



Article 6 of the Paris Agreement

2023 Webinar Series

Webinar #2

Overview of Article 6.4. The Mechanism



United Nations Climate Change
Regional Collaboration Centres



Webinar II | Overview of Article 6.4 of the Paris Agreement. The Mechanism

Regional Collaboration Centres
Webinar Series

Tuesday, 24th August 2023



Agenda

Section I – Introduction to Article 6.4 of the Paris Agreement

- Article 6: Cooperative Implementation of NDCs
- Understanding Article 6
- Key features of the Article 6.4 mechanism

Section II – Article 6.4 - The Mechanism

- Participation Requirements – Host Party
- Article 6.4 Activity Cycle
- Post Project Registration Changes
- Issuance of A6.4 ERs
- Project Registration / Issuance Fee Structures

Section III – DNA Establishment

- Art 6.4 DNA Country Experience



Section I – Introduction to Article 6.4 of the Paris Agreement



Article 6: Cooperative Implementation of NDCs

Cooperative approaches

Articles 6.2 and 6.3 and decision 1/CP.21, paragraph 36

Bilateral/multilateral cooperation between interested countries, involving the use of **internationally transferred mitigation outcomes** towards NDCs

The mechanism

Articles 6.4 to 6.7 and decision 1/CP.21, paragraphs 37 and 38

Centralized UNFCCC baseline-and-credits mechanism for public and private sector actors, creates a new unit (**A6.4ERs**)

Framework for non-market approaches

Articles 6.8 and 6.9 and decision 1/CP.21, paragraphs 39 and 40

Facilitates climate action through international cooperation focused on sustainable development and poverty eradication (and does not involve trading)



Understanding Article 6 of the Paris Agreement

Article 6 – Structure

Countries can **voluntarily** cooperate to achieve their NDCs and LT LEDS in whatever way they wish. Article 6 of the PA provides for different options of cooperation:

Article 6.2

Internationally Transferred Mitigation Outcomes (ITMOs) towards NDCs

Article 6.2 Cooperative Approaches –International cooperation that involves ITMOs from one country to another. Decentralized approach - guidance from the Parties (2/CMA.3).

Article 6.4

Art 6.4 ERs

Article 6.4 The New Mechanism – centralized approach similar to the Clean Development Mechanism, baseline-and-crediting mechanism. Subject to UNFCCC governance

Article 6.8

Article 6.8 Non-Market Approaches – promoting mitigation and adaptation cooperation that does not involve the transfer of mitigation outcomes

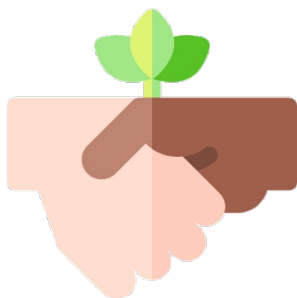
Objectives: for Art. 6.2 & 6.4

- Increasing **climate ambition** in a cooperative manner.
- Participants: Country Parties to the Paris Agreement.
- Trading Unit: ITMOs International Oversight through Modalities, Procedures and Guidelines.



What is the Article 6.4 mechanism?

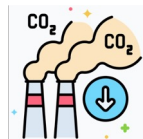
The new centralized UNFCCC baseline-and-credits mechanism (replacing CDM/JI)



“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...”

The mechanism shall aim to:



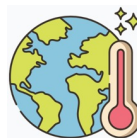
Promote the **mitigation** of GHG emissions while fostering **sustainable development**



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 deliver an **overall mitigation in global emissions**



Key Acronyms of Article 6.4 mechanism

SB – Supervisory Body (CDM – CDM Executive Board)

AP - Activity Participants (CDM – Project Participants)

HP – Host Party (CDM – Host Country)

A6.4ERs (CER – Certified Emission Reductions)

Mitigation Contribution Units (MCUs)

PDD



Key features of the Article 6.4 mechanism

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** (no corresponding adjustments) 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 mitigation pricing schemes**, or **domestic price-based measures**, for the purpose of contributing to the reduction of emission levels in the host Party



Article 6.4. Mechanism

- Article 6.4(b) of the Paris Agreement “**participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party**”
- Certificates from the Art 6.4 Activity: **Art6.4ERs**

