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# **Indicators for sustainable development under Article 6 of the Paris Agreement**

Final report

by

Aki Kachi, Silke Mooldijk

New Climate Institute, Cologne/Berlin

Björn Dransfeld


the greenwerk., Hamburg


On behalf of the German Environment Agency

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Umweltbundesamt  
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### **Report performed by:**

NewClimate Institute GmbH  
Clever Str. 13-15  
50668 Cologne  
Germany

the greenwerk. Climate Advisory Network  
Große Theaterstr. 14  
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**Abstract: Indicators for sustainable development under Article 6 of the Paris Agreement**

This report analyses how the role of sustainable development can be strengthened in the process of further designing the mechanisms under Article 6 of the Paris Agreement. The paper firstly reflects on the experience with sustainable development under the CDM and in the debate on post-2020 market mechanisms. It also considers what approaches to sustainable development voluntary market actors have developed. In addition, it is analysed to what extent countries agreed on sustainable development issues in multilateral instruments and institutions outside the UNFCCC. These experiences with the CDM and other instruments and institutions can help inform the Article 6 negotiations. In order to facilitate the integration of sustainable development in Article 6, the report secondly identifies important references to sustainable development and safeguard provisions in the Paris Agreement and the SBSTA 50 draft texts on Article 6 from June 2019, as well as the draft CMA2 texts from December 2019. To better illustrate the limitations and options for integrating sustainable development into Article 6, three potential scenarios of how sustainable development is incorporated into the guidance, rules, modalities and procedures of Article 6 are developed, thirdly. The assessment closes with recommendations on how to anchor sustainable development and safeguarding provisions in the rules for Article 6. These recommendations include suggestions for text amendments for the negotiations under the UNFCCC. As the negotiations may defer parts of the further elaborations of the Article 6 operationalisation into a work programme, the report also considers potential elements for fostering sustainable development and safeguards under such a work programme.

**Kurzbeschreibung: Indikatoren für nachhaltige Entwicklung unter Artikel 6 des Pariser Abkommens**

Dieser Bericht analysiert, wie die Rolle der nachhaltigen Entwicklung bei der weiteren Gestaltung der Mechanismen gemäß Artikel 6 des Übereinkommens von Paris gestärkt werden kann. Das Papier reflektiert zunächst die Erfahrungen mit der nachhaltigen Entwicklung im Rahmen des CDM und in der Debatte über Marktmechanismen für die Zeit nach 2020. Zudem werden Ansätze des freiwilligen Marktes für eine nachhaltige Entwicklung betrachtet. Darüber hinaus wird analysiert, inwieweit sich die Länder in multilateralen Instrumenten und Institutionen außerhalb der UNFCCC in Fragen zur nachhaltigen Entwicklung geeinigt haben. Um die Integration der nachhaltigen Entwicklung in Artikel 6 zu erleichtern, werden in dem Bericht zweitens wichtige Verweise auf die Bestimmungen über nachhaltige Entwicklung und Schutzmaßnahmen im Übereinkommen von Paris, in den SBSTA 50 Textentwürfen zu Artikel 6 vom Juni 2019, sowie den CMA2 Textentwürfen vom Dezember 2019 genannt. Um die Grenzen und Möglichkeiten für die Integration der nachhaltigen Entwicklung in Artikel 6 besser zu veranschaulichen, werden drei mögliche Szenarien entwickelt, wie ausgehend vom aktuellen Verhandlungsstand nachhaltige Entwicklung in das Regelwerk von Artikel 6 einbezogen werden kann. Die Betrachtung schließt mit Empfehlungen, wie die nachhaltige Entwicklung im Regelwerk für Artikel 6 besser verankert werden kann. Diese Empfehlungen enthalten Vorschläge für Textänderungen im Kontext der weiteren UNFCCC-Verhandlungen. Da die Verhandlungen Teile der weiteren Operationalisierung von Artikel 6 in ein Arbeitsprogramm aufschieben können, werden abschließend potenzielle Elemente eines solchen Arbeitsprogramms skizziert.

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## List of abbreviations

<b>AF</b>	Adaptation Fund
<b>BTR</b>	Biennial Transparency Report
<b>CBD</b>	Convention on Biological Diversity
<b>CDM</b>	Clean Development Mechanism
<b>CEDAW</b>	Convention on the Elimination of all Forms of Discrimination Against Women
<b>CENDOR</b>	Centre for Women’s Research
<b>CER</b>	Certified Emission Reductions
<b>CMA</b>	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>COP</b>	Conference of the Parties
<b>CORSIA</b>	Carbon Offsetting and Reduction Scheme for International Aviation
<b>EIA</b>	Environmental Impact Assessment
<b>ETF</b>	Enhanced Transparency Framework for Action and Support
<b>EUC</b>	Emissions Unit Criteria (for CORSIA eligibility)
<b>FREL</b>	forest reference level
<b>FVA</b>	Framework for Various Approaches
<b>GCF</b>	Green Climate Fund
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse gas
<b>GS</b>	Gold Standard
<b>GS4GG</b>	Gold Standard for Global Goals
<b>ICAO</b>	International Civil Aviation Organization
<b>IFC</b>	International Finance Corporation
<b>ILO</b>	International Labour Organization

<b>LoA</b>	Letter of Approval
<b>LULUCF</b>	Land Use, Land Use Change and Forestry
<b>MAAP</b>	Mitigation Action Assessment Protocol
<b>MRV</b>	Monitoring, Reporting and Verification
<b>NCB</b>	Non-Carbon Benefits
<b>NDC</b>	Nationally Determined Contributions (in Paris-Agreement)
<b>NMA</b>	Non-Market Based Approach
<b>NMM</b>	New Market Mechanism
<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>SBSTA</b>	Subsidiary Body for Scientific and Technological Advice
<b>SDG</b>	Sustainable Development Goal
<b>SD VISTa</b>	Verra’s sustainable development VISTa standard
<b>SEIA</b>	Socio-Economic Impact Assessment
<b>TAB</b>	Technical Advisory Body (of ICAO for CORSIA)
<b>UNDP</b>	United Nations Development Programme
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change





# 1 Introduction

Projects that reduce greenhouse gas (GHG) emissions often have sustainable development impacts – both positive and negative. The potential to maximise positive synergies between GHG mitigation and promoting sustainable development, as well as avoiding, minimising and mitigating negative impacts is often not fully realised.

The negotiations on rules for Article 6 of the Paris Agreement provide Parties with the opportunity to build on past experience to implement sustainable development assessments within market mechanisms. Although the Paris Agreement and associated COP decisions (UNFCCC, 2015) mention sustainable development 16 times, monitoring and reporting of sustainable development impacts continues to be a contested topic in the negotiations on Article 6. Neither the SBSTA 50 draft documents on the guidance of Article 6.2 and the rules, modalities and procedures for Article 6.4 (UNFCCC, 2019e; Matters relating to Article 6 of the Paris Agreement : Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement Draft CMA decision on guidance on cooperative approaches referred to in Article 6, paragraph 2, of, 2019) nor the elaborated draft CMA2 texts of December 2019 (UNFCCC, 2019d, 2019c, 2019b) have clear provisions for how the mechanisms are to safeguard and promote sustainable development. The objective of this paper is to analyse how the role of sustainable development can be strengthened in the process of further designing the mechanisms.

As the Kyoto experience shows, there are a number of challenges and barriers, to an ambitious approach to sustainable development. These challenges can be political, institutional, technical and/or financial. Political and institutional barriers include a lack of clarity on the overall scope of the guidance, rules, modalities and procedures of the Article 6 mechanisms and the absence of a strong mandate for safeguarding and promoting sustainable development. Further barriers include the exact relation of the Agenda 2030 to the concept of sustainable development as used in the Paris Agreement. Some stakeholders and negotiators further have the fear that rigorous provisions for monitoring, reporting, and verification for sustainable development and improved environmental and social safeguards would lead to increased transaction costs for project developers. Further - and perhaps the main barrier - is that -a number of Parties have the negotiation position that the definition and assessment of sustainable development is a host country prerogative. Consequently, they reject any kind of international oversight or transparency on this issue. Dransfeld et al (2017b) suggest that political and institutional aspects need to be addressed first, before technical challenges on the operational level such as issues around monitoring, reporting, and verification (MRV) can be defined (Dransfeld et al., 2017a). Thus far, however, Article 6 negotiators are still discussing political and institutional questions.

Technical challenges include the lack of detail with regard to the mandate of the body that will supervise the Article 6.4 mechanism and the lack of standardised frameworks for safeguards and the MRV for sustainable development impacts. Another technical challenge is the lack of capacity for MRV. Moreover, the complexity of measurement and demonstration of sustainable development impacts of carbon market projects may lead to increasing transaction costs for project developers. This depends to a large extent on the sustainable development goal (SDG) to which the project contributes and what exactly this contribution entails. An additional important issue is the prevailing uncertainty about stakeholder roles and responsibilities (see also Dransfeld et al. 2017).

We begin this discussion with a reflection on the experience with sustainable development under the CDM and in the debate on post-2020 market mechanisms. We also consider what

approaches to sustainable development voluntary market actors have developed. In addition, we analyse to what extent countries agreed on sustainable development issues in multilateral instruments and institutions outside the UNFCCC. These experiences with the CDM and other instruments and institutions can help inform the Article 6 negotiations.

In order to facilitate the integration of sustainable development in Article 6, we identify important references to sustainable development and safeguard provisions in the Paris Agreement and the SBSTA 50 draft texts on Article 6 from June 2019, as well as the draft CMA2 texts from December 2019. To better illustrate the limitations and options for integrating sustainable development into Article 6, we then develop three potential scenarios of how sustainable development is incorporated into the guidance, rules, modalities and procedures of Article 6.

Based on the assessment in this paper and findings published in a parallel report – “Indicators for the promotion of sustainable development in carbon market mechanisms”, we give recommendations on how to anchor sustainable development and safeguarding provisions in the rules for Article 6. These recommendations include suggestions for text amendments for the negotiations under the UNFCCC. As the negotiations may defer parts of the further elaborations of the Article 6 operationalisation into a work programme, the report also considers potential elements for fostering sustainable development and safeguards under such a work programme.

## 2 Practice of sustainable development impact assessment in the UNFCCC and beyond

The following sections assess the role of sustainable development in market mechanisms under the UNFCCC, as well as in a number of other multilateral processes.

### 2.1 Sustainable development in the context of UNFCCC market mechanisms

UNFCCC Parties have been discussing sustainable development impacts under UNFCCC market mechanisms, most notably the CDM, for almost two decades. While an important purpose of the CDM was to “to assist Parties not included in Annex I in achieving sustainable development” (Kyoto Protocol Article 12), it did not have strong provisions to clarify how to measure and assess the sustainable development impact of projects. Originally, there was no clear structure for sustainability assessments under the early CDM: the modalities and procedures provided only broad requirements for documentation of environmental impacts, without offering further guidance on how impacts were to be analysed and what minimum quality requirements projects should meet in order to make concrete claims of positive impacts (UNFCCC, 2006).

Depending on the project type, environmental impacts were for instance demonstrated through environmental impact assessments (EIAs). In addition, a stakeholder consultation was a formal requirement of the CDM registration process. However, there was no guidance on how assessments and consultations were to be carried out and no process for recourse if the implementation of a project varied from how it was originally planned. Consequently, stakeholder consultations and EIAs were often not effective in guarding against negative environmental impacts or protecting the rights of impacted stakeholders. Apart from that, the CDM did not include any safeguards to avoid, minimise or mitigate negative impacts on sustainable development.

In order to get a CDM project approved, host country parties had to issue a letter of approval (LoA), which was supposed to confirm that the project would contribute to the respective country’s sustainable development. Without a clear definition of sustainable development or consistent criteria about how it should be measured, the attestation quickly became procedural without even a discussion of what the country might consider contributing to sustainable development on national or local level (K. H. Olsen & Fenhann, 2008; Sterk et al., 2009; TERI, 2012). Furthermore, since this approach allowed flexibility to suit local circumstances, it made comparing sustainable development impacts in different countries difficult.

Also, certain negotiators, but also some project developers, argued that market-based mechanisms under the UNFCCC should focus primarily on mitigating GHG emissions (see Dransfeld et al. 2017). The perception was that further rules for the demonstration of sustainable development impacts would increase transaction costs for project development, and cause extra administrative burden for project developers, auditors and regulators (Dransfeld et al., 2017a). However, over time it became clear that projects with sustainable development benefits could command a price premium especially in the growing voluntary market.

In 2012, the CDM Executive Board introduced the CDM Sustainable Development tool, which is a voluntary and self-declaratory checklist of sustainable development indicators. The tool provides a taxonomy of generic sustainable development criteria and indicators under the social, economic and environmental pillars of sustainability (K. H. Olsen et al., 2019).

