



Toward Real Zero: Non-Market Mechanism— Finding Ambition in Article 6.8 of the Paris Agreement

CLARA's major concern with respect to the use of 'net zero' is that countries and companies will try to reach their mitigation targets less through deep decarbonization and more through use of land-based offsets. Specifically, we see a risk that the focus on 'nature-based solutions' will normalize the use of what are actually 'market-based solutions', that do not increase ambition, but merely reassign responsibility for emissions through payments made to those hosting 'Nbs' projects. Our concern is most pronounced with respect to voluntary carbon markets [see '[Net Zero and TSVCM](#)']—but also the market-focused proposals for Paris Agreement Article 6 mechanisms that are being brought to COP26 in Glasgow.

Article 6 remains 'unfinished business' in relation to the Paris Agreement rulebook. Article 6 is supposed to lay out rules for 'international cooperation' on mitigation action. As we've noted elsewhere, a number of countries from both global north and south have decided to interpret Article 6 as containing a mandate to develop rules for global carbon markets. This interpretation of Article 6 isn't supported by text, since the word 'market' doesn't appear in the Paris Agreement.

CLARA members are concerned that Annex I countries are working to ensure that climate finance is considered only within the context of markets—ignoring the very real set of climate finance possibilities that can operate outside of market frameworks. We call therefore call for a re-balancing within Article 6 negotiations so that the non-market mechanism proposed in Article 6.8 receives more serious attention, and so that a balanced package on Article 6 can come out of Glasgow. If a balanced package isn't likely, then we call for a stand-alone decision on Article 6.8, so that the non-market

mechanism called for in the Paris Agreement can be swiftly operationalized.

Toward that end, CLARA made a submission to the UNFCCC earlier this year that outlines what we see as the key features of Article 6.8, a legal analysis of why a stand-alone decision on Article 6.8 is possible, and the identification of 'new and additional resources' for international cooperation on mitigation. The full CLARA Submission to the UNFCCC can be found [here](#).

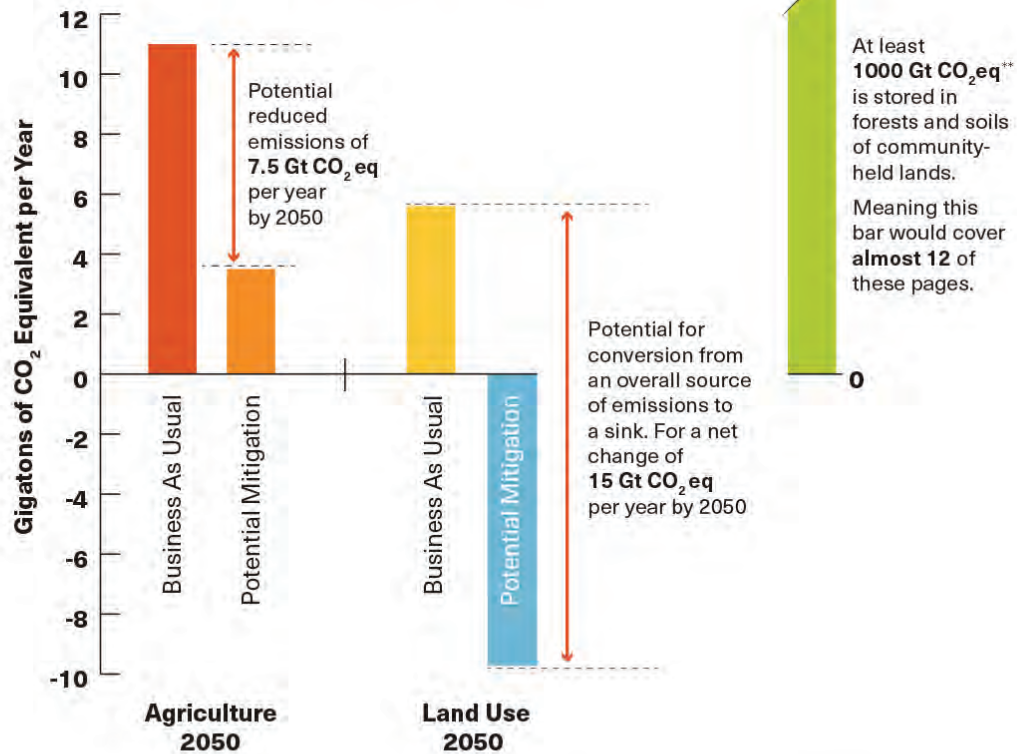
What should go into the non-market mechanism?

Our first point is that Article 6.8 can and should be used to scale up support for tenurial security and forest management by Indigenous Peoples and Local Communities (IPLCs) in tropical countries. Improved clarity and enforcement of land rights is one of the most important 'Missing Pathways' to prevent conversion of tropical forest and thus to maintain the many ecological benefits associated with intact ecosystems. But research by CLARA member Rainforest Foundation Norway (RFN) revealed that this 'rights-based solution' has received only a small share of international donor funding over the last ten years—just \$270 million per year on average.

Figure 1 on the next page makes clear the overriding importance of protecting existing intact temperate and tropical forest systems—and thus the importance of increasing attention to land and resource right concerns. Figure 1 also indicates the size of the non-market opportunity associated with protecting primary ecosystems and improving tenure security. So a major scale-up of cost-effective climate action through Article 6.8 could be achieved here.

Figure 1—Why Protection of Intact Ecosystems Matters Most of All

The missing pathway: 1.5°C compatible actions respecting land rights; ecosystem integrity and food security.*



* Calculations and assumptions for all pathways can be found in the supplementary table, available here: www.ClimateLandAmbitionRightsAlliance.org/report

** 1000 Gt CO₂eq is equivalent to the 293 Gt C shown in Figure 2. We use CO₂eq units here for comparability with agriculture and land use pathways.

