

Report by Minister Grace Fu (Singapore) and Minister Sveinung Rotevatn (Norway) on the Informal Ministerial Consultations on Article 6 of the Paris Agreement on 7 and 12 July

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At the request of, and under the mandate of the COP-26 President Designate, Minister Sveinung Rotevatn and Minister Fu co-facilitated two informal ministerial consultations on Article 6 of the Paris Agreement on 7 and 12 July. These sessions focused on:

1. How to avoid the double claiming of emissions 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 Articles 6.2 and 6.4 can generate predictable finance to support adaptation action.¹

These three issues had been consistently identified by a wide variety of groups and Parties as requiring political guidance for resolution in a balanced way. Space was also provided for other Parties to raise any issues of interest. Over the course of the two consultations on 7 and 12 July which were open to all, over 20 negotiating groups and Parties shared their views and perspectives.

The spirit of the discussions at these consultations was constructive. There was a common will to advance the negotiations on Article 6, and work for a deal that is credible and balanced in Glasgow. There was also strong recognition that the work should facilitate higher ambition in Parties' mitigation and adaptation actions as well as promote sustainable development and environmental integrity.

Parties also provided views on other issues of concern that they felt required greater attention. At the outset it was made clear that the informal ministerial consultation process will focus on the key bottlenecks on the three selected issues. All issues under Article 6.2, 6.4 and 6.8 were important, but not all issues would need to be addressed at the ministerial level. The co-facilitators would continue to work closely with SBSTA Chair and the COP Presidencies to ensure that the work done by experts, Heads of Delegations and ministers are complementary to one another.

The role of the co-facilitators was to listen to Parties, who were invited to bring forward bridging solutions that could command the widest possible support. This is a Party driven process, and ultimately, the solutions on any eventual deal must come from Parties. The hope was that through these consultations, ministers would have deepened their understanding on the key issues, the trade-offs, and implications of any solutions that might be proposed, so as to be in a better position to reach an agreement in Glasgow.

Many Parties provided views on how the landscape had changed since Paris. It was noted that new findings offered a more realistic outlook on the impacts of the different options to resolve these outstanding issues. For instance, thanks to new research, there was now a much better understanding on numbers for pre-2020 unit transition than at COP25. It was further noted that international developments at other multilateral fora such as ICAO's CORSIA could also point us towards some landing zones. There were also concerns raised that support and resources for adaptation action were lacking vis-à-vis mitigation, at a time when the risks of impacts from climate change were growing, and Article 6 must respond to them.

¹ [Information here](#)

Parties are in the right direction, but more needs to be done

Overall, feedback received from these consultations showed that Parties were facing the right direction together. Parties would now need to move in that direction and take big strides to reach agreement on these crunch issues. Many Parties stated known positions, but also raised important nuances explaining why these positions were still being held, and recognition that movement will be necessary. There were several references to the Presidency's proposals for landing zones in Madrid as points of departure, but also some reluctance to this. Some Parties referred to recent written submissions with elaboration of their views. Several Parties also suggested potential solutions to break the deadlock. Some Parties said that compromises may not be found only within the specific issues, but agreed within a broader package where trade-offs and impacts can be assessed more holistically, in the context of the wider work on ambition, transparency, accountability, and support.

The intent of this July Ministerial, was also to give minister the opportunity to discuss issues beyond Article 6. But Parties should be clear eyed: progress on Article 6 was well behind time, and any further delays on a deal in Glasgow on Article 6 might erode ambition, transparency, accountability, and support. Continued delay has real impacts. No agreement on Article 6 would mean the Article 6.4 mechanism cannot be set up, and there would be further delays on new revenue sources of adaptation finance. The Clean Development Mechanism has mobilised finance for developing countries, including on adaptation. The finance flows through Article 6.4 might be even greater – but only if Parties managed to agree on a set of credible and implementable rules. Looking further ahead, in an increasingly carbon-constrained future, cooperation under Article 6 would become more relevant as Parties collectively pursue the 1.5°C pathway. Delays could also discourage some Parties from raising their ambitions further. It would be up to all Parties to restore confidence in the multilateral system of cooperation under the UNFCCC, and Parties must not fail in this task in Glasgow.

