

**A6.4-SBM016-AA-A10**

## Information note

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# Article 6.4 manual for host Parties' participation in the mechanism

Version 03.0



**United Nations**  
Framework Convention on  
Climate Change

## COVER NOTE

### 1. Procedural background

1. Parties are at the centre of cooperation through the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism).<sup>1</sup> The roles and responsibilities of Parties in relation to activities of the Article 6.4 mechanism are set out in the rules, modalities and procedures (RMPs) for the Article 6.4 mechanism, and the various regulations adopted by the Supervisory Body of the Article 6.4 mechanism.
2. With a view to facilitating ease of access to, understanding of, and involvement in the Article 6.4 mechanism, the Supervisory Body, at its seventh meeting, requested the secretariat to prepare a note summarizing the roles and responsibilities of host Parties in various stages of the activity cycle, based on the regulatory documents adopted by the Supervisory Body.<sup>2</sup>
3. The Supervisory Body considered at its tenth meeting the information note "Roles and responsibilities of host Parties"<sup>3</sup> and requested the secretariat to update the information note for its consideration at its next meeting, considering the feedback provided at that same meeting.<sup>4</sup>
4. At its eleventh meeting, the Supervisory Body considered the updated information note "Roles and responsibilities of host Parties" and requested the secretariat to prepare, based on the updated information note<sup>5</sup> presented at that meeting, a comprehensive and user-friendly guide or manual that will take into account the views of host Party designated national authorities (DNAs), for consideration of the Supervisory Body at its thirteenth meeting.<sup>6</sup>
5. At its thirteenth meeting, the Supervisory Body took note of the draft "Article 6.4 guide or manual for host Parties' participation in the mechanism"<sup>7</sup> and requested the secretariat to

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<sup>1</sup> Decision 3/CMA.3. Available at:

[https://unfccc.int/sites/default/files/resource/cma2021\\_10a01E.pdf](https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf).

<sup>2</sup> Meeting report: Seventh meeting of the Article 6.4 mechanism Supervisory Body. Available at:

[https://unfccc.int/sites/default/files/resource/a64-sb007\\_0.pdf](https://unfccc.int/sites/default/files/resource/a64-sb007_0.pdf).

<sup>3</sup> Information Note: Roles and responsibilities of host Parties. Available at:

[https://unfccc.int/sites/default/files/resource/a64\\_SB010\\_aa\\_an02.pdf](https://unfccc.int/sites/default/files/resource/a64_SB010_aa_an02.pdf).

<sup>4</sup> Meeting report: Tenth meeting of the Article 6.4 mechanism Supervisory Body

[https://unfccc.int/sites/default/files/resource/SB010\\_report.pdf](https://unfccc.int/sites/default/files/resource/SB010_report.pdf).

<sup>5</sup> Information Note: Article 6.4 guide or manual for host Parties participation in the mechanism. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-SB011-AA-04.pdf>.

<sup>6</sup> Meeting report: Eleventh meeting of the Article 6.4 mechanism Supervisory Body. Available at:

<https://unfccc.int/sites/default/files/resource/a64-sb011.pdf>.

<sup>7</sup> Information Note: Article 6.4 guide or manual for host Parties participation in the mechanism. Available at: <https://unfccc.int/sites/default/files/resource/a64-sbm013-aa-a03.pdf>.

update it into a draft user-friendly manual for consideration at its future meeting, taking into account the feedback provided at this meeting.<sup>8</sup>

6. At its fifteenth meeting, the Supervisory Body considered the information note "Roles and responsibilities of host Parties"<sup>9</sup> and requested the secretariat to update the manual, taking into account the comments provided at this meeting, and present the revised manual to the Supervisory Body at a future meeting.<sup>10</sup>

## **2. Purpose**

7. The purpose of this document is to present an updated draft manual on the participation of host Parties in the Article 6.4 mechanism, outlining their roles and responsibilities at various stages of the activity cycle.

## **3. Key issues and proposed solutions**

8. In accordance with the mandate from Supervisory Body at its fifteenth meeting, the draft manual on the participation of host Parties in the Article 6.4 mechanism has been updated and is appended to this information note. The draft manual comprises four sections:
  - (a) Section one provides an overview of what the manual is and how it can be used as a document to assist host Parties;
  - (b) Section two introduces the Paris Agreement, Article 6 and the Article 6.4 mechanism;
  - (c) Section three provides an overview of host Party roles and responsibilities throughout their participation in the Paris Agreement Crediting Mechanism according to the procedures adopted by the Supervisory Body;
  - (d) Section four provides an example activity and how Parties interact throughout the various stages of the activity cycle under the Article 6.4 mechanism.
9. The manual is a living document that will be continuously updated by the secretariat, based on the work of the Supervisory Body and feedback from stakeholders.
10. This manual has been converted into a user-friendly manual (webpage format<sup>11</sup>), as mandated by the Supervisory Body at its thirteenth meeting, which will also be updated continuously in accordance with the updates made to this manual.
11. The Supervisory Body may wish to request that the secretariat regularly update the status of the manual as part of the implementation of the Article 6 capacity-building work programme, including indicative intervals for making such updates.

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<sup>8</sup> Meeting report: Thirteenth meeting of the Article 6.4 mechanism Supervisory Body. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-SBM013.pdf>.

<sup>9</sup> Information Note: Article 6.4 manual for host Parties participation in the mechanism. Available at: <https://unfccc.int/sites/default/files/resource/A64-SBM015-AA-A04.pdf>.

