

Submission of the Plurinational State of Bolivia to the UNFCCC

(June 4, 2021)

Transition of Clean Development Mechanism (CDM) activities to Article 6.4 mechanism

The government of the Plurinational State of Bolivia submit its views regarding the transition of the Clean Development Mechanism (CDM) to Article 6.4 mechanism of the Paris Agreement.

In the Paris agreement, parties approved the development of three instruments for its implementation. As Bolivia, we consider that progress should move forward equally between articles 6.2, 6.4 and 6.8, and not moving alone some issues relating only to the 6.4. We convey our reservation about the process being followed in this matter prioritizing only some instruments, in this specific case the article 6.4 mechanism.

In the Paris Agreement, article 6.4 is about a Sustainable Development Mechanism (SDM), it is not about markets. As Bolivia we have supported a Paris Agreement which does not have a single mention on markets.

Bolivia does not agree in promoting the transition of the CDM into the SDM, and therefore there is no need to take steps to enable the eligibility of the CDM in the article 6.4 mechanism. We oppose to recycling in the Paris Agreement previous instruments that did not have success in the fight against climate change. On the contrary, these are at the center of policies and instruments raising the temperature beyond one degree by 2010 and moving the world closer to 1.5 degrees in following years. The recycling of the CMD into the Sustainable Development Mechanism is part of using something that we do know that is not helping at all to enhance climate ambition.

In this context, our responsibility as a Party, with a duty to Mother Earth, is related in placing limits to the implementation of instruments and to develop truly a Sustainable Development Mechanism (SDM) of the Paris Agreement.

1. The SDM must not be implemented following a market-based approach or a market-based framework.
2. The SDM must not apply when a party or a group of parties, via a submission, understand that a particular use of this instrument has a strong potential in creating social or economic impacts, environmental risks, or attempts against the integrity of Mother Earth, all in the context of objectives and principles of the Convention.
3. The SDM must apply to allow the transfer of a minimal amount (to be agreed upon) of carbon emission reductions with respect to the total tons of carbon dioxide equivalent reduced domestically by an interested party of the Convention.
4. The SDM must take place only if helping parties to cut significantly the remaining carbon budget to keep the temperature below the 1.5 degrees, helping them to reduce the gap from the current 65 GT of carbon per year to less than 20 GT per year, means by which temperature will not increase beyond the 1.5-degree threshold.

The real issue is about how to envision the SDM in the context of an approach not using carbon trade or carbon credits, as a non-market-based approach. This should mean strengthening effectively the response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty. The task is about creating a mechanism strongly linked to the fulfillment of the SDGs.

Therefore, with regards to article 6.4, the challenge is not about a transition of CDM activities to article 6.4 mechanism but to move it into a non-trade scheme, as it has been stated in paragraph 6.4(c) of the Paris Agreement, which is the use by another party of emissions reductions of a host Party to fulfil its Nationally Determined Contribution. This should be at the core of the discussion of article 6.4. The task is moving the 6.4 into a non-market approach, procedure, and methodology.