

DRAFT TEXT

on

CMA 5 agenda item 14(b)
Rules, modalities and procedures for the mechanism established by
Article 6, paragraph 4, of the Paris Agreement
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Draft decision -/CMA.5

**Guidance on the mechanism established by Article 6,
paragraph 4, of the Paris Agreement**

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

Recalling the mechanism established by Article 6, paragraph 4, of the Paris Agreement and the aims referred to therein,

Also recalling Article 6, paragraph 1, of the Paris Agreement,

Further recalling the eleventh preambular paragraph of the Paris Agreement, according to which, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of Indigenous Peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity,

Recalling decision 3/CMA.3 and its annex and decision 7/CMA.4 and its annexes,

Also recalling that, pursuant to decision 2/CMA.3, annex, paragraph 1(g), Article 6, paragraph 4, emission reductions, when they are authorized for use towards achievement of nationally determined contributions and/or authorized for use for other international mitigation purposes, are internationally transferred mitigation outcomes and relevant guidance under Article 6, paragraph 2, of the Paris Agreement applies,

I. General

1. *Welcomes* the annual report for 2023 of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and its addendum;¹
2. *Recognizes* the work undertaken by the Supervisory Body in 2023 to address the mandates from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

**II. Operation of the mechanism established by Article 6,
paragraph 4, of the Paris Agreement**

3. *Welcomes* the designation of national authorities for the mechanism by 67 Parties as at 12 December 2023;
4. *Reminds* Parties wishing to participate in the mechanism to designate a national authority for the mechanism and communicate that designation to the secretariat;
5. *Requests* the Supervisory Body to establish a Designated National Authorities Forum to facilitate the exchange of information and experience among designated national

¹ FCCC/PA/CMA/2023/15 and Add.1.

authorities and the identification of common challenges at the regional and subregional level in operationalizing the mechanism;

6. *Appreciates* the valuable inputs provided by a diverse range of stakeholders to the work of the Supervisory Body throughout the year;

7. *Requests* the Supervisory Body, in pursuing inclusivity, to continue to remain open to stakeholder engagement and inputs, including by proactively reaching out to a broad range of stakeholders, including Indigenous Peoples and local communities, national and sub-national governments, technical experts, the private sector, and scientific and academic communities;

8. *Requests* the Supervisory Body to be always guided by the best available science in its work and consideration of relevant matters relating to the operation of the mechanism;

9. *Notes with appreciation* the progress made by the Supervisory Body in developing the standards and procedures for operationalizing the mechanism;

10. *Invites* Parties and admitted observer organizations to submit via the submission portal², by 05 February 2024, their views on the sustainable development tool, the appeals and grievance procedure, and tools and guidelines on baselines, additionality, leakage and a reversal risk assessment;

11. *Urges* the Supervisory Body to prioritize its work on the sustainable development tool, the appeals and grievance procedure, and tools and guidelines relating to baselines, additionality, leakage and a reversal risk assessment as well as other regulatory provisions as required in the rules, modalities and procedures for the mechanism as a matter of urgency, taking into account the submissions of Parties and observers on these matters referred to in paragraph 10 above;

12. *Requests* the Supervisory Body, while developing the tools and guidelines related to the baselines, as referred to in paragraphs 10 and 11 above, to prioritize the aggregation of the baseline as per paragraph 37 of annex to decision 3/CMA.3;

13. *Recalls* that the Parties' nationally determined contributions are of nationally determined nature and the Parties choose to pursue voluntary cooperation in their implementation, and *acknowledges* that in this cooperation Parties should respect, promote and consider their respective obligations on human rights, the right to health, the rights of Indigenous Peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;

14. *Requests* the Supervisory Body to develop procedures and templates for host Parties to provide information in relation to their participation in the mechanism, including information on their fulfilment of participation requirements and their choices of how they participate in the mechanism, consistent with the rules, modalities and procedures for the mechanism;

15. *Recalling* decision 7/CMA.4, annex II, paragraph 70, *stresses* the importance of establishing relevant dedicated expert groups with broad knowledge, including drawing on appropriate scientific, technical and practical expertise;

16. *Requests* the Supervisory Body to ensure close collaboration among the established expert groups referred to in paragraph 15 above, with the aim of ensuring consistency in their work;

17. *Also requests* the Supervisory Body to publish data related to the mechanism, including its activities and other information such as total global mitigation achieved, investment reported by activity participants, and potential co-benefits achieved, with the view to inform on the operation of mechanism;

² <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

III. Elaboration of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

18. *Decides* that afforestation and reforestation project activities and programmes of activities registered under the clean development mechanism may transition to the mechanism established by Article 6, paragraph 4, of the Paris Agreement and be registered as activities under the mechanism (Article 6, paragraph 4, activities) subject to the following conditions being met:

(a) The request to transition the registered clean development mechanism afforestation and reforestation project activity or programme of activities being made to the secretariat and the clean development mechanism host Party, as defined by decision 3/CMP.1, by or on behalf of the project participants by no later than 30 June 2024;

(b) The clean development mechanism afforestation and reforestation project activity or programme of activities complies with the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, the respective applicable requirements for activities involving removals under the mechanism, as contained in annex II, and any further relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

19. *Also decides* to exempt Article 6, paragraph 4, activities in the least developed countries from the share of proceeds for adaptation, while acknowledging that the least developed countries may choose not to make use of this exemption;

