

Article 6, ADB's Article 6 Support Facility and delivering Sustainable Development



Carbon Market Program 2.0





Article 6.2 of the Paris Agreement

- ❖ “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.”



The JCM and Sustainable Development

- ❖ JCM is a forerunner to Article 6.2 and the only existing example of a project-based international cooperative approach
- ❖ JCM can provide valuable lessons on sustainable development
- ❖ Each JCM project contributes to the sustainable development (SD) impact of the partner countries by delivering a wide variety of co-benefits:
- ❖ **Partner countries can design how to ensure SD with greater flexibility to meet the countries' priority.** E.g. **Mongolia** ensures SD contribution of their projects by requiring:
 - ❖ **JCM Sustainable Development Contribution Plan** (ex-ante evaluation)
 - ❖ Assessment of negative impacts of the project and how to minimize the effect
 - ❖ Assessment of potential contributions to Sustainable Development Goals of the project
 - ❖ **JCM Sustainable Development Contribution Report** (ex-post reporting)

Article 6 Support Facility

The role of pilots

- ❖ Practical experience and testing of approaches is needed for sustainable development
- ❖ ADB recognized the essential role of pilots for Article 6 and established the Article 6 Support Facility
 - ❖ Provides technical, capacity building and policy development support to ADB's developing member countries (DMCs) to help them to prepare for post 2020 carbon markets and **identify, develop and pilot mitigation actions**, under the framework of Article 6 of the Paris Agreement.
 - ❖ Encourage innovation, contribute to achieving a critical mass of expertise, draw lessons from pilot activities, and enhance DMCs' ability to contribute to international negotiations and enhance their preparedness to operationalize Article 6 of the Paris Agreement.
- ❖ Sustainable development is one of the core areas of support



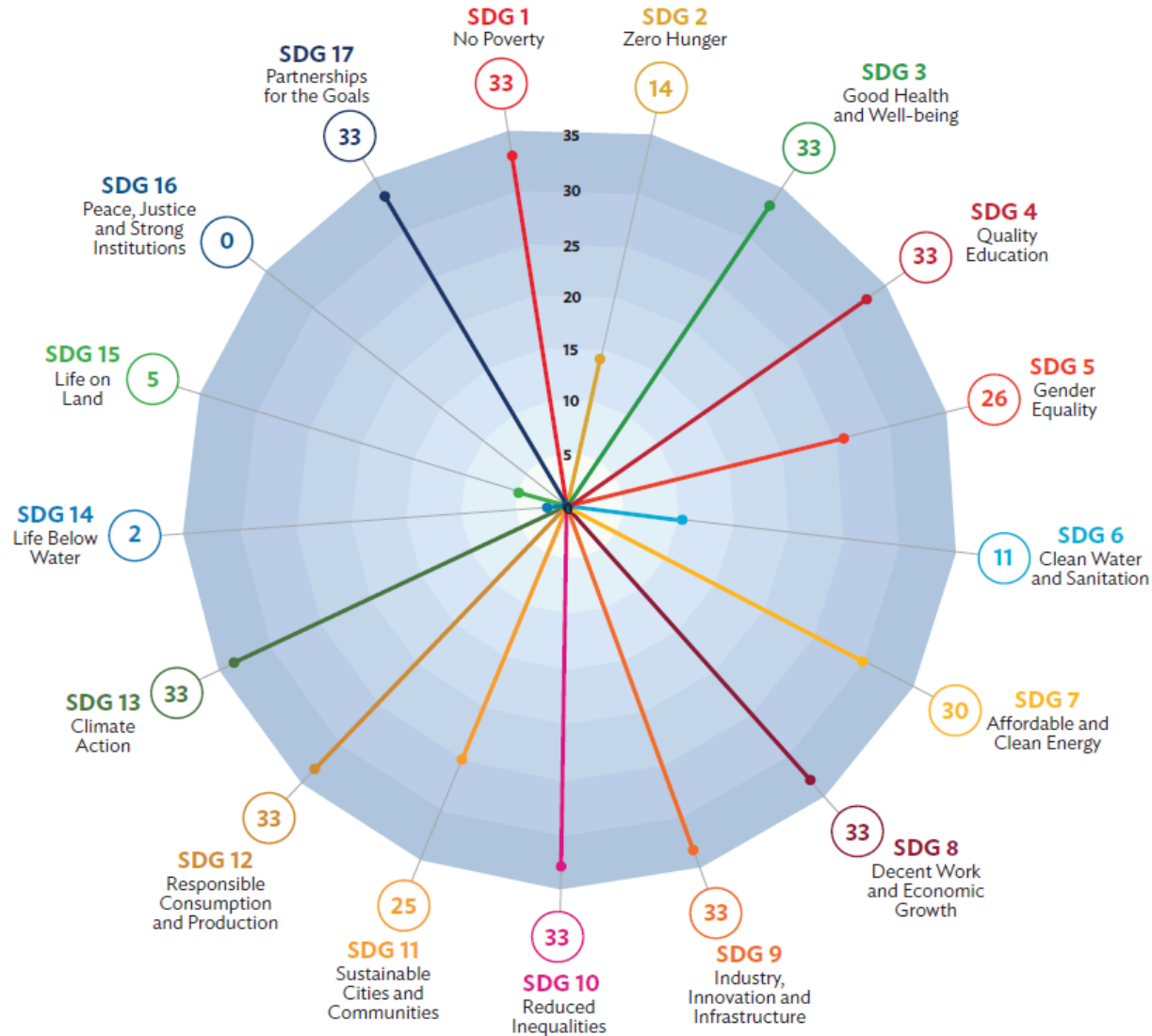


Maximizing the SD Impacts of Article 6

- ❖ Designing and implementing SD policy and priority of the host country
 - ❖ Capacity building support to host countries is required.
 - ❖ Requirements should be communicated transparently
- ❖ Consider standardized approach in assessing SD impacts, which should consider:
 - ❖ Quantitative and qualitative assessment
 - ❖ Assessing both positive and negative impacts
 - ❖ Ex-ante and ex-post assessment
 - ❖ Comprehensive assessment which can be applied to all projects types
- ❖ Promoting transparency
 - ❖ Monitoring Reporting and Verifying



Co-benefits delivered by FCF Projects





Maximizing the SD Impacts of Article 6

- ❖ Consider mandatory SD impact assessment and reporting for Article 6.2
 - ❖ Building the new requirement for Article 6.2 mechanisms
- ❖ Ensure that projects/activities with high SD impacts will be rewarded through incentive mechanism
 - ❖ Through proper disclosure of SD Impact and standardized assessment tool, the new information will be provided to market and mitigation outcomes/activities. With high SD impact will be valued higher by purchasers
 - ❖ Provide further incentive for the implementer to enhance SD impact of their mitigation actions.
- ❖ Creating a clear link with SDG 2030 criteria



Conclusion

- ❖ Although NDC is the primary goal of the host country, there are many potential SD impacts from mitigation actions under Article 6
- ❖ There will be SD impacts generated by article 6.2 activities, including JCM projects, and challenge is how to capture these and embedded required measures within the framework.
- ❖ Important to support host countries to develop their capacity to design and implement SD impact policy/priority, in order to connect Article 6.2 with their national interest and SDG achievement.
- ❖ New mandatory approach need to be adapted for mechanism under article 6.2 to ensure high level of transparency and standardized approach

Thank You