



Regional Training Workshop on Article 6 & Carbon Pricing for the Pacific

**13-16 August
Apia, Samoa**



United Nations
Climate Change



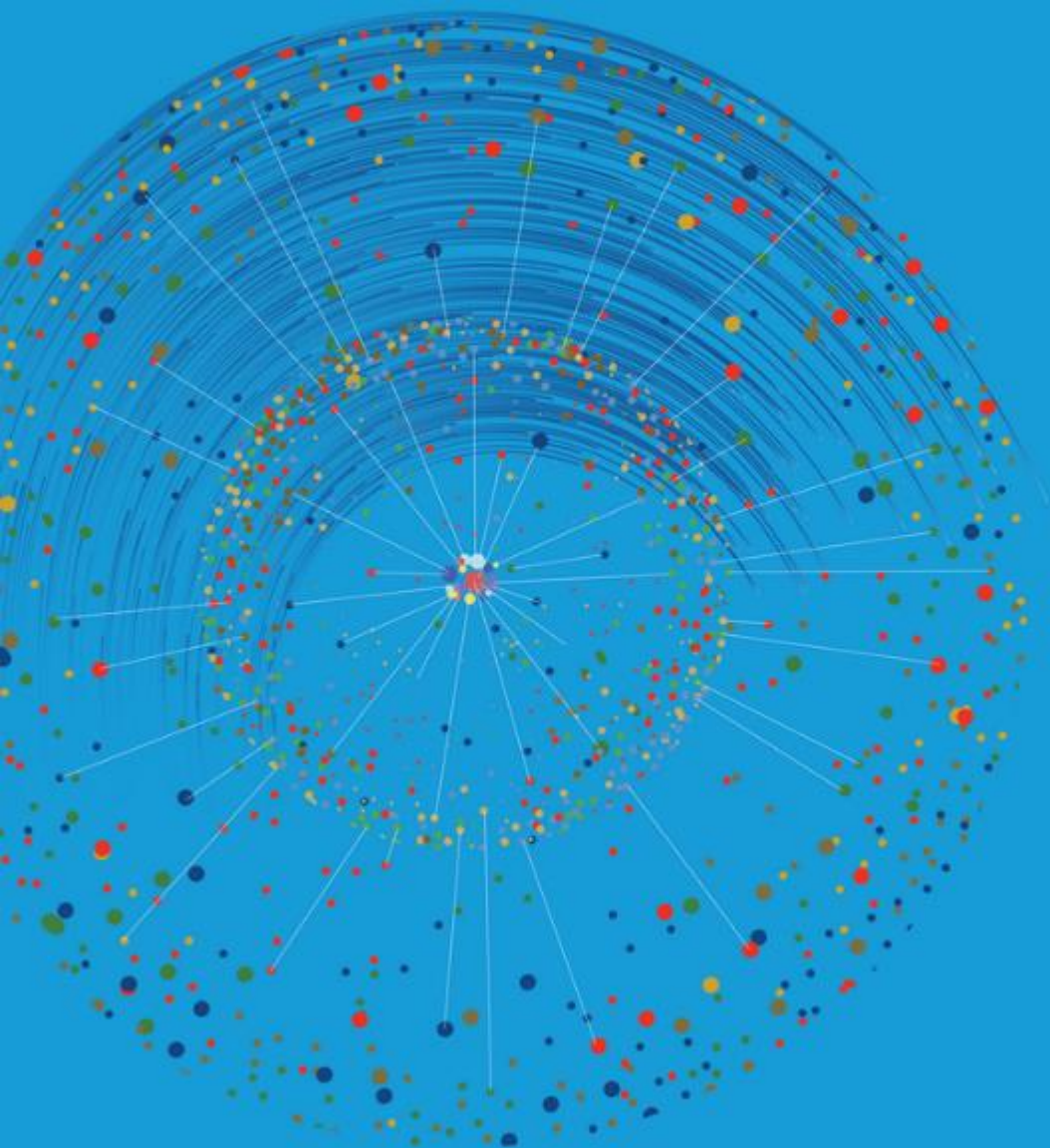
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RCC Asia and the Pacific

Collaboration for Climate Action



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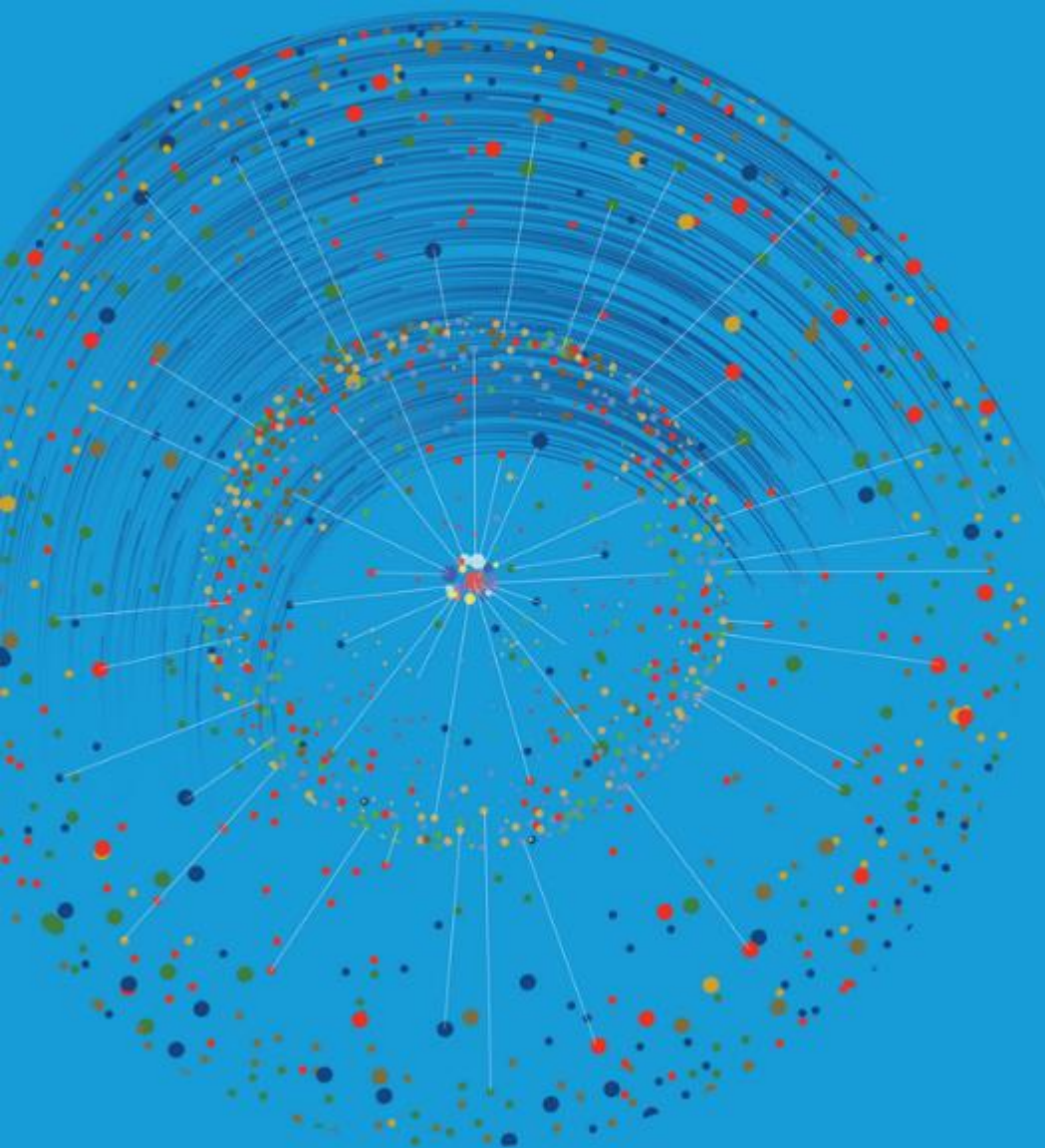
Daily Agenda

Day 1	13 Aug 2024	Understanding Carbon Markets and interlinkages with NDCs
Day 2	14 Aug 2024	Operationalizing Article 6 in the Pacific
Day 3	15 Aug 2024	Operationalizing Article 6 in the Pacific
Day 4	16 Aug 2024	Operationalization & Action Planning, Article 6 in the Pacific



Detailed Agenda





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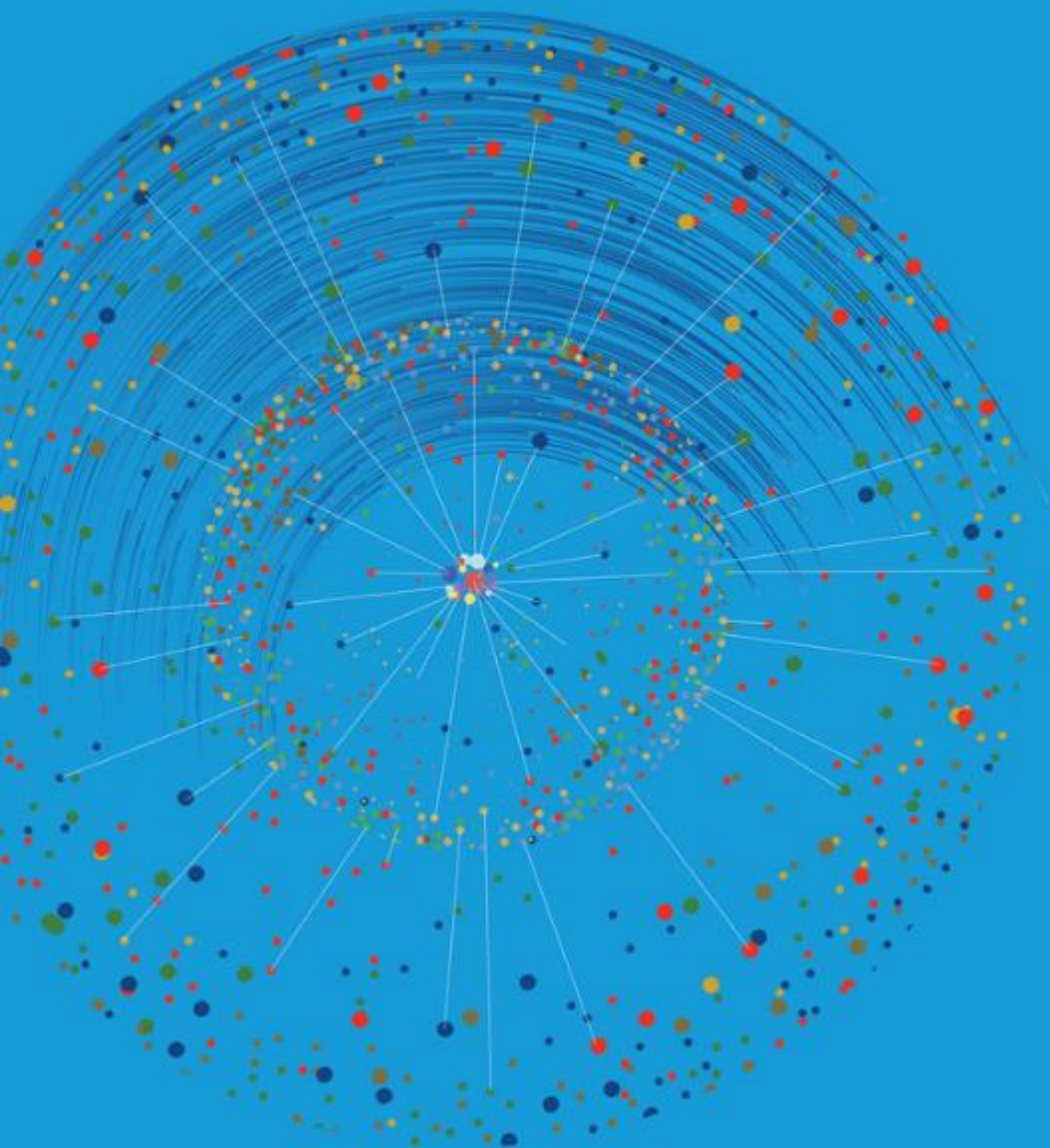
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Recap - Day 1



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DAY 2

Operationalising

Article 6

-

Art.6 (overview)

Art.6.2

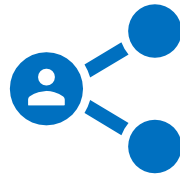
DAY 2: SESSIONS



**Art.6
Cooperative
Approaches**



**Unlocking Art 6
Potential &
Catalysing
Climate Action
for NDCs**



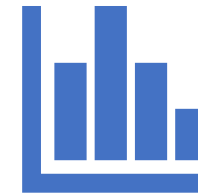
**Country
Presentations**



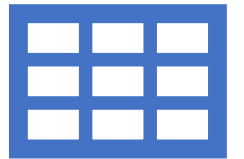
**Introduction
to Art.6.2
Cooperative
Approaches**

