

Regional Climate Week

Middle East and North Africa

Riyadh, Saudi Arabia – 8-12 October 2023



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Session 2: Institutional arrangements, reporting and participation requirements (6.2 and 6.4)



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Article 6: Global Mitigation Tool Market Mechanisms

- Article 6 is the only part of the Paris Agreement that [directly engages the parties and private sector to implement activities](#) aiming at emission reductions
- Article 6 is an important part of the world's “toolbox” for addressing climate change... with detailed [negotiations are evolving and many decisions are underway](#)
- Many similar tools are being increasingly deployed at domestic, regional and bilateral level...sometimes without Article 6 in mind ... [multilateralism is being overtaken by action](#)



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Understanding Article 6

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
- 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 among cooperating parties



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Article 6: Global Mitigation Tool Market Mechanisms

Article 6.2

Bilateral VOLUNTARY
Cooperation between
Countries

Host Country 1

Host Country 2



Sectoral Level



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Article 6.4



Entity in a Host
Party 1

Entity in a Host
Party 2



Activity Level



Article 6 Participation Requirements

Article 6 participation between countries



Mandatory	Requirement Description	
	Article 6.2	Article 6.4
✓	Must be a Party of the Paris Agreement. (196 Parties)	
✓	Has prepared, communicated and is maintaining an NDC.	
✓	Has arrangements in place for authorizing, tracking and reporting the use of ITMOs towards achievement of NDCs.	PRIOR TO PARTICIPATING Has a Designated National Authority (DNA) in place and communicated that designation to the Secretariat and SB
✓	Submit most recent National Inventory Report - NIR (as part of BTR - Biennial Transparency Reports).	Has indicated publicly to the SB how participation in the mechanism contributes to Sustainable Development .
✓		Has indicated publicly to SB the type of Art 6.4 activities (Sectors) that it would consider approving
	Has to specify how this participation benefit and contribute to the implementation of its NDC and LT-LEDS (if submitted) and the long-term goals of the Paris Agreement.	
		May specify (more conservative) baseline approaches and crediting periods.

Article 6.2?

- **International cooperation** that involves
 - **transfers of mitigation outcomes between two countries**
 - use of MO towards achieving NDC targets in a specific form of cooperation
 - requires that mitigation outcomes are not counted twice, i.e., are not double counted
- Article 6.2 rulebook (Decision 6/CMA.4), guidelines to cooperate in achieving their NDCs through the transfer of MOs
- Cooperation **design is up to the participating countries**
 - Much elaboration needed (baselines, additionality, MRV, SD tools, etc.)
- Transparency is ensured through ‘Centralized Accounting and Reporting Platform’ (**CARP**) global registry

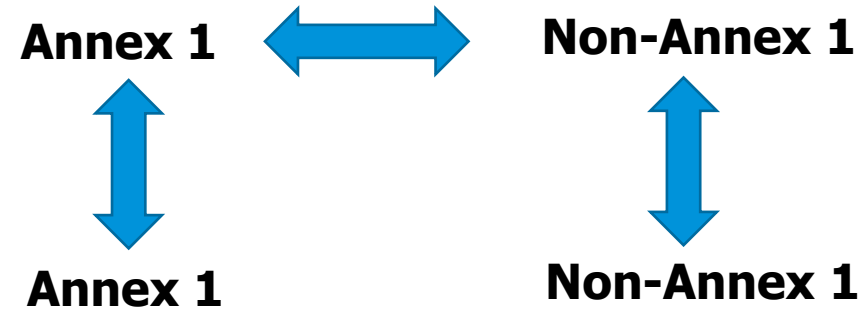


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'Institutional arrangements' for Article 6.2

- Bilateral Agreements between two countries



- **Electronic Registry** in place to manage ITMOs
- Arrangements in place for ITMOs, towards achievement of NDCs
 1. **Authorize** : Governance Body (*Institution, Official Or Position, to issue ITMOs*)
 2. **Track** : Electronic medium / Registry to track the ITMOs, ensuring the Art 13 of the PA
 3. **Report** : Initial Report to Annual Report to Biennial Report
- Governed under NDC commitments and transparency ensured through CARP (Centralized accounting and reporting platform)

