

Article 6

Operationalization in Iraq

Institutional Setup - Guidelines
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Disclaimer

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Acronyms

Acronym	Definition
A6.4 ERs	Article 6.4 Emissions Reductions
BAU	Business as Usual
BTRs	Biennial Transparency Reports
CDM	Clean Development Mechanism
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
DNA	Designated National Authority
GCCE	General Company for Carbon Economics established by Govt of Iraq
ISC	Iraq Securities Commission
ITMOs	Internationally Transferred Mitigation Outcomes
LT-LEDS	Long Term- Low Emission Development Strategies
MOs	Mitigation Outcomes
MRV	Measurement, Reporting and Verification
NAMA	Nationally Appropriate Mitigation Actions
NCMA	National Carbon Market Authority
NCMC	National Carbon Market Committee
NDC	Nationally determined contributions
NMAs	Non- Market approaches / Article 6.8 of the Paris Agreement
PMAC	Prime Minister Advisory Council
PPPs	Public Private Partnerships
RCC MENA SA	Regional Collaboration Center for Middle East, North Africa and South Asia
SDG	Sustainable Development Goal
UNFCCC	United Nations Framework Convention on Climate Change
VERRA / VCS	Verified Carbon Standard

About this Study

This document has been prepared under the Collaborative Instruments for Ambitious Climate Action (CiACA) project, funded by the Government of Germany through the Federal Ministry for Environment, Climate Action, Nature Conservation and Nuclear Safety (BMUKN), as part of RCC MENA & SA's support to the Ministry of Environment in advancing Iraq's readiness for Article 6 operationalization. It outlines the proposed institutional setup for Article 6 in Iraq, aligning with existing regulatory frameworks on carbon markets and developed through engagement with Iraqi stakeholders and institutions.

Building robust institutional capacity is essential for the effective implementation of Article 6 in Iraq. The document sets out key details and proposed next steps, providing policymakers with practical guidance on potential institutional arrangements for the country. As a follow-up, a dedicated support program will be launched to take forward the recommendations and findings of this study.

Chapter 1: Introduction to Article 6 operationalization in Iraq

The Paris Agreement, adopted in 2015, commits countries to keep the global average temperature increase below 2°C above pre-industrial levels, while striving to limit temperature to 1.5°C. Participating countries have defined their Nationally determined contributions (NDC) plans which outline their contribution to the global efforts as well as the policy mechanisms needed to meet their targets. Iraq, as a Party to the Paris Agreement, has committed to achieve 1-2% unconditional emissions reduction and up to 15% conditional emissions reduction (considering international support and funding) between 2021 and 2030 compared to business-as-usual scenario¹. These targets present Iraq's intent to reduce emissions in key sectors, emphasizing the relevance of international cooperation and market-based mechanisms.

Article 6 of the Paris Agreement is a voluntary mechanism that allows Parties to collaborate with one another to achieve their NDC. It aims to enhance the ambition of climate action — supporting both mitigation and adaptation efforts — while ensuring sustainable development along with environmental integrity are maintained.

Article 6 outlines three modalities for voluntary cooperation:

- Article 6.2 allows countries to voluntarily trade the Internationally Transferred Mitigation Outcomes (ITMOs) which can be used towards their NDC or OIMP, provided the ITMOs meet 'environmental integrity' and 'transparency' principles while having robust governance and accounting system. For example, the Iraqi government could sell ITMOs to other countries so the buyer country can meet their NDC while providing the resources to meet the Iraqi NDC and raise their ambition.
- Article 6.4 establishes a centralized mechanism under the UNFCCC, designed to issue units known as A6.4ERs. It shares similarities with the Clean Development Mechanism (CDM) in structure but introduces new requirements and enhanced characteristics to ensure greater environmental integrity, transparency, and alignment with NDC.
- Article 6.8 outlines Non-market approaches (NMAs), enabling countries to cooperate through mitigation, adaptation, finance, technology transfer, and capacity-building to support the achievement of their NDC. Unlike market-based mechanisms, NMAs emphasize collaborative efforts that advance mitigation and adaptation goals without involving the transfer of mitigation outcomes (MOs) between cooperating Parties.

Any country intends to use market-based cooperation under Article 6 must establish the operational procedure needed for project and reporting readiness. This readiness refers to a Party's capabilities to leverage international market-based cooperation within the

¹ <https://unfccc.int/sites/default/files/NDC/2022-06/Iraq%20NDC%20Document.docx>

frameworks established under Articles 6.2 and 6.4. This corresponds towards establishing, institutional, legal, and technical structures in place to engage in markets mechanisms and non-market-based approaches.

Carbon market-related activities in Iraq are overseen by the Ministry of Environment, which is responsible for Article 6 operations. Under the framework of Article 6.4, the Ministry has officially communicated its DNA to UNFCCC and has initiated institutional and capacity-building activities. The status of the country's Article 6 readiness is presented in Figure 1. Further efforts are needed to operationalize effective Article 6 engagement, including:

1. Defining goals for Article 6 participation, establishing eligibility criteria, guiding principles, and ensuring alignment with NDC commitments.
2. Clarifying institutional roles and responsibilities and setting up processes for implementing Article 6 activities.
3. Developing technical procedures for verifying, reporting, and transferring emission reductions.
4. Establishing infrastructure, including registries and databases, to reliably track and manage ITMOs or other forms of cooperation.

Chapter 2: Institutional arrangement for Article 6

This chapter defines the institutional roles and responsibilities and establishes processes for implementing Article 6 activities. It outlines the full range of necessary functions for carbon market governance and their respective responsibilities. The goal is to support the creation of a robust institutional framework that ensures effective operations, balanced authority, and adherence to the rule of law.

2.1. Institutional Framework for A6.2 Engagement

To effectively implement Article 6.2 of the Paris Agreement, host countries must establish a governance framework by designating key institutions to oversee various functions. These institutions are responsible for policy coordination, rulemaking, implementation, technical advisory, and auditing to establish transparency and ensure compliance in carbon market cooperation tailored to the country context. The following table outlines the key institutional roles and their respective responsibilities in the A6.2 engagement process.

Table 1: Key Institutional Framework for Article 6.2 Implementation

Function	Responsible Entity	Key Responsibilities
Article 6 Policy Coordination	Inter-ministerial Committee, Cabinet	<ul style="list-style-type: none">• Approve procedures for authorization of mitigation outcomes.• Set strategic priorities for A6 cooperation.• Delegate authority to specific positions.
Article 6 Rulemaking	Lead Agency or Ministry	<ul style="list-style-type: none">• Guide and oversee A6.2 implementation functions.
Article 6 Implementation	Department, Focal Point	<ul style="list-style-type: none">• Authorize mitigation outcomes for transfer under bilateral agreements.• Execute transfers for Internationally Transferred Mitigation Outcomes (ITMOs).• Prepare UNFCCC requisite reports like initial report, annual report, and biennial transparency reports (BTRs).• Maintain relevant data in a registry system.
Technical Advisory	Independent Technical Committee	<ul style="list-style-type: none">• Analyze the impact of potential projects and transfers of ITMOs towards NDC compliance.• Provide expert advice on fulfilling functions.
Auditing	Independent Auditors specific to if any domestic Carbon Pricing Instruments	<ul style="list-style-type: none">• Validate mitigation activities.• Verify mitigation outcomes.

The table above outlines the indicative roles and responsibilities of institutions involved in Article 6.2 engagement. Iraq-specific details are provided in the following sections.

2.2. Institutional Functions in A6.4 / PACM Engagement

To participate in Article 6.4 mechanism, host countries must designate a DNA responsible for overseeing and implementing relevant activities, in accordance with Decision 3/CMP.3 to ensure alignment with international guidelines.

To meet the UNFCCC requirements, countries must submit Host Party Participation form². A structured strategy should be developed to guide mitigation efforts beyond Iraq's NDC targets by prioritizing key sectors, suitable activity types, and measurable outcomes. Additionally, a cost-effort analysis helps to allocate mitigation outcomes effectively, with high-cost/high-effort activities suited for ITMOs and low-cost/low-effort activities contributing directly to NDC compliance.

