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**Annual report of the Supervisory Body for the mechanism
established by Article 6, paragraph 4, of the Paris Agreement
to the Conference of the Parties serving as the meeting of the
Parties to the Paris Agreement**

Summary

This report covers the work of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, between 18 November 2023 and 18 July 2024. During this period, the Supervisory Body focused on responding to the mandates that are to be delivered to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session. The Supervisory Body also progressed in its work on developing standards, procedures and tools as necessary for operationalizing the mechanism established by Article 6, paragraph 4, of the Paris Agreement and facilitating the swift approval of related methodologies and the timely registration of activities under the mechanism. The work of the Supervisory Body from 19 July until the end of the 14th meeting of the Supervisory Body, including the outcomes of that meeting and any recommendations to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement agreed at that meeting, will be covered in an addendum to this report.

Abbreviations and acronyms

AEP	Accreditation Expert Panel
Article 6.4 mechanism	mechanism established by Article 6, paragraph 4, of the Paris Agreement
CDM	clean development mechanism
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
DNA	designated national authority
LDC	least developed country
MEP	Methodological Expert Panel
PoA	programme of activities
RMPs	rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement
SB	sessions of the subsidiary bodies
SBM	Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

I. Introduction

A. Mandate

1. In accordance with the RMPs,¹ the SBM is required to report annually to the CMA. The CMA provides guidance to the SBM by taking decisions on, inter alia:

- (a) Recommendations of the SBM relating to the RMPs;
- (b) Matters relating to the operation of the Article 6.4 mechanism.

B. Scope

2. This third annual report of the SBM covers the work it carried out between 18 November 2023 and 18 July 2024. The report provides information on progress in implementing the Article 6.4 mechanism during the reporting period and includes recommendations for consideration at CMA 6.

3. The report describes the status of the Article 6.4 mechanism, highlights achievements related to its implementation, and provides information on its governance, management and financial status.

4. Further information relating to the Article 6.4 mechanism and the SBM is available on the Article 6.4 mechanism web pages.²

C. Recommendations for the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

5. The CMA is recommended to take note of this report and consider the recommendations contained herein, as appropriate.

6. The SBM recommends that the CMA:

- (a) Note the progress of work of the SBM in response to the mandates in decisions [3/CMA.3](#) and [7/CMA.4](#) (see chap. II.A below);
- (b) Agree to exempt activities under Article 6, paragraph 4, of the Paris Agreement taking place in the LDCs from the share of proceeds for adaptation, while recognizing that the LDCs may choose not to make use of the exemptions (see para. 16 below).

II. Work in the reporting period

7. To provide an overview of the issues to be considered by the SBM at each meeting and to identify and plan activities arising from the mandates from the CMA, the Body develops annual workplans. The workplan for 2024³ was approved at SBM 10.

8. In the reporting period, the SBM focused on responding to the mandates that are to be delivered on by the time of CMA 6. Paragraphs 9–15 below provide information on the progress of the work conducted in response to those mandates. The remainder of this chapter discusses the progress of work arising from the Body's workplan for 2024, as well as progress in developing standards, procedures and tools as necessary for operationalizing the Article 6.4 mechanism and facilitating the swift approval of related methodologies and the timely registration of activities under the mechanism.

¹ Decision [3/CMA.3](#), annex.

² See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>.

³ Contained in SBM document A6.4-INFO-GOV-010, available at <https://unfccc.int/documents/637549>.

A. Mandates from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

1. Activities involving removals

9. CMA 5⁴ requested that the SBM continue its relevant work to operationalize the Article 6.4 mechanism with a view to elaborating and further developing recommendations on activities involving removals⁵ for consideration and adoption at CMA 6.

10. To better understand concerns raised by Parties at CMA 5, the SBM held an event to engage with Parties and stakeholders during SB 60.⁶ The SBM considered 36 inputs from Parties and stakeholders received through a call for inputs⁷ as well as inputs from its engagement event held at SB 60. At its 13th meeting, the SBM agreed to iterate document A6.4-SB009-A02,⁸ taking into account the inputs received from stakeholders, that reflects the elements for improvement agreed by the SBM for further consideration at its 14th meeting. The SBM agreed to develop recommendations to the CMA on activities involving removals at its 14th meeting and to include these recommendations in the addendum to this report.

