

# Article 6 of the Paris Agreement: Enabling higher ambition in climate actions and promoting sustainable development

The Sustainable Development Initiative (SDI) acting through its operating partners Gold Standard Foundation and UNEP DTU Partnership is pleased to submit its views on how to enable higher ambition in Article 6 instruments. This submission follows the respective call by the UNFCCC ahead of the June sessional period 2021.<sup>1</sup>

## **The urgent need for increased ambition in climate action**

In February 2021, the UNFCCC Secretariat published the “Initial NDC Synthesis Report”.<sup>2</sup> The report analysed submissions of 75 Parties that have communicated new or updated Nationally Determined Contribution (NDC) until the end of 2020. The findings of the report could not be clearer. Countries must enhance efforts and submit stronger, more ambitious national climate action plans in 2021 if the world is to achieve the Paris Agreement goal of limiting global temperature rise to below 2°C—ideally 1.5°C—by the end of the century. While most countries increased their levels of ambition to reduce emissions, their combined impact puts them on a path to achieve a less than 1 per cent reduction by 2030 compared to 2010 levels. The Intergovernmental Panel on Climate Change (IPCC), by contrast, has indicated that emission reduction ranges to meet the 1.5°C temperature goal should be around 45 per cent lower.

This is just not enough. Countries must investigate further areas to create more robust NDCs. An increase in ambition must be accompanied by a significant increase in support for climate action in developing nations, fulfilling a key element of the Paris Agreement.

## **Raising ambition through Article 6 of the Paris Agreement**

Article 6 of the Paris Agreement provides the instruments to facilitate an increase in ambition, and notably an increase in climate action in developing countries. The three instruments of Article 6 allow Parties to cooperate with one another when implementing their NDCs. GHG mitigation measures are implemented in one country, the resulting outcomes are transferred to another country which counts it towards its NDC. Article 6.2 enables direct bilateral cooperation to achieve and exchange such mitigation outcomes. Article 6.4 establishes a mechanism to contribute to the GHG mitigation and support sustainable development (SD). In contrast to direct bilateral cooperation, this mechanism will be supervised by a body designated by the Conference of the Parties. Article 6.8 foresees non-market-based approaches. The concrete measures and corresponding modalities of this instrument are yet to be defined within the development of a “framework for non-market-based approaches”.

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<sup>1</sup> See <https://unfccc.int/event/article-6-of-the-paris-agreement-enabling-ambition-in-article-6-instruments>

<sup>2</sup> See <https://unfccc.int/process-and-meetings/the-paris-agreement/nationally-determined-contributions-ndcs/nationally-determined-contributions-ndcs/ndc-synthesis-report>

Even though these instruments differ in their institutional set up, they have in common an obligation to promote or foster sustainable development. In fact, the application of strong SD provisions is critical to countries’ ability to increase ambition and climate action in developing countries via Article 6.

### **Sustainable Development as enabler for ambition in Article 6**

SD is a primary lever for raising climate ambition. The assessment and the recognition of SD benefits from mitigation actions is a prerequisite to unlock host country ownership and to ensure these actions are supported and sustainable in the long-term. This is illustrated by the fact that national and sub-national governments often rebrand climate action as priority development programs, be they a national household energy program, a city-wide sustainable public transport scheme or a regional water management strategy. Moreover, quantifying and valuing SD impacts can unlock much needed private sector funding which is another prerequisite of raising ambition, especially in developing countries.

It comes with no surprise that the Paris Agreement, and in particular Article 6, emphasizes the objective to promote SD several times. The focus on SD in the agreement’s text forms the mandate for Parties to determine strong provisions that operationalize SD in Article 6.

