



United Nations
Climate Change



RCC Caribbean

Collaboration for Climate Action

NDC FI Investment Forum

Article 6 of the Paris Agreement & Key Outcomes from COP29

April, 2025



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Outline

- Paris Agreement and National Climate plans
- NDC Financing & Article 6 of the Paris Agreement
- Article 6 Market.
- Article 6. Outcomes from COP 29
- Opportunities for the Caribbean

August 22, 2024

The Paris Agreement and the NDC

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).



NDC Financing And Costs

5.8 trillion dollars per year

This is the approximate cost of the financial needs expressed in the NDCs of 78 countries by 2021.

UNFCCC

International **financial assistance will have to be increased**, restructuring new sources of public and private capital through mechanisms that reduce the cost of capital.

UNEP

387 billion per year

Estimated to be the cost of national adaptation priorities for all developing countries, for the period 2021 to 2030.

UNEP

Financial flows for mitigation must increase by **3 to 6 times** to meet the average annual needs between 2020 and 2030

IPCC



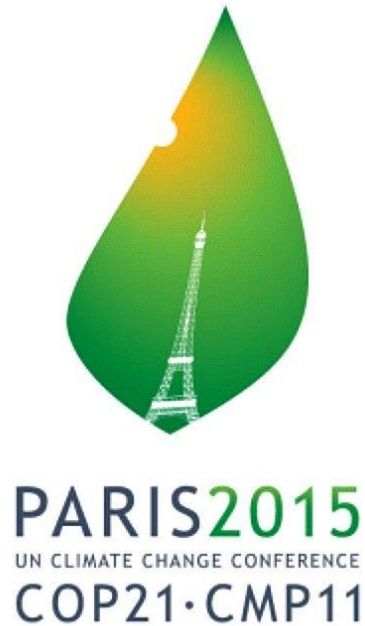
Carbon Markets for NDC achievement

Carbon pricing has proven to be one of the most effective tools to unlock potential from the private sector, companies, as well as investors.

It is therefore an important part of the toolkit available to policy makers, both to achieve current NDCs at least cost and to encourage greater ambition in future



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:

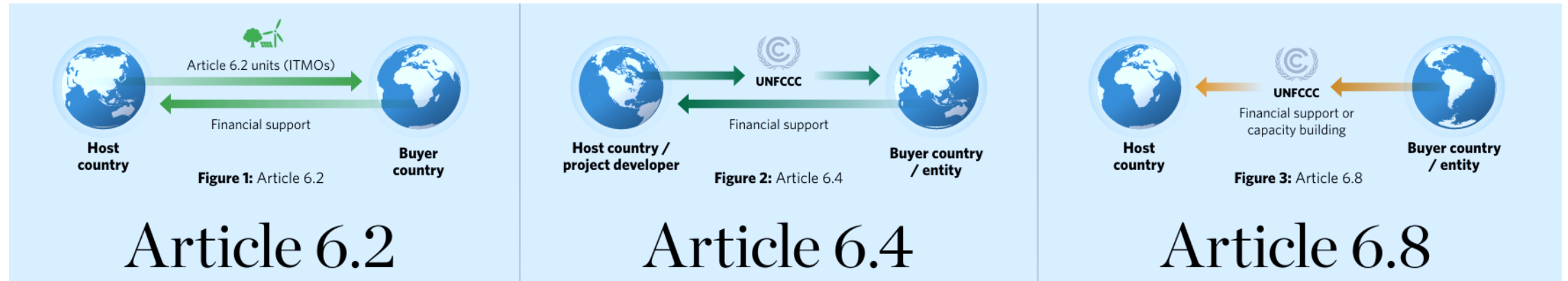
To incentivize and facilitate the participation of public and private entities in greenhouse gas emissions (GHG) mitigation and within the implementation of NDCs.



To Promote regional and international cooperation for ambitious climate action.



Cooperation under Article 6 of the Paris Agreement



Three types of tools can be voluntarily used to meet NDCs and increase the ambition of these goals, two of them are based on market- approaches (A6.2 and A6.4) and one that is based on Non-Market approach.

Carbon Markets



Article 6 can be used for both compliance and voluntary

Voluntary market

For compensating emissions as part of **net-zero or climate neutral targets**

Motivation = self-set targets

Buyers = corporates / individuals

Units: voluntary credits/Article 6.4 MCUs

Self-regulations – codes of best practice emerging

Compliance market

For achieving **NDCs domestically**

Motivation = compliance with **mandated pricing instrument** (carbon tax, ETS, etc.)