However, the existence of the tool in itself has not created an incentive for its use for project developers, investors or host countries (Arens et al., 2015). Since its 2014 launch, only 68 out of 7,817 projects have used the tool (ICAO, 2020)<sup>1</sup>.

Hence, various challenges prevented a more structured approach to measuring the sustainable development impact of project activities under the CDM. Importantly, countries' perception of their "national prerogative" to define sustainable development in their jurisdictions, which has led to selective assessment approaches, limited the comparability of assessments. Another important barrier was the voluntary nature of the sustainable development impact assessment under the CDM and the lack of guidance for project developers to conduct stakeholder consultations (Schade & Obergassel, 2014). Also, various investigations, including by the UN Special Rapporteur for Human Rights have found that stakeholder consultations are often deficient (Boyd et al., 2009; Schade & Obergassel, 2014) and have in some cases caused displacement and the destruction of livelihoods (UN Human Rights Council, 2016). In this respect, the issue of higher transaction costs and resistance of some project developers to understand local contexts were often significant barriers that failed to prevent negative impacts, including human rights violations, or maximise potential synergies between GHG mitigation and sustainable development.

Partially as a result of negative press and investigations into several problematic projects<sup>2</sup>, some important market players created acquisition criteria that affected the market. The European Union, for example, imposed eligibility rules for compliance under the European Union Emissions Trading Scheme, which required compliance with the World Commission on Dams principles for large hydropower projects > 20MW. Later, various CER procurement programmes - including several supported by Nordic countries, Belgium, and Germany - specifically sought projects with sustainable development benefits (see for instance: UBA/DEHSt, 2018). This led to more debate and discussion of sustainable development as an issue in the CDM. Since then, the issue has only grown as a point of debate in market mechanisms. Human rights organisations and civil society actors played an important role in this regard. They advocated for safeguards for project activities to avoid, minimise and mitigate negatives impacts on vulnerable populations and called for increased transparency and accountability including for claims around positive sustainable development benefits (CAN International, 2011; Center for International Environmental Law & Earthjustice, 2011; International Rivers, 2011). These actors have been active in reform efforts on the local, regional, national and international level for many years and lobbied for a carbon market regime with a clear emphasis on sustainable development (see Dransfeld et al., 2017).

## 2.2 Approaches to sustainable development assessment in voluntary markets

In the past fifteen years, various offset standards have developed approaches to measure sustainable development impacts of emission reduction projects under offsetting programmes. Many of those include the assessment and demonstration of avoiding negative impacts and promoting sustainable development. A clear driver for sustainable development assessment in the voluntary market was corporate actors' desire to support activities with clear "co-benefits"

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<sup>1</sup> See: The following link leads to the Internet: <https://www4.unfccc.int/sites/sdcmicrosite/Pages/SD-Reports.aspx>.

<sup>2</sup> Although a systematic and comprehensive survey of human rights and CDM projects has never been conducted, examples of projects that gained international attention include the Alto Maipo hydroelectric project in Chile, the Barro Blanco hydroelectric power project in Panama, the Bujagali hydropower project in Uganda, the Kachung forest project in Uganda (Timperley, 2019), the Santa Rita hydroelectric project in Guatemala (Nelsen, 2015), Wind farms Oaxaca I, Oaxaca II, Oaxaca III, and Oaxaca IV, in Mexico (Mills et al., 2016), the Olkaria IV Geothermal Project in Kenya (Schade, 2017), the Sasan Power Ltd coal fired power plant in India (Sierra Club, 2014), and the Aguan biogas project in Honduras (Nelsen, 2011).

in addition to the GHG-mitigation impacts (Dransfeld et al., 2017). Both the Gold Standard for Global Goals and the Verra VISTa standard represent innovations in the development of sustainable development impact assessment in the voluntary market. Both programmes require an assessment of positive sustainable development impacts against a baseline with third party auditing and the use of respective indicator sets and have provisions for the avoidance of negative impacts through dedicated safeguards. The programmes have different levels of scrutiny, depending on the intended use of the sustainable development impacts. The purposes range from an information-only approach; to the labelling of project activities to for instance to upgrade GHG mitigation certificates with an additional feature; and to eventually create a commodity from sustainable development impacts, such as water benefits.

These experiences in the voluntary market underscore that a robust demonstration of sustainable development impacts in GHG mitigation activities is not only technically feasible, but also responds to an increasing demand from market participants.

### **2.3 Sustainable development assessment in selected other multilateral processes under the UNFCCC and beyond**

Although market negotiators in the UNFCCC have not made much progress in enshrining sustainable development impact assessments and safeguards in the rules for Article 6, Parties to the Paris Agreement have been able to find consensus on a large number of sustainable development related issues in the context of other multilateral processes. These include the Agenda 2030, which sets out the Sustainable Development Goals (SDGs), the Global Environment Facility (GEF), the Adaptation Fund (AF), and the Green Climate Fund (GCF) which all provide for social and environmental safeguards in their decision-making procedure (Knox, 2016). Further the International Civil Aviation Organization (ICAO) sets out a number of sustainable development and safeguard criteria for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). The GEF, AF, GCF as well as crediting standards (e.g. Gold Standard and Verra) draw from principles established by the International Labour Organization (ILO), which has established a large number of treaties concerning labour rights with broad international acceptance. Moreover, the Aarhus Convention (Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention), 1998) and the Escazu Convention (not yet in force) (Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazu Convention), 2018) are international agreements and norms that are meant to ensure the public's right to information and access to justice. Further, a range of international conventions deal with issues such as biodiversity protection and gender equality.

In the following we explain how these forums and instruments can inform the deliberations in the UNFCCC and serve as a reminder that Parties have been able to find consensus on sustainable development issues under the UNFCCC as well as other fora.

#### **Agenda 2030**

The Paris Agreement and the Agenda 2030 were both adopted in 2015 and present important milestones in the global movement towards sustainability. Moreover, there is a huge scope for mutually supportive implementation processes (Brandt et al., 2017). Both documents draw from the Rio Declaration on Environment and Development, in particular the principle of Common But Differentiated Responsibilities and Respective Capabilities. Moreover, both instruments also emphasise the need for gender equality and safeguarding human rights. Further, the Agenda

2030 and the Paris Agreement have objectives with various synergies. Also, the SDGs refer to existing financial commitments under the UNFCCC (K. H. Olsen et al., 2018).

The Agenda 2030 builds on the Millennium Development Goals that had the target year of 2015, but only applied to developing countries. The Agenda 2030 sets new universal goals for all countries and encourages them to “conduct regular and inclusive reviews of progress”, which are “country-led and country-driven” at the national level (paragraph 79). It further states that at the regional level, follow-up and review, “including through voluntary reviews” can provide opportunities for peer learning (paragraph 80); and stipulates that the high-level political forum “will have a central role in overseeing a network of follow-up and review processes at the global level” (paragraph 82).

### **Adaptation Fund**

UNFCCC Parties established the Adaptation Fund under the Kyoto Protocol to assist developing countries in their climate adaptation efforts (Decision 10/CP.7). At COP24, the CMA decided the Adaptation shall “exclusively serve” the Paris Agreement when the share of proceeds under Article 6.4 becomes available (Decision -/CMA.1). The Adaptation Fund’s Environmental and Social Policy aims to ensure that adaptation projects supported by the Fund do not result in “unnecessary social and environmental harms” (Adaptation Fund, 2013). The Policy requires implementing entities to identify and assess environmental and social risks at the earliest possible stage of the project; to avoid or minimise and mitigate those risks during implementation; and monitor and report on the measures taken to avoid, minimise and mitigate during and after implementation. Further, there should be adequate opportunities for stakeholders to participate in the formulation and implementation of projects. Amongst other requirements, projects receiving finance through the Adaptation Fund “shall avoid imposing any disproportionate adverse impact on marginalized and vulnerable groups (paragraph 14), comply with core labour standards set by the ILO (paragraph 17), and “be implemented in such a way that avoids any significant or unjustified reduction or loss of biological diversity [...]” (paragraph 21). The Social and Environmental Policy also requires projects to identify an accessible, transparent, fair and effective” grievance mechanism for affected stakeholders (Adaptation Fund, 2013).

### **Global Environment Facility**

The GEF, established in 1992 to fund environmental projects, set out minimum standards covering, among others, environmental and social assessments, biodiversity conservation, cultural heritage, and labour conditions (GEF, 2019). Further, the GEF requires that all “GEF-financed projects shall provide for full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle” (Global Environment Facility, 2015).

### **Green Climate Fund**

Adopted at its 19th Board Meeting in March 2018, the GCF has perhaps the most recent and best example of social and environmental safeguard policies among multilateral institutions. Extensive provisions refer to: continuous improvement and best practices, stakeholder engagement and disclosure, gender sensitive approach, harmonized application of environmental and social requirements, consistency with the Cancun REDD+ safeguards, labour and working conditions, indigenous peoples, human rights and biodiversity. Accredited entities must have an effective environmental and social management system in place, conduct environmental and social risk screening, conduct environmental and social due diligence, and conduct environmental and social risk assessments. The GCF further has detailed information on

transparency requirements, stakeholder engagement, and grievance redress (Green Climate Fund, 2018).

### **CORSIA**

In 2016, the Assembly of the ICAO adopted a resolution that created CORSIA. The scheme is intended to help the sector reach an aspirational goal of carbon neutral growth from 2020 levels primarily through the use of offsets. In March 2019, the ICAO Council, a representative body of 36 ICAO members approved “Emissions Unit Criteria” for the offsets eligible to be used for CORSIA compliance, and the characteristics of the programmes eligible to supply them. With regard to sustainable development and environmental and social safeguards, the ICAO EUC include the following stipulations (ICAO, 2019):

- ▶ *Safeguards System -Programs should have in place safeguards to address environmental and social risks. These safeguards should be publicly disclosed.*
- ▶ *Sustainable Development Criteria - Programs should publicly disclose the sustainable development criteria used, for example, how this contributes to achieving a country’s stated sustainable development priorities, and any provisions for monitoring, reporting and verification.*
- ▶ *Do no net harm—Offset projects should not violate local, State/provincial, national or international regulations or obligations. Offset programs should show how they comply with social and environmental safeguards and should publicly disclose which institutions, processes, and procedures are used to implement, monitor, and enforce safeguards to identify, assess and manage environmental and social risks.”*

Although the resolution that created CORSIA not an international treaty and not legally binding (Mendes de Leon et al., 2015), the EUC adopted by the ICAO Council represent some form of agreement on international principles for sustainable development and social and environmental safeguards for a carbon offsetting system among the representatives from 36 countries – including several key countries active in UNFCCC negotiations on Article 6.

### **International Labour Organization**

The International Labour Organization (ILO), founded in 1919, is the UN agency specialising in workers’ rights and safety. There is a strong link between the ILO agenda and SDG 8 on decent work, which includes targets such as abolishing forced labour, reducing youth unemployment, and increasing levels of economic productivity.

The ILO has established 189 conventions and 204 recommendations. These include eight fundamental conventions on labour rights: C087 and C098 on the freedom of association; C029 and C105 on forced labour; C100 and C111 on discrimination; and C138 and C182 on child labour. Currently, 145 states have ratified all eight conventions - another 116 ratifications are needed to reach universal ratification.<sup>3</sup> The conventions are binding for those who have ratified them. Various carbon credit accreditation standards, such as Gold Standard and Verra, based their requirements regarding labour conditions on the ILO conventions.

<sup>3</sup> C029 has 178 ratifications, C087 has 155, C098 has 167, C100 has 173, C105 has 175, C111 has 175, C138 has 172 and C182 has 186 ratifications. See: The following link leads to the Internet: [https://www.ilo.org/dyn/normlex/en/f?p=1000:12001:17115783366648:::P12001\\_INSTRUMENT\\_SORT:1](https://www.ilo.org/dyn/normlex/en/f?p=1000:12001:17115783366648:::P12001_INSTRUMENT_SORT:1).

### **Aarhus Convention and Escazu Convention**

The Aarhus Convention (UNECE, concluded in 1998, entered into force in 2001) and the Escazu Convention (Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean (Escazu Convention), 2018) provide that citizens have a right to access to information concerning environmental matters in Europe and Latin America, respectively. They stipulate that Parties shall guarantee the public's right to information and participation in decision-making, as well as access to justice in environmental matters. As of September 2019, six countries ratified the Escazu Convention. A further five ratifications are necessary for the Convention to enter into force. The Escazu Convention established a "Committee to Support Implementation and Compliance", of which the rules and structure are to be determined at the first Conference of the Parties.

