

United Nations
Climate Change

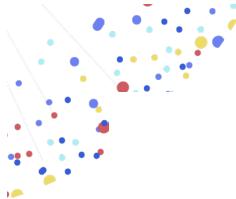


Post COP29 Webinar 01

Article 6 What's Next after Baku

19 December 2024





Housekeeping

- MS Teams:
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 - Leave the “Chat” window open;
 - Type your questions and comments in the Chat window;
 - Before taking the floor, raise your hand;
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- Slides will be shared after the webinar
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Agenda

Duration	Programme	Speaker
5'	Welcome Remarks and COP 29 Overview	Ms. Ana Vukoje, Regional Lead, RCC MENA SA
25'	COP29 decision on Art.6.2, Art.6.4, Art.6.8 and CDM <ul style="list-style-type: none">• Main outcomes of COP29• Where do we stand post COP29?• Operationalizing A6 - Secretariat 2025 Work Plan	Mr. Perumal Arumugam, Manager, Markets and Non-Markets Support and Stakeholders Interaction subdivision, UNFCCC secretariat
10'	What's next - Operationalizing Article 6 in MENA and South Asia Countries	Mr. Umamaheswaran Krishnan, Article 6 & Carbon Pricing Expert, RCC MENA SA
30'	Panel Discussion: Implications of COP29 Decisions on Article 6 Operationalization Topics and Speakers <ul style="list-style-type: none">• Implications of COP29 Outcomes for Operationalizing Article 6: Bhutan Perspective Mr. Chimi Dorji, Ministry of Environment and Natural Resources, Bhutan• Decisions on Art.6.4 and the transition of CDM projects Mr. Manjeet Dhakal, former SBM member, Nepal• Operationalizing Article 6.8 - Way Ahead Ms. Barbara Ratusznik, Programme Officer, Markets and Non-Markets Support Unit, UNFCCC secretariat	
20'	Q & A Session with the audience	
5'	Closing Remarks and Next Steps	Nadine Nimal, Team Lead, Art.6 Capacity Building Unit, UNFCCC secretariat

