

**Chair's reflection notes
on ERCST' Article 6
workshop
on September 28, 2020:
*Registries, Transformative
Impact of Article 6, and Article 6
Pilots***

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This note is meant as an aide-memoire and reflects issues and a logic that has captured the attention of the Chair of the meeting that took place on September 28, 2020. It is in no way meant as a summary, or an endorsement by the author, or the participants in the meeting, of any of the issues or views captured in this note.

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Registries

The discussion on Registries is captured in the updated “Infrastructure for Article 6” note.

Transformative Impact of Article 6

- The promotion of sustainable development (SD) is part of the outcome of the transformational impact
- Yet, operational SD provisions are far from the heart of the Article 6 negotiations, and this is reflected in the third COP25 draft text on Article 6:
 - o In Article 6.2, the promotion of SD is limited to provisions for reporting on SD in the Biennial Transparency Report.
 - o In Article 6.4, SD provisions are limited to mitigating negative impacts, while there is no active promotion of the positive impacts of SD.
 - o Article 6.8 no longer proposes the development of tools for assessing positive and negative impacts of its activities over time.
- The lack of more explicit operational provisions increases the risk that there won't be a clear mandate on promotion of SD under Article 6.
- A recommendation is to create a work program for the development of voluntary tools for SD impact assessment, with a view of promoting positive impacts and avoiding negative impacts (learning from the CDM SD voluntary tool).
- Transformational impact should be seen as a complementary concept to additionality, as, by encompassing SD, its scope is broader than climate impacts.
- The concept of transformative impact of Article 6, including the promotion of sustainable development, can contribute to raise the ambition of mitigation actions for alignment with the Paris Agreement's long-term temperature goal.
- One point raised was that the topics of Overall Mitigation in Global Emissions and Share of Proceeds are relevant in the context of ensuring SD. For Article 6.4, external programs under development will also help SD.

What can be learned from A6 pilots?

- There was a presentation of Article 6 pilots that explored upscaling mechanisms and how Article 6 can be used to raise the ambition in national policies.
- Whether this will be done through sectoral mechanisms or project-based approaches is a political question.
- One recommendation that was made was to avoid continuation of project-based approaches only, such as under CDM. Instead, an integrated approach that explores

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synergies between policies, sectoral approaches, data collection and strategy building in host countries could be more beneficial for project scale-up.

- To initiate and negotiate more Article 6 pilots, the practical implications of the pilot should be made clear to the host country. Indeed, because the process in Article 6 will be highly country driven, it will be up to the local political process to establish the right framework for defining emissions reductions technologies and estimate their emission reduction potential, define sector parameters, readiness to transfers etc.
- It will be important to ensure fair allocation of the mitigation outcomes generated from pilot projects.
 - o In one of the pilots that was presented, a dynamic approach was developed to split MOs between the financing country and host country through an algorithm that is under development. This approach is scalable, and the project-design is replicable.
- It is important to raise awareness in host countries about the different opportunities they have for emissions reductions at the local level, and support should be given to identify the cheapest MOs that should be used for own NDC compliance (low-hanging fruit argument).