

United Nations
Climate Change



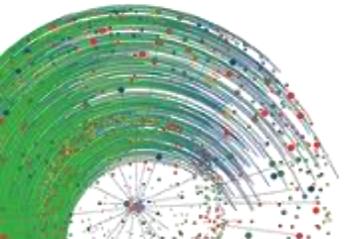
Leveraging Article 6 to accelerate NDC Implementation in Djibouti

Day 2
11th February 2026

Agenda Day 2 - Article 6 Operationalization, Policy Framework & Private Sector Engagement

SESSIONS

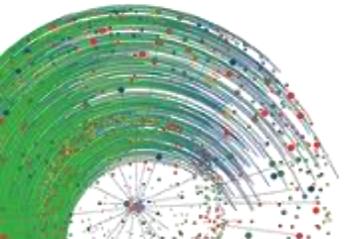
- 1. Understanding the Article 6.4 or Paris Agreement Crediting Mechanism (“PACM”)**
- 2. Operationalizing Article 6 in Djibouti: Requirements and Readiness**
- 3. Institutional Readiness for Article 6**
- 4. Development of Djibouti’s Carbon Trading Policy Framework & Guiding Principles**
- 5. Role of Private Sector in Carbon Markets: Opportunities & Participation Pathways**



Recap of Day 1

Mr. Mohamed Gona

Ministère de l'Environnement et du
Développement Durable





United Nations
Climate Change



Session 1

Understanding the Article 6.4 or Paris Agreement Crediting Mechanism ("PACM")

Format

Presentation and Discussions

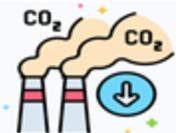
What is the Article 6.4 mechanism?

The new centralized UNFCCC baseline-and-credits mechanism (replacing CDM/JI) 2nd Generation CDM



“A mechanism to contribute to the **mitigation of greenhouse gas emissions** and **support sustainable development** is hereby established under the authority and guidance of the CMA for use by Parties on a voluntary basis”
“It shall be **supervised by a body** designated by the CMA”

UNFCCC view point mechanism shall aim to:



Promote the **mitigation** of GHG emissions while fostering **sustainable development**



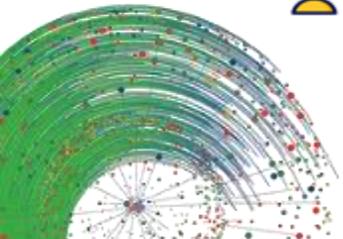
Contribute to the **reduction of emission levels in the host Party**, which will benefit from mitigation activities resulting in **emission reductions that can also be used by another Party to fulfil its NDC**



Incentivize and facilitate **participation in the mitigation of GHG by public and private entities** authorized by a Party



To support **adaptation activities** in developing countries
To deliver an **overall mitigation in global emissions**



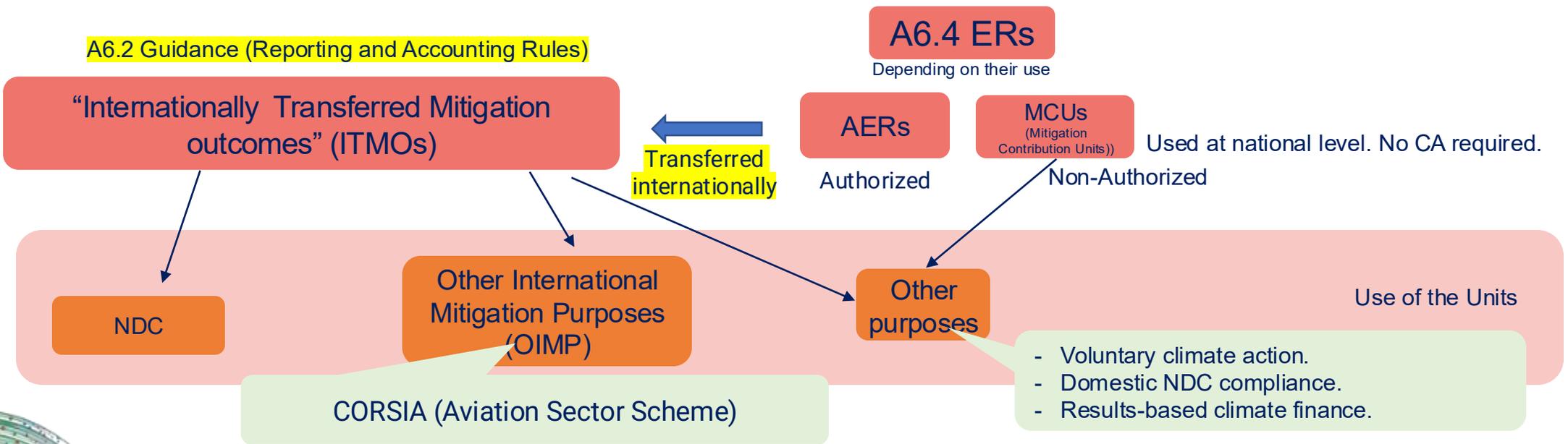
Understanding Cooperation under Article 6.4

Paris Agreement Crediting Mechanism



"It will be overseen by a body designated by the CMA and established within the Secretariat of the UN Climate Change."

The mitigation outcomes of proposed activities will be accredited under units known as Article 6.4 Emission Reductions (A6.4ERs)

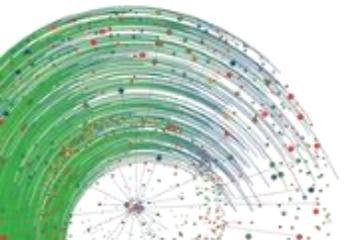


A6,4ERs Authorized ITMOs

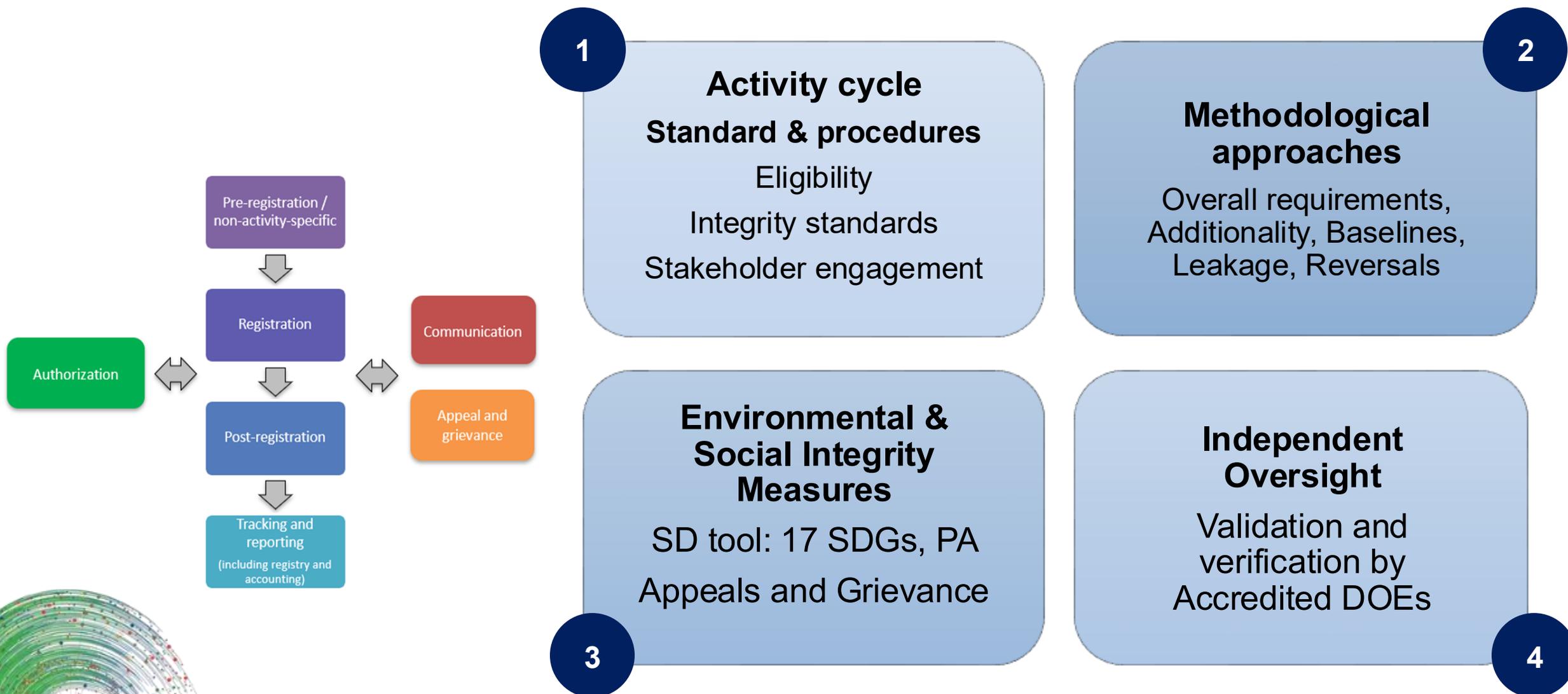
- Requires corresponding adjustments
- May be used towards achievement of NDCs
- uses in other markets, e.g., voluntary carbon markets
- Uses for other international mitigation purposes (e.g., CORSIA)

6.4 Mitigation Contribution Units (MCUs)
(Non-Authorized)

- Do not require a corresponding adjustment
- May be used, “inter alia, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the Host party”.
- uses in other markets, e.g., voluntary carbon markets or domestic markets.

Voluntary
Purposes

Elements ensuring integrity of Article 6.4 activities



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):

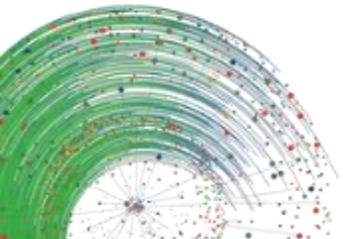
- A6.4ERs that have received an authorization in accordance with paragraph 42 of the Rules, modalities and procedures of the mechanism
- These **are ITMOs** and will require **corresponding adjustment**

Authorized

- **Mitigation contribution units** (MCUs): (Netzero Approach - Corporates)

- These **are NOT ITMOs** the mitigation achieved by the host Party to achieve its NDC or development goals
- Can be used for, **inter alia**, **results-based actions**, **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

Non-Authorized



Article 6.4 Activity Cycle: Pre Registration



Role of MCUs in supporting host countries & Corporates

- MCUs can be used for various purposes, **including voluntary corporate action**, for the purpose of contributing to the reduction of emission levels in the host Party.
 - e.g. **voluntary climate action**, results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures.
- MCUs paves the way for corporate to **make a climate contribution** and **unlock financial and technical support for the Global South**.
 - MCUs are generated from registered mitigation activities hosted by any Party, **enabling the transfer of essential climate technology and funding**.
 - The mitigation achieved assists the host Party **in achieving its NDC and sustainable development goals** by curbing its GHG emissions.
- Corporates by **purchasing and cancelling MCUs** can make
 - A claim of contributing to technology transfer, investment, and bending the global emissions curve; and
 - The estimated 'internal carbon prices' tangible, while delivering on the needed climate finance.



Art 6.4

Benefits of participation in "PACM" (Article 6.4)

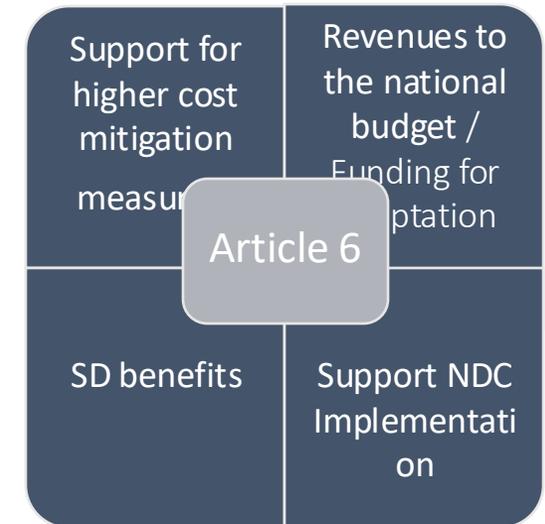
- **Multilateral governance and International oversight** under UNFCCC
- **Multilaterally Approved standards** - Global benchmark for baseline and crediting mechanism standards.
- **One and only centralized** Global carbon market mechanism established under Paris Agreement.
- **Best positioned to tackle double counting** – Integrated reporting and tracking mechanism
- **Two track National Approval process & Enhanced host party role** - Nationally Approved and Authorized
- **Tracking** - mechanism registry operated by Article 6.
- **Multi pronged Quality and Quantity assessment** – [independent third party DOEs, UNFCCC secretariat, 6.4 SBM]
- **Global Geographical coverage by any scheme (Accessibility)** – Scale, Type and Region Agnostic
- Strong provisions regarding **Sustainable development and continuous stakeholder inputs (covering all stakeholder types).**



Art 6.4

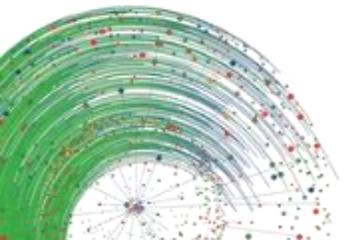
Benefits of participation in "PACM" (Article 6.4)

- **Robust Appeals and Grievance mechanism**
- **Equitable sharing of benefits between two participating parties**
- **One and only mechanism contribute to Adaptation through three means** to build resilience to the inevitable impacts of climate change for developing countries.
- **One and only mechanism contribute to Overall mitigation of Global emissions(OMGE)**
- **Use for both compliance and non-compliance purposes** (NDC, MRV of climate finance, green bonds etc)
- **Fulfillment of reporting obligation under Paris Agreement** pre-fill all the information needed to report AEFs to the A6DB

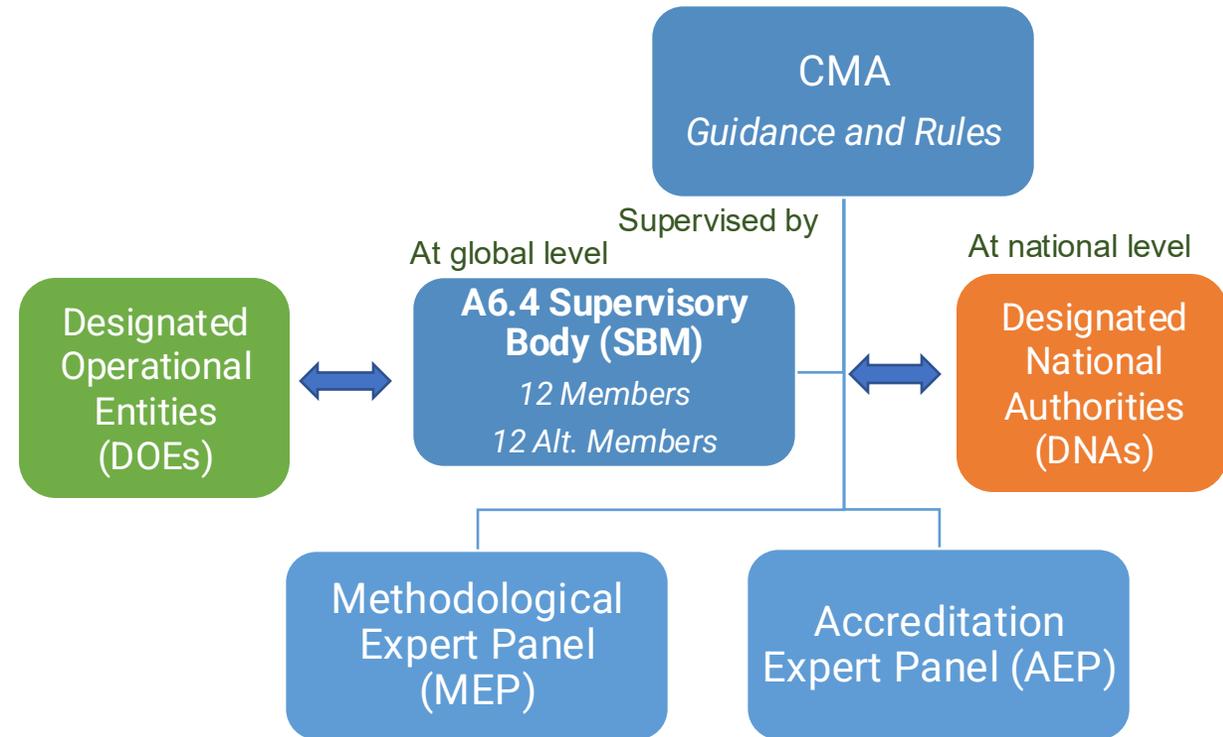


Global Benchmark for High-Integrity Carbon Markets

"PACM" building blocks

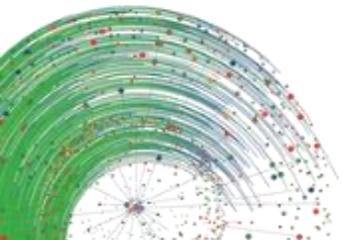


Governance Structure of the "PACM"



Source: Information extracted from <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>

Source: Image extracted from <https://evetamme.com/2023/05/21/challenges-for-carbon-removal-under-the-un-standard/>



What is the Article 6.4 Supervisory Body's remit?



