

CLARA recommendations for Article 6 of the Paris Agreement

The world's climate, and its biodiversity is in crisis. There is no carbon budget left to continue discussions around 'offsetting' emissions. In light of that, any outcome under Article 6 must achieve real emission reductions while promoting sustainable development, ensuring ecological integrity and avoiding double counting, as well as protecting human rights, the rights of Indigenous Peoples, and gender equality. Based on current negotiations, there is an increasing risk that an Article 6 outcome not properly framed at COP 25 will severely undermine the Paris Agreement and progress toward <1.5°C pathways. The following requirements are fundamental to ensuring the good governance of all activities under Article 6.

CLARA's minimum requirements for Article 6:

1. Adopt robust rights-based social and environmental safeguards for Article 6 activities (6.2, 6.4, 6.8)
2. Not allow the issuance of credits from emission removals, sinks, or avoidance activities (6.2, 6.4)
3. Do not carry-over any units from the Kyoto protocol (markets) after 2020. (6.4)
4. Avoid double counting through corresponding adjustments and transparency (6.2, 6.4)
5. Ensure real reductions by securing Overall Mitigation of Global Emissions (6.2, 6.4)
6. Ensure supervisory bodies are well governed (6.2, 6.4, 6.8)
7. Apply rigorous rules and procedures to non-market mechanisms (6.8)
8. 6.8 should not be used as readiness for future 6.2 and 6.4 activities

1. Adopt robust rights-based social and environmental safeguards for Article 6 activities

Article 6 activities should not reproduce failings of the past, particularly as pertains to rights. Any future Article 6 mechanisms must include the establishment of specific rights-based social and environmental safeguards, establish a grievance mechanism governed by an independent body, and require project proponents to ensure the participation of stakeholders in the design and implementation of any project.

Reasons:

- The Clean Development Mechanism was implemented without civil society involvement, which resulted in projects that negatively impacted local communities and Indigenous Peoples.
- Without proper environmental and social safeguards, activities run the risk of significantly harming local communities, Indigenous Peoples, and their environment.
- Consultation of local communities and Indigenous Peoples, including respecting Indigenous Peoples' right to free, prior, and informed consent is essential. Without this

involvement, projects will not only harm people, but run the risk of facing significant resistance that undermine project sustainability and the ability to deliver on sustainable development.

- Respect for people's human rights and the support and involvement of local communities in the projects are critical to their success.
- The importance of protecting and including Indigenous Peoples rights is also important, because ecosystems protected through Indigenous Peoples territorial rights are proved to be the most efficient way to conserve these ecosystems.
- When people are harmed by climate action, there needs to be an avenue for redress. To be legitimate, this avenue should be, accessible, transparent, equitable, rights-compatible, and independent of the Supervisory Body to avoid any conflict of interest.

2. No credits for emission removals, sinks or 'avoided emissions' (land use)

Forests and land-based ecosystems should not be included in any emissions trading mechanisms under Article 6.2 or 6.4. Forest and ecosystem mitigation through avoiding emissions, emissions reductions and removals should be supported through non-market approaches under Article 6.8, and be additional to the phaseout of fossil fuels. True ambition under the Paris Agreement is based on overall mitigation action. By definition, offsets detract from this goal. The use of impermanent land-based credits to offset fossil fuel use is and remains a dangerous deviation from the long-term goal of the Paris Agreement.

Reasons:

- There is an urgent need to both reduce our emissions substantially AND restore forests and other ecosystems to enhance future carbon stocks. One effort cannot replace the other if we want to keep temperature rise below 1.5°C.
- There is no certainty of permanence of emissions reductions from forests and ecosystems. Past disturbance and degradation of forests around the world, coupled with warming that has occurred already, has led to significant wildfires, as seen in 2019 in Brazil, Indonesia, the USA, and Australia. Current low ambition, and NDCs place the world on a trajectory of potentially 3°C of warming, which in essence, places any carbon traded from forests or ecosystem at very high risk of reversal.
- It is important to recognise carbon sinks and removals as a whole, as these include all ecosystems without distinction which goes beyond REDD+ under current avoided emissions approaches.
- The inclusion of sinks and removals is risking a flooded market, devaluing the price of carbon, and enabling ongoing increases in emissions.
- There is an urgent need to protect, buffer, and restore carbon dense and high biodiverse forests and ecosystems as these rapidly declining natural assets are the most resistant and resilient to drought and fire. Commodification of nature increases the risk these ecosystems will be converted to engineered systems losing their adaptive capacity and resilience.
- The linkages between the biodiversity and climate crisis elevates the importance of improving the protection, restoration, and management of natural ecosystems. Therefore climate action in land, forests, and other ecosystems must protect biodiversity and ecosystem integrity and stability, or it risks escalating premature release of carbon to the

atmosphere. The holistic approach offered by Article 6.8 is the only suitable place for the inclusion of forests, grasslands, and coastal ecosystems.