Note: This document outlines the institutional guidelines pertaining exclusively to Articles 6.2 and 6.4.

2.3. Institutional Functions & Roles – Article 6 Operationalization Phase

Carbon market operationalization involve a range of functions and tasks beyond well-known responsibilities such as authorization, eligibility criteria, and UNFCCC (DNA) reporting, as summarized in Table 2.

Table 2: Key Institutional Roles & Functions – Article 6 Operationalization Phase

Functions	Key Responsibilities
Strategic Decisions	Align authorization criteria with NDC and carbon market strategies.
	Engage in bilateral agreements.
	Adopt long-term low-emission development strategies (LT-LEDS) or NDC updates.
Decision Making	Evaluate and approve Project Ideas and other proposals.
	Evaluate, approve, and authorize project documents.
	Evaluate verified emission reductions or mitigation outcomes and authorize the transfer of ITMOs.
	Ensure that SDG co-benefits and benefit-sharing mechanisms are met.
Rule Making	Approve technical standards and guidelines.
	Approve NDC-related parameters for emission-reduction calculations.
	Guide and oversee the implementation of the Article 6 program.
	Address grievances and appeals from project proponents, civil society, etc.
Reporting and Tracking	Maintain registry systems for Article 6 units.
	Report to the UNFCCC and national bodies.
	Ensure compliance through audits.
Revenue Management	Manage revenue from Article 6 projects.
	Oversee levies, taxation, and fund distribution.

² <https://unfccc.int/sites/default/files/resource/A6.4-FORM-GOV-001.docx>

Strategic Decisions

Function: Strategic policy alignment and direction-setting

Strategic decisions are led by high-level bodies that guide national policy on NDCs and carbon markets. This includes aligning authorization criteria with national climate commitments, approving or updating NDCs or LT-LEDS, and adopting policy instruments to guide mitigation actions. These decisions help mitigate risks such as overselling and ensure long-term climate alignment.

Strategic input is informed by data on emissions, mitigation potential, and financing options, with inclusive engagement from administrative authorities, the private sector, and civil society. Mechanisms may include committee reviews, cabinet approvals, and legislative debates. Bilateral agreements under Article 6 are also a strategic decision, requiring coordination across ministries and legal teams.

Decision Making

Function: Project screening, approval, and authorization

Decision-making functions are performed by designated authorities—often ministerial or inter-ministerial committees—that evaluate and authorize Article 6 activities in alignment with national priorities. This includes:

- Reviewing Mitigation Activity Idea Notes (MAINs) or Concept Notes for strategic fit and eligibility
- Evaluating project documents, methodologies, MRV systems, and intended credit use
- Authorizing the transfer of ITMOs after verifying emission reductions
- Ensuring SDG co-benefits and benefit-sharing provisions are met

Many countries integrate sustainable development assessments into pre-approval processes, requiring alignment with national SDG strategies and environmental safeguards.

Rule Making

Function: Regulation, guideline development, and legal compliance

The rule-making function develops legal and technical frameworks governing Article 6 operationalization. It involves:

- Defining eligible project types and NDC-related parameters
- Establishing integrity safeguards and crediting conditions
- Approving technical standards and MRV guidelines
- Addressing appeals and grievances from project proponents or civil society

Regulatory instruments may vary from legislative acts to detailed ministerial regulations, with operational manuals supporting implementation. Few countries adopt a regulatory model (e.g., Switzerland), combining legal obligations with flexible technical guidance. In addition, the rules making set conditions for credit revocation, benefit-sharing, and environmental and social safeguards.

Reporting & Tracking

Function: Transparency, registry management, and UNFCCC compliance

Reporting and tracking functions ensure transparency and accountability through the establishment of national registries for ITMOs. Key responsibilities include:

- Maintaining domestic registries and linking them to various international systems
- Reporting mitigation outcomes via AEF & BTRs
- Conducting internal audits and quality assurance processes

This function is often led by designated government agencies, with data inputs from line ministries and technical institutions. Administrative guidelines and data management protocols support consistent and compliant reporting, while registry infrastructure must meet interoperability and security standards.

Revenue Management

Function: Oversight of financial flows from Article 6 activities

Revenue management covers the collection, oversight, and allocation of funds generated through Article 6 participation. Responsibilities include:

- Managing proceeds such as administrative fees or share of proceeds
- Overseeing revenue distribution and utilization into national climate action
- Ensuring transparency through regular financial audits

Revenues may flow into dedicated institutions or be managed through public finance systems. Auditing mechanisms—internal or via third parties—ensure accountability and minimize risks of mismanagement.

2.4. Governance and Regulatory Functions – Implementation Phase

Table 3: Key Institutional Roles & Functions – Article 6 Implementation Phase

Functions	Key Responsibilities
Compliance Oversight	Establishment of authorization criterion, Rules & Procedures
	Review methodologies, technical guidelines, and emission factors.
	Oversee the development of new methodologies and tools.
	Analyze project risks and ensure compliance.
	Recommend decisions to the decision-making bodies.
Carbon Market Operations	Approve and register projects.
	Issue, transfer, and track carbon credits.
	Maintain a project and registry system.
Oversight and Control	Implement audit mechanisms to prevent fraud.
	Ensure compliance with policies and maintain transparency.

In the implementation phase of Article 6, governance and regulatory functions shift from strategic planning to hands-on management, oversight, and enforcement. These functions are essential for implementing the carbon market framework, ensuring environmental integrity, and maintaining transparency throughout the project lifecycle.

Compliance Oversight

Function: Authorization criterion, Rules & Procedures (Authorization Procedures under Article 6)

To ensure environmental integrity, transparency, and alignment with national climate priorities, Iraq must operationalize a robust authorization process for Article 6 engagement. The framework should encompass both formally accounted projects and units, as well as those operating under independent standards without authorization.

Project Authorization

The following sequential steps are proposed for the authorization of Article 6 projects and Mitigation Outcomes (MOs):

- **Admission:** Submission of a Project Idea Note (PIN) for preliminary assessment.
- **Letter of No Objection:** Issued upon initial screening, confirming project alignment with national priorities.
- **Authorization of Project:** Evaluation and approval of the Project Design Document (PDD) by the Article 6.2 office.
- **Authorization of Mitigation Outcomes (MOs):** Upon demonstration of verified emission reductions and adherence to Article 6.2 or 6.4 requirements.
- **First Transfer:** Final authorization of ITMOs and their transfer, recorded in the national registry and reported to the UNFCCC.

Revocation Procedures

A clearly defined revocation mechanism must be developed for both project authorization and MO transfer. Key components should include:

- Conditions under which authorizations can be revoked (e.g., fraud, non-compliance, mis-reporting).
- Transparent and time-bound procedures for revocation.
- Provisions for grievance redressal and appeal.

Operationalizing Applied Authorization

Authorization should be embedded within administrative practice and executed through:

- A centralized digital platform to streamline application and approval processes.
- Inter-agency coordination mechanisms, including regular consultations with the General Company for Carbon Economics and the Carbon Pricing Office.

Establishing Qualitative Restrictions

Function: Ensuring environmental integrity

To ensure consistency with Iraq's NDCs and sustainable development goals, the DNA should define and apply qualitative filters such as:

- **Positive and Negative Lists:** Indicating eligible sectors, technologies, and geographies.
- **Transparent Authorization Criteria:** Including additionality, contribution to SDGs, and alignment with national low-carbon pathways.
- **Regular updates to criteria** based on evolving policy, market trends, and environmental priorities.

Compliance oversight focuses on maintaining the integrity of carbon market operations by:

- Analyzing project risks such as double counting, over-crediting, or regulatory misalignment
- Recommending actions or corrective measures to higher decision-making bodies when non-compliance or ambiguity is detected

This function is often carried out by a designated technical committee or advisory body that supports the integrity of the Article 6 framework through continual improvement and quality assurance.