The Supervisory Body holds an event to engage with Parties and stakeholders at SB60. Image credit: UNFCCC

The Supervisory Body is tasked with developing and supervising the requirements and processes needed to operationalize the mechanism.

This includes:

- Developing and/or approving methodologies;
- Registering activities & approving issuance of credits;
- Accrediting third-party validation & verification bodies
- Managing the Article 6.4 Registry.

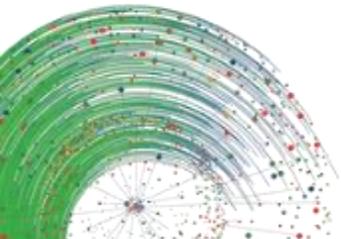
Regulatory documents approved by the Supervisory Body

■ Standards:

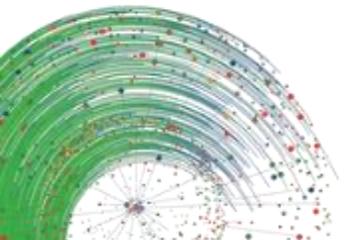
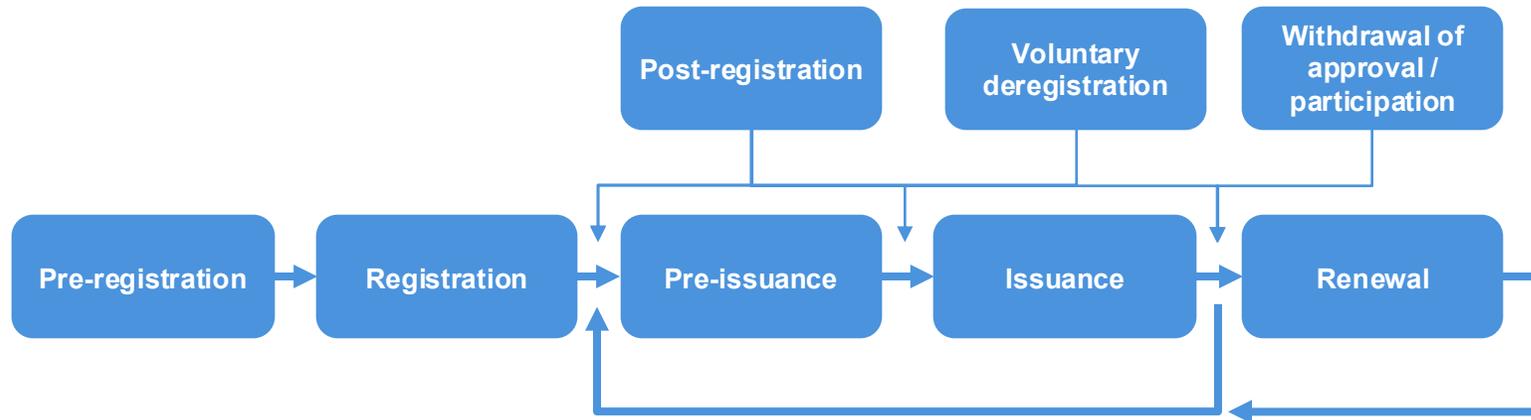
- [Transition of CDM activities to the Article 6.4 mechanism](#);
Sets out required activity design and other attributes of CDM projects, PoAs and CPAs for the transition to the Article 6.4 mechanism. (Ver 5.0)
- [Article 6.4 activity standard for projects \(Ver 3.0\)](#) and [Article 6.4 activity standard for PoAs \(Ver 3.0\)](#);
Sets out requirements relating to the design, implementation and other attributes of A6.4 projects.
- [Article 6.4 validation and verification standard for projects \(Ver 3.0\)](#) and [Article 6.4 validation and verification standard for PoAs \(Ver 3.0\)](#);
Provides DOEs the minimum requirements for validation, post-registration and renewal of the crediting period of an A6.4 project, and the verification of GHG emission reductions or net GHG removals.

■ Procedures

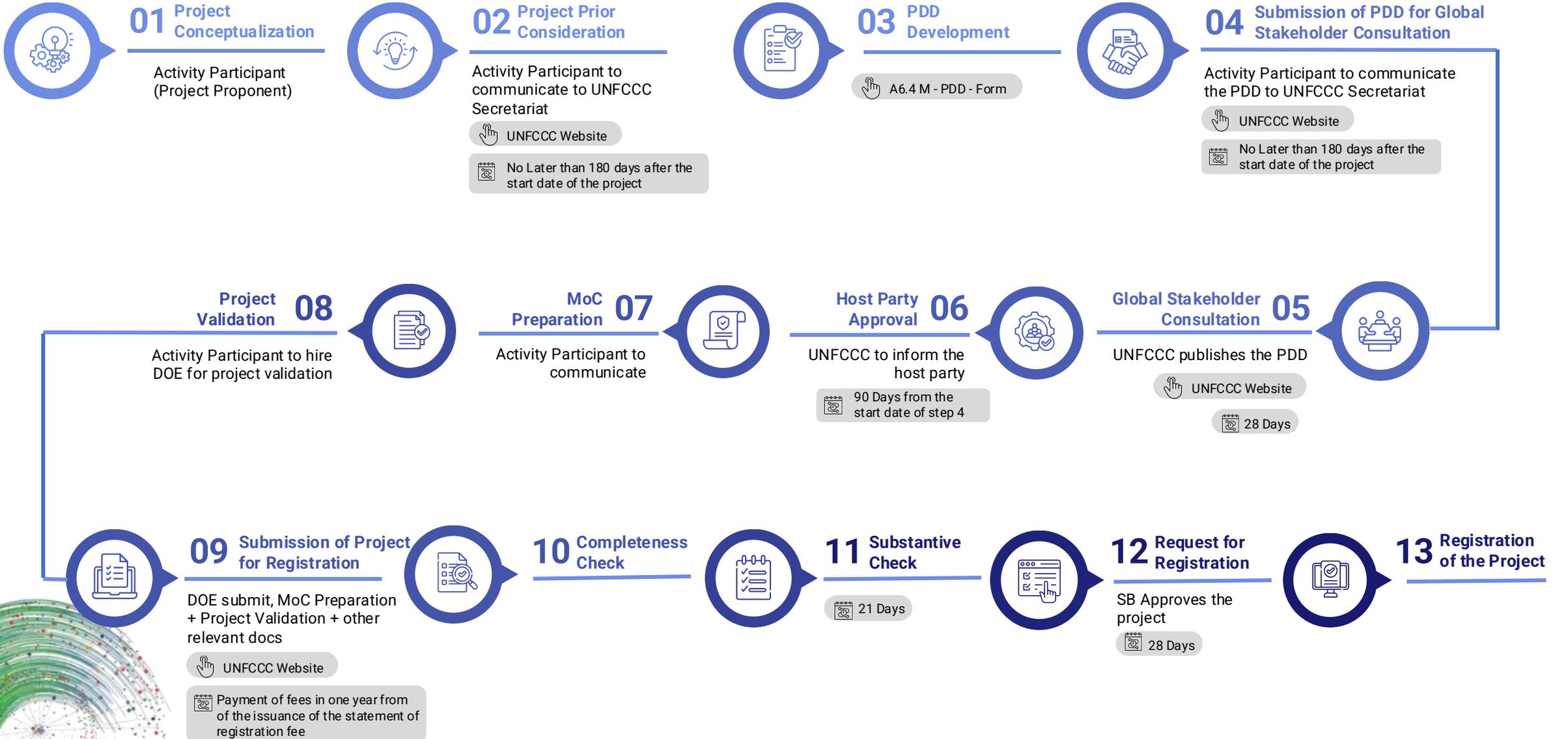
- [Transition of CDM activities to the Article 6.4 mechanism](#);
Sets out procedural steps for CDM projects, PoAs and CPAs to transition to the Article 6.4 mechanism. (Ver 6.1)
- [Article 6.4 activity cycle procedure for projects \(Ver 3.0\)](#) and [Article 6.4 activity cycle procedure for PoAs \(Ver 3.0\)](#);
Describes the administrative steps to follow for the pre-registration, registration, post-registration change and renewal of the crediting period, and pre-issuance and issuance of GHG emission reductions or net GHG removals.
- [Appeals and grievance procedure \(Ver 1\)](#);
Describes the administrative steps to follow to file an appeal against a decision of the Supervisory Body, submit a grievance against an A6.4 project and to process appeals and grievances.



Article 6.4 activity cycle procedure for projects



Pre-registration



What is the Article 6.4 Supervisory Body's remit?



The Supervisory Body is tasked with developing and supervising the requirements and processes needed to operationalize the mechanism.

This includes:

- 🌐 Developing and/or approving crediting standards and methodologies;
- 🌐 Registering activities & approving issuance of credits;
- 🌐 Accrediting third-party validation & verification bodies
- 🌐 Proactively Engaging Stakeholders
- 🌐 Maintaining Independent grievance and appeals system
- 🌐 Managing the Article 6.4 Registry.

The Supervisory Body holds an event to engage with Parties and stakeholders at SB60. Image credit: UNFCCC

Objectives and related goals

»» **Objective 1:** Prompt operationalization of the Article 6.4 mechanism as a **global benchmark for high-integrity carbon credits**

Goal 1: Develop and adopt efficient and effective procedures, processes, and infrastructure

Goal 2: Set the global benchmark for high environmental integrity in the quantification of mitigation outcomes from activities

»» **Objective 2:** To support the effective utilization of the Article 6.4 mechanism by the **full range of stakeholders**

Goal 3: Enable Party and non-Party stakeholders to understand and participate in the Article 6.4 mechanism

Goal 4: Promote that the Article 6.4 mechanism achieves an equitable regional distribution of Article 6.4 activities and an equitable sharing in benefits from those activities

Goal 5: Enable demand for Article 6.4 mitigation outcomes from the Article 6.4 mechanism



Goal 1: Efficient and effective processes

Operate efficient activity assessment process

- Adopted activity cycle regulations (AS, VVs, ACP)
- Adopted A6.4 SD Tool Safeguards
- Independent A&G process
- 24x7 365 days continuous stakeholder inputs
- Modular Capacity Building support

Operate an effective accreditation framework

- Adopted accreditation standard and procedure
- Approved 10 designated operational (DOEs)

Support the transition from the CDM to the A6.4 mechanism

- Adopted transition standard and procedure
- Revised the transition standard to clarify requirements for the fraction of non-renewable biomass and leakage discount factors, ensuring environmental integrity for activities with non-permanence



Goal 2: High integrity in the quantification

Operate an effective methodology development process

- Established technical structure like Methodological Expert Panel (MEP) and a roster of experts.
- Demand-driven development
- Ensure that regulations look beyond just GHG (ex: Avoidance of Double Counting, SD etc).

Engage the best expert knowledge by applying a science –and evidence-based approach

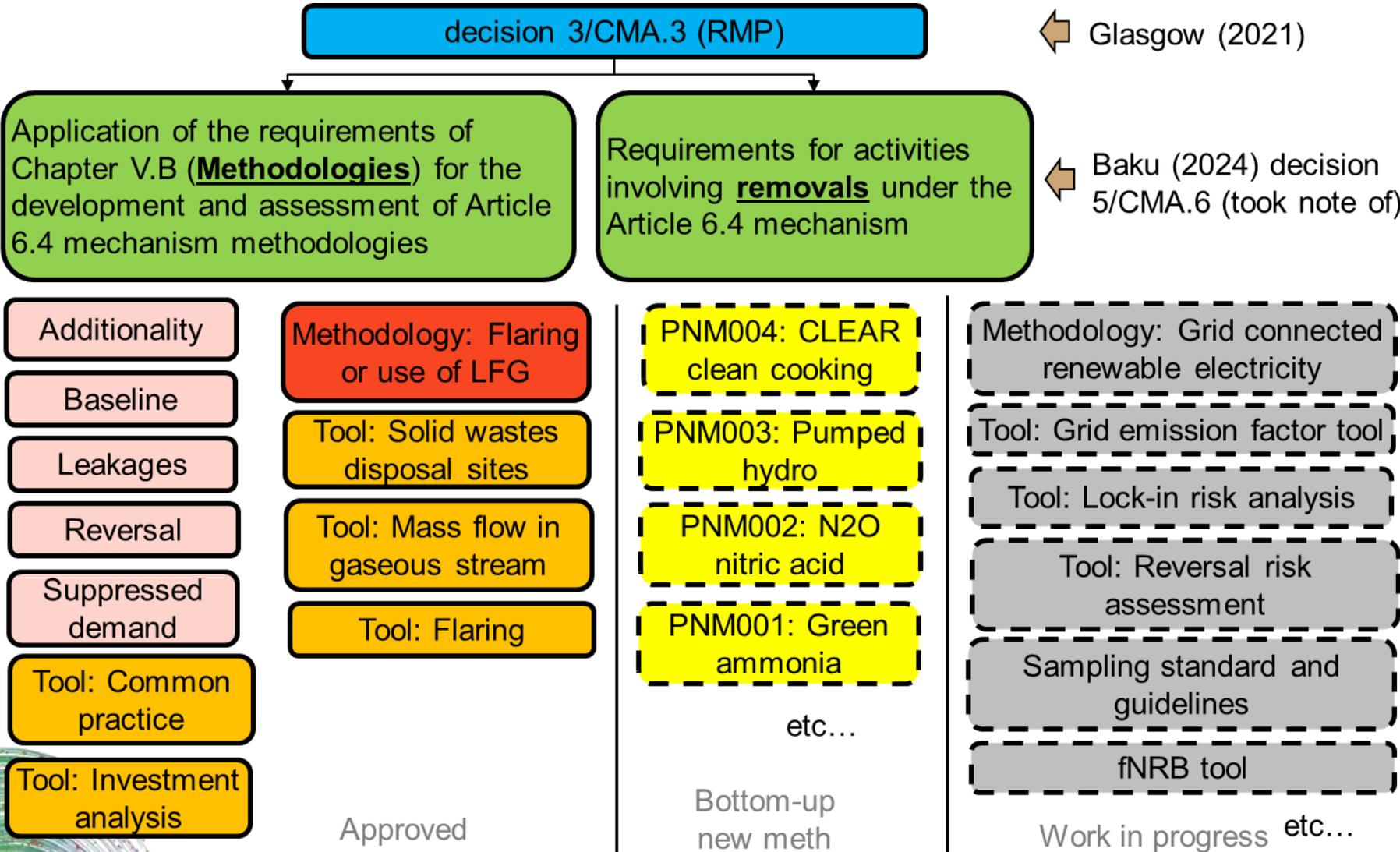
- Adopted methodological standards related to baseline setting, additionality demonstration, leakage treatment, suppressed demand, and the treatment of non-permanence and reversals. – Aligned to decisions of Parties in RMPs.

