

Contentious issues over Article 6 of Paris Agreement on “cooperative approaches”

Kuala Lumpur, 29 Nov (Hilary Kung) – At the Sharm el-Sheikh climate conference, technical discussions on the implementation of Articles 6.2, 6.4 and 6.8 of the Paris Agreement (PA) that began on 6 Nov, concluded on 19 Nov after intense negotiations.

Article 6 of the PA is referred to as ‘cooperative approaches’ among Parties, involving the use of carbon markets (referred to as Article 6.2 and 6.4) and non-market approaches (Article 6.8) in the implementation of their nationally determined contributions (NDCs).

(Article 6.2 allows Parties to engage “on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes (ITMOs) towards NDCs; Article 6.4 is a “mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development”; and Article 6.8 is about non-market approaches (NMAs) recognizing the importance of “integrated, holistic and balanced NMAs being available to Parties to assist in the implementation of their NDCs.”)

In Sharm el-Sheikh, Parties such as the **Like Minded Developing Countries (LMDC)** and **Bolivia** repeatedly called for balanced treatment

and outcomes on all the three sub-items of Article 6.

The negotiations involved highly technical matters and among some of the major issues of contention are highlighted below.

ARTICLE 6.2

On Article 6.2, Parties were able to conclude: (a) guidance relating to the tracking (of ITMOs); (b) guidelines for the technical expert review; (c) outline for the technical expert review report; (d) training programme for technical experts participating in the technical expert review; (e) outline for the initial report (on use of ITMOs); and (f) outline for regular information. Most of the other topics were concluded with procedural decisions for further work next year.

(As reported in [TWN Update 8](#), the Article 6.2 informal consultations at Sharm el-Sheikh saw a minimum set of topics for guidance being prioritised to enable the operationalisation of Article 6.2.)

One of the key areas that require further work next year for consideration and adoption at the 5th session of the Conference of Parties to the

PA (CMA5) is on how a Party should respond to the recommendations specified by the Article 6 technical expert review and what the implications are, in case of non-responsiveness of the participating Party, in which **African Group (AG)** has been a leading voice.

Another main issue on Article 6.2 guidance relates to the section on ‘confidentiality’. The decision in this regard from Glasgow in 2021 (on the guidance provided under paragraph 24 in Annex IV on ‘Reporting’ in decision 2/CMA.3) states that *“Information submitted by a Party pursuant to this chapter that is not identified by that Party as confidential (non-confidential information) shall be made public on the centralized accounting and reporting platform.”*

The extent to which ‘confidentiality’ applies was debated. The **AG** called for stronger language in the text by using “shall” provide the basis for protecting the confidentiality” instead of “should”. The [adopted decision text](#), however, maintains the word “should” and the final decision reads as: *“The participating Party may designate information provided to the Article 6 technical expert review team during the review as confidential. In such cases, the participating Party should provide the basis for protecting the confidentiality of such information, and the Article 6 technical expert review team and the secretariat shall not make the information publicly available on the centralized accounting and reporting platform, in accordance with decision 2/CMA.3, annex, paragraph 24, or in any other way.”*

In paragraph 16 of the adopted decision, Parties requested the Subsidiary Body for Science and Technical Advice (SBSTA), by taking into account submissions by Parties, to continue its work to develop the modalities for reviewing information that is confidential for consideration next year at COP28.

Another contentious issue was the relationship between national and international registries on the tracking of ITMOs. In general, developing countries preferred options that will not block the participation of developing countries with limited resources and if developing countries choose to connect their registry to the international registry (on tracking the ITMOs), they may choose to do so with no additional or unnecessary

burden while respecting environmental integrity. Parties finally agreed to the text that reads as: *“A participating Party may connect its registry to the international registry.”*

One of the key unresolved issues is whether there can be any changes to the authorization of ITMOs. Given diverging views, Parties agreed that further work is needed in 2023 for SBSTA to develop recommendations and take into account submissions by Parties on *“the scope of changes to authorization of ITMOs towards use(s), and the process for managing them and for authorization of entities and cooperative approaches with a view to ensuring transparency and consistency”* for consideration and adoption at CMA5.

Another unresolved issue is the consideration of whether ITMOs could include emission avoidance under Article 6.2 which is deferred for consideration to CMA 6 in Nov 2024.

ARTICLE 6.4

Under Article 6.4, among the most contentious issue were the recommendations prepared by the Supervisory Body for the Article 6.4 mechanism on activities involving ‘removals’, with many Parties expressing concerns and strong reservations from **Argentina, Brazil, Uruguay (ABU)** and **St. Kitts**.

(For the purpose of the guidance, “removals” are defined “as processes or outcome of processes to remove greenhouse gases from the atmosphere through anthropogenic activities and durably stored in geological, terrestrial, or ocean reservoirs, or in products”.)

While appreciating the work of the Supervisory Body with its recommendations, **ABU** expressed concerns over what it saw as an “extremely problematic document on removals” as well as the approach of the Supervisory Body, saying that the recommendations were silent on safeguards. In its closing statement of the Subsidiary Bodies in week 1 of the climate talks, **ABU** said that this treatment of removals in the recommendations is without scientific basis.

St. Kitts lodged serious concerns, especially when the proposed recommendations treat all sources

of removals as being the same, and allows the use of these removals to compensate for the ongoing emissions associated with the use of fossil fuels. It did not support any language in the recommendations and called for the Supervisory Body to revisit the document and bring back the recommendations next year.

Parties agreed that further work was needed in this regard and for the Supervisory Body to revisit the recommendations for consideration and adoption next year at CMA5.