Panel

**Country
Experiences**

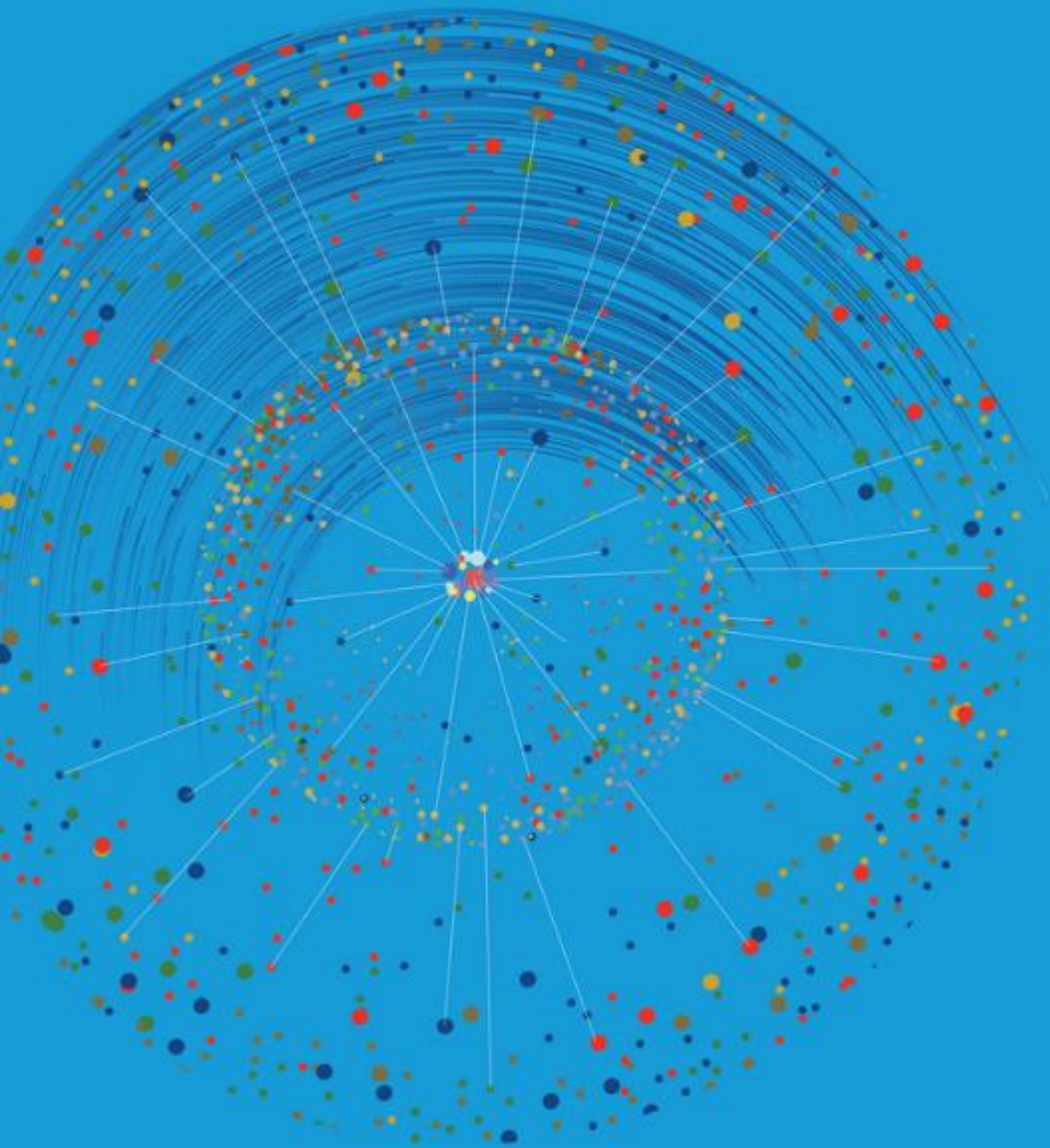


**Article 6.2-
Reporting &
Reviewing**



**A6: Simulated
Exercise on
Reporting –
Initial Report**





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Article 6 - Cooperative Approaches

Mr. Perumal Arumugam
Manager, UNFCCC

Paris Agreement

New Paradigm of Multilateral Agreements

Objective: Hold the increase in global average temperature as close to 1.5°C as possible.

5-year cycles to ambitiously increase climate action.

Bottom-up approach: Parties establish their own commitments, which must be communicated through Nationally Determined Contributions (NDC).



5 Main Elements of the Paris Agreement

Global Goals and Efforts

Long-term temperature goal
(Art 2.1.a)

Global Peak and Carbon Neutrality
(Art. 4.1)

Global Adaptation Goal
(Art 7.1)

Mobilization of Climate Finance and alignment of financial flows
(Art. 2.1.c and 9.3)

National Efforts (Parties)

Mitigation (Art. 4)
Nationally Determined Contributions (NDC)

Adaptation
(Art. 7)

Loss and Damage
(Art. 8)

Sinks and Reservoirs (Art.5)

Voluntary Cooperation
(Art. 6)

Means of Implementation

Support in Financing, Technology and Capacity Building
(Art. 9, 10, 11)

Education, training, public awareness and participation and access to information
(Art. 12)

Transparency

Transparency: Reporting and Review
(Art. 13)

Implementation and Compliance
(Art 15.)

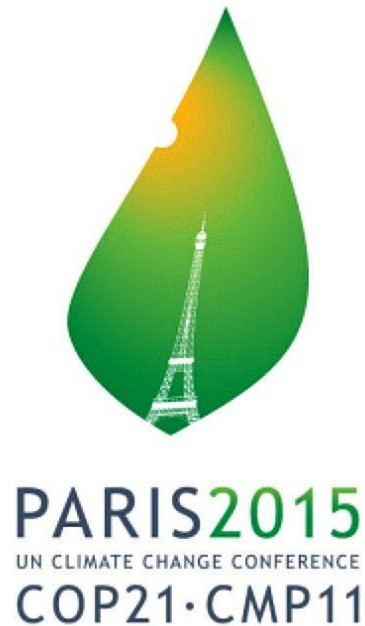
Global Emissions Balance

Assessment of collective progress towards achieving the objectives of the Paris Agreement (Art. 14)

The First World Emissions Balance was presented in 2023 and every 5 years from now on .



Article 6 of the Paris Agreement



It lays down the foundation for cooperative approaches among countries to achieve their Nationally Determined Contributions (NDCs) and increase the ambition of these targets, focused on sustainable development and poverty eradication.

Additionally, Article 6 Cooperation seeks:

To incentivize and facilitate the participation of public and private entities in greenhouse gas emissions (GHG) mitigation and within the implementation of NDCs.



To Promote regional and international cooperation for ambitious climate action.



Understanding Article 6 (6.2, 6.4, 6.8)

Article 6 of the Paris Agreement : tool to implement NDC and LT LEDs under voluntary cooperation between parties

Art 6.2

- International cooperation that involves transfers of mitigation outcomes (ITMOs) from one country to another towards achieving NDC Targets.
- Decision 2/CMA.3 provides guidance for countries to cooperate in achieving their NDCs through the transfer of mitigation outcomes.
- Designed up to the participating Parties but requires that ITMOs are not counted twice (double counting), to ensure environmental integrity.

Art 6.4

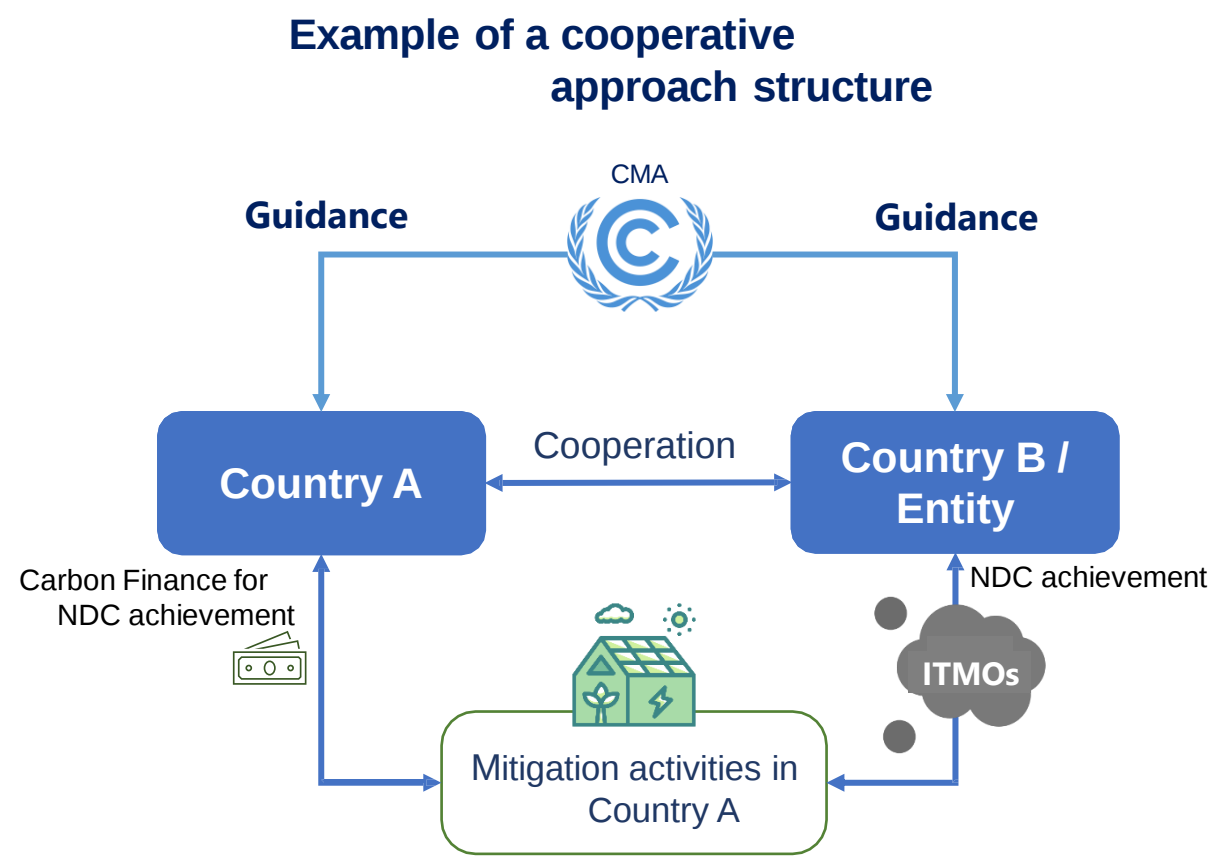
- A centralized mechanism under the purview of the UNFCCC which issues units (A6.4ERs)
- Has similarities to the CDM in its design, but has new requirements and characteristics compared to the CDM

Art 6.8

- Focuses on other types of cooperation that contribute to reaching mitigation & adaptation goals, but do not involve transfer of Mos (units) among cooperating parties



Cooperation under Article 6 (6.2) of the Paris Agreement



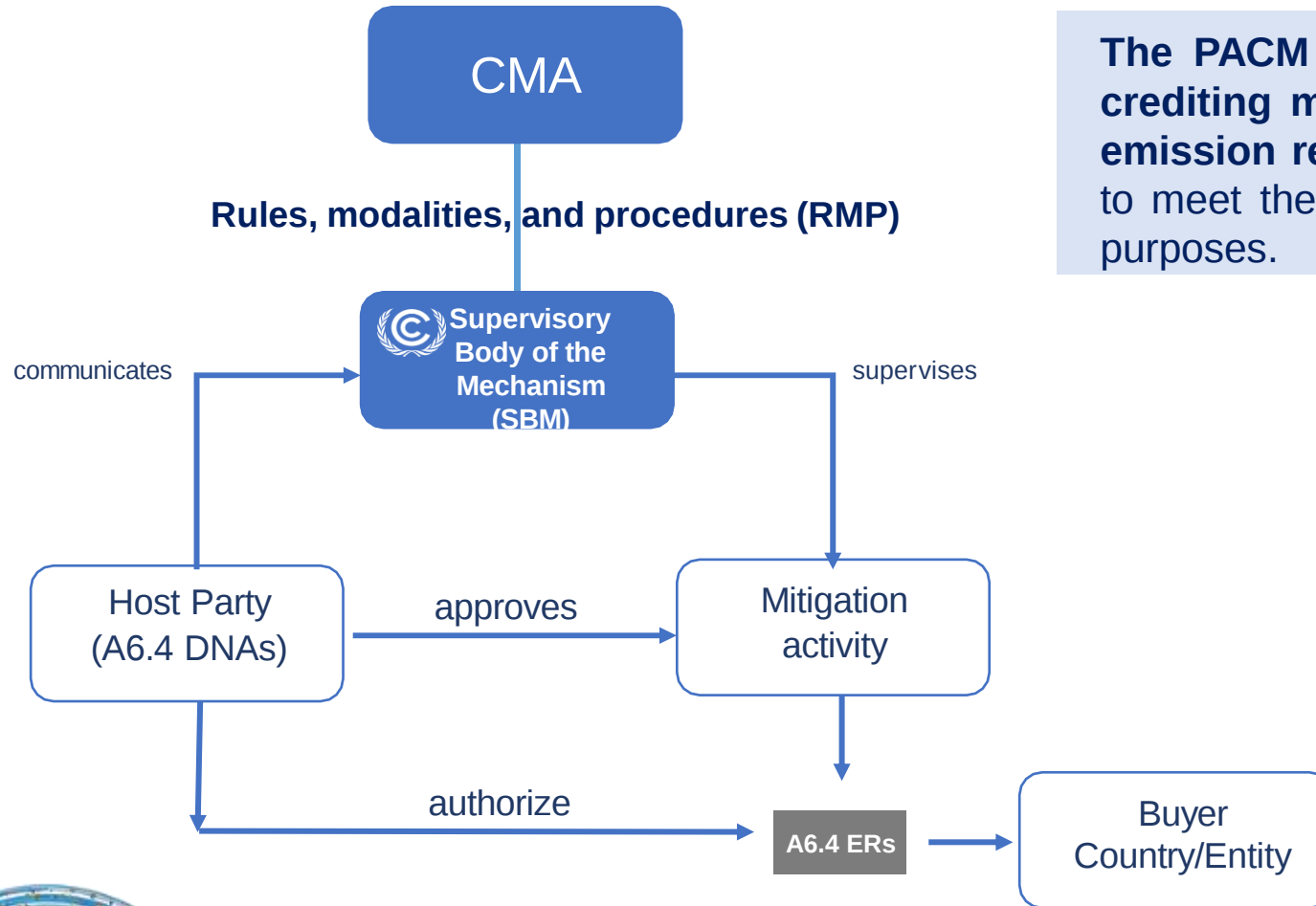
Source: Illustration extracted from the A6IP Capacity Building Tools, June 2024.



Source: Article 6 Pipeline, UNEP Copenhagen, 2024

Article 6.4 Mechanism

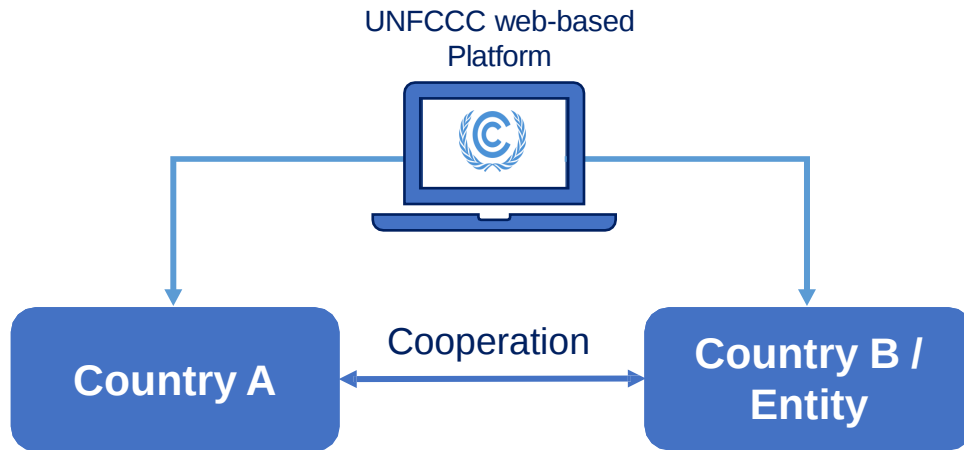
(Paris Agreement Crediting Mechanism: PACM)



The PACM (established by Article 6.4) is a centralized UN crediting mechanism that enables the creation of **Article 6.4 emission reductions (A6.4ERs)** that can be used by countries to meet their NDCs (subject to authorization status) and other purposes.

