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Unresolved Issues of Article 6 of the Paris Agreement – Is a Compromise Possible in Glasgow?¹

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Abstract

Article 6 of the Paris Agreement, adopted in 2015, defines three mechanisms that stimulate reduction of greenhouse gas emissions. These are the trading of the results of emission reductions, the implementation of climate projects, and so-called non-market approaches. However, the rules for the application of Article 6 have not been agreed so far. Among the remaining contradictions in the positions of the participating countries are different understandings of approaches to prevent double counting of the results of project activities, mandatory deductions for adaptation purposes, and the transfer of unused carbon units under the Kyoto Protocol.

At the same time, some countries have already initiated pilot projects under Article 6 with the intention that, in the coming years, they will become Article 6 projects.

In November 2021, the 26th United Nations (UN) Climate Conference will be held in Glasgow. The effectiveness of the forum is linked by experts to the completion of Article 6 negotiations. In this article, the main problematic issues in the negotiations are considered and proposals for the Russian position at the upcoming conference are formulated.

Key words: Paris Agreement; Article 6; market and non-market mechanisms; carbon regulation.

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Introduction

In 2015, at the 21st UN climate change conference, the Paris Agreement was adopted. One of the goals of the Agreement is “holding the increase in the global average temperature to well below

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2°C above pre-industrial levels² and pursuing efforts to limit the temperature increase to 1.5°C.”³ Other objectives of the Agreement are improved adaptation and climate finance.

The Paris Agreement provides three mechanisms to facilitate the reduction of greenhouse gas (GHG) emissions, two of which are related to carbon pricing and recall the Kyoto Protocol mechanisms. It is quite a common understanding that joint activities of countries on GHG emission reductions are economically beneficial, since the cost of reduction is different, for example, in developed and developing countries [ISEU, 2012]. During the Kyoto period, a number of developed countries used reductions achieved through their participation in other countries (including in Russia) to fulfil their obligations under the Protocol. Such reductions are called offsets or carbon credits. The potential benefits of these joint international activities under Article 6 of the Paris Agreement are estimated as being up to \$250 billion [Edmonds et al., 2019].

Utilization of Article 6 mechanisms is supposed to be on a voluntary basis (as spelled out in several paragraphs of Article 6). To date, about 90 countries have reported that they plan to use international carbon pricing mechanisms to meet their nationally determined contributions (NDC)⁴ [WBG-Ecofys, 2018]. However, the use of offsets is not the main way to demonstrate conformity with obligations by major emitters. For example, there are no references to Article 6 in the low-carbon development strategies of the European Union (EU), the United States or Germany [UNFCCC Secretariat, n.d.]. Therefore, Article 6 mechanisms are better considered more broadly, including as providing additional business opportunities.

Article 6 negotiations were launched in 2016 and have not yet been completed, while the other decisions of the so-called rule book of the Paris Agreement (the by-laws of the Agreement) were adopted in 2018.

Negotiations on market and non-market approaches were controversial, as evidenced by the appearance of nearly 600 square brackets, which indicate disagreements, in draft decisions prepared in 2019 at the Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) in Madrid [Evans, Gabbatiss, 2019]. Due to the COVID pandemic, COP-26 was postponed to November 2021, and the above-mentioned negotiating texts will be the basis for a new round of negotiations in Glasgow.⁵

The main contradictions in the positions of the participating countries and how Russia's interests might be advanced in the Article 6 negotiations in Glasgow are examined in this article.

Joint Approaches

² Usually, this refers to the period 1850–1900 [IPCC, 2018].

³ Article 2 of the Paris Agreement.

⁴ Nationally determined contributions are the parties' obligations under the Paris Agreement.

⁵ Links to the texts can be found in the UNFCCC decision 9/CMA.2 from 2019 [UNFCCC Secretariat, 2019].