<sup>10</sup> Meeting report: Fifteenth meeting of the Article 6.4 mechanism Supervisory Body. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-SBM015.pdf>.

<sup>11</sup> Article 6.4 Manual for host Parties' participation in the Paris Agreement Crediting Mechanism (PACM). Available at: <https://manual-for-hpp-in-pacm.my.canva.site/>.

#### **4. Impacts**

12. The roles and responsibilities of host Parties are immense in the implementation of Article 6.4 activities. This manual complements the RMPs and the Article 6.4 mechanism's regulatory framework, to assist host Parties in understanding their roles and responsibilities for participation in the mechanism.

#### **5. Subsequent work and timelines**

13. The secretariat will continuously update the manual, as deemed necessary. The secretariat will keep the Supervisory Body informed about revisions to the substantive content of the manual, as appropriate.

#### **6. Recommendation to the Supervisory Body**

14. The Supervisory Body may wish to provide feedback on and take note of the manual, as outlined in this information note.

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DRAFT

## 1. Overview

1. This manual has been prepared to assist host Parties to better understand and fulfil their roles and responsibilities for participation in the Paris Agreement Crediting Mechanism (PACM). Where the participation in the PACM involves the use of authorized Article 6.4 emissions reduction units (A6.4ERs), this manual should be read alongside the “Article 6.2 Reference manual for the accounting, reporting and review of cooperative approaches”<sup>1</sup> (Article 6.2 manual).
2. Neither this manual nor the Article 6.2 manual should be read as a substitute for the rules and regulations of the PACM.
3. As new or updated roles and responsibilities are operationalized for the PACM through new or updated procedures, the secretariat will update this manual regularly as appropriate. The procedures covered by this version of the manual are as follows<sup>2</sup>:
  - (a) Procedure: Direct communication with stakeholders, version 01.0;
  - (b) Procedure: Article 6.4 activity cycle procedure for projects, version 02.0;
  - (c) Procedure: Article 6.4 activity cycle procedure for programmes of activities, version 02.0;
  - (d) Procedure: Development, revision, clarification and modification of methodologies and methodological tools, version 01.1;
  - (e) Procedure: Transition of clean development mechanism (CDM) activities to the Article 6.4 mechanism, version 04.3;
  - (f) Procedure: Article 6.4 mechanism registry, version 01.0;
  - (g) Procedure: Appeal and grievance processes under the Article 6.4 mechanism, version 01.0.
4. Note, due to the significant number of roles and responsibilities for host Parties in relation to standardized baselines, the Procedure: Development, revision, clarification and update of standardized baselines was not considered for the purposes of this manual. Host Parties should refer to the regulation directly to understand their roles and responsibilities in relation to standardized baselines.<sup>3</sup>

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<sup>1</sup> Available on the UNFCCC website at:

[https://unfccc.int/sites/default/files/resource/Article\\_6.2\\_Reference\\_Manual.pdf](https://unfccc.int/sites/default/files/resource/Article_6.2_Reference_Manual.pdf)

<sup>2</sup> All procedures provided in 3(a) – (g), and the Procedure: Development, revision, clarification and update of standardized baselines mentioned in paragraph 4, are available on the UNFCCC website at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations>

<sup>3</sup> Standardized baselines are a methodological tool to set a standardized level of baseline emissions against which reductions or removals may be calculated. Standardized baselines may be developed by the host Party, a group of Parties, entities or organizations, or the Supervisory Body, and must be approved by the host Party, as with all methodological components of PACM participation.

## 2. Introduction

### 2.1. Paris Agreement and Article 6

5. The adoption of the Paris Agreement by Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in December 2015 was a pivotal moment in the UNFCCC process. In aiming to enhance the implementation of the Convention, one of the primary goals of the Paris Agreement, as set out in its Article 2, is to hold the global average temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels in order to significantly reduce the risks of climate change. The other goals are to increase countries' abilities to adapt to the adverse impacts of climate change and foster low-greenhouse gas (GHG) emissions development pathways and make financial flows consistent with such pathways. Implementation of the Agreement reflects equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. The Paris Agreement entered into force on 4 November 2016 once it had been ratified by at least 55 Parties, accounting for at least 55 per cent of global GHG emissions.<sup>4</sup>
6. Fundamental innovations under the Paris Agreement include Parties' own determination of their commitments, which allows for a diversity of responses to address climate change. Parties were called on to establish nationally determined contributions (NDCs) to communicate the domestic and, where applicable, international actions they intend to take to mitigate climate change, adapt to its effects, and support other countries in their mitigation and adaptation efforts by means of financial, technology development and transfer, and capacity-building initiatives. These efforts are then tracked through the Enhanced Transparency Framework, which assesses whether Parties are meeting their goal and the collective sum of individual contributions is on track to meet the overall purpose and goals of the Agreement.
7. The Paris Agreement recognized that Parties could be more ambitious in their collective efforts by working together. Article 6 provides for this cooperation, enabling Parties to pursue voluntary cooperation in the implementation of their NDCs to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity. Article 6.2 of the Paris Agreement provides accounting requirements for such cooperation as internationally transferred mitigation outcomes are used towards NDCs and therefore reported through the Enhanced Transparency Framework (see the Article 6.2 manual for more information). Article 6.4 provides a voluntary mechanism to contribute to the mitigation of GHG and support sustainable development. This voluntary mechanism is the PACM.