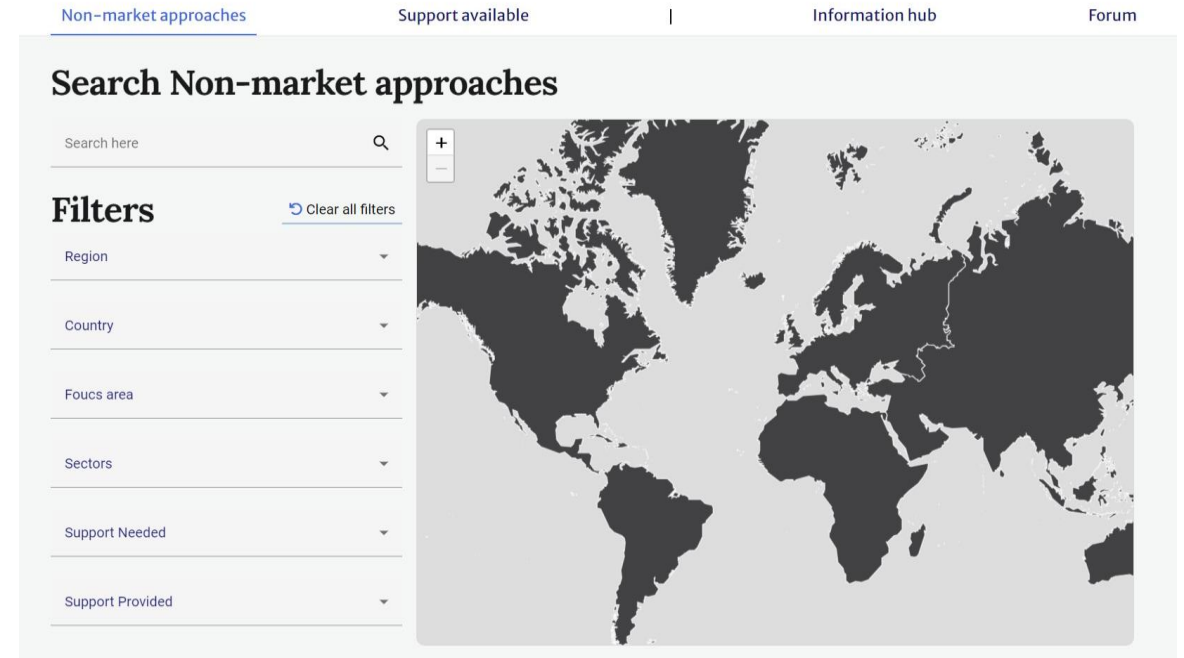
Article 6.8 Framework

Non-Markets Approaches



Source: Self-Elaboration based on information from the A6IP Capacity Building Tools, June 2024.

The framework for non-market Approaches (NMA) facilitates the use and coordination of NMAs and enhances, linkages/creates synergies between, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building. The framework is implemented through the work programme adopted at COP26.



Source: Image extracted from NMA Platform, UNFCCC Secretariat



Article 6 Rulebook: Key decisions on Article 6.2, 6.4 and 6.8

Component	Body	COP 26 Glasgow, 2021	COP 27 Sharm El-Sheikh, 2022	COP 28 Dubai, 2023
Article 6.2	CMA	Decision 2/CMA.3 Article 6.2 guidance	Decision 6/CMA.4 - Tracking guidance - Review guidance - Reporting outlines - Draft version for submitting annual information (AEF)	No further guidance
Article 6.4	CMA	Decision 3/CMA.3 Article 6.4 rules, modalities and procedures (RMP)	Decision 7/CMA.4 - Elaboration of processes, including on CDM transition - Rules of Procedure for A6.4SB	No further guidance
	A6.4SB		A number of standards and procedures developed by Article 6.4 Supervisory Body	
Article 6.8	CMA	Decision 4/CMA.3	Decision 8/CMA.4	Decision 17/CMA.5

Other relevant decisions include e.g. Para. 77 (d) of Decision 18/CMA.1 (Enhanced Transparency Framework)



Article 6. 2 & 6. 4 outcomes from Bonn SB 60

- **Draft texts for A6.4 and 6.2 are now owned by Parties**
 - Almost everyone's views are captured – Draft text forwarded to consider in SBSTA 61
- **General agreement to request the secretariat to implement and update the status to CMA (A.6.2)**
 - Common nomenclatures
 - Confidentiality
 - Code of conduct for A.6 TERs
- **General agreement to forwarding discussion on certain issues to a future session**
 - **A6.4:**
 - National arrangements moved to 2028
 - Avoidance to 2028 - Emission avoidance is not included in the current RMPs
 - **A6.2:**
 - Avoidance to 2028



Article 6, paragraph 2, of the Paris Agreement – Outstanding issues

▪ Authorization

- **Types:** Three separate types of authorization (cooperative approaches, entities and ITMOs) or one unified process
- **Format:** Is it a voluntary authorization form, a mandatory authorization form, or no form at all?
- **Content:** What information is required in the authorization? (6.4 inclusive)
- **Changes:** can an authorization be changed or revoked or not? If it can, when and under what circumstances? (6.4 inclusive)

▪ Sequencing

- Does the **review of initial report** including resolution of any material inconsistencies need to be **completed before the agreed electronic format can be submitted**?

▪ Registries

- Did CMA.3 and CMA.4 agree to two registry approaches for Article 6.2 registries, including the international registry (i.e. **hold and transfer ITMOs as units and pull and view data about units** held and transferred in underlying registries) **OR** agree to only one registry approach (i.e. **pull and view data about units only**)?

▪ Agreed electronic format

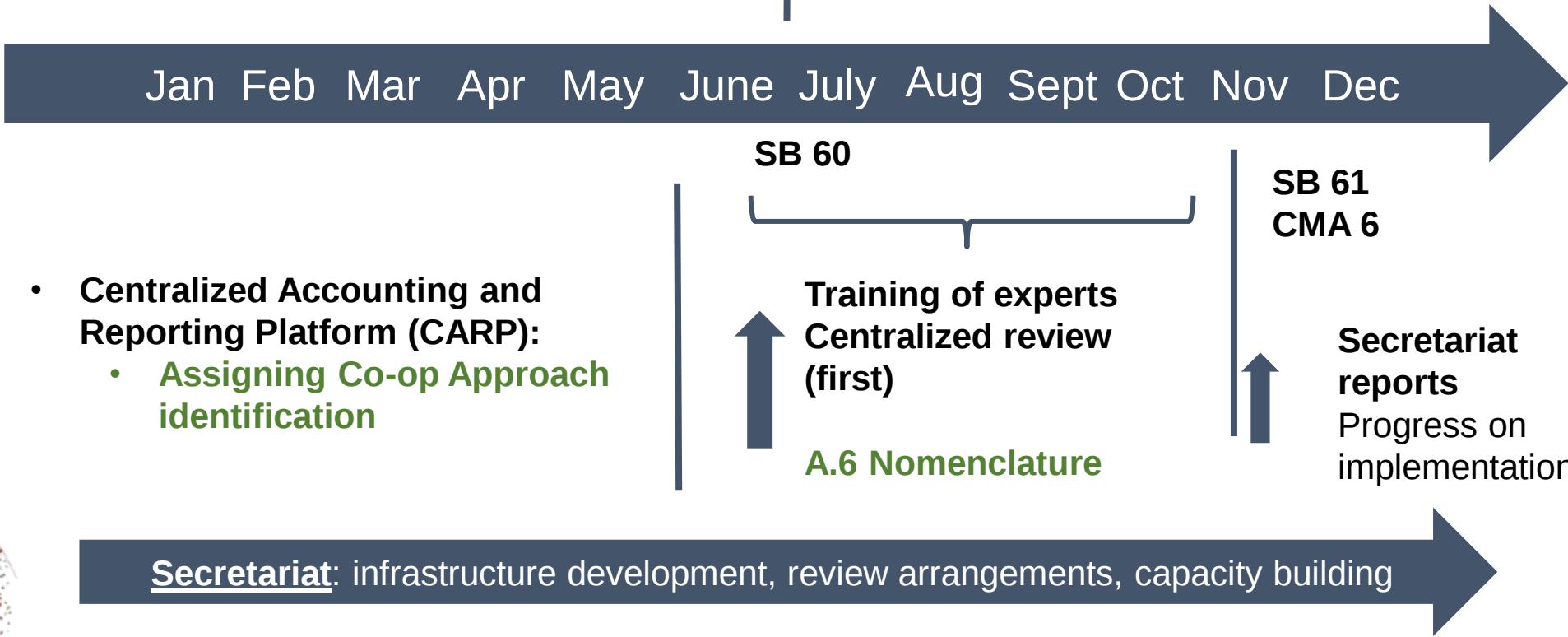
- Are we **adopting an updated AEF in Baku** after testing the drafts from Sharm?



Article 6.2 outlook for 2024

- Revision of the A.6 Manual
- Training material for review
- Preparation for A.6 centralized review
- **SBSTA chair outreach with HODs (Approach &Text)**

- Revised A.6 Manual – Aug 2024
- Review training material – Aug2024
- First centralized review – Oct 2024
- RSA forum meeting for business rules and communication protocols – Sep/Oct 2024
- **Intersessional workshop – Sep/ October 2024**



Article 6, paragraph 4, of the Paris Agreement – outstanding issue

■ Authorization of the use of A6.4 ERs

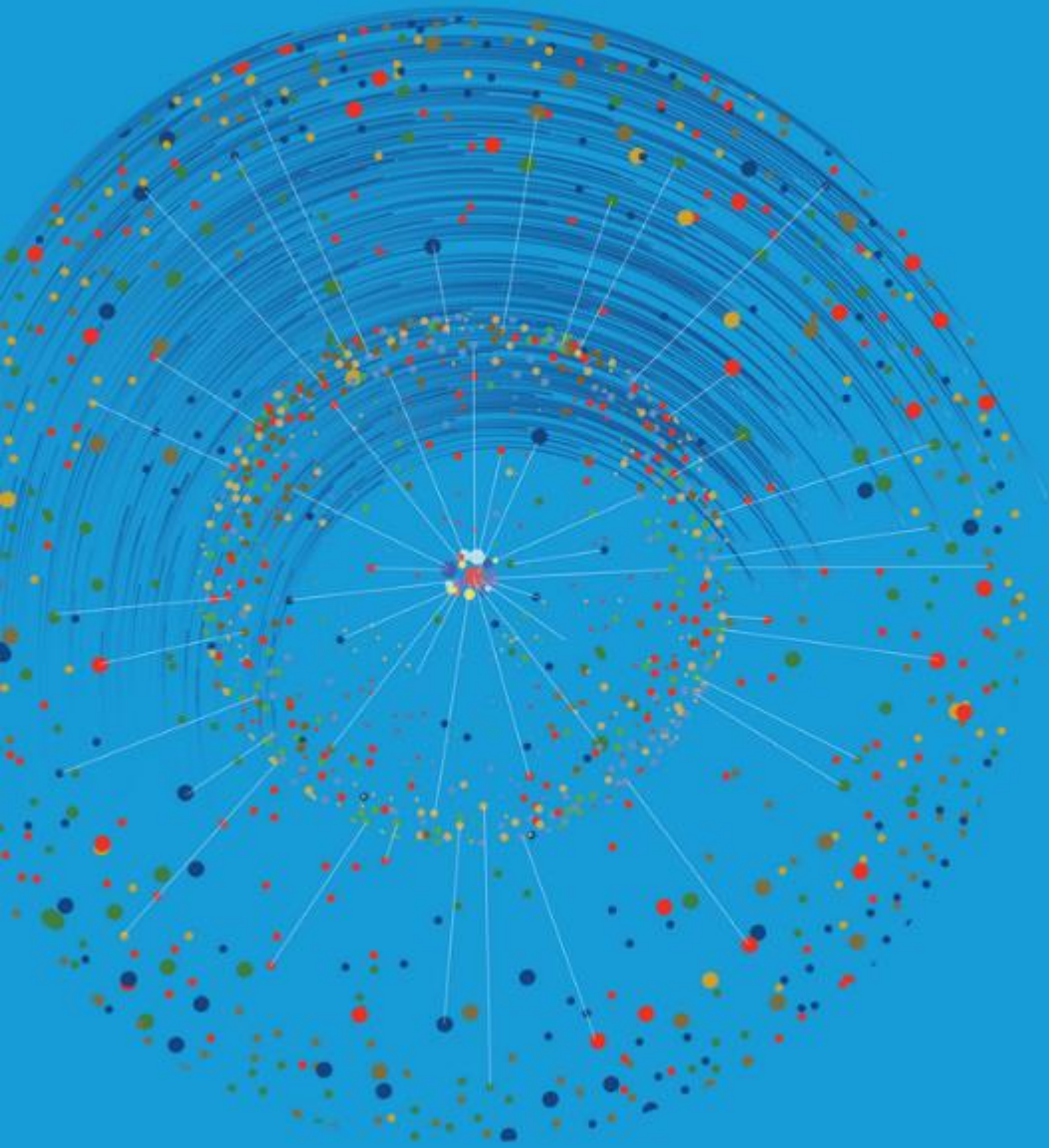
- **Timing:** can you authorize the use of A6.4 ERs after issuance? (6.4 specific)
- **Mitigation Contribution Unit (MCU):** If at issuance there is no authorization statement provided by host Party, can A6.4ERs be issued as MCUs by default? (6.4 specific)

■ Mechanism registry

- **The nature of the connection:** can authorized A6.4 ERs in the mechanism registry be transferred and held in the international registry, OR can the international registry only pull and view data about the A6.4 ERs from the mechanism registry?
- **Participating Party registry connection to the mechanism registry:** can the participating Party registry directly connect to and receive authorized A6.4 ERs from the mechanism registry?

The Supervisory Body (SBM) will complete its work on methodologies and removals guidance. Parties need to consider how and at what level they will engage with the work of SBM on these matters.