Carbon Market Operations

Function: Day-to-day management of project lifecycle and market infrastructure

Carbon Market Operations, involves the administrative and technical management of registered activities, including:

- Approving and registering eligible carbon market projects in accordance with national and international standards
- Issuing, transferring, and tracking carbon credits (e.g., ITMOs or national units)
- Maintaining digital project databases and registries that record project status, issued credits, and transactions

In addition to the above, operations could also include

- Reviewing methodologies, technical guidelines, and default emission factors used in project documentation
- Overseeing the development and periodic update of methodologies, digital tools, and baseline-setting protocols

Function ensures that all Article 6-related activities are tracked in a transparent and efficient manner, and that units are issued based on verified emissions reductions in compliance with established MRV systems.

Oversight and Control

Function: Internal monitoring and fraud prevention

Oversight and control mechanisms serve to reinforce trust and accountability within the system by:

- Ensuring that all Article 6 operations comply with national policies, program rules, and international reporting obligations
- Maintaining transparency through regular evaluations, reviews, and third-party assessments
- Conducting internal and external audits to identify unauthorized transfers or claims

Robust oversight helps reduce reputational and financial risks, improves stakeholder confidence, and supports long-term credibility of the national carbon market system.

2.5. Institutional Roles and Structures for Carbon Market Governance

Below framework outlines the roles and responsibilities of various bodies involved in governance, from high-level decision-making to technical support and administration.

Institution	Mandate	Examples
Apex Carbon Market Committee	Inter-ministerial authority, meets periodically for process review	Parliament / Legislative branch, National Councils
Executive Body	Decision-making and ruling, requires technical knowledge	Cabinet, Cabinet Secretary, Permanent Secretary
Administrative Body	Handles day-to-day responsibilities, no decision-making	Government Agency, Carbon Market Office, Registry Administration, Revenue Oversight
Technical and Political Advisory Body	Provides technical advice, develops methodologies	Strategic Political Body, Technical Advisory Committee, Committee for Rulemaking Support

Governance Framework for Carbon Markets in Iraq: Institutional Roles and Responsibilities

The successful implementation and oversight of carbon markets in Iraq requires a well-structured governance framework involving political leadership, technical oversight, and operational administration. The framework below outlines the key roles of institutions responsible for developing, operating, and supervising Iraq's emerging carbon market infrastructure.

Apex Carbon Market Committee

Mandate: Strategic oversight and policy direction
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In Iraq, the Parliament (Council of Representatives) plays a vital role in enacting legal frameworks supporting carbon market governance, national climate policies, and ratifying international agreements relevant to Article 6 of the Paris Agreement. While Parliament provides strategic direction and oversight, it is not typically involved in resolving technical or operational issues.

High-level national bodies such as the Council of Ministers, or a proposed National Council on Climate Change, can serve as the Apex Carbon Market Committee. These bodies are responsible for endorsing national climate strategies, overseeing cross-sectoral coordination, and aligning carbon market development with Iraq's NDC. Chaired by the Prime Minister or a designated minister (e.g., Minister of Environment), these councils often include representation from key ministries such as Oil, Electricity, Finance, Planning, and Foreign Affairs, along with relevant stakeholders from academia and the private sector.

Executive Body

Mandate: High-level decision-making and rulemaking

The Council of Ministers is expected to provide executive decisions on carbon market matters, including the approval of bilateral agreements under Article 6, authorizations of mitigation outcomes, and adoption of regulations. These functions may be exercised through formal Cabinet decrees or executive orders.

The Ministry of Environment (MoE), as Iraq's national focal point to the UNFCCC, is the designated lead agency for overseeing climate policy and carbon market operations. Represented by the Minister of Environment or the Director General, the MoE is likely to have the delegated authority to issue regulatory guidance and coordinate inter-ministerial processes related to carbon crediting activities. Disputes or issues requiring higher-level political coordination may be elevated to the Council of Ministers or the Prime Minister's Office.

Administrative Body

Mandate: Daily operations, market infrastructure, and coordination

Day-to-day operations of Iraq's carbon market will be carried out by technical and administrative bodies under the supervision of the Ministry of Environment. This includes:

A Carbon Market Office (to be established or designated within MoE or another relevant entity), which will act as a secretariat to process project proposals, facilitate stakeholder consultations, and liaise with Article 6 partners. A National Carbon Registry Administrator, responsible for maintaining the integrity of Iraq's carbon registry, tracking authorizations, transfers, and issuance of units. Functional separation from decision-making bodies will ensure transparency and avoid conflicts of interest. If carbon revenues are introduced, a Revenue Oversight Committee or fund administrator may be established to manage proceeds and ensure that they are allocated in accordance with national development priorities and climate finance strategies. Oversight functions could be built upon Iraq's existing financial supervision systems under the Ministry of Finance or Central Bank.

Technical and Political Advisory Body

Mandate: Technical guidance and support to decision-making

Technical committees and advisory bodies will be crucial for ensuring robust methodologies, sectoral prioritization, and high-integrity carbon crediting. These may include:

A Technical Advisory Committee or a cross-sectoral Committee for Rulemaking Support, comprising experts from ministries (Oil, Electricity, Planning), universities, and independent technical institutions. These entities will support rule development (e.g., baseline setting, emissions factors), provide guidance on project eligibility, and advise on bilateral agreements under Article 6. They will also assist in project evaluation and ensure technical alignment with international standards.

Mapping Functions to Iraq's Institutional Structure

Function	Iraq's Institutional Roles
Rulemaking	Parliament (Council of Representatives); delegated regulatory authority to Ministry of Environment
Decision-making	Council of Ministers; Ministry of Environment (for authorizations and Article 6 processes)
Administration	Carbon Market Office (to be established), relevant ministries, technical departments, Carbon Registry Administrator
Revenue Oversight	General Company for Carbon Economics; potential Fund Oversight Committee (if a carbon revenue system is developed)
Technical Advisory	Technical Advisory Committee; Rulemaking Support Committee; former or reconstituted DNA
Supervision & Oversight	National Council on Climate Change; Parliament (for legislative oversight); Prime Minister's Office (as needed)

Establishing a clear, function-based governance framework is critical for Iraq's carbon market readiness and the implementation of cooperative approaches under Article 6. Each institutional layer—from legislative bodies and executive ministries to technical advisory groups and administrative units—plays a complementary role. As Iraq operationalizes its climate commitments, this framework will help ensure environmental integrity, transparency, and alignment with international best practices.

Chapter 3: The current policy, regulatory, legal, and institutional structure in Iraq

3.1. Iraqi National Policy Context

This chapter presents the Iraq national policies related to carbon markets. Article 33 of the Iraqi Constitution states that “every individual has the right to live in safe environmental conditions”³.

In 2021, Iraq has ratified the Paris Agreement and published it in its official communication and named as ‘Law 31 of 2020’⁴. This law states that a key reason to ratify the Paris Agreement is to participate and collaborate with other countries to address climate change risks, mitigate greenhouse gas emissions.

Iraq submitted its first NDC⁵ to UNFCCC in October 2021 recognizing that the country is one of the most countries affected by climate change impacts due to its location. The Iraqi NDC represents “Iraq’s supreme policy in dealing with the issue of climate change nationally”⁶.

According to Iraq's NDC, the country aims to achieve an emission reduction of 1-2% of its total greenhouse gas emissions, based on its 2021-2030 greenhouse gas inventory. Additionally, Iraq has set a conditional target of 15% emission reduction, dependent on international financial and technical support. The country’s emission reductions are expected to be measured against the ‘Business as Usual’ (BAU) scenario projected for 2030.

In terms of the mitigation action, the Iraqi NDC covers five sectors: energy sector (oil & gas, electricity, and transport) which represents 75% of Iraq’s total emissions, industrial, agricultural, waste, and building/housing sectors. The electricity sector is prioritized in Iraq’s NDC with an investment commitment to create 12 GW from renewable energy sources by 2030.