Ensure transparent and inclusive processes

- Organized webinars to relay the provisions of high integrity
- Meeting of the SBM is for viewing of stakeholders.
- Regularly sought inputs from the stakeholders.
- Engage Indigenous Peoples and Local Communities Forum



Methodological standards and tools



Safeguards and Accountability

- 🌐 **SD Tool setting out standards and criteria for assessment across a range of environmental and social impacts**
- 🌐 **Independent Validation and verification of impacts, measures to avoid minimise and address impacts**
- 🌐 **Local and Global Stakeholder consultation Requirements and processes**
- 🌐 **Independent appeals and grievance process**



Sign up for the "PACM" Newsletter

**Paris Agreement
Crediting Mechanism**

United Nations
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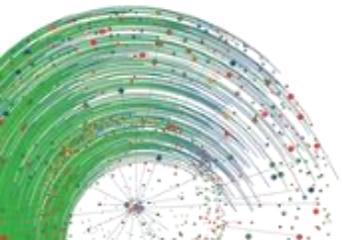
Newsletter

10 November 2025

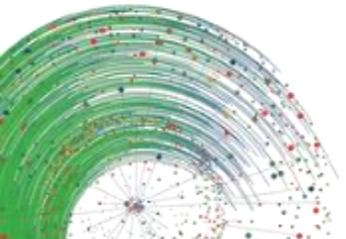
In this issue

- Published: Annual Report of the Article 6.4 Supervisory Body to the CMA
- Reminder: COP30 Supervisory Body Event
- Wider Article 6 Events at COP30

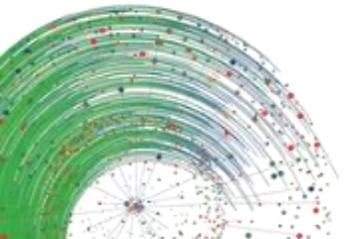
**Published: Annual Report of the Article 6.4
Supervisory Body to the CMA**



Q&A and Discussion



Coffee Break





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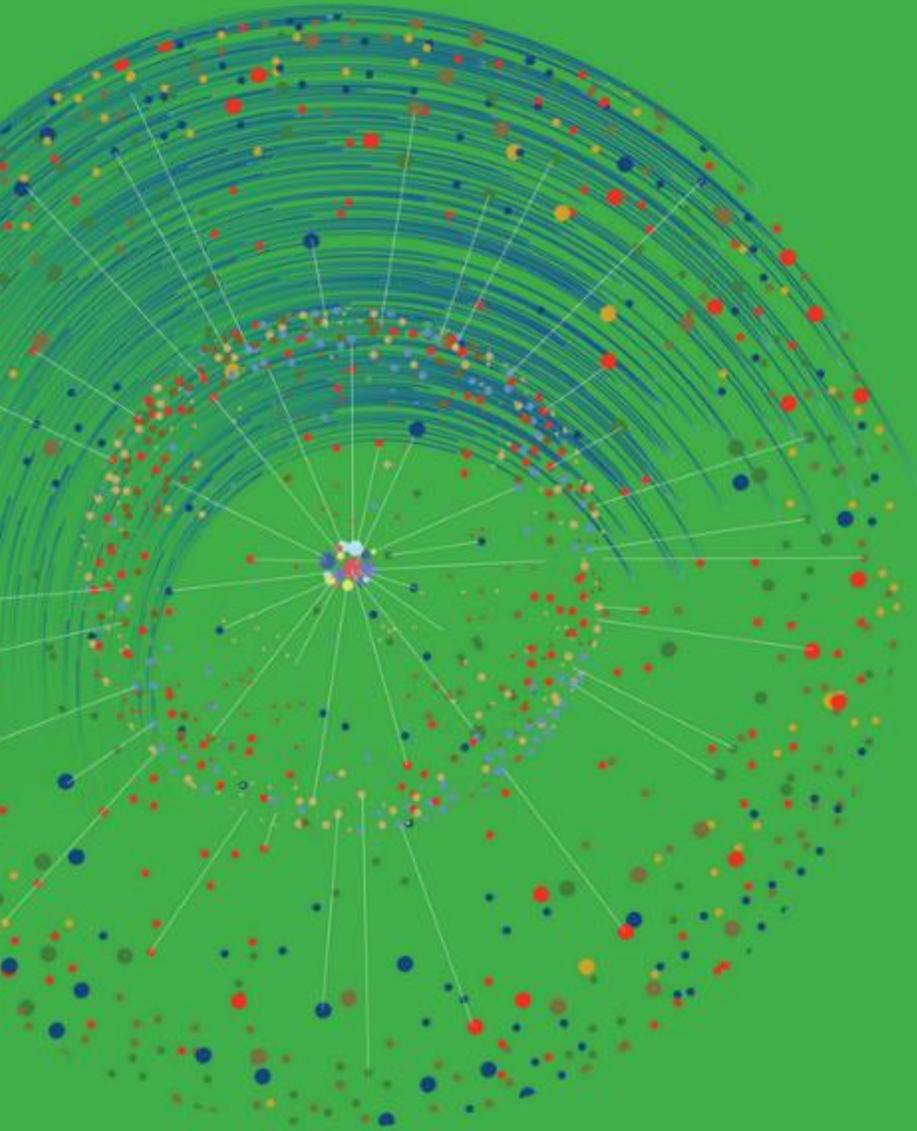


Session 2

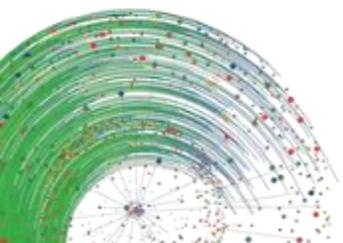
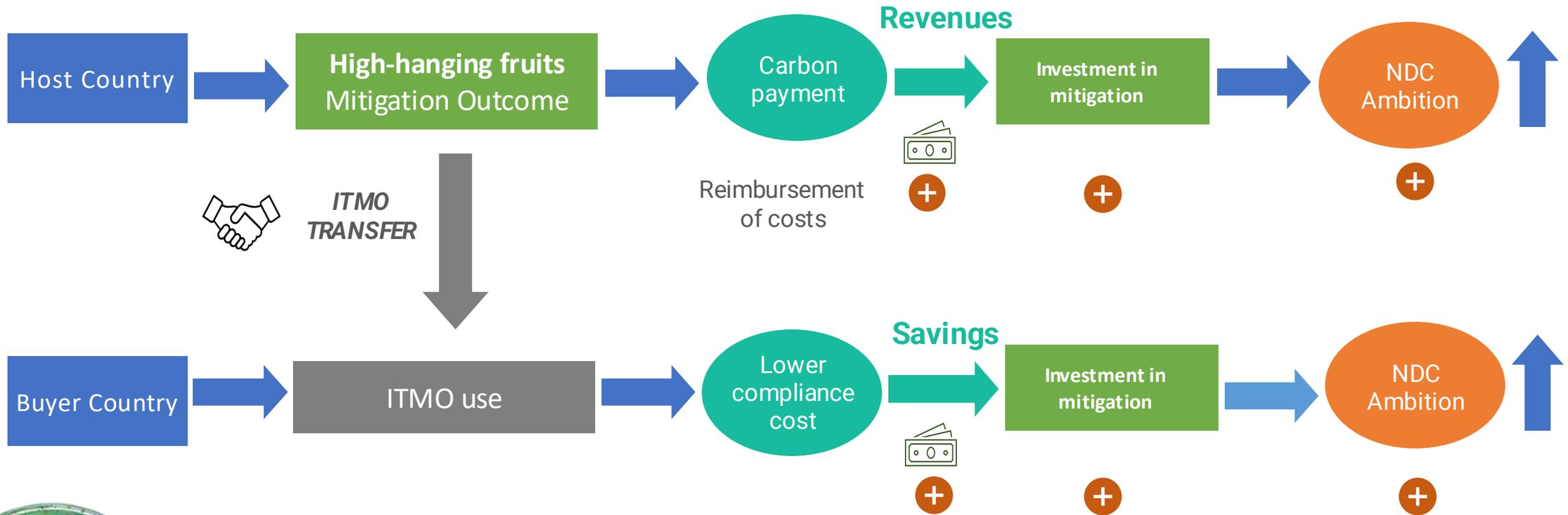
Operationalizing Article 6 in Djibouti: Requirements and Readiness

Format

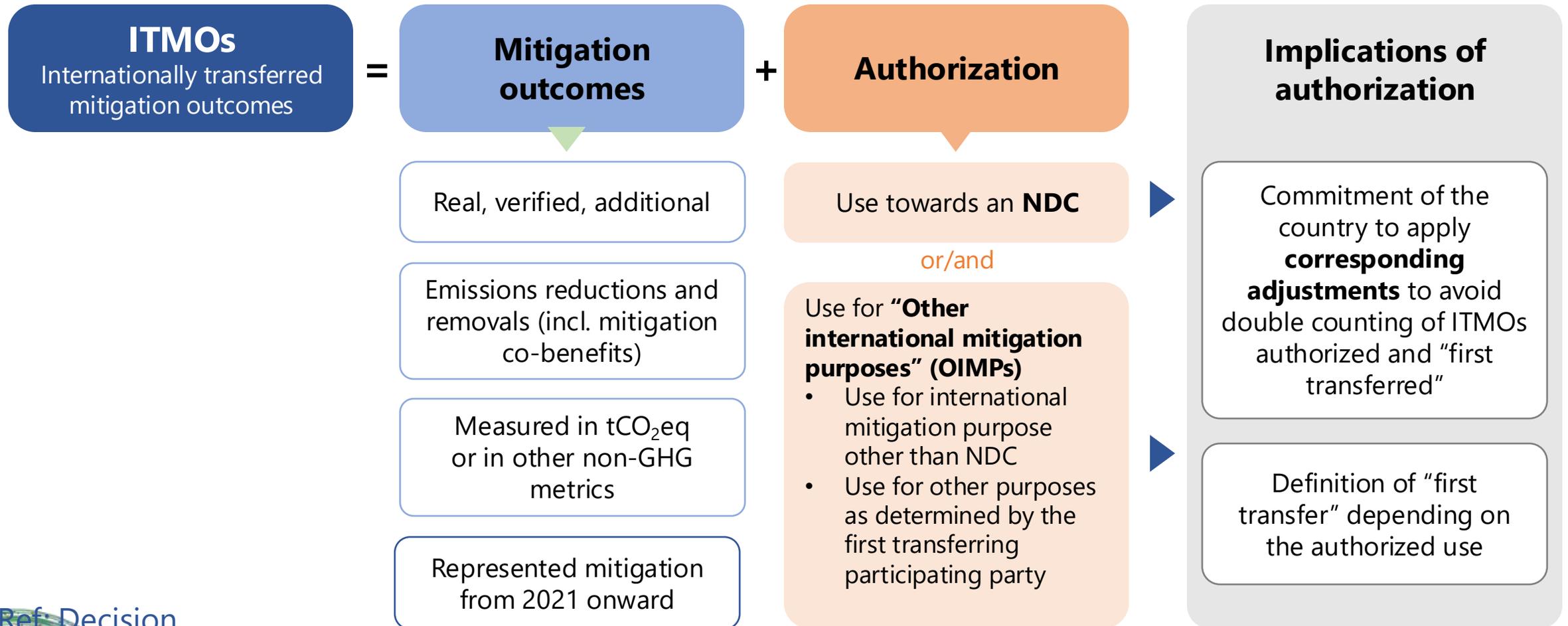
Presentation followed by Q&A



Raising ambition through Article 6



What is an ITMO?



Ref: Decision
2/CMA.3, annex,
para. 1

Uses of authorized ITMOs



Mitigation Outcomes

Authorized Authorization (mandatory) Process by the Host Party

+ "first transfer"
ITMOs incl. authorized A6.4ERs

Use towards an NDC
Use to demonstrate progress and achievement of Party's NDC

Use for other international mitigation purpose (OIMPs)

Examples

Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) under ICAO

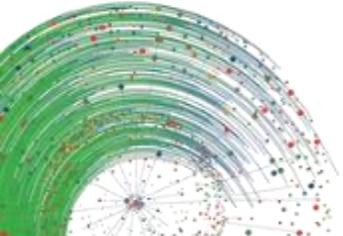
e.g. CA0005: Emissions Reductions from Sustainable Management of Forests, Guyana

Other purposes as determined by the first transferring Party

Voluntary compensation of government administration's emissions

e.g. CA0002: Promotion of climate smart agriculture practices for sustainable rice cultivation in Ghana; Ghana, Switzerland

Other purposes

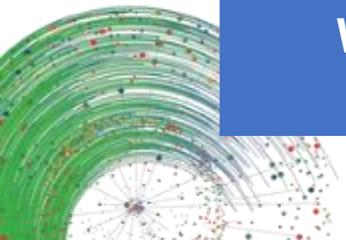


Concept of corresponding adjustment

Each participating Party shall apply corresponding adjustments in a manner that:

- Ensures **transparency, accuracy, completeness, comparability and consistency (TACCC)**;
- Participation in cooperative approaches **does not lead to a net increase in emissions** across participating parties within and between NDC implementation periods;
- Corresponding adjustments shall be **representative and consistent** with the participating Party's NDC implementation and achievement.

WHY?	To avoid double counting (Use towards NDC and OIMPs)
HOW?	Article 6.2 guidance provides description on how to apply CAs, including applicable CA methods for each NDC target type
WHEN?	CAs are reported as part of the regular information (every 2 years)
WHERE?	CAs are shown in the structured summary as part of the BTR

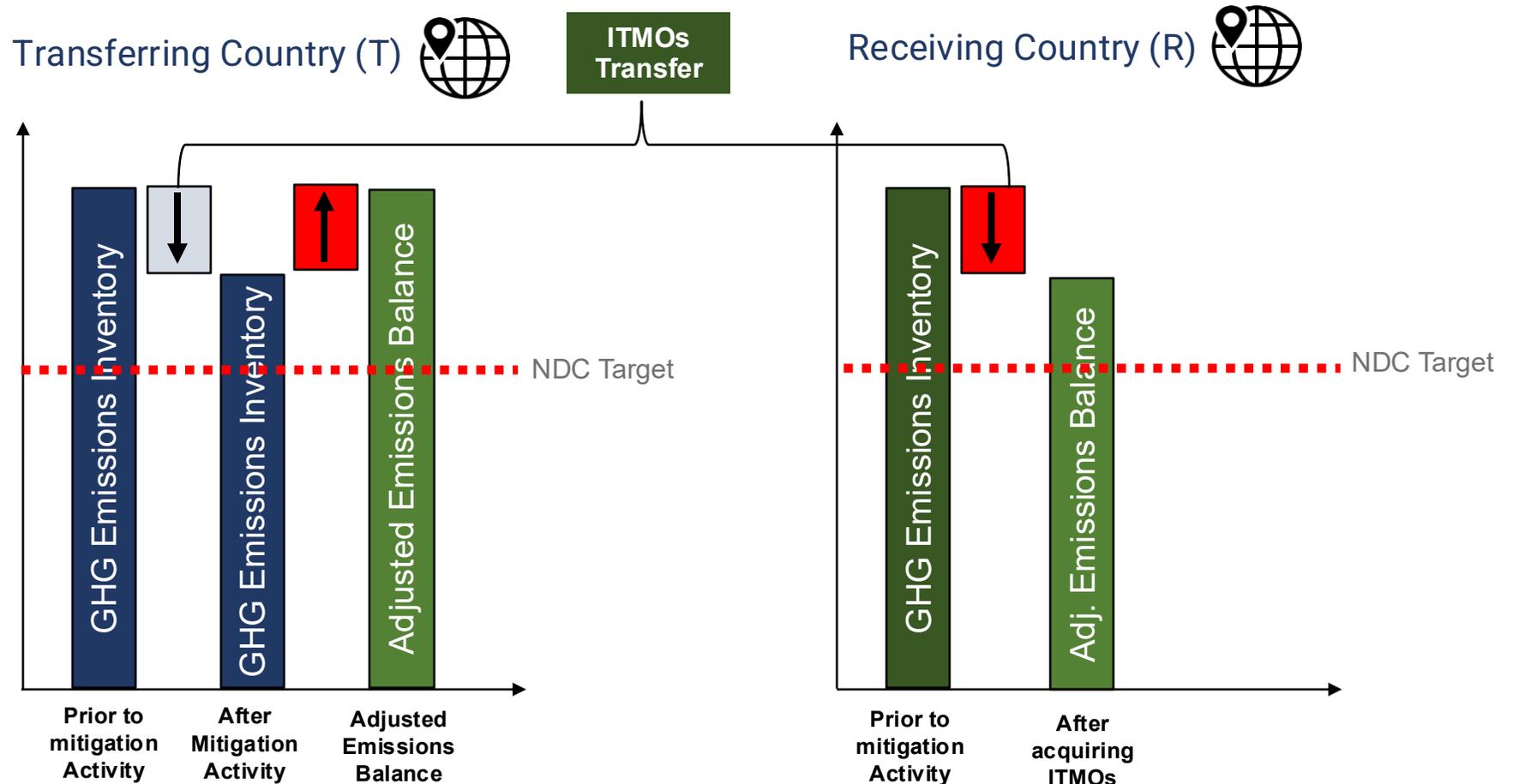


Concept of corresponding adjustment

Countries' emissions levels, as reported when they track the progress towards achieving the NDC, should be adjusted to reflect the transfer (export) or receipt (import) of mitigation outcomes.

For ITMOs measured in tCO₂eq:

CAs are applied to the emissions and removals covered by the NDC, resulting in an emissions balance.



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 for the use of ITMO involves that participating countries must:

Accounting: Apply corresponding adjustments to the use of ITMOs

Tracking: Record Information on the use of ITMOs.