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Updates on status of Art.6, carbon market and support received

Country presentations

Carbon Market Country Snapshots

- Please keep your presentation short: 2-3 min
- There will be time for some questions and discussion at the end – please note down your questions
- For more discussion, esp. on Art.6 experience, we will have a panel tomorrow, Day 2
- Please feel free to let us know if you like to present more on your Art.6 experiences tomorrow (with or without slides)
- Please feel free to ask us to invite any country into the panel tomorrow, if you like to hear more 😊



Country X

- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 -
 -
- **Carbon Market experience** (e.g. carbon credit projects in the country)
 -
- Consideration of **Carbon Pricing** or other economic instruments?
 -
- **Support** received related to the above
 -



Federated States of Micronesia



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - ...The FSM intent to join its Pacific Islands sister states to attend the Article 6 Workshop to learn and understand the process, the mechanics and integrities' of trading carbon credits as a way to limit the rise of temperature to 1.5C. The FSM is keen and is looking forward to not listen to theories and more theories, rather it is looking forward to understand the actual accounting processes, or the practical application of how transactions could be made to facilitate an actual carbon credits (transaction) between itself and other developed countries whose emission level are higher.
 - Learning of best practices and real scenarios allows the FSM to envision how it will develop policies and guideline to ensure that Article 6 is indeed a practical mechanism that can be used to limit global temperature and a potential revenue source. FSM recognize that it has to first, take stock of its natural resources and do ecosystem mapping and have an internationally accepted reporting and monitoring system to track its level of its GHG emissions and know its capacity of its resources to absorbed the gasses. This will give a clear understanding whether the FSM is at the level that it can confidently claim to have reached a net zero emission level. If our data indicate that we are indeed a negative emitter, we will then pursue the Carbon Credit market.
- Carbon Market experience (e.g. carbon credit projects in the country)
 - ...The FSM is keen to learn from its Pacific neighboring sister states and the workshop facilitators on best practices from other SIDS who share common geographical characteristics.
 - Like what has been mentioned above, the FSM need to take stock of its ecosystems, especially the forest, seagrass and the fast expanse of its ocean to understand its capacity to absorbed GHGs emissions. When the data is complete, and given the progress of the just energy transition with the scaling up of renewable energy in its energy mixed, the FSM will then use one of the internationally accepted reporting and monitoring system to calculate its emission level.
 - When the data is verified and accepted, the policy and roadmap is developed, that when the FSM can move forward and implement the carbon market projects. Again, capacity building and training on the accounting processes and actual transactions has to be in place in order for the FSM to confidently implement the Carbon Market in its sovereign jurisdiction. ...
- Consideration of Carbon Pricing or other economic instruments?
 - ...The FSM is considering the Carbon Market as both an innovative way to limit global temperature to 1.5C and a potential source of revenue. However, there are still questions to be asked and many to be learned in the workshop to give confidence to pursue the Carbon Market. The legal, financial and technical know how has to be learned and I for one, am not so interested in the theoretical part, that, I think I can read and understand. It's the practical application and the skills needed to do the transaction are what is sought for and expected to bring it home.
- Support received related to the above
 - ...Others staff from the FSM may have gone through similar training but for me personally, I want to get to the point and learn what I need to do to ensure that what I will learn are practical, can be used as important instrument that the FSM can use to limit the global temperature to the 1.5C. I know that the FSM share of the global GHG emission is negligible but it is important that we, along with participants from the other Pacific sister states who are members of the SIDS and OASIS show that we are committed to safeguarding our Earth and the future generation of our identities as Oceanians and guardians of our biggest ocean state-the Pacific!
 - ...ESCAP is helping the FSM on completing its draft of the SDG 7 Roadmap and it is expected that the Updated Energy Policy and the SDG 7 Roadmap will be endorsed this week when the nation gather during the State and National Leadership Conference to have dialogue on important priorities for the nation.
 - The NDC Hub is assisting the FSM on our request for an MRV and an Energy Efficiency and Conservation Policy and the work is still in progress. Other bilateral donor and development partners are also providing capacity building schemes in related areas but not directly on Article 6.
 - The FSM would happily join its Pacific sister states to extend appreciation and gratitude to NDC Partner, SPREP, UNFCCC, RCC Asian and the Pacific, UNDP, Regional Pacific NDC Hub, and others for providing this learning opportunities to the Pacific countries and further request that this important forum be continued to help develop the know how and skills needed to implement our voluntary commitments.

NDCs 3.0 Regional Forum & Regional Capacity-Building Workshop on Carbon Pricing and Article 6 Training for the Pacific, 12-16 August 2024, Apia, Samoa



Fiji



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - Technology development and transfer, capacity building and access to financial resources to support low carbon and climate resilient efforts.
 - Bilateral, regional and multilateral market-based cooperation (Article 6) to support the achievement of its own and NDC attainment by other countries.
- Carbon Market experience (e.g. carbon credit projects in the country)
 - Forest carbon projects (REDD+) since 2009.
 - Nakau Program's project in Vanua Levu (Drawa Village)- supported locally by the organisation Live and Learn.
 - CDM projects- Clean Cookstoves-Kasabias Fiji LTD and flaring of methane gas produced by the Kinoya wastewater plant.
 - Fiji-Singapore MOU.
 - 'Part 10' of the Climate Change Act.
 - National Carbon Market Strategy Roadmap.
- Consideration of Carbon Pricing or other economic instruments?
 - Utilise carbon markets for investing in high landed cost infrastructure (Renewable energy infrastructure).
- Support received related to the above
 - Currently exploring the MOU with Singapore.



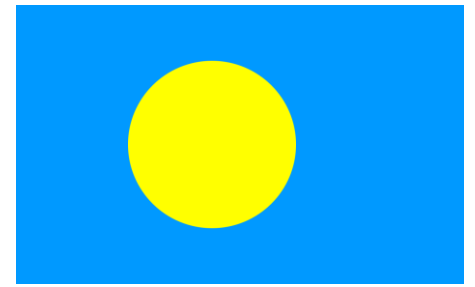
Kiribati



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - Kiribati wants to integrate more on Adaptation and climate resilience in our NDC. Want to learn on how Article 6 can help with what Kiribati wants.
- Carbon Market experience (e.g. carbon credit projects in the country)
 - None so far. Kiribati is in pre-mature stage. However, Kiribati has submitted its proposal to NDC hub on MRV system for the land based and marine based transport and electricity as high emitting sectors in Kiribati. This will pave way for Kiribati participation in Article 6.
 - ...
- Consideration of Carbon Pricing or other economic instruments?
 - None so far but want to know how Kiribati can benefit from that.
 - ...
- Support received related to the above
 - None so far, only the trainings.
 - ...Want to learn more on other countries experience with article 6 that is more relevant to countries like Kiribati to see what angles/avenues we can involve in. Selling of carbon credits is not in the interest of Kiribati.
 - We can also decide whether Article 6 is for Kiribati or not.



Palau



- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - Palau intends to engage in Art 6 as referred to in the Draft 2nd Edition of the Palau Climate Change Policy (PCCP)
 - The PCCP outlines the steps to establish Palau's system in line with Art 6.2, 6.4, and 6.8
 - The PCCP is set to be completed by next month, then it will undergo the endorsement and approval process by the National Government
- **Carbon Market experience** (e.g. carbon credit projects in the country)
 - Palau has been engaged in the Joint Crediting Mechanism with the Government of Japan since 2015
 - The focus of our engagement are solely on emission reduction projects, in particular, installation of renewable energy.
- Consideration of **Carbon Pricing** or other economic instruments? Yes, but only for mangroves
- **Support** received related to the above
 - A6IP – Capacity building engagement strategy
 - US Forest Service – quantifying carbon sequestration and ecosystems services of mangrove systems
 - New Zealand – consultant support to establish Palau's carbon markets system
 - UNFCCC Regional Collaboration Centres (RCC) – Technical support on a need-by-need basis



NAURU

- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - No Article 6 engagement mentioned in the NDC; Nauru supports AOSIS countries in this initiative
 - Nauru is considering engagement in Article 6
- Carbon Market experience (e.g. carbon credit projects in the country)
 - None
- Consideration of Carbon Pricing or other economic instruments?
 - None
- Support received related to the above
 - None



Papua New Guinea



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
- ✓ PNG signed a Memorandum of Understanding with the Government of Singapore for the implementation of Article 6.2 of the Paris Agreement during COP 27. The MOU references an Implementation Agreement which is legally binding in nature
- ✓ PNG signed the Implementation Agreement with the Government of Singapore during COP28
- ✓ PNG signed a Memorandum of Cooperation with the Government of Japan for the Joint Crediting Mechanism during COP 27
- ✓ PNG is currently working with the Government of Japan and the Government of Singapore to operationalize each of the agreements.
- Carbon Market experience (e.g. carbon credit projects in the country)
- PNG has developed a Carbon Markets regulation to manage carbon market activities (both compliance and voluntary market). This is yet to be endorsed by the National Executive Council.
- Consideration of Carbon Pricing or other economic instruments?
 - Fuel Levies
 - Green Fees
 - Importation Synthetic Fertilizer
- Support received related to the above
 - GEF-CBIT Phase 2



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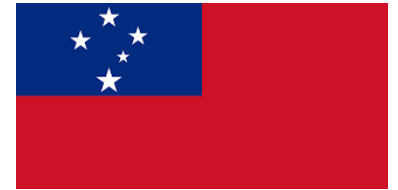
Republic of the Marshall Islands



- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - RMI, currently has no intention to engage in Article 6;
 - However, RMI supports AOSIS in ensuring the highest standards of environmental integrity for all A6 matters.
- **Carbon Market experience** (e.g. carbon credit projects in the country)
 - None
- Consideration of **Carbon Pricing** or other economic instruments?
 - RMI, together with Pacific Allies has called for the UN, through the IMO to impose a universal price on GHG emissions from international shipping. If passed, the revenue will be used to ensure a just and equitable transition, especially for SIDs and LDCs
- **Support** received related to the above
 - None, RMI urges that A6 capacity building be made available for all SIDs who wish to benefit from it. Particularly in relation to issues of environmental integrity



Samoa



- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities

16. Mitigation tracking Nationally Determined Contributions including Carbon Markets – (1) The Chief Executive Officer is responsible for tracking Samoa's progress towards the implementation and achievement of its Nationally Determined Contributions including the tracking of any internationally transferable mitigation outcomes that Samoa may participate in.

(2) The main sources of information to track progress shall include:

(a) Indicators– the Chief Executive Officer shall identify qualitative and quantitative indicators to track progress toward the implementation and achievement of Samoa's Nationally Determined Contributions according to guidelines, setting out the sector or subsector being targeted and the indicator specific to that sector or subsector.

(b) Mitigation policies and measures, action and plans –

(i) the Chief Executive Officer shall provide information on actions, policies and measures that support the implementation

Division 2 – Carbon Trade

3625. Carbon Trade Unit – (1) The Ministry may establish a Carbon Trade Unit under the Division to provide technical and scientific advice on international transferrable mitigation outcomes beneficial for Samoa including arrangements, mechanisms, schemes and systems associated with carbon trade not covered under the Forestry Management Act 2011.

3726. Functions of the Carbon Trade Unit – (1) The functions of the Carbon Trade Unit are to:

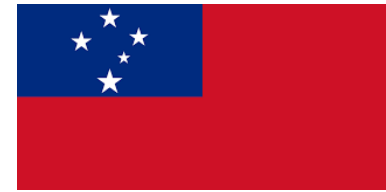
(a) record carbon assets using approved methodologies for spatial mapping, density analysis and carbon stock;

(b) record annual fluctuations to the quality and quantity of carbon assets;

(c) consult with local and international experts to measure, report and verify carbon assets according to internationally recognised standards;



Samoa (cont.)



- **Carbon Market experience** (e.g. carbon credit projects in the country)
 - Samoa is gradually engaging in carbon market works
 - i.e., Carbon feasibility study with GAIT Corporation.
- Consideration of **Carbon Pricing** or other economic instruments?
 - Established rates of carbon credits
- **Support** received related to the above
 - Interested carbon market schemes- JCM (Japan), Indo-Pacific Carbon Offset Scheme (proposed)



SOLOMON ISLANDS



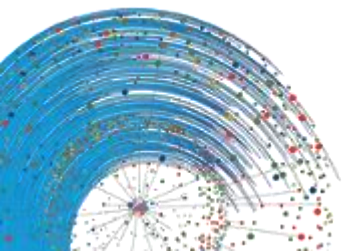
- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - The government wishes to pursue this however need to have guidance in terms of policy and regulatory frameworks to guide but also safeguard all stakeholders including resource owners.
- **Carbon Market experience** (e.g. carbon credit projects in the country)
 - Voluntary Carbon Market projects are the active ones in the country under Live & Learn and MCC.
 - So many interests show by investors to pursue selling of carbon credits through Forestry and Energy Sectors (RE)
- Consideration of **Carbon Pricing** or other economic instruments?
 - Already completed the Article 6 readiness for Carbon Registry
 - Carried out the Carbon Issues Paper as background to the development of the Carbon Trading Policy
 - Finalizing the PIN to develop the Carbon Trading Policy - GGGI
- **Support** received related to the above
 - None since the CIP



Tonga



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - ...Will join if there is a regional push for Pacific Island Countries
- Carbon Market experience (e.g. carbon credit projects in the country)
 - None in Tonga at the moment. Some Initial studies in the past showed that our emissions are too minimal to ever be profitable for trade.
- Consideration of Carbon Pricing or other economic instruments?
 - If it is attractive to suit our low emissions.
- Support received related to the above
 - ...None so far



Vanuatu



- Intention to **engage in Art.6** (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - Eligible Sectors and Sub-sectors Aligned to Conditional NDC
 - The eligible sectors and sub-sector for ITMOs generation under the Article 6 in Vanuatu, includes all GHG mitigation project under IPCC sector and sub-sector (since Vanuatu's NDCs are conditional, hence all GHG mitigation projects are eligible for ITMOs generation):
- **Carbon Market experience** (e.g. carbon credit projects in the country)
 - Art6.2 corporation with Swiss currently ongoing
 - Forest carbon sink project with Live & Learn
- Consideration of **Carbon Pricing** or other economic instruments?
 - Vanuatu's national carbon framework is currently being developed
- **Support** received related to the above
 - Partner assistance in setting up process
 - UNDP – Art 6.2 corporation with Swiss & ITMO Manual
 - GGGI – Vanuatu Carbon Framework
 - World Bank – REDD +