Article 6 is closely related to the concept of carbon pricing, but the words “market,” “carbon unit” or “trade” are not found therein. Instead, more complex wording is used, for example, “internationally transferred mitigation outcomes” or “benefits from mitigation activities resulting in emission reductions.” Such turnover is the cost of the compromise that made possible the adoption of the Paris Agreement in 2015, with the participation of almost 200 official delegations. However, non-market mechanisms are explicitly mentioned in paragraph 8 of Article 6: “The Parties recognize the importance of integrated, holistic and balanced non-market approaches...”.

In the absence of explicit UNFCCC definitions of market and non-market mechanisms, it is possible to adhere to the commonly accepted understanding that market mechanisms are those associated with the monetization (selling) of reductions of emission or an increase in their absorption; non-market mechanisms are not associated with emissions trading, but create incentives in other ways, for example, through taxes, eco-labelling, or technical standards.

Cooperation between countries in these areas is called a “cooperative approach” in the Paris Agreement. In addition to the text of Article 6 itself, the concept of joint approaches is supplemented by several special paragraphs in Decision 1/CP.21 of the COP to the UNFCCC that precede the Paris Agreement [UN, 2016, Decision 1, para. 36–40]. This rather complex design is also a consequence of a compromise.

Article 6 sets out three main mechanisms for international cooperation based on market and non-market approaches. A brief description of them is provided below.

Article 6.2⁶ defines cooperative approaches between countries on a bilateral basis. In other words, emission reduction or absorption measures are implemented in one country, but the results are transferred to another. These results are called “internationally transferred mitigation outcomes” (ITMOs). The host party uses ITMOs in its NDC commitments. This approach is similar to the Kyoto Protocol’s emission trading mechanism and Joint Implementation (JI) Track 1 projects [ADB, 2020]. Track 1 involves the implementation of projects based on international standards, with full compliance of project documentation with the established requirements. JI Track 2 projects are implemented under auspices of the Committee for Supervision of Joint Implementation Projects. About 600 projects were implemented on Track 1 and 50 projects on Track 2 [UNFCCC, n.d.b].

Article 6.2 sets out the requirement to avoid double counting of the results. To this end, guidelines should be adopted “to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their NDC” [UN, 2016, Decision 1, para. 36].

⁶ Commonly used reference in UNFCCC documents and decisions under Article 6 of the Paris Agreement.

Article 6.4 establishes a mechanism to promote the reduction of GHG emissions and supports the sustainable development mechanism, which shall be “supervised by a body designated by the Conference of the Parties.” Actually, this is about the implementation of climate projects. At the same time, no strict provisions are foreseen for the Article 6.4 mechanism to include the results of projects in NDCs, unlike in the case of Article 6.2.

Article 6.5 states in this regard that emission reductions shall not be used to demonstrate achievement of the host party’s NDC only if they are used by another party for this purpose or relevant adjustments are required. It also states the need “to incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party” (Article 6.4(b)). Article 6.6 requires that a share of proceeds from activities under Article 6.4 shall be allocated to cover administrative expenses as well as to assist developing country parties to meet the costs of adaptation.

Paragraph 36 of Decision 1/CP.21 sets out a corresponding adjustment in NDC.

Paragraph 37 of Decision 1/CP.21 sets out the requirement of complementarity to the reductions achieved under Article 6.4 (that is, the reductions should be in addition to those that would otherwise have occurred), as well as the requirement for verification and certification of emission reductions by designated operational entities. It also notes the importance of taking into account methodological approaches and lessons learned from UNFCCC mechanisms and its legal instruments for Article 6.4 (obviously, it is the Kyoto Protocol to UNFCCC).

Paragraph 38 of Decision 1/CP.21 provides for the adoption of rules, conditions and procedures for the mechanism laid out in Article 6.4.

The name of the mechanism, as well as presence of a coordinating body, participation of businesses, and verification and certification requirements make it possible to draw analogies between Article 6.4 and the Clean Development Mechanism (CDM), the most-implemented flexibility mechanism out of three provided by the Kyoto Protocol.⁷ There are also some similarities with JI Track 2 (see above).