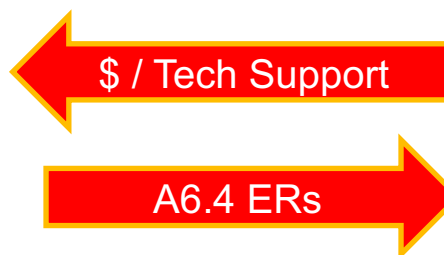
Art 6.4 Governance

- Supervisory Body (SB) reporting to CMA
- National level – Art 6.4 DNA

Entity in a Host
Party 1



Entity in a Host
Party 2



Supervisory
Body

Section II – Article 6.4 - The Mechanism



Article 6.4. Participation Requirements – Host Party

1

Party to **Paris Agreement**

2

Prepared, Communicated
and Maintains **NDC**

3

Has **DNA** in place

4

Indicated to the SB how
participation in the mechanism
contributes to **Sustainable
Development**

5

Indicated to the SB the types of **A6.4 activities** that
it is considering approving and how such activities
contribute to the implementation of its **NDC and LT-
LEDS and the LT goals** of the PA.



Section IV. Decision 3/CMA.3 – Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement.



Article 6.4 Activity Cycle.



Article 6.4 cycle



Art 6.4 Project Registration Fee Structure

Project Registration fee

- USD 1,500** : annual average GHG emission reductions or net GHG removals over the (first) crediting period of up to **15,000 tonnes** of CO₂eq
- USD 5,000** : annual average GHG emission reductions or net GHG removals over the (first) crediting period of up to **15,001 to 50,000 tonnes** of CO₂eq.
- USD 10,000** : annual average GHG emission reductions or net GHG removals over the (first) crediting period **over 50,000 tonnes** of CO₂eq

Share of proceeds towards Adaptation

A levy of 5% of A6.4ERs at issuance

Reimbursement related costs

- In full**: Withdrawal by DOE before completeness check or withdrawal of HPA
- Any amount > USD 1,500** : Withdrawal by the DOE or concluded as incomplete by the secretariat at the completeness check stage
- Any amount > USD 5,000** : Withdrawal by the DOE or concluded as incomplete by the secretariat at the substantive check stage
- No reimbursement**: in case of rejection by SB or withdrawal post substantive check

Overall mitigation of global emissions

A minimum of 2% of the issued A6.4ERs to the cancellation account for OMGE



Post Project Registration Activities

Continuous Stakeholders Engagement

- Anytime after project registration, global stakeholders can submit comments on a specific project (in relation to compliance with A6.4M rules and regulation)

Change to registered project (post-registration changes)

- Temporary deviation from the registered monitoring plan, applied methodologies, standardized baselines or other methodological regulatory documents.
- Permanent changes (inclusion of a monitoring plan; permanent changes to the registered monitoring plan; permanent deviation of monitoring from the applied meths; standardized baselines, or other methodological regulatory documents; changes to the project design).



Art 6.4 Issuance Fee Structure

Project Issuance fee

- USD 0.15 per A6.4ER being requested for issuance
- In case of changes in amount of A6.4ERs due to substantive check or SB review, activity participants and secretariat to settle issuance fee if > USD 300.

Reimbursement related costs

- **Full** : Withdrawal before the secretariat starts the completeness check stage
- **Any amount > USD 1,500** : Withdrawal by the DOE or concluded as incomplete by the secretariat at the completeness check stage
- **Any amount > USD 5,000** : Withdrawal by the DOE or concluded as incomplete by the secretariat at the substantive check stage
- **Any amount > USD 10,000** : Withdrawal post substantive check or rejected by SB



Section III – DNA Establishment



Art 6.4 DNA

1. Art 6.4 DNA **mandatory** by Host Party to participate
2. Establishment of Art 6.4 DNA Decision 3/CMA.3
3. As of Aug 2023, 52 countries have submitted a designated national authority for Article 6.4 mechanism

Parties to the 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** (Telephone and E-mail address)



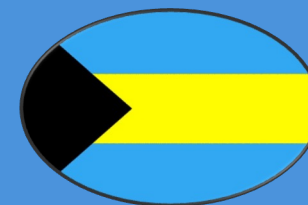
Country Interventions



Ghana



Panamá



The Bahamas



Country Experience. Guiding questions

- 1. What factors did you consider 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. What would you advise countries that are yet to communicate their Art.6.4 DNAs?**



Contact us

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THANK YOU FOR YOUR ATTENTION!