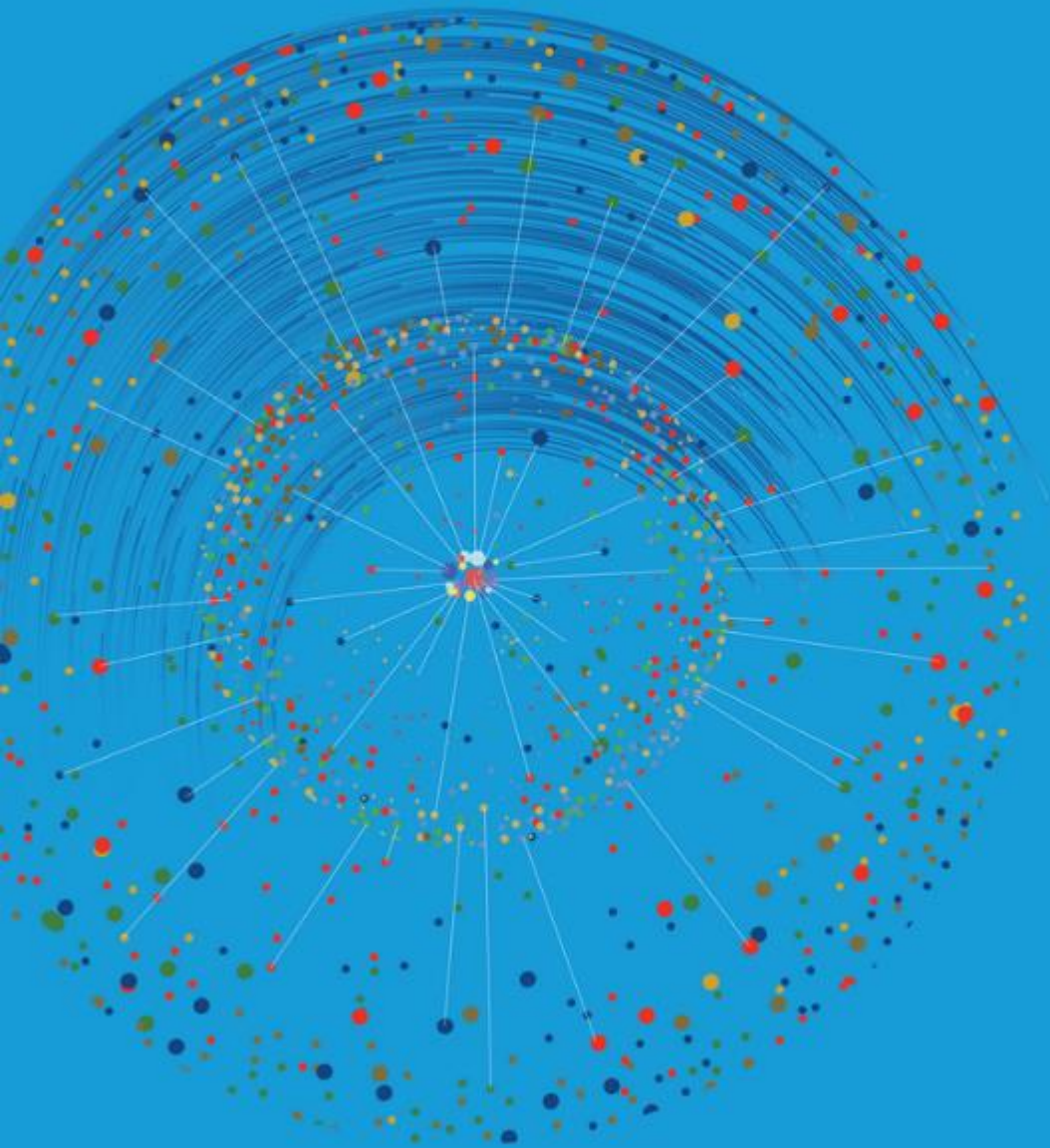
Australia



- Intention to engage in Art.6 (e.g. mentioned in the NDC?) and ongoing Art.6 related activities
 - Australia has no plan to engage in Article 6 to meet its emissions reduction targets.
 - Focus on supporting partners to build institutional MRV capacity to support NDC achievement.
- Carbon Market experience (e.g. carbon credit projects in the country)
 - Australian Carbon Credit Unit (ACCU) Scheme
 - Voluntary domestic scheme that provides incentives for landholders, communities and businesses to adopt new practices that reduce or sequester emissions.
- Consideration of Carbon Pricing or other economic instruments?
 - No carbon pricing
 - Safeguard Mechanism
 - Provides a framework for Australia's largest emitters to measure, report and manage their emissions.
- Support received related to the above
 - N/A



NDCs 3.0 Regional Forum & Regional Capacity-Building Workshop on Carbon Pricing and Article 6 Training for the Pacific, 12-16 August 2024, Apia, Samoa



United Nations
Climate Change



IGES



SPREP
Secretariat of the Pacific Regional
Environment Programme

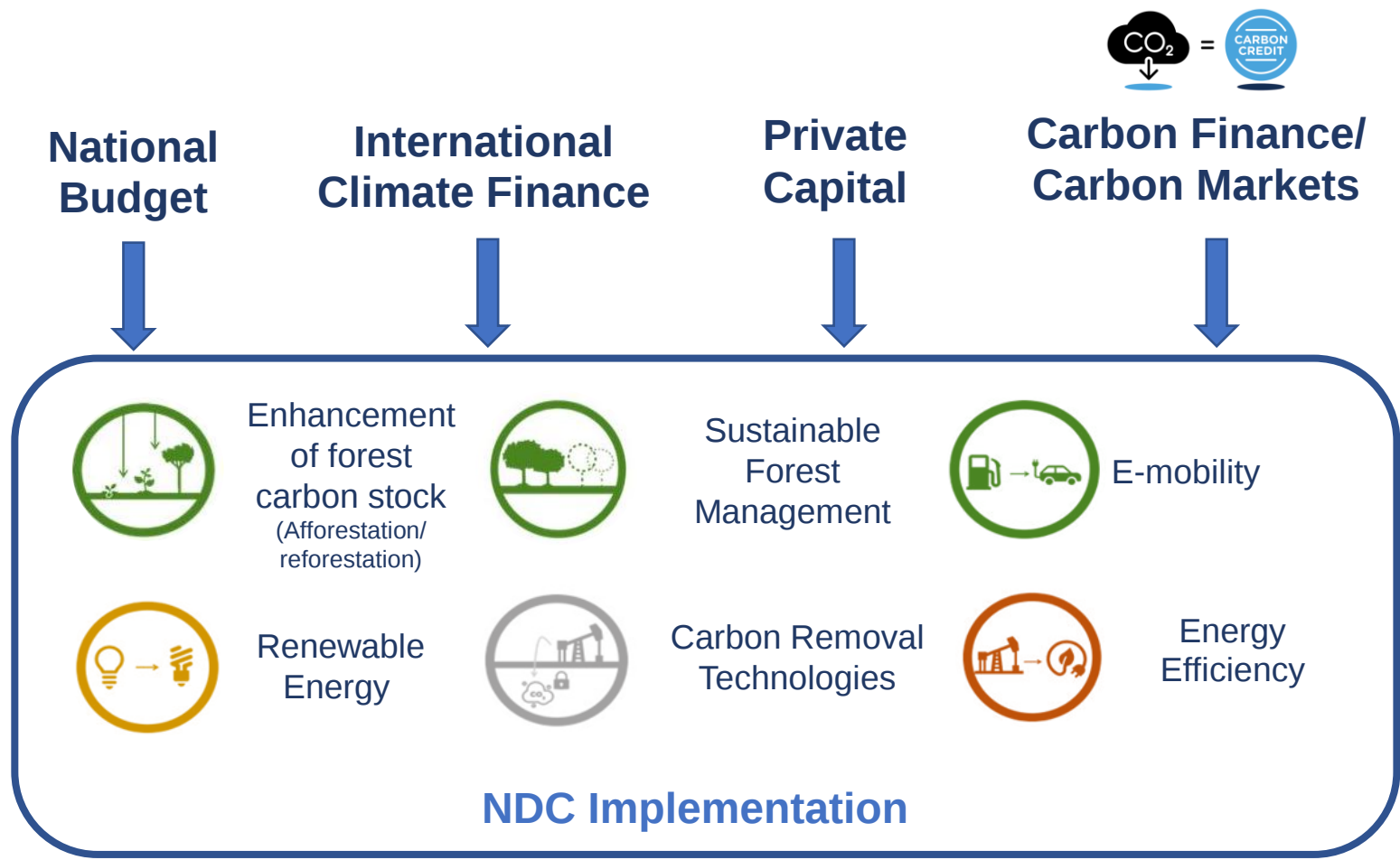
RCC Asia and the Pacific

Collaboration for Climate Action

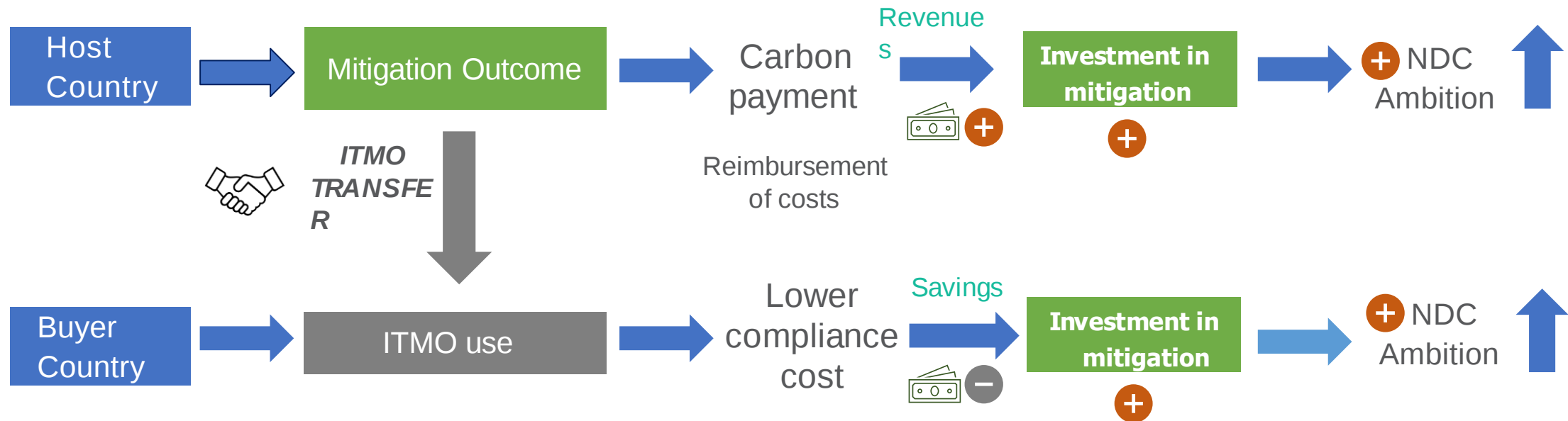
Unlocking Art 6 Potential & Catalysing Climate Action for NDCs

Mr. Perumal Arumugam
Manager, UNFCCC

Carbon Markets vs NDC Implementation



Raising ambition through Article 6



Source: Illustration extracted from the SPAR6C Program, Carbon Markets and Article 6 of the Paris Agreement, 2023.

Raising ambition through Article 6

Benefits

- Mobilizes support for actions with limited resources.
- Increases National Revenues.
- Direct access to private investment.
- Access to the best technologies available locally.
- Additional co-benefits (jobs, air quality, energy security).



Risks



- Overselling.
- Double Counting.
- Opportunity Cost
- Management and Infrastructure costs.

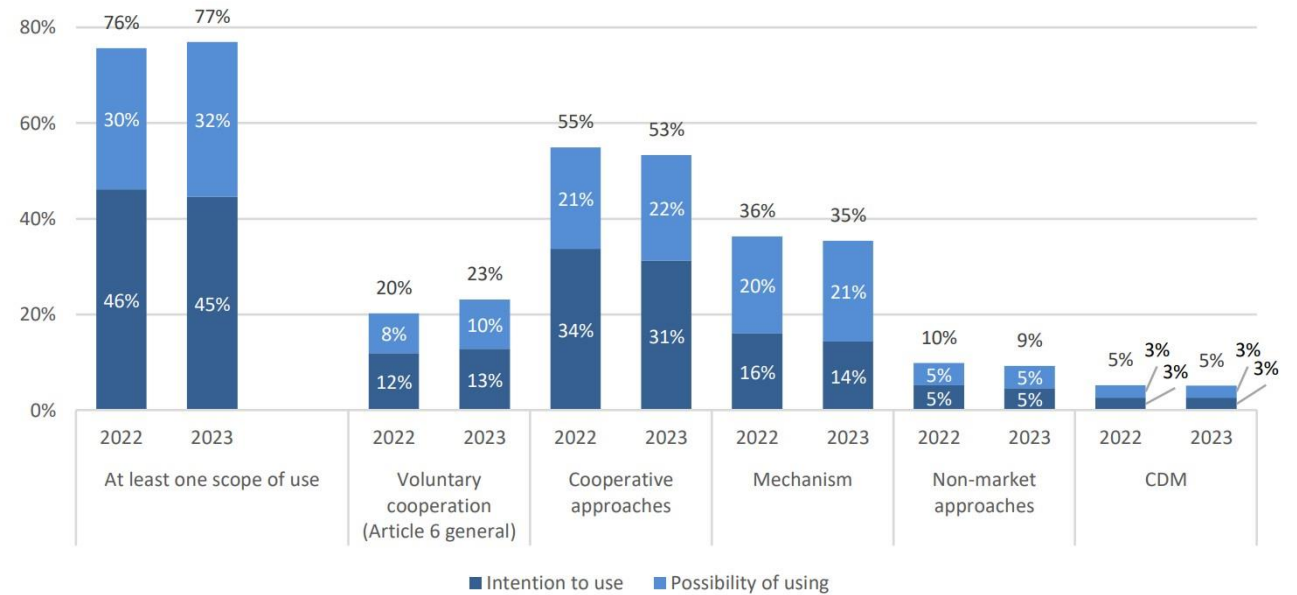


Intention to use Article 6

83% of Parties to the Paris Agreement stated that they plan to or will possibly use at least one type of voluntary cooperation under Article 6 of the Paris Agreement.

- **53%:** Use of cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement
- **35%:** Use of the mechanism established by Article 6, paragraph 4
- **23%:** General use of voluntary cooperation

Share of Parties indicating in nationally determined contributions the intention to use or possibility of using specific scopes of voluntary cooperation under Article 6 of the Paris Agreement



Source: Image from [2023 NDC Synthesis Report](#) (UNFCC Secretariat)

National Article 6 Readiness

Article 6 Readiness is defined as the ability of a PA Party to take full advantage of market-based international cooperation Approaches under Art. 6.2 and Art. 6.4.

Components

Political and Strategic Considerations
(NDC and A6 Strategy)

Legal and regulatory bases

Governance & Institutional Arrangements

Operational procedures

Infrastructure

Building Blocks

National MRV and Alignment with NDC

Source: Article 6 Readiness Framework, NDC Partnership, 2023.