Article 6.8 provides a framework for non-market approaches but is unclear about its practical implementation. The 2014 UNFCCC Technical Note provides some insight into what can be considered a non-market mechanism: non-market mechanisms should include economic and fiscal instruments (including carbon taxes), technical regulation, voluntary agreements, information, training, and education [UN, 2014].

Paragraph 40 of Decision 1/CP.21 requires a draft decision on the work programme for consideration and adoption by the Conference of the Meeting of the Parties to the Paris Agreement.

⁷ Foreseen by Article 12 of the Kyoto Protocol.

Difficulties in Negotiations

At the beginning of the negotiations on Article 6, the lack of a common understanding of terms and definitions was revealed, and there were fundamental disagreements on some provisions of the document. Some of the main issues are discussed below.

Lack of an agreed definition of the term “internationally transferable climate change mitigation outcomes”—what can ITMOs represent? What is their origin, and how should they be issued? Some countries have encouraged the establishment of specific requirements for ITMOs, including independent verification and compliance against complementarity criterion. But so far, such proposals have not been generally accepted. There are also disagreements as to whether absorption of GHGs (for Russia, one of the priorities in the negotiations) should be included in ITMOs. An argument for supporting inclusion of GHG absorption activities in market and non-market mechanisms can be found in Article 5 of the Paris Agreement. Under this Article, parties should take action to conserve and enhance “sinks and reservoirs of greenhouse gases, including forests.” Some countries propose to use a special UN mechanism for this purpose—Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+) [UNFCCC n.d.f]. But the inclusion of the REDD+ mechanism in Article 6 activities carries the risk of receiving double funding for the same activities. This potential makes it unacceptable for some negotiators to include REDD+ [ADB, 2020; Hein et al., 2018].

Preventing double-counting of the results of Article 6 activities can be described as one of the most difficult issues in the negotiations. Experts believe that double-counting may occur in three cases: issuance of emission reduction units more than once from a single project; use of the units more than once; and giving credit for the same units as meeting the obligations of both the issuing country and the host [Doda et al., 2021]. In this context, it is worth taking a closer look at the existing risk features for Article 6.2 and 6.4.

Prevention of double counting under Article 6.2 (avoidance of double-counting). This means that ITMOs transferred from the host country to the receiving country are properly accounted for and recorded in its NDC by applying “corresponding adjustments.”

Under the Kyoto Protocol, all transactions with carbon units were registered in national registries and the International Transaction Log (ITL), which was connected to national registries. Transactions between countries were conducted through the ITL. How this should be organized under Article 6 of the Paris Agreement is not yet defined. But during negotiations developing countries made it clear that they are not prepared to bear the additional financial burden of creating and operating national registries. Therefore, draft decisions include options that give the UNFCCC

secretariat the authority to maintain an international registry as well as national registries for developing countries.

In the Article 6.4 mechanism, the avoidance of double counting is ensured by the limitation that “emission reductions shall not be used to demonstrate achievement of the host Party’s nationally determined contribution if used by another Party to demonstrate achievement of its nationally determined contribution” (stipulated in Article 6.5). Referring to these rules, some countries believe that if the climate project is implemented in areas of economic activity that are not included in the NDC, the adjustments are not required. This simplistic interpretation of the principle of additionality creates false incentives to limit the scope of economic activities included in NDCs. This is contrary to the spirit of the Paris Agreement, which calls for both developed and developing countries to set economy-wide goals.⁸ As a compromise, the postponement of corresponding adjustments was proposed and included in the negotiation texts—until 2023, 2025, or another period.