Reporting: Report Information on the use of ITMOs.



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: Reporting on Authorization

Article 6.2 Requirements “a copy of the authorization”

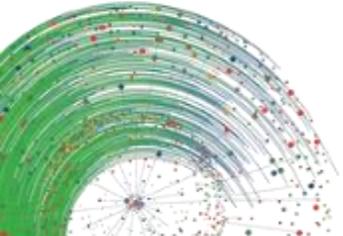
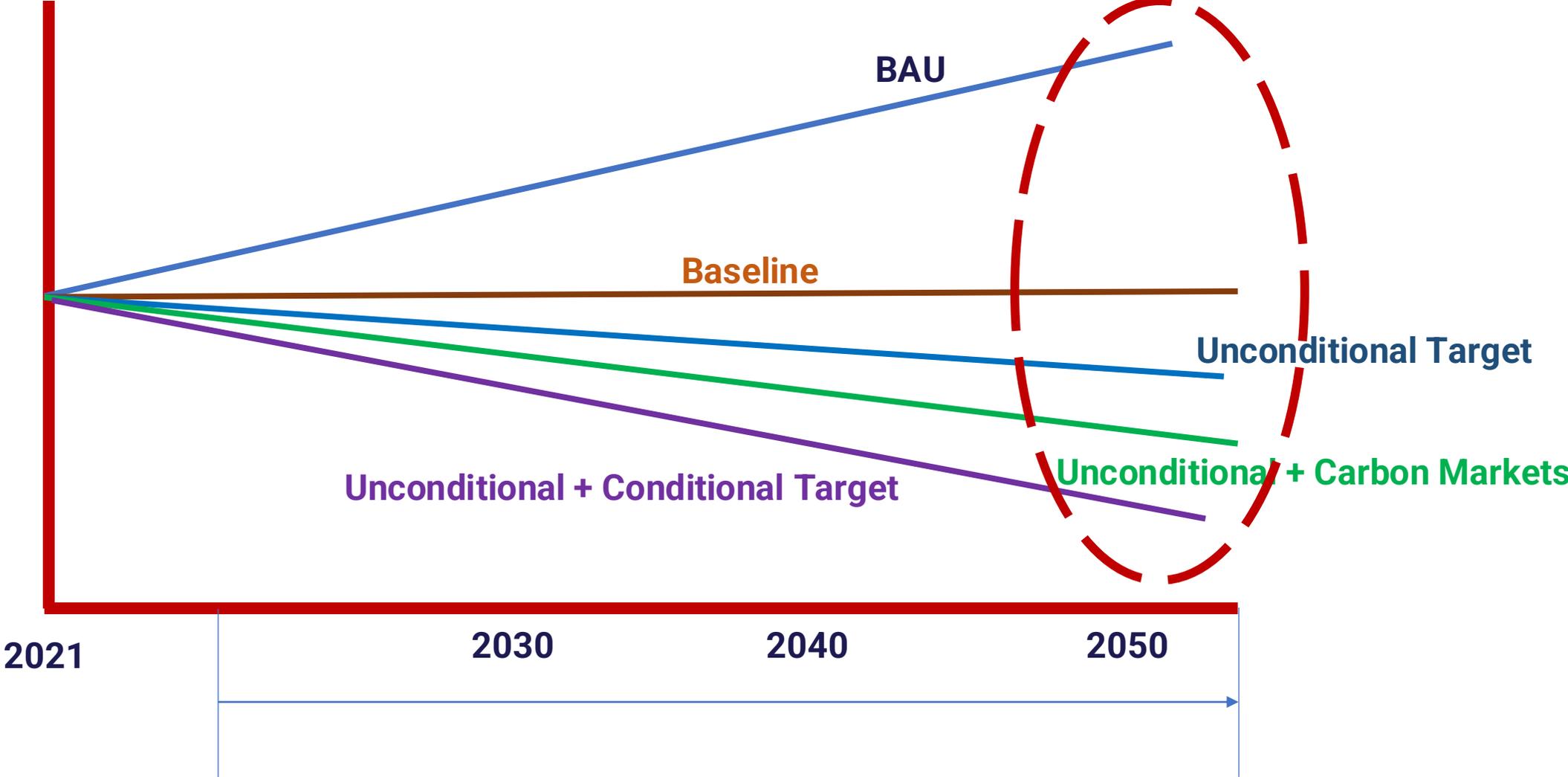
(Decision 2/CMA.3, annex, para. 18(g))

Elements included in the authorization of use of the ITMOs from each cooperative approach

- Provide, for each cooperative approach, a copy of the authorization by the participating Party, a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorized entities;
- (a) A unique identifier for the cooperative approach
- (b) The name(s) of the participating Party(ies) and/or entities
- (c) The date and duration of the authorization
- (d) The specification of the first transfer of the mitigation outcome
- (e) The uses covered by the authorization
- (f) The identification of or cross-reference to underlying regulations, frameworks, standards or procedures
- (g) Where changes to the authorization may occur, information on the circumstances in which such changes may occur and a description of the process for managing them in a way that avoids double counting;
- (h) The quantity of internationally transferred mitigation outcomes
- (i) Identification of the registry the participating Party has, or has access to
- (j) Identification of the relevant registry(ies)
- (l) The metrics and units of measurement or conversion and the greenhouse gases covered by the authorization;
- (m) The sector(s) covered, if applicable;
- (n) The activity type(s) and/or activity(ies) covered, if applicable;

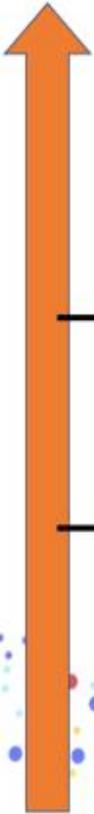
Creating Mitigation Outcomes Leveraging National Assets under NDCs

Positive list



Positive List Development

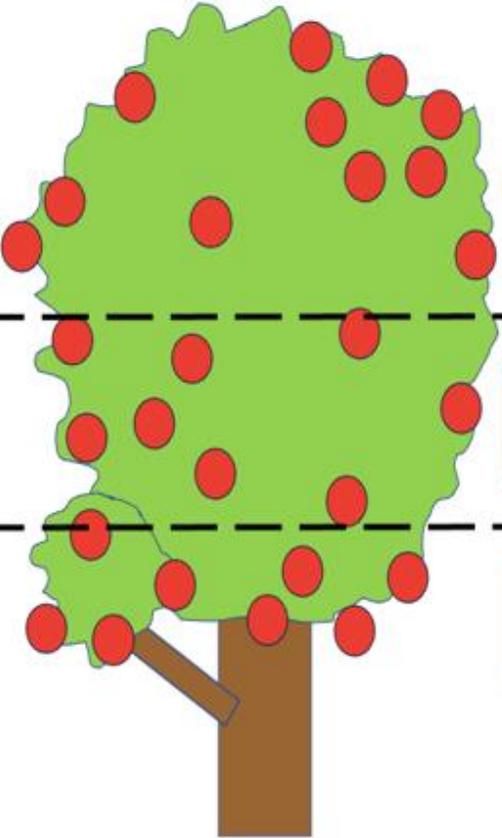
Relative effort/cost to harvest the mitigation potential



High-hanging fruits

Mid-hanging fruits

Low-hanging fruits



Examples of course of action(s)

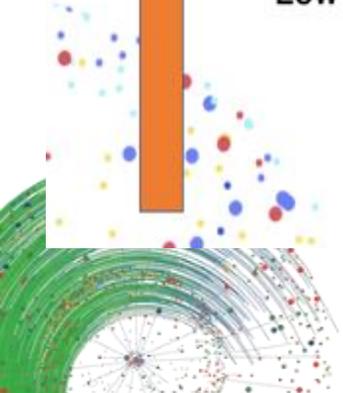
Sell as ITMOs

Sell now as ITMOs

Consider in future NDC

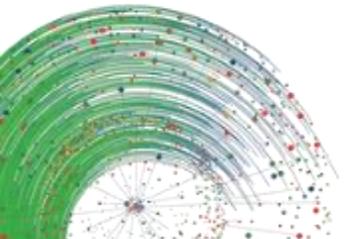
Mobilize for the current NDC

- MACC
- BAT
- Additionality Aspects
- Technology Needs



Positive List

- Country to create a **“positive list” of mitigation options**, specific to the **conditional NDCs** implementation plan and fast track any requests for authorization or transfer of MOs from those project types, technologies
- Positive list aimed to spur investments identified as being in need of support for long-term goals
- Positive list catalyze market development and provide clear signals to project developers and investors
- In simple terms projects / mitigation activities which are allowed to export emissions reductions outside



Positive List...

Posted On: 17 FEB 2023 5:50PM by PIB Delhi

India has notified the National Designated Authority for the Implementation of the Paris Agreement (NDAIAPA) vide Gazetted Notification dated 30.05.2022. The Authority is mandated *inter-alia* to take decisions in regard to the type of projects that may take part in international carbon market under Article 6 mechanisms.

This is in the backdrop of the Paris Agreement Rulebook being finalized in respect of Article 6 which focuses on carbon trading through bilateral/cooperative approaches and international market mechanisms. India has taken steps mandated on the Host Party/Country.

Following list of activities has been finalized to be considered for trading of carbon credits under bilateral/ cooperative approaches under Article 6.2 mechanism.

I.GHG Mitigation Activities:

1. Renewable energy with storage (only stored component)
2. Solar thermal power
3. Off- shore wind
4. Green Hydrogen
5. Compressed bio-gas
6. Emerging mobility solutions like fuel cells
7. High end technology for energy efficiency
8. Sustainable Aviation Fuel
9. Best available technologies for process improvement in hard to abate sectors
10. Tidal energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy and Ocean Current Energy
11. High Voltage Direct Current Transmission in conjunction with the renewal energy projects

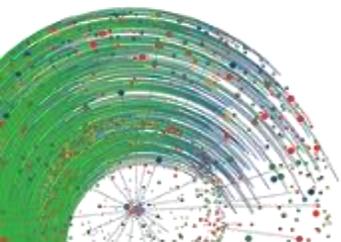
II. Alternate Materials:

12. Green Ammonia

III. Removal Activities:

13. Carbon Capture Utilization and Storage

These activities will facilitate adoption/transfer of emerging technologies and may be used to mobilise international finance in India. The activities will initially be for first 03 years and may be updated/revised by NADAIPA.



Home > Publications > Environment Planning Economics

Environment Planning Economics

Implementation of the Article 6 of the Paris Agreement in Sri Lanka >

The list of positive project areas for implementation of Article 6 of the Paris Agreement in Sri Lanka

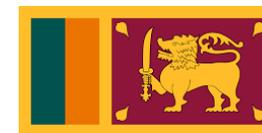
As part of our commitment to fostering a sustainable and resilient future, the Government of Sri Lanka presents a positive project areas list aimed at enhancing the implementation of Article 6 of the Paris Agreement. The list outlines a range of innovative and impactful projects that leverage market mechanisms to promote effective greenhouse gas emission reductions and support sustainable development goals. The list of positive project areas will be amended from time to time as and when needed.

This list has been prepared by having both virtual and in-person consultations with relevant sector agencies and approved by the Cabinet of Ministers on 09.09.2024 (Cabinet Decision No. 49/24/1883/622/008-1 dated 14.09.2024).

The list of positive project areas for six mitigation NDCs sectors: Electricity, Transport, Industry, Waste, Forestry, and Agriculture is as follows.

List of the positive project areas: Electricity Sector

Positive list (Conditional):



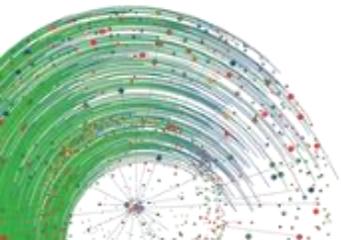
Step wise Process - Positive List Development

Step	Approach
1	NDC Review
2	Differentiation between conditional and unconditional NDC
3	Sectoral Mapping of Policies - Conditional NDC
4	Sectoral Mapping of Targets w.r.t Policies
5	Target Identification - Sub divisional classification of Targets to Mitigation activities
6	Mapping the Mitigation Activity penetration with proposed targets
7	Computation of Emission Reduction Potential vs Financing

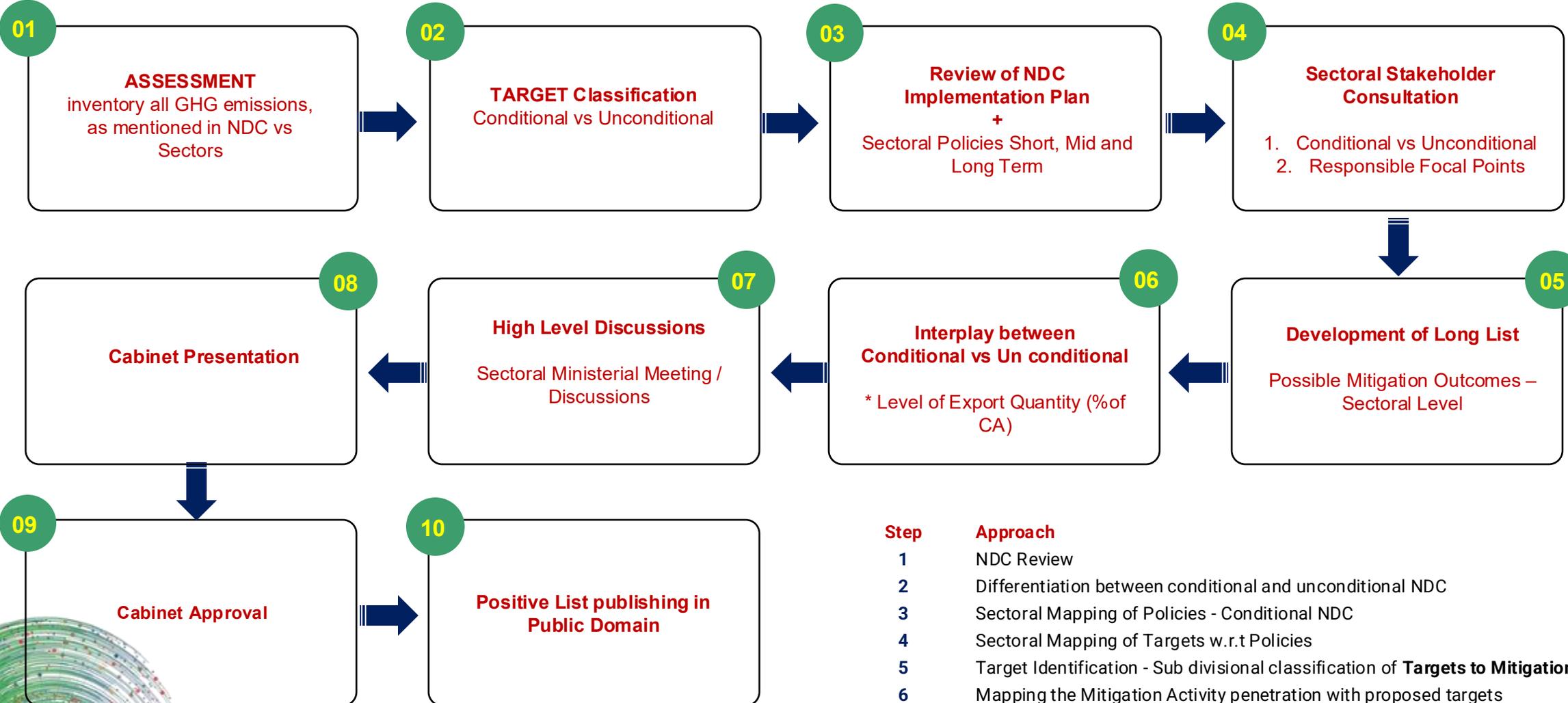
Data to be analysed

List of Mitigation Outcomes - Development of Long List of Actions
Information prioritised based on goals specific to

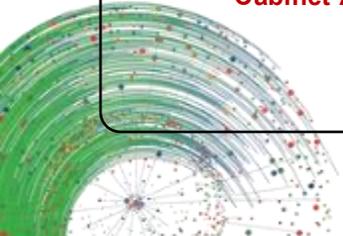
- Short Term (2030)
- Mid Term (2030 to 2040)
- Long Term (2040 and onwards)



