

# The draft rules on Art. 6.4 of the Paris Agreement – Lessons learned from the CDM?

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- 1. SD and the Clean Development Mechanism**
- 2. SD and Art. 6.4 of the Paris Agreement**
- 3. Conclusions**

# 1. SD and the Clean Development Mechanism

### Sustainable Development....

- is a core objective of the CDM, see Art. 12 Paragraph 2 KP: *“The purpose of the clean development mechanism shall be to assist Non-Annex I Parties in achieving sustainable development (...)”*
- lacks further implementing provisions (e.g. on SD criteria, no monitoring, reporting and verification requirements);
- is the prerogative of the host countries Designated National Authority, DNA



CDM framework led to **weak assessment of SD**, various cases of registered projects with negative impacts (environment/social/health), no grievance mechanism to enable resolution of conflicts

### Sustainable Development....

- in the CDM became a new drive at the Durban COP in 2011 when Parties mandated the CDM EB to develop voluntary measures to highlight the co-benefits of CDM projects;
- was supposed to be “strengthened” by the approval of **the CDM SD tool** at the Doha COP in 2012.

However, the impact of the SD tool remained weak, since

- its application took until 2014 to go live and remained voluntary, hence it did not become part project approval process;
- it only consists of a voluntary declaration of SD co-benefits, it does not require SD claims to be verified or monitored over time;
- it doesn't contain any safeguards to avoid negative consequences.

## **2. SD and Art. 6.4 of the Paris Agreement**

### Lessons Learned 1:

The mandate on SD of mitigation mechanisms in the Paris Agreement is much stronger (e.g. SD is mentioned three times in context of Art. 6.4) than the SD mandate within the CDM of the Kyoto Protocol (where SD is mentioned only once).

Mandate to develop rules, modalities and procedures for the mechanism also applies to SD.

## Lessons Learned 2:

The missing SD provisions in the CDM as well as the experiences with the SD tool made many Parties submit detailed proposals on how to embed SD better in a future mitigation mechanism of the PA.

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



## SD and Art. 6.4 of the Paris Agreement

SD Element	Considered in Art. 6.4 draft*	Lesson learned from CDM
Safeguards	<b>YES</b> , Art. 6.4 activity shall avoid negative environmental and social impacts, <i>Paragraph 31 lit. d) (iii)</i>	<b>YES</b> , CDM rules did not contain safeguards for environmental and social impacts – now, they are part of the Art. 6.4 activity design, which means their consideration is mandatory from the start.
Stakeholder Consultation	<b>YES</b> , 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; <i>Paragraph 31 lit. e)</i>	<b>YES</b> , reference to stakeholder groups enables enhanced stakeholder consultation which was not existent under CDM rules.

\* Reference is made to the 3<sup>rd</sup> and last draft from 15 December 2019, for full document see [https://unfccc.int/sites/default/files/resource/CMA2\\_11b\\_DT\\_Art.6.4\\_.pdf](https://unfccc.int/sites/default/files/resource/CMA2_11b_DT_Art.6.4_.pdf)

## SD and Art. 6.4 of the Paris Agreement

SD Element		Considered in Art. 6.4 draft*	Lesson learned from CDM
Grievance Mechanism		<b>YES</b> , Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body, <i>Paragraph 59</i> .	<b>YES</b> , a grievance mechanism did not exist under the CDM (only a request for review). However, there is a risk that the Supervisory Body may not be objective, if it has to examine its own decisions.
Sustainable Development	Participation Requirement	<b>YES</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, <i>Paragraph 26 lit. d)</i>	<b>YES</b> , the obligation to publicly indicate how activity contributes to SD (as a participation requirement) is an improvement compared to CDM
	Part of Approval Process	<b>YES</b> , Confirmation that and information on how the activity fosters sustainable development in the host Party; <i>Paragraph 39 lit. a)</i>	<b>YES</b> , explanation requirement reg. SD contribution is new and improves SD role compared to CDM (only confirmation of SD contribution in LoA, no explanation required)

SD Element		Considered in Art. 6.4 draft*	Lesson learned from CDM
Sustainable Development	Assessment	<b>NOT CONSIDERED</b>	<b>TBD?</b>
	Monitoring	<b>NOT CONSIDERED</b>	<b>TBD?</b>

### LESSONS LEARNED?

The draft rules and procedures of the Art. 6.4 mechanism have taken up several SD elements which were not considered by the CDM, e.g. Safeguards, Stakeholder Consultation including a grievance mechanism and an enhanced reporting on SD

**The draft rules do not contain any provisions on Assessing or Monitoring SD – an important lesson that is yet to be learned, since it could assist Parties, especially those with limited capacities, to achieve their SD objectives (beyond GHG mitigation).**

The long journey of the rules modalities and procedures for the Art. 6.4 mechanism so far...



**Thank You!**