

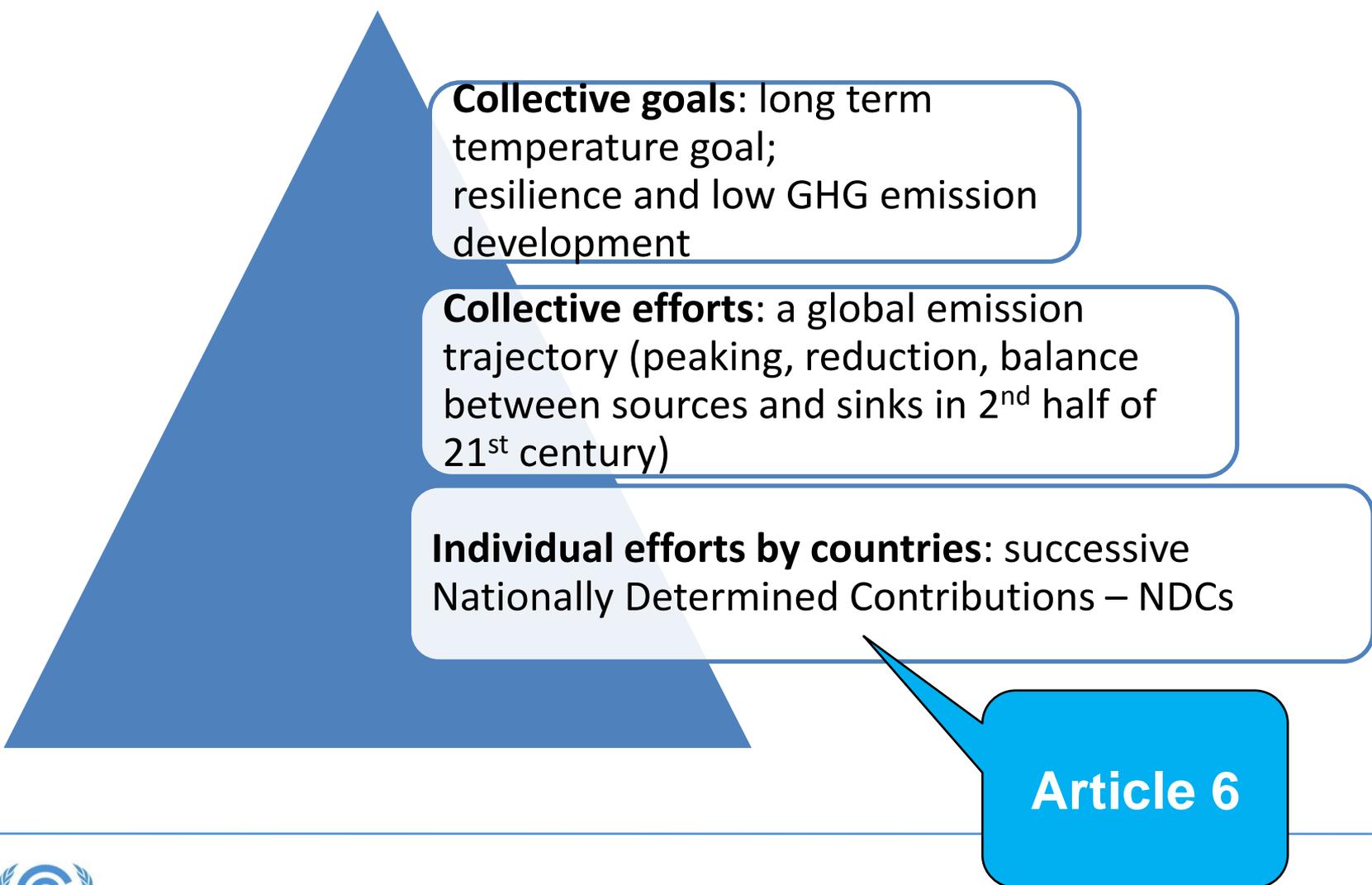
Article 6 of the Paris Agreement... What is it all about, and why does it matter to you?

