

Difficult issues under Article 6 of Paris Agreement negotiations

Madrid, 11 Dec (Prerna Bomzan): At the on-going climate talks in Madrid, negotiations on Article 6 of the Paris Agreement (PA) continue to be embroiled in many difficult and contentious issues, making the path to reaching an outcome agreeable to all Parties a rather challenging task.

Article 6 of the PA generally deals with what is known as cooperative approaches among Parties, which includes the use of market and non-market mechanisms in the implementation of their nationally determined contributions (NDCs). Parties had initially agreed that rules for the implementation of the mechanisms would be adopted last year in Poland. However, negotiations in this regard had proved difficult then and continue to be so in Madrid, with Parties having different understandings on how the mechanisms are to be implemented.

Despite protracted negotiations that began on 3 Dec in the first week of the talks the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA), Parties are nowhere closer in resolving the issues. With the SBSTA concluding its work early morning of 10 Dec, the Article 6 consultations are now being led by ministers from **New Zealand** and **South Africa**. (See below for conclusions of the SBSTA contact group).

According to a developing country negotiator, since evening of Dec 10, groups of Parties and some Parties were being consulted one-on-one, and it seems that the New Zealand minister has made clear that consultations will only be with ministers and not with heads of delegations or negotiators who have been involved this past week.

This approach as drawn serious concerns especially from some developing country

delegations (who spoke to Third World Network-TWN) since the issues under Article 6 are complex and technical, and unfamiliar to most ministers. Concerns are expected to be raised with the Chilean COP 25 Presidency.

According to delegates who spoke to TWN, on 10 Dec, the Presidency's proposal is for ministers to handle the following issues:

- Adaptation financing in the context of the cooperation under Article 6;
- Accounting aspects,
- The issues relating to metrics
- Use of the approaches for other international mitigation purposes (apart from the purpose of achieving a Party's NDC);
- Transition of activities under the Kyoto Protocol (such as the emission reduction units from the Clean Development Mechanism [CDM]);
- Delivering on the overall mitigation in global emissions; and
- the governance of the framework for non-market approaches

Parties were also informed on 10 Dec that they would be invited "to work together among themselves during the day to develop proposals with the support from multiple groups" and "not work through texts, or receive textual comments" on the following issues: 'chapter 3-b onwards of the Article 6.2 draft text (dealing 'corresponding adjustments'); reporting and review cycle; baselines and additionality.

(The text in reference refers to the proposals prepared by the co-facilitators under SBSTA as of 9 Dec).

Article 6.2

Article 6(2) of the PA, allows Parties to engage “on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs)” towards their NDCs, that promote sustainable development, ensure environmental integrity, transparency and avoid double counting.

Under Article 6.2, the foremost contentious issue is the definition of ITMOs and whether the mitigation outcomes to be transferred can be measured in other metrics other than the metric tonnes of carbon dioxide equivalent (tCO₂eq), which are consistent with the NDCs of the participating Parties.

Developed countries, not including **Japan**, and the **Alliance of Small Island States (AOSIS)** are opposed to this, while some developing countries such as the **Like-Minded Developing Countries (LMDC)**, the **Arab Group**, **India**, and **South Korea** are in support.

The other key issue is over the application of corresponding adjustments to emission reductions and removals from sectors and greenhouse gases not covered by the NDCs.

While developed countries and **Independent Alliance of the Latin America and Caribbean (AILAC)** support this proposal, some developing countries such as the **LMDC**, the **Arab Group**, **Brazil**, **India** and **China** are opposed to it.

(It is important to note that the decision adopted in Paris in 2015 requested the SBSTA to develop and recommend guidance as regards Article 6.2 “to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both ...emissions by sources and removals by sinks covered by their NDCs).

A further matter relates to the issue of overall mitigation in global emissions with the **AOSIS** as the key proponent of this, while developed countries are against it. (The PA in relation to the Article 6.4 mechanism makes clear that the mechanism shall aim “to deliver an overall mitigation in global emissions”, where in relation to Article 6.2, does not make this explicit, thus raising the problem over this issue).