Beyond Iraq’s NDC, in 2024, the Iraqi Ministry of Planning released the National Development Plan 2024-2028. The plan recognizes climate change impacts as one of the high threats to Iraq’s economy and stability. It emphasizes the impacts of climate change such as water scarcity and low precipitation on the productivity of the agriculture sector.

The National Development Plan also states that Iraq is facing noticeable increases in temperatures and low precipitations particularly in 2020-2021 with increased rate of desertification reaching to 50% of Iraq’s total distance which present a high threat to its food security. Some of Iraq’s southern governorates witnessed increased migration due to drought and desertification. This is exacerbated by more than 50% decrease in Iraq’s water imports between 2016 and 2022. Therefore, the National Development Plan emphasizes directing human and material resources to provide effective response to climate change threats on national and international scale. It also calls for implementing the climate-related international agreements to keep global warming below 2°C and strengthen partnerships and cooperation to mitigate climate change and environmental impacts.

³ [Iraqi Constitution](#).

⁴ [Law – 31 – 2020](#).

⁵ [UNFCCC NDC Registry](#) – Iraq NDC.

⁶ Ibid.

The National Development Plan states that to achieve Iraq's NDC goals of reducing emissions 1-2%, it is necessary to reduce gas flaring in oil fields and methane emissions along with increasing renewable energy production and transition from high-emissions sectors. All these activities require focusing on carbon mitigation projects such that Article 6 mechanisms provide significant opportunity to implement them.

Another important policy is the 'National Strategy for the Protection and Improvement of the Environment in Iraq' which was published by Iraq's Ministry of Environment⁷. One aim of the plan is to "strengthening and ensuring the Ministry of Environment's capacity to coordinate with a wide range of relevant sectors and organizations to achieve national priorities and international commitments - including relevant sustainable development goals and environmental agreements". The National Strategy covers the envisaged adaptation and mitigation projects for many sectors such as waste and water, energy, oil and industrial, and agriculture as well as the designated ministries overseeing these projects with indicative budgets.

Some of the strategic goals in the Climate Change Program of the "National Strategy for the Protection and Improvement of the Environment" in Iraq is to "provide funding for implementing mitigation and adaptation programs that support Iraq's ambition to reduce emissions, address climate change's negative impacts, and achieve nationally determined contributions" as well as "capacity-building related to the framework convention on climate change, associated conferences, climate negotiations, Paris Convention, and carbon markets". Therefore, it is clear from the strategic goals outlined above that the Ministry of Environment intends to use carbon markets as a tool to support mitigation efforts and channel the resulting revenue toward adaptation programs. The Strategy also states that the number of financed mitigation projects from Climate Revenue will reach 7 in 2050 and increase to 12 by 2030 thus providing a good opportunity for Article 6 pilot projects.

3.2. Existing legal and regulatory framework

Iraq does not yet have a legal and regulatory framework specifically for carbon market and carbon projects. There are, however, a few protected laws and government decisions that will govern any legal and regulatory framework specifically designed to engage with Article 6 approaches and carbon markets.

The mandates of the 'Ministry of Environment is governed by Law 37 of 2008⁸; states in Article 3 that "The Ministry aims to protect and improve the environment to preserve public health, natural resources, biodiversity, and cultural and natural heritage, ensuring sustainable development and achieving international and regional cooperation in this field". This provides the legal basis on which Ministry of Environment operates in Iraq.

⁷ See [Iraq Unveils a Blueprint for a Greener Future: National Strategy for Environmental Protection and Improvement \(2024-2030\)](#)

⁸ [Law 37 of 2008](#).

Article 6 of Law 37 of 2008 states that the Ministry of Environment aims to achieve its goals by “studying Arab, regional and international agreements, treaties and protocols related to the environment in cooperation with the relevant ministries or authorities, then submitting them to the relevant authorities for the purpose of ratification and following up on the procedures taken regarding their signing and implementation after accession”. As such, the Ministry of Environment is best placed to take forward the operationalization of Article 6 of the Paris Agreement in line with Article 6 of Law 37 of 2008.

Another important legislation is the “Environment Protection and Improvement Law 27 of 2009”⁹. The Law initiated an “Environment and Protection Improvement Council” headed by the Minister of Environment and includes representatives from all other ministries. One part of the Council duties is to provide advice on environmental legislation or projects as well as providing advice on the national programs developed by relevant ministries and stakeholders. In 2023, the Iraqi Prime Minister Office created the ‘General Company for Carbon Economics (GCCE)’ according to the Public Companies Law 22 of 1997. The certificate of incorporation of GCCE¹⁰ states that the main goals are to “contributing to protecting and improving the Iraqi environment, encouraging all companies and sectors to adopt environmental practices, supporting the national economy by activating gradual transitions to green economy and working to achieve integration between carbon markets and the economic system as a whole in the country.”

Some of the GCCE activities as mentioned in their mandate are:

- Working to activate Iraq’s entry into carbon markets based on international climate change agreements.
- Supporting the state treasury by investing in sovereign carbon revenues.
- Develop and issue carbon and greenhouse gases certificates and trading through internationally accredited platform (international climate agreements).
- Implement projects that lead to environmental improvement and reduce emissions and pollution.
- Implement projects that increase the adaptation of local communities against climate change risks and impacts.
- Present investment opportunities to national and international companies specialized in implementing energy saving projects or energy efficiency technologies in return with monetary values for carbon credits in line with the applicable laws.
- Activate Iraq’s conditional contribution by reducing 15% of its emissions in line with its NDC.
- The GCCE works to obtain international financing, climate compensation and loans based on international climate agreements and global environmental and climate revenue, as

⁹ [Law 27 of 2009.](#)

¹⁰ [General Company for Carbon Economics mandate.](#)

well as obtaining financing for capacity building activities and developing its work in line with the green economy.

- Provide licenses to national and international companies working in Iraq that perform monitoring, reporting, and evaluation for the projects.
- The GCCE works to adopt the principles of carbon for development.
- The GCCE provides technical advice to any national company or branch of a foreign company registered in Iraq that implements projects that will achieve economically feasible carbon reduction. No entity may be approved except with the approval of the GCCE.
- Investing carbon credits' proceeds from national, bilateral, and multilateral transactions based on international climate agreements and applicable laws.

The GCCE mandate also mentions some administrative tools to achieve their activities such as owning financial resources, buildings, import and export, opening bank accounts, bonds, and investment. The GCCE mandate also mentions that it needs to comply with the 'Public Companies Law 22 of 1997', 'Ministry of Environment Law 37 of 2008', and 'Environment Protection and Improvement Law 27 of 2009'.

3.3. Existing infrastructure and institutional arrangement

Currently, there is no official or obvious institutional arrangement for carbon markets operation in Iraq due to the absence of a whole carbon markets framework.

The current Iraqi institutions that can be related to carbon markets are:

- Prime Minister Office which has the authority to review, sign international agreements and other important national policies while official ratification should come from the Iraqi Parliament.
- There is also the 'Environment and Protection Improvement Council' inside the Ministry of Environment which is headed by the Minister of Environment with collaboration with many other ministries. However, there is no information of its involvement with carbon markets yet.
- Directorate of the Climate Change at the Ministry of Environment: this is the NDA communicated to the UNFCCC and responsible for several reporting (BTR, Greenhouse Gas Inventory, etc.), NDC, National Communications, and the creation of policy-relevant plans such as the National Adaptation Plan, and Nationally Appropriate Mitigation Actions (NAMA).
- GCCE at the Ministry of Environment: this is seen as one key institute to operationalize carbon markets in Iraq considering its mandate (see section 2).
- Other ministries such as Ministry of Oil, Ministry of Electricity, Ministry of Industry and Minerals, Ministry of Water Resources, and Ministry of Agriculture who are responsible for the implementation of several climate mitigation and adaptation activities.

The GCCE is planning to have a platform for internal carbon trading in Iraq (like a cap-and-trade system).

