

Carbon Market Watch input to SBSTA on matters related to article 6 of the Paris Agreement



Views on the rapid operationalisation of article 6

This submission is part of a series of submissions responding to the monthly calls from the SBSTA chair covering several aspects of article 6

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Summary

The operationalisation of Article 6 should guarantee integrity, transparency and inclusiveness. Speed should not undermine the overall objective of contributing to the Paris Agreement goals. Operationalisation should in particular focus on:

- **Adopting and detailing safeguards, including local stakeholder consultation rules and the establishment of a grievance mechanism**
- **Identifying and carefully reviewing all methodologies considered under article 6.4, in particular with respect to additionality, baseline setting, and permanence requirements**
- **Delivering on the principle of overall mitigation in global emissions through the adoption of a mechanism to guarantee the automatic partial cancellation of units**
- **Adopting systems to proactively inform stakeholders of article 6 developments**

Introduction

Carbon Market Watch (CMW) welcomes the opportunity to provide inputs on this topic as well as the open nature of the article 6 dialogues organised by the SBSTA Chair. We encourage the SBSTA Chair to continue to open future sessions to observers as much as possible.

On the issue of the rapid operationalisation of Article 6, CMW would like to emphasize that, while we encourage all Parties to avoid delays and work effectively towards the adoption of

strict rules to govern the carbon markets under Article 6 of the Paris Agreement, **speed should not be the guiding principle of the operationalisation** of any of the mechanisms under article 6. In particular, if it risks being detrimental to the integrity, transparency or inclusiveness of the process and of the mechanisms themselves.

It is important to note that operationalising article 6 will require assembling multiple “building blocks”, where each block is necessary but not sufficient to enable the mechanism to deliver on its objectives. In discussing the “rapid” operationalisation of article 6, we urge Parties to keep in mind that many key elements must be fully operationalised before the mechanism can properly function. For example, identifying eligible methodologies is not enough if there is no process for evaluating and registering projects or if safeguards have not yet been put in place. Below we discuss some of these necessary but not sufficient elements, noting that this is not an exhaustive list¹.

Operationalisation will require that the article 6 Supervisory Body (SB) be established in a way that guarantees integrity, transparency and inclusiveness. All members of the SB should be free from conflicts of interests.

Operationalising safeguards

First and foremost, safeguards are crucial to operationalise under article 6. At a minimum, the SB should determine clear rules to ensure that appropriate **local stakeholder consultations** take place before any project can be registered under the mechanism. The SB could draw from existing CDM rules, as well as safeguards established by a variety of international bodies and initiatives, including the GCF and the REDD+ framework, as well as input from external stakeholders².

In addition, the operationalisation of article 6 requires the establishment of an **independent grievance mechanism**. Independent experts, who are not members of the SB, should be designated to evaluate any grievances raised regarding decisions taken by the SB, such as

¹ For a more comprehensive overview of Carbon Market Watch’s priorities for the implementation of Article 6 of the Paris Agreement, please see our briefings [Carbon Markets 101](#) and [Empty targets? How to avoid trading of hot air](#)

² See for example Carbon Market Watch (2018): “[Practitioner’s guide for local stakeholder consultation](#)” and CIEL (2021): “[Rights, Carbon, Caution](#)”

project registration. The grievance mechanism cannot be managed by the SB itself, which would otherwise be in a situation where it must reassess its own decisions.

Operationalising environmental integrity

Another important element in the operationalisation of Article 6 will be in the **adoption of methodologies** under article 6.4. While some methodologies used under the CDM could continue to be used, these will need to be reassessed to determine whether or not they meet the new requirements of article 6. This process should not be rushed and should be open to input from observers. When reviewing methodologies, particular attention should be given to requirements related to **additionality, baseline setting and permanence**.

Furthermore, a system to operationalise the principle of overall mitigation in global emissions will be needed in order to ensure article 6 mechanisms can deliver on their objectives. This requires the **adoption of an automatic partial cancellation rate** for credits, and a process to operationalise this cancellation.

Operationalising transparency and inclusiveness

Finally, throughout the process of operationalising article 6, we strongly encourage Parties, the SBSTA Chair and the UNFCCC secretariat to collaborate on ways to **improve transparency and inclusiveness**. Transparency will be key to legitimise the article 6 mechanisms, but transparency alone is not enough. For example, most CDM documents are publicly available, but the website through which these documents are made available is not particularly user-friendly. Therefore, in addition to providing access to meeting documents, a system should be in place to proactively inform stakeholders about article 6 developments, once the mechanism is operationalised. This could for example include an **automatic email alert or a newsletter** which stakeholders can register for, and which would inform recipients of new developments, e.g. methodologies being considered under article 6.4, new project applications submitted, new renewal of crediting period requests, etc.

It is important that this step is considered at the very beginning of the operationalisation process, in order to ensure that stakeholders are adequately informed from the start.

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