One of the most contentious issues in relation to Article 6.2 is over the share of proceeds (SOPs)

which is levied to assist developing countries to meet the costs of adaptation and which will contribute to the Adaptation Fund. In the PA, Article 6.7 makes clear of this in relation to the Article 6.4 mechanism but is silent on this in relation to Article 6.2.

Developing countries such as the **Africa Group**, the **LMDC**, and **AOSIS**, are proponents of proposals for the SOPs to also apply to Article 6.2 for a balanced treatment between both approaches, while developed countries developed countries are all against it, especially the **United States**.

Article 6.4

(Under Article 6(4), another mechanism has been agreed to in order to “contribute to the mitigation of greenhouse gas emissions and support sustainable development.” Some Parties see this an expansion of the CDM under the Kyoto Protocol).

A major issue with divergent views is in relation to the transition from the Kyoto Protocol as regards the transfer of pre-2020 credits from the CDM into the Article 6.4 mechanism.

All developed countries and some sub-groups of developing countries such as the **AOSIS**, **Africa Group** and **AILAC** are opposed to this transfer, with countries like **India** in favour of this.

The issue of corresponding adjustments to avoid double counting is another sticky issue in relation to the Article 6.4 mechanism, with many developed and developing countries supporting for its application to both this Article and to Article 6.2. However, the **LMDC**, **India**, and **Brazil** are not in favour of this.

Article 6.8

Article 6(8) of the PA deals with non-market approaches and states that “Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their NDCs... including through, *inter alia*, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate...”.

The governance of the framework is the key contentious issue and relates to whether or not to have a “permanent” institutional arrangement to implement the framework and the work programme.

Developed countries are opposed to having a “new” permanent governance arrangement, while

developing countries are proponents of some new arrangements, such as that of a “forum” or a “taskforce” under the SBSTA.

At the SBSTA final contact group on 9 Dec

The final contact group to deal with Article 6 was convened evening of 9 Dec by the SBSTA Chair with the release of the third iteration of the draft texts.

The draft conclusions on the three sub-items had already been released in the morning “recognising that the text does not represent a consensus among Parties”.

SBSTA Chair **Watkinson** proposed to provide “half an hour for comments on the changes highlighted in yellow” and invited the two co-facilitators to hear back on the week’s work.

The co-facilitators were Hugh Sealy (Barbados) and Peer Stiansen (Norway).

Saudi Arabia on behalf of the **LMDC** took the floor and remarked that the new texts had come out too late and that there was very little time for reflection.

Co-facilitator **Sealy** reported on the six informal consultations undertaken during the week to arrive at the new text. He said that they “tried to evolve the text, not bloat the text, get the main architecture right and finally better frame the political decision that needs to be made this week”

under the COP Presidency. Co-facilitator **Stiansen** also added that the text “should have a good basis to land the issues” which remain unresolved.

Chair **Watkinson** then announced a brief break for Parties to look at the proposed texts, apologising for “very late” release and recognising that these were “complex documents”.

The contact group was resumed after an hour and Chair **Watkinson** drew attention to the three draft conclusions which had been “reissued with only change” in the footnote carrying the web-link to the three texts with “no change in content”. He iterated that “we are in no way endorsing” the texts and only transmitting them to CMA 2 and “they will decide to how to take it forward”. (The CMA is the Conference of Parties to the PA).

The final contact group closed after Parties decided to send the draft conclusions to the SBSTA closing plenary where they were adopted. **Watkinson** remarked that “this outcome is not perfect” but he hoped that finalised texts “acceptable to all Parties” would be adopted when the CMA 2 ends, under the guidance of the Chilean Presidency at the “ministerial” level.

Whether the ministerial led consultations will deliver an agreeable outcome to the satisfaction of all Parties remains to be seen, in the coming few days left before the scheduled closure of the COP on Dec 13.