### 2.2. Overview of Paris Agreement Crediting Mechanism

8. The PACM was established by Article 6.4 of the Paris Agreement as a mechanism to contribute to the mitigation of GHG emissions and support sustainable development. The

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<sup>4</sup> Paris Agreement - Status of Ratification. Available at: <https://unfccc.int/process/the-paris-agreement/status-of-ratification>.

rules, modalities and procedures of the mechanism were provided by decision 3/CMA.3,<sup>5</sup> which were then elaborated on by decision 7/CMA.4<sup>6</sup> and decision 6/CMA.6.<sup>7</sup> The Supervisory Body is the PACM's supervising authority and produces the rules and regulations by which the mechanism operates. The Supervisory Body is designated by, and accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).

9. Participation in the PACM is voluntary. By participating in the PACM, Parties can cooperate with each other, and with public and private entities, to fund and host activities which reduce or remove GHGs beyond what was otherwise possible. The activities registered with the PACM must comply with all rules and regulations of the PACM, including, for example, applying an approved methodology, measuring its sustainable development impacts, undertaking third-party verification and ongoing monitoring, and being approved by the host Party. Activities registered with the PACM are issued A6.4ERs in the mechanism registry in respect of the GHGs reduced or removed by the activity (each A6.4ER representing 1 tonne CO<sub>2</sub> equivalent). A6.4ERs can be traded between Parties and other entities which are authorized by Parties to be account holders in the PACM registry. Activities under the PACM can issue two types of A6.4ERs, as explained below, which are distinguished by their identifier in the registry:
- (a) **Mitigation Contribution A6.4ERs.** These represent mitigation which will contribute to the host Party's NDC, as the host Party has not, or not yet, authorized them and hence there is no commitment to undertake a corresponding adjustment for the mitigation they represent. Under certain circumstances, mitigation contribution A6.4ERs may be authorized at a later stage, which would make them Authorized A6.4ERs (see (b) below);
  - (b) **Authorized A6.4ERs.** These represent mitigation which the host Party has authorized for use towards the achievement of NDCs and/or for Other International Mitigation Purposes<sup>8</sup> and hence it is subject to the requirements of corresponding adjustment with respect to the mitigation represented by the A6.4ER. The uses of the authorized A6.4ERs are tagged in the registry – for example, only for use towards NDCs, or for use towards NDCs or other international mitigation purposes. Authorized A6.4ERs, once “first transferred”<sup>9</sup> are Internationally Transferred Mitigation Outcomes (ITMOs) according to Article 6.2, and the PACM registry connects to the Centralized Accounting and Reporting Platform to report them as

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<sup>5</sup> Decision 3/CMA.3. Available at: [https://unfccc.int/sites/default/files/resource/cma2021\\_10a01E.pdf](https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf).

<sup>6</sup> Decision 7/CMA.4. Available at: [https://unfccc.int/sites/default/files/resource/cma2023\\_10a02E.pdf#page=33](https://unfccc.int/sites/default/files/resource/cma2023_10a02E.pdf#page=33).

<sup>7</sup> Decision 6/CMA.6. Available at: [https://unfccc.int/sites/default/files/resource/cma2024\\_17a01\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2024_17a01_adv.pdf) (Advance version, in English language only).

<sup>8</sup> In accordance with decision 2/CMA.3. Available at: [https://unfccc.int/sites/default/files/resource/cma2021\\_10a01E.pdf](https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf).

<sup>9</sup> In accordance with section II 'Application of first transfer' of decision 4/CMA.6. Available at: [https://unfccc.int/sites/default/files/resource/cma2024\\_17a01\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2024_17a01_adv.pdf). (Advance version, in English language only).



such. Under certain circumstances, a Party may change its authorization of A6.4ERs<sup>10</sup>.

10. Many activities undertaken through the PACM provide funding towards adaptation to the impacts of climate change via contributions to the Adaptation Fund. This is done through:
  - (a) A portion of 5 per cent of the A6.4ERs issued for an activity being automatically forwarded to an account held for the Adaptation Fund. This is mandatory for all activities unless they are hosted by a least developed country or small island developing State, which may exempt themselves from this contribution. The Adaptation Fund makes the A6.4ERs available for purchase, and directs the profits generated towards adaptation activities that it funds;
  - (b) A monetary contribution of 3 per cent of the issuance fee paid for each activity;
  - (c) A periodic monetary contribution of remaining funds from administrative expenses, after setting aside operating costs and an operating reserve for the mechanism.
11. The PACM is also designed to contribute to an overall mitigation of global emissions. For this purpose, 2 per cent of all A6.4ERs issued are subject to a mandatory cancellation under which the amount of A6.4ERs are, at the point of issuance, automatically forwarded to a cancellation account where they cannot be transacted any further.
12. In addition, the PACM seeks to be self-financing for its operation, achieved through a share of the proceeds for administrative expenses and fees charged through the activity cycle and for the use of the registry.
13. These fees are detailed in the fee schedule of the PACM. These fees are waived for activities developed in least developed countries and small island developing States.