Welcome Remarks & COP29 Overview



Ms. Ana Vukoje

Regional Lead

UNFCCC-WGEO Regional Collaboration
Center for the MENA South Asia

COP29 Decision Art.6.2, 6.4, 6.8 & CDM

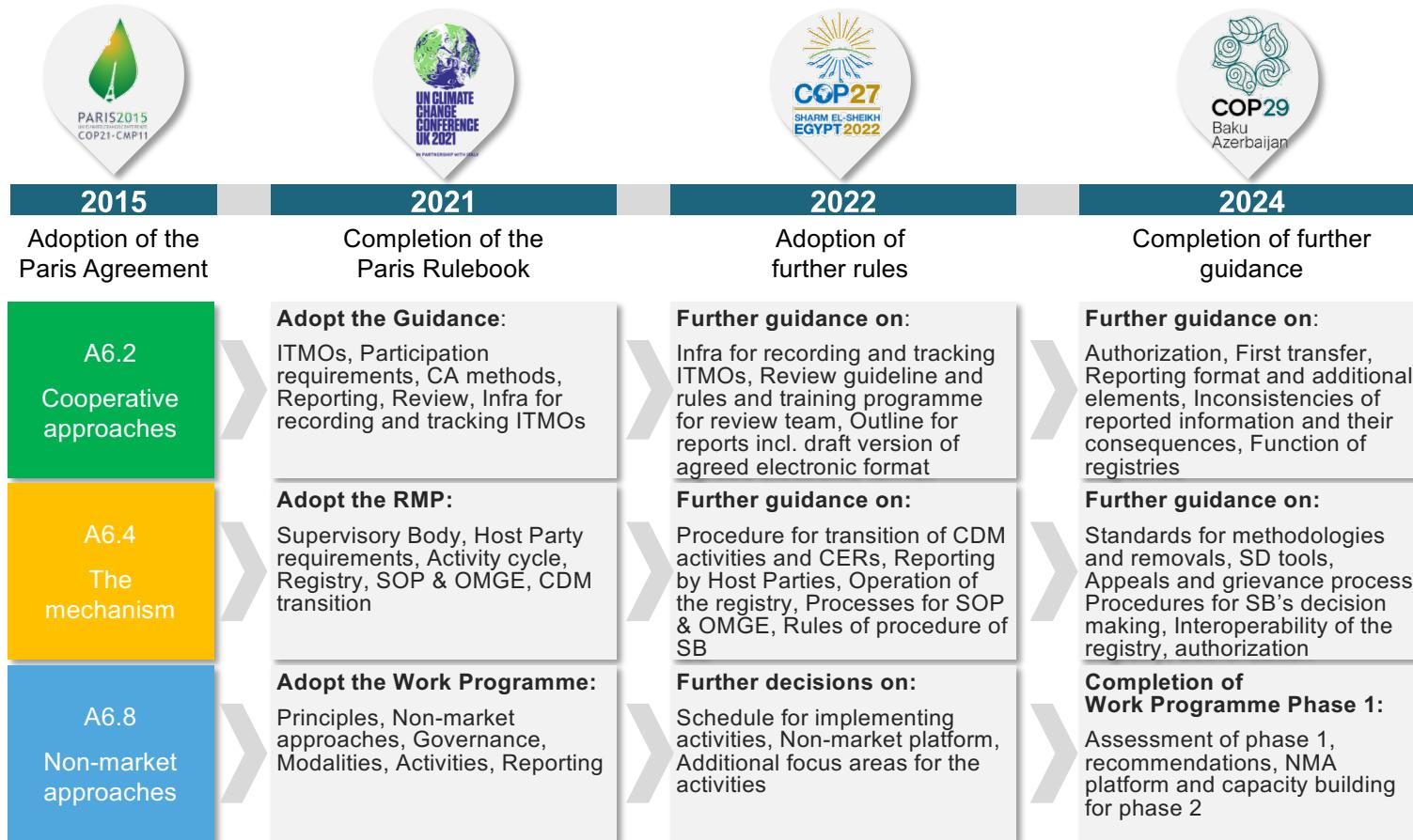


Mr. Perumal Arumugam
Manager
Intergovernmental Negotiations and
Stake Holder Interaction
Mitigation division at UNFCCC

Key Outcomes from COP29: Article 6 of the Paris Agreement



9-year journey for the full operationalization of Article 6



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)



Article 6.2: Key Outcomes – Authorization

- ❑ Scope : Clarifies it contains three components - cooperative approaches, ITMOs, and entities
- ❑ Content: what shall the Auth statement contain:
 - Unique identifier (CARP), Name of entity, use covered by authorization, vintage, metrics including conversation, sectors, activities and its types.
 - Date and duration including , final date for issuance, use and cancellation.
 - Cross reference to regulations, frameworks, standards, methodologies
 - Condition for change in authorization, including process to avoid DC.
 - Tracking infrastructure identification, underlying framework, regulations, track participation and transaction of entities.
- ❑ Format - Voluntary standardized template by the Secretariat
- ❑ Changes – Shall not apply to first transferred ITMOs and consistent with the conditions elaborated in Authorization statement, including avoidance of the DC.
- ❑ Transparency - CARP provide publicly accessible copies of Auth, changes, statements, updates



Article 6.2: Key Outcomes

- **Reporting**

- Provide supplementary information to be included in the Initial Report (IR)
- Request the parties to use the Updated the Agreed Electronic Format for reporting annual information
- Clarify the sequence and timing between the IR/UIR and annual and regular information

- **Application of first transfer**

- Clarify the timing and sequencing between authorization and first transfer (NDC or OIMP, only OIMP);
- Specify the application of first transfer of ITMOs for OIMP with robust arrangements by the first transferring Party including a recording deadline (no later than 31 December of the year prior to the submission of the BTR)
- Specify the voluntary contribution to the AF and OMGE as first transfer (CA will apply)



Article 6.2: Key Outcomes

- **Addressing the inconsistencies**

- Adopt the tagging approach* for ITMOs under the review process and transparent disclosure for stakeholders

* e.g., “no inconsistencies identified”, “inconsistencies identified”, “not available”

- Specify the Parties’ responsibility to address the inconsistencies and their consequences, requesting that ITMOs identified as inconsistent ‘not be used.’

