

## DRAFT TEXT

on

### CMA 5 agenda item 14(b) Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement Version 9/12/2023 7:00

---

#### Draft decision -/CMA.5

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

*[Option 1:*

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

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

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

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

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

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

*Noting* that the mechanism established by Article 6, paragraph 4, of the Paris Agreement may serve as an example of a credible benchmark for international crediting that ensures environmental integrity considering that offsetting complements the required deep greenhouse gas emission cuts,

## I. General

1. *Welcomes* the annual report for 2023 of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement and its addendum;<sup>1</sup>

---

<sup>1</sup> FCCC/PA/CMA/2023/15 and Add.1.

2. *Commends* the work undertaken by the Supervisory Body in 2023 to address the mandates given by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

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

3. *Welcomes* the designation of national authorities for the mechanism by 67 Parties as at 12 December 2023;
4. *Reminds* Parties wishing to participate in the mechanism to designate a national authority for the mechanism and communicate that designation to the secretariat;
5. *Requests* the Supervisory Body to establish a Designated National Authorities Forum to facilitate the exchange of information and experience among designated national authorities and the identification of common challenges at the regional and subregional level in operationalizing the mechanism;
6. *Appreciates* the valuable inputs provided by a diverse range of stakeholders to the work of the Supervisory Body throughout the year;
7. *Emphasizes* the need to uphold inclusivity by remaining open to stakeholder inputs and engagement, including through proactively reaching out to scientific and academic communities;
8. *Notes* with appreciation the progress made by the Supervisory Body in developing standards and procedures for operationalizing the mechanism;
9. *Requests* the Supervisory Body to accelerate its work on the sustainable development tool, appeals and grievance procedure, tools and guidelines on baselines, additionality and leakage and other regulatory provisions required to fully operationalize the mechanism;
10. *Notes* that the Supervisory Body may establish dedicated expert groups to support its work, as appropriate;
11. *Requests* the Supervisory Body to develop key performance indicators for evaluating the effectiveness of the mechanism, such as total global mitigation achieved, finance mobilized and provided, including by region, and quantified co-benefits;

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

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

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

- (b) The CDM afforestation and reforestation activity complies with the respective applicable requirements for activities involving removals under the

mechanism established by Article 6, Paragraph 4, of the Paris Agreement, as contained in annex II, and any further relevant decisions of the CMA;

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

14. *Further decides* to elaborate the requirements for the development and assessment of methodologies for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, referred to in chapter V.B (Methodologies) of the rules, modalities and procedures, as contained in annex I;

15. *Requests* the Supervisory Body to develop a comprehensive work programme pertaining to the requirements for the development and assessment of methodologies for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, as referred to in paragraph 14 above, with a clear timeline, involving all stakeholders, with the aim to:

(a) Further considering whether paragraphs 33-36 of the requirements referred to in chapter V.B (Methodologies) of the rules, modalities and procedures are applicable to all project activity types or whether there may be exceptions;

(b) Assessing the need for additional clarification on, and safeguards for, the mandatory requirement of applying the latest approved methodologies at the renewal of the crediting period for afforestation and reforestation project activities;

16. *Requests* the Supervisory Body to operationalize the requirements contained in annex I by developing or revising standards, procedures, methodologies, tools and guidelines, as appropriate;

17. *Decides* that the requirements, contained in annex I, shall be applied *mutatis mutandis* to the activities involving removals, including on appropriate monitoring, reporting, accounting and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social impacts;

18. *Also decides* to elaborate the requirements for activities involving removals under the mechanism established by Article 6, paragraph 4, of the Paris Agreement, as contained in annex II;

19. *Further decides* that all activities involving removals from forest land shall be of national scale and meet the requirements of the Paris Agreement and already agreed decisions under the CMA;

20. *Requests* the Supervisory Body to develop a comprehensive work programme pertaining to the requirements for activities involving removals under the mechanism established by Article 6, paragraph 4, of the Paris Agreement as referred to in paragraph 18 above, with a clear timeline, involving all stakeholders, with the aim to:

(a) Distinguishing between activities involving emission reductions and those involving removals;

(b) Assessing options for allocating specific unit identifiers for activities involving removals and explore approaches for reflecting categories of reversal risk in unit identifiers;

(c) Clarifying reversal events, including avoidable and unavoidable reversals and analyse and elaborate the role of buffer pools and other remediation measures in addressing them;

(d) Prioritizing development of the risk assessment tool based on best available scientific sources;

(e) Re-assessing buffer pool contributions to be based on robust scientific risk assessment, including provisions for disclosure of the composition of the buffer pool;

(f) Providing further guidance on frequency of submission of monitoring reports and approaches for accounting;

(g) Analyzing discontinuation or failure of monitoring, its implication on reversal events and possibility of resuming monitoring;

(h) Further analyzing the requirements for post crediting period monitoring taking into account scientific inputs for required durability in climate relevant timeframes to inform 6.4ER identifiers;

(i) Elaborating the role of host party and participating party, including further guidance for cases where a Party assumes the role of an activity participant in the post-crediting monitoring period, and including the approach for applying corresponding adjustments in respect of any amount of reversals incurred, as an alternative measure;

(j) Elaborating provisions for environmental impact assessments to be localized and include impact of climate change, in addition to drought, fires, pests;