### **2.3. Roles and responsibilities of host Parties in the Paris Agreement Crediting Mechanism**

14. As discussed above, the PACM was established to support Parties in voluntarily cooperating to mitigate emissions and foster sustainable development. According to the rules and regulations of the PACM, host Parties have a number of roles and responsibilities throughout the lifetime of an activity (called the activity cycle) and potentially beyond (e.g. accounting responsibilities with respect to authorized A6.4ERs that are ITMOs).
15. In this manual, roles refer to optional actions or opportunities which host Parties may undertake should they choose to undertake cooperation through the PACM, whereas responsibilities refer to actions which host Parties must undertake should they choose to undertake cooperation through the PACM, as applicable.
16. The roles and responsibilities of host Parties are operationalized in the mechanism through the various procedures adopted by the Supervisory Body of the Article 6.4 mechanism. These procedures describe the roles and responsibilities, formulated as actions which a host Party must or may undertake to participate in the mechanism. This

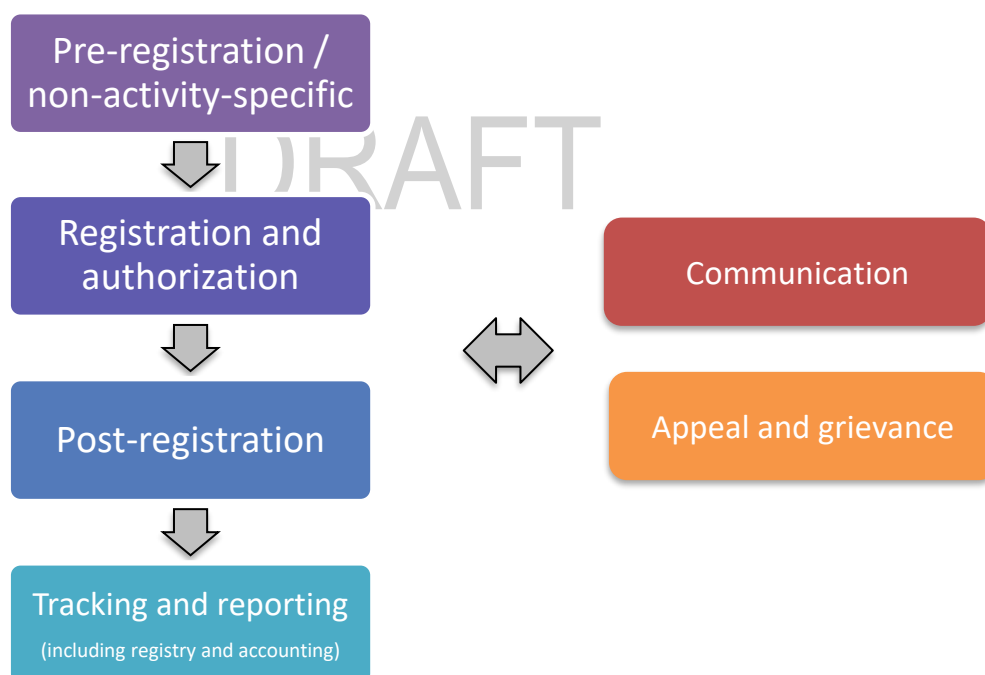
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<sup>10</sup> As provided by section I(D) 'Change to the authorization' of decision 4/CMA.6. Available at: [https://unfccc.int/sites/default/files/resource/cma2024\\_17a01\\_adv.pdf](https://unfccc.int/sites/default/files/resource/cma2024_17a01_adv.pdf). (Advance version, in English language only).

manual describes such roles and responsibilities as per stages of the activity cycle. It will also provide explanations on how they should be applied by host Parties in their engagement with the PACM, providing example cases in the following section.

17. The diagram below provides an overview of the activity cycle stages of the PACM as well as its flow and linkage as classified in this manual. The roles and responsibilities are classified into six categories: pre-registration/non-activity-specific; registration and authorization; post-registration; tracking and reporting (including registry and accounting); communication; and appeal and grievance. Importantly, some roles and responsibilities (e.g. those related to participation in the PACM, authorization of A6.4ERs, and withdrawal of approval and authorization) are not necessarily taken only at a particular stage of activity cycle. In this manual, however, the classification is provided as below for the purposes of discussing roles and responsibilities of host Parties in a simplified manner. Consequently, explanations of some roles and responsibilities related to authorization of A6.4ERs, and withdrawal of approval and authorization, are provided at the stage of registration and authorization and at the stage of post-registration, respectively.

**Figure 1. Overview of the activity cycle stages of the PACM**



18. The tables below provide information on the roles and responsibilities of host Parties at each of activity cycle stage as classified in this manual, together with the associated procedures adopted by the Supervisory Body.

**Table 1. Pre-registration / non-activity-specific**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Activity cycle procedure for projects / Procedure: Activity cycle procedure for programmes of activities<sup>1</sup></b>	<p>According to the Procedure: Activity cycle procedure for projects/ programmes of activities, prior to activities to the PACM, Parties must fulfil a number of responsibilities. These include participation responsibilities which are provided by the Rules, Modalities and Procedures of the Article 6.4 mechanism (RMPs)<sup>2</sup> of the PACM. These responsibilities are overarching in nature. For example: Parties shall ensure they have communicated and maintained an NDC and that their participation in the mechanism will contribute to its implementation; they have designated a national authority; and they have indicated what type of activities they would consider approving. All information provided by the Party with respect to its participation responsibilities will be made publicly available on the UNFCCC website.</p> <p>This information will inform activity participants on the types of activities eligible for development in the host Party, and how these activities must support the host Party's sustainable development and NDC, long-term low-GHG emission development strategy and long-term goals of the Paris Agreement.</p> <p>To assist parties in fulfilling their participation responsibilities, the secretariat has developed the Form: Host party participation requirements for the Article 6.4 mechanism (HPP Form). This form can be submitted through the dedicated interface on the UNFCCC website.</p>	<p>Host Parties may choose to specify methodological information that activities which they host would need to comply with at the time of submitting their participation in the mechanism<sup>3</sup>. The methodological information may include – for example, baseline approaches, crediting periods, and domestic arrangements in relation to stakeholder consultation. Additionally, where a methodology sets a baseline for activities to apply, a host Party may determine a more ambitious level, at its discretion. If information pursuant to these pre-registration roles is communicated by a Party to the secretariat (via the online UNFCCC interface), the secretariat shall publish the information provided on the UNFCCC website.</p>

