Article 6 is a key element of the Paris Agreement that allows countries to meet their Nationally Determined Contribution (NDC) targets and increase climate ambition through the international transfer and use of mitigation outcomes. Article 6 is particularly important to developing countries as it can not only help countries reduce the total cost of implementation of their NDCs but also potentially advance economic recovery and growth by generating revenue and finance to support investments in low carbon transformation.

In order to participate in the next generation of international carbon markets as envisaged under Article 6 of the Paris Agreement, developing countries need to build capacity and prepare for fulfilling requirements for the operationalization of Article 6 as well as formulate national objectives for participation in international carbon markets. This includes introducing relevant policies, making engagement decisions, and establishing institutions and mandates as well as adopting legislation. Developing countries need to build a robust governance system for the implementation and oversight of mechanisms under Article 6. This entails an accounting and reporting system for the transfer of mitigation outcomes and for tracking progress toward NDC targets, to avoid double counting and to limit the risk of overselling as well as to ensure environmental integrity and sustainable development.

Despite these challenges and the pending finalization of the Article 6 Rulebook, countries in Asia and the Pacific are working to build readiness for engaging with Article 6. ADB, through its Article 6 Support Facility (A6SF), has been supporting its developing member countries in enhancing their capacity to operationalize Article 6 as an integral part of their national climate policy framework to implement their NDCs.

This session will discuss key challenges and opportunities in operationalizing Article 6, such as development of the requisite policy and legal framework and institutional infrastructure. It will discuss the practical issues involved and the need for support that is tailored to each country’s context, highlighting insights and lessons from ADB’s experience.