

Arab Group Views on Article 6.4

What are the Principles and Overarching Issues?

- Inclusive participation on a voluntary basis by all Parties to Paris Agreement and all types of NDCs, and no discrimination to activities.
- Maintaining national prerogatives which is in line with PA (NDCs & Sustainable development).
- Enhancing the role of national authorities.
- Domestic efforts are the basic tool to achieve NDCs, while article 6 is supplementary.
- The Adaptation Fund would be an ideal destination for shares of proceeds since it focuses on supporting adaptation efforts.

What are the options for establishing additionality and/or baselines in the context of the host Party's NDC?

- Dec. 1/CP21, para 37 (d), clearly indicate that additionality is quite similar to CDM, that Ers that have to be additional to what would otherwise occur in the absence of this activity.
- Current CDM methodologies with some simplicity, being also applicable to the SDM, will ensure that additionality continues to be properly assessed.
- Bearing in mind that domestic efforts are the main means to fulfill NDCs,
- The NDCs themselves represent the ambition of parties and so using SDM doesn't mean to go beyond NDCs, but as a supplementary tool to fulfill NDCs.
- The incentives referred in 6.4 (b), *"To incentivize and facilitate participation in the mitigation by public and private entities authorized by a Party;"* means that while the demand of CERs under the CDM was originally driven by Annex I Parties, the Ers by the SDM can be used by any actor, public or private, under the authorization by parties.

What are the options for implementing an overall mitigation of global emissions?

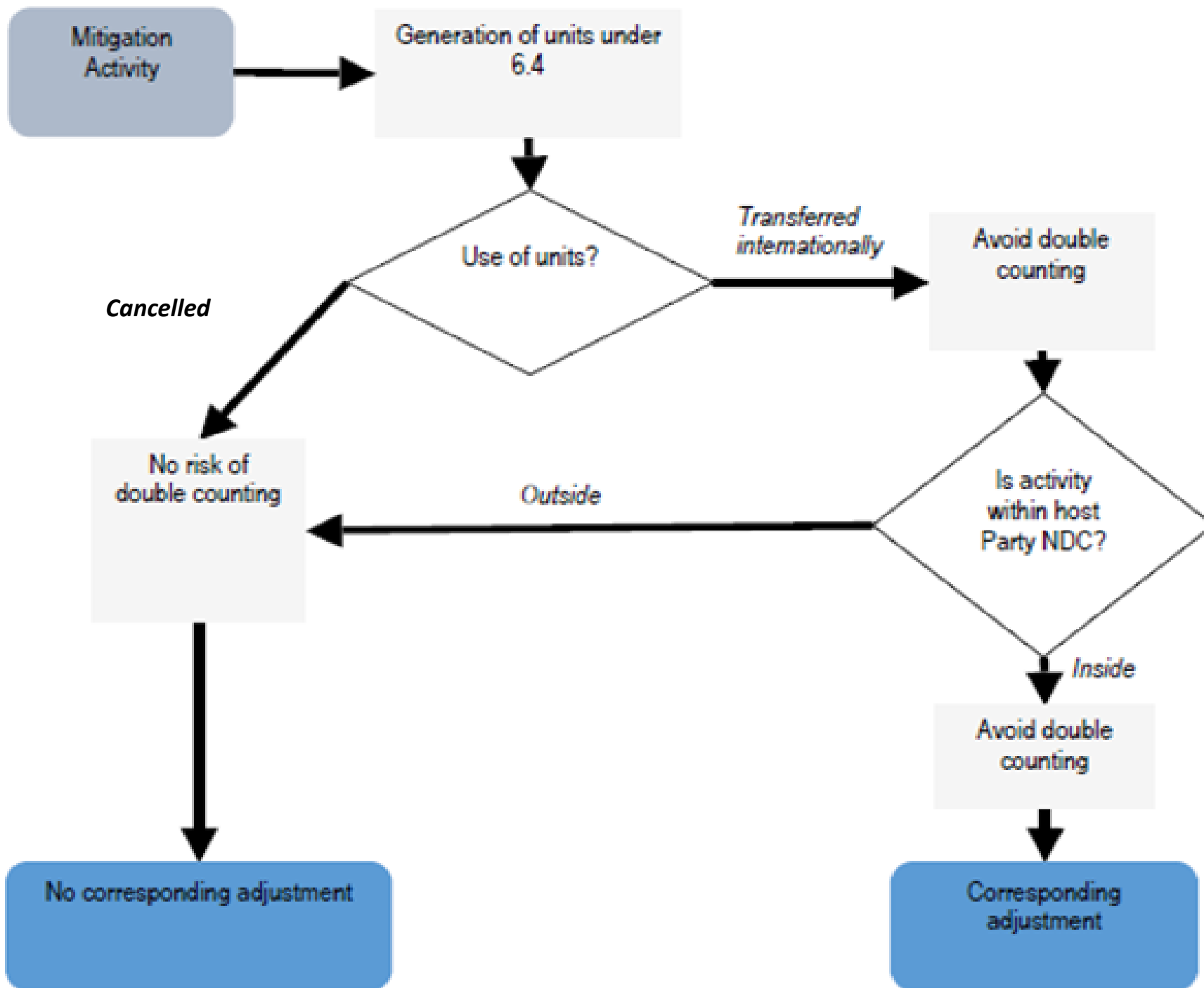
- The emission reduction itself achieved through SDM represents an overall mitigation, as this ER according to decision 1/CP21, para 37 (b, d, e) is real, measurable, verifiable and additional, hence it will contribute to the mitigation of global emissions.
- So the issue here is the ER itself and not about “*the length of crediting periods; baseline setting; discounting; cancellation*”, if we are talking about the overall mitigation of global emissions, and the answer is that any real, measurable, additional ER could be considered as an overall mitigation.

How can use of emission reductions from Article 6.4 activities by more than one Party to demonstrate achievement of its NDC be avoided?

- Article 6.5 prevents “double counting” by not allowing SDM Ers to be used by the host country if used by another Party to demonstrate achievement of its own NDC.
- Article 6.2 guidance is applicable to mitigation outcomes generated under Article 6.4 if they have already been included first to the host party for fulfilling its NDCs, and after that the host party wants to internationally transfer them to be used by another acquiring party. Then, they are considered as ITMOs by the host and the acquiring Party and a corresponding adjustment takes place for both countries.

Article 6.2 guidance shall not be applied in these cases:

- 1- Mitigation outcomes of 6.4 are not transferred internationally and used towards an acquiring Party’s NDC but simply cancelled in the SDM registry. In this case no ITMOs are exchanged.
 - Consequently, no risk of the emission reductions being counted towards more than one Party’s NDC arises.
- 2- Mitigation outcome that is transferred is not reflected in the host country’s NDC because the activity is out of its NDC. In this situation there is no risk of double counting because the emission reduction would only be counted by the acquiring Party but not by the host Party in its NDC.



What are the options for the transition of the rules/projects/credits under the Kyoto Protocol, if there is any transition at all?

Provided the close resemblance of the SDM and the CDM, a smooth path of transition is needed for:

- 1- CDM M& P, methodologies, CMP decisions and the work of the CDM EB offer a solid basis for building the rules, modalities & procedures of Article 6.4.**

- 2- Registered projects and programmes due to:**
 - Their significant mitigation potential.
 - The necessity to build credibility and attract project developers.

 - The transition of CDM projects and programmes should follow a simple eligibility check (without having to undergo revalidation), based on clear criteria, to be defined by negotiation.

 - Criteria should cater to the specific circumstances of developing countries that have benefitted the less from carbon markets and have a large pipeline of PoAs with high sustainable development benefits.