The Aarhus Convention has not established a strong compliance mechanism. Article 15 provides that the meeting of the Parties shall "establish, on a consensus basis, optional arrangements of a non-confrontational, non-judicial and consultative nature for reviewing compliance with the provisions of [the Aarhus Convention]." These arrangements may include the consideration of public comments (Aarhus Convention, Article 15). However, individuals and civil society can bring environmental claims, relying on the Aarhus Convention before national courts. Notably, the Aarhus Convention does not restrict access to information and environmental justice, and participation in decision-making to individuals or groups who are personally affected or have an interest in the issue at stake (Article 2.4), or to nationals or residents of the Party (Article 3.9). Thus, if a country that ratified the Aarhus Convention engages in activities under Article 6 of the Paris Agreement in a country that did not ratify, nationals of the latter country are still entitled to access to information and public participation. In the absence of stringent Article 6 rules, this potentially provides a means for individuals to find recourse from buyers of carbon credits acquired under Article 6. However, in practice it will be difficult for plaintiffs who are not based in the same country as the national court to defend their rights. Hence, it is important that Parties to the Paris Agreement agree on rules and mechanisms to ensure public access to information and justice.

### **Examples of international treaties on sustainable development-related issues**

Sustainable development covers a wide range of issues, including biodiversity protection, public health, education, poverty, and gender equality. Countries have agreed on a number of these issues in separate conventions, for instance the Convention on Biological Diversity's (CBD) (concluded in 1992, entered into force in 1993) and Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) (concluded in 1978, entered into force in 1981).

The CBD is akin to the United Nations Framework Convention on Climate Change and was simultaneously opened for signature at the Earth Summit in Rio de Janeiro in 1992. The CBD's objective is threefold: (1) the conservation of biological diversity; (2) the sustainable use of its components; and (3) the fair and equitable sharing of the benefits arising out of the utilization of genetic resources (Article 1). These goals are relevant for SDGs 14 (life below water) and 15 (life on land) in particular. Further, conservation of biodiversity can help reduce hunger and as such contribute to SDG 2 (zero hunger) (Toledo & Burlingame, 2006).

CEDAW aims to promote gender equality and can therefore play an important role in achieving SDG 5. Particularly relevant to activities under Article 6 of the Paris Agreement are CEDAW's Articles on women's economic rights. Article 11 for instance, stipulates that Parties shall take measures to guarantee women's right to equal remuneration as men receive, to social security, and the right to protection of health and safety on the workplace, amongst others. However, (Englehart & Miller, 2014) found that although CEDAW has had positive effects on women's



political and social rights, it has not had a significant effect in improving women's economic rights. Parties to CEDAW must report at least every four years on their progress to the United Nations Secretary General (CEDAW, Article 18).

The CBD and CEDAW are just two examples of how countries have agreed to protect certain aspects of sustainable development. While both conventions lack an enforcement mechanism – a problem inherent to international law – their widespread adoption clearly represent the establishment of international norms and signals that countries are able to agree on potentially contentious issues.

### **Relevance of international forums and instruments for Article 6 negotiations**

This overview of institutions, political processes and legal instruments shows that countries have been able to agree on sustainable development issues. Such consensus can serve as a precedent and an outline for international consensus in the formation of sustainable development provisions in the context of Article 6. While several Parties to the Paris Agreement want to maintain their national prerogative to define 'sustainable development', with the Agenda 2030, countries came to internationally agreed goals, targets and indicators for that concept. A common understanding of 'sustainable development' and international oversight on project activities should therefore be possible under Article 6.

Although many international agreements on sustainable development issues already exist, it is still crucial to include provisions on sustainable development in the rules, guidance and modalities for Article 6. Existing instruments often focus on one or a few aspects of sustainable development, whereas the rules for Article 6 should cover the full spectrum of sustainable development impacts. Moreover, many of these existing instruments lack effective and efficient compliance mechanisms.

An increasing number of the voluntary reviews under the Agenda 2030 address climate action, which offers opportunities to use reporting under the Paris Agreement to highlight linkages with the SDGs and vice versa (Bouyé et al., 2018). Indeed, countries can use the voluntary reviews to explain how activities under Article 6 of the Paris Agreement in their country contribute to the sustainable development goals. However, as a non-binding instrument, the Agenda 2030 places no obligations to review progress on countries. So far, only a relatively small number of countries have submitted national reviews (22 countries in 2016, 44 in 2017 and 48 in 2018) (Scholz & Brandi, 2017).

In the context of Article 6, the Adaptation Fund that also directly serves the Paris Agreement with the same negotiating Parties is of particular interest. John H. Knox, former UN Special Rapporteur on Human Rights and the Environment, stated that the Article 6.4 mechanisms should "follow and where possible, improve upon" the strong safeguards set by other finance mechanisms, which include the Adaptation Fund (Knox, 2016). Indeed, the Adaptation Fund is considered to be international best practice in terms of its stakeholder consultation and environmental and social safeguards (Grimm et al., 2018) and could serve as a blue print for the Article 6 mechanisms.

### 3 Sustainable development in the most recent Article 6 negotiations

The current status of linking Article 6 and sustainable development in the context of the Paris Agreement is informed by the legacy of discussions on the issue in the context of the CDM, voluntary markets, the New Market Mechanism, the Framework for Various Approaches, and other international norms and provisions in international law and multilateral institutions. In this chapter, we firstly identify important references to sustainable development and safeguard provisions in the Paris Agreement in general, and in the SBSTA draft CMA decision text on the Article 6 rules of June and December 2019. To better illustrate the limitations and options for integrating sustainable development into Article 6, we secondly sketch three potential scenarios.

#### 3.1 State of sustainable development in provisions in Article 6

The promotion of sustainable development has constantly been an issue, though perhaps not the most prominent red line issue for negotiators over the years of negotiations since 2015 COP 21 in Paris. Tracing the progression of the status of the negotiations with respect to language on sustainable development in the past couple of years, it is important to note that the chronologically last negotiation text from a CMA session is not always the text that SBSTA will start with at the next SB meeting. Rather, over the past few years there has been a trend in which SBSTA negotiators prepare texts that include large numbers of options and brackets including more ambitious options and less ambitious language options with respect to sustainable development and the COP Presidencies, whether it be Poland, or Chile remove options that they think are the most controversial to try and reach a consensus. Such a consensus has not been found in the past two CMA sessions in Katowice or Madrid, not necessarily for reasons specifically tied to language on sustainable development impacts. In the past few sessions, SBSTA has then agreed to not start with the last COP presidency's text, but rather with a version of the last SBSTA text with the larger number of options on the table. Subsequently, we take stock of how the promotion of sustainable development and the avoidance of negative effects through Article 6 is featured in the Paris Agreement, the rulebook, and Article 6 in particular.

##### 3.1.1 The basis provided by the Paris Agreement and COP 21

The Paris Agreement refers to sustainable development in a number of places. In the **preamble** of the Paris Agreement (Paris Agreement, 2015) the relation between climate change and access to sustainable development is underscored. Parties are invited to promote and consider human rights, accordingly. **Article 6** of the Paris Agreement explicitly states that Parties shall promote sustainable development when engaging in cooperative approaches that involve the use of Internationally Transferable Mitigation Outcomes (ITMOs) towards Nationally Determined Contributions (NDCs). Article 6.4 shall foster sustainable development.

##### 3.1.2 Further guidance from the Paris Rulebook and COP 24 / CMA 1-3

In the context of reporting, Article 13 of the Paris Agreement establishes an “enhanced transparency framework for action and support” (ETF), which is envisaged to provide “a clear understanding of climate change action” – including clarity and tracking countries’ progress towards their NDCs (Article 13.5). Importantly, many NDCs refer to sustainable development. The ETF requires all Parties to the Paris Agreement to submit Biennial Transparency Reports (BTRs), which replace the Biennial Reports and Biennial Update Reports that respectively Annex I and non-Annex I countries have to submit under the UNFCCC so far. In the modalities, procedures and guidelines for the transparency framework for action and support referred to in

Article 13 of the Paris Agreement (decision “18/CMA.1, paragraph 77(d)”), relevant reporting provisions that refer to Article 6 and sustainable development are included (Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement; Decision 18/CMA.1, 2018). Accordingly, Parties are requested to share information on how the use of cooperative approaches under Article 6 contributes to sustainable development, inter alia through their BTRs. These statements are to be further advanced in the guidance for Article 6.2, the rules, modalities and procedures for Article 6.4, as well as in the work programme for Article 6.8. Generally, linking the reporting obligations of Article 13 concerning the contributions of sustainable development under Article 6 is an important opportunity to highlight the relevance of the issue under Article 6.

### **3.1.3 Sustainable development and safeguards in the draft SBSTA 50 texts on Article 6 developed at the SB50 meeting in Bonn in June 2019**

The so-called Paris Rulebook was adopted COP24 in Katowice, with the notable exception of detailed rules for Article 6 beyond a minor reference to accounting in decision 18/CMA.1 para. 77d. The draft versions of the guidance and the rules on Article 6 mechanisms derived in Katowice in December 2018 do not provide detailed guidance on the promotion of sustainable development.

In attempt to find consensus on Article 6, the proposal by the Polish COP President of December 2018 refers to ‘sustainable development’ only twice: once in the context of rules for Article 6.2 and once for Article 6.4 (UNFCCC, 2018). The SBSTA draft CMA decisions on guidance for Article 6.2 and the rules, modalities and procedures for Article 6.4 of June 2019 hold more references to sustainable development and important relevant aspects that may contribute to safeguarding against negative impacts. Annex II of this report lists the respective text sections.

The 2019 SBSTA 50 draft decision text reverts to previous negotiations and adds back in a number of language options including many on sustainable development in Article 6. Language on the **Article 6.2 guidance** (Matters relating to Article 6 of the Paris Agreement : Guidance on cooperative approaches referred to in Article 6 , paragraph 2 , of the Paris Agreement Draft CMA decision on guidance on cooperative approaches referred to in Article 6 , paragraph 2 , of, 2019) is relatively weak on promoting positive sustainable development impacts; it does however introduce options on safeguards against negative social and economic impacts and the violation of human rights, and cautiously refers to cooperative approaches as being aligned with the sustainable development objectives in a country. More specifically:

- ▶ The draft decision text includes an option to supersede the Article 13 decision on reporting. If the text supersedes the Article 13 language and does not introduce a stronger reporting framework, this is likely to weaken the transparency of sustainable development assessment under Article 6.2 measures.
- ▶ The draft decision text holds options on safeguards with suggested text on avoidance of negative environmental and social impacts and consideration of human rights in the context of applying cooperative approaches. (The same is found in section XI. of the guidance on safeguards and limits.)
- ▶ Section VII. of the guidance on reporting lists potential reporting obligations of Parties, with suggestions to include provisions on sustainable development in the regular information submitted in the respective biennial transparency reports (BTRs) (item B “Regular information”). Again, suggestions made foresee that cooperative approaches do not result in

environmental harm (40.g); are consistent with Party’s respective obligations on human rights (40.k); or avoid causing of negative social or economic impacts (40.l). In addition, paragraph 40.i specifically mentions consistency of cooperative approaches with the sustainable development objectives of a Party or the SDGs, always considering a Party’s national prerogative.

The SBSTA 50 draft text for **Article 6.4 rules, modalities and procedures** (UNFCCC, 2019a) includes more entry points for enhanced sustainable development including:

- ▶ Provisions for host country confirmation that a specific activity under Article 6.4 fostering sustainable development in the country (considering that it is a national prerogative) (Section IV on participation responsibilities).
- ▶ Elements where Parties in general shall specify how participation in Article 6.4 activities contributes to sustainable development in the country (Section V on rights and responsibilities of host Parties).
- ▶ Draft text on safeguards and limits (Section XI), including the consideration of human rights obligations of Parties, as well as on measures to identify and address negative social and economic impacts under Article 6.4 (Section XII).
- ▶ Section VI. on the activity cycle includes text that allows stakeholders to appeal decision of the Supervisory Body or to request a grievance. Also, the Section considers a complaints mechanism for human rights’ violations.

**Article 6.8** - as per its definition - refers to non-market-based measures. It may be relevant considering the provision to use Article 6.2 and or 6.4 to MRV support that does not include the transfer of an emission reduction (see Section II.2.(f)). The draft text for an Article 6.8 work programme (UNFCCC, 2019e) mentions the sustainable development in the context of NMAs in three places:

- ▶ Section I. of the work programme on the “principles” for guiding the implementation of the framework for NMAs.
- ▶ Section II. of the work programme on “Non-market approaches under the framework”.
- ▶ Section V. on “Work programme activities” for the NMA framework include provisions on developing tools to promote contribution of NMAs to sustainable development, and potentially on quantifying their impacts.

Article 6.8 does however not expand on human rights aspects or safeguards for avoiding negative sustainable development impacts.