Equally important, the *failure* to consider resource tenure will likely mean reduced social acceptance of climate-mitigation and adaptation strategies associated with market-based approaches, and thus much higher MRV costs for any activities associated with Articles 6.2 and 6.4.

Recent sectoral guidance used by the Green Climate Fund [GCF] in its discussion of “Investment Criteria for Impactful Forest and Land Use Proposals” notes that:

The greatest mitigation potential in the land sector lies in protection, followed by restoration of degraded forests and deforested areas, and many core barriers to paradigm shift in forest protection and restoration are best addressed via grant financing. REDD-plus RBPs can also stimulate improvements in forest governance as well as provide incen-

tives to achieve non-carbon benefits. Priority approaches are also all those that reduce land use change toward models of sustainably managed land use.

CLARA also points to outputs from the recent IPBES/ IPCC Workshop on Biodiversity and Climate Change. These mirror the GCF’s Sectoral Guidance in prioritizing Protection, Restoration, and Sustainable Forest Management centered on community forest governance. [For more detail, please see this Brief [Integrated Approaches], in which CLARA quantifies the global mitigation potential associated with these three approaches.]

These land-sector activities—which elsewhere have been defined as ‘joint mitigation adaptation’ approaches—should anchor an Article 6.8 non-market mechanism, underwritten

with grant funding support. We emphasize that there are no reasons to delay the launch of this non-market mechanism. The terms we use here *are* found in the Paris Agreement and associated guidance—distinct from the less well defined ‘Nature-based Solutions’ approach now being raised in discussions of Articles 6.2 and 6.4—and quite distinct from the ‘market-based-solutions-only’ approach being vigorously pursued by the COP26 host country and other rich nations.

New Resources to support Article 6.8

Our proposal prices emissions associated with luxury consumption. It includes levies on international air travel; on fossil fuel extraction; on speculative activity in financial markets; and on the use of bunker fuels associated with international shipping of goods. These are explored in more detail in CLARA’s submission to the UNFCCC, but summarized in **Figure 2**. We propose \$100 billion per year of new and additional finance to support *transformative* non-market actions in the land sector.

Figure 3 shows the order-of-magnitude greater opportunity that new and additional finance could create—greater in one year than the *cumulative* value of all voluntary market transactions to date. To reiterate, most Article 6 attention has focused on establishing global rules for carbon trading—to increase the size of the orange box in Figure 3.

This graph indicates to us the ‘failure of imagination’ within Article 6 negotiations—that so much time and attention is devoted to scaling up carbon markets, while the important near-term mitigation opportunities associated with grant-based finance for forest protection, restoration, and sustainable use continue to be neglected.

A balanced outcome from Glasgow would place much more attention on mitigation ambition that can be achieved through Article 6.8.

Figure 2—\$100 Billion Annually in New and Additional Finance

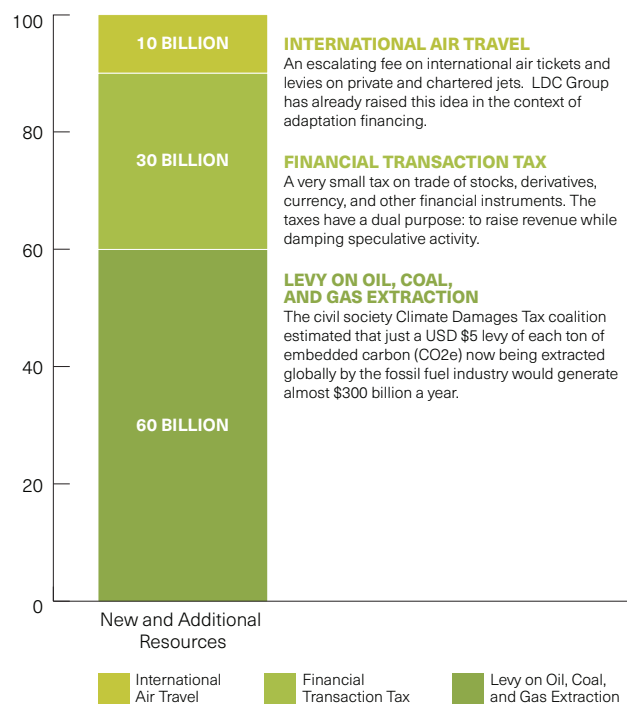
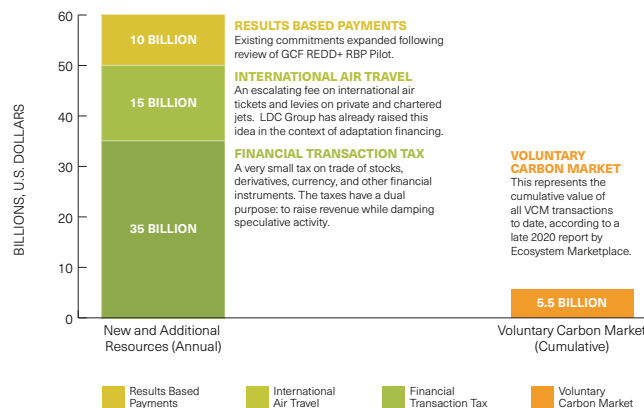


Figure 3—Resources for a non-market mechanism, compared to voluntary carbon markets



The CLARA network includes climate justice advocates, faith groups, conservation groups, land-rights campaigners, agroecologists, and representative of peoples movements around the globe. Our commitment to social justice brought us into the climate debate and informs our approaches to climate solutions. For more information about CLARA, visit www.CLARA.earth

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