Article 6 Readiness



Some indicative steps to take advantage of Article 6 Cooperation



Article 6 Readiness

National Strategy



- Political Mandate.
- Objective and type of A6 Cooperation.
- Guiding Principles.
- Eligibility criteria.
- **Eligible Sectors/Activities?**
- Conditions for authorization?
- For which uses will authorization be granted?

A detailed and public country-level Strategy will likely provide **confidence and clarity** to donor countries and institutions, project developers, sectoral ministries, government agencies, and the private sector.



Manage Opportunities and Risks

- ☐ Identify how Article 6 supports the NDC and the LT-LEDs.
- ☐ Define criteria and conditions for authorizations and manage risks.
- ☐ Activities and Sectors.
- ☐ Quantity of Mitigation Outcomes that are transferable.



Meet A6.2 and A6.4 participation requirements.

- ☐ Governance system and responsible institutions.
- ☐ Procedures for approving, authorizing, transferring, accounting, and reporting.
- ☐ Continuous update of National Inventories.
- ☐ Update and quantification of NDC targets. Infrastructure for ITMO registry.

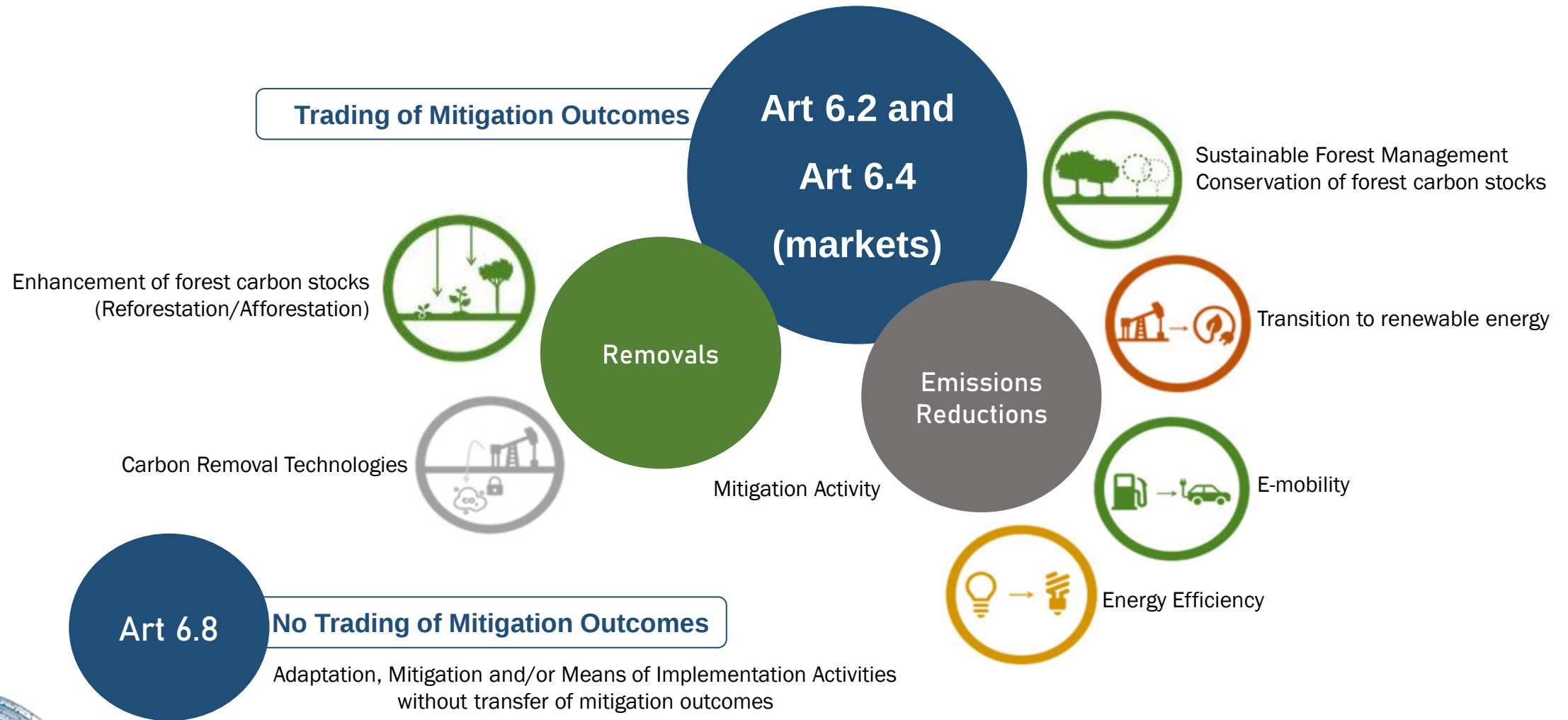


Integration with other carbon pricing instruments.

- ☐ Linkage with domestic approaches.
- ☐ Linkage with other international mechanisms.
- ☐ Implications of exporting mitigation outcomes.



Article 6 Activities Type



A6.2 and A6.4 Participation Requirements

Article 6.2 (Decentralized)

Article 6.4 (Centralized)

✓ It must be a Party of the Paris Agreement

✓ It has prepared, communicated and is maintaining an NDC

✓ Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.

☐ Management and infrastructure for authorizing, registering, and reporting the use of ITMOs for the achievement of NDCs.

☐ Submit the most recent National Inventory Report (as part of the Biennial Transparency Report).

Before Participating (A6.4) - Shall

☐ Nominate a Designated National Authority (DNA).

☐ Publicly indicate the activities that Will be considered for approval under the A6.4 Mechanism.

☐ Contribution to the sustainable development.

Additional Implications (A6.2)

☐ Arrangements in place for tracking ITMOs.

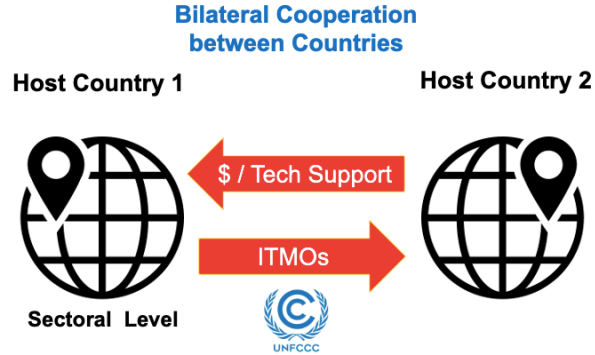
Other Optional Requirements (A6.4)

☐ Crediting Periods and Baseline approaches and other methodological requirements



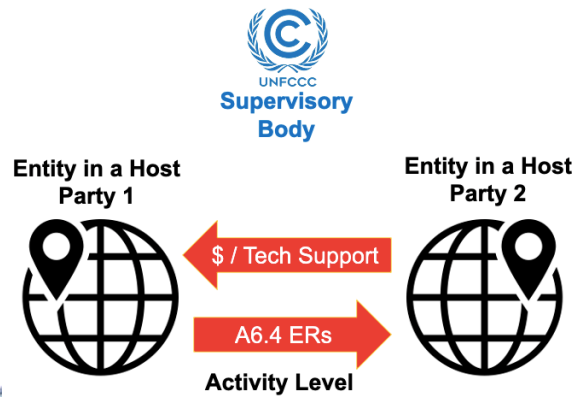
Understanding Art 6.4 & 6.2?

Article 6.2

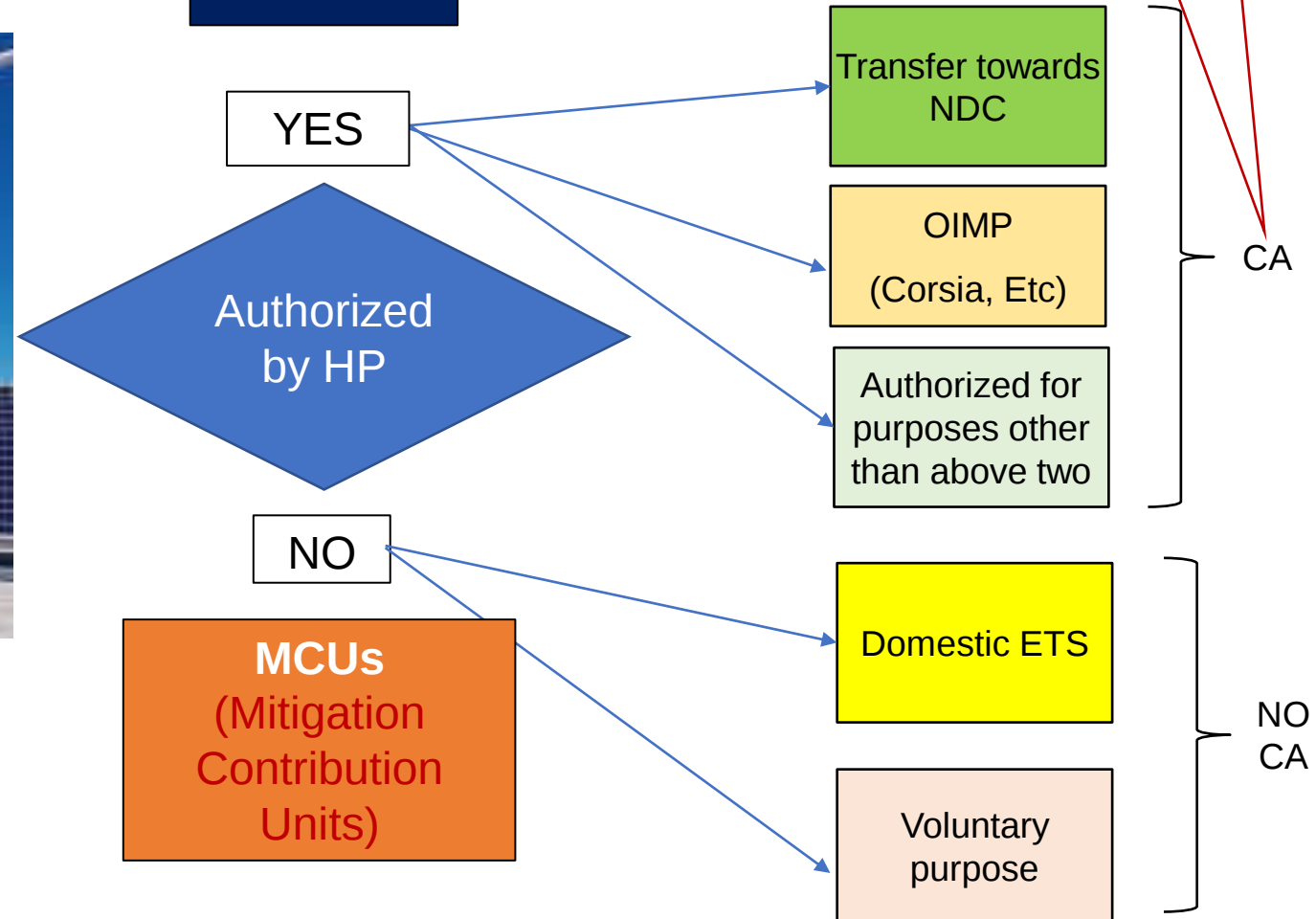


Mitigation Activity

Article 6.4



ITMOs



Cooperation under Article 6.2

 Home SB 60 Process and meetings Topics Calendar Climate action Documents and decisions About us News			
Cooperative approach ID	Cooperative approach name	Participating Party or Parties	(Updated) initial reports
CA0001	Article 6.4 mechanism	Parties to the Paris Agreement	NA
CA0002	Promotion of climate smart agriculture practices for sustainable rice cultivation in Ghana	Ghana, Switzerland	Ghana, Switzerland
CA0003	Operation of e-buses on privately owned, scheduled public bus routes in the Bangkok Metropolitan area by Energy Absolute / Implementing Agreement to the Paris Agreement between the Kingdom of Thailand and the Swiss Confederation	Switzerland, Thailand	Switzerland, Thailand 
CA0004	Electrification of Vanuatu's Inhabited Islands through Solar Power ITMO Programme	Switzerland, Vanuatu	Switzerland, Vanuatu
CA0005	Emissions Reductions from Sustainable Management of Forests	Guyana	Guyana 
CA0006	ITMOs resulting from Paris Agreement Article 5.2: reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.	Suriname	Suriname 

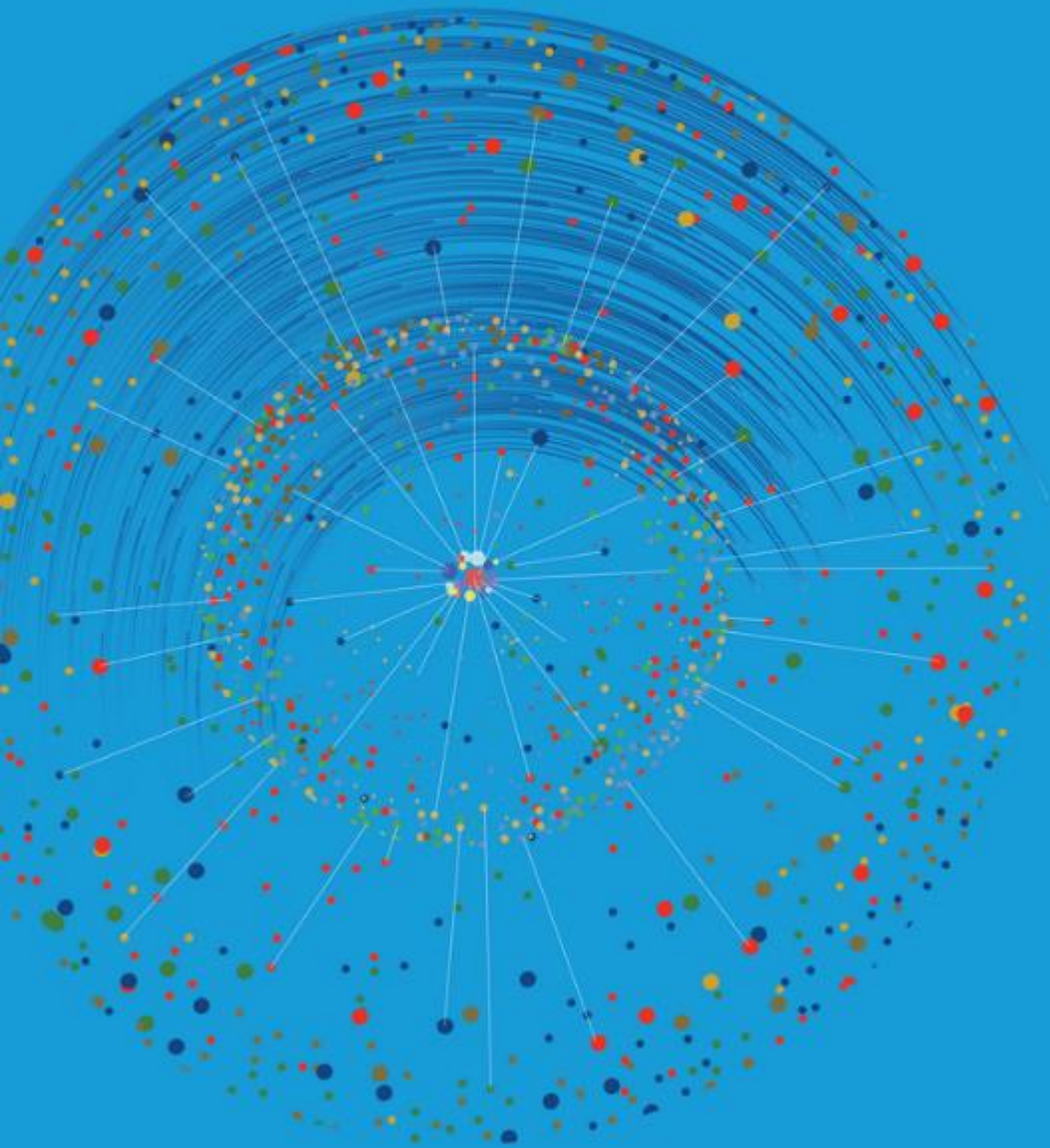


Cooperative Agreements



webpage BAFU SWITZERLAND - Bilateral agreements on emission reductions and carbon storage abroad