Amy Merrill Steen, UNFCCC secretariat

Paris-Agreement-Article-6@unfccc.int



The Paris Agreement



Collective goals: long term temperature goal; resilience and low GHG emission development

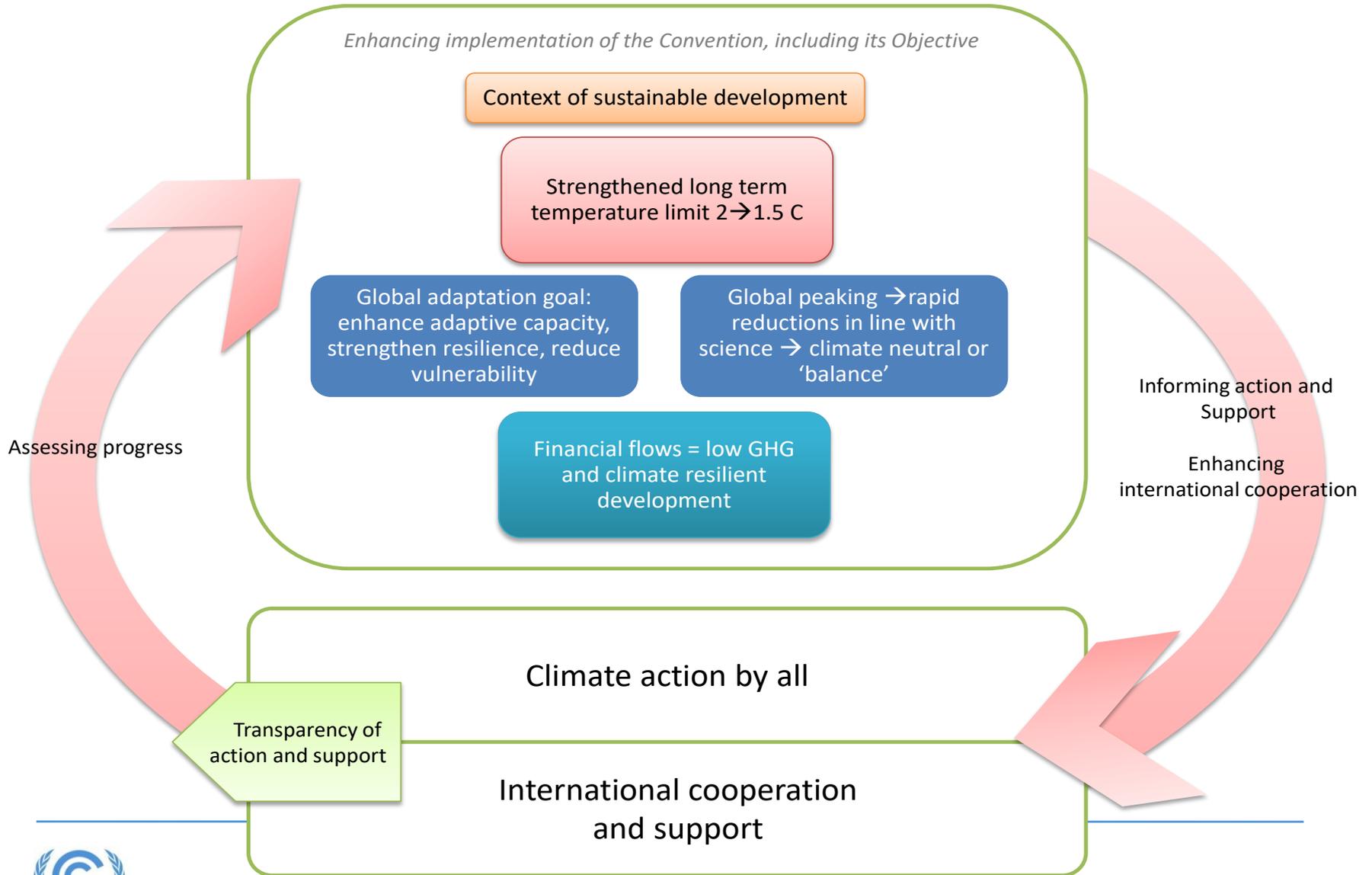
Collective efforts: a global emission trajectory (peaking, reduction, balance between sources and sinks in 2nd half of 21st century)

