

ARTICLE 6 PARAGRAPH 4



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WHAT IS ARTICLE 6 PARAGRAPH 4 OF THE PARIS AGREEMENT?

Article 6 of the Paris Agreement, referred to as Cooperative Approaches, is where carbon pricing, carbon markets, carbon offsets and nature-based solutions are being built. Article 6 opens the door for countries to participate in various forms of carbon markets.



Article 6 paragraph 4 (Article 6.4) builds the “mechanism database” where carbon offsets from project-based emissions reductions, removals or avoidance will be traded. Article 6.4 is meant to replace the clean development mechanism of the Kyoto Protocol, but Article 6.4 is meant to be much bigger. The Article 6.4 mechanism database is a database system where trading carbon offset credits will occur under the supervision of the United Nations Framework Convention on Climate Change (UNFCCC). **As it stands, Article 6.4 will include carbon offsets from both the compliance markets overseen by governments and the private sector.**



RELEVANCE TO COP 28

In the last month, new research has shown that tropical forest offsets are mostly useless, volatility in the market is increasing, and scandals erupt in REDD+ projects. Some might argue that projects in an unregulated market are doomed to be fraudulent, which is why a regulated program like Article 6.4 is necessary. Yet, so far the same problems in the voluntary markets arise in Article 6.4 including: double-counting, leakage, timeframes, permanence, as well as the role of the private sector.

Fundamentally, any and all carbon pricing and offsets programs allow polluting industries to continue polluting. Article 6.4 is no exception.

The key areas to be addressed at COP 28 regarding Article 6.4 will be: carbon dioxide removals (CDR), an appeal and grievance system, engagement with Indigenous Peoples, transition of the CDM to the A6.4 mechanism database, safeguards, permanence, requirements of the mechanism methodology and linking the mechanism database (A6.4) to the registry database (A6.2). Over the past year, there is increasing contention around Article 6.4 based on all of these issues. This COP is important because the architecture of this large-scale global carbon offset system is yet to be fully designed and implemented.

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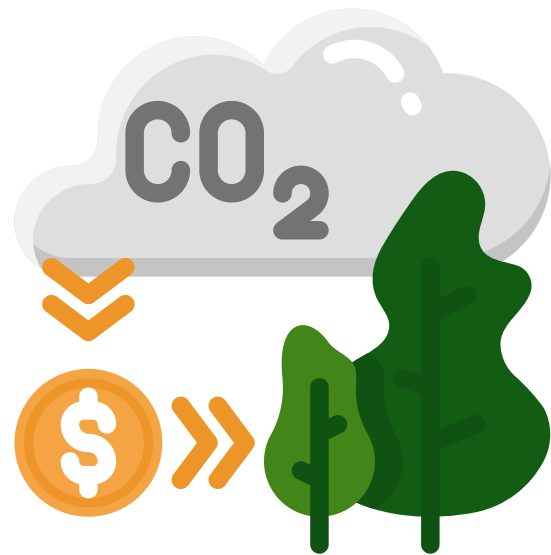
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RELEVANCE TO COP 28 (CONTINUED)

Article 6.4 will be the largest carbon offsets trading platform ever. Ongoing discussions and resistance to the inclusion of carbon dioxide removals (CDR) continue, which would include biological removals such as forests, soils, agriculture and water offsets often called [nature-based solutions](#); and engineered removals, which include carbon capture and storage (CCS), direct air capture (DAC) and bioenergy and carbon capture and storage (BECCS).

An appeal and grievance process could allow Indigenous and frontline communities to file a complaint and to possibly discontinue participation in a carbon offsets project. But the discussions so far focus on the Supervisory Body (SB) A6.4 **imposing a fee to file an appeal or grievance, and setting restrictive eligibility criteria limiting the ability of Indigenous Peoples not directly involved in the consultation process to voice concerns.** These restrictions would cause additional barriers for communities to challenge and discontinue unjust contracts.



