Article 6 & CDM of the Paris Agreement
Outcomes from COP27

Partnership for Market Implementation
Technical Workshop
29 March 2023, Kigali, Rwanda
Article 6: co-operation towards NDCs

Cooperative approaches
Articles 6.2 and 6.3 and decision 1/CP.21, paragraph 36
Bilateral/multilateral cooperation between interested countries, involving transfers of the mitigation outcomes produced through such cooperation

The mechanism
Articles 6.4 to 6.7 and decision 1/CP.21, paragraphs 37 and 38
To be operated centrally (UNFCCC secretariat), credits emission reductions by public and private sector actors, allows for international transfer of those credits

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)
The rules for voluntary cooperation involving ITMOs were elaborated in Glasgow (2021)

**PARTICIPATION REQUIREMENTS**
That Parties need to meet in order to engage in voluntary cooperation involving ITMOs

**ACCOUNTING RULES**
Rules for ITMO lifecycle:
- Authorizing
- Accounting
- Transferring

**REPORTING**
Reporting outlines and tables:
- Qualitative reporting (Cooperative approaches description)
- Quantitative reporting (ITMO data)

**REVIEWS**
- Review teams / experts
- Training and certification
- Review process
- Review report
- Process for dealing with inconsistencies

**DIGITAL INFRASTRUCTURE**
Registries:
- Party registries
- International registry
- Interoperability

Reporting tools:
- Centralized accounting and reporting platform (CARP)
- Article 6 database (as part of the CARP)

Glasgow also elaborated the work-programme for operationalizing Article 6.2
Article 6.2 outcomes from Sharm el Sheikh

Reporting

- **INITIAL REPORT**
  Initial report outline, which allows Parties to start reporting on cooperative approaches

- **REGULAR INFORMATION**
  Regular report outline, which allows Parties to report on progress and update information from the initial report with each biannual transparency report

- **DRAFT AGREED ELECTRONIC FORMAT**
  A draft version of the annual electronic format, which Parties are encouraged to test and provide feedback on

Review

- **REVIEW PROCESS GUIDANCE**
  Review guidelines were adopted in order to provide structure and timelines to Article 6 reviews

- **REVIEW REPORT OUTLINES**
  Outlines for the Article 6 review reports of the initial report and regular information that detail the contents of Article 6 review outcomes

- **TRAINING PROGRAMME**
  An outline of the training programme was agreed with the intention to develop courses for Article 6 reviewers, with an initial version of training courses planned for the end of 2023
Article 6.2 outcomes from Sharm el Sheikh

**Infrastructure**

- **REGISTRIES**
  Guidance on registries and the international registry, including on ITMO unique identifiers and principles for interoperability, which enables Parties to build registries to record and track ITMOs.

- **REGISTRY ADMINISTRATORS’ FORUM**
  The launch of the registry administrators’ forum to facilitate discussions on recommended practices for registries.

- **REPORTING TOOLS**
  Guidance on the Article 6 database and centralized accounting and reporting platform (CARP) to support transparency by housing submitted documentation on cooperative approaches and to check consistency in reported transactions.

**Capacity Building**

- **SUPPORT**
  Capacity building programme, including 2 manuals: (1) for the Article 6 database and the centralized accounting and reporting platform (CARP) and (2) a manual containing illustrative elements of information for reporting as per decision 2/CMA.3, annex, paragraphs 18–22.

- **TECHNICAL PAPER**
  Two technical papers will be produced to further understanding on the initial report preparation and the funding of infrastructure requirements.

- **WORKSHOPS**
  Workshops on reporting elements to further Parties’ understanding of how to utilize the initial report and agreed electronic format.
## Article 6.2 work programme

### 2023

**Accounting**
- Authorization processes for ITMOs, entities and cooperatives approaches
  - First transfer rules when an ITMO is authorized for more than one use
  - Notification and correction of inconsistencies in reported information

**Reporting**
- Recommendations for a manual to support the preparation and submission of initial reports
- Finalization of the agreed electronic format for quantitative information
  - Tables for aggregated quantitative information and corresponding adjustments (p23)
  - Common nomenclatures
  - Non-GHG metric conversions

**Review**
- Sequencing and timing of initial report submission and its review, and the submission of the agreed electronic format
  - Recommended actions when inconsistencies are not addressed
  - Reviewing confidential information

**International registry**
- Accounts and role of the international registry administrator
- Procedures for reporting and review for the cooperative approaches of the participating Parties requesting services
  - Submission of information for recording and tracking ITMOs to the international registry
  - Transfer of A6.4ERs to the international registry

**Other**
- Funding Article 6.2 activities by the secretariat
- Considerations for LDCs and SIDS *(continuous consideration)*

### 2024

**Accounting**
- Further guidance on corresponding adjustments
- Consideration if ITMOs could include emissions avoidance
Article 6.2 outlook for 2023

Hybrid workshops
- Initial report & AEF

Virtual workshop
- Initial report & AEF

Technical Papers
- Initial report
- Funding infrastructure

Jan Feb Mar Apr May June July Aug Sept Oct Nov Dec

Party submissions
- Initial report & AEF

Infrastructure
- Requirements for comments

Secretariat: infrastructure development, review arrangements, capacity building

Intersessional work
(TBD)

SB 58

SB 59
CMA 5

Secretariat reports
- Progress on implementation

Party submissions
- Other work-programme elements

Secretariat reports
- Infrastructure development, review arrangements, capacity building
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### Article 6.4 mechanism - Short history

Post-Paris, Parties extensively negotiated to develop a “rulebook” of the three instruments of its Article 6, but had faced deadlock on some critical issues (e.g., accounting, baseline setting, transition of CDM activities and units), resulting in no-agreement in Katowice (2018) and also in Madrid (2019).

