

**A6.4-SB003-A01**

## Information note

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# Article 6.4 Mechanism Resource Allocation Plan 2023

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

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## 1. Introduction

1. Article 6 of the Paris Agreement<sup>1</sup> established three instruments for Parties to use in pursuing voluntary cooperation when implementing their Nationally Determined Contributions: cooperative approaches that involve the use of internationally transferred mitigation outcomes (Article 6, paragraph 2); a mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development (Article 6, paragraph 4); and non-market approaches to enable cooperation on mitigation, adaptation, and the development of clean energy sources (Article 6, paragraph 8).
2. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) adopted the “Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 of the Paris Agreement” at its third meeting.<sup>2</sup> The “rulebook” sets out principles, key requirements and processes of the mechanism (hereinafter referred to as the A6.4 Mechanism), including the establishment of a Supervisory Body. The CMA requested the Supervisory Body to consider, further develop various elements in the rules, modalities, and procedures for its operationalization.
3. The Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol, decided, through its decision 2/CMP.16,<sup>3</sup> to authorize the transfer of USD 30 million from the Trust Fund for the Clean Development Mechanism to the Trust Fund for Supplementary Activities for the work of the Supervisory Body to facilitate the expedited implementation of the Article 6.4 mechanism.
4. This Resource Allocation Plan (RAP) provides an estimated budget for the Supervisory Body to implement its work in 2023 as outlined in its workplan, as well as other activities deemed essential to operationalize the A6.4 Mechanism.<sup>4</sup>
5. This document also provides **indicative** budgets for 2024 and 2025 **for information only**.
6. The RAP is shared with the Supervisory Body as a confidential document to the annotations and will be made publicly available after the Article 6.4 Supervisory Body considers the document, provides inputs and approves the Resource Allocation Plan 2023.

## 2. Outputs, activities and estimated resource requirements

7. Table 1 shows the proposed 2023 budget alongside indicative budgets for 2024 and 2025 for planning purposes.
8. The proposed 2023 budget is USD 7.7 million and is comprised of staff and non-staff costs. In 2023, 33 staff members will support the work of the Supervisory Body.

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<sup>1</sup> Paris Agreement available at: <https://unfccc.int/process/conferences/pastconferences/paris-climate-change-conference-november-2015/paris-agreement>.

<sup>2</sup> See document FCCC/PA/CMA/2021/10/Add.1 (decision 3/CMA.3) available at: <https://unfccc.int/documents/460950>.

<sup>3</sup> See document FCCC/KP/CMP/2021/8/Add.1 (decision 2/CMP.16) available at: <https://unfccc.int/documents/460957>.

<sup>4</sup> To align with the biennium budgetary cycle of the UNFCCC secretariat, the next budget of the Article 6.4 Supervisory Body will be prepared for the biennium 2024–2025 for Article 6.4 Supervisory Body approval.

**Table 1. 2023 Proposed Budget overview and comparisons with indicative budgets for 2024 and 2025 (USD)**

Budget	2023	Indicative 2024	Indicative 2025	2024 per cent change compared to 2023	2025 per cent change compared to 2023
Staff head count	33	47	63	42%	91%
Staff costs <sup>(a)</sup>	3 555 930	5 987 383	8 143 278	68%	129%
Non-staff costs (incl. TCO and PSC) <sup>(b)</sup>	4 118 741	6 214 331	6 243 501	51%	52%
<b>Total (USD)</b>	<b>7 674 672</b>	<b>12 201 714</b>	<b>14 386 779</b>	<b>59%</b>	<b>87%</b>

<sup>(a)</sup> Staff costs: These costs are further explained in the notes to table 3 below.

<sup>(b)</sup> Non-staff costs: These costs, including Total Cost of Ownership (TCO) and the 13 per cent Programme Support Costs (PSC), are further explained in the notes to table 3.

9. Table 2 shows the allocation of resources against key outputs for 2023. During the course of implementation of RAP 2023, adjustments to the resource estimates may be required. Other Mitigation Division staff resources may be drawn upon to support the delivery of outputs as necessary.

