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Sustainability labelling of climate mitigation actions relevant to Article 6 of the Paris Agreement

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Abstract:
The architecture of global carbon markets has fundamentally changed with the Paris Agreement and the 2030 Agenda for Sustainable Development Goals (SDGs) both agreed in 2015. Voluntary cooperative mechanisms are established in Article 6 of the Paris Agreement. In Article 6.4 a sustainable mitigation mechanism is established and rules modalities and procedures shall be developed internationally based on experience and lessons learned from existing mechanisms, such as the Clean Development Mechanism (CDM) and its Sustainable Development (SD) Tool. Historically the issue of integrated assessment of sustainable development and mitigation actions has been politically and methodologically controversial for many reasons: 1) Developing countries fear that an international definition of SD will interfere with their sovereignty to define their own development pathways; 2) carbon market players fear that markets can only handle one objective, namely mitigation outcomes; and 3) sustainable development is regarded as too complex and costly to be measured and quantified. In an effort to address these concerns, the paper proposes a new methodology for sustainability labelling of climate mitigation actions relevant to Article 6 mechanisms. The paper draws on an application of the CDM SD tool to analyse 2098 Component Programme Activities (CPAs) in the CDM Pipeline by January 2017. The paper suggests that assessment of sustainable development benefits of climate actions can be graded and labelled based on analysis of qualitative data, which is less costly than applying a quantitative approach.