

The Stalemate in Paris Agreement Article 6.2 Negotiations: A Focus on the Role of Korea's Development Cooperation



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The Paris Agreement, a significant international treaty aimed at combating climate change, has faced notable challenges in its implementation. One of the most contentious areas is Article 6 of the Agreement, which establishes rules for international cooperation on emissions reductions. Specifically, Article 6.2 outlines provisions for bilateral and multilateral cooperation between countries to transfer mitigation outcomes, also known as “cooperative approaches”.

The negotiations surrounding Article 6.2 have been marked by a complex interplay of technical and political factors. While the technical aspects of the negotiations are clearly important in themselves, they are also closely connected to broader political considerations. The specifics and substance of authorization for bilateral cooperation, for example, is a technical issue but also has significant political implications for countries seeking to engage in such partnerships.

The ongoing negotiations create uncertainty, making it difficult for countries to commit to specific agreements or projects. Moreover, Article 6.2 requires a balance between flexibility and environmental integrity.

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Countries must establish robust domestic systems to ensure that emissions reduction credits are internationally transferred in a transparent and accountable manner.

To assist developing countries interested in implementing Article 6 to achieve their Nationally Determined Contributions (NDCs), international development organizations have been providing various forms of support. The World Bank, Asian Development Bank (ADB), United Nations Development Programme (UNDP), and Global Green Growth Institute (GGGI) are among the leading organizations in this area. They offer technical assistance and capacity-building programs to help countries develop the necessary expertise and institutional infrastructure and therefore fully engage in Article 6 activities. Here are some noteworthy programs.

The World Bank's International Transfer Readiness Module develops transparency modules to help avoid double counting, includes mitigation activities in NDCs, establishes key indicators for environmental integrity, and reviews partner countries' readiness for Internationally Transferred Mitigation Outcomes (ITMOs). The ADB Article 6 Support Facility provides technical, capacity-building, and policy development support. This helps developing countries in Asia prepare for carbon markets, identify mitigation measures, and pilot projects.

The UNDP NDC Support Programme assists developing countries in preparing to participate in ITMOs. The GGGI Mobilizing Article 6 Trading Structure Program works with ITMO host countries. It offers capacity-building support, identifies suitable activities for Article 6 transactions, and develops necessary documents such as a template for the Mitigation Outcome Purchase Agreement.

Japan has taken an active role by launching a separate technical cooperation program to promote its Joint Crediting Mechanism (JCM). At COP27, Japan launched the Article 6 Implementation Partnership, establishing a knowledge-sharing and capacity-building platform for host countries.

Korea has declared its intention to utilize Article 6 for its NDCs, showing strong interest in international cooperation. In 2021, Korea submitted a revised NDC to the UNFCCC Secretariat, demonstrating its commitment to tackling climate change. The revised target aims to reduce greenhouse gas emissions by 40% compared to 2018 levels by 2030. This translates to a target of 436.6 MtCO₂e by 2030, compared to a baseline of 727.6 MtCO₂e in 2018. Korea acknowledges the importance of international collaboration in achieving its climate goals and plans to utilize Article 6. This will allow Korea to access additional emission reduction opportunities beyond its domestic efforts. The expected reduction target through Article 6 cooperation, at 37.5 MtCO₂e, is significant.

However, Korea faces significant challenges in achieving its goals ahead of the 2030 target. The negotiations are uncertain, and many potential partner countries are not yet prepared to engage in Article 6 projects. Additionally, the current support mechanisms are often insufficient.

The Korean government has been actively working to address these challenges. It has provided financial support for feasibility studies and equipment installations for international emissions reduction projects. However, the government recognizes that additional support is needed, and is exploring the use of Official Development Assistance (ODA) to bridge the gaps.

Linking ODA with Article 6 projects presents both opportunities and challenges. While ODA can provide valuable resources, there are concerns about its potential misuse. Some argue that reciprocal ODA should not be used to serve national interests. Previously the OECD Development Assistance Committee (DAC) concluded that ODA should not be used to acquire credits for clean development mechanisms (CDM) in developing countries.

However, it is important to note that utilizing ITMOs for implementing parties' NDCs is a major part of the Paris Agreement, which all parties to the UNFCCC agreed upon in 2015. The Agreement also recognizes the importance of sustainable development and aims to enhance the global response to climate change without undermining efforts to eradicate poverty and promote sustainable development. This means that supporting a host country's request to utilize Article 6, with or without ODA, need not be seen solely as pursuing the national interests of the purchasing country.

ODA projects should adhere to internationally agreed norms and goals, such as the Paris Declaration on Aid Effectiveness and the SDGs. As an OECD DAC member country, Korea has been working to improve the quality of its ODA over the past decade. For a project to be considered as a climate-related ODA, it must undergo a climate risk assessment and establish outcome targets and indicators directly related to addressing climate change.

The successful implementation of Article 6 requires a multifaceted approach. International development organizations must continue to provide support to developing countries, and countries must collaborate to tackle the technical and political challenges. Korea, with its ambitious climate goals, can play a leading role in advancing progress on Article 6.

By carefully planning ODA projects and maintaining open dialogue with partner countries, Korea can contribute to the development of effective and sustainable Article 6 partnerships. Such partnerships can help to accelerate the transition to a low-carbon economy and address the global climate crisis. **KIEP**