10. The proposed 2023 budget was prepared considering the following assumptions:

- (a) The CMA may provide further guidance and mandates to the Article 6.4 Supervisory Body in November 2022 for implementation of the mechanism in 2023;
- (b) In 2023, the secretariat will be delivering and managing methodological outputs, project and entity assessments, regulatory documents, the Mechanism Information System (MIS) and workflows, communications, information and knowledge management, capacity-building, and financial and human resource management processes, including planning, monitoring and reporting activities.

**Table 2. Allocation of resources in 2023<sup>5</sup>**

Area	Staff	Non-Staff costs (USD) <sup>(a)</sup>	Outputs	Activities
Article 6.4 Strategic coordination and oversight	2	----	<ul style="list-style-type: none"> <li>• Strategic guidance</li> <li>• Supervision and coordination of deliverables</li> </ul>	<ul style="list-style-type: none"> <li>• Regular engagement with Article 6.4 SB</li> <li>• Strategy development</li> <li>• Ensuring consistency, coherence, and quality of work across workstreams to improve the quality of deliverables</li> </ul>

<sup>5</sup> A similar table covering resource allocations for 2024 and 2025, will be developed and presented to the Supervisory Body at the time it considers its resource allocation plan for biennium 2024–2025.

Area	Staff	Non-Staff costs (USD) <sup>(a)</sup>	Outputs	Activities
Activity Cycle	8	822 552	<ul style="list-style-type: none"> <li>Mechanism information system (MIS)</li> <li>Assessments of project submissions</li> <li>Assessments of operating entities</li> <li>Data and analytical products related to operation of the mechanism</li> </ul>	<ul style="list-style-type: none"> <li>MIS development and operations</li> <li>Project assessment activities,</li> <li>Accreditation activities including requirements, development, and operation</li> <li>Data, analysis and reporting</li> </ul>
Methodologies	9	252 485	<ul style="list-style-type: none"> <li>Methodologies, Standards and Tools</li> <li>Technical documents, procedures and guidelines on methodological aspects including removals</li> <li>Support for methodologies related clarifications and inquiries</li> <li>On-site support to projects</li> </ul>	<ul style="list-style-type: none"> <li>Analysis and revision of existing CDM methodologies and standardized baselines</li> <li>Develop technical procedures and guidelines on methodological aspects</li> <li>Provide support for clarifications and inquiries</li> <li>Provide on-site support for implementation of Article 6.4 activities (Regional Collaboration Centres - RCCs)</li> </ul>
Regulatory Management	2.5	32 990	<ul style="list-style-type: none"> <li>Regulatory standards and procedures, clarifications, guidelines and forms</li> </ul>	<ul style="list-style-type: none"> <li>Develop and maintain regulatory documents including registry procedure</li> </ul>
Registry	1	484 496	<ul style="list-style-type: none"> <li>Mechanism registry</li> </ul>	<ul style="list-style-type: none"> <li>Requirements, development, and operation</li> </ul>
Governance	4	875 978	<ul style="list-style-type: none"> <li>Support to the constituted body meetings</li> <li>Establishing and maintaining roster of external experts</li> <li>Support to external experts</li> </ul>	<ul style="list-style-type: none"> <li>Establishing and supporting the mechanism governance structure</li> <li>Establishing and maintaining roster of experts</li> </ul>
Capacity-building	3	233 082	<ul style="list-style-type: none"> <li>Article 6.4 capacity building</li> </ul>	<ul style="list-style-type: none"> <li>Coordination and delivery of Article 6.4 capacity building activities</li> </ul>
Engagement	---	26 241	<ul style="list-style-type: none"> <li>Technical support to the stakeholders and regional engagement</li> </ul>	<ul style="list-style-type: none"> <li>External engagement activities</li> </ul>

Area	Staff	Non-Staff costs (USD) <sup>(a)</sup>	Outputs	Activities
Communications	1	25 206	<ul style="list-style-type: none"> <li>Communication products and media relationship</li> <li>Communication strategy</li> </ul>	<ul style="list-style-type: none"> <li>Communications and media related activities (blogs, social media, communications to facilitate the use of the Article 6.4 mechanism)</li> </ul>
Cross-cutting	2.5	51 098	<ul style="list-style-type: none"> <li>Operation of human and financial management processes including resource planning and monitoring reports, management of internal framework agreements (information technology, communications, legal services and knowledge and records management)</li> </ul>	<ul style="list-style-type: none"> <li>Administration and management related activities, including human resource, financial, skills development and learning, service level agreements, data management, information, knowledge and records management, and programme management (planning, monitoring and reporting)</li> </ul>
<b>TOTAL</b>	<b>33</b>	<b>2 804 128</b>		

<sup>(a)</sup> Excludes total cost of ownership and 13% programme support costs.