<sup>3</sup> Host Parties may also choose to specify methodological information at anytime after their participation to the mechanism.

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Development, revision and clarification of methodologies and methodological tools</b>		<p>Host Parties may wish to develop methodologies. Host Parties should note that any methodologies they wish to develop may comply with the methodological requirements of the PACM, as laid out in the Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies. If a methodology includes a standardized baseline, it must be developed in accordance with the Procedure: Development, revision, clarification and update of standardized baselines. Host Parties may communicate methodologies they have developed, or an intention to develop a methodology, including any assistance sought from the Supervisory Body via the online UNFCCC interface. Additionally, a host Party may request the revision or clarification of a methodology or methodological tool via the online UNFCCC interface by following the steps and requirements provided in the Procedure. The secretariat has developed forms to support each of these processes, which can be submitted via the online UNFCCC interface.</p>

<sup>2</sup> Decision 3/CMA.3: Rules, Modalities and Procedures of the Article 6.4 mechanism.

<sup>3</sup> Host Parties may also choose to specify methodological information at anytime after their participation to the mechanism.

**Table 2. Registration and authorization**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Activity cycle procedure for projects / Procedure: Activity cycle procedure for programmes of activities<sup>4</sup></b>	<p>Prior to registration of an activity with the PACM, activities must demonstrate that the A6.4 mechanism benefits were considered necessary in the decision to implement the project through a prior consideration notification. This will be communicated to the host Party, who is then responsible for indicating whether it has any objection to the activity proceeding with registration with the PACM.</p> <p>A host Party must approve an activity and authorize the activity participants of the activity before it can be registered with the PACM. A host Party must provide this approval and authorization, and the necessary accompanying information. The approval of an activity must include specific information in accordance with the Procedure: Activity cycle procedure for projects (e.g. renewal(s) of a crediting period). This correlates to the pre-registration responsibilities, as the activity must comply with any applicable requirements provided by the host Party via its participation responsibilities.</p>	<p>If a host Party has provided approval for activities, it may withdraw its approval at any time, as provided by the Procedure: Activity cycle procedure for projects.</p> <p>A host Party may also decide to provide an authorization for any A6.4ERs issued from the activity. If a host Party chooses to authorize any A6.4ERs, it must also indicate for which uses the A6.4ERs are authorized – for example, for use towards NDCs, or for Other International Mitigation Purposes<sup>5</sup>, or for all applicable uses or some combination thereof. The host Party must also indicate how it will define “First transfer” for the purposes of reporting. For example, it may define this as the point of issuance. In this case, from the point where A6.4ERs are issued, the host Party is committed to make a corresponding adjustment with respect to the mitigation that the A6.4ERs represent. In accordance with the Procedure: Activity cycle procedure for projects, this authorization may be withdrawn under certain circumstances. To provide information on authorization, the secretariat has developed the Form: Host Party authorization of the use of Article 6.4 emission reductions for Article 6.4 projects.</p> <p>A host Party and any other participating Parties may request a review of a request for registration within a timeframe in accordance with the Procedure: Activity cycle procedure for projects.</p> <p>A host Party may request an appeal of any decision of the Supervisory Body with respect to an activity it hosts in accordance with the Procedure: Appeal and grievance processes under the Article 6.4 mechanism.</p>

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Transition of clean development mechanism (CDM) activities to the Article 6.4 mechanism</b>	<p>If a host Party wishes to host activities which were registered as activities under the CDM mechanism, it is responsible for considering whether to approve them to transition to the Article 6.4 mechanism. For this purpose, the relevant host Parties will receive notification of the transition request from the secretariat, and can respond by completing the Form: CDM activity transition to Article 6.4 mechanism approval form.</p> <p>If the host Party approves such transition, it shall submit an approval of transition from its designated national authority (DNA) for the Article 6.4 mechanism to the Supervisory Body through a dedicated interface on the UNFCCC website by 31 December 2025, 24:00 (Central European Time) using the Form: CDM transition to Article 6.4 mechanism approval form.</p>	<p>When approving CDM transition activities, least developed countries and small island developing States may choose whether the activities hosted in their territories and requesting transition are to be exempt from the share of proceeds for adaptation which will be levied at the point of issuance (5 per cent of issued A6.4ERs to the Adaptation Fund).</p>

<sup>4</sup> Procedure: Activity cycle procedure for programmes of activities provides the same roles and responsibilities as the Procedure: Activity cycle procedure for projects, as applicable to programmes of activities.