### **3.1.4 Status quo of sustainable development and safeguards after COP 25 / CMA 2 in Madrid, December 2019**

As in the previous year Parties were not able to find a consensus on elaborated rules for Article 6 at COP 25. The draft texts that SBSTA 51 forwarded to the CMA2 again included brackets signifying a lack of consensus on most important measures including text portions related to

sustainable development. The CMA2, despite many hours beyond their scheduled closing, was equally unable to find consensus and deferred the further elaboration to SBSTA 52 in June 2020 (UNFCCC, 2019f)<sup>4</sup>.

Compared to the draft text of SB 50, the Chilean Presidency's draft text on the **Article 6.2 guidance** (UNFCCC, 2019b) is further watered down with respect to sustainable development. The promotion of sustainable development and the avoidance of negative impacts on sustainable development do not play a prominent role in the CMA2 draft text. The lack of strong language on sustainable development impact assessment and safeguards is a reflection of countries' negotiation priorities. It is also of note that during the negotiations, the release of the "San Jose Principles for High Ambition and Integrity in International Carbon Markets" with now 32 signatories, does not mention sustainable development or human rights (Ministry of Environment Costa Rica, 2019) and instead focuses on purely the GHG emissions aspects of carbon markets.

The CMA2 draft does not refer to a work programme directly.

- ▶ The sole reference to sustainable development is made in the context of reporting (section IV, 22.(g)) in accordance with decision 18/CMA.1. Here, the reporting section of the guidance still holds a paragraph on biennial reporting (via BTRs) concerning the consistency of a cooperative approach with the sustainable development objectives of the host Party (noting national prerogatives).
- ▶ There is no provision for safeguards (avoidance of negative environmental or social effects and/or on human rights).
- ▶ At the same time, an option to supersede the Article 13 decision on reporting has disappeared, which is a positive signal.

The Chilean Presidency's CMA2 draft text for **Article 6.4 rules, modalities and procedures** (UNFCCC, 2019c) does not deviate significantly from the SBSTA 50 draft text, apart from the omission of human rights language.

- ▶ The draft text of CMA2 retains the safeguard provisions of the previous SBSTA 50 draft in the decision text. Here, it still has a reference on a right of appeal / grievance process.
- ▶ The draft rules, modalities and procedures for Art 6.4 mention sustainable development in the section IV. on participation responsibilities, where it states that Parties have to state publicly how the participation in the mechanism contributes to sustainable development (noting national prerogatives).
- ▶ In the section V. on the activity cycle, host country Parties are requested to confirm that an activity under the mechanism contributes to sustainable development in the country and provide information on how this is achieved (section V.C on Approval and authorization). This basically resembles the practices under the CDM and would require a much stronger mandate for a more detailed reporting of potential sustainable development impacts.

<sup>4</sup> Annex IV of this report lists the respective text sections.

- ▶ Text on avoidance of negative environmental and social effects through activities under the mechanism is included in the section on activity design (section V.A.).
- ▶ Provisions on ensuring human rights in the context of activities under the mechanism are absent.

The draft CMA2 text for **Article 6.8 on non-market mechanisms** (UNFCCC, 2019d) only mentions that activities under Article 6.8 shall be in the context of and contribute to sustainable development and poverty eradication in the participating Parties (work programme section I. and II.). What exactly this contribution would look like and how it can be enforced / ensured will have to be spelled out in the work programme.

### 3.2 Scenario analysis for integrating sustainable development in Article 6

We identify three potential scenarios for the role of sustainable development in the rules and guidance for Article 6 (Table 1). These scenarios can be seen as groupings of various general directions that the negotiations may take. While Scenario 1 is a potential optimal scenario in terms of promoting sustainable development, Scenario 3 represents a “worst case” option.

**Table 1: Three scenarios for indicators and safeguards in Article 6**

Scenario outcome	Description
“SD Ambition” scenario (1)	Clear language to both promote SD and avoid, minimise and mitigate negative impacts
“Safeguard” scenario (2)	Language to avoid, minimise, and mitigate negative impact
“CDM SD continued” scenario (3)	A lack of robust language, which would necessitate alternative options for SD promotion

- ▶ **Scenario 1: “SD Ambition” - Promoting and measuring positive SD impacts, avoiding negative SD effects in Article 6**

In this scenario, clear reference to the promotion of sustainable development impacts is included in the decision, specifically for both, the 6.2 guidance and the 6.4 rules, modalities and procedures. Clear language (or at least respective “hooks”) on structured approaches holds provisions to promote *positive* impacts and avoiding, minimising and mitigating *negative* effects on sustainable development. This includes provisions on the technical issues for indicators and safeguards discussed above, such as specificity, dimensions, and stringency, as well as EIAs and SEIAs, stakeholder engagement processes, grievance mechanisms, the use of indicators, newly developed and / or adopted aspects from existing standards, as well as MRV requirements. In terms of enhancing sustainable development impacts, this scenario is an optimal setting, but will be rather difficult to achieve politically.

- ▶ **Scenario 2: “Safeguards” - Avoiding, minimising and mitigating negative SD impacts under Article 6**

In this scenario, only provisions to avoid, minimise or mitigate possible *negative* impacts on sustainable development are featured in the decision – including in both the 6.2 guidance and the 6.4 rules. The safeguards are ensured through clear language (or at least through respective “hooks” in the text). Again, a dedicated set of safeguards can be developed subsequently for both of the Article 6 mechanisms, as part of a potential work programme to specify the guidance and rules after COP25. This option requires new provisions and guidance on the technical issues for safeguards discussed above, such as principles and implementation measures, specifically custom-tailored to match Article 6 activities. The work programme can define such safeguards for sustainable development as a dedicated part of the Article 6 rulebook and add respective appeals and grievance provisions. Here, safeguarding experiences with other vehicles under the UNFCCC financial mechanism - such as the Adaptation Fund or the Green Climate Fund – can be harnessed, though depending on what exactly 6.2 turns out to be, they may be more directly applicable to the Article 6.4 mechanism. This “second-best” scenario is a more realistic scenario in political terms, as the pure avoidance of negative impacts on sustainable development is already partially included in the draft CMA2 texts.

► **Scenario 3: “CDM SD continued” - Alternative options to promote sustainable development in Article 6**

This scenario omits robust language to ensure improving the approach of Article 6 to sustainable development either: 1) by omitting any language on sustainable development or safeguards at all; or 2) by including references to the promotion of sustainable development, however in a way that defers the interpretation of what constitutes sustainable development to the respective host Party. These outcomes would reflect the status quo under the Clean Development Mechanism, where a host country approval of Article 6 activities can require an affirmation that the cooperative action contributes to sustainable development, but without clear mandatory guidance or rules about how sustainable development should be interpreted.

If such an outcome were to emerge from COP26, opportunities to integrate sustainable development promotion and safeguards would need to be found on a different level – building on current practice despite the weak legal mandate. One likely approach would be to revert to a situation where ambitious parties may ask for further sustainable development benefits in their acquisition and voluntary market buyers may seek such benefits for their corporate social responsibility efforts, where private standards and programmes outside of the Article 6 mandate offer the certification of sustainable development impacts of Article 6 activities. This resembles the practice of project developers under the CDM that went through additional Gold Standard, or other certification of their projects in order to gain price premiums on their CERs. Another option would be for buyers of ITMOs to set sustainable development impact assessment and safeguard requirements for purchased units. This is already common practice but could be coordinated through agreements between groups of states such as through “carbon clubs”. While this would be an unfortunate outcome, the lack of “red lines” in most negotiations when it comes to sustainable development impact and safeguards means that further work on such a structure may be required in the future.

## 4 Recommendations for anchoring sustainable development impact assessment and safeguards into Article 6

As outlined above, approaches that use indicators to assess positive sustainable development impacts, and safeguards against negative impacts exist in various forums and institutions. Nevertheless, political and technical barriers prevent the dedicated integration of sustainable development impact assessment and safeguards specifically under Article 6 market mechanisms. This has important consequences for the upcoming negotiation sessions SBSTA 52, 53 and CMA3, and the potential elaboration of Article 6 provisions under a work programme from 2021 onwards.

The SBSTA 51 versions of the guidance for Article 6.2 and the rules, modalities and procedures for Article 6.4 were full of options and different positions. The draft CMA2 texts for Article 6 of December 2019 did not hold options and brackets, but still Parties were not able to find consensus. According to observers (Braden et al., 2019), provisions on enhancing sustainable development were highly contested during the negotiations in the first half of 2019. This is not surprising - in light of the barriers referred to in the introduction above, a lack of a strong mandate for the promotion of sustainable development prevents a more prominent role of sustainable development in Article 6. It is therefore likely that the texts will undergo further iterations at SBSTA 52 and any reference to sustainable development may be used as leverage against changes for other text provisions. Certainly, the existing CMA2 versions of the guidance for Article 6.2 and the rules, modalities and procedures for Article 6.4 should be optimized for better promoting sustainable development and safeguards provisions. We provide strategic recommendations for negotiators in Annex V. Also, Parties may agree to develop a work programme for elaborating Article 6 provisions from 2021 onwards. In Annex VI we sketch potential elements for such a work programme on sustainable development and safeguards.

### Overcoming political barriers

The issue of safeguarding and promoting sustainable development in the Article 6 mechanisms is foremost a political issue, and not so much a technical challenge. The discussion on the practice of sustainable development impact assessment above shows that environmental and social safeguarding policies are widely accepted among governments and international finance and development institutions. This is an important argument to counter the notion that GHG mitigation must be the sole rationale of activities under the UNFCCC in the context of carbon markets. Notably, financial mechanisms established under the UNFCCC and/or serving the Paris Agreement, such as the Green Climate Fund and the Adaptation Fund, apply sustainable development safeguarding provisions.

Moreover, many countries have adopted national laws that incorporate many of the environmental and social policies (Adaptation Fund, 2013). However, while safeguarding policies are widely accepted, this is not yet the case for indicators for sustainable development. These need to be developed for the purpose of Article 6 (see section below).

If one compares the approaches taken (and the barriers faced) in the CDM and NMM/FVA realm with the voluntary carbon markets, it becomes clear that a dedicated mandate to safeguard social and environmental impacts and to ensure human rights is imperative. Consequently, concerning the further elaboration of the Article 6 design, it will be important to take decisions towards safeguarding and promoting sustainable development as early and as progressive as possible.



### Including safeguards and indicators

Once such a strong mandate for sustainable development is integrated in the Article 6 guidance and rules, modalities and procedures, Parties can begin to discuss the operationalisation of technical aspects. In order to make a concrete and useful contribution to the promotion of sustainable development, Article 6 requires a mandate for a structured approach that provides ways to identify and implement indicators. Such a structured approach can take the form of predefined safeguards to avoid or minimise *negative* impacts; or of indicator sets to promote additional *positive* sustainable development impacts.

The current CMA2 drafts of December 2019 for Article 6.2 and 6.4 do not include strong mandates for safeguards. While the draft text for Article 6.4 rules mentions implementation approaches for safeguards by naming an appeal and grievance process, there are no provisions specifically for human rights. Further, the text omits any dedicated rules for risk identification, safeguarding principles or options for implementation.

As mentioned above, the Green Climate Fund’s Environmental and Social Policy (2018) and the Adaptation Fund’s Environmental and Social Policy (2013) provide for a large number of safeguards and could serve as a blueprint for Article 6 rules (Knox, 2016), especially for the Article 6.4 Mechanism.

For instance, the Green Climate Fund (2018) stipulates that all activities it supports must be “designed and implemented in a manner that will promote, protect and fulfil universal respect for, and observance of, human rights for all recognized by the United Nations” (paragraph IV(q)). To this end, the Green Climate Fund requires that project developers apply “robust environmental and social due diligence” (paragraph IV(q)). The Green Climate Fund further scrutinizes funding activities for their sustainable development impact, as per its investment framework. The specific investment criterion “Sustainable Development Potential” requires project activities to describe whether they come with environmental, social and health, and economic co-benefits. This also includes any gender-sensitive development impact, which will aim to reduce gender inequalities in climate change impacts (Investment criteria indicators, 2019).

The Adaptation Fund’s Environmental and Social Policy (2013) requires that project developers [...] “(i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation” (paragraph 10). Further, all stakeholders must have the opportunity to participate in the formulation and implementation of projects and programmes supported by the Adaptation Fund (paragraph 10). Also, the Adaptation Fund’s Environmental and Social Policy specifically provides that projects and programmes must avoid “imposing any disproportionate adverse impacts on marginalized and vulnerable groups” (paragraph 14).

Regarding access to justice, the Adaptation Fund requires project developers to identify a grievance mechanism that provides people affected by the project or programme “with an accessible, transparent, fair and effective process for receiving and addressing their complaints about environmental or social harms” (paragraph 34).