3.4. Stakeholder Mapping for Article 6 Implementation in Iraq

This mapping outlines key institutions, their roles, influence, and expected contributions to Iraq's Article 6 framework, ensuring effective governance, market participation, and compliance with international climate commitments.

Policy & Governance Bodies

These stakeholders provide high-level oversight, regulatory approval, and inter-ministerial coordination.

Institution	Role in Article 6	Influence	Key Responsibilities
Prime Minister Advisory Council (PMAC)	Policy coordination and technical committee formation	High	Defines strategic priorities, oversees national carbon market policies, and approves frameworks.
Environment and Protection Improvement Council	Rulemaking and oversight	High	Develops and enforces regulations for Article 6 activities, ensuring alignment with NDC targets.
Ministry of Planning	National economic and climate strategy alignment	Medium	Prioritizes mitigation projects in line with national development goals.
Ministry of Foreign Affairs	International cooperation and bilateral negotiations	Medium	Negotiates agreements under Article 6, manages international engagements, and ensures compliance with international carbon market standards.

Implementation & Administrative Bodies

These entities execute policies, administer carbon markets, and oversee project approvals.

Institution	Role in Article 6	Influence	Key Responsibilities
Ministry of Environment (Directorate of Climate Change)	Article 6 Administrator / DNA	High	Manages national carbon registry, approves project methodologies, and ensures compliance.
National Climate Change Committee	Technical advisory and methodology development	Medium	Provides analysis on mitigation projects and their impact on Iraq's NDC.
Ministry of Finance	Financial oversight	Medium	Manages financial flows for carbon trading and oversees revenue distribution.
General Company for Carbon Economics	Carbon trading and market operations	Medium	Facilitates carbon credit transactions and connects Iraqi carbon markets with international platforms.

Project Developers & Sectoral Ministries

These stakeholders lead project development, carbon credit generation, and sector-specific implementation.

Institution	Role in Article 6	Influence	Key Responsibilities
Ministry of Oil (Central & Kurdistan Region)	Project proponent / partner	Medium	Develops carbon reduction projects in oil and gas sectors.
Ministry of Construction, Housing and Public Municipalities	Project proponent / partner	Medium	Develops carbon reduction projects in urban sectors.
Ministry of Electricity	Project proponent / partner	Medium	Leads energy sector decarbonization projects.
Ministry of Industry & Mineral Resources	Project proponent / partner	Medium	Implements emission reduction projects in industrial sectors.

Market Regulation & Oversight

Entities responsible for market integrity, compliance, and reporting.

Institution	Role in Article 6	Influence	Key Responsibilities
Iraq Securities Commission	Market regulation and oversight	Medium	Licenses carbon credit brokers, oversees market transparency, and ensures fair revenue distribution.
Carbon Market Office	Registry administration	Medium	Manages carbon credit registration, reporting, and verification processes.

This stakeholder mapping provides a structured approach for Iraq to operationalize Article 6, ensuring effective governance, project development, and international cooperation.

3.5. Stakeholder engagement

We have engaged with multiple personnel and institutions in Iraq holding three meetings to discuss the institutional arrangements for Article 6. The details of these meeting are as follows:

Stakeholder Meeting 1, with Ministry of Environment, Ministry of Electricity and Ministry of Oil with representatives from RCC MENA SA.

- Discussions focused on steps to operationalize Article 6, including a roadmap toward ITMO authorization and bilateral agreements.
- Ministry of Electricity was keen to learn the benefits that Article 6 bring to the ministry and Iraq in general and they mention that ITMOs and A6.4 ERs can provide additional income/ revenue needed to help with project finance as well as raising NDC ambition.

Examples of projects that the Ministry of Electricity is interested in including the conversion of single-cycle to combined-cycle power station.

- Based on the discussion, the Ministry of Oil and Ministry of Electricity have several mitigation projects in the pipeline that may benefit from Article 6 mechanisms making it necessary to establish Article 6 institutional setup as soon as possible.
- The Directorate of Climate Change inside the Ministry of Environment mentioned that they have an 'Article 6' office that is acting as the Designated National Authority for the country and given reporting requirements to UNFCCC, they mention they can act as Article 6 Administrator in the institutional setup.

Stakeholder Meeting 2, with Dr. Ibrahim Al-Sudani, Prime Minister Office in Iraq with attendance from UNFCCC.

- Discussions covered the overall support available from RCC MENA and SA, including sharing training resources on climate change, the Paris Agreement, and Article 6 to strengthen capacity building efforts.
- It was highlighted that national leadership supports the use of carbon credits, demonstrated by the establishment of a dedicated General Company for Carbon Economics in 2024.
- The potential role of high-level offices in overseeing climate policies, guiding institutional arrangements for Article 6, and leading national delegations at international climate events was discussed.

Stakeholder Meeting 3, with Prime Minister Advisory Commission in Iraq, Ministry of Environment, Ministry of Electricity, Ministry of Oil, and attendance of UNFCCC.

- Presentation on the initial thinking and roles for some institutional setup based on the analysis of current regulation, rules, and institutions in Iraq.
- The Iraqi attendees discussed the envisaged roles and were interested in some examples of Article 6.2 project steps from start to end.
- Some of the inputs gathered from engagement with the relevant ministries such as Oil, industry, and Electricity with mitigation projects, that they see their role as project proponent and/or project proponents with third parties as they have some projects offered for investment by third parties.
- Others emphasized the role of the Ministry of Foreign Affairs in building relationships with other countries and negotiating bilateral agreements.
- Some stakeholders mentioned the roles of the recently established General Company for Carbon Economics. However, having engaged with them, they are now not focusing on Article 6 per se but in establishing a cap-and-trade emission system in Iraq.

Stakeholder Meeting 4, with the Directorate of Climate Change (Ministry of Environment), Ministry of Oil, and Ministry of Electricity.

- Feedback was gathered on the proposed roles of institutions involved in Article 6 implementation, reflecting insights from previous engagements.
- The Directorate of Climate Change stressed the need for more cooperation with the GCCE and capacity building.
- The Ministry of Electricity suggested to include “Iraq Securities Commission” as an institute that can deal with the financial management of Article 6 activities.
- The Ministry of Electricity requested more information on what route is more suitable for their mitigation projects (Article 6.2 or Article 6,4).
- The Ministry of Oil noted that they have the authorization of the Prime Minister Office to sign bilateral contracts using the voluntary carbon markets for their project.

Chapter 4: Recommendation – Draft Institutional Structure

4.1. Institutional Structure

In Iraq, climate change-related matters are managed by the Ministry of Environment, with carbon market activities overseen by the Directorate of Climate Change under the Ministry of Environment