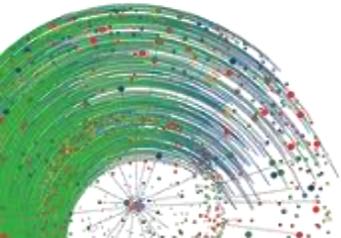
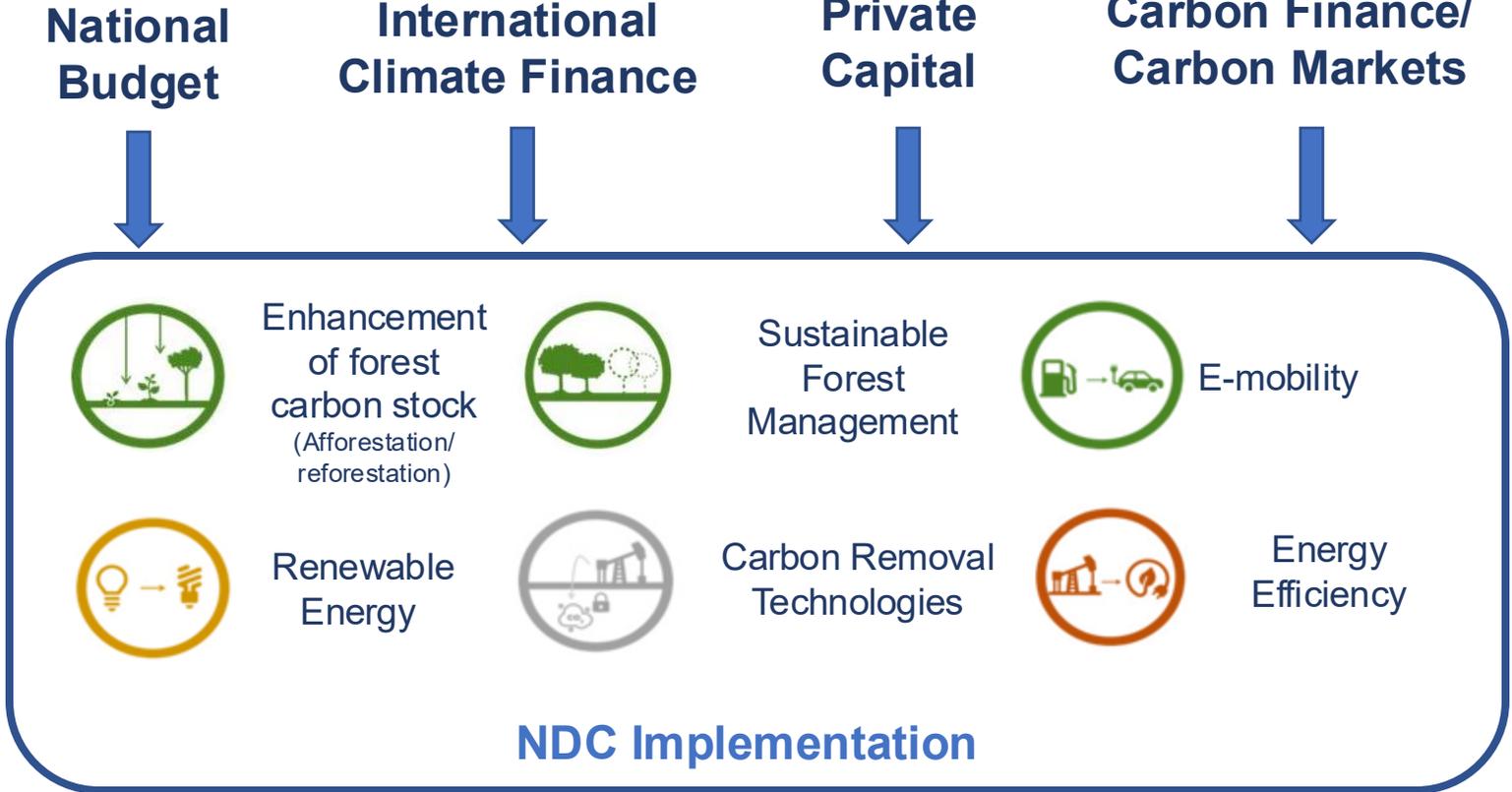
Step wise Process - Positive List Development



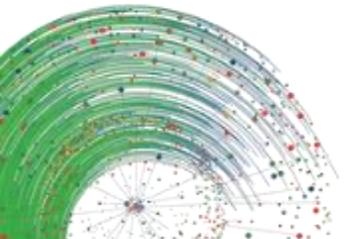
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Carbon Markets as tool for NDC Implementation



Q&A and Discussion





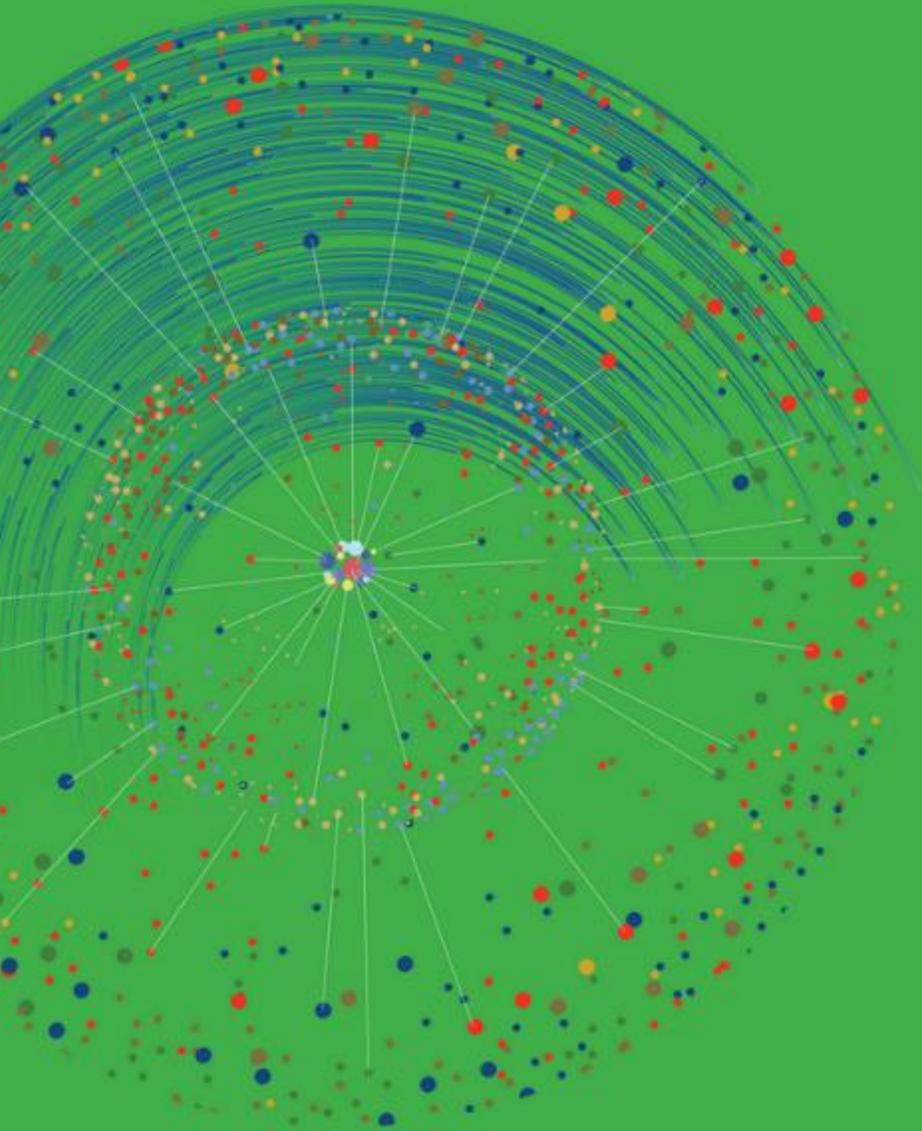
United Nations
Climate Change



Session 3

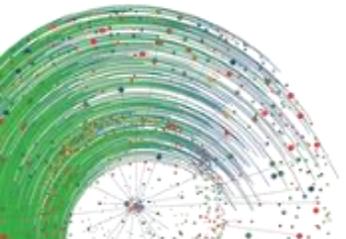
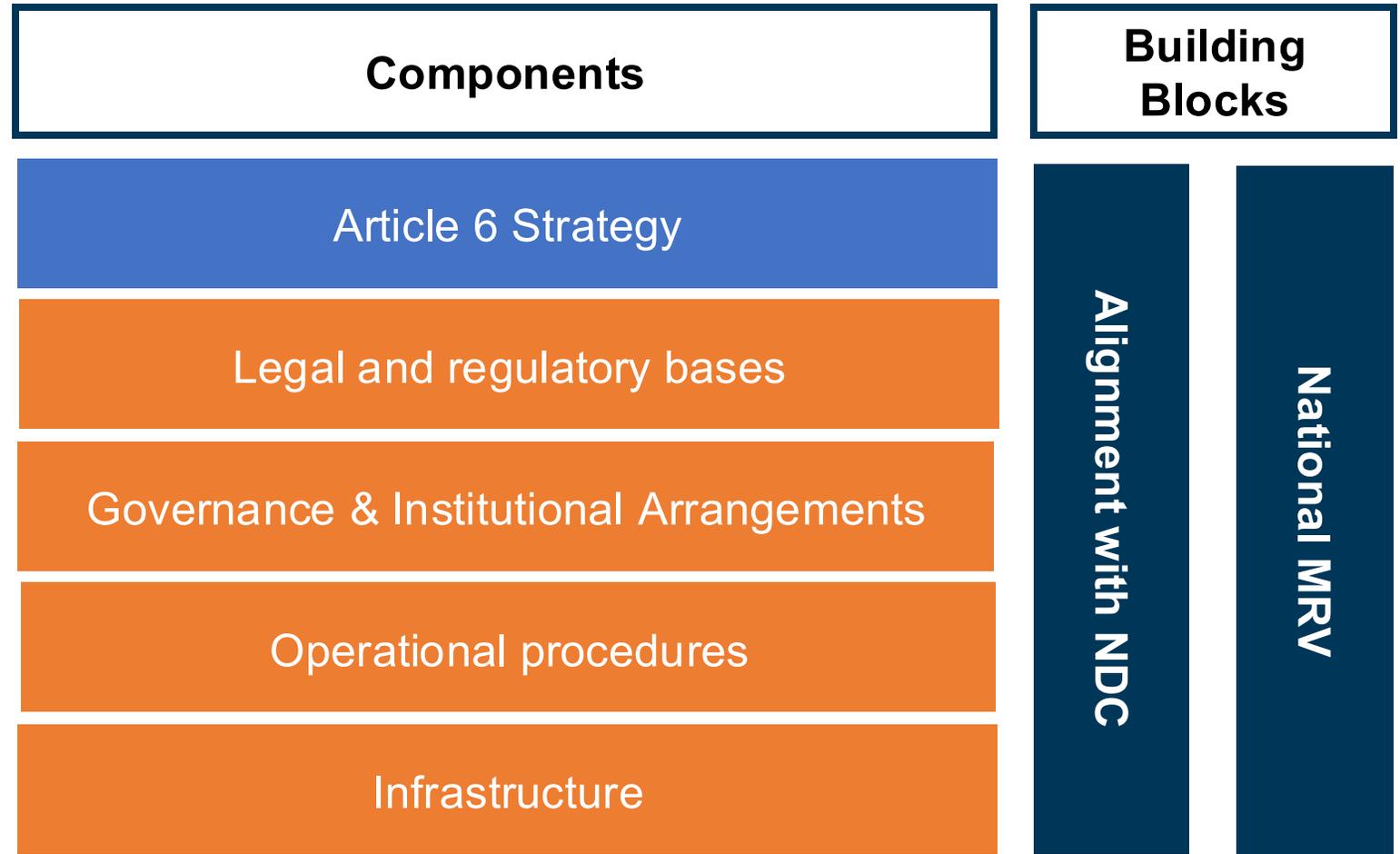
Institutional Readiness for Article 6

Format
Presentation and Guided
Discussion



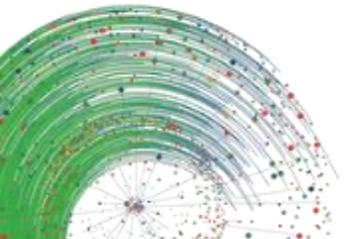
Article 6 participation : Implementation Strategies

Art. 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.



Establishment of Institutional Arrangements for Article 6 framework

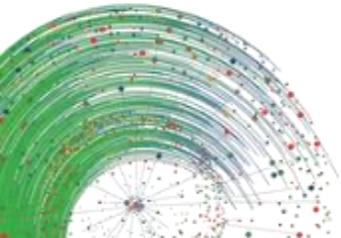
1. Identify relevant institutions, legal mandates, roles, responsibilities, and obligations under carbon markets.
2. Map the relevant institutions that could be linked with MEDD, describing their roles and responsibilities.
3. Engage with relevant ministries to conduct consultations, gather input on needs, expectations, and potential roles in the Article 6 framework.
4. Create frameworks for Article 6 operationalization, including roles and decision-making processes.
5. Roll out the institutional arrangements and begin implementation.



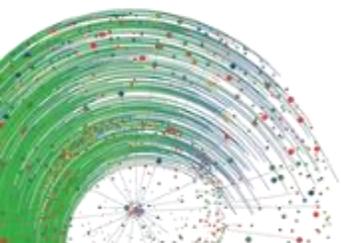
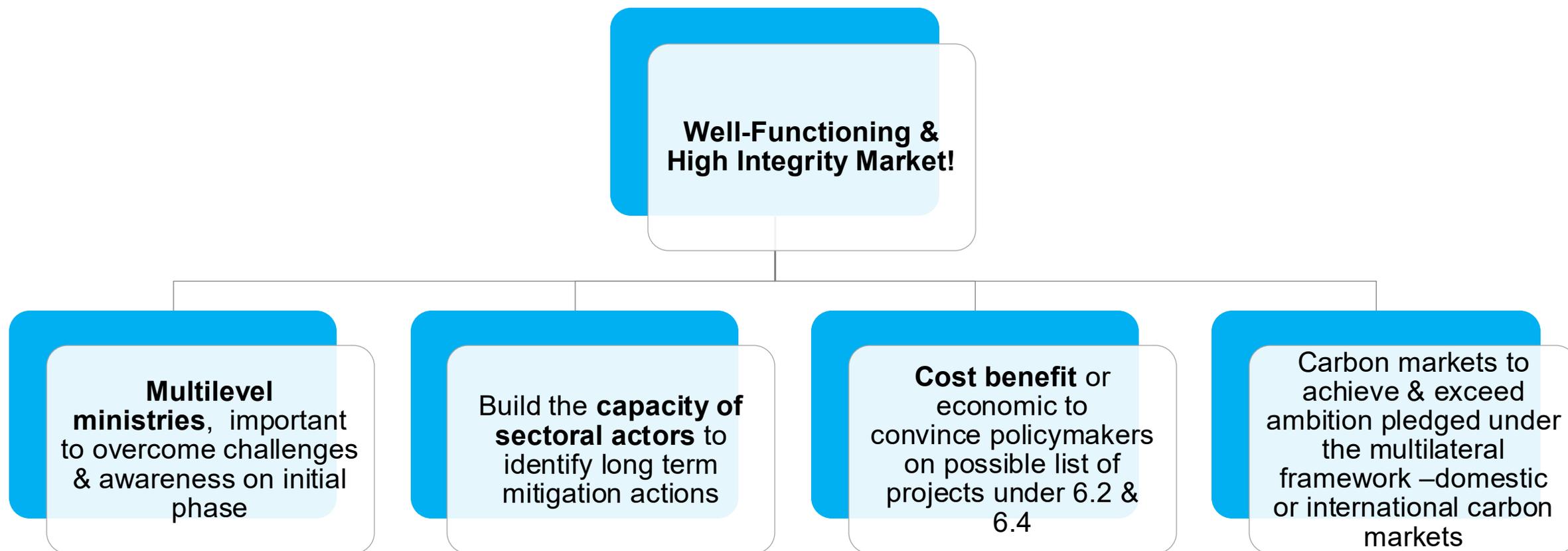
Governance Functions under Article 6

1. Functions required for the host country
2. Allocation of functions to new or existing bodies
3. Building on existing institutions and reporting structures can leverage capacity, minimize costs, and draw on existing relationships.
4. Coordination between related ministries/agencies is important – overarching coordinating and decision-making bodies on domestic climate policy (NDC updates, reporting under enhanced transparency framework, etc.)