These approaches highlight the mandate for avoiding negative environmental and social impacts through safeguards in the context of the Green Climate Fund and the Adaptation Fund, which are both instruments under the UNFCCC.

The CMA2 draft texts currently omit any reference or hook for the inclusion of **indicators** for assessing sustainable development impacts in Article 6. As discussed above, indicators would support demonstration of sustainable development benefits and help guard against negative impacts and strengthen sustainable development under Article 6. Again, the Green Climate Fund uses indicators that activities seeking for funding can apply to demonstrate the sustainable development potential (Investment criteria indicators, 2019):

- ▶ **Potential indicators to assess environmental co-benefits:** Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.;
- ▶ **Potential indicators to assess social co-benefits:** Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation;
- ▶ **Potential indicators to assess the gender sensitive development impact:** Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks;
- ▶ **Potential indicators to assess economic co-benefits:** Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.

The Sustainable Development Initiative (SDI) (2019) – which is a partnership of UNEP DTU, the Gold Standard Foundation and the International Centre for Trade and Sustainable Development – made several proposals for the inclusion of indicators in the Article 6 rulebook:

- ▶ *“The Conference of the Parties (...) requests the Subsidiary Body for Scientific and Technological Advice to undertake a work programme under the guidance referred to under Article 6, paragraph 2, of the Agreement, with the objective to develop voluntary tools and approaches for measuring and monitoring the implementation of cooperative approaches in terms of their contribution to sustainable development.” (Article 6.2)*
- ▶ *“The Conference of the Parties (...) requests (...) the Supervisory Body, established under Article 6, paragraph 4, of the Agreement, to develop voluntary tools and approaches for measuring and monitoring the implementation of the mechanism in terms of its contribution to sustainable development.*
- ▶ *“The Conference of the Parties (...) requests the Subsidiary Body for Scientific and Technological Advice to undertake a work programme under the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Agreement, with the objective to develop voluntary tools and approaches for measuring and monitoring the*

implementation of cooperative approaches in terms of their contribution to sustainable development.”

The SDI also suggested to develop tools and approaches to support reporting of sustainable development and to avoid or mitigate negative impacts. Further, the Initiative recommended the Supervisory Body to facilitate the development of minimum sustainable development requirements to ensure projects under Article 6.4 do no harm (K. Olsen et al., 2019).

Eventually, for the technical operationalisation under Article 6, the discussions held during the NMM and FVA negotiations may be revisited to inform the further debate. Those discussions suggest that it will not be easy to reach consensus over technical issues such as the exact nature of indicators or MRV approaches for sustainable development in the political negotiations on market mechanisms under the UNFCCC (Dransfeld et al., 2017a).

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## A Annex I: References to sustainable development in the Paris Agreement

(Emphasis added in **bold** print.)

### Preamble of the Paris Agreement

The preamble of the agreement states (Paris Agreement, 2015):

The Parties to this Agreement,

...

*Emphasizing* the intrinsic relationship that climate change actions, responses and impacts have with **equitable access to sustainable development** and eradication of poverty,

...

*Acknowledging* that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, **promote and consider their respective obligations on human rights**, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity,

...

### Article 6

Article 6 of the Paris Agreement explicitly states that Parties shall promote sustainable development when engaging in cooperative approaches that involve the use of ITMOs towards NDCs, and that activities under Article 6.4 shall foster sustainable development:

6.1 Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and **to promote sustainable development** and environmental integrity.

6.2 Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, **promote sustainable development** and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

6.4 A mechanism to contribute to the mitigation of greenhouse gas emissions and **support sustainable development** is hereby established under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement for use by Parties on a voluntary basis. It shall be supervised by a body designated by the Conference of the Parties serving as the meeting of the Parties to this Agreement, and shall aim:

(a) To promote the mitigation of greenhouse gas emissions **while fostering sustainable development**;

(b) ...

6.8 Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their nationally determined



contributions, in the context of **sustainable development** and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity- building, as appropriate.

6.9 A **framework for non-market approaches to sustainable development** is hereby defined to promote the non-market approaches referred to in paragraph 8 of this Article.

### Article 13

In the modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement (decision “18/CMA.1, paragraph 77(d)”), relevant reporting provisions that refer to Article 6 and sustainable development are included (Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement; Decision 18/CMA.1, 2018). Here, part III.C on information necessary to track progress made in implementing and achieving nationally determined contributions under Article 4 of the Paris Agreement requests Parties to share information on how the use of cooperative approaches under Article 6 contributes to sustainable development.

77. Each Party shall provide the information referred to in paragraphs 65–76 above in a structured summary to track progress made in implementing and achieving its NDC under Article 4, including:

...

(d) Each Party that participates in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards an NDC under Article 4, or authorizes the use of mitigation outcomes for international mitigation purposes other than achievement of its NDC, shall also provide the following information in the structured summary consistently with relevant decisions adopted by the CMA on Article 6:

...

**(iv) Information on how each cooperative approach promotes sustainable development; and ensures environmental integrity and transparency, including in governance; and applies robust accounting to ensure inter alia the avoidance of double counting, consistent with decisions adopted by the CMA on Article 6.**

## B Annex II: Sustainable development and safeguards in the Article 6 texts after SB50

(Emphasis added in **bold** print.)

6.2 guidance:

- ▶ The draft decision text holds an option to supersede the Article 13 decision on reporting. If the text supersedes the Article 13 language and does not introduce a stronger reporting framework, this is likely to weaken the transparency of sustainable development assessment under Article 6.2 measures:

2. [Decides that **this guidance supercedes decision 18/CMA.1, paragraph 77(d);**

- ▶ The draft decision text holds options on safeguards with suggested text on avoidance of environmental and social impacts and consideration of human rights in the context of applying cooperative approaches:

4. [Requests the SBSTA to undertake the following work, on the basis of the annex, to develop a draft decision on the [remaining] guidance on cooperative approaches referred to in Article 6, paragraph 2, for consideration and adoption by the CMA at its third session, as an integral part of the guidance:

...

Option A {Section XI of the Annex text and maintaining safeguards and limits in the cover decision as a work programme}]

(l) [Safeguards and limits, including consideration of the following:

**(xi) [Use of Article 6 should not lead to other environmental and social impacts, and should respect human rights in its application.]**

Option B {See section XI in the Annex, where Option B sets out the safeguards and limits in the Annex}

- ▶ The same is found in section XI. of the guidance on safeguards and limits:

### **XI. Safeguards and limits**

#### Option A

59. Each participating Party shall apply, [as appropriate][as applicable], any safeguards and limits adopted by the CMA in relation to cooperative approaches referred to in Article 6, paragraph 2 {See cover decision paragraph 2(j) for work programme on safeguards and limits}.

Option B {return of safeguards and limits under a work programme from the cover decision to the Annex}

60. [Each participating Party shall apply[, as applicable,] the following safeguards and limits:

...

**(l) [Use of Article 6 should not lead to other environmental and social impacts, and should respect human rights in its application.]**

- ▶ Section VII. of the guidance on reporting lists potential reporting obligations of Parties, with suggestions to include provisions on sustainable development in the regular information submitted in the respective biennial transparency reports (item B “Regular information”). Again, suggestions made foresee that cooperative approaches do not result in environmental harm (40.g); are consistent with Party’s respective obligations on human rights (40.k); or avoid causing of negative social or economic impacts (40.l). In addition, paragraph 40.i specifically mentions consistency of cooperative approaches with the sustainable development objectives of a Party or the SDGs, always considering a Party’s national prerogative.

**B. Regular information {Some Parties identified a need for refinement to avoid duplication of information with other reporting obligations}**

Each participating Party shall also submit [, as part of its biennial transparency reports pursuant to decision 18/CMA.1] the following [qualitative] information in relation to how the cooperative approaches in which it participates:

...

**(f) Apply safeguards pursuant to section XI above (Safeguards and limits);**

(g) [Do not result in environmental harm;]

(h) Address any risks of conflict with other environment-related aspects;

**(i) [Are consistent with sustainable development in the host Party, noting national prerogatives] [Are consistent with the [Sustainable Development Goals] and the sustainable development objectives of the host Party, noting national prerogatives] text from 8 December SBSTA text, paragraph 28(i)(iv));**

(j) [Avoid unilateral measures and discriminatory practices in cooperative approaches;]

**(k) [Are consistent with the Party’s respective obligations on human rights;]**

**(l) [Avoid causing negative social or economic impacts on any Party.]**

The draft text for **Article 6.4 rules, modalities and procedures** (UNFCCC, 2019a) holds more entry points for enhanced sustainable development:

- ▶ Provisions exist for a host country confirmation of a specific activity under Article 6.4 fostering sustainable development in the country (considering that it is a national prerogative) (Section IV on participation responsibilities).

29. [A host Party shall provide to the Supervisory Body its [authorization][approval] of the activity, including: {text based on paragraphs 49 and 50 below}

**(a) Confirmation that the activity fosters sustainable development in the host Party on the basis of its consideration that it is a national prerogative;**

...

- ▶ Also, the text holds elements where Parties in general shall specify how participation in Article 6.4 activities contributes to sustainable development in the country (Section V on rights and responsibilities of host Parties).

**A. Specification of participation**

36. [A host Party shall, prior to authorizing activities, specify to the Supervisory Body, in accordance with these rules, modalities and procedures: (a) [Types of mitigation activities that it intends to authorize pursuant to section VI.C below (Authorization);]

...

**(f) [How the participation in the mechanism contributes to sustainable development of the Party.]]**

- ▶ A draft text exists on safeguards and limits (Section XI), including the consideration of human rights obligations of Parties, as well as on measures to identify and address negative social and economic impacts under Article 6.4 (Section XII).

#### XI. Safeguards and limits

##### Option A

88. Each participating Party shall apply, [as appropriate][as applicable], any safeguards and limits adopted by the CMA in relation to the mechanism. {see cover decision paragraph 7(g) for work programme on safeguards and limits}

##### Option B

89. [Each participating Party shall apply [as appropriate][as applicable], the following safeguards and limits: (a) [Avoid significant fluctuations in prices, quantities and speculative transfers of A6.4ERs in the international market;]

...

**(h) [Be consistent with provisions that ensure that processes for the mechanism assist Parties to respect, promote and consider their respective obligations on human rights;]]**

#### XII. [Addressing negative social and economic impacts under Article 4, paragraph 15 {text from 8 December SBSTA text, paragraph 71}]

91. The Supervisory Body and the secretariat shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of decision 1/CP.21) to address any negative social and economic impacts, especially on developing country Parties, resulting from Article 6, paragraph 4, activities by, inter alia:

**(a) Assessing and identifying negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;**

**(b) Developing, implementing and regularly updating measures to address any negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;**

(c) Regularly sharing relevant information with the forum on the impact of the implementation of response measures in order to support the above activities.]

- ▶ Section VI. on the activity cycle holds text that allows stakeholders to appeal decision of the Supervisory Body or to request a grievance. Also, the Section considers a complaints mechanism for human rights' violations.

#### L. Other processes associated with Article 6, paragraph 4, activities

**72. [Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.]**

**73. [Stakeholders, activity participants and participating Parties may inform the Supervisory Body of complaints relating to the implementation of paragraph 39(e)(v) above.]**

**Article 6.8** as per its definition, refers to non-market-based measures. It may be relevant considering the provision to use Article 6.2 and or 6.4 to MRV support that does not include the transfer of an emission reduction (see Section II.2.(f) below). The draft text for an Article 6.8 work programme (UNFCCC, 2019e) mentions the sustainable development in the context of NMAs in three places; it does however not expand on human rights aspects or safeguards for avoiding negative sustainable development impacts.

- ▶ Section I. of the work programme on the “principles” for guiding the implementation of the framework for NMAs states:

(a) The framework facilitates the use and coordination of NMAs in the implementation of Parties’ nationally determined contributions (NDCs), **in the context of sustainable development and poverty eradication**, and identifies opportunities to enhance linkages and create synergies, inter alia, between mitigation, adaptation, finance, technology development and transfer, and capacity-building;

- ▶ Section II. of the work programme on “Non-market approaches under the framework” mentions:

2. Each NMA under the framework:

...

(e) Promotes **sustainable development and poverty eradication** in participating Parties in accordance with Article 6, paragraph 8;

(f) [Involves a [developed country] Party engaging in a cooperative approach referred to in Article 6, paragraph 2 (hereinafter referred to as a cooperative approach), or an Article 6, paragraph 4, activity referred to in the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 (hereinafter referred to as an Article 6, paragraph 4, activity), being recognized for the finance, technology transfer and/or capacity-building support it contributes in the course of the cooperative approach or Article 6, paragraph 4, activity, if the mitigation outcomes are not transferred and used only by the host [developing country] Party of the cooperative approach or Article 6, paragraph 4, activity towards its NDC. The recognition of the support provided by the [developed country] Party is proportional to the mitigation outcomes retained by the host Party in its engagement in the cooperative approach or Article 6, paragraph 4, activity.] {Some Parties identified a need for refinement for clarity}

- ▶ Section V. on “Work programme activities” for the NMA framework include provisions on developing tools to promote contribution of NMAs to sustainable development, and potentially on quantifying their impacts:

The work programme comprises, inter alia, the following activities, which will be implemented from 2020:

Option A:

(b) Developing and implementing tools, including:

...