11. Table 3 shows the breakdown of the budget by the different cost categories.

**Table 3. Breakdown of costs (USD) by category for the proposed 2023 budget and indicative budgets for 2024 and 2025**

Expense classification	2023	Indicative 2024	Indicative 2025
Staff <sup>(a)</sup>	3 555 930	5 987 383	8 143 278
Consultants <sup>(b)</sup>	148 827	214 619	214 619
Expert fees <sup>(c)</sup>	174 419	471 279	576 008
Expert travel <sup>(d)</sup>	250 750	303 488	303 488
Travel of representatives <sup>(e)</sup>	46 651	80 930	80 930
Travel of representatives SB <sup>(f)</sup>	463 023	480 233	480 233
Travel of staff <sup>(g)</sup>	244 919	340 581	340 581
Training <sup>(h)</sup>	7 953	19 884	19 884
Operating expenses <sup>(i)</sup>	243 749	369 589	369 589
ICT <sup>(j)</sup>	1 223 837	1 853 682	1 296 512
Total cost of ownership <sup>(k)</sup>	431 686	676 308	906 541
<b>Sub-total</b>	<b>6 791 745</b>	<b>10 797 976</b>	<b>12 731 663</b>
13% programme support <sup>(l)</sup>	882 927	1 403 737	1 655 116
<b>Total</b>	<b>7 674 672</b>	<b>12 201 713</b>	<b>14 386 779</b>

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- (a) Staff costs include Staff, General Temporary Assistance, and related costs such as salaries, overtime payments, dependency allowance, education grant, rental subsidy, home leave travel, travel on appointment and separation, after service health insurance costs, among others.
  - (b) Consultant costs include consultants and individual contractor fees.
  - (c) Expert costs include panel and working group attendance fees and case fees.
  - (d) Expert travel includes ticket costs and daily subsistence allowance (DSA) of panel and working group members.
  - (e) Travel of representatives includes ticket cost and DSA for participants in meetings and workshops.
  - (f) Travel of representatives (Subsidiary Body) includes ticket costs and DSA.
  - (g) Travel of staff costs includes staff, consultants and individual contractors ticket costs, DSA, terminal expenses and miscellaneous expenses.
  - (h) Training costs include staff attendance or course fees, consultant costs for training, ticket costs and DSA.
  - (i) Operating expenses include rental of equipment, shipping and transport costs, maintenance costs and other logistics costs
  - (j) Information Technology includes IT related costs to support the implementation of Supervisory Body 6.4 Resource Plan including the development and operation of the Article 6.4 Registry and the Mechanism Information System.
  - (k) TCO – Service programmes in the secretariat (Information and Communication Technology and Administrative Services) render services to all secretariat activities funded from both core and non-core sources of funding. The purpose of TCO charges is to ensure the allocation of costs of these support services to the sources of funding to which they relate.
  - (l) Programme support costs - In accordance with the financial procedures of the United Nations, 13 per cent of overhead charges are payable on all trust funds of the UNFCCC to cover administrative services provided by the United Nations Office at Geneva and the UNFCCC secretariat.

### 3. Resource management and monitoring

- 12. The resource requirements over the next three years will gradually increase (as shown in table 1 and table 3) as the secretariat develops systems and transitions its infrastructure from the Clean Development Mechanism to the infrastructure required to support the Article 6.4 Mechanism. The secretariat prudently manages and monitors resource allocations under all funding sources against priority areas of work to ensure the full utilization of available staff in delivering high-quality products on time.
- 13. The Supervisory Body will have opportunities at the mid-point of the implementation of its RAPs to review and monitor progress and make any adjustments to the allocation of resources as appropriate.

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#### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	6 November 2022	SB003, Annex 1 Initial publication

Decision Class: Operational  
Document Type: Information note  
Business Function: Governance  
Keywords: Article 6.4 Supervisory Body, budget, resources management