Ensuring environmental integrity under Article 6.2 and overall mitigation in global emissions under Article 6.4 (paragraph d) refer to the requirement to reduce GHG emissions in absolute terms. The difficulty lies in the fact that the criteria for achieving environmental integrity and ensuring absolute emission reduction have not yet been developed. To guarantee environmental integrity and absolute emission reduction, it is proposed to cancel some of the transmitted results. This would mean that each time carbon reduction or absorption units are transferred from one country to another, a portion should be cancelled. For example, a cancellation of 2% (this option is included in negotiation texts) means the following: when 100 carbon units (100 tons of CO₂-equivalent) are transferred, only 98 tons of CO₂-equivalent shall be counted. The remaining two tons of CO₂-equivalent will not be used by anyone.

The method and timing of adjustments to the NDC after the sale of carbon. There are various suggestions for such adjustments—for example, to make adjustments at each transfer of carbon units between countries, to do so once a year, or only in the last year of the commitment period—to demonstrate compliance with that year’s commitment. Experts from the Organisation for Economic Co-operation and Development (OECD) suggest averaged and cumulative approaches [Lo Re, Vaidyula, 2019]. In the case of the averaged method, the adjustment is applied in the final year of the commitment period based on the average number of ITMOs transferred during the period of their implementation. The cumulative approach takes into account the sum of all ITMOs transferred in the period. The authors of this proposal note the importance of the simultaneous application of the same methods by the parties issuing and receiving ITMOs. The

⁸ Article 4 of the Paris Agreement.

choice of a particular method is complicated by differences in the format of ITMOs in different countries.

How, and in what units, should the adjustments be made in various NDCs? An unambiguous answer to this question is difficult due to the disparity of different approaches. For example, EU countries' obligations are expressed in absolute emission reductions (minus 55% by 2030 from 1990 levels), while China's NDCs are set in terms of a reduction of carbon intensity (a measure of CO₂ produced per dollar of gross domestic product) by 60–65% by 2030 from the 2005 level [UNFCCC, n.d.a]. Theoretically, the transmitted results of climate projects can be brought to a certain common denominator. But so far there are no agreed solutions in this regard.

However, Decision 1/CMA.18 regarding the implementation of Article 13 of the Paris Agreement (transparency) set a requirement to reflect, in the reports on compliance, activities implemented under Article 6. Paragraph 77(d) of the decision states that each party participating in projects related to the use of ITMOs toward its NDC provide information about the emission balance (that is, on emission and absorption of GHGs) with appropriate adjustments (additions and subtractions of transferred ITMO), as well as information on how the “robust accounting to ensure the avoidance of double counting” is applied [UNFCCC, 2018, Decision 18, CMA.1]. Thus, methodological aspects of such additions and subtractions are moved to the country level, and the above-mentioned decision requires the inclusion of relevant information in national reports.

Safeguards and limits under Article 6.2. The different ambitions of countries in their commitments means different capacities and roles in the activities under Article 6.2. Some countries, due to more stringent obligations, potentially would have to buy additional offsets; others, due to less ambitious obligations, may potentially sell the available surplus of emission reduction units. In the first commitment period of the Kyoto Protocol (2008–12), oversupply of emission reduction units was referred to as “hot air” [Greiner, Michaelowa, 2018]. The presence of “hot air” was typical for Eastern Europe. Based on the lessons learned, western countries propose to put some restrictions on the transfer of ITMOs. Article 6 draft decisions have some references to possible restrictions, but do not specify which ones.

Share of proceeds for administrative costs and adaptation in developing countries. The problem is that a number of developing countries are proposing to extend the share of proceeds rule provided for in Article 6.4 to Article 6.2. The argument for that is the particular vulnerability of developing countries to climate change and continuous underfunding of adaptation. Thus, in fact, this is a proposal to review the Paris Agreement beyond procedures, applicable in such cases. This approach, of course, does not have the support of most developed countries. Also, the amount of the share of proceeds has not been agreed yet. In the negotiation texts, there are options for 2% and 5% of the transferred ITMO.