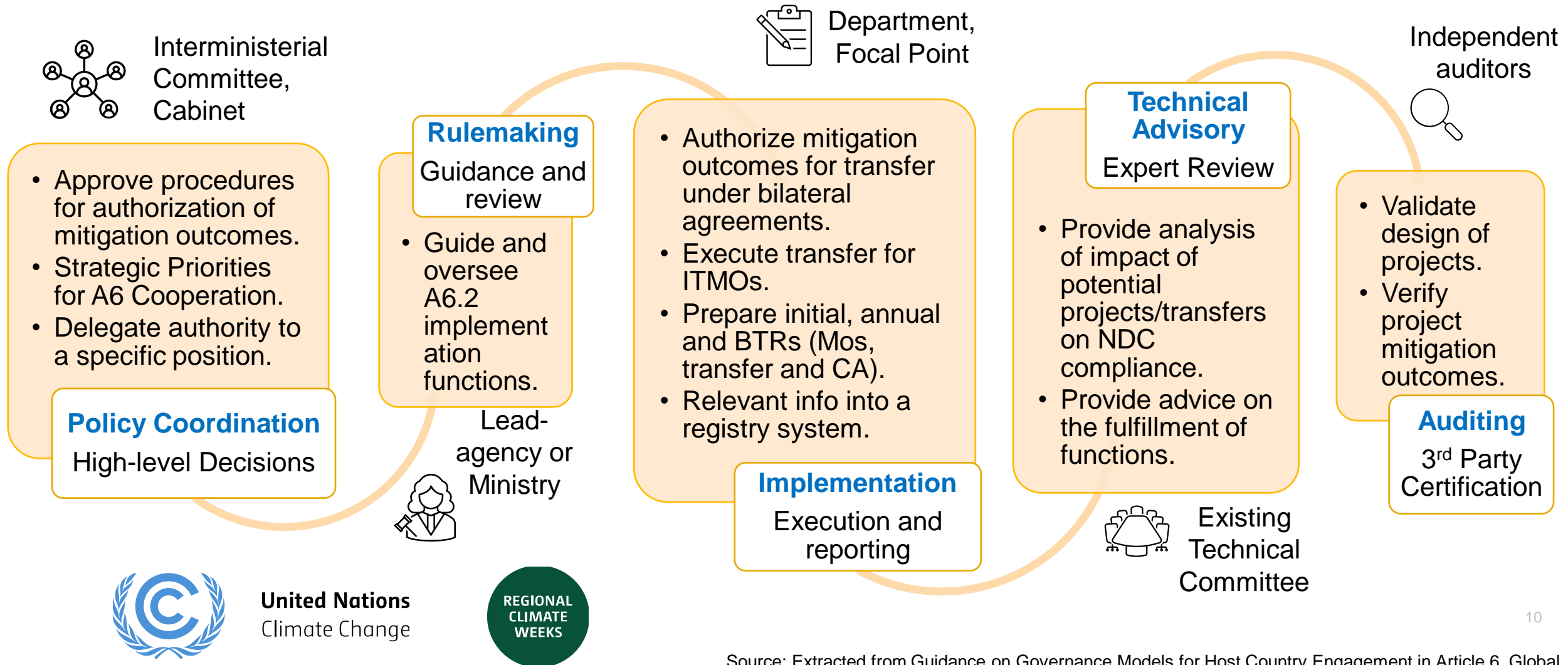


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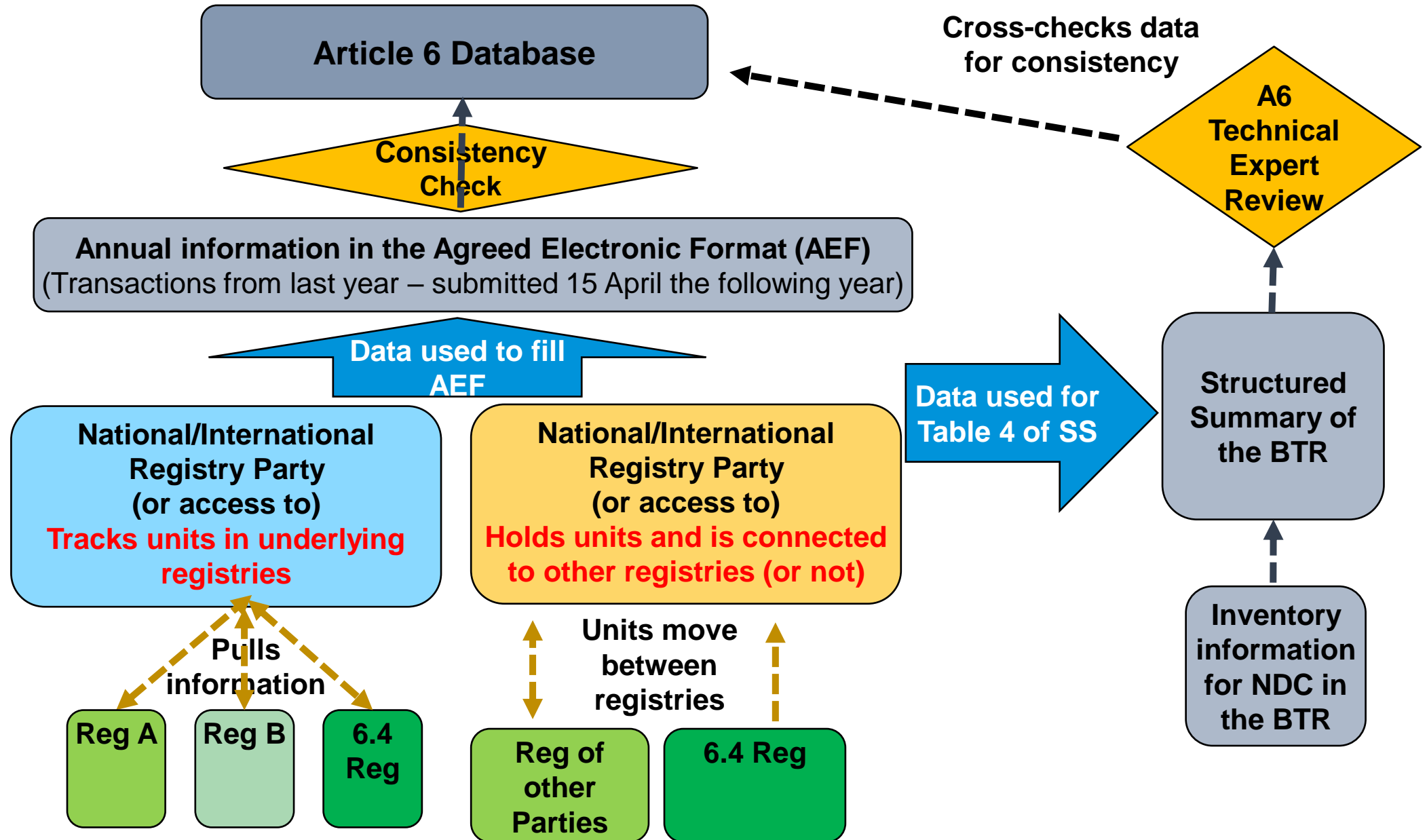