United Nations
Climate Change



IGES



SPREP
Secretariat of the Pacific Regional
Environment Programme

RCC Asia and the Pacific

Collaboration for Climate Action

Introduction to Article 6.2 Cooperative Approaches

Mr. Jens Radschinski
RCC Asia and the Pacific

Introduction to Article 6.2 of the Paris Agreement

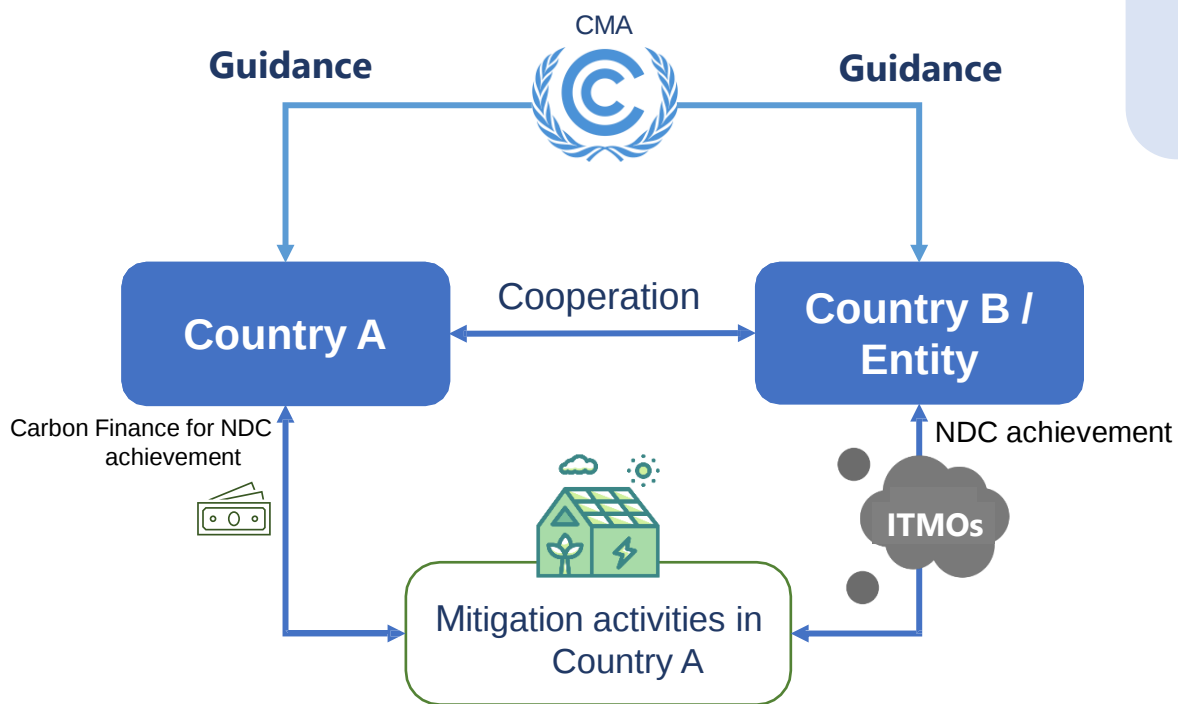
Art 6.2

- Decision 2/CMA.3 and Decision 6/CMA.4 provide guidance to countries to cooperate in achieving their NDCs through the transfer of mitigation results.



Cooperative approach under Article 6.2

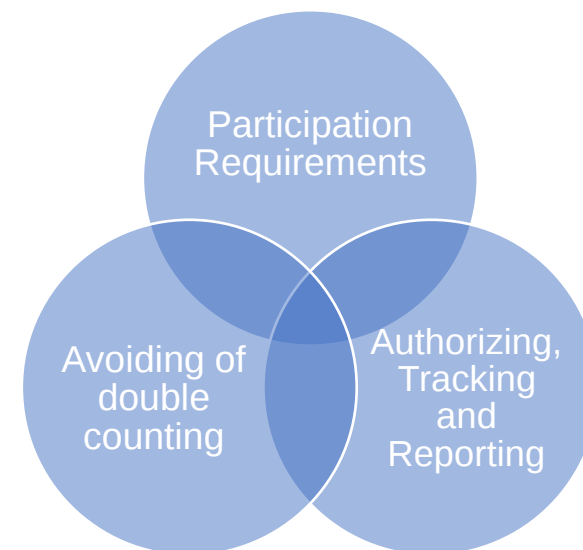
Example of a cooperative approach structure



Source: Illustration extracted from the A6IP Capacity Building Tools, June 2024.

Countries/parties to the Paris Agreement may engage on a voluntary basis in **cooperative approaches that involve the use of “internationally transferred mitigation outcomes” (ITMOs)** towards NDCs and other international mitigation purposes.

In doing so, each participating party must ensure that its participation in the cooperative approach is **consistent with the Article 6.2 guidance** and relevant CMA decisions. This includes:

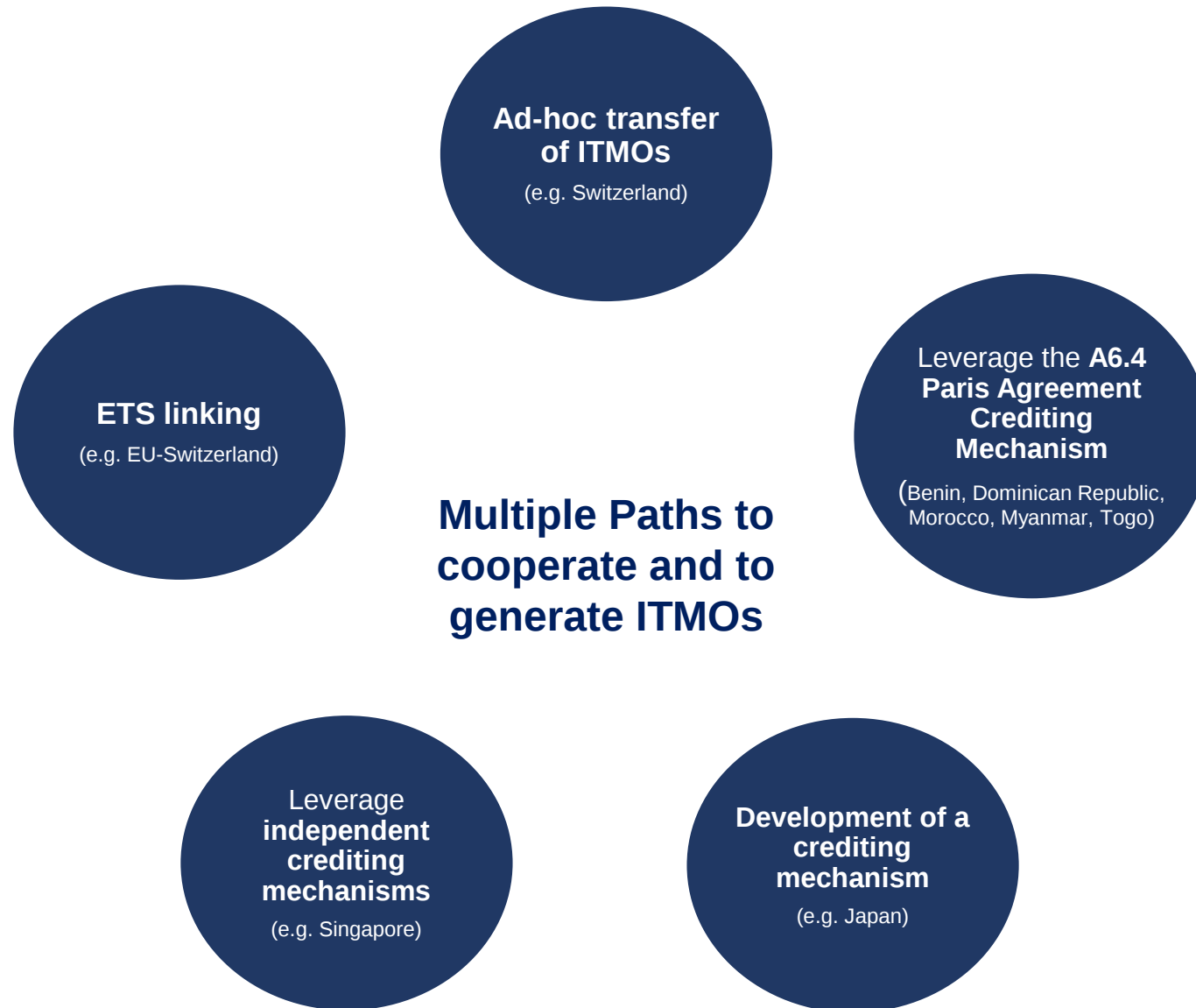


Cooperative approaches under Article 6.2

Country-driven process



How to fill the Canvas?



What is an ITMO?

ITMOs: **I**nternationally **T**ransferred **M**itigation **O**utcomes

**Real
Verified
Additional**

**Emission
reductions and
removals**

**Measured in
tCO₂ eq. or on
metrics other
than GHG**

**Must be
generated from
2021 onwards**

**Authorized for
use towards an
NDC**

**Authorized for
use for other
international
mitigation
purposes
(OIMP)**

**Authorized for
other purposes**

Source: Decision 2/CMA.3 Guidance on cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement, Annex 1. Internationally Transferred Mitigation Outcomes, paragraph 1.
https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=11



Different paths to generate ITMOs

Crediting Process to ensure
ITMOs can be real, verified and
additional

Under Article 6.2
Guidance

**Mitigation
Activity
(Host Country)**

Reduction/removals

**Cooperative
approaches**

**Article 6.4 Mechanism
(PACM)**



MCUs

A6.4ER
S

**Own crediting
mechanisms
agreed by participating
parties**

- Independent crediting Mechanism
- Domestic mechanism (JCM)

Diverse
ERs

**A6.2
Authorization**

**Mitigation
Outcomes
(diverse ER
Units)**

Authorization
(mandatory)
Process by the
Host Party

**A6.2
Tracking,
Reporting,
Review and
Accounting**

ITMOs

ITMOs

(Buyer Country)



Article 6.2 Participation Requirements



Must be a Party of the **Paris Agreement**

Has Prepared, communicated and is maintaining an **NDC**

Submit most recent National Inventory Report - **NIR** (as part of BTR - Biennial Transparency Reports)

Contribution to the implementation of its **NDC and LT-LEDS & SD**

Has arrangements in place for **authorizing, tracking and reporting the use of ITMOs** towards achievement of NDCs.



Article 6.2 Readiness (Self-Assessment Exercise)



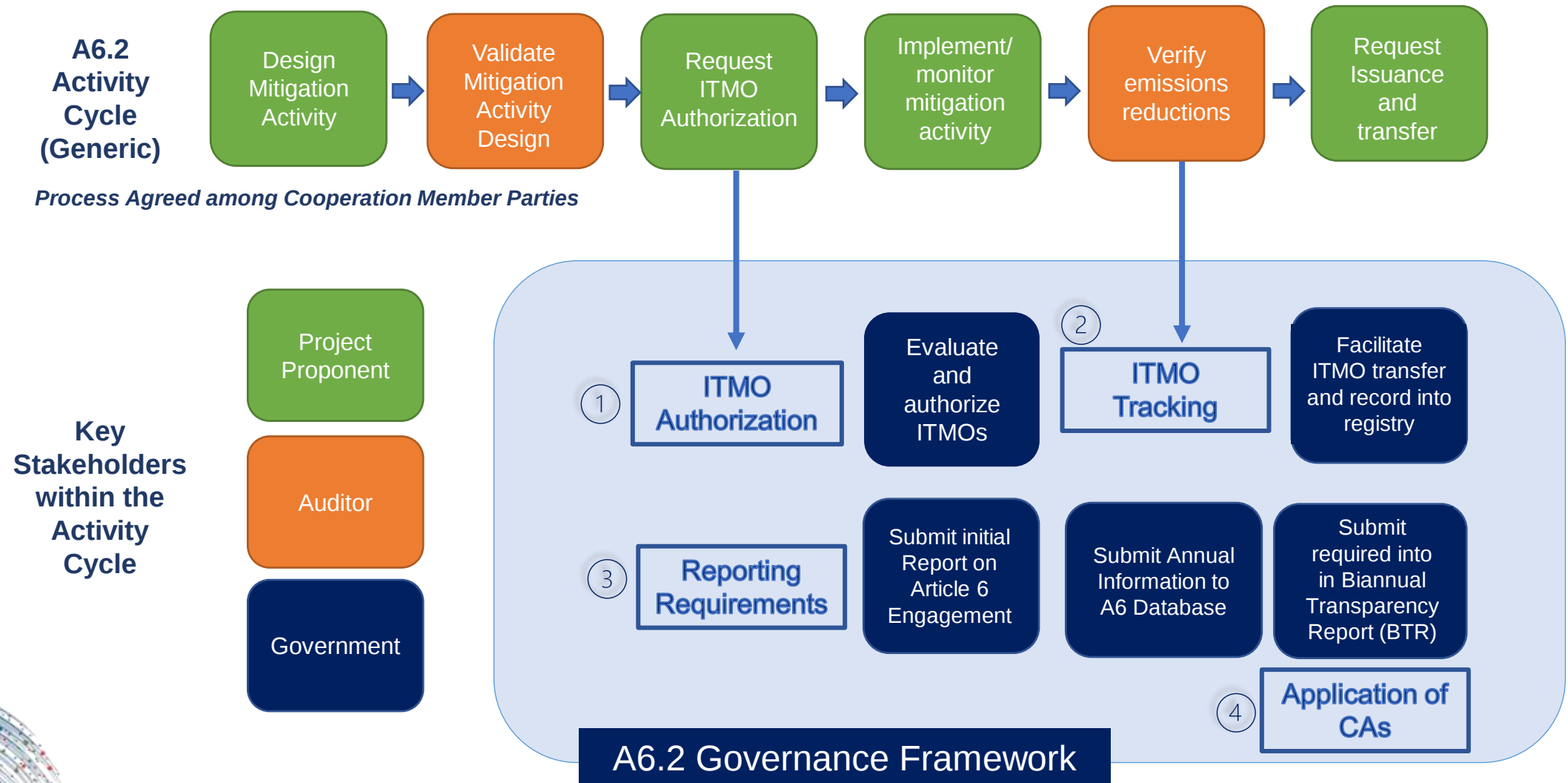
**Checklist to an initial
stocktake of Article 6.2
readiness status**