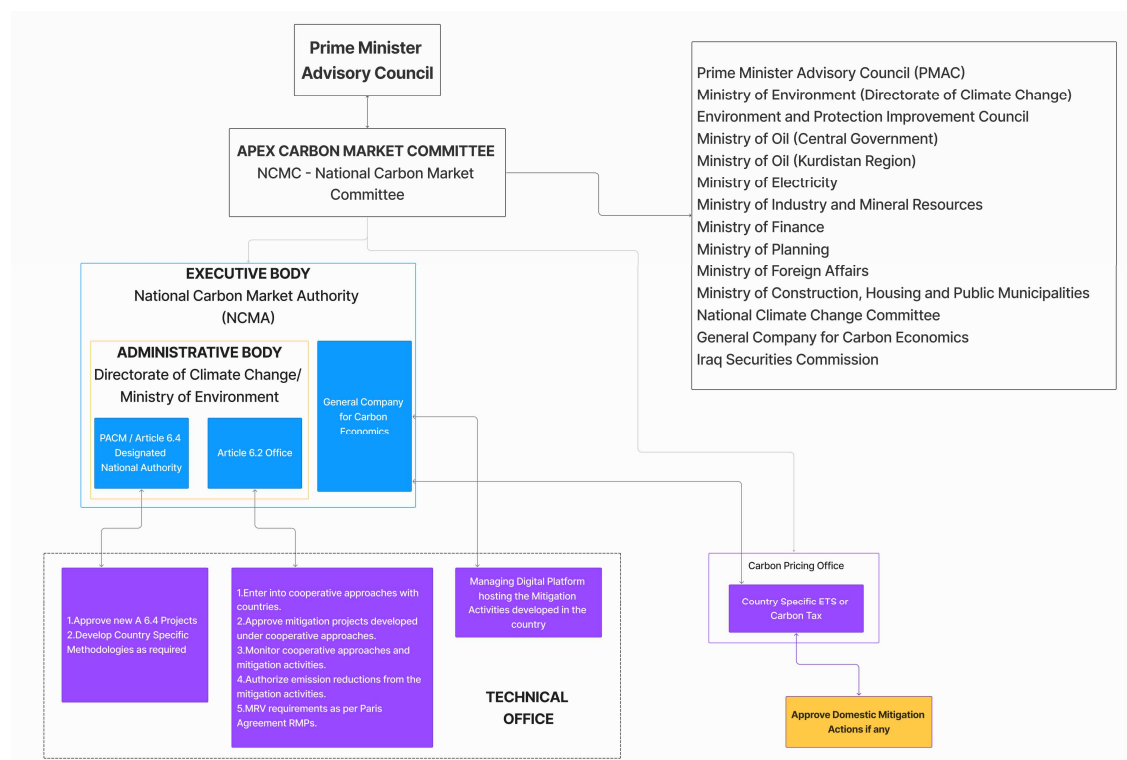


Figure 1. Recommendation for institutional setup for Article 6 operationalization in Iraq

To operationalize Article 6 of the Paris Agreement, Iraq has established a structured governance system centered around the National Carbon Market Committee (NCMC). This apex-level committee is chaired by the Prime Minister's Advisory Council (PMAC) and brings together all key government institutions involved in climate policy, economic planning, energy, industry, and finance. The NCMC is responsible for setting national rules for carbon markets, approving mitigation activities, authorizing the transfer of emission reductions (ITMOs), and ensuring alignment with Iraq's Nationally Determined Contributions (NDCs).

The implementation of NCMC decisions is carried out by the National Carbon Market Authority (NCMA), which serves as the executive body and is housed within the Ministry of Environment, specifically under the Directorate of Climate Change. The NCMA is supported by two administrative units: the Article 6.2 Office, which manages cooperative international approaches, and the Article 6.4 Designated National Authority (DNA), which oversees the approval and transition of projects under the Article 6.4 mechanism.

To ensure technical consistency and credibility, a Technical Office operates under the NCMA. This office supports the review and approval of both Article 6.2 and 6.4 activities, manages

the digital platform for tracking ITMOs, and works closely with the General Company for Carbon Economics. The company plays a vital role in managing Iraq's carbon registry, advising on pricing mechanisms, supporting the financial aspects of projects, and enabling integration into international carbon markets.

In addition, a Carbon Pricing Office is tasked with evaluating the feasibility of country-specific emissions trading systems (ETS) or carbon taxes. It also plays a role in approving domestic mitigation actions, if any such mechanisms are introduced.

This comprehensive institutional arrangement ensures that Iraq's carbon market activities are transparent, accountable, and in line with international standards, while also facilitating co-operation with global partners and mobilizing climate finance. The system is designed to be dynamic, with the NCMC regularly updating its frameworks in response to evolving global guidance and national priorities.

4.1.1. National Carbon Market Committee (NCMC)

To support Iraq's implementation of Article 6 of the Paris Agreement, the National Carbon Market Committee (NCMC) will serve as the apex decision-making body for all carbon market matters. This inter-ministerial committee is chaired by the Prime Minister's Advisory Council (PMAC) and includes participation from critical national institutions:

- Prime Minister Advisory Council (PMAC)
- Ministry of Environment (Directorate of Climate Change)
- Environment and Protection Improvement Council
- Ministry of Oil (Central Government)
- Ministry of Oil (Kurdistan Region)
- Ministry of Electricity
- Ministry of Industry and Mineral Resources
- Ministry of Finance
- Ministry of Planning
- Ministry of Foreign Affairs
- Ministry of Construction, Housing and Public Municipalities
- National Climate Change Committee
- General Company for Carbon Economics
- Iraq Securities Commission

NCMC ensures coherence with Iraq's NDCs, climate policy, and international obligations. Its responsibilities include setting rules, approving projects, authorizing mitigation outcomes, resolving disputes, and managing Internationally Transferred Mitigation Outcomes (ITMO) issuances.

Governance Structure: Roles and Responsibilities

Position / Body	Role & Responsibilities	Participating Institutions
Chairperson	Leads strategic decision-making and committee governance	Prime Minister's Office / Advisory Council
Executive Secretariat	Manages coordination, communication, and daily operations	Ministry of Environment (Directorate of Climate Change)
Policy & Regulatory Subcommittee	Develops national rules and regulatory frameworks	Ministry of Planning, Ministry of Justice
Market Oversight & Financial Management	Oversees carbon pricing mechanisms, financial integrity of carbon markets	Ministry of Finance, Iraq Securities Commission
Technical & Methodologies Subcommittee	Reviews proposals, develops technical methodologies	National Climate Change Committee, Technical Advisory Groups
Project Development & Authorization Committee	Evaluates and approves carbon market projects; issues ITMOs	Ministry of Oil, Ministry of Electricity, Ministry of Industry and Mineral Resources, Ministry of Construction, Housing and Public Municipalities
Carbon Registry & Data Integrity Unit	Manages digital platforms for ITMO tracking and transparency	General Company for Carbon Economics, Carbon Market Office

4.1.2. National Carbon Market Authority (NCMA)

The NCMA is the executive body implementing policies and decisions issued by the NCMC. It is anchored within the Ministry of Environment, specifically the Directorate of Climate Change, and ensures the technical, procedural, and operational integrity of carbon market functions in Iraq.

Administrative Units under NCMA

Article 6.2 Office

- Facilitates cooperative approaches with international partners.
- Approves and monitors mitigation activities under Article 6.2.
- Authorizes emissions reductions and ensures MRV alignment with international standards.

Article 6.4 Designated National Authority (DNA)

- Oversees transition of CDM projects to Article 6.4.
- Develops and approves methodologies and project proposals.
- Ensures transparency and public reporting.

These units function under the Directorate of Climate Change and coordinate closely with the General Company for Carbon Economics.

Technical Office

The Technical Office, as illustrated in the governance diagram, supports the following:

- Approval and evaluation of Article 6.4 projects and methodologies.
- Review and alignment of cooperative approaches under Article 6.2.
- Management of the national digital registry platform for ITMOs.
- Technical coordination with the General Company for Carbon Economics to ensure data integrity and alignment with market rules.

General Company for Carbon Economics

This company plays a strategic and operational role in enabling Iraq's carbon market participation. Key responsibilities include:

- Managing the digital platform used for ITMO registration and tracking, ensuring compliance with transparency and accuracy standards.
- Facilitating carbon credit trading and monetization, supporting domestic project developers.
- Advising on carbon pricing strategies and mechanisms, including ETS or carbon taxes.
- Supporting financial oversight of mitigation projects and enabling alignment with national climate finance goals.
- Playing a lead role in the Carbon Registry & Data Integrity Unit.

Carbon Pricing Office

Operating in alignment with the NCMC framework, this office is tasked with:

- Evaluating and recommending country-specific carbon pricing instruments, such as ETS or carbon tax.
- Approving domestic mitigation actions, if applicable.

Ongoing Revisions and Policy Adaptation

The NCMC will continue to periodically revise its structure, rules, and operational modalities in response to evolving international guidelines and Iraq's national climate goals. All changes will be formally documented and communicated to relevant stakeholders.

