Introduction: Adoption of stringent Article 6 rules at COP26

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What was agreed in Paris?

Article 6 of the Paris Agreement provides for voluntary market-based cooperation that:

- Allows for **higher ambition** in mitigation and adaptation and
- Promotes **sustainable development** and **environmental integrity**

**Art 6.2: Cooperation involving use of internationally transferred mitigation outcomes that:**

- Promotes **sustainable development**
- Ensures **environmental integrity** and **transparency**, including in governance, and
- Applies **robust accounting** to ensure, inter alia, the **avoidance of double counting**

**Art 6.4: Mechanism to contribute to mitigation and sustainable development that:**

- Is governed by a Supervisory Body under the Paris Agreement
- Certifies **real, measurable, long-term** and **additional** mitigation benefits
- Contributes to an **overall mitigation in global emissions**
What was agreed at COP26?

Art 6.2: Rules for voluntary “cooperative approaches” that involve the use of ITMOs

- **Definition of Internationally Transferred Mitigation Outcomes (ITMOs):**
  - Real, verified and additional emission reductions or removals
  - Mitigation outcome **authorised by a host country** for use:
    1) towards an NDC
    2) for international mitigation purposes and/or
    3) for other purposes
  - Article 6.4 emission reductions (A6.4ERs) when authorised as ITMOs

- **Host country must apply corresponding adjustments to all ITMOs to avoid double-counting**

- **Participating countries must report** e.g. how they ensure environmental integrity and avoidance of double counting, promote sustainable development, consider obligations on human rights, the rights of indigenous peoples, gender equality etc. The reporting is subject to a review.

- **Registries and an Article 6 database** will be established for recording and tracking ITMOs

- **Voluntary contributions** to adaptation finance and/or an overall mitigation in global emissions

- **Capacity building support programme** especially for developing countries
What was agreed at COP26?

Art 6.4: Rules for an international crediting mechanism under the Paris Agreement

- **Requirements** for e.g. mechanism methodologies, local stakeholder consultation, environmental and social safeguards and sustainable development assessment, activity cycle, crediting periods etc.
  
  including to e.g.
  - ensure environmental integrity (via additionality, baselines, monitoring, verification etc.)
  - address non-permanence, avoid leakage and negative environmental and social impacts
  - encourage ambition over time
  - align with host country NDC, long-term strategies and long-term goals of the Paris Agreement
  - avoid locking in incompatible levels of emissions, technologies or carbon-intensive practices

- **Mandatory levies** for adaptation, administration and overall mitigation in global emissions
- **International mechanism registry** for issuing, first-transferring and voluntarily cancelling A6.4ERs
- **Transition of CDM activities** (subject to approval and revision) and CDM credits (use for 1st NDCs)
- **Capacity building support programme** especially for developing countries
## Use cases of mitigation outcomes

### Mitigation activity
- Article 6.4 Mechanism
- Independent standard
- Bi/multilateral

### Crediting scheme
- A6.4ER
- Certified carbon credit
- Mitigation outcome

### Type of mitigation outcome
- Yes: Corresponding Adjustment
  - Article 6.2
  - ITMO
- No

### Host country authorization & corresponding adjustment (CA)
- Yes: Corresponding Adjustment
- No

### Use case
- OMGE
- NDCs
- CORSIA
- Voluntary
- Results-based finance
- Domestic policies

Source: Perspectives Climate Group (2021)
Thank you for your attention!

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