- Decide on ‘significant’ or ‘persistent’ inconsistency to be identified and addressed by A6 technical expert review team

- **Registries to track ITMOs**

- Clarify the connection between the A6.4 mechanism registry and party registry – Auth A6.4 ITMOs to IR
- A6.2 participating Parties’ registries with ‘pull and view’ function on holding and action history of the for interoperability
- Add new registry services, including issue of MOs on-demand basis



Article 6.2: Implications and future work plans

- **Need to swift transition for the full-implementation phase**
 - The Baku decision on A6.2 will provide a clear signal to Parties and non-Party stakeholders to participate in A6.2 with enhanced environmental integrity and transparency
 - The Secretariat will provide capacity building programmes, especially on reporting and infrastructure, for participating Parties, with a particular focus on developing Parties.
 - Starting from SB 62 (June 2025), a dialogue to exchange information and experiences on Article 6.2 will convene in conjunction with each SBI session (twice a year), ensuring the participation of non-Party stakeholders.
 - No further negotiations for the guidance until 2028. The review process for the existing guidance, including unresolved issues, will resume in 2028.
- **A6 should be leveraged for new NDCs 3.0 to raise ambition levels and facilitate their full implementation**



Article 6: co-operation towards NDCs

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Article 6.4: Key Outcomes

- CMA took note of the methodological and removal standards of the PACM – SBM, ask to implement and seek guidance as necessary from CMA

“Methodologies and removal” Standard

- Downwards adjustment in baseline approaches:
 - Applies to 36 (iii) – existing actual or historical emissions;
 - Applies to 36 (i) and (ii) – BAT and ambitious benchmark (unless decided otherwise by the SBM);
- Default approach for additionality: financial additionality (barrier analysis and performance-based approach as alternatives); Regulatory analysis, prior consideration and avoidance of lock-in are always required;
- Article 5 para.2 activities of the PA are allowed under 6.4; also link to CP 19 decisions
- Other principles: NDC, LT-LEDS, temperature goal of PA: simple demonstration of alignment; encouraging ambition over time; real, transparent, conservative and credible; below BAU; contributing to equitable sharing; etc.
- **Defines removals** avoidable reversals, and unavoidable reversals; how removals are calculated; MRV requirements, Addressing reversals, post crediting monitoring with principle of monitoring unless risk of future reversals negligible and/or remediated);



Article 6.4: Key Outcomes

- **A6.4 PACM registry :** Participating party registry may voluntarily connect to MR; connection enable transfer of **AUTHORIZED A.6.4 ER**; Ability to also pull and view data and information on holdings, and action history of Authorized A.6.4 ERs.
- **Transition:** A/R project activities and PoA may transition from the CDM to the A6.4 mechanism. Request for transition with approval from A6.4 DNA needs to be received by 31.12.2025
- **LDC and SIDS:** exempt from SOP for adaptation, but they may choose not to....
- **Operation of the A6.4:**
 - Consideration of international environment agreements in A6.4
 - Balance between continuous improvement to reflect best available science and regulatory stability for standards/tools/procedures
- **Methodological work:** Expedite the work *additionality, baseline, leakages, standardized baselines, suppressed demand, non permanence and reversals, and revision of CDM methodologies*



Article 6.4: Key Outcomes

- **Authorization:** Clarification that statement, the A6.4 mechanism can:
 - (i) Authorize in full or part or (correspondingly adjusted) A6.4ER
 - (ii) Does not Authorize
 - (iii) Allow Mitigation Contribution Units (MCUs) ...while authorization may be done at a later stage (before being transferred in or out of the mechanism registry (first transfer)).
 - (iv) UNFCCC sec to develop template for Authorization.
 - (v) PACM SBM to determine need for a timeline based on experience and report to CMA.