Functions	Decision body	Executive body	Administrator	Technical Committee
Policy coordination and oversight	●	●	●	●
Rulemaking	●	●	●	●
Technical advisory	●	●	●	●
Implementation	●	●	●	●

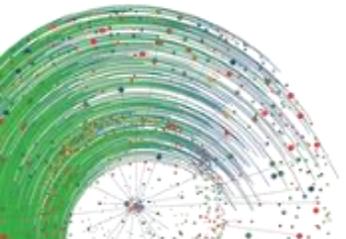


Article 6 : Institutional Setup



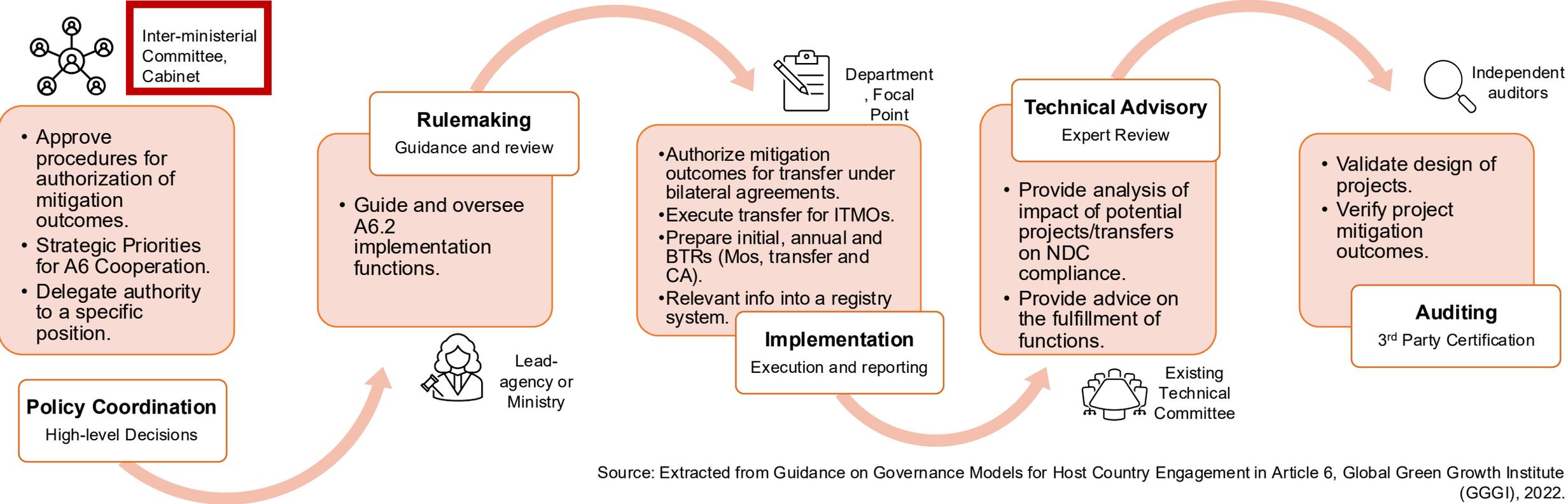
Governments Engagement with Carbon Markets

- Governments can engage with carbon markets in a variety of ways: **as regulators, activity proponents, or facilitators.**
- Responsibilities include:
 - Designing regulations that ensure that projects align with national priorities and observe appropriate safeguards.
 - Possibly directly implement or finance programs or project activities (e.g through Public agencies)
 - put in place incentives that attract carbon investments, thereby also focusing on directing investments into priority sectors.

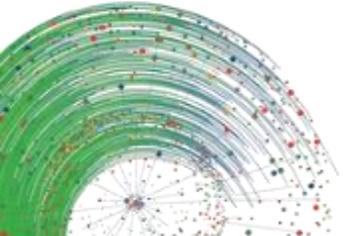


Key Institutional Functions in A6.2 Engagement

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

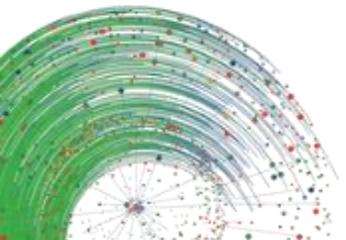


National Designated Agency or A6 Office



Key Institutional Functions in A6.2 Engagement

- Develop strategies for implementing NDC targets (current and future), integrating Article 6 into NDCs
- Identify relevant institutions, legal mandates, roles, responsibilities, and obligations under carbon markets.
- Oversee Article 6-related activities through the establishment of National Authorities (NDA, DNA), coordinating with relevant institutions and ministries
- Evaluate CDM experience, domestic carbon pricing, carbon markets, and compliance with Article 6 provisions
- Define legal mandates, roles, responsibilities, and obligations under carbon markets
- Roll out institutional arrangements: well-defined institutional setup for effectively operationalizing Article 6
- Readiness and engagement with various stakeholders for potential Article 6 activities



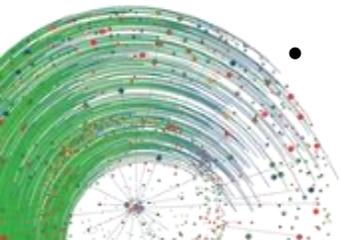
Institutional Functions in A6.4 Engagement

Article 6.4 DNA - Designation of National Authorities

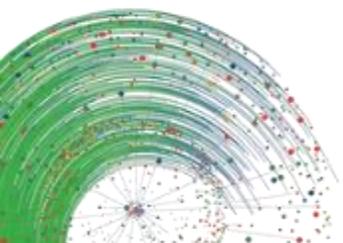
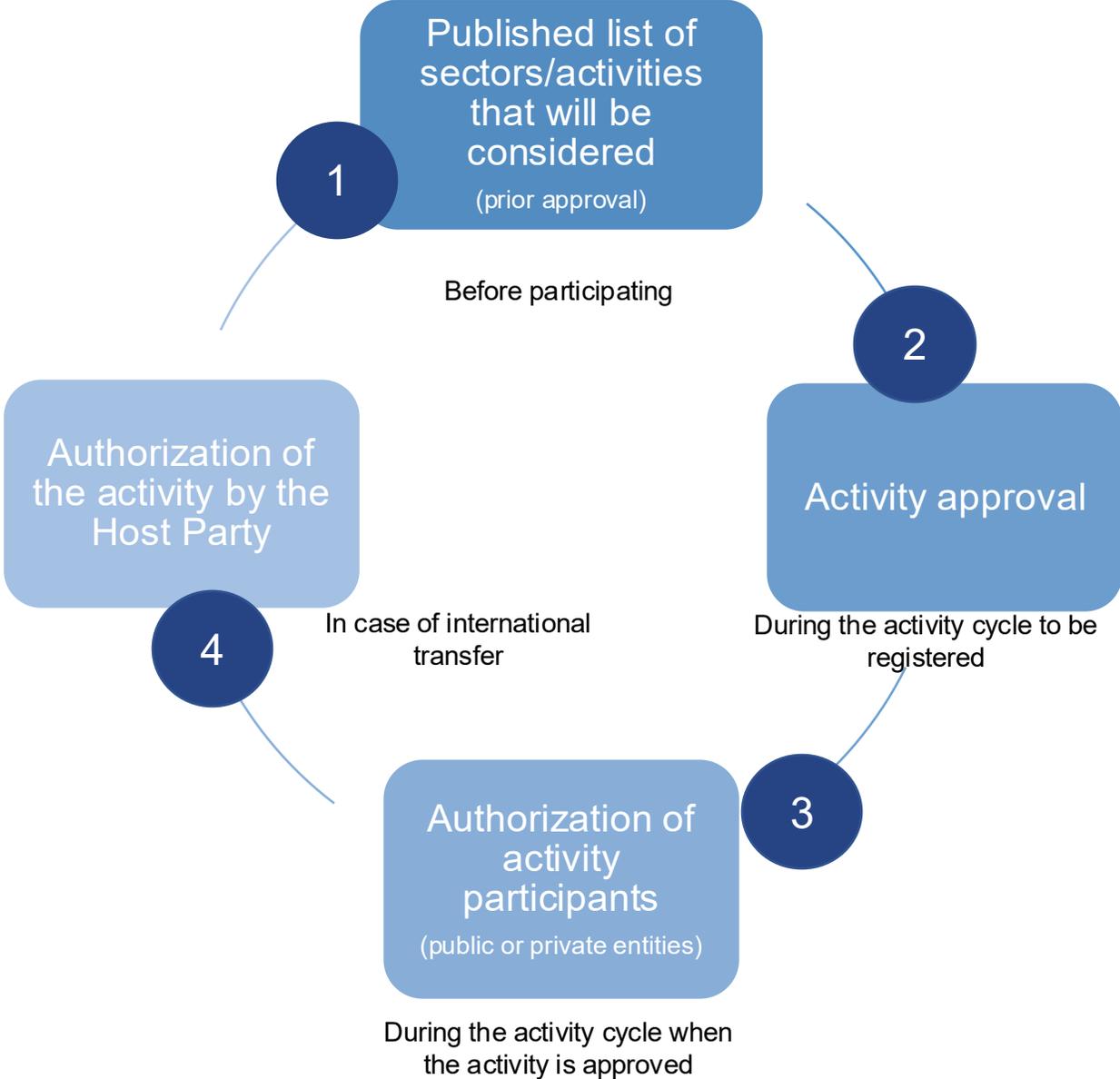
1. **Art 6.4 DNA** mandatory by Host Party to participate
2. Establishment of Art 6.4 DNA Decision 3/CMP.3

The prioritization of preferred Art 6.4 activities may conclude on a defined strategy that ensures activities go beyond NDC targets and may respond to:

- Which **sectors** will be targeted?
- Which **types** of activities are preferable in these sectors?
- Evaluate the potential of quantification of the Mitigation measures => engage in easy measurable activities
- Evaluate the cost/effort to distribute Mitigation Outcomes use:
e.g. High cost/effort => ITMOs / Low cost/effort => NDC



DNA Roles and Responsibilities



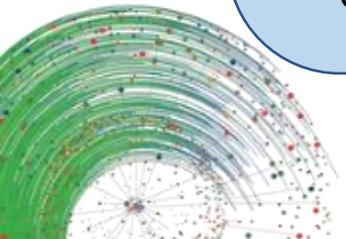
DNAs – Host Party : Responsibilities (“may”)

Methodologies

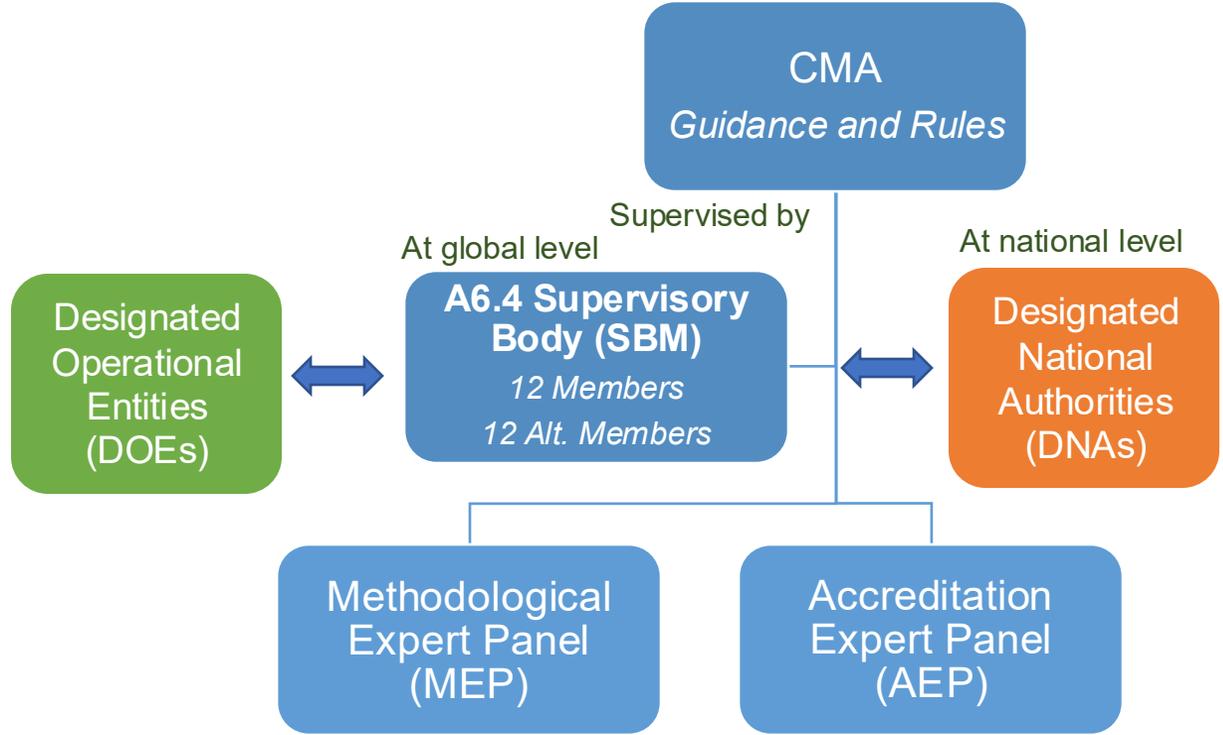
- Development of mechanism methodologies, including applying baseline and other
- Methodological requirements, including additionality
- A host Party may determine a more ambitious level at its discretion.
- Standardized baselines may be developed by the Supervisory Body at the request of the host Party or may be developed by the host Party.

Crediting Periods

Application of the crediting periods and renewal of crediting periods

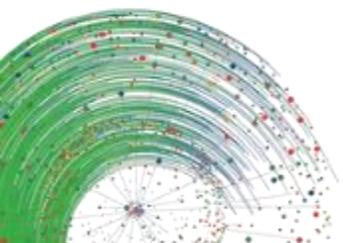


Global - Governance Structure of the "PACM"



Source: Information extracted from <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>

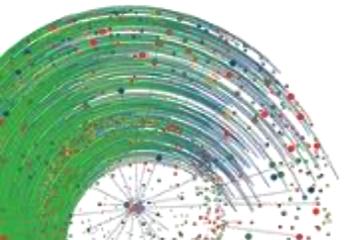
Source: Image extracted from <https://evetamme.com/2023/05/21/challenges-for-carbon-removal-under-the-un-standard/>



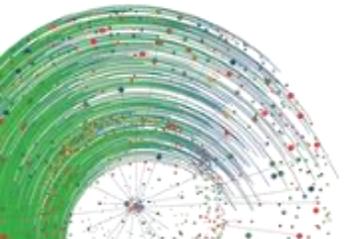
Assessing Institutional Readiness for Article 6 Implementation

- 1. Policy & Strategic Alignment:** How is Article 6 currently reflected within Djibouti's NDC, LT-LEDS, and broader climate and development strategies, and where do policy gaps or ambiguities remain for engaging in cooperative approaches?
- 2. Institutional Roles & Mandates:** Which institutions are best positioned to lead and coordinate Article 6 implementation in Djibouti, and are existing mandates sufficiently clear to manage authorizations, approvals, and inter-ministerial coordination?
- 3. Governance & Decision-Making:** What governance arrangements would be required to ensure transparent, accountable, and timely decision-making for Article 6 activities, including authorization of mitigation outcomes and oversight of transfers?
- 4. Procedures & Operational Readiness:** What procedures are currently in place or missing for project approval, authorization, tracking, and reporting of mitigation outcomes, particularly in relation to corresponding adjustments?
- 5. Data, MRV & Technical Capacity:** How adequate are Djibouti's current data systems, MRV arrangements, and technical capacities to support Article 6 reporting requirements under the enhanced transparency framework?
- 6. Stakeholder Engagement & Market Readiness:** How can coordination with the private sector, development partners, and regional initiatives be strengthened to build a pipeline of Article 6 ready activities aligned with Djibouti's national priorities?

Guided Discussions



Lunch...





