

# 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 and in Article 6.4 named the 'Sustainable Mitigation Mechanism' rules modalities and procedures shall be developed internationally based on 'experience gained with and lessons learned from existing mechanisms' (Paris Decision, §37f) such as the Clean Development Mechanism (CDM) and its Sustainable Development (SD) Tool. Historically the issue of integrated assessment of SD and mitigation actions has been politically and methodologically controversial for several reasons. First, developing countries fear that an international definition of SD will interfere with their sovereignty to define their own development pathways, second, carbon market players fear that markets can only handle one objective namely mitigation outcomes and third, sustainable development is regarded as too complex and costly to be measured and quantified. Addressing these concerns the paper proposes a new methodology for sustainability labelling of climate mitigation actions relevant to Article 6 mechanisms. The paper will draw on data from application of the CDM SD tool to analysis of 2098 Component Programme Activities (CPAs) in the CDM Pipeline by January 2017. The paper suggests that assessment of SD benefits of climate actions can be graded and labelled based on analysis of qualitative data so as to save on costs for a quantitative approach to data collection.