

Background and guiding questions for informal ministerial consultations on Article 6 of the Paris Agreement

Introduction

Article 6 of the Paris Agreement relates to the ways in which Parties can voluntarily cooperate in the implementation of their NDCs, to enable higher ambition in both mitigation and adaptation actions. At COP21 in Paris in 2015, Parties agreed to adopt the rules for Article 6 at COP24 in Katowice in 2018. Despite making progress at COP24 and COP25, Parties have yet to reach agreement on Article 6.

It is now essential that these rules are agreed at COP26 if Article 6 is to be able to make a meaningful contribution during Parties' first NDC implementation period, which has already begun. The extensive efforts of the SBSTA Chair, co-facilitators and all Parties during the 2021 SB sessions allowed for valuable progress to be made. However, in order to reach agreement, Parties have signalled clearly that political guidance is needed on a number of unresolved issues within Article 6. Three such issues commonly identified by Parties are:

1. How to avoid the double claiming of emission reductions generated outside of the scope of host Party NDCs, through the Article 6.4 mechanism;
2. The use of units generated before 2020 to meet NDC targets; and
3. How activity under both Article 6.2 and Article 6.4 can generate predictable finance to support adaptation action.

The issues listed above have been consistently identified by a wide variety of groups and Parties as requiring political guidance to resolve in a balanced way. In addition to these, there remain other unresolved issues within Article 6 which are currently being discussed at the experts and Head of Delegation level. Should Parties consider certain other issues need to be taken up at the ministerial level, ministers will have the opportunity to raise potential solutions to any such other issues during these consultations.

Guiding questions

In order to make progress, Parties have identified the need for political guidance on these issues, so that further negotiations and refinements of options can be developed in-line with a balanced negotiated package acceptable to all. Ministers are therefore invited to reflect on the following:

1. **How can we avoid the double claiming of emission reductions from the Article 6.4 mechanism, in a way that respects the nationally determined nature of NDCs and is consistent with the aim to move over time towards economy-wide emission reduction or limitation targets?**
2. **How can we balance recognising the investments of existing market actors whilst protecting overall ambition, when considering the potential use of pre-2020 units against NDCs?**
3. **How can activity under both Article 6.2 and Article 6.4 support adaptation action, including through generating finance for adaptation, and could this be achieved differently between the two instruments?**