4.1.3. Recommended Roles & Responsibilities for Iraq Institutions related to Article 6

Based on the reviewed current regulations that govern the institutions and ministries in Iraq and engagement with stakeholders, Table 5 presents the initial roles that these institutions could play when establishing the institutional arrangement for Article 6 in Iraq.

This is subject to approval and authorization by the relevant institutions in Iraq and does not represent the final setup.

Institution	Role in Article 6	Responsibilities
Ministry of Environment (Directorate of Climate Change)	Designated National Authority (DNA);	Leads Article 6 coordination, defines authorization processes, maintains communication with

	Technical Secretariat	UNFCCC, reviews projects for environmental integrity, and manages Article 6 policy engagement.
Prime Minister's Advisory Council (PMAC)	High-level policy coordination	Facilitates inter-ministerial coordination and may chair the Carbon Market Steering Committee; ensures alignment of Article 6 with national development and climate strategies.
Environment and Protection Improvement Council	Regulatory oversight and rulemaking	Provides strategic guidance, approves rules for Article 6 engagement, and ensures coherence across sectoral policies and national strategies.
Ministry of Oil (Central Government)	Project proponent / line ministry for sectoral engagement	Identifies and supports oil sector mitigation projects, provides sector-specific data, and ensures alignment with Iraq's energy and climate plans.
Ministry of Oil (Kurdistan Region)	Project proponent (regional)	Supports regional carbon market initiatives and coordinates with the central government for regional project approval under Article 6.
Ministry of Electricity	Project proponent / sector lead	Develops mitigation activities in the electricity sector; supports project development, emissions data tracking, and sectoral reporting.
Ministry of Industry and Minerals	Project proponent / technology and industrial cooperation	Supports industry decarbonization projects; engages in sector-level coordination and bilateral/multilateral cooperation on industrial mitigation.
Ministry of Finance	Financial oversight and revenue management	Oversees carbon credit revenue management, pricing policy, taxation (if any), and compliance with national financial regulations.
Ministry of Planning	Screening and appraisal of mitigation projects	Integrates Article 6 projects into national development priorities and ensures that climate investments align with Iraq's Vision 2030 and sectoral plans.
Ministry of Foreign Affairs	Negotiation of bilateral agreements under Article 6.2	Leads international engagement for Article 6 cooperation agreements, ensuring diplomatic and treaty alignment.
Ministry of Construction, Housing and Public Municipalities	Project proponent / sector lead	Develops mitigation activities in the urban sector; supports project development, emissions data tracking, and sectoral reporting.
National Climate Change Committee	Technical advisory body	Advises on methodologies, project eligibility, sectoral prioritization, and MRV frameworks; supports DNA functions.
General Company for Carbon Economics (GCCE)	Technical and commercial facilitator	Provides transaction support, manages registry interface, and liaises with private sector and international buyers. Does not function as a regulatory authority.

Iraq Securities Commission	Market regulation and compliance	Oversees any carbon trading platforms, ensures transparency and investor protection, and regulates financial instruments related to carbon markets.
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Table 4: Roles & Responsibilities for Iraqi institutions for Article 6 Operationalization

4.2. Barriers and Gaps Related to Institutional Setup

Operationalizing Article 6 in Iraq requires the development of a comprehensive institutional and legal framework supported by clear governance structures, sufficient technical infrastructure, and broad institutional capacity. However, several critical barriers and gaps remain that must be addressed to ensure effective participation in carbon markets and successful implementation of Article 6 mechanisms.

4.2.1. Capacity Building and Institutional Readiness

A fundamental barrier is the lack of institutional capacity to operationalize Article 6 in Iraq. Key government institutions and associated stakeholders currently lack a full understanding of Article 6 mechanisms, their operational modalities, and the implications for Iraq's climate policy. There is a strong need for intensive capacity-building programs, particularly in the form of in-person workshops conducted in Iraq. These workshops should be delivered in Arabic or with simultaneous translation to ensure accessibility and full participation.

Capacity-building initiatives must go beyond general awareness and instead be structured around real-world case studies and practical exercises tailored to Iraq's regulatory environment, economic context, and sectoral priorities. These sessions should equip policymakers, regulators, and technical experts with the skills to manage Article 6 cooperation, assess mitigation outcomes, navigate the authorization process, and oversee environmental integrity. The upcoming update to Iraq's NDC, expected before COP30, represents a strategic opportunity to embed Article 6 mechanisms more explicitly. Incorporating carbon market pathways into the revised NDC will help align Iraq's national climate commitments with its emerging carbon market agenda.

Furthermore, Iraq can benefit significantly from South-South learning by studying institutional models and implementation experiences from countries such as Ghana, UAE, and Bhutan, which have developed Article 6 frameworks. This cross-learning can help Iraq adapt international best practices on institutional coordination, project authorization, environmental safeguards, and market transparency.

4.2.2. National Policy Gaps and Recommendations

There are several national policy gaps that currently limit the integration of carbon markets into Iraq's climate policy architecture. Table 5 summarizes these gaps and provides corresponding recommendations.

Table 5: National Policy Gaps and Recommendations for Article 6 Operationalization in Iraq

Policy Gap	Recommendation
The Iraqi NDC does not explicitly mention Article 6 or carbon markets as mechanisms to achieve emission reduction targets.	The 2025 NDC update should integrate Article 6 mechanisms — including bilateral cooperation (6.2), project-based activities (6.4), and non-market approaches (6.8) — as tools to meet conditional targets and attract climate finance.
The 1–2% unconditional emissions reduction in the current NDC is not clearly defined in terms of baseline or BAU comparison.	The next NDC should clarify whether the target is relative to a baseline year (e.g., 2020) or a 2030 BAU scenario to ensure robust emissions accounting and compatibility with carbon market frameworks.
The NDC lacks a positive/negative list for Article 6 activities.	Iraq should define positive and negative lists of eligible project types, aligning with national development goals. This can guide authorization, maintain environmental integrity, and enhance investor confidence.
The role of carbon markets in implementing the National Strategy for Environmental Protection is not specified.	Iraq should articulate how carbon markets will contribute to strategy implementation, including potential for blended finance, PPPs, and results-based climate finance. A financing roadmap should be developed to ensure sustainability of mitigation activities.

4.2.3. Legal and Regulatory Framework Gaps

The lack of a dedicated legal framework for carbon markets and Article 6 activities is a major barrier to Iraq’s participation in international carbon trading. Table 6 identifies key legal gaps and provides recommendations to address them.

Table 6: Legal and Regulatory Framework Gaps and Recommendations

Gap	Recommendation
Absence of specific legal provisions for carbon markets and carbon projects.	Develop new legislation or amend existing environmental laws (Law 27/2009 and Law 37/2008) to include carbon market governance. Expedite the adoption of the Renewable Energy Law currently before Parliament.
Ambiguous role of the newly created GCCE, which currently operates with a broad, undefined mandate.	Clearly define GCCE’s role as a technical and commercial facilitator, ensuring compliance with relevant environmental and corporate laws. The company should coordinate closely with the Ministry of Environment and its Climate Change Directorate.
The Environment and Protection Improvement Council’s role in carbon markets is not defined.	Institutionalize the Council’s authority in project oversight, authorization processes, and strategic prioritization of Article 6 activities through inter-ministerial cooperation.
Fragmented and uncoordinated legal instruments.	Establish a legal harmonization process under a new Carbon Market Regulatory Committee to integrate, revise, and align existing laws for coherent market governance.

4.2.4. Institutional Arrangement and Infrastructure Gaps

Effective operationalization of Article 6 also depends on establishing clear institutional mandates, operational infrastructure, and coordination mechanisms. The current institutional landscape presents several gaps, as outlined in Table 7.