Specifically, the adopted decision text *“invites Parties and admitted observer organizations to submit, via the submission portal, by 15 March 2023, their views on activities involving removals, including appropriate monitoring, reporting, accounting for removals and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social impacts...”*; and *“requests the Supervisory Body to consider the views of Parties and observers in elaborating and further developing recommendations on activities involving removals...; and “further requests the Supervisory Body...to consider broader inputs from stakeholders provided in a structured public consultation process;”*

On the consideration of whether Article 6.4 activities could include emissions avoidance and conservation enhancement activities, Parties agreed to defer the discussions to next year (2023).

Another contentious issue with Article 6.4 was over non-authorized A6.4ER (emission reductions), with different understandings on the purpose of non-authorized A6.4ER. During the discussions on the operation of the mechanism's registry, it became clear to Parties that they need to align their understanding on what are non-authorized A6.4ERs.

The **Environmental Integrity Group (EIG)** asked “what are unauthorized units; what are the procedures for each of these (authorized and unauthorized) units and what can they (non-authorized A6.4ERs) be used for.” Commenting further, the **European Union (EU)** said that, “...plainly there are different views and proliferation of names/ titles which are not

coherent at the moment”, adding that, “we need to be honest on what we did in Glasgow (where) political compromises came very late; we have a clear mandate but no great clarity and so we need to interpret if we are to implement them...Recognizing the late creation of the unauthorized units...we are unclear. If we do not know what uses we want from the unauthorized unit, how can we discuss the registry because we might not know what to do with them.”.

Following discussions, the final text adopted reads as follows: “29. The mechanism registry shall track: ...\$

(b). *A6.4ERs not specified as authorized for use towards the achievement of NDCs and/or for other international mitigation purposes (mitigation contribution A6.4ERs), which may be used, inter alia, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the host Party.”*

(The main difference between the authorized A6.4ERs and non-authorized A6.4ERs [known as mitigation contribution A6.4ERs] is that the authorized A6.4ERs are subject to a corresponding adjustment. As for the mitigation contribution of A6.4ERs which are non-authorized, the decision text is silent on the need for corresponding adjustments, sparking [concerns from NGOs](#) on the considerable risks of double counting in NDCs when mitigation contributions of A6.4ERs are being traded in the voluntary carbon markets. NGOs have expressed concerns that when the companies frame their purchase of the non-authorized A6.4ERs as offset claims, it will lead to double counting because the final decision text suggests that non-authorized A6.4ERs are supposed to be counted towards the emission reductions in the host country's NDC).

(A corresponding adjustment is applied by both Parties (involved in the transaction) for anthropogenic emissions by sources and/or removals by sinks covered by their NDCs under the PA to ensure that double counting is avoided.)

ARTICLE 6.8

As regards Article 6.8 on NMAs, a key issue was

the specification and function of the UNFCCC web-based platform, whether as a platform for recording and exchanging information or as a registry of needs and provision of the means of implementation to developing countries.

Bolivia for the **LMDC** has been championing to include a 'matching facility' to match the needs of NMAs implementation with support available. The **Least Developed Countries (LDCs)** and the **Africa Group** also supported this. The **United States** was opposed to this proposal and other developed countries also expressed concerns over term "matching facility".

The final decision adopted settled on a compromise, changing from "matching" to "facilitate opportunities". "Identification of opportunities" was first proposed by **Japan** as an alternative to the word "matching" and supported by developed countries like the **EU** and **Canada**.

The final decision reads as *"Decides that the UNFCCC web-based platform is to facilitate opportunities, including by connecting participating Parties, to identify, develop and implement non-market approaches and to record and exchange information, for Parties that have submitted non-market approaches and are seeking support, and Parties and entities that have submitted information on the support available"*.

Parties agreed to have the secretariat *"to facilitate opportunities for participating Parties to identify, develop and implement non-market approach"* by *"organizing an in-session workshop, including plenary presentations and round-table discussions, to be held in conjunction with each meeting of the Glasgow Committee on Non-market Approaches, to exchange information on the non-market approaches including best practices and lessons learned from identifying, developing and implementing non-market approaches as well as non-market approaches that may require financial, technology and capacity-building*

support and the support available for such non-market approaches".

Another contentious issue was in the fourth iteration of text released on 17 Nov where it was stated in paragraph 7 (b) that participating Parties in an NMA voluntarily *"undertake self-directed matching to identify, develop and implement NMAs and record the information on the UNFCCC web-based platform."* The **AGN** and **LMDC** opposed strongly to language that appeared to suggest that Parties do the matchmaking on their own.

In the adopted decision text, the word *"self-directed matching"* was replaced with *"Party-driven facilitation and matching"*. The final text read as *"undertake Party-driven facilitation and matching to identify, develop and implement non-market approaches and record the information on the UNFCCC web-based platform"*.

Lastly, another contentious issue was in Section IV on 'Enhanced networking and collaboration on non-market approaches'.

The **US** suggested a "roundtable" as the specific mode of work for networking and was not keen on the establishment of a new body; while **AGN**, supported by **LMDC** and **ABU**, insisted on the need to establish a "working group" to facilitate the implementation of NMAs.

The COP Presidency had to intervene in the final hours of frantic negotiations on 18 Nov; however, sources said it was not satisfactorily resolved. Sources informed that **AGN** and the **EU** had then agreed to include the following text: *"Invites Parties to use, as appropriate, spin-off groups during the meetings of the Glasgow Committee on Non-market Approaches to enable more detailed discussions among interested Parties on specific topics identified by the Glasgow Committee on Non-market Approaches"* as a landing zone. This text was included in the final text.