Key Institutional Functions and Roles in A6.2 Engagement

Host countries will need to **designate government institutions** to perform specific functions related to Article 6.2



Reporting and Tracking of ITMOs in Article 6



Agreed Electronic Format

Tables for submitting the agreed electronic format referred to in decision 2/CMA.3, annex, chapter IV.B (Annual information)
https://unfccc.int/sites/default/files/resource/Article%206.2_SBSTA_INFORMAL%20document.pdf

Table 1 Agreed electronic format: **Heading**

Table 2 Agreed electronic format: **Actions**

Table 3 Agreed electronic format: **Holdings**

Table 4 Information as per decision 2/CMA.3, annex, paragraph 23: heading **(Corresponding Adjustments)**

Table 5 Information as per decision 2/CMA.3, annex, paragraph 23 (except for paragraph 23(j))

Table 6 Information as per decision 2/CMA.3, annex, paragraph 23(j)

Table 7. Cumulative information in respect of the annual information as per decision 2/CMA.3, annex, paragraph 23(h): **use of ITMOs**

Table 8. **Cumulative information** in respect of the annual information as per decision 2/CMA.3, annex, paragraph 23(h): **first transfer of ITMOs**



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Agreed Electronic Format

SBSTA57/A6.2/InfDoc

Table 8. Cumulative information in respect of the annual information as per decision 2/CMA.3, annex, paragraph 23(h): first transfer of ITMOs

Line no.	Cooperative approach ^a	ITMO ID				ITMO			ITMO details			
		ID/first ID ^b	Last ID ^c	First serial number ^d	Last serial number ^e	Metric and quantity		Emission factor (reporting Party) ^h	Acquiring Party ^j	Vintage ^j	Sector(s) ^k	Activity type(s) ^l
						Metric ^f	Quantity (expressed in metric) ^g					
	Cooperative approach										Energy	
	Article 6.4 mechanism										IPPU	
											AFOLU	
											Waste	

(Table continues)

Authorization			
Date of authorization ^m	Evidence of authorization ⁿ	Purposes for authorization	OIMP authorized by the Party ^o
		NDC	
		OIMP	
		NDC and OIMP	

Article 6.2

Article 6.4

https://unfccc.int/sites/default/files/resource/Article%206.2_SBSTA_INFORMAL%20document.pdf



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Article 6.4 PRINCIPLES

Registered activities, can be a hosted by ANY Party and the range of activities is broader, issued Article 6.4 emission reductions (A6.4ERs), come in two types:

- **Authorized emission reductions** (AERs):
 - A6.4ERs that have received an authorization under paragraph 42 of the Rules, modalities and procedures of the mechanism
 - These **are ITMOs** (when first transferred) and are reported in the AEF/A6 Database and accounted in the structured summary
- **Mitigation contribution units** (MCUs):
 - These **are NOT ITMOs** the mitigation achieved assists the host Party to achieve its NDC or development goals
 - Can be used for, **inter alia**, **results-based climate finance domestic carbon pricing schemes**, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the host Party