**Scan the QR Code to start the
self-assessment.**



Indicative Mitigation Activity Cycle for Article 6.2



Article 6.2 Authorization

Paris Agreement Article 6.3

Article 6.3 provides the concept of authorization, whereby “the **use of ITMOs** to achieve nationally determined contributions [...] shall be voluntary and **authorized by participating Parties.**”

Article 6.2 Guidance (Decision 2/CMA.3)

Authorization Arrangements

Reporting on Authorization



Authorization

≠

Activity
Approval



Authorization: Definition of Domestic Arrangements

Article 6.2 Participation Requirements

(Decision 2/CMA.3, annex, para. 4(c):

- Arrangements in place for **authorizing** the use of ITMOs (according to the national circumstances).

What the authorization arrangement may contain:

- Name and contacts of the institution(s) responsible for the **authorization**.
- General description of the **authorization** process.
- Any relevant legal, procedural used for the **authorization**.



Authorization: Different Elements

Cooperative Approach

..The initial report shall contain comprehensive **information** to:
(g) Provide, for each cooperative approach, **a copy of the authorization** by the participating Party.

ITMOs

Each participating Party shall...submit...annual information on **authorization of ITMOs** for use towards achievement of NDCs, authorization of ITMOs for use towards OIMPs.

Entities

... The initial report shall contain comprehensive information to:
(g) Provide, for each cooperative approach, ... the participating Parties involved and **authorized entities**.



Authorization for use of ITMOs: A Trigger Element

Authorization for the use of ITMO involves that participating countries must:

Accounting

- Apply corresponding adjustments to the use of ITMOs will be applied

Tracking

- Record Information on the use of ITMOs.

Reporting

- Report Information on the use of ITMOs.



Article 6.2: Outstanding issues on Authorization

a) Types

Three separate types of authorization (cooperative approaches, ITMOs and entities) that may follow different timelines or one unified process.

b) Format

Is it a voluntary authorization form, a mandatory authorization form, or no form at all?

c) Content

What information is required in the authorization? (A6.4 inclusive)

d) Changes

Can an authorization be changed or revoked or not? If it can, when and under what circumstances? (A6.4 inclusive)

e) Authorized A6.4 ERs

Can an authorize the use of A6.4 ERs after issuance? (6.4 specific)

f) Mitigation Contribution Units (MCUs)

If at issuance there is no authorization statement provided by host Party, can A6.4 Ers as MCUs by default? (6.4 specific=



Tracking: Article 6 Rulebook

Decision 2/CMA.3

- Each participating Party **shall have**, or **have access to**, a registry for the purpose of tracking and recording **relevant actions relating ITMOs**.
- The secretariat shall implement an **international registry** for participating Parties that do not have or do not have access to a registry.

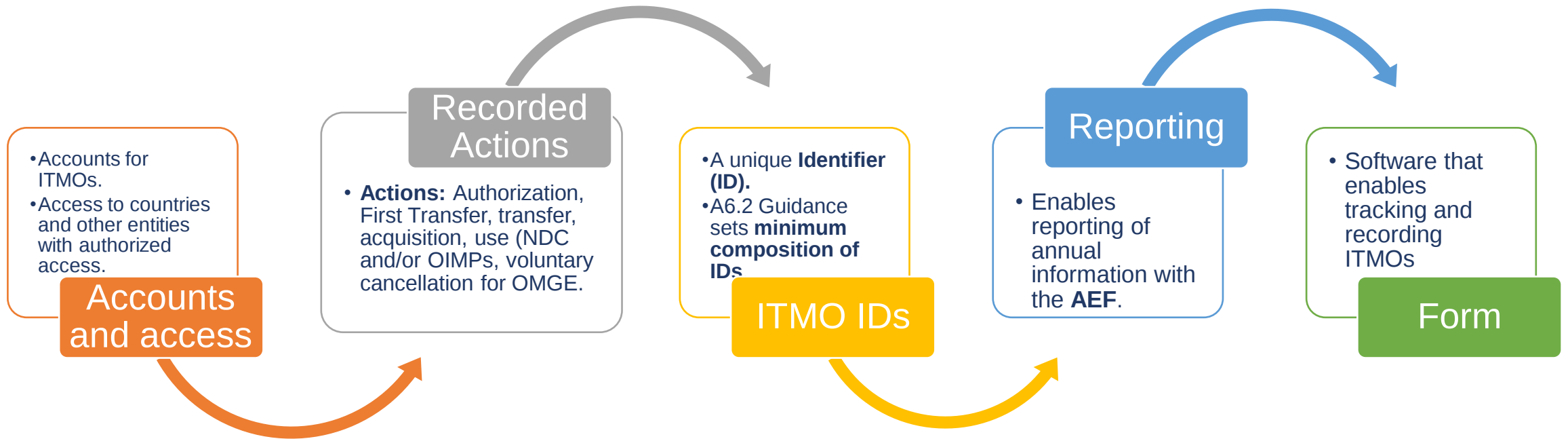


Decision 6/CMA.4

- Guidance on registries specifically registry forms, functions and process.
- Interoperability .
- Guidance relating to international registry.



Article 6.2 Key Registry Functions



Source: Decision 2/CMA.3, annex, para. 29 and Decision 6/CMA.4, annex I, chapter I



Article 6 Infrastructure Overview

Centralized accounting and reporting platform (CARP)

Implemented by the UNFCCC Secretariat

Form: digital web-based platform

Key functions

- Publishes information submitted by participating parties
- Provides reporting templates, a submission portal, etc.
- Enables management of common nomenclatures

Article 6 Database

Key functions

- Records and compiles information submitted by participating parties (annual/regular information), incl. corresponding adjustments, emissions balance, and information on ITMOs.
- Records ITMO Ids.
- Supports Article 6 technical expert review and publishes the review report
- Identifies inconsistencies.

International registry

Key functions

- Performs tracking functions
- Has necessary functions as required by the guidance on registries.

Source: Information based on the Decision 2/CMA.3, annex, chapter VI and Decision 6/CMA.4, annex I



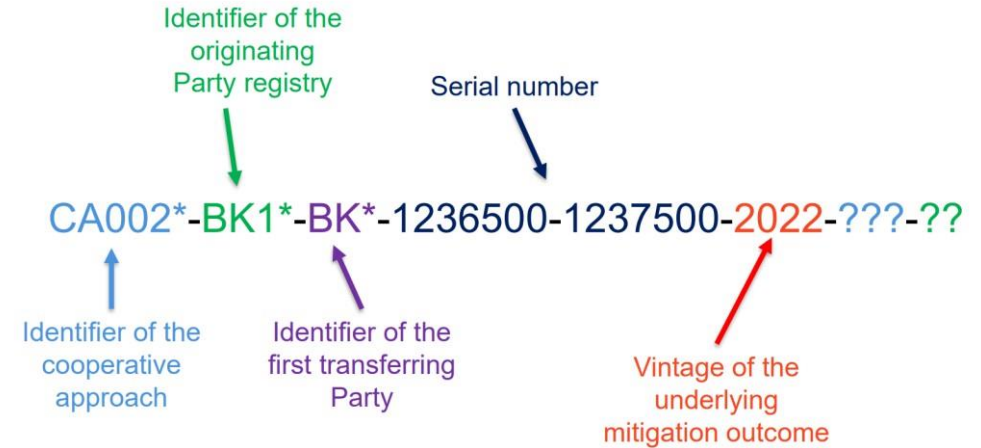
ITMO unique Identifiers

Each ITMO must have a unique identifier (ID). The guidance on registries specifies the minimum components of the ITMO IDs.

Minimum ITMO ID components

- (1) The identifier of the cooperative approach;
- (2) The identifier of the originating party registry;
- (3) The identifier of the first transferring party;
- (4) The serial number;
- (5) The vintage of the underlying mitigation outcome.

Source: Decision 6/CMA.4, Annex I, para. 5



Source: UNFCC Secretariat, 2023



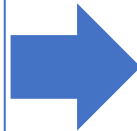
Interoperability

Participating countries must implement **appropriate standards and procedures** for interoperability, where applicable (Decision 6/CMA.4, annex I, chapter I.B).

General principles (Decision 6/CMA.4, annex I, chapter I.B)

- To mitigate risks to the consistency of data, including through communication of data about the transfer and reconciliation procedures within and between registries.
- The existence, type, time, or content of the inter-registry transfer should not later be contested.

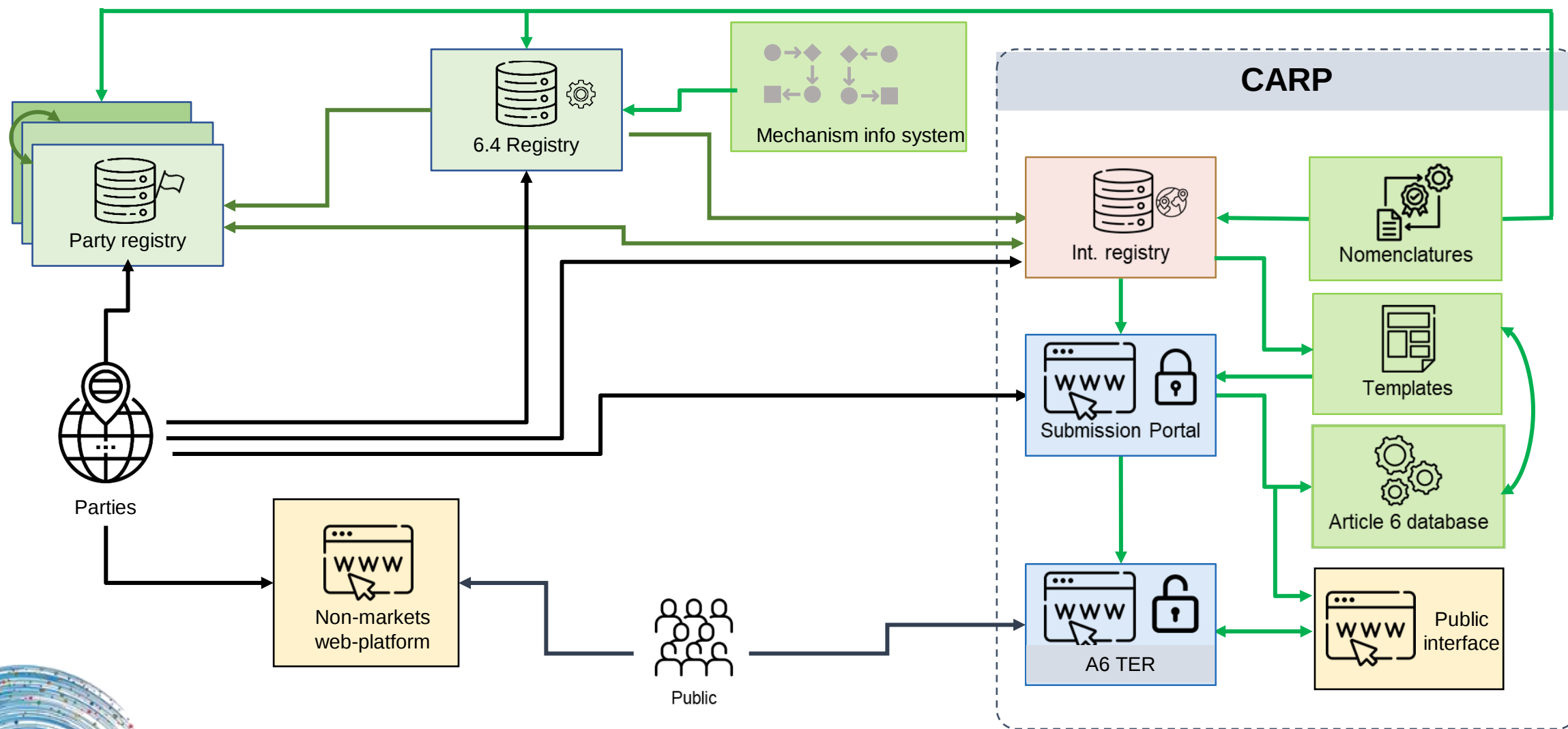
Participating party may **connect its registry to the international registry** by applying the applicable interoperability arrangements. (Decision 6/CMA.4, annex I, chapter I.C, para. 24)



The UNFCCC Secretariat is tasked with developing interoperability standards and procedures for the international registry in connecting with other registries. (Decision 6/CMA.4, annex I, chapter I.C, para. 17 (d))



Article 6 Infrastructure Overview



Considering possible options for registry

Registry options

Participating Party Registry

Develop Own
Registry

Another available
registry

Participating Party Registry

Operated by UNFCCC Secretariat



Considering possible options for registry

Countries suitable for this option	Registry options		
	Participating party registry		International registry (Operated by UNFCCC secretariat)
	Develop own registry	Use other available registry	
	• Countries having in place domestic registry which serves similar functions • Countries intending to implement domestic CPIs which require a national registry • Countries having technical capacity and resources for operating its own system	• Countries receiving support from development partners who provide such service • Countries wishing to use registry for multiple functions in addition to Article 6 without developing own registry (subject to the functions provide by each registry) • Countries wishing to reduce cost in operating the system by themselves	



Thank You!