2. Application of the methodology requirements

11. CMA 5⁹ requested that the SBM continue its work on operationalizing the Article 6.4 mechanism with a view to elaborating and further developing the recommendations on the application of the requirements referred to in chapter V.B (Methodologies)¹⁰ of the RMPs for consideration and adoption at CMA 6.

12. At its 13th meeting, the SBM agreed to iterate document A6.4-SB009-A01,¹¹ taking into account the inputs received from Parties and stakeholders referred to in paragraph 10 above, that reflects the elements for improvement agreed by the SBM for further consideration at its 14th meeting. The SBM agreed to develop recommendations to the CMA on the application of the requirements referred to in chapter V.B (Methodologies) of the RMPs at its 14th meeting and to include these recommendations in the addendum to this report.

3. Development of regulations and processes for implementing the mechanism established by Article 6, paragraph 4, of the Paris Agreement

13. Following the request of the CMA in paragraph 5(a) of decision [3/CMA.3](#), during the reporting period the SBM considered the activity standard, validation and verification standard, and activity cycle procedure for PoAs and conducted a focused, inclusive stakeholder consultation on these regulatory documents. The SBM subsequently adopted the documents at its 13th meeting. With the adoption of the regulatory framework for PoAs and the regulatory framework for projects, the SBM completed its consideration of the foundational documents for implementing the Article 6.4 mechanism.

4. Appeal and grievance procedure

14. The SBM continued its work on developing an appeal and grievance procedure,¹² taking into consideration nine inputs submitted during the structured call for public inputs¹³

⁴ [FCCC/PA/CMA/2023/16](#), para. 97.

⁵ Pursuant to decision [7/CMA.4](#), para. 20.

⁶ See https://unfccc.int/event/aA64_sbm_engagement_parties_stakeholders_requirements.

⁷ See <https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/calls-for-input/call-for-input-2024-stakeholder-interactions-further-input-requirements-for-methodologies-and>.

⁸ SBM document A6.4-SB009-A02, available at <https://unfccc.int/documents/633400>.

⁹ [FCCC/PA/CMA/2023/16](#), para. 98.

¹⁰ Pursuant to decision [7/CMA.4](#), para. 21.

¹¹ SBM document A6.4-SB009-A01, available at <https://unfccc.int/documents/633075>.

¹² See para. 62 of the RMPs.

¹³ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input/call-for-input-2023-stakeholder-interactions-appeal-and-grievance-processes-under-the-article-64>.

and feedback obtained through direct interaction with stakeholders. The appeal and grievance procedure was adopted at SBM 11.

5. Registry for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

15. In accordance with paragraphs 55, 58–61 and 63–65 of the RMPs, during the reporting period the SBM considered the draft procedure for operation of the Article 6.4 mechanism registry and will continue to further develop this draft for consideration at a future meeting, taking into account guidance provided by the SBM. Work on developing the registry is continuing with the aim of operationalizing an interim solution by the end of 2024.

6. Implementation of the requirements in relation to the least developed countries and small island developing States

16. At its 10th meeting, the SBM agreed on an approach to collecting shares of proceeds levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation. Reiterating its recommendation to CMA 5,¹⁴ the SBM agreed to exempt activities under Article 6, paragraph 4, of the Paris Agreement taking place in the LDCs from the share of proceeds for adaptation, while recognizing that the LDCs may choose not to make use of this exemption.

17. With regard to issuances of these activities, the SBM will retain 5 per cent of Article 6, paragraph 4, emission reductions in the pending account of the Article 6.4 mechanism registry and forward them as appropriate.

B. Regulatory and other matters considered by the Supervisory Body

1. Transition of clean development mechanism activities

18. Further to the adoption at SBM 6 and further revision at SBM 8, the SBM, at its 13th meeting, adopted a revision of the procedure for transitioning CDM activities to the Article 6.4 mechanism with an aim to provide flexibility in the requirements for transitioning multi-country CDM PoAs and to provide provisions for revising and withdrawing transition requests.