Individual efforts by countries: successive Nationally Determined Contributions – NDCs

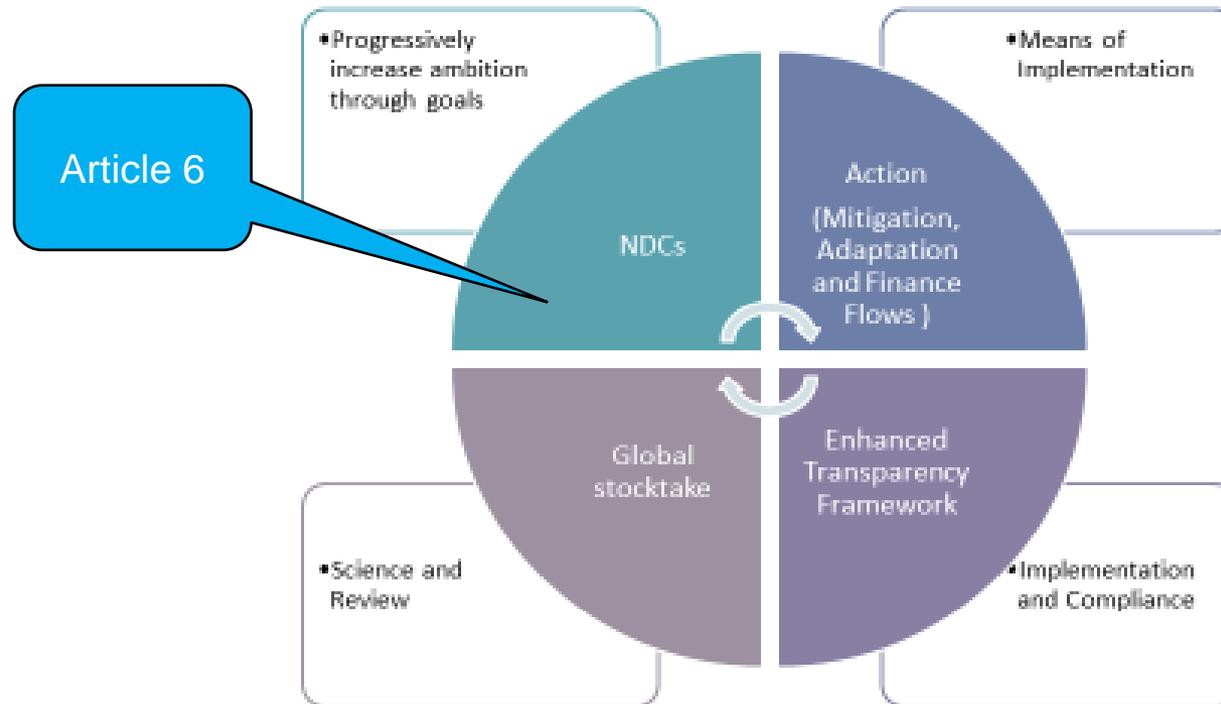
