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Call for a Robust Article 6 Outcome in Glasgow

28 October 2021

We call on Parties to the Paris Agreement to deliver at COP26 in Glasgow robust, clear guidance on cooperative implementation of Article 6 by agreeing to rules that ensure environmental integrity, avoid double counting of mitigation, and facilitate transparent, high-quality mitigation from all sectors.

At COP26 in Glasgow, negotiators will once again attempt to finalize the remaining sections of the Paris Rulebook, including those that enable the full implementation of Article 6 of the Paris Agreement. Article 6 provides a framework for countries to voluntarily cooperate in the implementation of their nationally determined contributions - including through carbon markets - in order to allow for higher ambition in their mitigation and adaptation actions, and to promote sustainable development and environmental integrity.

Cooperative approaches under Article 6 can help countries go faster and farther towards a safe climate future, but only if countries design these tools properly. Countries can't afford to lock in international carbon market rules that undermine ambition.

Strong rules must prevent all forms of double counting of mitigation toward the achievement of Paris Agreement temperature goals and facilitate transparent, high-quality mitigation actions across all sectors. The bottom up nature of the Paris Agreement - and the myriad ways countries could choose to cooperate - make comprehensive reporting and transparency all the more important.

With a solid foundation, Article 6 can contribute to ambitious emissions reductions and mobilize investment. Studies have found that high-integrity emissions trading can help countries roughly double their planned emissions reductions at the same overall cost, if cost savings are reinvested in additional mitigation. And countries can channel carbon market investment toward sustainable development, complementing other sources of international climate finance.

Carbon market cooperation is moving ahead in the absence of an international rulebook. While the centralized mechanism envisioned under Article 6.4 of the Paris Agreement cannot operate without further agreement on Article 6 rules, some countries are pursuing bilateral cooperation under Article 6.2's existing provisions, even in the absence of internationally-agreed upon guidance.

Meanwhile, the voluntary carbon market is growing rapidly and is on track to hit \$1 billion in transactions this year, according to a new report from Ecosystem Marketplace. Not all of these carbon credits deliver the same climate benefit, however. The market requires clear standards, and a number of ongoing initiatives are seeking to offer much-needed guidance.

If negotiators do not agree to robust, clear guidance for Article 6 in Glasgow, any future Article 6 guidance could lose its relevance in international carbon market cooperation. While ongoing examples of cooperation are welcome in light of the urgency of climate action, they also risk proliferating various and potentially incongruous approaches to accounting and avoidance of double counting. And, in the absence of agreement on the rules for the centralized mechanism under Article 6.4, countries with limited capacity to design and implement their own bilateral agreements will find it more difficult to fully participate in international carbon market cooperation.

Internationally agreed upon guidance would offer much-needed consistency and transparency, both to countries pursuing international carbon market cooperation and for companies voluntarily offsetting their emissions. Countries need not start from scratch, as the draft Article 6 guidance which emerged from COP25 provides a solid foundation for finalizing robust guidance in Glasgow.

When rules are clear, investment flows. At COP 26 in Glasgow, we urge countries to finalize high-integrity rules for Article 6 that provide governments and private actors the clarity they need to accelerate investments towards achievement of the Paris Agreement's ambitious goals.