2. Accreditation system

19. To further operationalize the Article 6.4 mechanism, at its 10th meeting the SBM authorized 30 CDM designated operational entities to conduct verifications and verifications of requests for issuance of transitioned activities to the mechanism. Additionally, it adopted a procedure for selecting and evaluating the performance of experts on the Article 6.4 mechanism accreditation roster of experts.¹⁵

20. At its 11th meeting, the SBM took note of the report on the 1st meeting of the AEP, and 26 experts were selected for the Article 6.4 mechanism accreditation roster of experts. Following approval by the SBM of the Article 6.4 mechanism accreditation standard and procedure at SBM 8,¹⁶ some entities applied for initial accreditation under Article 6, paragraph 4, of the Paris Agreement.

3. Methodological standards

21. To continue the work to operationalize the Article 6.4 mechanism, the SBM put in place the standards, guidelines and tools necessary to enable the approval of Article 6.4 mechanism methodologies. This effort was supported by the work of the MEP, which supports the development of methodological standards, guidelines and tools to facilitate the

¹⁴ [FCCC/PA/CMA/2023/15](https://unfccc.int/documents/637515), para. 6(b).

¹⁵ Contained in SBM document A6.4-PROC-GOV-005, available at <https://unfccc.int/documents/637542>.

¹⁶ Contained in SBM documents A6.4-STAN-ACCR-001 and A6.4-PROC-ACCR-001, available at <https://unfccc.int/documents/637532> and <https://unfccc.int/documents/637533> respectively.

development of emission reduction and removal activities necessary for registration under the Article 6.4 mechanism.¹⁷

4. Sustainable development tool

22. In the reporting period, the SBM considered 308 stakeholder inputs received through two calls for inputs,¹⁸ and work done by SBM members in an informal working group in developing a sustainable development tool for the Article 6.4 mechanism. The SBM will continue to consider this matter at its 14th meeting and report on progress in the addendum to this report.

5. Capacity-building work programme

23. During the reporting period, the secretariat, in consultation with the SBM, continued to implement the five-year capacity-building work programme through the UNFCCC regional collaboration centres. The report on the progress of implementation of the work programme will be considered at SBM 14, with relevant information included in the addendum to this report.

6. Voluntary cancellation platform

24. At its 13th meeting, the SBM considered the possibility of repurposing the CDM voluntary cancellation platform to serve the Article 6.4 mechanism. The SBM agreed to revisit this matter at a future meeting, taking into account its work related to the Article 6.4 mechanism registry.

7. Gender action plan

25. At its 8th meeting, the SBM agreed to regularly report on gender-balanced representation and how the SBM has addressed gender considerations in its work. During the reporting period, the Body considered gender-balanced representation in its work, in particular during the selection of expert panel members (see para. 34 below). Further, gender considerations featured prominently in the work of the SBM through the development of the sustainable development tool by having gender equality as one of the principles through which activity participants shall identify potential gender-based risks and impacts and introducing effective measures to avoid, prevent or mitigate such risks and impacts.

C. Communications and outreach

26. The SBM continued to emphasize the importance of strategic communications in implementing the Article 6.4 mechanism. As part of its communications strategy, during the reporting period it provided information through the Article 6.4 newsletter, the Article 6 LinkedIn group and UNFCCC social media channels as well as by reaching out to media covering climate change to provide factual information to inform media coverage and through, inter alia, press releases. The aim was to make timely information available to target audiences, provide stakeholders with opportunities to engage with the mechanism and ultimately build trust in it. In so doing, the SBM continued to demonstrate its commitment to transparency, community outreach and meaningful engagement.

27. The SBM made efforts to enhance the accessibility of the Article 6.4 mechanism to the public. After a comprehensive due diligence process, it was agreed that the mechanism would be referred to as the Paris Agreement Crediting Mechanism in external communications. Further, to prevent confusion between the acronyms used for sessions of

¹⁷ See <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep>.

¹⁸ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input/call-for-input-2023-stakeholder-interactions-sustainable-development-tool> and <https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/calls-for-input/call-for-input-2024-a64-sd-tool>.

the subsidiary bodies and for the Supervisory Body, it was decided that the acronym “SBM” would be used when referencing the Supervisory Body.

