How sustainable development tools can help fostering interlinkages between the 2030 agenda and the Paris Agreement

A Nordic Pavilion side event on Article 6 at COP27
11 November at 10.15-11.45 (local Egypt time)
Sesson 2 co-organized by UNEP Copenhagen Climate Center and Wuppertal Institute

Speakers and panelists:

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- Christof Arens, Wuppertal Institute, christof.arens@wupperinst.org
- El hadji Mbaye DIAGNE, Article 6.4 Supervisory Board member, emdiagne@hotmail.com

Outline

- Paris Agreement Article 6 mandate to promote SD

- COP26 Glasgow 'rulebook' for Article 6 to promote SD

- Assessing Stakeholder views on the A6.4 SD tool

- Challenges to mainstream SD in carbon markets

- SDI's stock take of SD tools to support the A6.4 Supervisory Body

- Discussion and Q&A

Glasgow Article 6 outcomes to promote SD

Art. 6.2 cooperation
- guidance

- Information about **SD in Initial Report and in subsequent BTRs**.
- **SD reporting is mandatory.** Developer to report how each cooperative approach is **consistent with SD objectives of the host Party, avoids negative impacts and respects HRs** and other rights.

Art. 6.4 mechanism
- rules, modalities and procedures

- **SB to review the SD tool in use for the CDM** and other tools and safeguard systems in use in existing market-based mechanisms **by end of 2023**
- **SB to provide the operational means** for developers to report **how each cooperative is consistent with the SD objectives of the host Party, avoids negative impacts and respects HRs** and other rights
- **Host Party** SD information shall be made **publicly available and approved**
- Activity design requirements specify **stakeholder consultations and public participation.**
- **A grievance mechanism** to appeal SB decisions is established.
- Validation, registration, monitoring/certification and issuance of credits also apply to SD impacts (TBC).

Art. 6.8 framework
- work programme

- The cover decision for the framework recognizes the importance of a holistic approach to enable cooperation for NDC implementation **in the context of SD.**
- A focus area for the work programme on non-market approaches is mitigation measures to address climate change and **contribute to SD**.

- Wuppertal Policy Paper
  on **stakeholder expectations** on the A.6.4 SD tool
  be developed by end of next year

- Different stakeholder **perspectives** (SB members, host countries governments, local stakeholders, buyers, project developers)

- Issues include

  - **Experience** with tools in general

  - **Concept** - Broad level or detailed indicators

  - **Usefulness** – at what level, in what (other national) context

  - **Scope** – descriptive / ex ante, monitored / ex post, quantification?
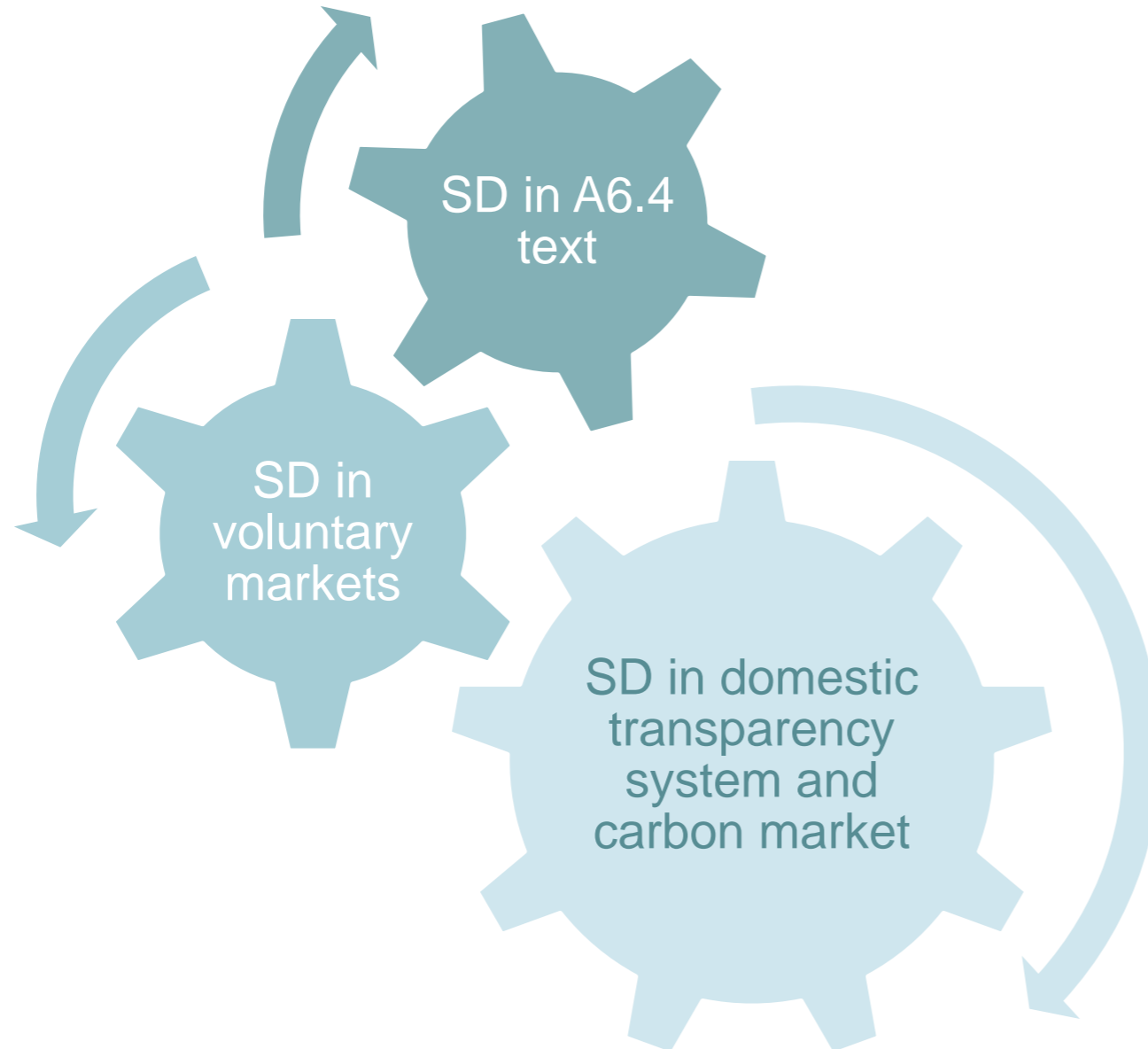
  - ...

