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## Article 6 of the Paris Agreement is not about carbon markets – says Bolivia

Penang, 4 June (Meena Raman) – At a session of the climate talks held virtually, **Bolivia** firmly stressed that Article 6 of the Paris Agreement (PA) did not mention the development of market mechanisms.

In a strong intervention, its lead negotiator, **Diego Pacheco**, said that Bolivia has supported a PA “which does not have a single mention of markets”. Elaborating further, he said that “We did not agree to putting in motion market-based mechanisms in this context” (of Article 6), adding that “Article 6.2 is about ‘cooperative approaches’ (internationally transferred mitigation outcomes), and is not about markets while Article 6.4 is about a sustainable development mechanism and is not about markets”.

Bolivia was speaking at the first informal consultation on Article 6, which was held on Wed, 2 June under the UNFCCC’s Subsidiary Body for Scientific and Technological Advice (SBSTA).

Developing countries and developed countries were invited to provide their views on ‘Enabling ambition on Article 6 instruments’. The Article 6 informal consultations are being co-facilitated by **Anshari Rahman (Singapore)**, **Peer Stiansen (Norway)**, **Hugh Sealy (Barbados)** and **Kim Solberg (Netherlands)**.

**Bolivia** said further that it was concerned with the understanding of the UNFCCC secretariat which highlighted markets in the context of Article 6 in several places of the Convention’s webpage. It also did not agree with some Parties’ views that the PA has approved market mechanisms. “This is completely misleading. We have to strictly abide by the text of the PA where...there is no single mention of markets or carbon trade” it said. “On the contrary, we have approved the development of a framework on non-market-based approaches

(NMAs). This is textual and there is no way of confusion”, it stressed further.

It added that “After many years of discussion about instruments to address climate change, we are still recycling previous instruments that did not have success in the fight against climate change. The instruments highlighted in Articles 6.2 and 6.4 of the PA did not contribute to fight climate change,” and that “on the contrary, these are at the center of policies and instruments raising the temperature beyond 1 - degree C by 2010 and moving the world closer to 1.5 degrees C in the following years.”

Bolivia said that it “has systematically opposed the commodification of nature, taking into account that this goes against a civilizational model which defends Mother Earth as a subject of law. Instead of promoting an anthropocentric world, where nature is at the service of human beings, we fight for a cosmo-centric world, where nature and human beings are a totality; the totality of Mother Earth.”

It also expressed concerns that efforts in the climate talks have only focused on developing Articles 6.2 and 6.4, while almost abandoning the discussions on the implementation of Article 6.8 on NMAs. It said further that this was not the right way to move forward in a process based on trust, transparency and balance among all articles of the PA.

It added that Parties can no longer abandon Article 6.8, which is a key instrument for the implementation of the Convention and its PA. It called for equal progress between all the sub-articles under Article 6 which should result in a COP26 (26<sup>th</sup> meeting of the Conference of Parties to the UNFCCC) decision for the full and expedited implementation of Article 6.8.

Bolivia said that efforts which are against the development of NMAs, is indicative of modern colonialism and a lack of leadership in promoting the plurality of views necessary to achieve the objectives of the Convention.

It said further that as a Party with a duty to Mother Earth, there has to be limits to the implementation of the instruments such as 'Internationally Transfer Mitigation Outcomes' (ITMOs) and the 'Sustainable Development Mechanism' (SDM). In this regard Bolivia proposed that ITMOs and the SDM must not be implemented following a market-based approach or a market-based framework, that have potential environmental risks on the integrity of Mother Earth or negative social or economic impacts, in the context of objectives and principles of the Convention.

It also stressed that ITMOs and SDM must take place only if it helps Parties cut significantly their emissions within the remaining carbon budget to keep the temperature below the 1.5 degrees, and help them reduce the gap from the current 65 GT (gigaton) of carbon per year, to less than 20 GT per year, allowing not to increase the temperature beyond the 1.5 - degree C. Bolivia also provided very detailed ideas on how to advance the NMAs under Article 6.8.

**Saudi Arabia**, speaking for the **Like-minded developing countries (LMDC)** said that ambition should also include ambition on adaptation with developed countries taking the lead in demonstrating ambition, as indicated in other provisions of the PA. It said further that what defines ambition is not the same for all Parties, as Parties are not all working with the same capabilities or access to finance, technology and capacity building, adding that increasing the levels of ambition should extend to adaptation and finance, technology and capacity building support offered by developed countries under the principle of common but differentiated responsibilities and respective capabilities (CBDRRC).

It also said that successfully increasing the ambition levels of Article 6 is dependent on the ability to address other major challenges under discussion, such as the extension of the share of proceeds under Article 6.2 for financing adaptation, and the inclusion of all nationally determined contributions (NDCs) and to all metrics. It said further that ambition should not come at the cost of inclusivity of all NDCs and metrics, as well as

equal progression in the pace of discussions on Articles 6.2, 6.4 and 6.8, adding further that the ambition reflected in Article 6.4 should also apply to Articles 6.2 and 6.8.