Before elaborating on the discussions on the three issues, as well as other topics raised at the informal ministerial consultations, it should be highlighted that this note will not attempt to capture all the views expressed. Rather, it will focus on possible solutions or compromises raised at the ministerial consultations as Parties would need to focus on what possible solutions there are that can command wide support. The co-facilitators have no pre-cooked solutions, and all solutions would need to come from and be accepted by Parties.

Solutions to individual issues would not always lie in finding middle ground within each and every issue. In Glasgow, Parties would expect a package. The package must surely balance issues under 6.2, 6.4 and 6.8, but Parties would have to acknowledge that even Article 6 cannot be seen in isolation. Parties would need to find landing zones for all issues that were workable and that Parties could be proud of when they returned home from Glasgow.

Avoiding double-counting under Article 6.4

On avoiding double-claiming of emissions reductions generated outside the scope of host Party NDCs for the Article 6.4 mechanism, Parties were still quite far apart. Still, there appeared to be some common ground on a couple of broad principles. First, underlying emissions reductions from Article 6.4 activities that were not within the scope of NDCs are not double-claimed. Second, the rules under Article 6.4 should maintain incentives for Parties to move towards economy-wide NDCs, as set out in Article 4 of the Paris Agreement, while recognising the diversity of NDCs today.

Where views were still divergent was on how to determine what is “inside” or “outside” scope of NDCs. Possible solutions centered around greater transparency, with Parties hosting activities under Article 6.4 clarifying upfront what was “inside” and “outside” of their NDCs. To address the risk of a

perverse incentive against moving towards economy-wide NDCs, some Parties suggested a time-bound flexibility, where adjustments would not apply to units generated “outside”. However, concerns were also raised that allowing such flexibility could undermine the integrity of the system.

Use of pre-2020 units to meet NDC targets

On CDM transition, many Parties supported the idea that existing activities could transition into the Article 6.4 mechanism, if they were approved by host countries and met Article 6.4 rules. That was a welcome development. But Parties were still far apart on whether pre-2020 units could be used to meet NDCs. There were contrasting views on potential negative impact on post-2020 ambition against the need to honour earlier investments on pre-2020 emission reductions. There was some willingness to compromise, with some suggesting potential solutions around safeguards or limiting the total volume that was eligible to be used to meet NDC targets - through a cut-off date based on vintage or registration year. Others also proposed tools such as a reserve to further regulate supply in the market. There was also a suggestion that these pre-2020 units could be used towards pre-2020 targets. Such measures could help ensure that new investments in Article 6.4 activities and efforts towards the 1.5°C target would not be undermined.

Adaptation finance under Article 6.2

There was wide recognition on the need for greater climate adaptation ambition. This included new and predictable sources of adaptation finance to support developing countries that were facing rising adaptation costs, particularly those that were vulnerable and lacked capacity. However, Parties remained far apart on how 6.2 could contribute to such financing, including on the notion of how a “balance” between 6.2 and 6.4 should be achieved. On a positive note, many Parties were open to the idea of a more innovative approach under Article 6.4, to generate both additional, and more predictable, finance. But many Parties strongly believed that without an equivalent approach in Article 6.2, Article 6.4 would be undermined. Others also raised arguments of a legal nature as well as those related to workability for the different types of cooperation covered by 6.2. Some also considered the final COP-25 Presidency text on a model of voluntary encouragement for adaptation resources as a starting point, but it was not clear whether this could represent the final deal.

Other issues raised

Parties were invited to raise any other issues that they felt required greater attention. Issues that were raised included accelerating the implementation of the Article 6.8 work programme, limits and safeguards related to environmental integrity and human rights, and capacity-building for developing countries to ensure broad and inclusive participation. The co-facilitators are prepared to work with the SBSTA Chair and UK Presidency to ensure that all issues under Article 6.2, 6.4 and 6.8 would be addressed in a comprehensive and complementary manner through the experts, HODs and ministerial tracks.

Towards a credible and balanced package deal

In sum, there was clearly a common will to make progress and work for a deal that was credible and balanced in Glasgow. The co-facilitators were encouraged by the Parties that had signaled a will to compromise and find solutions, and those that cited evidence to inform their positions. However, there was still a lot of work ahead if Parties wished to narrow their differences on these key issues, and with very little time before COP-26 to do so.

Singapore and Norway will continue to work with the UK Presidency as well as the SBSTA Chair on the next steps for the informal ministerial consultations. There is much to do, but reaching agreement will be well within grasp, with the support from all Parties.