Article 6



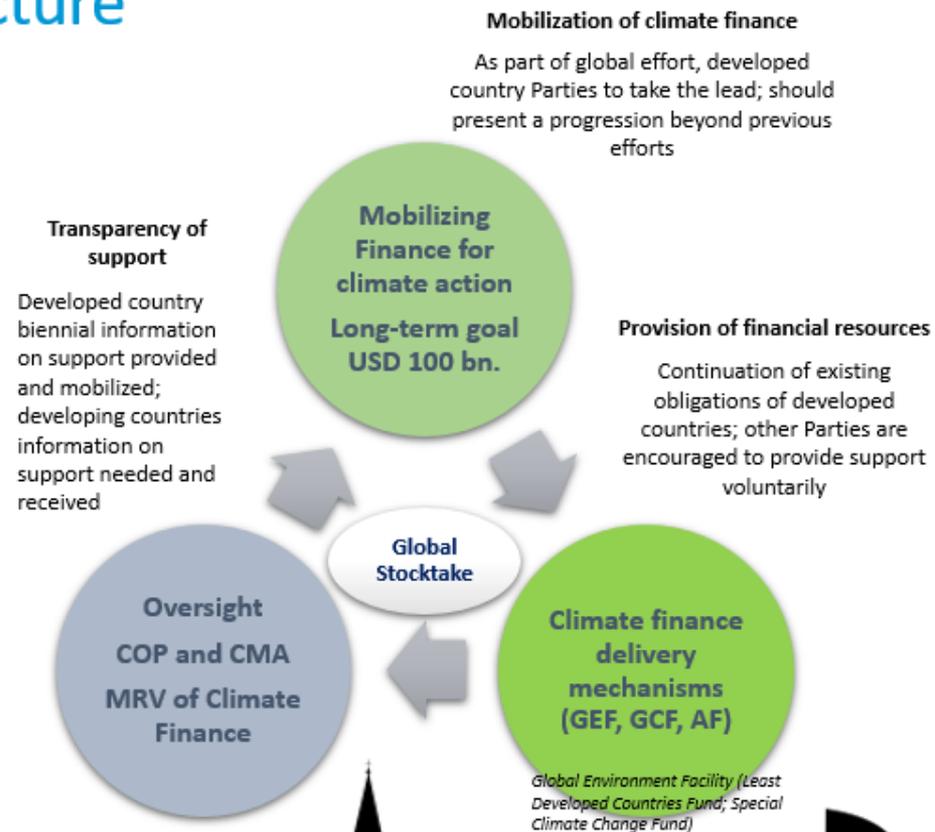
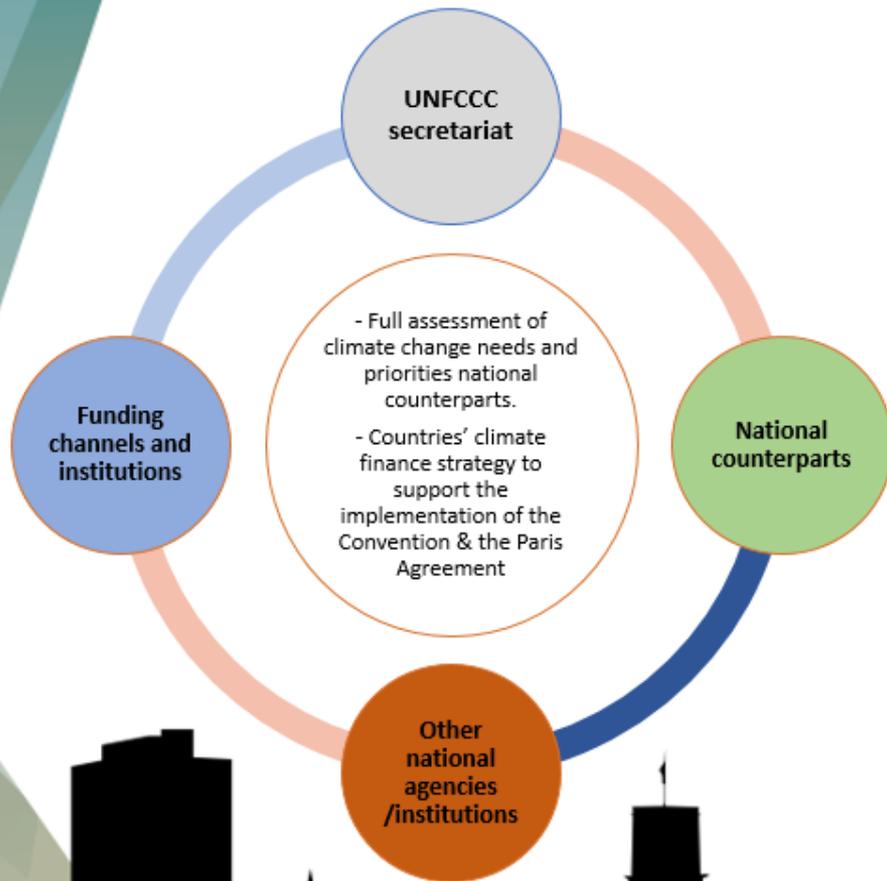
How does it work?