With regard to reimbursement of administrative costs, it might be noted that such a practice was used for CDM projects: the CDM executive board operates on commission paid by project participants when registering projects. Later, a share of proceeds for adaptation was also applied under the CDM. Two per cent of transferred CDM units, with the exception of projects in least developed countries, were accumulated in a specially created Adaptation Fund. From 2009–18, about 38 million certified emission reduction units (CERs) were transferred to the Fund. These units were sold for \$5.2 each, on average [Michaelowa et al., 2019]. Trading of CERs met only 23% budgetary needs of the Adaptation Fund and its managing board, with the remainder (77%) coming from donors and income from deposits. Thus, 2% of the share of proceeds did not cover the actual costs. Based on this, the share of proceeds should be higher than 2% in order to provide the necessary level of financial resources to cover administrative costs and adaptation. It is important to note that, according to the decisions taken in 2018, the Adaptation Fund will serve the Paris Agreement and shall be “financed from the share of proceeds from the mechanism established by Article 6, paragraph 4, of the Paris Agreement” [UNFCCC, 2019, Decision 13, CMA.1 and Decision 1, CMP.14]. So, the place where share of proceeds shall be accumulated has already been defined. It is also worth underlining that the link to Article 6.4 is clearly defined by the decision, with no reference to Article 6.2.

Connection to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA). The possibility of using the results of joint activities under Article 6 for conformity with obligations under the International Civil Aviation Organization’s (ICAO) CORSA has been discussed in the negotiations. However, there is no reference to ICAO in negotiation texts. Instead, the proposed language for Article 6.4 states that emission reductions might be used for “other international mitigation purposes” that also should be accordingly reflected in the mechanism registry. These other purposes, obviously, should be understood as CORSA [ADB, 2020]

Transitions from the Kyoto Protocol—should the transfer of units (CDM and JI) be allowed, and to what extent (with or without limits)? The main concerns about such a transition from the Kyoto period is linked to the risk of market oversupply, which would lower the price of carbon units [Evans, Gabbatiss, 2019]. According to various estimates, this may range from 2.3 to 4.7 billion CERs, while the demand may be several times less [Lo Re, Vaidyula, 2019].

Eighty per cent of CDM projects took place in five countries—China, India, Korea, Brazil and Mexico. China leads by a significant margin, with 54% of the world’s CER carbon units [UNFCCC, n.d.c]. In the event of a transition, these countries will have an obvious advantage, which others would contest. As a solution, the application of transition restrictions has been suggested: for example, to allow transition of units only from the second commitment period of the Kyoto Protocol (starting from 2013), or units from projects in the least developed countries, or

from critically important projects (criteria to be defined). An option under consideration is to limit the validity period of transferred units to three to five years.

Objectively, the number of available JI units is much lower than for the CDM. For the whole period, about 900 million JI units were issued [UNFCCC, 2016] while at the same time CERs under the CDM amounted to more than 2 billion. There are not many proponents for the transition of JI units. This fact might be explained by the following circumstances: JIs were mostly implemented in Eastern European countries, some of which are now part of the EU and have to follow the bloc's common position in support of limiting the transition of Kyoto units as a matter of principle. The Republic of Belarus, at that time, had not received full access to the Kyoto Protocol flexibility mechanisms [UNFCCC, n.d.d]. Russia, in 2012, decided not to join the second commitment period of the Kyoto Protocol and stated in a special report at the end of the first commitment period that the remaining units would not be transferred to the second [UNFCCC, 2015]. Thus, from a practical point of view, the transfer of JI units should not be particularly in demand.

With regard to Article 6.8, it must be noted that so far there have been no problematic issues in the negotiations in this area. There are several options for launching the work programme and coordination body. It is quite possible that a consensus will be found on these options in Glasgow. Theoretically, under Article 6.8, discussion on border carbon adjustments—such as the CBAM provided for in the European Green Deal [EC, n.d.]—may be considered. After the EU documents were revealed in July 2021, the discussion on this issue has intensified in Russia and other countries. With this in mind, negotiations on Article 6.8 in Glasgow may have an additional topic for discussion that has not yet been addressed. On the other hand, a forum on response measures might be a more relevant agenda item for CBAM discussions [UNFCCC, n.d.e].