(k) Reconsidering tonne year accounting for nature-based removals;

21. *Also requests* the Supervisory Body to seek inputs from stakeholders on the areas requiring further work listed in paragraph 20 above;

22. *Further requests* the Supervisory Body, in the context of its considerations of removals, to be always guided by the best available science;

23. *Requests* the Supervisory Body to operationalize the requirements contained in annex II by developing or revising standards, procedures, methodologies, tools and guidelines, as appropriate;

**Option 1 {Emission avoidance and conservation enhancement activities may also result from emission reduction or removals activities}**

24. *Clarifies* that emission avoidance and conservation enhancement may also result from emission reduction or removal activities that meet the requirements of the rules, modalities and procedures for the mechanism, apply other related rules and guidance and an applicable methodology approved by the Supervisory Body;

**Option 2 {Separate emission avoidance from conservation enhancement activities}**

25. *Clarifies* that there is no need for further guidance on conservation enhancement activities as these are already covered by removal activities under the mechanism and Article 5, paragraph 2;

26. *Decides* that emission avoidance activities are not eligible under the mechanism and Article 5, paragraph 2;

*{End of option 2}*

27. [*Decides* that, in addition to enabling the ability to pull and view data and information<sup>2</sup> on holdings and the action history of authorized A6.4ERs, the connection between the international registry and the Article 6.4 mechanism registry shall enable the transfer of authorized A6.4ERs from the Article 6.4 mechanism registry accounts to accounts within the Party-specific sections of the international registry;]

---

<sup>2</sup> Pursuant to decision 3/CMA.3, annex, para. 63, and decision 6/CMA.4, annex I, para. 24.

28. *Also decides* that requests for issuance of A6.4ERs may be submitted to the secretariat only after the host Party has provided a statement<sup>3</sup> on the authorization of A6.4ERs that may be issued for the activity [and its inclusion in the initial report under Article 6, paragraph 2, of the Paris Agreement], and *clarifies* that, where no statement has been provided, mitigation contribution A6.4ERs may still be requested to be issued by the activity proponent;

29. *Further decides* that the host Party shall specify in the statement referred to in paragraph 28 above whether it authorizes A6.4ERs for use towards achievement of NDCs, for use for other international mitigation purposes as defined in decision 2/CMA.3, or for use for either of these purposes;

30. *Decides* that, if the host Party authorizes A6.4ERs for use towards achievement of NDCs and/or for other international mitigation purposes in the statement referred to in paragraph 28 above, it shall provide in the statement relevant information on the authorization consistent with paragraph X of decision -/CMA.5<sup>4</sup>.

31. *Also decides* that, if the host Party authorizes A6.4ERs for other international mitigation purposes, the statement referred to in paragraph 28 above shall specify how the host Party defines “first transfer” consistently with paragraph 2(b) of the annex to decision 2/CMA.3, pursuant to paragraph 42 of the rules, modalities and procedures for the mechanism;

32. *Further decides* that the host Party may provide to the Supervisory Body at any time a statement authorizing mitigation contribution A6.4ERs already issued for use towards achievement of NDCs and/or for other international mitigation purposes as defined in decision 2/CMA.3;

33. *Decides* that any changes to the statement of authorization should not apply to or affect authorized A6.4ERs that have been already first transferred;

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

#### **IV. Management of financial resources**

35. *Takes note* of the agreed business and resource allocation plan of the Supervisory Body for 2024–2025,<sup>5</sup> which provides an estimated budget for its work and activities deemed essential for operationalizing the mechanism;

36. *Requests* the Supervisory Body to reinforce its support structure and allocate dedicated resources to support the work of the Supervisory Body;

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

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

<sup>3</sup> Referred to in 3/CMA.3, annex 1, paragraph 42.

<sup>4</sup> Draft decision entitled “Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement” proposed under agenda item 13(a) of the SBSTA at its fifty-ninth session.

<sup>5</sup> Supervisory Body document A6.4-SB007-A01.

**[Annex I**

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

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

**[Annex II**

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

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

*{End of option 1}}*

**[Option 2**

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

1. *Decides* to establish a clause with a moratorium in the functioning of markets and in the establishment of a New Market Mechanism to cope with climate change under the precautionary principle, due to the scientific and conceptual incongruity of emissions markets with the basic science of climate change, inconsistency of carbon markets with the effective reduction of greenhouse gases, and the incongruence between carbon markets and their contribution to sustainable development;

2. *Also decides* that in order to analyze the suspension of the moratorium, an official report must be formulated every three years by the IPCC to be submitted to the Parties in order to evidence the carbon market contribution to the stabilization of the climate system;

3. *Establishes* that the official report formulated by the IPCC must contain referentially the criteria for overcoming the drawbacks and risks of market-based approaches posited in paragraph 1 above, including also:

(a) The fulfilment of the ultimate objective, principles and provisions of the Convention, particularly the principle of equity and common but differentiated responsibilities;

(b) The implication of the market mechanism on human rights and indigenous people rights;

(c) The promotion of equitable access to sustainable development and the protection of the integrity of Mother Earth;

(d) The feasibility of establishing a system of rigorous accounting of report and monitoring of emission reductions in the context of Article 4, paragraph 7, of the Convention and Article 2, paragraph 2, of the Paris Agreement.]