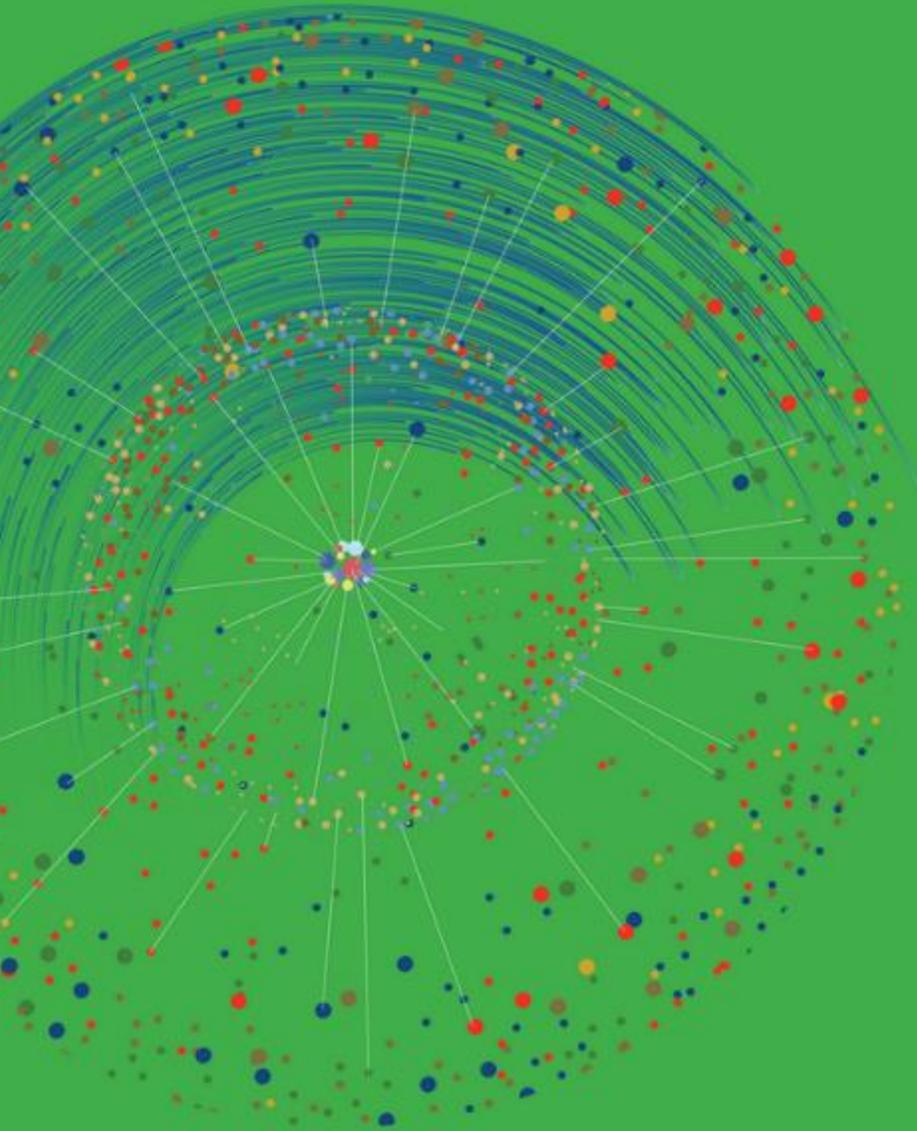
United Nations
Climate Change



Session 3

Development of Djibouti's Carbon Trading Policy Framework & Guiding Principles

Discussions





United Nations
Climate Change



Session 4

Role of Private Sector in Carbon Markets: Opportunities & Participation Pathways

Format

Presentation followed by Q&A

Article 6

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.

2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote

FCCC/CP/2015/10/Add.1

sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.

4. A mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development is hereby established under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement for use by Parties on a voluntary basis. It shall be supervised by a body designated by the Conference of the Parties serving as the meeting of the Parties to this Agreement, and shall aim:

- a. To promote the mitigation of greenhouse gas emissions while fostering sustainable development;
- b. To incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party;
- c. To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution; and
- d. To deliver an overall mitigation in global emissions.

THE PARIS AGREEMENT

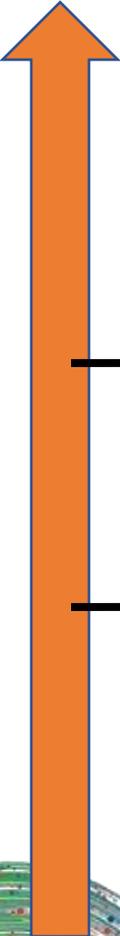


United Nations
Framework Convention on
Climate Change

Climate Action – Mitigation Opportunities

Relative effort/cost to harvest the mitigation potential

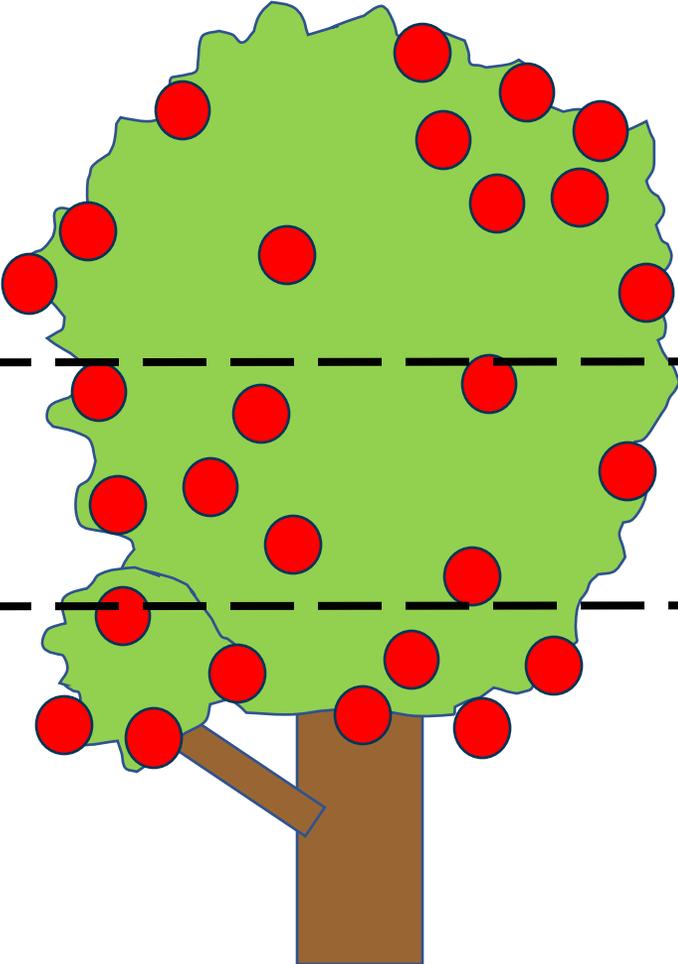
Examples of course of action(s)



High-hanging fruits

Mid-hanging fruits

Low-hanging fruits

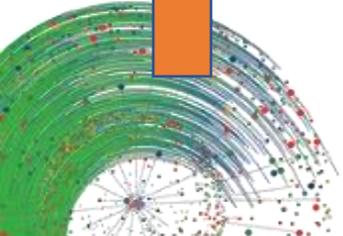
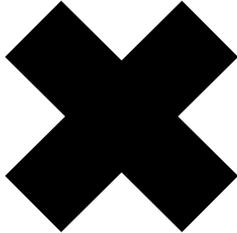


Sell as ITMOs

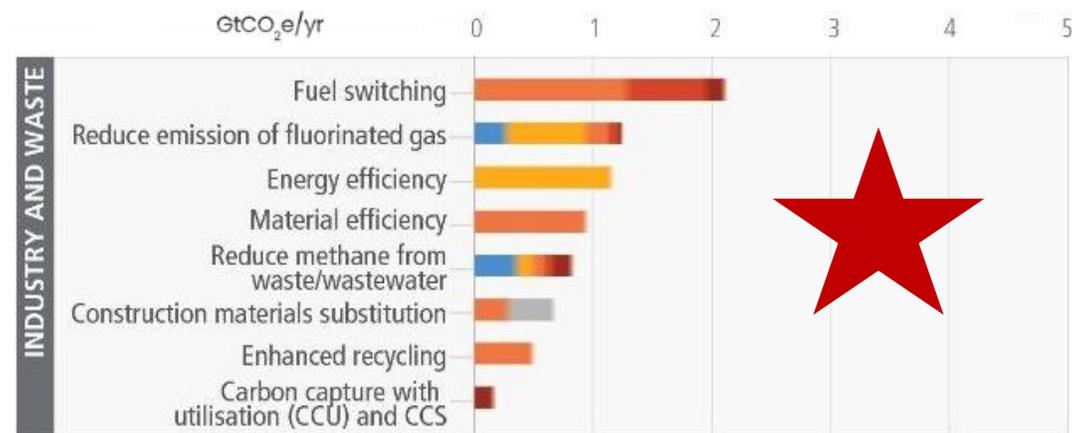
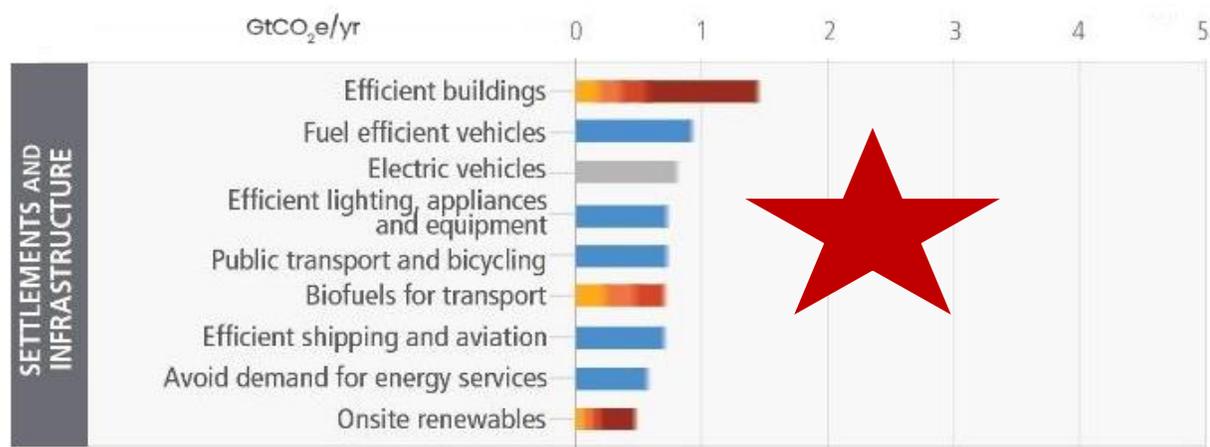
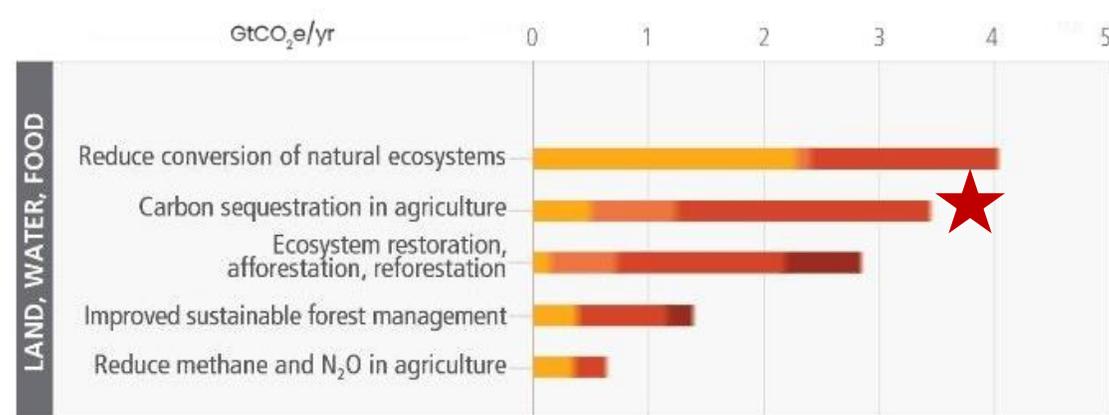
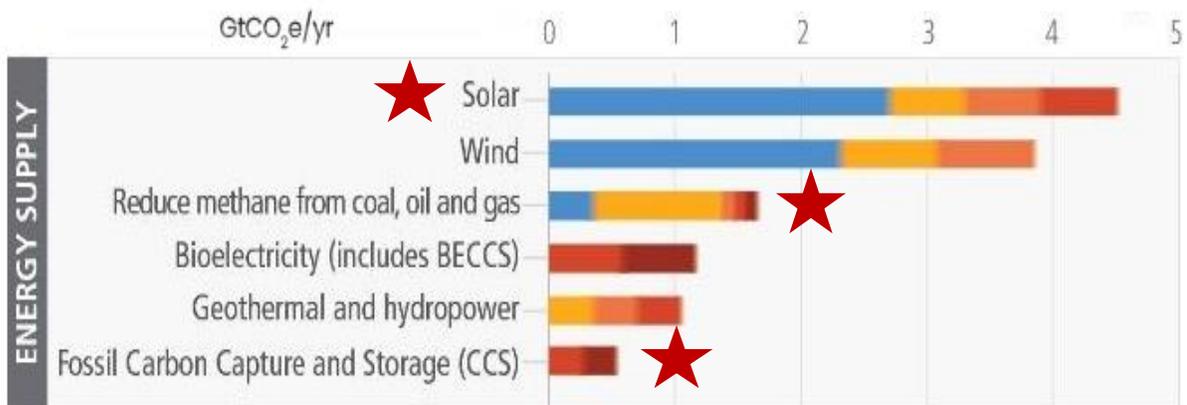
Sell now as ITMOs