<sup>5</sup> In accordance with decision 2/CMA.3. Available at: [https://unfccc.int/sites/default/files/resource/cma2021\\_10a01E.pdf](https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf)

**Table 3. Post-registration**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Activity cycle procedure for projects / Procedure: Activity cycle procedure for programmes of activities<sup>6</sup></b>	Once an activity has been registered, any changes to the activity – for example, changing the start date of the crediting period or increasing the GHG emission reduction threshold – must be approved by the host Party.	Any Party, stakeholder or UNFCCC-admitted observer organization may provide comments on a proposed activity through the UNFCCC website in accordance with the Procedure: Activity cycle procedure for projects.  At any stage, a host Party may withdraw its approval or authorization of activity participants from an activity in accordance with the Procedure: Activity cycle procedure for projects.

**Table 4. Tracking and reporting (including registry and accounting)**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Article 6.4 mechanism registry</b>	<p>To open an account in the mechanism registry, Parties must follow the steps provided in the Procedure: Article 6.4 mechanism registry, which includes designating an authorized representative, considering all the rules and regulations related to the registry, and any other information provided to them with respect to the registry. Parties are responsible for ensuring that all details provided to the registry with respect to their accounts are correct.</p> <p>As provided above with respect to registering an activity to the mechanism, if a Party wishes to host an activity to the PACM, it must authorize the activity participants, for which the mechanism registry administrator will open an account for in the registry. The accounts of all public and private entities authorized by a Party</p>	<p>Parties may open their own accounts in the mechanism registry via the UNFCCC dedicated interface. Note: For retirement and cancellation accounts with respect to authorized A6.4ERs, Parties must fulfil sections II and IV of decision 2/CMA.3 regarding its participation in the mechanism registry. If Parties wish to, they may authorize public and private entities to hold accounts in the mechanism registry. A Party will be notified of a request for authorization to open an account by the mechanism registry administrator, where the proposed account holder has designated the Party as its proposed authorizing Party on their account-opening request.</p> <p>The mechanism registry provides information on all A6.4ERs issued from PACM activities. This includes information on the</p>

<sup>6</sup> Procedure: Activity cycle procedure for programmes of activities provides the same roles and responsibilities as the Procedure: Activity cycle procedure for projects, as applicable to programmes of activities.

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
	<p>(including any activity participants) shall be associated to the authorizing Party in the registry. When authorizing public or private entities (including any activity participants) to hold accounts in the mechanism registry, Parties are responsible for providing any authorizations they wish to give with respect to the possible transfers that the authorized entities may undertake (e.g. authorizing them to make transfers to an NDC retirement account).</p> <p>All transactions in the mechanism registry are final. Parties, as with all account holders, are responsible for ensuring that all details for transactions they undertake are correct, their login details are protected, and any suspicious behaviour is promptly reported to the mechanism registry administrator, and that their use of the mechanism registry complies with all applicable laws and regulations (e.g. that the registry is not used for the purposes of money-laundering, financing of terrorism, fraud or bribery).</p> <p>If a Party provides a post-issuance change of authorization with respect to A6.4ERs in the mechanism registry, it is responsible for ensuring that the post-issuance authorization complies with the rules and regulations of the mechanism registry, and resolving any invalidity the change may create in the registry before it can be actioned.</p> <p>While not a responsibility of Parties, Parties should be aware that where their participation in the PACM includes the issuance, holding, retirement, or use of authorized A6.4ERs that have been "first transferred", the mechanism registry connection to the Centralized Accounting and Reporting Platform shall provide automated prefilling of the agreed electronic format and of other quantitative information requirements pursuant to section IV (Reporting) of the annex to decision 2/CMA.3.</p>	<p>"First Transfer" status of any authorized A6.4ERs issued. This information will be provided to DNAs in regular reports. This information may be utilized by Parties for the purposes of their reporting obligations pursuant to paragraph 13 of 6.2/CMA.6. The mechanism registry also allows for automated pulling and viewing of information on holdings and action history of authorized A6.4ERs, which may be used by Parties.</p> <p>Parties may wish to make use of interoperability arrangements, which include a pulling and viewing function and the ability to transfer authorized A6.4ERs that are "first transferred" between the mechanism registry, the International Registry, and Participating Parties registries, in accordance with the Procedure: Article 6.4 mechanism registry.</p>



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**Table 5. Communication**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Activity cycle procedure for projects / Procedure: Activity cycle procedure for programmes of activities<sup>7</sup></b>		<p>Parties may appeal decisions of the Supervisory Body in accordance with the Procedure: Appeal and grievance processes under the Article 6.4 mechanism. The Procedure: Activity cycle procedure for projects refers to the Procedure: Appeal and grievance processes under the Article 6.4 mechanism where appealable decisions are referred to. Parties may notify the secretariat when any issues arise with respect to the modalities of communication statement of activity participants.</p> <p>If an activity participant becomes uncontactable, the secretariat may undertake administrative withdrawal, to which the DNA will be given the opportunity to object.</p> <p>In accordance with the Procedure: Activity cycle procedure for projects, the secretariat may engage the DNAs of the host Party or other Parties participating in the respective registered A6.4 project whenever issues are communicated to the secretariat in relation to insolvency and/or disputes over the designation of focal points. Confidentiality provisions apply to this communication.</p>

<sup>7</sup> Procedure: Activity cycle procedure for programmes of activities provides the same roles and responsibilities as the Procedure: Activity cycle procedure for projects, as applicable to programmes of activities.

