



ALLIANCE OF SMALL ISLAND STATES

# SUBMISSION

**TOPIC: ARTICLE 6 OF THE PARIS AGREEMENT (MARKETS & NON-MARKET APPROACHES) – ENABLING AMBITION IN ARTICLE 6 INSTRUMENTS**

JUNE 2021

## MANDATE

*SBSTA Plan for 2021: Chair of Subsidiary Body for Scientific and Technological Advice ('SBSTA') extended an invitation on 18<sup>th</sup> March 2021 for submissions on 'Enabling ambition in Article 6 Instruments'; Scenario note by the Chair of the Subsidiary Body for Scientific and Technological Advice, 7 May 2021*

Antigua and Barbuda on behalf of the Alliance of Small Island States ('AOSIS') welcomes the opportunity to present views in response to the invitation extended by the Chair of the SBSTA, relating to 'Enabling ambition in Article 6 instruments' and to the guiding questions presented for discussion.

After the UNFCCC Secretariat's NDC Synthesis report, it is clear that we remain far from a 1.5°C consistent pathway. NDCs are insufficient to achieve the Paris Agreement's long-term temperature goal.

Article 6 speaks explicitly to higher mitigation and adaptation ambition and design choices for Article 6 should reflect this current context.

We cannot afford for cooperative approaches recognized under the UNFCCC process to undermine ambition; instead Article 6 instruments will need to be designed to protect NDC ambition, and secure additional abatement and resources for the adaptation needs of particularly vulnerable developing countries.

## 1. PRINCIPLES TO BE OPERATIONALIZED

To enable ambition, the rules and guidance we adopt in Glasgow in relation to Article 6 will need to operationalize the following principles, among others:

- Ensuring environmental integrity and enabling the highest possible mitigation ambition
- Delivering an overall mitigation in global emissions, moving beyond zero-sum offsetting approaches to help accelerate the reduction of global greenhouse gas emissions
- No use of pre-2020 Kyoto Protocol or other credits, allowances or other underlying reductions toward Paris Agreement and other international goals



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- Ensuring that double counting is avoided and that all use of markets toward international climate goals is subject to corresponding adjustments
- Avoiding locking in levels of emissions, technologies or carbon-intensive practices that are incompatible with global efforts to achieve the Paris Agreement’s long term temperature goal.
- Applying allocation methodologies and baseline methodologies that support domestic NDC achievement and contribute to achievement of the Paris Agreement’s long-term temperature goal.
- Using publicly accessible infrastructure and systems to collect, track, and share the information necessary for robust and transparent accounting,
- Using CO<sub>2</sub>-equivalence in reporting and accounting for emissions and removals, fully applying the principles of transparency, accuracy, consistency, comparability and completeness.
- Ensuring incentives to progression and supports all Parties in moving toward economy-wide emission targets
- Contributing to quantifiable and predictable financial resources to be used by developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
- Recognizing the importance of capacity building to enable the widest possible participation by Parties under Article 6.

AOSIS re-emphasizes that it will not be enough to recite these principles, Article 6 needs to be designed to deliver against these principles, through its substantive provisions, infrastructure and oversight provisions.

## **2. DISTINCTION BETWEEN ENABLING AND DELIVERING GREATER AMBITION**

In addition, an important distinction needs to be made between enabling greater ambition and delivering greater ambition. Many elements can enable greater ambition – but not all will deliver greater ambition.

Supporting systems, an architecture and capacity building may be in place, but delivery requires the application of a rule set and guidance that promotes the overall objectives of the Paris Agreement.

For example, an architecture for SOP and OMGE is set out in version 3 of the COP Presidency’s texts that could enable a degree of global mitigation and ambition, but in the absence of an agreement on more substantial numbers for the share of proceeds (SOP) and percentage cancellation rate for OMGE, which are required to be applied under 6.4, and in the absence of provisions for the application of these elements to Article 6.2, these tools may not ensure the delivery of substantial additional abatement or additional revenues to address adaptation needs.

In view of the mitigation gap, and the shortage of adaptation financing, the design of Article 6 needs to both enable and deliver greater mitigation and adaptation ambition.

## **3. DISTINCTION BETWEEN ENABLING DOMESTIC AMBITION AND DELIVERING NET GLOBAL EMISSION REDUCTIONS**

In addition, it is important not to confuse or conflate enabling domestic ambition in the context of Article 6 with the delivery of an overall net mitigation in global emissions, referred to in



Article 6.4(d), recognizing that the issue of OMGE will be taken up at a later technical expert dialogue.

For example, domestic ambition can be protected and enhanced through conservative baselines, and short crediting periods – two tools that ensure that host Parties retain mitigation outcomes from the projects they host, that may be used toward their own NDCs.

However, these tools do not deliver a quantifiable overall net mitigation in global emissions in an offsetting context, in which resulting mitigation outcomes are divided among hosts and participants and remain available for use toward other Parties' NDCs or other international mitigation purposes.