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Comparing the CDM SD tool
with other mechanisms & stakeholder needs

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	CDM SD tool	Social Carbon	CCB Standards	CDM Gold Standard	Crown Standard	UN REDD Programme	UNDP NAMA SD tool	ADB	IFC
Indicators for SD co-benefits	✔	✔	✔	✔	✔	Criteria but no indicators	✔	Safeguards	Safeguards
Quantification	✘	✘	Partly quantitative	✘	✘	✘	✔	✘	✘
Assessment of negative SD impacts	✘	✔	✔	✔	✘	✔	✔	✔	✔
Monitoring and reporting	(✔)	✔	✔	✔	✘	✔	✔	✔	✔
Independent 3rd party validation and verification	(✔)	✔	✔	✔	✘	n/a	n/a	✘	✘
Certification	✘	✔	✔	✔	✔	n/a	n/a	n/a	n/a
Guidelines Stakeholder consultation	✘	✔	✔	✔	✔	✔	✘	✔	✔

Mainstreaming SD in carbon markets

SD in A6.4 text

SD in voluntary markets

SD in domestic transparency system and carbon market

Three interlinked approaches:

1. A6.4 'top-down'
2. Voluntary market 'bottom-up'
3. National, transparency and governance

Challenges:

- How to mainstream SD in all approaches for a race to the top?
- How to steer development of multiple SD tools towards common best practice?

Comparing the A6.4 SB approach to promote SD with ICVCM and CORSIA

Approach	A6.4 SB	ICVCM	CORSIA
Host Party approval	• Report how each cooperative approach is consistent with the SD objectives of the host Party • SD information to be made publicly available	• Information on how a mitigation activity is consistent with host Party SDG objectives shall be publicly available	• Public disclosure (compliance with host Party SD criteria not required but voluntary)
Safeguards	• Avoid negative impacts and respect HRs • A grievance mechanism	• Carbon programs to ensure conformity with safeguards • A grievance mechanism	• Safeguard systems for no-harm done
Stakeholder inclusivity	• Stakeholder consultation and public participation requirements (incl. IPLC and gender)	• Carbon programs to ensure procedures for local stakeholder engagement, gender equality and IPLCs	• Public participation provisions
SDG impact assessment	• SD tool to be developed by end-2023	• Carbon programs to ensure mitigation activities deliver net positive SD impacts (CCP)	• SD reporting is mandatory (units from activities with no SD reporting are excluded)
MRV and claims	• MRV of SD impacts (TBD)	• MRV for tracking SDG impacts • Quantified impacts tagged as attributes	-
Transparency	• N/A (SD reporting is mandatory in A6.2 as part of the IR and BTRs)	-	-

Stock take of how existing SD tools fulfil A6.4 SB provisions to promote SD

A6.4 SB SD criteria	CDM	Thailand Crown Standard	India SD policy	Gold Standard SDG Tool	ADB SDG Tool	SD Vista	ICAT SD methodology	UN REDD+	SEI SDG synergies tool
Compliance with host Party SD objectives	✅	✅	✅	✅	✅	✅	🟨	✅	✅
Safeguards, HRs and grievance				✅	🟨	✅	✅	✅	🟨
Stakeholders and public participation	✅	✅	✅	✅	✅	✅	✅	✅	✅
SDG impact assessment				✅	✅	✅	✅	✅	✅
MRV, certification & claims		✅		✅	✅	✅	🟨	🟨	✅
Transparency and reporting				🟨	🟨	🟨	✅	🟨	✅

- **What is your view on aligning market based climate action to net zero pathways with the 2030 Agenda for the SDGs?**

- **How to best promote national SD priorities in Art. 6 mitigation actions from both the sellers and byers?**

- **Do you think that the A6.4 SD tool should be mandatory for activity developers to use given that other schemes such as CORISA have made SD reporting obligatory?**