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Designation of National Authorities for the Article 6.4 mechanism

1. Art 6.4 DNA mandatory by Host Party to participate
2. Establishment of Art 6.4 DNA Decision 3/CMP.3
3. As of Sept 2023, 55 countries have submitted a designated national authority for Article 6.4 mechanism

Parties to Paris Agreement communicate to Supervisory-Body@unfccc.int

1. Name of the organization to act as the national authority
2. Address of the organization with city and country
3. Full name of the contact person
4. Communication details

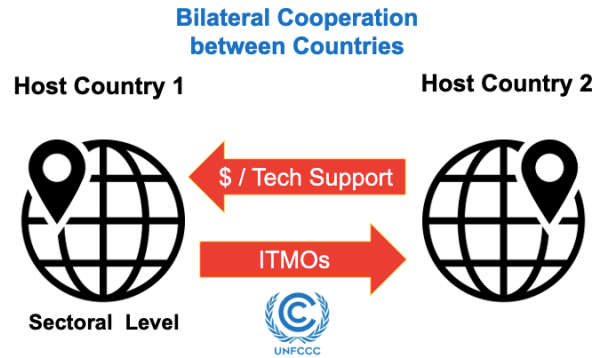


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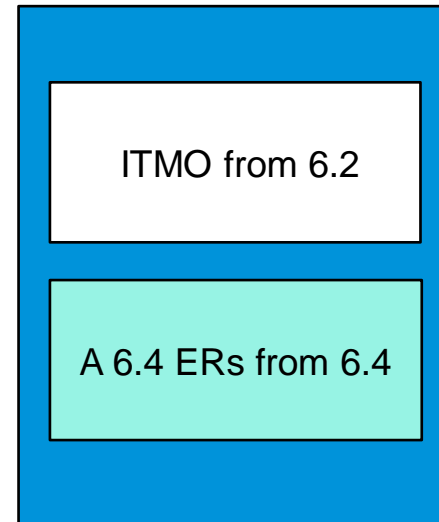
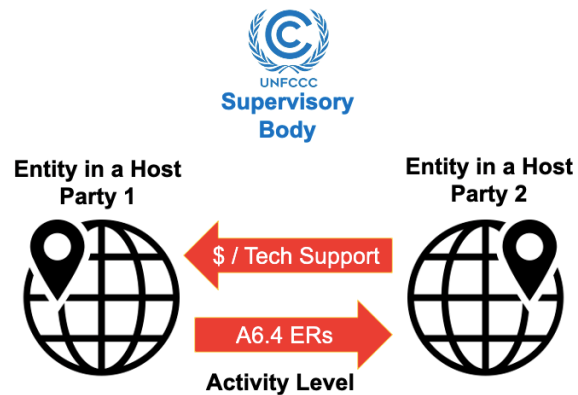
Interplay / Reporting (6.4 & 6.2)

Article 6.2



Mitigation Outcomes

Article 6.4



YES

NO

Transfer towards NDC

OIMP
(Corsia, Etc)

Authorized for purposes other than above two

Domestic ETS

Voluntary purpose

Surplus ITMOs

Buyer Country in need of ITMOs for NDC

CA

NO CA

Article 6.2 Pilots

Signed Bilateral Agreements (BA) for the cooperation under Article 6.2 of the Paris Agreement as of 5 October 2023:

- There are 64 BAs between **6 different buyers and 41 host countries**
(buyers: Australia, Japan, Singapore, South Korea, Sweden, Switzerland)
- A total of **136 pilot projects** have been recorded, out of which 113 belong to Japan's Joint Crediting Mechanism (JCM).

Out of 136 pilot projects, **3 already have Authorization Statements**.

First Authorization Statements by the Federal Office for the Environment of the Swiss Federation were published for the projects between

Switzerland-Ghana (12 November 2022),

Switzerland-Thailand (27 February 2023),

Switzerland- Vanuatu (16 June 2023).

Those projects also have **preliminary/updated initial reports**.



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<https://unepccc.org/article-6-pipeline/>

Designation of National Authorities for the Article 6.4 mechanism



(Azerbaijan, Morocco, Saudi Arabia, State of Palestine, United Arab Emirates, Uzbekistan)

1. On the **institutional** level selection, what factors did you base on to choose the institution to serve as the Art.6.4 DNA?
2. Did you encounter any **challenges** while establishing the Art.6.4 DNA office? If so, how did you overcome them?
3. Are there **lessons** perhaps you learnt from CDM that you feel are important for Art.6 implementation?
4. What would you **advise** countries that are yet to communicate their Art.6.4 DNAs?



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THANK YOUR FOR ATTENDING



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