Offsetting alone will not advance the Paris goals; in view of the mitigation gap and the need for drastic emission reductions by 2030 to remain within the 1.5°C temperature limit, it is now necessary to go beyond zero-sum offsetting approaches to accelerate abatement for the benefit of all Parties – whether they participate directly in Article 6 or not. Article 6 cannot be simply a tool for cost savings, but needs also to be a tool to move us toward achievement of Paris Agreement goals.

#### **4. AREAS FOR STRENGTHENING ASPECTS OF REPORTING, REVIEW AND ACCOUNTING UNDER ARTICLE 6.2**

First, AOSIS would like to re-emphasize, as we did in our inputs on “Ensuring Rapid Operationalization (Articles 6.2, 6.4 and 6.8)”, that Article 6.2 is not just about reporting and review. Substantive provisions are needed to ensure environmental integrity, ensure the avoidance of double counting, and ensure transparency including in governance, as well as in relation to accounting, infrastructure for recording and tracking, safeguards, and ambition in mitigation and adaptation actions (OMGE and SOP).

Areas that need to be strengthened include:

- Principles and guidance for **baselines**
- Clarity that annual information for Article 6 will be **submitted and collected annually**, including in connection with **SOP and OMGE** elements, to support transparency, progress reports and the Global Stocktake
- Clarity on the **timing** of initial reports and for their review
- Reporting on the treatment of SOP and OMGE in cooperative approaches in initial reports
- Further detail in Section VII on how SOP and OMGE will be reported in initial and regular reports
- Clarity on when information is to be presented in connection with “**further cooperative approaches**” that were not detailed in initial reports, including on the treatment of OMGE and SOP in connection with each approach.
- Reporting on **gases and sectors** covered by emissions inventories (18/CMA.1, para 48)
- **Clarity on accounting processes**, to help Parties understand the implications of accounting choices in connection with initial report requirements
- **Protocols for electronic reporting**, to facilitate reporting and the collation of information by the secretariat, to support the Global Stocktake
- **Review process and review guidelines, once the necessary substantive provisions are in place.**



## 5. ASPECTS OF THE MECHANISM AND ACTIVITY DESIGN THAT NEED TO BE ADDRESSED AS COMPARED TO THE PRESIDENCY TEXTS IN ORDER TO ENABLE FURTHER AMBITION IN THE MECHANISM, WHILE ALSO ENABLING BROAD PARTICIPATION?

Still needed in Glasgow, to initiate the mechanism and to deliver further mitigation and adaptation ambition, are core policy decisions that are essential for the functioning of the mechanism, including:

- Reflection in the text that **participation responsibilities and initial report processes** set out in 6.2 also apply to 6.4;
- **Agreement on the cancellation rate for OMGE**, which in AOSIS's view needs to consider the full range of rates set out in version 1 of the COP Presidency's text, including the more ambitious end (X/10/20/30) to ensure that Article 6.4 does indeed deliver a substantial overall mitigation in global emissions;
- **Agreement on the set aside rate for the share of proceeds for adaptation**, which in AOSIS's view should reflect at least the 5% rate identified in version 1 of the COP Presidency's text, to deliver substantial resources for the Adaptation Fund;
- **Agreement on principles for baselines which need to be at a sufficient level of detail** to guide work by the Supervisory Body, and which need to be well-evolved before any mandate is given to the SB to develop methodologies;
- **Capacity building opportunities**, in particular for those countries, such as LDCs and SIDS, that have not had much exposure to engagement in the project-based mechanism and would benefit from capacity building tailored to the new Paris Agreement context in which all Parties have undertaken NDCs.

In areas where further work may be needed, for example, for systems to ensure environmental integrity in connection with permanence and displacement in the land sector, work programmes could be considered for establishment.

## 6. HOW COULD THE ARTICLE 6.8 WORK PROGRAMME FOR NON-MARKET APPROACHES ENABLE FURTHER AMBITION IN NDCS?

Article 6.8 will be important in supporting Parties in the implementation of their NDCs through non-market approaches.

Article 6.8 explicitly aims to promote mitigation and adaptation ambition, enhanced public and private sector participation in the implementation of NDCs and opportunities for coordination across instruments. By kicking off the work-programme, we will be enabling Parties to begin identifying and prioritizing ways to use integrated approaches to increase ambition.

There may be some uncertainty around the potential focus areas and types of activities that will be encompassed by the work programme, because this will be guided by the Parties. Nevertheless, some thematic and focus areas have already been presented for consideration by Parties in the COP Presidency's third iteration of text, at paragraphs 5 and 7 of the draft covering decision. These include, for example, energy-efficiency schemes, enhancement of removals, avoidance of greenhouse gas emissions, adaptation benefit mechanism, ecosystem-based adaptation and integrated water management.

Non-market approaches could allow for small island developing states (SIDS) to unlock access to activities that promote higher ambition than they would have otherwise been unable to access.



This could take place through both “soft” approaches, such as the strengthening of legal and regulatory frameworks, for example, in the transport or forestry sector/s, or by “hard” approaches, as Parties identify suitable technologies through interactions with relevant sectoral experts over the course of work programme activities. The work programme should aim to present a balance between mitigation and adaptation/resilience building as its cornerstones.