It also elaborated that under Article 6.2, to enable ambition, the emission reductions need to be real, verified and additional, and that depends on how we define an ITMO. The definition needs to ensure that only real mitigation undertaken is eligible regardless of the metric used.

As regards Article 6.4, enabling further ambition in the mechanism and enabling broad participation will depend on the mechanism's ability to adapt, accommodate and evolve over time, and that this can only happen by encouraging participation in the mechanism, which will be operating with a handicap of having to provide a share of the proceeds for adaptation financing, which is not applied to Article 6.2.

The LMDC said that in relation to the Article 6.4 mechanism to accommodate increased ambition, there is need to answer first the vital question of who the mechanism is being designed for. This will determine the balance necessary to achieve increased ambition while maintaining interest in participation in the mechanism.

For more ambition under Article 6.8 through NMAs, in order for parties to achieve the increasingly ambitious NDCs, increased ambition on finance, technology and capacity support by developed countries was needed, said the LMDC further.

**Egypt** on behalf of the **Arab Group** said that Parties need to ensure that Articles 6.2, 6.4, and 6.8 are completed and operationalized in a parallel manner without advancing one against the other. It also said that before talking about ambition, Parties should define what we mean by the level of ambition and how it should be considered as the level of ambition differs between Annex I Parties and non-Annex 1 Parties according to the principles of CBDRRC and equity.

Article 6.1 clearly states that participation of Parties is based on voluntary cooperation, so as to help the implementation of their NDCs and allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity. Hence, ambition has to cover both adaptation and mitigation, said Egypt.

In order to enable ambition, it stressed the need for inclusivity to accommodate the different types of NDCs, including those based on policies and measures, leaving no one behind; accommodate all metrics as determined by participating Parties, include non-GHGs metrics; equal treatment between Articles 6.2 and 6.4 in applying the share of proceeds for the Adaptation Fund as well as on overall mitigation in global emissions (OMGE), addressing the negative social and economic impacts arising from the operationalization of cooperative approaches and having sustainable arrangements for Article 6.8.

It also said that the provision of continuous support such as capacity building support to developing countries was needed as most lacked the required infrastructure, arrangements and capacities that can enable them to participate in Article 6 approaches.

**St. Kitts and Nevis**, speaking for the **Alliance of Small Island States (AOSIS)** said that the NDCs are insufficient, and that Article 6 speaks to higher ambition in mitigation and adaptation; thus it cannot undermine ambition. There is need to go beyond zero sum offsetting approaches to accelerate abatement (of emissions) whether Parties participate in the Article 6 approaches or not, it said further, stressing that it cannot be a tool for cost savings but to implement the PA goals. It added that offsetting of emissions will not advance the PA goals.

AOSIS added further that the rapid operationalization of Article 6.2 is not just about reporting and review but that substantive provisions are needed for ensuring environmental integrity in NDCs and transparency, including governance, address the issue of share of proceeds and OMGE. There is need to strengthen and improve baselines, annual information, including on share of proceeds and OMGE.

It said that capacity building opportunities in particular for LDCs and SIDS who have not had much exposure to project-based mechanisms is needed. It called for systems to be in place to ensure environmental integrity with regard to issues of permanence and displacement in the land sector.

On Article 6.8, AOSIS said that NMAs are important in supporting Parties in the implementation of NDCs and the article explicitly aims to promote mitigation and adaptation ambition, enhance public and private sector and

coordination across instruments. It was of the view that that NMAs could allow SIDS to unlock activities to unlock higher ambition that otherwise could not be accessed.

**Senegal** for the **Africa Group** said that the main objective of Article 6 is to enhance ambition in mitigation and adaptation. It called for substantial contributions for financing adaptation needs and in carrying out activities with direct co-benefits. On mitigation ambition, it said that this could only be done by ensuring the large participation of Parties and did not want any exclusion based on the nature of the NDCs.

It stressed the need for ensuring quality of mitigation outcomes, with robustness of the mechanism through corresponding adjustments, tracking, and reporting of transactions, as well as a systematic review of all transactions. On Article 6.8, it said that a lot was discussed on the mitigation part of NMAs and there is a need to address adaptation, finance, technology transfer and capacity-building.

**Ethiopia** for the **Least Developed Countries (LDCs)** said that Article 6 can increase or decrease ambition depending on the rules (to be put in place). It said that if there was no accounting for OMGE, this will result in a decrease in ambition. It also said that under Article 6.8, there are many options where NMA can increase ambition that do not involve in the trading of units for mitigation and adaptation activities, with funding support to help technology transfer and capacity building.

The session also saw interventions from other developing countries as well as developed countries.

Further sessions on Article 6 related matters have been scheduled, including on the transition of Clean Development Mechanism activities to the Article 6.4 mechanism, which will take place Friday, 4 June. This session is expected to be controversial with diverging views among Parties.

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More information about the outcomes and negotiations at UNFCCC from 2007 to 2019: <https://tinyurl.com/3p6tw5vx>