#### CMA 3 (November 2021):
- Adopted rules, modalities and procedures (RMPs) for the 6.4 mechanism
- Mandated SBSTA and the Supervisory Body to elaborate key principles set out in the RMPs

#### CMA 4 (November 2022):
- Adopted guidance on the 6.4 mechanism, including elaboration of the processes and key principles
- Mandated SBSTA to work on few remaining aspects of the RMPs, while giving mandates to the Supervisory Body to develop processes for operationalization of the 6.4 mechanism
### Mandates from CMA 3 - elaboration of RMPs

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<th>Through SBSTA</th>
<th>Through Supervisory Body</th>
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<td>a) National arrangements</td>
<td>a) Rules of procedure</td>
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<td>b) Transition of CDM activities to the 6.4 mechanism</td>
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<td>c) Use of CERs towards the first or first updated NDCs</td>
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<td>d) Reporting by host Parties</td>
<td>d) Requirements for methodologies</td>
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<td>e) The 6.4 mechanism registry</td>
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<td>f) Share of proceeds for administrative expenses and for adaptation</td>
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<td>g) Overall mitigation in global emissions</td>
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<td>h) Emission avoidance and conservation enhancement activities</td>
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## Article 6.4 – Key takeaways from CMA 4

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| Transition of CDM activities to 6.4 mechanism | ➢ Defining eligible activities for transition  
➢ Defining remaining crediting periods under 6.4   |
| Use of CERs towards NDCs                  | ➢ How to initiate and confirm the transfer of CERs  
➢ How to use CERs for first NDCs  
➢ How using Parties report the use of CERs for first NDCs   |
| Reporting by host Parties                 | ➢ How to fulfil participation requirements  
➢ How to provide approval of activities and activity participants   |
| Mechanism registry                        | ➢ Defining functions, transaction procedure, information to be provided and connection with the international registry |
| Share of proceeds                         | ➢ Setting fee structure and levels for admin SOP  
➢ Defining modalities for transfer of SOP adaptation to the Adaptation Fund and their monetization |
| Overall mitigation in global emissions    | ➢ Defining modalities for mandatory and voluntary cancellation of A6.4ERs for OMGE |
| Avoidance and conservation enhancement    | ➢ To be delivered by CMA 5 (2023 programme) |
| National arrangements                     | ➢ To be delivered by CMA 6 (2024 programme) |
**Article 6.4 work programme (2023)**

**Registry**
- Connection between IR&MR and other registries

**Authorization on the use of A6.4ERs**
- Timing
- Information
- Revision/ Revocation

**Expanded scope of the mechanism**
- Possible inclusion of avoidance and conservation enhancement

- **Submission** by 15 Mar 2023 and **synthesis** for SBSTA 58
- **Technical expert dialogue** between July to Nov 2023 (taking into account submissions and synthesis)

**Supervisory Body**

**Activities involving removal**
- Operationalization of removals

**Requirements for methodologies**
- Guidance on methodologies

**Operationalization of mechanism**
- Activity cycle
- Methodology development,
- Accreditation
- Transition of CDM activities

**CMA 5**
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Key outcomes from COP 27

- Agreed on a **two-phased schedule** for implementing work programme activities;
- Requested the secretariat to develop and operationalize a **UNFCCC web-based platform** for non-market approaches (NMAs);
- Agreed on means to **enhance networking and collaboration** on non-market approaches;
- Requested the secretariate to include activities related to the work programme in its broader **Article 6 capacity-building programme**.
Work Programme under Article 6 para. 8 of the Paris Agreement

Requested the secretariat to **develop and operationalize a UNFCCC web-based platform** for non-market approaches

**Key functions**
- Record and exchange information on NMAs, NMAs seeking support, and information on support available for NMAs
- Facilitate opportunities, by connecting Parties, to identify, develop, and implement NMAs

**Other functions of the web-based platform**
- **Information hub** on available resources and tools on NMAs, incl. links to relevant websites and news
- **Visualization tool for mapping** NMAs
- **Discussion forum** for Parties and non-Party Stakeholders to facilitate networking among active users
Upcoming work up to SBSTA 58 (June 2023)

Pre-sessional Work
• Development of UNFCCC web-based platform
• Technical paper on possibilities for enhancing engagement with public and private sector stakeholders

In-Session Work
• SBSTA Chair to meeting with UNFCCC constituted bodies and institutional arrangements
• In-session workshop at SBSTA 58 on facilitate networking among active users discuss in more detail specific topics identified by GCNMA

Post-sessional Work
• Complete development and implement the UNFCCC web-based platform
CDM & JI deep dive
Recommendations to CMP 18

• SBI track
  • Review the status of the Trust Fund of CDM and develop recommendation.

• Technical paper
  • Functioning and operation of the processes and institutions of the clean CDM in the future, including appropriate time frames

• CDM EB:
  • Technical feasibility to allow A/R activities and PoA under temporary measures
Recommendations to CMP 18

- Decides to terminate the JISC

- Secretariat to take the necessary steps to conclude matters relating to the operations of the Committee

- Prepare a report on the operation of Track 2, with recommendations on the orderly management of residual resources and other matters relevant to the termination of the Committee.