Buyers = compliance entities (corporates)

Units: emission allowances & offset credits

Domestic or sectoral regulations

Article 6 market

For achieving **NDCs cooperatively**

Motivation = to increase NDC ambition / achieve NDCs more flexibly

Buyers = Parties

Units: Internationally Transferred Mitigation Outcomes (ITMOs)

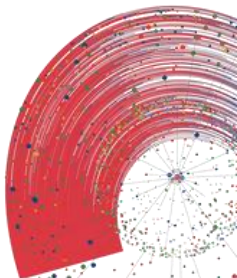
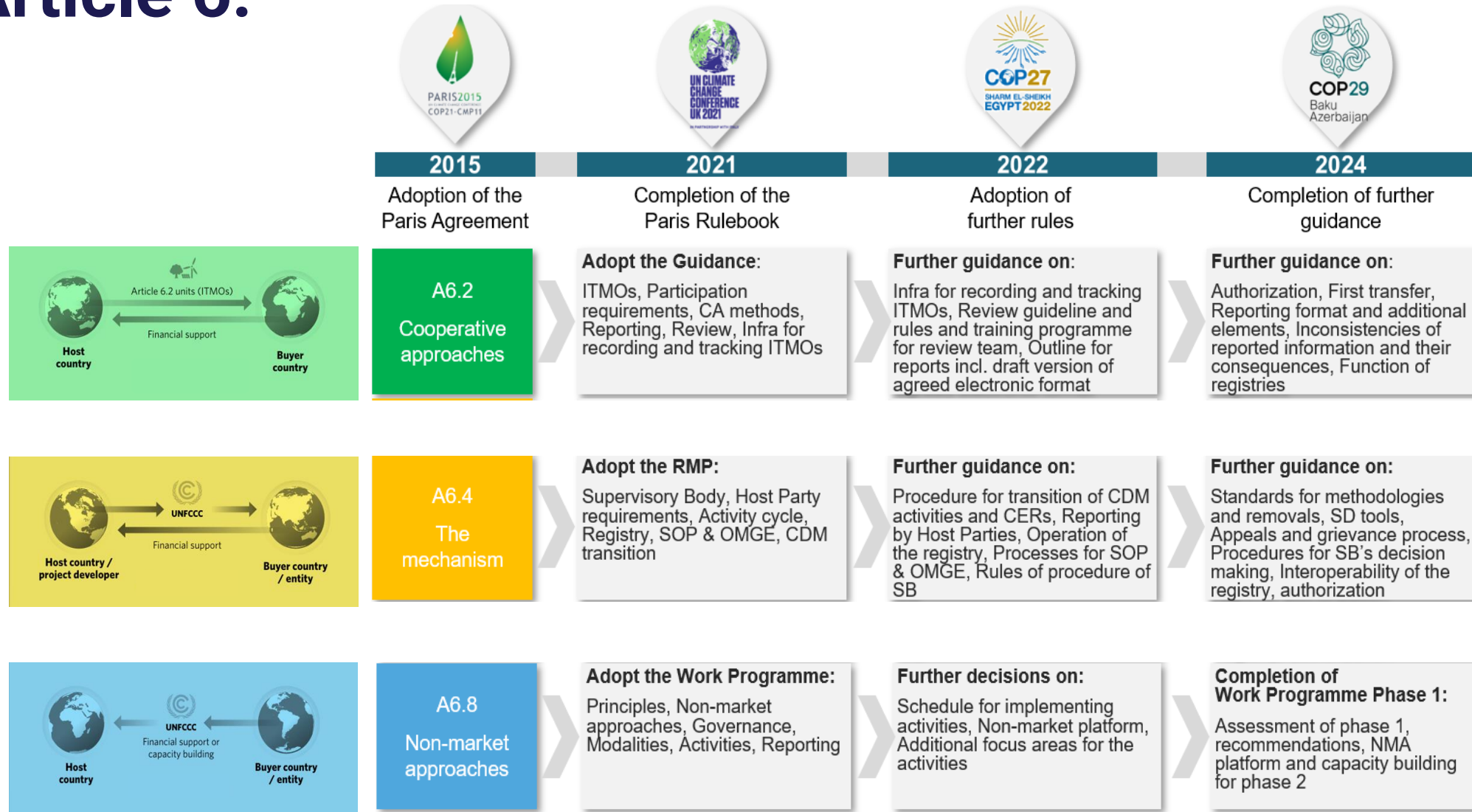
International oversight/ rules



Overview: Sources of demand



Outcomes from COP29. Full operationalization of Article 6.



What is next?



No further guidance on Article 6.2 and Article 6.4 until 2028

Full implementation mode



Approved new methodologies & the International Registry

Interim International registry available soon



SBM to develop guidelines and tools to support operationalization.

E.g Authorization Templates publicly available



First units (A6ERs)

Transitioned projects from CDM



What does this mean for the Caribbean?

Opportunities for the Caribbean

- **Driving the green transition**
- **Raising Ambition**
- **Technology Transfer and Capacity Building**
- **Enhancing International Cooperation**



Public Sector

Focus on Transparency

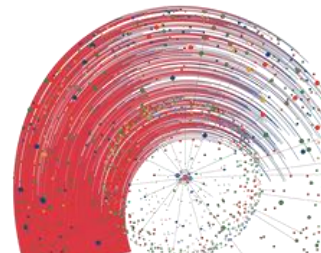
Capacity Building

Governance Structures

Private Sector

Enhanced Carbon Financing

E.g. Biofuels and E-mobility projects in Dominica





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Thank you!!!