Linking Articles 6.2 and 6.4 would level up carbon markets into an international system at a scale never seen before. Questions include how internationally transferred mitigation outcomes (ITMOs) in Article 6.2 and offsets in Article 6.4 will be tracked between the systems and how they might differ, what offsets will be allowed especially regarding CDR, how the private sector will be involved and several methodological questions. However, at its core, **the global carbon trading system is a fundamentally flawed system that justifies more extraction and pollution – a dangerous distraction and false solution we do not have time for.**

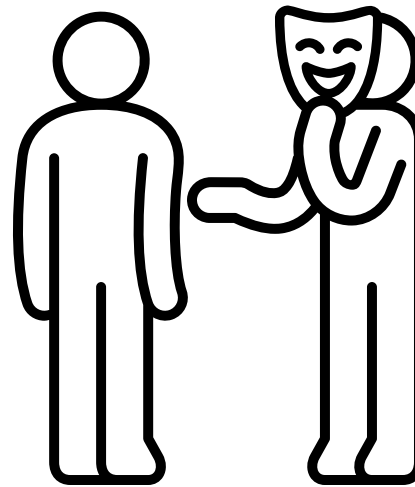


WHY IS THIS IMPORTANT FOR INDIGENOUS PEOPLES?

Through carbon offset projects, Indigenous Peoples experience blatant disregard for Free, Prior and Informed Consent (FPIC), including a lack of safeguarding land rights, and respecting self-determination and self government, land tenure and management.

Several studies have shown that carbon offset projects threaten Indigenous Peoples' tenure over their lands and territories, further commodifying nature and putting Indigenous Peoples' lands and territories at risk for land grabbing.

Some Indigenous leaders have claimed that nearly every Amazonian community has been contacted by a carbon broker, who come armed with lengthy contracts filled with jargon and contractual language. Disguising intentions behind contractual language is a strategy employed by carbon brokers to falsely achieve FPIC to access Indigenous territories in order to claim community engagement and approval of these projects.



Payments are not proffered to communities in carbon offset projects, but often depend on various verifications in order to receive payment, if it is received at all. Further, a common practice with carbon offset project contracts include gag orders whereby the Indigenous communities are not allowed to disclose the content of the contract. If an Indigenous community does not receive money or infrastructure, such as in Brazil where project managers promised to build a university that never materialized, Indigenous communities are often bound by silence in the gag orders in contracts.

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DEBUNKING MYTHS

WHAT THEY SAY

WHAT WE SAY

Carbon offsets reduce pollution.

Carbon trading and offsets delay and diminish greenhouse gas emissions phase out, allowing dirty industry to continue business as usual.

DIRECT emissions reductions through phasing out fossil fuels is the principal and most important way to stop climate change.

Carbon offsets create incentives for Indigenous Peoples.

Payments are not promised to communities in carbon offset projects, but often depend on various verifications in order to receive payment if it is received at all.

If payments do arrive, misuse and division have been reported. Funds may further undermine land tenure, conservation, and local benefits by driving up prices.

Years of data demonstrates that FPIC and the rights of Indigenous Peoples have not been upheld in carbon offset projects.

While Indigenous Peoples are solicited to sign contracts under the reasoning that it is a 'rights' issue for Indigenous Peoples because of the carbon in the forests, we have observed conflict and divisions over the deeper question of how to reconcile the ownership of carbon within the cosmivision (spirituality) beliefs of Indigenous Peoples' communities in participating in the commodification and privatization of carbon.

Carbon offsets reinforce the privatization of nature.

We must track greenhouse gas emissions.

Current carbon accounting frameworks all fail to address essential quality criteria such as additionality, baseline setting, transparency and permanence.

The lack of data integrity and availability, coupled with large margins of errors, uncertainties, and biases in carbon offset outcomes, undermines the credibility and effectiveness of any tracking methods.

Carbon accounting efforts in the service of setting up a carbon market poses a conflict of interest because if emissions are overestimated then companies can claim higher reductions.

The market will take care of reducing emissions over time.

Carbon markets rearrange emissions on a spreadsheet rather than materially reducing emissions.

Far too often, forest offsets brokers and managers have targeted Indigenous Peoples, driven up land prices, and forced Indigenous communities from their territories.