Consider in future NDC

Mobilize for the current NDC

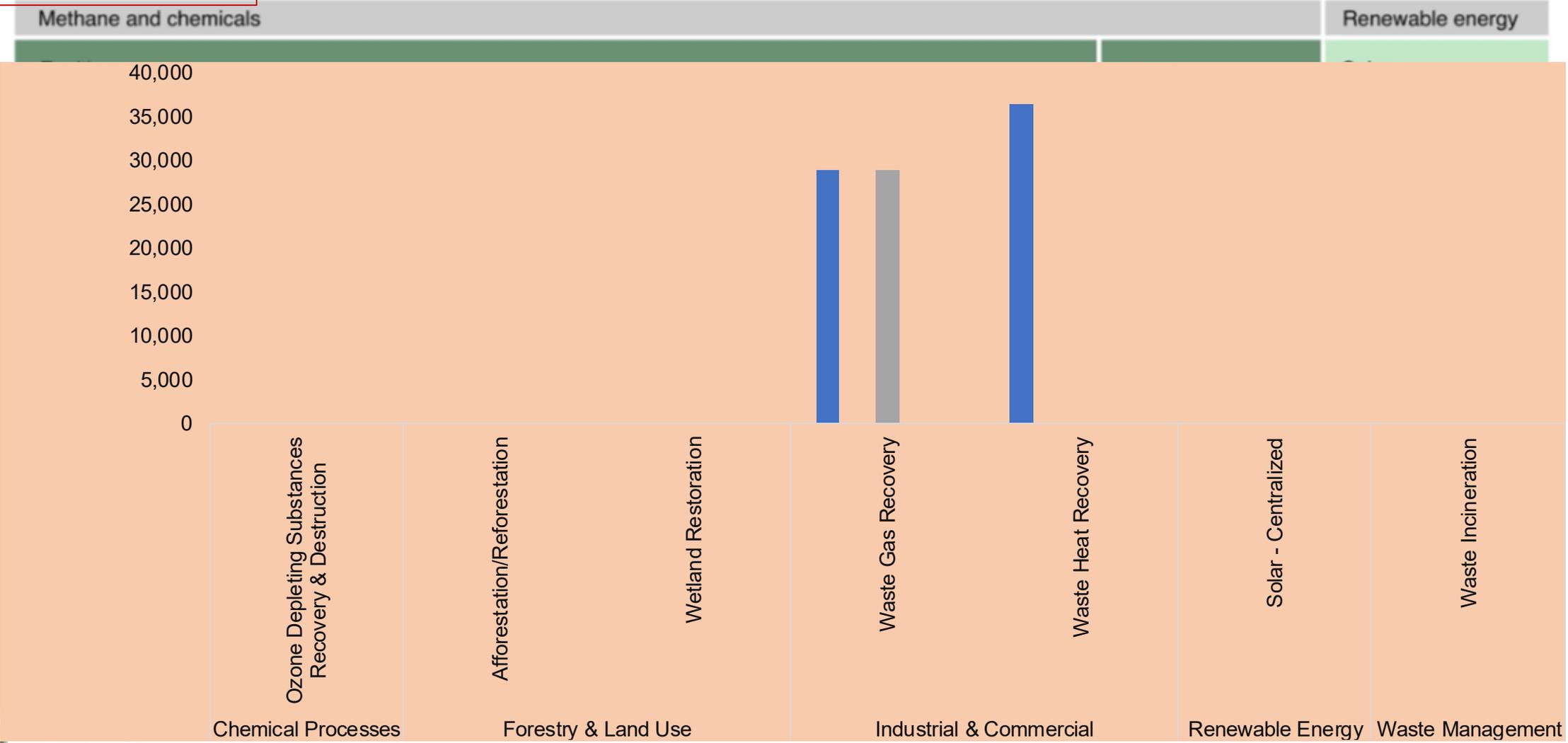


Climate Action – Mitigation Opportunities

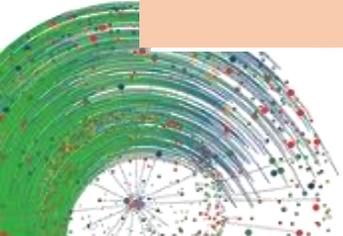


Market Mechanism Projects in MENA

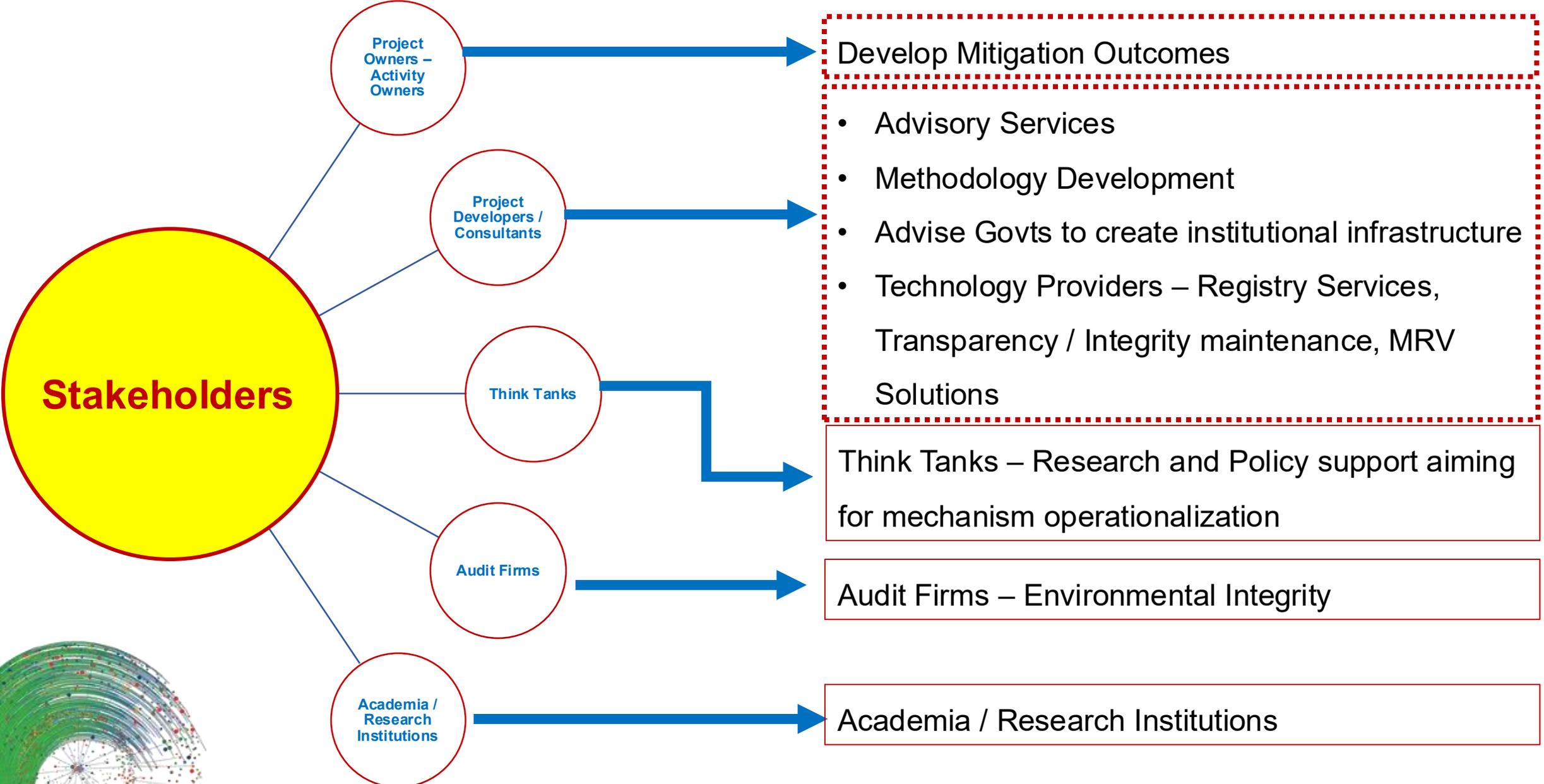
CDM - 28 Projects



VCM - 11 Projects



Carbon Market Private Sector Stakeholders



Stakeholders

Project Owners – Activity Owners

Project Developers / Consultants

Think Tanks

Audit Firms

Academia / Research Institutions

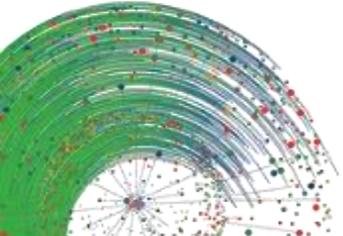
Develop Mitigation Outcomes

- Advisory Services
- Methodology Development
- Advise Govts to create institutional infrastructure
- Technology Providers – Registry Services, Transparency / Integrity maintenance, MRV Solutions

Think Tanks – Research and Policy support aiming for mechanism operationalization

Audit Firms – Environmental Integrity

Academia / Research Institutions



Private Sector Roles and Responsibilities

Develop High-Quality Carbon Projects

- Familiarizing with Article 6.4 mechanism processes **Forms & Tools**, as available on the UNFCCC website¹
- Invest projects, generate **high-integrity carbon credits**, ensuring adherence to methodologies approved under Article 6
- Identify and develop mitigation projects that **align with host countries' NDCs**

Engage in Carbon Markets

- Understand **sectoral priorities and baselines** for eligible activities
- Leverage cooperative approaches (**Article 6.2**) and participate in Article 6.4 / "**PACM**"

Build Partnerships

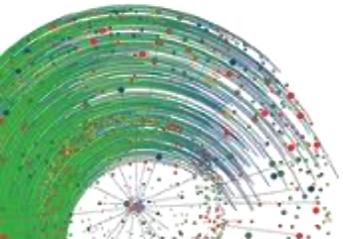
- **Collaborating** with Governments and MDBs - host countries in developing operational frameworks for Article 6 transactions (**Co-Develop Capacity Building Programs**)
- Accessing **Climate Finance**: Secure funding for eligible projects through blended finance models (green bonds, sustainability-linked loans)

Risk Management

- Addressing **Double Counting Risks**. (Work closely with governments to develop and align with Article 6 rules)
- Maintaining Integrity in Carbon Markets. Avoid reputational risks by prioritizing high-integrity projects and adhering to emerging guidelines from organizations like ICVCM

>>> Significant Opportunities & Responsibilities for Private Sector <<<

¹ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#form>



Private Sector Roles and Responsibilities

Financial Sector Innovation

- Innovative **Finance Models**: Combine public and private funding to scale climate initiatives considering carbon revenues
- Carbon Revenue Streams: Utilize Article 6-compliant mechanisms to generate and reinvest carbon revenues
- **Partnerships with Multilateral Banks**: Engage MDBs and climate funds to prioritize Article 6 projects

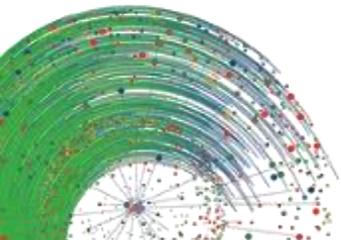
Capacity Building

- **Collaboration** between governments, NGOs, and communities to ensure projects deliver co-benefits like sustainable development and social inclusion
- Training and Tools - **build capacity** for project developers, financial experts, and local institutions to meet operational requirements
- **Partner with governments** to identify priority sectors for Article 6 contributions aligned with NDC targets

Advocacy & Policy Alignment – Civil Societies / Project Developers

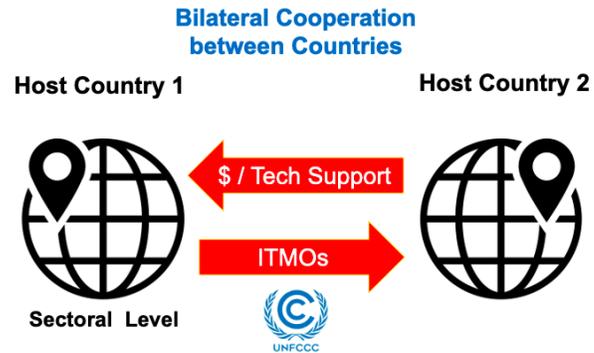
- Advocate for **supportive national policies & frameworks** - maximize Article 6 benefits
- Standardization: Promote **regional engagement and cooperation across markets**
- Scalability: **Develop replicable, scalable solutions**
- Focus on initiatives that deliver measurable SDG outcomes with social, economic, and environmental benefits

>>> Civil Society, Financial Institutions, etc - Capitalize on Article 6 Opportunities <<<

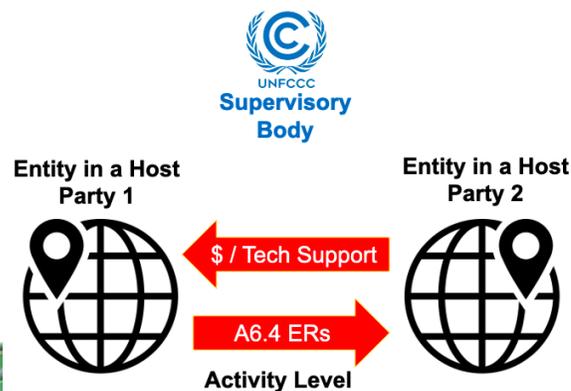


Private Sector Roles and Responsibilities

Article 6.2



Article 6.4



- Supporting host parties in selection and implementation appropriate mitigation actions in relevant / priority sectors (with cost effectiveness)
- Bridge between **cooperation Parties in developing Mitigation activities**
- Emissions reduction or removals programs or projects that may result in the transfer of mitigation outcomes from a transferring (or host) country to a receiving country
- Kyoto regime has roughly 500+ Consultants, driving the spirit of the market mechanisms

Private Sector Engagement in A 6

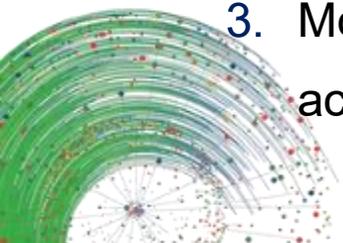
Art 6.2 – **Voluntary Cooperation between two Parties / Countries**

Art 6.4 - **Mitigation activities** in certain sectors aiming **emissions reductions**

Positive List of Projects

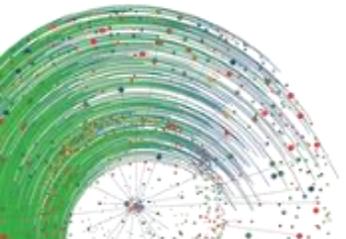
Private Sector

- Identify sectors aiming country objectives, available resources and experience
- Development of projects in these sectors
 1. Ghana Case study: Country decided to engage unilateral approaches with the private sector as part of their **voluntary cooperation** through **Public Private Partnerships**
 2. India Case study: Identified the **17 sectors which requires private sector participation** in developing mitigation actions; Offshore Wind, Green H₂, High end EE actions, etc
 3. Morocco Case study: Identifies **Cement industry** as one of focused sector – EE and Fuel Switch activities



Strategy & Opportunities for Private Sector

- **Opportunity for the Private Sector: Financing higher-cost mitigation measures & generate Sustainable development co-benefits** as part of social and environmental contribution.
- A detailed and even public country-level strategy is likely to provide confidence to
 - donor countries and institutions and
 - Sectoral ministries, government agencies and the private sector
- This strategy will also support:
 - Understanding the medium and long-term objectives.
 - Establish overall objectives that will guide participation, such as the number of Mitigation Outcomes that the government intends to correspondingly adjust
 - Which sectors will be targeted?
 - Which types of activities are preferable in these sectors?



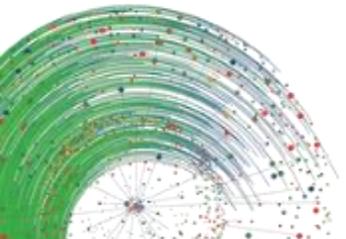
In Conclusion.

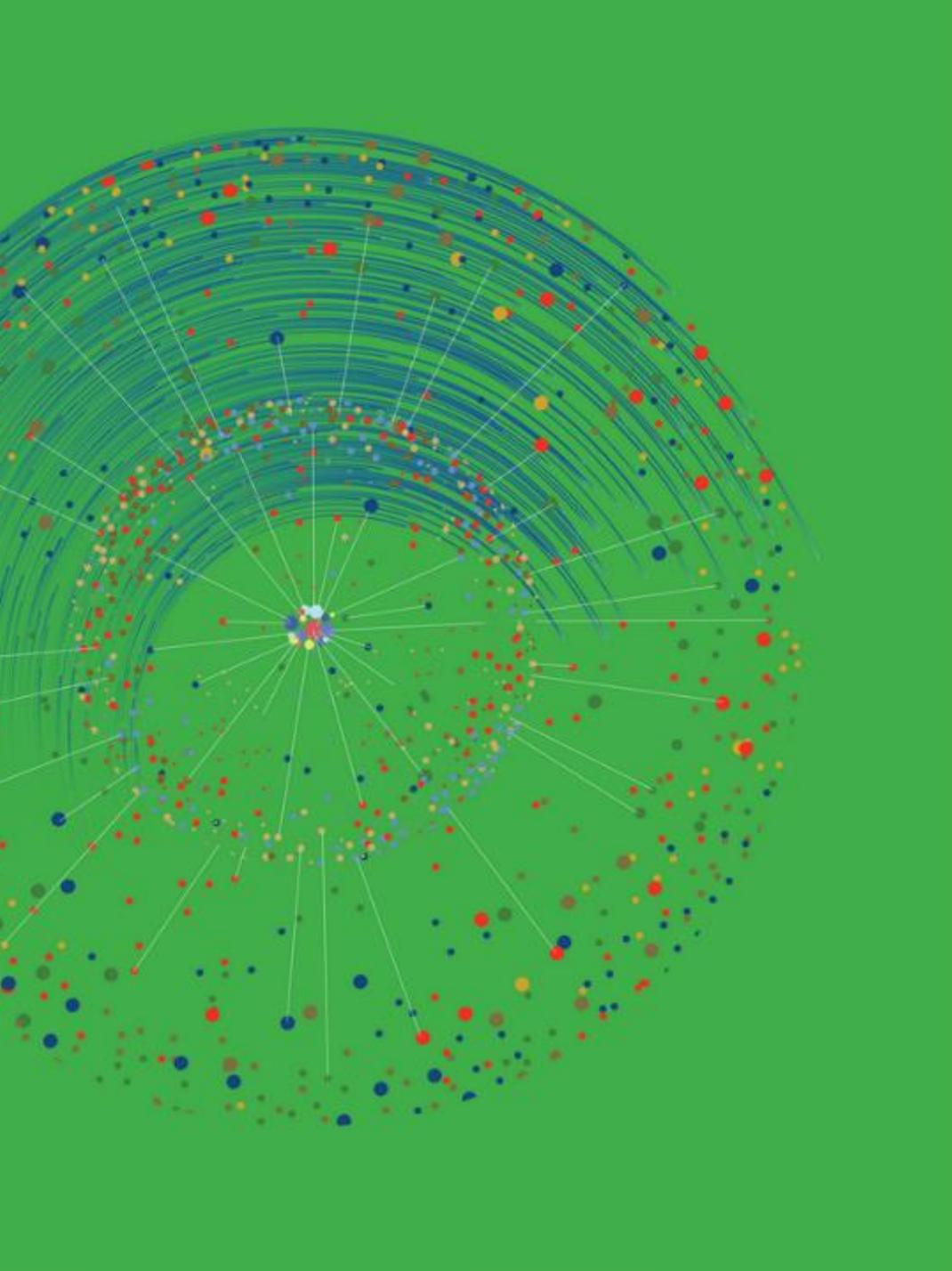
Well Functioning & High Integrity Market!

- Private sector should **accelerate** efforts in carbon markets
- **Engagement ministries**, important to overcome challenges and raise awareness on project development phase
- Build the **capacity of sectoral actors** to identify long term mitigation actions
- Cost benefit analysis or economic modelling to **convince policymakers** on the possible list of projects under 6.2 and 6.4
- share experience from business leaders on how private sector tackle climate change issues and reaffirm **net-zero commitments** and usage of **Carbon credits** by ensuring **integrity**



Q&A and Discussion





United Nations
Climate Change



RCC MENA and South Asia
Collaboration for Climate Action

Way Forward & Closing