(ii) [Tools for addressing possible negative social and economic impacts of activities under Article 6;]

**(iii) Tools for promoting the contribution of NMAs to sustainable development and poverty eradication.**

**Option B:**

(d) Activities for implementing the opportunities:

(i) Developing and implementing tools, including:

**c. Tools for measuring and monitoring the implementation of NMAs in terms of their contribution to sustainable development and poverty eradication;**

## **C Annex III: Suggested text for enhancing sustainable development under Article 6 after SB50**

We subsequently reflect the texts for the Article 6.2 guidance and the Article 6.4 rules, modalities and procedures, as well as the work programme for Article 6.8 developed at SB50 in June 2019, and recommend amendments for an enhanced promotion of sustainable development. The grey highlighted text represents the respective negotiation text, with the relevant passages on sustainable development being marked bold.

## Article 6.2 Guidance

Description / SB50 text	Recommendation / Suggested amendments
<p>[The Conference of the Parties serving as the meeting of the Parties to the Paris agreement,</p> <p><i>Recalling</i> Article 2 of the Paris Agreement and decision 1/CP.21  <i>Also recalling</i> Article 6 of the Paris Agreement and decision 1/CP.21, paragraph 36.</p>	<p><i>Recalling</i> the Preamble to the Paris Agreement especially with respect to the intrinsic relationship that climate change action, responses, and impacts have with equitable access to sustainable development and eradication of poverty and that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights.</p>
<p>The option to supersede the Article 13 decision on reporting would certainly weaken the transparency of sustainable development assessment under Article 6.2 measures:</p> <p><b>Original text:</b></p> <p>2. [Decides that <b>this guidance supercedes decision 18/CMA.1, paragraph 77(d);</b>]</p>	<p>Under 18/CMA.1, paragraph 77(d) Parties are invited to report on how cooperative approaches they engage in promote sustainable development.</p> <p>If this provision is superseded, this could potentially weaken the information that Parties need to report in this regard.</p> <p>It is therefore recommended to delete this paragraph, as an overruling of decision 18/CMA.1, paragraph 77(d) would weaken the transparency for sustainable development impact assessment. Ideally</p> <p><b>Recommended amendment:</b></p> <p><del>2. Decides that <b>this guidance supercedes decision 18/CMA.1, paragraph 77(d);</b>]</del></p> <p><b>Complementary text option:</b></p> <p><b><u>2. Decides that concerning decision 18/CMA.1, paragraph 77(d);. the information on how each cooperative approach promotes sustainable development and ensures environmental integrity shall be provided through the use of robust indicators, that are to be further specified in the work programme.</u></b></p>
<p>The draft decision text holds options on safeguards with suggested text on avoidance of environmental and social impacts and consideration of human rights in the context of applying cooperative approaches:</p> <p><b>Original text:</b></p> <p>4. [Requests the SBSTA to undertake the following work, on the basis of the annex, to develop a draft decision on the [remaining] guidance on cooperative approaches referred to in Article 6, paragraph 2, for consideration and adoption by the CMA at its third session, as an integral part of the guidance:          ...</p>	<p>The respective texts should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p><b>(xii) [Implementation of approaches carried out under Article 6 should provide for an environmental and social assessment for every proposed project and programme].</b></p> <p><b><u>(xiii) [Use of Article 6 should address positive sustainable development impacts as per the interpretation of the host country Party, by using appropriate indicators, as further specified in the work programme.]</u></b></p>



<p><u>Option A</u> {Section XI of the Annex text and maintaining safeguards and limits in the cover decision as a work programme}}</p> <p>(l) [Safeguards and limits, including consideration of the following:  <b>(xi) [Use of Article 6 should not lead to other environmental and social impacts, and should respect human rights in its application.]</b></p> <p><u>Option B</u> {See section XI in the Annex, where Option B sets out the safeguards and limits in the Annex}</p>	
<p>Related to the above, text can be found in section XI. of the guidance on safeguards and limits.</p> <p><b>Original text:</b></p> <p><b>XI. Safeguards and limits</b></p> <p><u>Option A</u>  59. Each participating Party shall apply, [as appropriate][as applicable], any safeguards and limits adopted by the CMA in relation to cooperative approaches referred to in Article 6, paragraph 2 {See cover decision paragraph 2(j) for work programme on safeguards and limits}.</p> <p><u>Option B</u> {return of safeguards and limits under a work programme from the cover decision to the Annex}  60. [Each participating Party shall apply[, as applicable,] the following safeguards and limits:  ...  <b>(l) [Use of Article 6 should not lead to other environmental and social impacts, and should respect human rights in its application.]</b></p>	<p>The respective texts should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p><b><u>(m) [Use of Article 6 should address positive sustainable development impacts as per the interpretation of the host country Party, by using appropriate indicators, as further specified in the work programme.]</u></b></p>
<p>Section VII. of the guidance on reporting lists potential reporting obligations of Parties. The suggestions include provisions on sustainable development in the regular information submitted in the respective biennial transparency reports (item B “Regular information”). Suggestions foresee that cooperative approaches do not result in environmental harm, are consistent with Party’s respective obligations on human rights, or avoid causing of negative social or economic impacts. In addition, consistency of cooperative approaches with the sustainable development objectives of a Party or the SDGs are mentioned, always considering a Party’s national prerogative.</p> <p><b>Original text:</b></p> <p><u>B. Regular information</u> {Some Parties identified a need for refinement to avoid duplication of information with other reporting obligations}</p>	<p>The respective texts should be amended as follows. The statement (l) needs to be regarded also in the light of the section XIV. on negative social and economic impacts (“response measures”).</p> <p><b>Amended text option:</b></p> <p>Each participating Party shall also submit <del>f</del>, as part of its biennial transparency reports pursuant to decision 18/CMA.1}, <b>and by using appropriate indicators</b>, the following <del>[qualitative]</del> information in relation to how the cooperative approaches in which it participates:</p> <p>...  (f) Apply safeguards pursuant to section XI above (Safeguards and limits);</p>

<p>Each participating Party shall also submit[, as part of its biennial transparency reports pursuant to decision 18/CMA.1] the following [qualitative] information in relation to how the cooperative approaches in which it participates:</p> <p>...</p> <p><b>(f) Apply safeguards pursuant to section XI above (Safeguards and limits);</b>  <b>(g) [Do not result in environmental harm;]</b>  <b>(h) Address any risks of conflict with other environment-related aspects;</b>  <b>(i) [Are consistent with sustainable development in the host Party, noting national prerogatives] [Are consistent with the [Sustainable Development Goals] and the sustainable development objectives of the host Party, noting national prerogatives] text from 8 December SBSTA text, paragraph 28(i)(iv));</b>  (j) [Avoid unilateral measures and discriminatory practices in cooperative approaches;]  <b>(k) [Are consistent with the Party’s respective obligations on human rights;]</b>  <b>(l) [Avoid causing negative social or economic impacts on any Party.]</b></p>	<p>(g) <del>{Are in keeping with human rights obligations and do not result in neither environmental nor social harm;}</del>  (h) Address any risks of conflict with other environment-related aspects;  (i) <del>{Are consistent with sustainable development in the host Party, noting national prerogatives} [Are consistent with the [Sustainable Development Goals] and the sustainable development objectives of the host Party, noting national prerogatives];</del>  <b>Promote sustainable development; and ensures environmental integrity and transparency, noting national prerogatives;</b>  (j) [Avoid unilateral measures and discriminatory practices in cooperative approaches;]  (k) <del>{Are consistent with the Party’s respective obligations on human rights;}</del>  (l) <del>{Avoid causing negative social or economic impacts on any Party.}</del></p> <p>Insert before number 41.</p> <p><b>When reporting as per paragraph 40. above, each participating Party in their initial reports should include indicators that are intended to be used.</b></p>
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**Article 6.4 Rules, modalities and procedures**

Description / SB50 text	Recommendation / Suggested amendments
<p>The decision refers to provisions on an appeals and grievance process, as well as human rights.</p> <p><b>Original text:</b></p> <p>7. [Requests the SBSTA to undertake further work to develop the [remaining] provisions of the rules, modalities and procedures for the mechanism with regard to the following elements, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its third session (November 2020) as an integral part of the rules, modalities and procedures for the mechanism:</p> <p>(e) Provisions for the implementation of the right to <b>appeal and the grievance process</b> as set out in section VI.K of the annex (Other processes associated with Article 6, paragraph 4, activities);</p> <p>(f) [Provisions that ensure that processes for the mechanism assist Parties to respect, promote and consider their <b>respective obligations on human rights</b> pursuant to section VI.K of the annex (Other processes associated with Article 6, paragraph 4, activities);]</p>	<p>The respective text should ideally be retained, and can be complemented (see recommendation below on the Section VI of the rules, modalities and procedures).</p>

<p>Provisions exist for a host country confirmation of a specific activity under Article 6.4 fostering sustainable development in the country (considering that it is a national prerogative) (Section IV on participation responsibilities).</p> <p><b>Original text:</b></p> <p>29. [A host Party shall provide to the Supervisory Body its [authorization][approval] of the activity, including: {text based on paragraphs 49 and 50 below}]</p> <p><b>(a) Confirmation that the activity fosters sustainable development in the host Party on the basis of its consideration that it is a national prerogative;</b></p> <p>...</p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>(a) Confirmation that the activity fosters sustainable development in the host Party <b>through the use of appropriate indicators and</b> on the basis of its consideration that it is a national prerogative;</p> <p>...</p>
<p>The SB 50 text holds elements where Parties in general shall specify how participation in Article 6.4 activities contributes to sustainable development in the country (Section V on rights and responsibilities of host Parties).</p> <p><b>Original text:</b></p> <p>A. Specification of participation</p> <p>36. [A host Party shall, prior to authorizing activities, specify to the Supervisory Body, in accordance with these rules, modalities and procedures:</p> <p>...</p> <p><b>(f) [How the participation in the mechanism contributes to sustainable development of the Party.]</b></p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>(f) [How the participation in the mechanism contributes to sustainable development of the Party <b>through the use of appropriate indicators.</b>]</p>
<p>Draft text exists on safeguards and limits (Section XI), including the consideration of human rights obligations of Parties, as well as on measures to identify and address negative social and economic impacts under Article 6.4 (Section XII).</p> <p><b>Original text:</b></p> <p><u>XI. Safeguards and limits</u></p> <p>Option A</p> <p>88. Each participating Party shall apply, [as appropriate][as applicable], any safeguards and limits adopted by the CMA in relation to the mechanism. {see cover decision paragraph 7(g) for work programme on safeguards and limits}</p> <p>Option B</p> <p>89. [Each participating Party shall apply [as appropriate][as applicable], the following safeguards and limits:</p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p><u>XII. [Addressing negative social and economic impacts under Article 4, paragraph 15 {text from 8 December SBSTA text, paragraph 71}</u></p> <p>91. The Supervisory Body and the secretariat shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of decision 1/CP.21) to address any negative social and economic impacts, especially on developing country Parties, resulting from Article 6, paragraph 4, activities by, inter alia:</p> <p>(a) Assessing and identifying negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities, <b>by using appropriate indicators;</b></p>

<p>...</p> <p><b>(h) [Be consistent with provisions that ensure that processes for the mechanism assist Parties to respect, promote and consider their respective obligations on human rights;]]</b></p> <p><u>XII. [Addressing negative social and economic impacts under Article 4, paragraph 15 (text from 8 December SBSTA text, paragraph 71)</u></p> <p>91. The Supervisory Body and the secretariat shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of decision 1/CP.21) to address any negative social and economic impacts, especially on developing country Parties, resulting from Article 6, paragraph 4, activities by, inter alia:</p> <p><b>(a) Assessing and identifying negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;</b>  <b>(b) Developing, implementing and regularly updating measures to address any negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;</b></p> <p>(c) Regularly sharing relevant information with the forum on the impact of the implementation of response measures in order to support the above activities.]</p>	<p>(b) Developing, implementing and regularly updating measures to address any negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities, <b>and including through respective safeguards such as an environmental and social assessment for each project or programme implemented;</b></p>
<p>Section VI. on the activity cycle holds text that allows stakeholders to appeal decision of the Supervisory Body or to request a grievance. Also, the Section considers a complaints mechanism for human rights' violations.</p> <p>L. Other processes associated with Article 6, paragraph 4, activities</p> <p><b>72. [Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.]</b></p> <p><b>73. [Stakeholders, activity participants and participating Parties may inform the Supervisory Body of complaints relating to the implementation of paragraph 39(e)(v) above.]</b></p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>L. Other processes associated with Article 6, paragraph 4, activities</p> <p>72. {Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.}</p> <p>73. {Stakeholders, activity participants and participating Parties may inform the Supervisory Body of complaints relating to the implementation of paragraph 39(e)(v) above.}</p> <p><b>include after 73.:</b></p> <p><b>74. Stakeholders, activity participants and participating Parties shall be consulted before, during and after project implementation through local consultations to gain free, prior, and informed consent according to international best practice standards.</b></p>