How does it work?



The Climate Finance Architecture



Markets and non-markets (in the Paris Agreement)

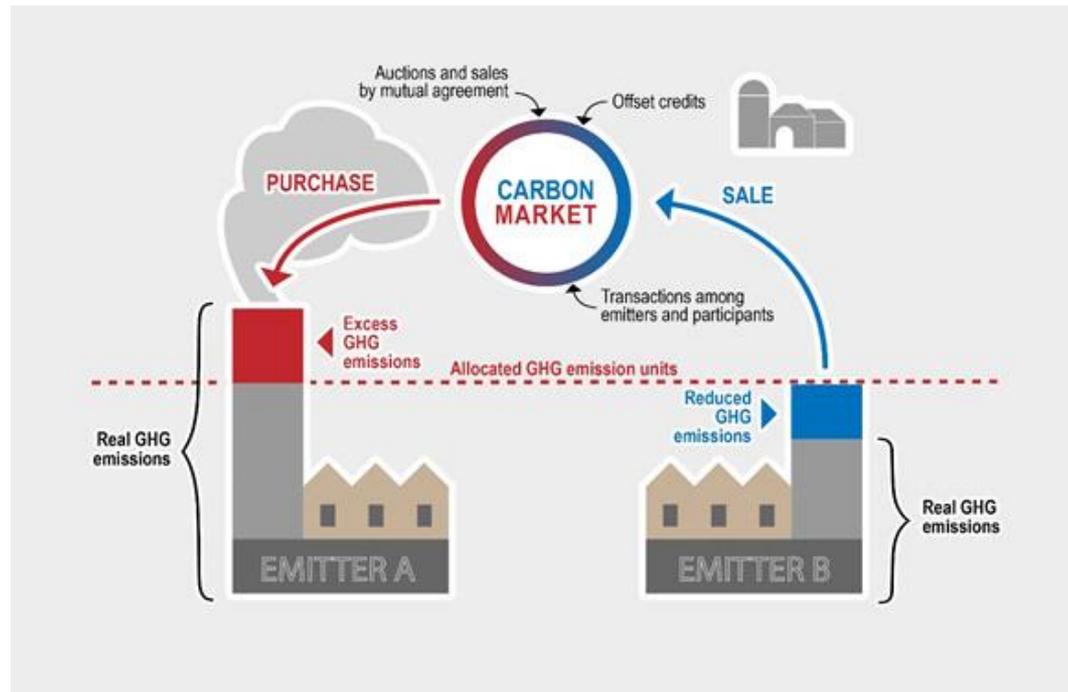
- Aim of the Paris Agreement
 - Hold increase in global temperature to well below 2 °C and aim to limit to 1.5 °C
 - Article 6 is a voluntary set of tools to support implementation to allow for higher ambition in Nationally Determined Contributions (NDCs)
- Ambition in NDCs and progression of NDCs over time
 - NDCs should reflect highest possible ambition (based on circumstances)
 - New NDCs should show progression
 - Article 6 should support, not undermine, that ambition and progression



Carbon markets...

Carbon markets are a type of carbon pricing, which internalizes the climate cost of economic activity.

Many countries cap greenhouse gas emissions from certain sectors and allow the sector(s) to distribute the cost of complying through trading permits to emit.



Source: Quebec



Carbon markets ...

