



SUSTAINABLE DEVELOPMENT

In accordance with Article 6.1 of the Paris Agreement, alongside the objective of climate change mitigation, Sustainable Development (SD) is recognised as one of the key goals of voluntary cooperation. Furthermore, Article 6.2 mandates countries to report on the contribution of cooperative approaches to SD objectives. Under Article 6.4, host countries are obligated to confirm and provide information on how an activity fosters sustainable development upon the approval of the activity. This underscores the integral role of SD within the comprehensive strategy of a host country¹.

As sustainable development is a national prerogative, host countries need to provide guidance how Article 6 activities are consistent with and contribute to sustainable development. The Art. 6.4SB is in the process of developing new tools, standards, and procedures that can be used. As part of this process, the UNFCCC has identified two approaches for addressing sustainable development²:

1. The **'bottom-up approach'**, which initially places the responsibility of demonstrating consistency and contribution to sustainable development with the activity developers. This absolves the host country of immediate responsibility at the outset. However, it poses more challenges in terms of monitoring, potentially increases transaction costs and entails the risk of participants selectively favouring advantageous information; or
2. The **'top-down approach'**, involving the integration of SD objectives into policies and rendering them legally binding for mitigation activities. This approach establishes standards where SD objectives and targets are prioritised and reported based on project type, facilitating straightforward comparison and identification. Furthermore, it offers control over the alignment with SD objectives and targets and reduces transaction costs for activity participants. However, it places a greater administrative burden on the implementation body.

¹ Michaelowa, Axel; Samaniego, Ximena; Kessler, Juliana; Ahonen, Hanna-Mari; Spence, Chris (2022): Pocket Guide to Article 6 under the Paris Agreement; ECBI, Oxford.

² UNFCCC (2023): [Development of a sustainable development tool for Article 6.4 of the Paris Agreement](#), Concept note.



In addition to those fundamental considerations, choosing an approach that includes **MRV of SD impacts** can empower a host country to enhance its ability to share and ensure co-benefits, social inclusion and equity, global solidarity, and long-term viability. Tools currently available for assistance include:

- The **Article 6.4M tool**, currently under development, will provide host countries with more stringent guidance on supporting SD within Article 6. While many countries may initially opt for a bottom-up approach to demonstrating SD, over the longer run, a top-down approach could become mandatory for the A6.4M. Incorporating this aspect now could substantially enhance their development support initiatives and garner greater community approval.
- The [Gold Standard SDG Impact tool](#), which offers a web-based tool for reporting, quantifying and verifying SDs impacts aligned to the Sustainable Development Goals (SDGs) and safeguards across various contexts and use cases. This minimises MRV costs and aids auditors. The tool emphasises the necessity for clear and transparent communication of outcomes to create credible SD claims.
- The [Core Carbon Principles \(CCPs\)](#), are 10 principles designed to generate carbon credits for voluntary carbon markets with a high level of integrity. The subsector 'SD' is specifically categorised under principles such as 'sustainable development benefits and safeguards' and 'contribution towards net zero transition'. The framework and procedure provided include criteria and decision-making tools for each principle, making the evaluation and implementation of these principles more efficient.

Additionally, a critical aspect of SD support involves integrating a strong environmental and social safeguarding process in the activity cycle and when approving activities and a communication channel to voice grievances.

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