## Article 6.8 Work programme

Description / SB50 text	Recommendation / Suggested amendments
<p>Section I. of the work programme on the “principles” for guiding the implementation of the framework for NMAs states:</p> <p><b>Original text:</b></p> <p>(a) The framework facilitates the use and coordination of NMAs in the implementation of Parties’ nationally determined contributions (NDCs), <b>in the context of sustainable development and poverty eradication</b>, and identifies opportunities to enhance linkages and create synergies, inter alia, between mitigation, adaptation, finance, technology development and transfer, and capacity-building;</p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>(a) The framework facilitates the use and coordination of NMAs in the implementation of Parties’ nationally determined contributions (NDCs), in the context of sustainable development and poverty eradication, <b>to be demonstrated by applying appropriate measures such as indicators which are in line with provisions developed under Article 6.2 and 6.4</b>, and identifies opportunities to enhance linkages and create synergies, inter alia, between mitigation, adaptation, finance, technology development and transfer, and capacity-building;</p>
<p>Section II. of the work programme on “Non-market approaches under the framework” mentions:</p> <p><b>Original text:</b></p> <p>2. Each NMA under the framework: ... (e) Promotes <b>sustainable development and poverty eradication</b> in participating Parties in accordance with Article 6, paragraph 8; (f) [Involves a [developed country] Party engaging in a cooperative approach referred to in Article 6, paragraph 2 (hereinafter referred to as a cooperative approach), or an Article 6, paragraph 4, activity referred to in the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 (hereinafter referred to as an Article 6, paragraph 4, activity), being recognized for the finance, technology transfer and/or capacity-building support it contributes in the course of the cooperative approach or Article 6, paragraph 4, activity, if the mitigation outcomes are not transferred and used only by the host [developing country] Party of the cooperative approach or Article 6, paragraph 4, activity towards its NDC. The recognition of the support provided by the [developed country] Party is proportional to the mitigation outcomes retained by the host Party in its engagement in the cooperative approach or Article 6, paragraph 4, activity.] {Some Parties identified a need for refinement for clarity}</p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>2. Each NMA under the framework: ... (e) Promotes sustainable development and poverty eradication in participating Parties in accordance with Article 6, paragraph 8, <b>and in accordance with provisions made under Article 6.2 and 6.4 for quantification of sustainable development impacts;</b> (f) [Involves a [developed country] Party engaging in a cooperative approach referred to in Article 6, paragraph 2 (hereinafter referred to as a cooperative approach), or an Article 6, paragraph 4, activity referred to in the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 (hereinafter referred to as an Article 6, paragraph 4, activity), being recognized for the finance, technology transfer and/or capacity-building support it contributes in the course of the cooperative approach or Article 6, paragraph 4, activity, if the mitigation outcomes are not transferred and used only by the host [developing country] Party of the cooperative approach or Article 6, paragraph 4, activity towards its NDC. The recognition of the support provided by the [developed country] Party is proportional to the mitigation outcomes retained by the host Party in its engagement in the cooperative approach or Article 6, paragraph 4, activity.] {Some Parties identified a need for refinement for clarity}</p>
<p>Section V. on “Work programme activities” for the NMA framework include provisions on developing tools to promote contribution of NMAs to sustainable development, and potentially on quantifying their impacts:</p> <p><b>Original text:</b></p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>The work programme comprises, inter alia, the following activities, which will be implemented from 2020:</p>

<p>The work programme comprises, inter alia, the following activities, which will be implemented from 2020:</p> <p><u>Option A:</u>                  (b) Developing and implementing tools, including:                  ...                  (ii) [Tools for addressing possible negative social and economic impacts of activities under Article 6;]                  (iii) <b>Tools for promoting the contribution of NMAs to sustainable development and poverty eradication.</b></p> <p><u>Option B:</u>                  (d) Activities for implementing the opportunities:                  (i) Developing and implementing tools, including:                  c. <b>Tools for measuring and monitoring the implementation of NMAs in terms of their contribution to sustainable development and poverty eradication;</b></p>	<p><u>Option A:</u>                  (b) Developing and implementing tools, including:                  ...                  (ii) [Tools for addressing possible negative social and economic impacts of activities under Article 6;]                  (iii) Tools for promoting the contribution of NMAs to sustainable development and poverty eradication <b>in accordance with the work programme of Article 6.2 and 6.4.</b></p> <p><u>Option B:</u>                  (d) Activities for implementing the opportunities:                  (i) Developing and implementing tools, including:                  c. Tools for measuring and monitoring the implementation of NMAs in terms of their contribution to sustainable development and poverty eradication, <b>in accordance with the work programme of Article 6.2 and 6.4. and the respective provisions for the use of quantitative impact assessment.</b></p>
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## D Annex IV: Status of sustainable development and safeguards in the Article 6 texts after COP25

(Emphasis added in **bold** print.)

### 6.2 guidance:

Compared to the draft text of SB 50, the CMA2 draft text on the **Article 6.2 guidance** (UNFCCC, 2019b) is further watered down with respect to sustainable development. The promotion of sustainable development and the avoidance of any negative impacts on sustainable development do not play a prominent role in the CMA2 draft text at all. Also, the CMA2 draft does not refer to a work programme directly.

- ▶ No provisions on safeguards (avoidance of negative environmental or social effects and/or on human rights) are in place anymore.
- ▶ At the same time, an option to supersede the Article 13 decision on reporting has disappeared, which is good.
- ▶ The sole reference to sustainable development is made in the context of reporting (section IV, 22.(g)) in accordance with decision 18/CMA.1. Here, the reporting section of the guidance still holds a paragraph on biennial reporting (via BTRs) concerning the consistency of a cooperative approach with the sustainable development objectives of the host Party (noting national prerogatives).

22. Each participating Party shall also include, in its biennial transparency reports submitted in accordance with decision 18/CMA.1, the following information on how each cooperative approach in which it participates:

...

**(g) Is consistent with the sustainable development objectives of the host Party, noting national prerogatives;**

The CMA2 draft text for **Article 6.4 rules, modalities and procedures** (UNFCCC, 2019c) does not deviate significantly from the SBSTA 50 draft text, apart from human rights not being mentioned.

- ▶ The draft text of CMA2 retains the safeguarding provisions of the previous SBSTA 50 draft in the decision text. Here, it still has a reference on a right of appeal / grievance process.

8. Also requests the Subsidiary Body for Scientific and Technological Advice to develop, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session, draft decisions on the implementation of the rules, modalities and procedures for the mechanism in relation to the following:

...

**(e) The right of appeal and the grievance process as set out in chapter V.L of the annex (Other processes associated with Article 6, paragraph 4, activities);**

The respective section in the rules, modalities and procedures in the Annex reads:

L. Other processes associated with Article 6, paragraph 4, activities

**59. Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.**

- ▶ The draft rules, modalities and procedures for Art 6.4 mention sustainable development in the section IV. on participation responsibilities, where it states that Parties have to state publicly how the participation in the mechanism contributes to sustainable development (noting national prerogatives).

26. Each Party hosting Article 6, paragraph 4, activities (hereinafter referred to as a host Party) shall, prior to participating in the mechanism, ensure that:

...

**(d) It has indicated publicly how its participation in the mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative;**

- ▶ In the section V. on the activity cycle, host country Parties are requested to confirm that an activity under the mechanism contributes to sustainable development in the country and provide information on how this is achieved (section V.C on Approval and authorization).

The host Party shall provide to the Supervisory Body the approval of the activity prior to a request for registration. The approval shall include:

**(a) Confirmation that and information on how the activity fosters sustainable development in the host Party;**

- ▶ While provisions on ensuring human rights in the context of activities under the mechanism are absent, text on avoidance of negative environmental and social effects through activities under the mechanism is included in the section on activity design (section V.A.).

31. The activity:

...

(d) Shall also:

...

**(iii) Avoid negative environmental and social impacts;**

The draft CMA2 text for **Article 6.8 on non-market mechanisms** (UNFCCC, 2019d) only mentions that activities under Article 6.8 shall be in the context of and contribute to sustainable development and poverty eradication in the participating Parties (work programme section I. and II.). How exactly this contribution would look like and be ensured will have to be subject of the work programme to spell out.

1. The following principles, in addition to the elements reflected in Article 6, paragraphs 8–9, and decision 1/CP.21, paragraph 39, guide the implementation of the framework for non-market approaches (NMAs) referred to in Article 6, paragraph 9, (hereinafter referred to as the framework) and the work programme under the framework referred to in decision 1/CP.21, paragraph 39 (hereinafter referred to as the work programme):

(a) The framework:

**(i) Facilitates the use and coordination of NMAs in the implementation of Parties' nationally determined contributions (NDCs) in the context of sustainable development and poverty eradication;**

2. Each NMA facilitated under the framework, in the context of Article 6, paragraph 8:

...



(b) Assists participating Parties in implementing their NDCs in an integrated, holistic and balanced manner including through, inter alia:

...

**(ii) Contribution to sustainable development and poverty eradication in participating Parties.**

## **E Annex V: Suggested text for enhancing sustainable development under Article 6 after COP25**

The following tables reflect the texts for the Article 6.2 guidance and the Article 6.4 rules, modalities and procedures, as well as the work programme for Article 6.8 that were further elaborated at SBSTA 51 and CMA2 in December 2019 in Madrid. Each table provides recommendations and or text amendments for an enhanced promotion of sustainable development. The grey highlighted text represents the respective negotiation text, with the relevant passages on sustainable development being marked bold.

## Article 6.2 Guidance

Description / CMA2 text	Recommendation / Suggested amendments
<p>In the draft <b>Article 6.2 guidance</b> (UNFCCC, 2019b) of CMA2 the promotion of sustainable development and the avoidance of any negative impacts on sustainable development do not play a prominent role. Also, the CMA2 draft does not refer to a work programme directly.</p>	<p>The promotion of sustainable development and the avoidance of any negative impacts on sustainable development must be placed more prominently in the guidance. Developing a work programme would be a good opportunity to further elaborate this.</p>
<p>No provisions on safeguards (avoidance of negative environmental or social effects and/or on human rights) are in place anymore.</p>	<p>Provisions on safeguards with text on avoidance of environmental and social impacts and consideration of human rights in the context of applying cooperative approaches should be included.</p> <p><b>Complementary text option for a new safeguard section in the guidance:</b></p> <p><b>Implementation of approaches carried out under Article 6 should provide for an environmental and social assessment for every proposed project and programme.</b></p> <p><b><u>Use of Article 6 should address positive sustainable development impacts as well as provisions on safeguards for the avoidance of negative environmental or social effects and on human rights, as per the interpretation of the host country Party, by using appropriate indicators (as further specified in a work programme). This may be informed by approaches taken by other financial instruments under the Convention in this regard, such as the Green Climate Fund or the Adaptation Fund.</u></b></p>
<p>An option to supersede the Article 13 decision on reporting has disappeared, which is good.</p>	<p>It is good that the provision to supersede decision 18/CMA.1, paragraph 77(d) has disappeared from the text. In future text iterations a strong link with the reporting under the transparency framework should be ensured.</p>
<p>The sole reference to sustainable development is made in the context of reporting (section IV, 22.(g)) in accordance with decision 18/CMA.1. Here, the reporting section of the guidance holds a paragraph on biennial reporting (via BTRs) concerning the consistency of a cooperative approach with the sustainable development objectives of the host Party (noting national prerogatives).</p> <p><b>Original text:</b></p> <p>22. Each participating Party shall also include, in its biennial transparency reports submitted in accordance with decision 18/CMA.1, the following information on how each cooperative approach in which it participates:</p> <p>...</p> <p><b>(g) Is consistent with the sustainable development objectives of the host Party, noting national prerogatives;</b></p>	<p>Ensuring the compliance of cooperative approaches with the sustainable development objectives of a host Party is important. At the same time, there is no reference to any international definition of sustainable development.</p> <p><b>Amended text option:</b></p> <p>22. Each participating Party shall also include, in its biennial transparency reports submitted in accordance with decision 18/CMA.1, <b>and by using appropriate indicators</b>, the following information on how each cooperative approach in which it participates:</p> <p>...</p> <p><b>(g) Is consistent with the Sustainable Development Goals and the sustainable development objectives of the host Party, noting national prerogatives;</b></p> <p>Each participating Party in their initial reports should include indicators that are intended to be used.</p>