III. Governance and management

A. Supervisory Body

1. Membership

28. The rules of procedure of the SBM were adopted at CMA 4 (as contained in decision [7/CMA.4](#), annex II). The members and alternate members of the SBM subsequently signed the oath of service and made their curriculum vitae publicly available, and they provided statements regarding any conflicts of interest for each meeting.

29. Half of the current members and alternate members of the SBM were elected at CMA 5 for a term of two years. The seats for the other half of the current members and alternate members will be up for election at CMA 6. The composition of the SBM in 2024 is presented in table 1.

30. Emily Mathias resigned as alternate member of the SBM, effective as of 27 November 2023.

Table 1

Members and alternate members of the Supervisory Body in 2024

<i>Member</i>	<i>Alternate member</i>	<i>Group/constituency</i>
Maria AlJishi ^a	Duan Maosheng ^a	Asia-Pacific States
Benedict Chia ^a	Kristin Qui ^a	Small island developing States
Felipe De León Denegri ^b	Eduardo Calvo ^b	Latin American and Caribbean States
El Hadji Mbaye Diagne ^a	Tirivanhu Muhwati ^a	African States
Piotr Dombrowicki ^b	Imre Bányász ^b	Eastern European States
Olga Gassan-zade ^{a, c}	Vacant ^c	Eastern European States
Felipe Rodrigues Gomes Ferreira ^a	Charles Hamilton ^a	Latin American and Caribbean States
Martin Hession ^a	Helen Finney ^a	Western European and other States
Gebru Jember ^b	Manjeet Dhakal ^b	LDCs
Satyendra Kumar ^b	Daegyun Oh ^b	Asia-Pacific States
Molly Peters-Stanley ^b	Angela Friedrich ^b	Western European and other States
Mkhuthazi Steleki ^b	Alick Muvundika ^b	African States

^a Two-year term ending prior to the first meeting of the SBM in 2026.

^b Three-year term ending prior to the first meeting of the SBM in 2025.

^c Nomination pending from CMA 5. Current member will remain in office until nomination is received.

31. At its first meeting in 2024, the SBM elected Maria AlJishi and Martin Hession as its Chair and Vice-Chair respectively. Their tenures in these roles will end just before the first meeting of the SBM in 2025.

2. Meetings

32. During the reporting period, the SBM held four meetings. The annotated agendas for the meetings, information under consideration, on-demand webcasts and reports containing all agreements adopted by the SBM are available on its meeting web page.¹⁹ Table 2 lists all meetings of the SBM in 2024.

¹⁹ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/meetings-of-the-supervisory-body>.

Table 2
Meetings of the Supervisory Body in 2024

<i>Meeting</i>	<i>Date</i>	<i>Location</i>
SBM 10	26 February to 3 March	Bonn
SBM 11	29 April to 2 May	Bonn
SBM 12	22–23 May	Virtual
SBM 13	15–18 July	Bonn
SBM 14	5–9 October	To be confirmed

B. Expert panels

33. At its 10th meeting, the SBM established the MEP and the AEP to assist in operationalizing the Article 6.4 mechanism. The workplans of those Panels for 2024²⁰ were approved at SBM 11.

34. Also at its 10th meeting, the SBM elected El Hadji Mbaye Diagne and Molly Peters-Stanley as Chair and Vice-Chair of the MEP respectively, with their tenures in these roles to end immediately before the first meeting of the SBM in 2025. The Body also elected 10 experts to the MEP to serve for a term of one year. At the same meeting, the SBM elected Angela Friedrich and Mkhuthazi Steleki as Chair and Vice-Chair of the AEP respectively, with their tenures in these roles to also end immediately before the first meeting of the SBM in 2025. It also elected five experts to the AEP to serve for a two-year term.

35. During the reporting period, the MEP met twice and the AEP once. The annotated agendas for the meetings, information under consideration and reports are available on the relevant web pages.²¹ Tables 3–4 list all meetings of the Panels in 2024.