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Direct communication with stakeholders</b>	To participate in the PACM and communicate with the Supervisory Body and/or the secretariat, Parties are responsible for designating their DNA to serve as the primary focal contact point for communications between Parties and the Supervisory Body and/or the secretariat.	Parties may engage with the Supervisory Body / secretariat through formal or informal channels. The Procedure: Direct communication with stakeholders provides means of communications for these purposes. Formal channels include engaging through the DNA forum (where the Supervisory Body allocates time at least twice a year) or participating in any meetings of the Supervisory Body. Alternatively, DNAs may communicate through the channel of communication available on the UNFCCC website. Parties may also provide written submissions to calls for inputs and public comments, and address general inquiries related to the activity cycle and methodology processes and procedures.

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**Table 6. Appeal and grievance**

Procedure	Responsibilities, roles, and explanation of application	
	Responsibilities	Roles
<b>Procedure: Appeal and grievance processes under the Article 6.4 mechanism</b>		<p>Parties, along with other eligible stakeholders and affected communities, organizations and individuals (in accordance with the Procedure: Appeal and grievance processes under the Article 6.4 mechanism) may file an appeal on appealable decisions of the Supervisory Body. Appeals may be filed individually or jointly, provided that no single appellant is included in more than one appeal.</p> <p>The Procedure: Appeal and grievance processes under the Article 6.4 mechanism provides the decisions of the Supervisory Body which may be appealed (e.g. the DNA may appeal against the application of Party-specific elements of methodological products that are applicable to that host Party) and the grounds on which an appeal may be made (e.g. the Supervisory Body exceeded its authority or mandate). A standard appeal fee of USD 30,000 is not applicable for DNAs that appeal decisions.</p> <p>A Party may file an appeal by submitting the applicable Form: Appeal through the dedicated interface on the UNFCCC website.</p> <p>Where a grievance is filed and the grievance panel issues recommendations with respect to an activity held by a host Party, which include recommendations to the national authority or the host Party to take corrective actions that may address the grievance, the secretariat will contact the DNA to enquire about corrective actions taken and publish the outcome of the inquiry on the UNFCCC website.</p>

### 3. Example of Parties' interactions under the Paris Agreement Crediting Mechanism

19. The box below provides an example of various interactions by Parties associated with their roles and responsibilities in some of the activity cycle stages of the PACM as classified in this manual: pre-registration/non-activity-specific; registration/approval; and tracking and reporting (including registry and accounting). It is based on an assumed case in which Party A is the host Party where a project activity is being developed and going through the activity cycle under the PACM.

**Table Box 1. Example of various interactions by Parties**

#### **Background**

Party A seeks to participate in the PACM to drive low-emissions development in its transport sector. The sector currently forms 13 per cent of the country's emissions. In its long-term low greenhouse gas emission development strategies (LT-LEDS), the sector is noted as undertaking a slow transition to low emissions, as there is a high marginal abatement cost. Party A has determined that by engaging in cooperation to reduce emissions in its transport sector and enabling mitigation activities which would exceed what would have been occurred in the absence of cooperation, it could potentially authorize 50 per cent of the resulting A6.4ERs for use towards NDCs and/or other international mitigation purpose; the other 50 per cent could be issued as mitigation contribution A6.4ERs, which would contribute its domestic mitigation purpose.

Party A already hosts several CDM activities, including one in the transport sector which has sought transition to the PACM. It recognizes that this activity could be useful, but it needs to update its baseline to be more stringent in order to ensure that the finance generated is going towards mitigation beyond what would have happened anyway. Party A has intention to authorize the A6.4ERs if the activity delivers beyond what Party A has anticipated in its NDC (recognizing that the transport sector is not anticipated to reduce emissions significantly in the current NDC policy and projections).

#### **Pre-registration / non-activity specific**

Party A will need to continually ensure that the activities underway, and any proposed activities, continue to advance its NDC and LT-LEDS. This is because some of the responsibilities are on an ongoing basis, such as the obligation to maintain an NDC in accordance with Article 4, paragraph 2 of the Paris Agreement. Some roles and responsibilities will require continual review – for example, the responsibility for a host Party to ensure that its participation in the mechanism contributes to its NDC and its LT-LEDS, if it has submitted one.

To fulfil its participation responsibility, Party A submits the HPP Form through the UNFCCC website. On the HPP Form, Party A provides a link to the United Nations Treaty Repository and a link to its latest NDC, published earlier this year. Party A also provides contact information for its Ministry of the Environment, which serves as its DNA. On the HPP Form, it describes how the Party intends to use the PACM to incentivize low-emissions development in its transport sector (which is identified as a long-term objective in its LT-LEDS) and how this will enable Party A to achieve more mitigation than otherwise possible – 50 per cent of which it will authorize. Party A also provides a list of local communities and Indigenous Peoples groups with which it requires activity developers to undertake dedicated consultations.

To ensure its expectation to go beyond the current NDC projections for the transport sector, Party A provides detailed information on how the transport sector's emissions are projected to

change through the NDC and LT-LEDS policies. It also provides the baseline approaches and crediting periods which an activity should apply. In developing the baseline approach, Party A has ensured compliance with the Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies. Party A provides the information and baseline approaches via the additional information box on the HPP Form.

In addition to baseline and crediting period information, Party A provides information on its requirements for stakeholder consultation, which reflect its best -practice arrangements with the **local communities and Indigenous Peoples groups**.