Based on an analysis of Parties submission in 2017 the SDI identified a set of high-level options that Parties identified as relevant for the operationalisation of SD in Article 6. The table below summarizes these high-level options.<sup>3</sup>

*High-level options to operationalise sustainable development in Article 6*

<b>Governance</b>	<b>Safeguards</b>	<b>Stakeholder Inclusivity</b>	<b>SD Assessment</b>	<b>MRV of SD</b>	<b>Reporting</b>
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

Although SD provisions have evolved considerably between COP 24 in Katowice (2018) and COP 25 in Madrid (2019) there are still important elements missing. For a detailed analysis of SD elements in the current draft negotiation texts see SDI’s publication from June 2020, [“Views on Sustainable Development provisions in the Art. 6 ‘rulebook’ draft from COP25 in Madrid”](#)<sup>4</sup>.

### **Draft texts still lack crucial provisions for SD to support ambition raising**

As highlighted above, provisions that effectively operationalise SD in Article 6 can unlock host country ownership and ensure that these actions receive long-term support. For this to happen, SD provisions must become part of the operating architecture within the respective Article 6 instruments. That includes the acknowledgement of Parties that the submission of SD relevant information is not a one-

<sup>3</sup> The SDI analysed the views of all countries that submitted written information ahead of formal rulebook negotiations in 2017. The result was the identification of 6 high level options linked to sustainable development as shown in the table.

<sup>4</sup> The publication is available under <https://unepdtu.org/wp-content/uploads/2020/09/sdi-art6-draft-analysis-final.pdf>

time or tick-box exercise. Host country ownership and long-term support for Article 6 activities are not enabled by providing brief descriptions of mitigation co-benefits that could potentially materialize sometimes in the future.

What is needed are clear requirements that the impact of measures taken to realize mitigation co-benefits are assessed, reported and monitored over time. Only a combination of ex ante and ex post analysis of SD impacts can provide a basis for informed policy making and makes the case for host country governments to ultimately support scaled-up implementation of Article 6 activities.

Unfortunately, the current rulebook drafts do not contain any provisions for submitting SD-relevant information over time (e.g., for monitoring SD indicators and assessing SD impacts), nor do they require reporting and technical review of SD impacts. The development of tools and approaches that could help Parties and non-party stakeholders to combine GHG mitigation actions with, for example, improved health condition, measures to conserve of biodiversity or enhanced education capacities is not foreseen in the Article 6 rulebook draft either.

But enhanced ambition of climate action will only unfold globally if it is accepted and supported by all stakeholders involved. For that to happen, it is necessary

- to monitor and review the impact of SD measures,
- to adjust and eventually improve measures where necessary,
- to share lessons learned with all involved stakeholders of Article 6 activities (and beyond).

#### **Recommendations on how to create host country ownership to raise ambition via Article 6**

COP 26 in Glasgow must conclude with a robust rulebook to start rapid implementation of Article 6 in 2022. The SDI recommends Parties to consider the following two proposals ahead of COP25:

**Proposal 1:** Integration of appropriate MRV and transparency provisions for SD into the rulebook draft. The SDI acknowledges that, after a delay of more than 2 years, the negotiations of the Article 6 rulebook have entered what many hope to be the finale stage. The insertion of further text elements may become challenging. However, if the Article 6 instruments should contribute to meaningful ambition raising, the role of SD in the rulebook needs to be strengthened. An efficient way to promote SD in the Article 6 rulebook is to link to MRV/transparency elements also for SD impacts.

**Proposal 2:** The mitigation mechanism of Article 6.4 can and most likely will play a role model in the design of national climate policies in the future, especially in developing countries with limited capacities. The role model effect of Article 6.4 may also apply for domestic arrangements under Article 6.2. A complementary proposal therefore is to mandate the Supervisory Body foreseen in Article 6.4 to develop voluntary tools/approaches that support Parties' SD assessment and its monitoring over time, based on lessons learned from the Clean Development Mechanism's SD tool.

**The Sustainable Development Initiative (SDI) for Art. 6 aims at promoting strong provisions on sustainable development for the rulebook of Art. 6. The initiative is a collaboration of UNEP DTU Partnership and the Gold Standard Foundation supported by Belgium, Finland, Germany, Norway and Sweden. Views stated are those of the authors of this document and do not represent any consensus among the Parties and Partners involved.**

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