Table 3
Meetings of the Methodological Expert Panel in 2024

<i>Meeting</i>	<i>Date</i>	<i>Location</i>
MEP 1	15–19 April	Bonn
MEP 2	24–28 June	Bonn
MEP 3	9–13 September	Bonn

Table 4
Meetings of the Accreditation Expert Panel in 2024

<i>Meeting</i>	<i>Date</i>	<i>Location</i>
AEP 1	25–26 April	Bonn
AEP 2	19 September	Bonn

²⁰ Contained in SBM documents A6.4-INFO-GOV-015 and A6.4-INFO-GOV-014, available at <https://unfccc.int/documents/638499> <https://unfccc.int/documents/638498> respectively.

²¹ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep/meetings> and <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/accreditation-expert-panel-aep/meetings>.

C. Parties that host activities under Article 6, paragraph 4, of the Paris Agreement

36. During the reporting period, 34 Parties designated and communicated their national authority for the Article 6.4 mechanism to the secretariat, bringing the total number of DNAs to 87 as at 5 August 2024.²²

37. At its 10th meeting, the SBM agreed to establish a Designated National Authority Forum on the Article 6.4 mechanism to support the implementation thereof and to facilitate the exchange of information among DNAs and Parties that host activities under Article 6, paragraph 4, of the Paris Agreement (host Parties).

38. To help host Parties to navigate through the activity cycle processes and provide clear and comprehensive guidance to host Party DNAs, the SBM considered a draft user-friendly guide or manual and requested the secretariat to update it into a draft user-friendly manual for consideration at a future meeting.

D. Transparency and interaction with stakeholders

39. The SBM allowed registered observers to follow the proceedings of its meetings in person or virtually and made time for interaction with them (in person and virtually) at the end of each meeting. The SBM agreed to consider continuing this practice.

40. Observers continued to show interest in the meetings of the SBM. On average, 10 observers per meeting were registered. A list of registered observers is made publicly available as part of the documentation for each meeting.

41. The SBM considered public inputs received from stakeholders on matters on the agendas for its meetings held during the reporting period. In addition, it called for inputs from stakeholders on topics and issues to assist it in its consideration thereof.²³ During the reporting period, the SBM received more than 120 inputs on various topics.

42. With a view to enhancing the engagement of stakeholders in the Article 6.4 mechanism and the interactions of the SBM with them, the SBM held two webinars prior to its 13th meeting. Both webinars were well attended by a broad range of stakeholders.

E. Financial status of the mechanism established by Article 6, paragraph 4, of the Paris Agreement

43. At its 7th meeting, the SBM agreed on a two-year business and resource allocation plan. The plan outlines the strategic vision and goals for 2024–2025, activities expected to be necessary to operationalize the Article 6.4 mechanism in that biennium, as well as the related resources required.

44. During the reporting period, the SBM received accreditation-related income of USD 7,500. Table 5 presents the expenses incurred by the SBM between 1 January and 30 June 2024.

Table 5
Expenditure of the Supervisory Body between 1 January and 30 June 2024

<i>Item</i>	<i>Amount (USD)</i>
Staff and other personnel costs	2 686 357
Contractual services	809 721
Travel	278 239

²² See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/national-authorities>.

²³ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.

<i>Item</i>	<i>Amount (USD)</i>
Operating and other direct costs	334 159
United Nations programme support costs	534 102
Total	4 642 578

45. Table 6 presents the expected balance on 31 December 2024. The 2024 expenses of USD 4.6 million will be fully met from the existing balance. However, the year-end projected balance will not be sufficient to cover the estimated resource needs for 2024–2025, which amount to USD 38.4 million for the biennium. The SBM invites the CMA to assist in fundraising and to request the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to allocate additional funds from the trust fund for the clean development mechanism, tapping into any available surpluses.

Table 6
Actual 2023 and projected 2024 balances

<i>Item</i>	<i>Amount (USD)</i>	
	<i>2023</i>	<i>2024</i>
Carry-over from previous year	29 569 386	25 915 250
Add: income	–	7 500
Less: expenses	3 654 136	4 642 578
Total: previous year's carry-over plus income and less expenses	25 915 250	21 280 172^a

^a Projected balance for 31 December 2024.