



United Nations Climate Change



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

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

UNEP

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

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



International Climate Finance Carbon Markets/Article 6



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.



Source: Information and images extracted from the Article 6 Explainer updated, TCN, 2024.

Carbon Markets

Article 6 can be used for both compliance and voluntary

CO₂ = CARBON CREDIT

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/ rule

Overview: Sources of demand

NDC Compliance	Sectorial Compliance	VCM
Article 6.2 & Article 6.4	ICAO's CORSIA	Independent Crediting Mechanisms

Domestic Compliance

Carbon Tax, ETS, Domestic Carbon Standards



Outcomes from COP29. Full operationalization of Article 6. 4.30 15 CO

	PARIS2015 COP21-CMP11 2015	UN CLIMATE CONFERENCE UN 2021	CCP27 EGYPT 2022 2022	COP29 Baku Azerbaijan
	Adoption of the Paris Agreement	Completion of the Paris Rulebook	Adoption of further rules	Completion of further guidance
Article 6.2 units (ITMOs) Financial support Host country Buyer country	A6.2 Cooperative approaches	Adopt the Guidance: ITMOs, Participation requirements, CA methods, Reporting, Review, Infra for recording and tracking ITMOs	Further guidance on: Infra for recording and tracking ITMOs, Review guideline and rules and training programme for review team, Outline for reports incl. draft version of agreed electronic format	Further guidance on : Authorization, First transfer, Reporting format and additional elements, Inconsistencies of reported information and their consequences, Function of registries
Host country / project developer	A6.4 The mechanism	Adopt the RMP: Supervisory Body, Host Party requirements, Activity cycle, Registry, SOP & OMGE, CDM transition	Further guidance on: Procedure for transition of CDM activities and CERs, Reporting by Host Parties, Operation of the registry, Processes for SOP & OMGE, Rules of procedure of SB	Further guidance on: Standards for methodologies and removals, SD tools, Appeals and grievance process, Procedures for SB's decision making, Interoperability of the registry, authorization
Host country	A6.8 Non-market approaches	Adopt the Work Programme: Principles, Non-market approaches, Governance, Modalities, Activities, Reporting	Further decisions on: Schedule for implementing activities, Non-market platform, Additional focus areas for the activities	Completion of Work Programme Phase 1: Assessment of phase 1, recommendations, NMA platform and capacity building for phase 2

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?

Public Sector



Private Sector

Enhanced Carbon Financing

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



Opportunities for the Caribbean

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



PARTICIPATION OF THE PRIVATE SECTOR





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Thank you!!!