Pilot Projects Under Article 6

Despite the pending negotiations, many countries have started implementing joint projects under Article 6 as pilot projects. For example, Sweden and Norway are implementing projects in cooperation with some Latin American and African countries [Roth, Echeverria, Gass, 2019]; Switzerland signed an agreement with Peru to gain offsets under the Paris Agreement [Lo, 2020] and plans to sign similar agreements with other developing countries to offset 35–54 million tons of its GHG emissions up to 2030. Of course, this kind of joint activity recalls many CDM projects, but politically these projects immediately enjoy a different status, as they are implemented under the Paris Agreement.

Pilot projects are based on bilateral agreements (for example, Switzerland and Peru), special facilitative mechanisms for developing countries (such as Japan's Joint Crediting

Mechanism), and platforms of international financial institutions. Thus, under the auspices of the World Bank, the Climate Markets Club was established, which includes the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development, and the Inter-American Development Bank, as well as more than 10 national governments. These actors are jointly developing pilot activities under Article 6.2 of the Paris Agreement [Srinivasan, Sanchez, 2020].

According to expert estimates, both Articles 6.2 and 6.4 are most popular among pilot projects. To date, only one project is being implemented under Article 6.8. According to available information, the only metric that is used in pilot projects is a ton of CO₂-equivalent. Approximately \$1.37 billion has been allocated for the development and implementation of pilot activities [Greiner et al., 2020].

In 2019, 30 countries signed a declaration on cooperation to implement Article 6 of the Paris Agreement based on the agreed principles, named after the place of signing—the San Jose Principles (capital of Costa Rica) [Dirección de Cambio Climático, 2019]. Among the signatories were the EU countries, Norway, Switzerland, New Zealand, some small island states and Latin American countries—Peru, Paraguay, Colombia and Costa Rica. The countries agreed to: use carbon credits issued only after 2020; prevent double-counting and make corresponding adjustments; use CO₂-equivalent as a metric; apply principles of “transparency, accuracy, consistency, comparability and completeness”; and use centralized and publicly accessible infrastructure and systems to collect, track, and exchange information necessary for reliable and transparent accounting.

These examples confirm that joint activities under Article 6 can be carried out now, in the absence of agreed decisions under the UNFCCC. However, there are pros and cons to this situation. On the one hand, there is global GHG emission reduction, contribution to the achievement of UN sustainable development goals, and testing of project activity methodologies. On the other, this may signal that adoption of decisions on Article 6 is not such a critical point, because, practically, it is possible to apply the market mechanisms of the Paris Agreement without them.

Proposals for Russia’s Position in the Article 6 Negotiations in Glasgow

Russian companies have shown high interest in cooperation under Article 6. The regulatory framework for that is already being formed—the federal law On Limiting Greenhouse Gas Emissions, adopted in July 2021,⁹ and the provisions of a draft law, On Conducting an Experiment

⁹ Federal law of 2 July 2021 No 296-FZ.

to Establish Special Regulation of Greenhouse Gas Emissions and Uptake in the Sakhalin Region—allow implementation of climate projects with international participation.

To ensure that the Article 6 framework being created provides wide opportunities for Russia, there are some important points to be considered.

Existing options limiting transfers of ITMOs under Article 6.2 (limits to the transfer and use of ITMOs) obviously are not ideal as they reduce the number of participants. In accordance with the Paris Agreement, parties determine their own NDCs, taking into account the socio-economic circumstances to achieve the goal. Article 6 rules should not set a precedent for assessing the ambition of commitments and related limitations for parties. This approach should not be supported.