Table 7: Institutional and Infrastructure Gaps and Recommendations

Gap	Recommendation
Institutional roles are unclear across multiple ministries and agencies.	Define a formal institutional architecture for carbon markets, supported by legal mandates. A central coordinating body under the Ministry of Environment or Prime Minister's Office should be established.
Iraq lacks a national carbon registry and MRV system.	Develop an MRV system and digital carbon registry aligned with international best practices. The system should ensure transparency, prevent double-counting, and support the tracking of ITMOs and Article 6.4ERs.
Undefined coordination between GCCE and the Directorate of Climate Change for UNFCCC reporting.	Establish clear operational protocols between GCCE and the Directorate, including a data-sharing agreement and division of responsibilities for market operations vs. compliance reporting.
Absence of a high-level inter-ministerial body to coordinate carbon market policy.	Create an inter-ministerial committee under the Prime Minister's Office to oversee national carbon market strategy and Article 6 implementation.
No designated rulemaking body for carbon markets.	Establish a carbon market rulemaking body to develop standards, approve methodologies, and monitor compliance. This body can work closely with both national and international partners to ensure alignment with evolving Article 6 modalities.

Chapter 5: Next Steps for Operationalizing Article 6 in Iraq

5.1. Institutional Arrangements

To operationalize Article 6 of the Paris Agreement, Iraq must now move forward with the establishment of a robust, multi-tiered governance framework that brings together political leadership, regulatory oversight, technical capacity, and private sector engagement.

Establish the National Carbon Market Committee (NCMC): The NCMC, to be chaired by the Prime Minister's Advisory Council (PMAC), will serve as the highest-level decision-making body for carbon market governance. This committee must be formally convened and institutionalized, comprising key ministries and national entities to ensure high-level coordination and strategic alignment of all climate and market-related initiatives.

5.2. Operationalize the National Carbon Market Authority (NCMA)

Housed within the Directorate of Climate Change at the Ministry of Environment, the NCMA must be formally constituted and resourced. It will be responsible for executing national carbon market strategies, managing Article 6.2 and 6.4 engagements, approving projects, and overseeing the issuance and tracking of mitigation outcomes.

5.3. Set Up the Article 6.2 Office

The Article 6.2 Office will coordinate cooperative approaches with international partners, ensuring alignment with Iraq's NDCs and maintaining transparency in bilateral agreements.

5.4. Operationalize Article 6.4 Designated National Authority (DNA)

The Article 6.4 DNA has already been formally established, and the next critical step is to ensure its full operationalization. As an immediate priority, the DNA should facilitate the submission of the Host Party Participation Form to the Supervisory Body of the Article 6.4 mechanism, thereby signaling Iraq's readiness to engage in international cooperative approaches. In parallel, the DNA must develop and adopt transparent and robust criteria for the assessment and approval of projects under the Article 6.4 mechanism. This includes defining eligibility parameters, sustainable development indicators, and alignment with national priorities and NDC targets. Establishing a clear project approval process will be key to attracting high-integrity projects and ensuring environmental and social safeguards are met.

5.5. Develop the Technical Office and Digital Infrastructure (GCCE)

A Technical Office must be instituted to manage the digital ITMO registry platform, conduct technical assessments of mitigation projects, and ensure data integrity. This office will collaborate closely with the General Company for Carbon Economics, which will serve as a key partner to ensure technical and financial rigor in Iraq's carbon market engagement.

5.6. Establish the Carbon Pricing Office

This office will be responsible for evaluating and recommending domestic carbon pricing instruments, including Emissions Trading Schemes (ETS) and carbon taxes. Its formation is critical for aligning Iraq's market readiness with evolving global carbon pricing mechanisms.

To formalize this structure, the government will issue a gazette notification defining the mandates and functions of all involved bodies, as illustrated in Figure 1.

5.7. Guiding Principles

Iraq's engagement with carbon markets under Article 6 will be grounded in core principles aligned with its National Environmental Strategy, its obligations under the Paris Agreement, and its updated NDC targets of 1–2% unconditional and 15% conditional reductions. These principles will ensure that Article 6 activities are environmentally sound, promote low-carbon development, and are governed with transparency and integrity.

The emphasis on environmental integrity will ensure that mitigation outcomes are measurable, reportable, and verifiable in line with international standards. The focus on sustainable development will prioritize low-carbon growth pathways that generate co-benefits for the environment, economy, and communities. Finally, transparency and oversight will be maintained through institutional checks by the NCMA, which will enforce market rules and ensure adherence to reporting protocols. The Ministry of Environment, working closely with the NCMC, will oversee implementation of these principles to safeguard Iraq's national interests and international credibility.

5.8. Identification of Potential Mitigation Activities

Mitigation activities to be pursued under Article 6 will be identified and implemented under the guidance of the NCMA, in line with national development plans and climate commitments. These activities will focus primarily on reducing gas flaring by scaling up associated gas capture technologies in the oil and gas sector, supporting the power sector transition by converting single-cycle power plants into combined-cycle systems, and accelerating the deployment of renewable energy, particularly solar photovoltaic (PV) installations, alongside energy efficiency projects in public and private sectors.

The NCMC, in coordination with the Ministries of Oil, Electricity, Industry, and Agriculture, will be responsible for evaluating project proposals and developing a pipeline of eligible mitigation activities that contribute to both climate objectives and sustainable economic growth.

5.9. Policy Framework and National Strategy Components

To operationalize these activities, a comprehensive policy framework will be developed under the NCMC's oversight. This framework will serve to harmonize national climate strategies with Article 6 market participation, providing clarity on regulatory responsibilities, market eligibility, crediting protocols, and compliance mechanisms. The NCMA will take the lead in setting rules for market access, authorizing mitigation outcomes, developing procedures for credit issuance, and ensuring consistency with international carbon trading norms. This approach

will provide regulatory certainty for both domestic and international stakeholders seeking to invest in Iraq's carbon market.

5.10. Capacity Building for Inclusive Participation

The NCMA will also lead Iraq's capacity-building agenda to ensure broad-based and informed participation in carbon market mechanisms. This will include the organization of training programs for public officials, private sector actors, and financial institutions, focused on Article 6 implementation and MRV systems. It will also involve technical expertise development in areas such as project design, methodology development, and carbon certification. Furthermore, the NCMC will coordinate awareness campaigns aimed at informing businesses, civil society, and local communities about opportunities under the carbon market, with the goal of ensuring inclusive and equitable participation across sectors and regions.

5.11. Engaging in Cooperative Approaches with Other Countries

International cooperation will be facilitated through the Article 6.2 Office under the NCMA, which will lead Iraq's participation in bilateral and multilateral agreements. The NCMC will guide these engagements by aligning them with national development and climate goals. Iraq aims to strengthen regional partnerships, particularly with Gulf countries, to enable technology transfer and joint project implementation. Standardized negotiation protocols will be introduced to ensure that all international cooperation is conducted transparently, consistently, and in line with Iraq's national climate and economic priorities.

5.12. Authorization of Emission Reductions

A transparent framework for the authorization of emission reductions will be adopted to govern the issuance and transfer of ITMOs. The Ministry of Environment, acting through the NCMA, will be responsible for approving all mitigation outcomes that are eligible for authorization under Article 6. These approvals will be accompanied by robust documentation and recordkeeping, in line with international reporting guidelines. The Iraq Securities Commission (ISC) will provide financial oversight for transactions involving carbon credits, ensuring market integrity and protecting the credibility of Iraq's carbon assets.

5.13. Tracking and Monitoring

To uphold transparency and accountability, a secure national carbon registry system will be developed under the direction of the NCMA, with operational support from the General Company for Carbon Economics and the Technical Office. This system will record the issuance, transfer, and retirement of ITMOs and domestic mitigation outcomes, and ensure compatibility with international registries. In addition, the NCMA will enforce robust monitoring, reporting, and verification (MRV) protocols based on IPCC methodologies and Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) decisions.

5.14. Way Ahead

The integration of the National Carbon Market Committee (NCMC) and the National Carbon Market Authority (NCMA) into Iraq's climate governance system provides a strong foundation for transparent, coordinated, and credible participation in Article 6 markets. By aligning national priorities with international mechanisms, Iraq is positioning itself as a committed and capable actor in the global transition toward a low-carbon future, unlocking opportunities for investment, innovation, and sustainable development.
