessment / Monitoring SD		<b>Not mentioned</b>	Art. 6.4 can play a future role model – also for domestic arrangements under 6.2 – therefore the Supervisory Body should be mandated to develop voluntary tools/approaches on SD assessment and monitoring to assist Parties with fostering SD



## Conclusions

- Art. 6.2 is weak on SD provisions. The lack of mandatory stakeholder engagement may pose a severe social acceptance risk from its beginning. And, without any safeguards the draft guidance on cooperative approaches exposes an open flank on SD.
- Art. 6.4's drafts rules and procedure, as laid out in the Proposal of the Chile Presidency, state a clear improvement compared to the drafts of the Polish Presidency from 2018. However, Art. 6.4 can play a role model in the design of national climate policies in the future. This may also apply for domestic arrangements under Art. 6.2. It would be helpful to mandate the Supervisory Body to develop voluntary tools/approaches that could support countries with SD assessment and its monitoring over time.

**BUT: Since the draft rules have not been adopted yet – will the last drafts be starting point for the next round of negotiations or do countries start from scratch?**

# Thank you!

*The full analysis “Views on Sustainable Development provisions in the Art. 6 ‘rulebook’ draft from COP25 in Madrid” is available under <https://unepdtu.org/wp-content/uploads/2020/09/sdi-art6-draft-analysis-final.pdf>*

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