The share of procedures is foreseen only in Article 6.4 and are not provided for in Article 6.2. Proponents of such a proposal may be invited to amend Article 6.2 in accordance with the procedure provided for in Article 22. In addition, the Adaptation Fund has already been identified as a body for mobilizing the sharing of proceeds. And the corresponding decision has a clear reference to Article 6.4 only. But from another point of view, inclusion of sharing of proceeds in Article 6.2 may become a subject for mutual compromise on other issues that are important for other countries. For Russia, for example, such important elements include opportunities to implement projects under Article 6 (without limits) related to forestry and low carbon energy, including large hydropower or nuclear power.

Russia has always supported broad coverage of project activities under Article 6, both in terms of GHG emission reduction and absorption by sinks. As a result, the negotiation texts have options that provide for activities in the forest sector. But for now, these options are enclosed in squared brackets, meaning that there is no agreement on them among negotiators. Obviously, additional consultations and clarifications would be required to remove objections. An argument can be made, referring to Decision 1/CMA.18 on reporting, that paragraph 77(d) implies statements about the balance of emissions, reflecting emissions from sources *and removals by sinks of greenhouse gases*, adjusted according to the results of activities under Article 6. To reflect adequate project duration for activity in forestry, it is advised to add the option of 20 years and more in Article 6.4 (while currently there are options of 10 years and three times of five).

Strictly speaking, the issue of transferring Kyoto units does not directly affect Russia due to its non-alignment with the second commitment period of the Kyoto Protocol. CDM unit transition brings a risk of flooding the market with CERs units, resulting in low carbon unit prices. Obviously, this is not beneficial to anyone. If it would be difficult to agree on the transition of Kyoto units as a universal approach, the transition of both CDM and JI units might be proposed

instead. The number of JI units is many times fewer than the CDM; thus, their transfer would not lead to an oversupply on the market.

A high priority question is how to make adjustments to NDCs when transferring emission reduction results under both Article 6.2 and Article 6.4. For environmental integrity, it is important to ensure that carbon units are taken into account when they are transferred from one country to another. Postponing requirements to account for operations with units harms environmental integrity. As a compromise, providing international assistance to developing countries for establishing and operating a carbon unit registry may be supported.

Russia's active participation in the negotiations on Article 6 of the Paris Agreement is not only politically important, but also meaningful in practice. In the context of developing domestic carbon regulation, experts and government officials often emphasize the importance of further international recognition of Russian regulatory mechanisms and climate projects. Participation in the development of international rules for climate projects and building a national system in accordance with UN decisions is the most effective way to approach this task. Project validation and verification by independent organizations are important elements of international project activities. In fact, only a few expert organizations—mostly international auditors—can provide such services in Russia today. The cost of these organizations' services is rather high (up to several tens of thousands of dollars). With the growing number of climate projects and requests for verification, existing expert organizations will not be able to cover all such requests. There is an obvious need to develop a national expert community to be recognized at the international level. Provisions that enable national authorities to nominate independent verifiers and approve requirements for verifiers in Article 6 decisions would help to solve this problem.

Reaching a compromise in Glasgow on Article 6 will obviously not be an easy task. Online sessions of the UNFCCC subsidiary bodies held in June 2021 showed that contradictions in the positions of countries have not disappeared. One possible solution for Glasgow might be adoption of a package—quite a common practice in complex and lengthy negotiations. Indeed, the Paris Agreement was adopted in this way. Article 6 arrangements can also be linked to other decisions, such as strengthening financial support to developing countries. International financial assistance defines the scope and ambition of climate action and contributes to a number of development goals in developing countries. Therefore, the ability to gain access to such resources may be a higher priority compared to the rules of mechanisms whose application is not an obligation. But the desire to reach a compromise in Glasgow should not diminish the requirements for the mechanism being created. A transparent framework for the implementation of climate projects and strict accounting of their results should be established.

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