Also operate at the **international** level. Countries **voluntarily cooperate** to reduce emissions in one country, based on the cost of abatement being cheaper in another country. This can also deliver efficiencies that allow for more emissions mitigation than would occur if the countries reduced their emissions alone.

....that is what some of **Article 6** of the Paris Agreement is about.

Article 6 **also deals with cooperation without trading**, focused on sustainable development and poverty eradication, as some countries do not want to trade emissions.



Article 6 instruments

“Cooperative Approaches”

“The Mechanism”

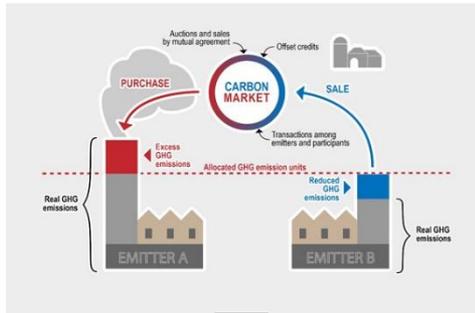
“The Framework for non-market approaches”



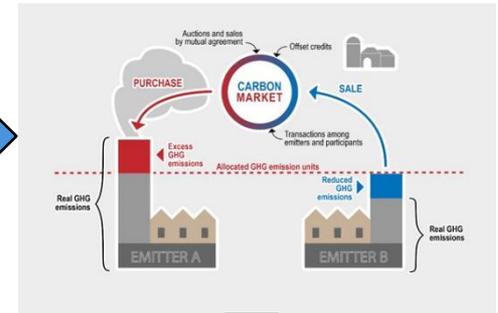
“Cooperative Approaches”

COUNTRY A

COUNTRY B



EG: LINKED PROGRAMMES



Source: Quebec

Source: Quebec

NDC

NDC

Countries
are
developing
guidance



“The Mechanism”

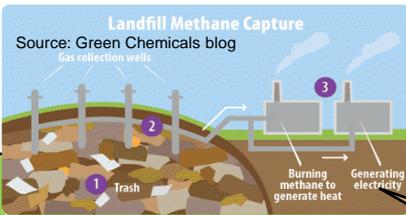
**UNFCCC ARTICLE 6.4 PARIS AGREEMENT
SUPERVISORY BODY**

COUNTRY A

CREDITS

COUNTRY B

MEETS RULES



NDC

NDC

*Countries
are
developing
rules*



“The Framework for non-market approaches”

COUNTRY A

COUNTRY B

EG: Energy Efficiency Programme

SHARE BEST PRACTICE

EG: Energy Efficiency Programme



Countries are developing work programme

Getting to operationalization...

- Countries still need to decide:
 - How to optimize **finance for adaptation** from Article 6 mitigation
 - **How to account for emission reductions for 6.4 activities that are outside the NDC of the host country**
 - How **CDM projects** could be transitioned to the 6.4 mechanism
 - Whether countries can use **pre-2021 CERs** towards their post 2020 NDCs



Why does all this matter?

- Article 6 is an important part of the world's “toolbox” for addressing climate change
- Article 6 is the only part of the Paris Agreement that directly engages the business and private investment sector in directly implementable activities in which they can invest
- In addition to the trading instruments, implementation of non-market approaches is essential to contribute to sustainable development and poverty eradication
- There is strong real-world potential for cooperative action - shown by existing pilot Article 6 projects, but without UN decisions, it may be difficult understanding the overall impact of cooperative action on global mitigation



Why does this matter to you....

- The Paris Agreement is relevant to **everyone** because all countries have agreed to take action domestically and that action impacts the environment, the economy and society.
- **Business** can make informed decisions on whether to invest in climate mitigation activities under the Paris Agreement when those business actors understand how the Article 6 instruments work
- The instruments are still in the final stages of design, so **regulators and government** need to listen carefully to their business sectors to understand the opportunities that these instruments may bring.



You can find out more at:

<https://unfccc.int/process/the-paris-agreement/cooperative-implementation>