When the activity reaches the stage of being approved by **the Supervisory Body for registration**, it **will be checked to ensure that the activity meets all rules and regulations, and any requirements specified by host Parties, including any provided pursuant to this provision.**

Party A recognizes that it could **further build confidence, and facilitate activities, in its transport sector by providing a methodology which makes use of the baseline requirements provided, assuming that developers can have certainty that the activity will be approved by Party A when activities are developed using the methodology.**

Party A develops a methodology for transport-based activities (ensuring compliance with the guidance on methodologies provided by **the Supervisory Body**) and **submits this to the Supervisory Body for approval by completing the Form: New baseline and monitoring methodology or methodological tool proposal**"

#### **Registration / approval**

Party A receives the notification of the proposed activity and **communicates via the UNFCCC website that it has no objection to the activity proceeding with registration. Party A receives notification from the secretariat that an activity is proposed using the methodology that Party A developed. Party A provides, through the UNFCCC interface, an approval of the activity and one renewal of its crediting period, providing a brief explanation as to how this activity specifically fosters sustainable development and how it will contribute to the NDCs.**

Party A authorizes the activity developer Clean Buses, Inc. to participate in the PACM. Party A provides a statement to accompany its approval specifying that it will authorize 50 per cent of any resulting A6.4ERs for use towards the achievement of NDCs or other international mitigation purposes. Party A fulfils the requirements of Article 6 for each authorized A6.4ER, including corresponding adjustment, with the authorized A6.4ERs deemed first transferred upon issuance from the pending account into the authorized activity participant account.

Party A specifies that the authorized A6.4ERs are authorized for any use, as consistent with the rules and regulations of the Paris Agreement. Party A has provided this broad authorization with a view to ensuring that the activity participants have a wide range of potential purchasers, hopefully translating to high demand for the authorized A6.4ERs and encouraging further activity development in its jurisdiction.

#### **Tracking and reporting (including registry and accounting)**

Party A ensures it has fulfilled all reporting obligations with respect to the PACM and opens its **account in the mechanism registry in order to host its activities, recognizing that the activity participants' accounts will need to associate with their Party accounts for reporting purposes. When opening its account, Party A designates a director at its Ministry of the Environment as its nominated representative.**

Party A authorizes a selection of account holders whom it allows to hold accounts associated with it in the registry and trade the A6.4ERs issued from its activities.

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## Appendix 1. Frequently asked questions

1. The UNFCCC website for the Paris Agreement Crediting Mechanism is frequently updated to maintain accurate, up-to-date and relevant information (see <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>). Some of frequently asked questions (FAQs) and answers are shown below.
2. Stakeholders may contact the secretariat with any outstanding questions by emailing [A6.4mechanism-info@unfccc.int](mailto:A6.4mechanism-info@unfccc.int).

**Table Box 1. FAQs and answers**

### **What is the difference between Article 6.2 and Article 6.4?**

Article 6.2 provides accounting, reporting and reviewing guidance which applies to all transactions of Internationally Transferred Mitigation Outcomes. Article 6.4 establishes a voluntary mechanism, the Paris Agreement Crediting Mechanism, which Parties can choose to use for cooperation to reduce or remove emissions and support sustainable development. Where a Party's cooperation through the mechanism includes the exchange of Internationally Transferred Mitigation Outcomes, decisions by the CMA relating to Article 6.2 will apply to that cooperation.

### **Do host Parties have to correspondingly adjust for all 6.4 emission reductions issued from activities they host?**

No, Parties can decide whether to authorize for corresponding adjustment any Article 6.4 Emission Reductions issued from activities they host. If they choose not to authorize for corresponding adjustment, the 6.4 emission reductions will be "Mitigation Contribution Units", which can be sold but will contribute to their own Nationally Determined Contribution. If they choose to authorize the Article 6.4 Emissions Reductions for corresponding adjustment, they will become "Authorized Emission Reductions" and upon 'first transfer', they will need to follow Article 6.2 guidance in respect of the mitigation the Article 6.4 Emissions Reductions represent.

### **Where are these roles and responsibilities coming from?**

Article 6 of the Paris Agreement (1/CMA.1) establishes the Article 6.4 mechanism. The Parties provided the mechanisms rules, modalities and procedures in Decision 3/CMA.3 and elaborated them in Decision 7/CMA.4, and further, in Decision -/CMA.6. These provide the CMA basis for Party participation in the Article 6.4 mechanism.

The CMA tasked the Supervisory Body with operationalizing the Article 6.4 mechanism. To do this, the Supervisory Body adopts regulations, including standards, procedures, tools and guidelines. Procedures provide the procedural steps which various actors which interact with the Article 6.4 mechanism must undertake for its operation. These procedures provide the specific roles and responsibilities of Parties engaging in the mechanism, and hence, are the focus of the Manual for host Party participation in the Article 6.4 mechanism. The secretariat produced a "help sheet" to assist in understanding the various regulatory documents of the Supervisory Body. The sheet can be found at: [https://unfccc.int/sites/default/files/resource/A64\\_document\\_codification\\_system.pdf](https://unfccc.int/sites/default/files/resource/A64_document_codification_system.pdf).

### **Where can I find more information on the transition of CDM activities to the Article 6.4 mechanism?**

The UNFCCC website has a dedicated webpage with all relevant information on the transition of CDM activities to the Article 6.4 mechanism. The website includes a helpful list of frequently asked questions specific to the transition of CDM activities.



The link to this website is: <https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/transition-of-cdm-activities-to-article-64-mechanism>.

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### Document information

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