## Article 6.4 Rules, modalities and procedures

Description / CMA2 text	Recommendation / Suggested amendments
<p>The CMA2 draft text for <b>Article 6.4 rules, modalities and procedures</b> (UNFCCC, 2019c) does not deviate significantly from the SBSTA 50 draft text, apart from human rights not being mentioned.</p>	<p>Provisions on human rights should be included in a safeguards context.</p>
<p>The draft text of CMA2 retains the safeguarding provisions of the previous SBSTA 50 draft in the decision text. Here, it still has a reference on a right of appeal / grievance process. The same is included in the rules, modalities and procedures in section V.L on other processes</p> <p><b>Original text:</b></p> <p><b>Decision text:</b></p> <p>8. Also requests the Subsidiary Body for Scientific and Technological Advice to develop, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session, draft decisions on the implementation of the rules, modalities and procedures for the mechanism in relation to the following:</p> <p>...</p> <p><b>(e) The right of appeal and the grievance process as set out in chapter V.L of the annex (Other processes associated with Article 6, paragraph 4, activities);</b></p> <p><b>Annex text:</b></p> <p>L. Other processes associated with Article 6, paragraph 4, activities</p> <p><b>59. Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.</b></p>	<p>The respective text should ideally be retained.</p>
<p>The draft rules, modalities and procedures for Art 6.4 mention sustainable development in the section IV. on participation responsibilities, where it states that Parties have to state publicly how the participation in the mechanism contributes to sustainable development (noting national prerogatives).</p> <p><b>Original text:</b></p> <p>26. Each Party hosting Article 6, paragraph 4, activities (hereinafter referred to as a host Party) shall, prior to participating in the mechanism, ensure that:</p> <p>...</p> <p><b>(d) It has indicated publicly how its participation in the mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative;</b></p>	<p>The respective text should ideally be retained.</p>

<p>In the section V. on the activity cycle, host country Parties are requested to confirm that an activity under the mechanism contributes to sustainable development in the country and provide information on how this is achieved (section V.C on Approval and authorization).</p> <p><b>Original text:</b></p> <p>The host Party shall provide to the Supervisory Body the approval of the activity prior to a request for registration. The approval shall include:</p> <p><b>Confirmation that and information on how the activity fosters sustainable development in the host Party;</b></p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>The host Party shall provide to the Supervisory Body the approval of the activity prior to a request for registration. The approval shall include:</p> <p>Confirmation that and information on how the activity fosters sustainable development in the host Party, <b>based on appropriate indicators;</b></p>
<p>While provisions on ensuring human rights in the context of activities under the mechanism are absent, text on avoidance of negative environmental and social effects through activities under the mechanism is included in the section on activity design (section V.A.).</p> <p><b>Original text:</b></p> <p>31. The activity: ... (d) Shall also: ... <b>(iii) Avoid negative environmental and social impacts;</b></p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p> <p>31. The activity: ... (d) Shall also: ... <b>(iii) Avoid negative environmental and social impacts, demonstrated inter alia through the use of appropriate indicators;</b> <b>(iv) Respect and wherever possible promote human rights of concerned stakeholders;</b> <b><u>(v) This may be informed by approaches taken by other financial instruments under the Convention in this regard, such as the Green Climate Fund or the Adaptation Fund.</u></b></p>

### Article 6.8 Work programme

Description / CMA2 text	Recommendation / Suggested amendments
<p>The draft CMA2 text for <b>Article 6.8 on non-market mechanisms</b> (UNFCCC, 2019d) only mentions that activities under Article 6.8 shall be in the context of and contribute to sustainable development and poverty eradication in the participating Parties (work programme section I. and II.). How exactly this contribution would look like and be ensured will have to be subject of the work programme to spell out.</p>	<p>Any elaborations of the draft CMA2 text on Article 6.8 in the context of enhancing sustainable development should be made consistent with provisions under Article 6.2 and 6.4, for instance concerning the use of indicators.</p>
<p><b>Original text:</b></p> <p>1. The following principles, in addition to the elements reflected in Article 16, paragraphs 8–9, and decision 1/CP.21, paragraph 39, guide the implementation of the framework for</p>	<p>The respective text should ideally be retained, and can be complemented as follows:</p> <p><b>Complementary text option:</b></p>

<p>non-market approaches (NMAs) referred to in Article 6, paragraph 9, (hereinafter referred to as the framework) and the work programme under the framework referred to in decision 1/CP.21, paragraph 39 (hereinafter referred to as the work programme):</p> <p>(a) The framework:</p> <p><b>(ii) Facilitates the use and coordination of NMAs in the implementation of Parties' nationally determined contributions (NDCs) in the context of sustainable development and poverty eradication;</b></p> <p>2. Each NMA facilitated under the framework, in the context of Article 6, paragraph 8:</p> <p>...</p> <p>(b) Assists participating Parties in implementing their NDCs in an integrated, holistic and balanced manner including through, inter alia:</p> <p>...</p> <p><b>(ii) Contribution to sustainable development and poverty eradication in participating Parties.</b></p>	<p>...</p> <p>(a) The framework:</p> <p>(ii) Facilitates the use and coordination of NMAs in the implementation of Parties' nationally determined contributions (NDCs) in the context of sustainable development and poverty eradication, <b>to be demonstrated by applying appropriate measures such as indicators which are in line with provisions developed under Article 6.2 and 6.4;</b></p> <p>2. Each NMA facilitated under the framework, in the context of Article 6, paragraph 8:</p> <p>...</p> <p>(b) Assists participating Parties in implementing their NDCs in an integrated, holistic and balanced manner including through, inter alia:</p> <p>...</p> <p>(ii) Contribution to sustainable development and poverty eradication in participating Parties, <b>in accordance with provisions made under Article 6.2 and 6.4 for quantification of sustainable development impacts.</b></p>
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## F Annex VI: Work programme elements for promoting sustainable development under Article 6

Parties may defer the further specification of the guidance for Article 6.2, as well as the rules, modalities and procedures for activities under Article 6.4 to a work programme for SBSTA.

In terms of further advancing and elaborating on the aspect of promoting sustainable development under Article 6 activities, this work programme can identify how indicators and safeguards should be formulated and operationalised. Also, the issue of how Article 6 measures can comply with the reporting provisions under the modalities, procedures and guidelines for the transparency framework for action and support (Article 13) concerning information on how each cooperative approach promotes sustainable development, can be further discussed under such a work programme.

Proposed text in cover decisions in Article 6.2 and 6.4 for accommodating the promotion of sustainable development in a work programme could be:

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

[...]

*[Requests the SBSTA to develop a work programme to assist Parties with the further specification of the guidance for Article 6.2 / the rules, modalities and procedures for activities under Article 6.4, including:*

*(a) Further provisions on the aspect of promoting sustainable development under Article 6 activities, including on the quantitative and qualitative demonstration of sustainable development impacts and the respective reporting approaches in the modalities and procedures under Article 13 decision 18 CMA.1, paragraph 77(d).]*

*(b) ...*

Typical elements of a work programme under the UNFCCC comprise **definitions** and **principles, governance aspects** as well as **modalities** and **activities**. While it is unclear how exactly a potential Article 6.2 and 6.4 work programme would be structured, these elements can be anticipated to be included in the programme. We subsequently provide reflections for the elements “definitions and principles” and the “modalities and activities” on how they can be designed for promoting sustainable development accordingly.

**Definitions and Principles:** The work programme will need to create a common understanding amongst Parties on the basic principles of certain Article 6 activities (both 6.2 and 6.4) that still require clarification. In terms of the promotion of sustainable development, a common understanding should be derived of how positive and negative sustainable development impacts can be assessed. This may include the definition of what positive and negative impacts are. A relation to the universally agreed UN Sustainable Development Goals may be useful at this stage. Relevant questions to address here are inter alia:

- ▶ *How can the UN Sustainable Development Goals contribute to developing a common understanding and approach amongst Parties concerning the promotion of sustainable development?*

- ▶ *How can positive sustainable development impacts be defined, and how can they be assessed? Which role can safeguards and indicators play in this regard?*
- ▶ *How can negative sustainable development impacts be defined, and how can they be assessed? Which role can safeguards and indicators play in this regard?*
- ▶ *Shall sustainable development impacts be demonstrated in a qualitative or quantitative way?*

**Modalities and activities:** Typical formats applied under UNFCCC work programmes comprise regular meetings, Party and observer submissions, technical workshops, technical papers, or the development of specific implementation (web-)tools. This could help develop a common understanding among participants, reflect on lessons learned in the past, identify examples of best practice, or case studies to illustrate certain technical issues.

#### ▶ **Regular meetings**

- The promotion of sustainable development should be a dedicated element of the agenda of regular meetings under the work programme in order to underscore the relevance of the issue for Article 6 measures, and to ensure a frequent and prominent consideration of the topic.
  - In these meetings Parties can voice their general views and concerns as well as ideas and experiences in the context of fostering sustainable development.
- ▶ Party and observer submissions on the promotion of sustainable development under Article 6 activities
- Parties would be invited to share their views and concerns on how sustainable development can be fostered under Article 6, in particular on how negative impacts can be avoided, and how positive impacts can be promoted. This includes inputs on the reporting of how cooperative approaches under Article 6 promote sustainable development, or on how the Parties do demonstrate sustainable development inputs under other conventions such as the Agenda 2030 (as well as modes of operationalization such as the role of indicators and safeguards, etc.).
  - A call for submissions could for instance read like:  
*“SBSTA invites Parties to submit their views on the promotion of sustainable development under Article 6.2 / 6.4 in general. Parties are furthermore invited to elaborate more specifically on the means of how positive and negative impacts on sustainable development can be demonstrated in a non-prescriptive way, and on the basis of their consideration that it is a national prerogative.”*

#### ▶ **Technical workshop on the promotion of sustainable development under Article 6 activities**

- A technical (in-session-)workshop can serve as a platform to facilitate more detailed discussions amongst Parties on the issue of promoting sustainable development under Article 6 activities. Here, Parties may share their experiences and approaches and can develop a better understanding of technical issues such as the alignment with the SDGs



in general, monitoring, reporting and verification processes under conventions beyond the UNFCCC, as well as the approaches taken under dedicated programmes and standards, such as for instance the Gold Standard for Global Goals. Workshops can feature presentations from Parties, the Secretariat or external technical experts to further illustrate a certain topic and inform the participants and the discussion accordingly.

- Potential topics for a technical workshop include:
  - *Reflections on lessons learnt in the past, best practice approaches, or case studies concerning the promotion of sustainable development (in the context of market-based approaches).*
  - *Approaches taken by Parties to demonstrate sustainable development on a domestic level, under the Agenda 2030, or in other conventions.*
  - *Approaches taken by other financial instruments under the Convention in this regard, such as the Green Climate Fund or the Adaptation Fund.*
  - *Operationalization of the modalities, procedures and guidelines for the transparency framework for action and support (Article 13) concerning the reporting on how cooperative approaches promote sustainable development.*
  - *Approaches for a quantitative demonstration of sustainable development impacts, including the role of indicators and safeguards.*
  - *Examples from existing standards and programmes for a quantitative demonstration of sustainable development impacts.*
  - *Alignment with the Article 6.8 work programme on issues of promoting sustainable development.*
  - *Reflection of the United Nations Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment in the context of Article 6.4 activities.*

► **Technical papers on the promotion of sustainable development under Article 6 activities**

- Technical papers can be provided by the Secretariat in order to inform the discussion under the work programme in a structured and summarized fashion. Oftentimes these papers include an analytical reflection of Party or observer submissions and identify areas of convergence or dissent. They may also summarize the discussions held at technical workshops.
- Potential topics for a technical paper include:
  - *Summary of Party and observer submissions and the relevant areas of convergence / dissent.*

- *Summary of the discussions held and the inputs provided at technical workshops and analytical reflections in the context of the negotiations under the work programme.*
  - *Operationalization of the modalities, procedures and guidelines for the transparency framework for action and support (Article 13) and the respective implications for reporting on how cooperative approaches promote sustainable development.*
  - *Summary of approaches taken by other financial instruments under the Convention in this regard, such as the Green Climate Fund or the Adaptation Fund.*
- ▶ **Web-tools for the promotion of sustainable development under Article 6 activities**
- Best practice approaches for demonstrating sustainable development inside / outside of the UNFCCC could be illustrated to Parties. Examples could be the approaches of the Gold Standard, as well as the SCAN Tool.  
Any development should be aligned with activities on web-tools under Article 6.8 work programm