20. *Welcomes* the requirements for the development and assessment of methodologies for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, referred to in chapter V.B (Methodologies) of the rules, modalities and procedures, contained in annex I, and the requirements for activities involving removals under the mechanism established by Article 6, paragraph 4, of the Paris Agreement, as contained in annex II;

21. *Requests* the Supervisory Body to apply these requirements contained in annex I and II, while noting that the Supervisory Body will continue the further work as referred to in the respective annexes;

22. *Also requests* the Supervisory Body to review the requirements contained in annex I and II based on the further work identified in these annexes, elaborate and develop clarifications ensuring that terminology applied is consistent and that guidance is clear, update the requirements, as appropriate, and report on its progress to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

23. *Further requests* the Supervisory Body in its work on removals involving forests to respect over a decade of experience in the forest sector under the Convention and to take into account relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, as appropriate, including seeking inputs from relevant sectoral experts;

24. *Requests* the Subsidiary Body for Scientific and Technological Advice to continue its consideration of whether Article 6, paragraph 4, activities could include emission avoidance and conservation enhancement activities, as part of the review of the rules, modalities and procedures for the mechanism to be conducted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its tenth session (2028);³

25. *Decides* that, in addition to enabling the ability to pull and view data and information⁴ on holdings and the action history of authorized A6.4ERs, the Article 6.4 mechanism registry shall, consistent with the interoperability arrangements applicable to all registries as described in decision 6/CMA.4, annex I, chapter I.B and other relevant future decisions of the CMA, enable the transfer of A6.4ERs to participating Party registries that request this

³ Decision 3/CMA.3, para. 10 and 11.

⁴ Pursuant to decision 3/CMA.3, annex, para. 63, and decision 6/CMA.4, annex I, para. 24.

connection and demonstrate that their registry performs the necessary functions for the transparent generation and/or acquisition, holding, transfer, retirement and/or cancellation of A6.4ERs and maintains robust protocols for data transfer and security consistent with the guidance contained in paragraph 27, annex I, 7/CMA.4;

26. *Recalls* that pursuant to Decision 7/CMA.4, annex, paragraph 38, the mechanism registry administrator shall, at the time of the issuance of A6.4ERs, assign their authorization status in accordance with the statement by the host Party provided to the Supervisory Body, and encourages the host Party to provide to the Supervisory Body the statement on the authorization of A6.4ERs no later than issuance;

27. *Clarifies* that if no statement has been provided at the time of the issuance, the mechanism registry administrator shall assign the status mitigation contribution A6.4ERs;

28. *Decides* that the host Party may authorise for use towards achievement of nationally determined contributions and/or for other international mitigation purposes, as defined in decision 2/CMA.3, mitigation contribution A6.4ERs already issued, by providing to the Supervisory Body a statement of authorization prior to any transactions in the mechanism registry or any transfers out of the mechanism registry, and applying the requirements for corresponding adjustments with respect to the mitigation contribution A6.4ERs already forwarded for share of proceeds for adaptation pursuant to paragraph 39 and cancelled to deliver overall mitigation in global emissions pursuant to paragraph 40 of annex I of decision 7/CMA.4;

29. *Requests* the Supervisory Body to establish the necessary guidelines to operationalise paragraph 28 above and report back on this matter to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session (2024), with a view to ensuring that:

(a) the respective mitigation contribution A6.4ERs are still held by the mitigation activity participants and have not been transacted in the mechanism registry or out of the mechanism registry;

(b) corresponding adjustments are applied by the host Party as if the authorization had been provided prior to issuance; and

(c) the respective shares of proceeds received by the Adaptation Fund are comprised of authorized A6.4ERs, rather than mitigation contribution A6.4ERs;

30. *Clarifies* that the statement referred to in paragraph 26 above should include relevant information contained in paragraph 10 of decision -/CMA.5⁵ in order to enable the identification of authorized A6.4ERs in the mechanism registry;

31. *Decides* that any changes to the statement of authorization referred to in paragraph 26 above shall be consistent with paragraph 12 of decision -/CMA.5⁵ with respect to authorized A6.4ERs;

32. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop recommendations on further responsibilities of the Supervisory Body and of Parties that host Article 6, paragraph 4, activities in order for such host Parties to elaborate on and apply national arrangements for the mechanism under the approval and supervision of the Supervisory Body, as part of the review of the rules, modalities and procedures, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its tenth session as part of its review of the rules, modalities and procedures for the mechanism at that session (2028);

⁵ Draft decision entitled “Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement” proposed under agenda item 14(a) of the Conference of the Parties serving as the meeting of the Parties to the Paris at its fifth session.

IV. Management of financial resources

33. *Takes note* of the agreed business and resource allocation plan of the Supervisory Body for 2024–2025,⁶ which provides an estimated budget for its work and activities deemed essential for operationalizing the mechanism;

34. *Requests* the Supervisory Body to reinforce its support structure and allocate dedicated resources to the expert groups referred to in paragraph 15 above;

35. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;

36. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

⁶ Supervisory Body document A6.4-SB007-A01.

Annex I

Requirements for the development and assessment of methodologies for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

{Text to be added from annex I to the addendum to the annual report of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.}

Annex II

Requirements for activities involving removals under the mechanism established by Article 6, paragraph 4, of the Paris Agreement

{Text to be added from annex II to the addendum to the annual report of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.}