- Resilient ecosystems and with it more resilient and biodiverse landscapes are key for Indigenous Peoples and land based communities to adapt to increasing climate heating, impacts of extreme weather events like droughts and the loss of water supplies and other life supporting systems for human prosperity.

3. End all Kyoto Protocol markets including any carry-over of credits post-2020

The 'flexible mechanisms' of Kyoto Protocol projects have not generated credible reductions in emissions. Post 2020 projects must lead to genuine emission reductions, which means that no pre-2020 units should be used to meet future NDC targets.

Reasons:

- Using past illegitimate credits will undermine the credibility of ambition in the Paris Agreement.
- Past credits will dramatically weaken the capacity of new markets and crediting mechanisms to deliver on that ambition.
- Previous methodologies for project design, accounting and verification are no longer fit for purpose. New rules are required to ensure emissions reductions are legitimate.
- The rollover of past credits risks contaminating any new market mechanisms with the highly problematic loopholes of the KP.

4. Avoid double counting through corresponding adjustments and transparency

Avoid double counting by applying corresponding adjustments to all credits used, including for purposes other than meeting NDC targets, and establish a publicly accessible international transaction log connected to national registries in order to allow the transparent tracking of all units.

Reasons:

- An accounting system that does not ensure corresponding adjustments will lead to double counting, which will undermine the ambition of the Paris Agreement.
- This must also be done in a transparent manner to ensure accountability.
- Accounting of emission reductions should be accurate and reflect what is released into the atmosphere.

5. Ensure real reductions by securing Overall Mitigation of Global Emissions

Article 6 must deliver emission reductions. Carbon markets under the Kyoto Protocol have resulted in a zero-sum game - shifting emissions around the world instead of reducing them. This is not sufficient in the face of the current climate emergency. Article 6 should deliver an "overall reduction in global emissions", whereby some of the emission reductions generated through the mechanism are not used by any entity to compensate other emissions. For this to be operationalised, an automatic partial cancelation rate should be adopted within the system. Host countries would apply a corresponding adjustment for the full amount of emission reductions achieved, but the buyer country would only be able to use a portion of the credits

towards its target. The remaining portion is cancelled, resulting in emission reductions which are not counted by any entity.

Reasons:

- Article 6 was originally created to make additional emissions reductions and increase ambitions. Any activities under Articles 6.2 and 6.4 must lead to additional reductions via mandatory cancellation of credits.
- Voluntary cancellation of credits does not lead to a mechanism which delivers overall reductions. Voluntary cancellation is already possible today, and does not address the fact that the entire system relies on the zero-sum logic of offsetting.
- The only way to ensure overall mitigation outcome is through cancellation of credits. While some Parties claim that this could be achieved through the adoption of conservative baselines (whereby a host country only issues a portion of credits, not the full amount of emission reductions achieved) this would not deliver an overall reduction because the host Party is still claiming the portion of emission reductions which is not being used to create credits. OMGE requires that some emission reductions are not used by *any* entity.

6. Ensure supervisory bodies are well governed

Past experience with the CDM has shown that not including a broad range of stakeholder interests has led to poor outcomes on the ground, including the displacement of local communities and Indigenous Peoples, and minimal benefits to those most affected by projects. To be legitimate (i.e. credible and effective) entities responsible for registering and monitoring market and non-market emissions reduction activities have to be transparent, accountable, and multi-stakeholder, particularly through inclusion of local communities and Indigenous Peoples.

Reasons:

- Good governance of the institutions responsible for the oversight of emissions reductions projects is as important as ensuring credible implementation on the ground.
- As noted in point 1, the only stakeholders truly qualified to comment on the impacts of proposed activities on the ground are those who live within the affected locality. These people need a voice to ensure their rights are protected, and that benefits flow back to the relevant communities.
- The Supervisory Body itself and any other certifiers or oversight bodies must include and consult representatives of local communities, Indigenous Peoples, and gender.

7. Apply rigorous rules and procedures to non-market mechanisms

A central registry of projects, formal procedures for accreditation, and verification of activities, as well as ongoing monitoring and reporting are all essential to ensure the integrity of non-market activities.

Reasons:

- There is a real danger that loans, grants, subsidies, and other non-market activities aimed at encouraging emissions reductions could fall prey to corruption and

misappropriation if there are no governance arrangements that replicate the requirements expected for emissions trading.

- Social and environmental safeguards are equally applicable to non-market activities as they are to market-based mechanisms.

8. The non-market mechanism is *not* to be used toward carbon-market 'readiness'.

The non-market mechanism should not be linked to Articles 6.2 and 6.4 mechanisms and used for 'carbon market readiness'. No transfers should be included in Article 6.8 mechanisms.

Reasons:

- Carbon market readiness runs counter to Article 6.8's original purpose.
- Article 6.8 should be a place that encourages real reductions, real zero, while implementing sustainable development that respects local and Indigenous Peoples' rights and gender equality.