Updates on Article 6

- **78%** of the Parties to the Paris Agreement indicate that they plan to, or may, **use at least one type of Article 6** cooperation in their NDCs^[1]

A6.2

- 7 Parties submitted A6.2 **Initial Report**^[2] (as of 10 Dec. 2024)
- 6 Parties **underwent A6 Technical Expert Review** (TER) in Oct. 2024
- 2 Parties have already submitted **authorization statements**

A6.4^[3]

- **95+ Parties** submitted a designated national authority (**DNA**) for the PACM
- **20+** designated operational entity (**DOE**) submitted application
- **1000+ prior notification for new activities** submitted
- **10 approval transition activities**
- **10 Parties** submitted the **host Party fulfillment forms**
- **1500+** transition activities completed global stakeholder consultation process under 6.4



[1] 2024 NDC Synthesis Report by the UNFCCC secretariat: <https://unfccc.int/documents/641792>

[2] <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement/cooperative-implementation/carp/submitted-reports#initial-and-updated-reports>

[3] <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>

A6 and the UNFCCC Secretariat's role for Global Climate Action

- **Need for a swift transition to the full-implementation phase:**
 - ❖ Clear signal to Parties and non-Party stakeholders to participate in A6 with enhanced environmental integrity and transparency provisions
 - ❖ The Secretariat will provide capacity building programmes:
 - Institutional Arrangements
 - Participation requirements (Recording, Reporting and tracking Infrastructure)
 - Baseline approaches for 6.4 methodologies
 - Participation in Article 6 increase Ambition (dialogue with each SBI)
 - ❖ Infrastructure CARP, A6 Database, and International registry in 2025
 - ❖ Review of existing guidance, RMP only by 2028
- **A6 as an enabler for leveraging new NDCs 3.0 to raise ambition levels and facilitate full implementation**
 - ❖ The year 2025 marks the 10th anniversary of the adoption of the Paris Agreement, the 30th session of the UNFCCC COP, and the due date for submission of new NDCs 3.0 aimed at 2035
 - ❖ International carbon markets under Article 6 will play a pivotal role in raising the ambition of NDCs 3.0 and accelerating their implementation across nations



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Article 6.8: Key Outcomes

Expedited and simple assessment of Phase 1 of work programme activities completed and recommendations made for Phase 2

Phase 1 (2023-24)	Phase 2 (2025-26)
<ul style="list-style-type: none">• All relevant elements of work programme have been identified• NMA Platform and user manual have been developed• No NMAs recorded yet on the NMA Platform, but one has been submitted	<ul style="list-style-type: none">• Need to continue work on NMAs within all relevant work programme activities• Recognize importance of linking climate action with biodiversity conservation and sustainable development• Broaden spin-off group participation by engaging public and private stakeholders, focusing on knowledge sharing on NMAs• Continue inviting representatives of Indigenous Peoples and local communities to in-session workshops• Continue to improve workshop quality by trialing new dynamic discussion formats• Interested Parties and stakeholders invited to conduct outreach on NMAs to engage a broad range of non-Party stakeholders



Article 6.8: Key Outcomes

Recommendations on the NMA Platform

- Interested Parties continue to be invited **to notify the secretariat of their national focal points for Article 6.8** to enable the recording of their NMAs on the NMA Platform
- Parties and observers invited to **submit by 31 March 2025** views on:
 - a) Barriers and solutions for utilizing the NMA Platform
 - b) Engagement with the NMA Platform
 - c) How NMAs can support the implementation of NDCs

Capacity-building

Capacity-building for **all interested stakeholders to continue in Phase 2** of the work programme, prioritizing national focal points



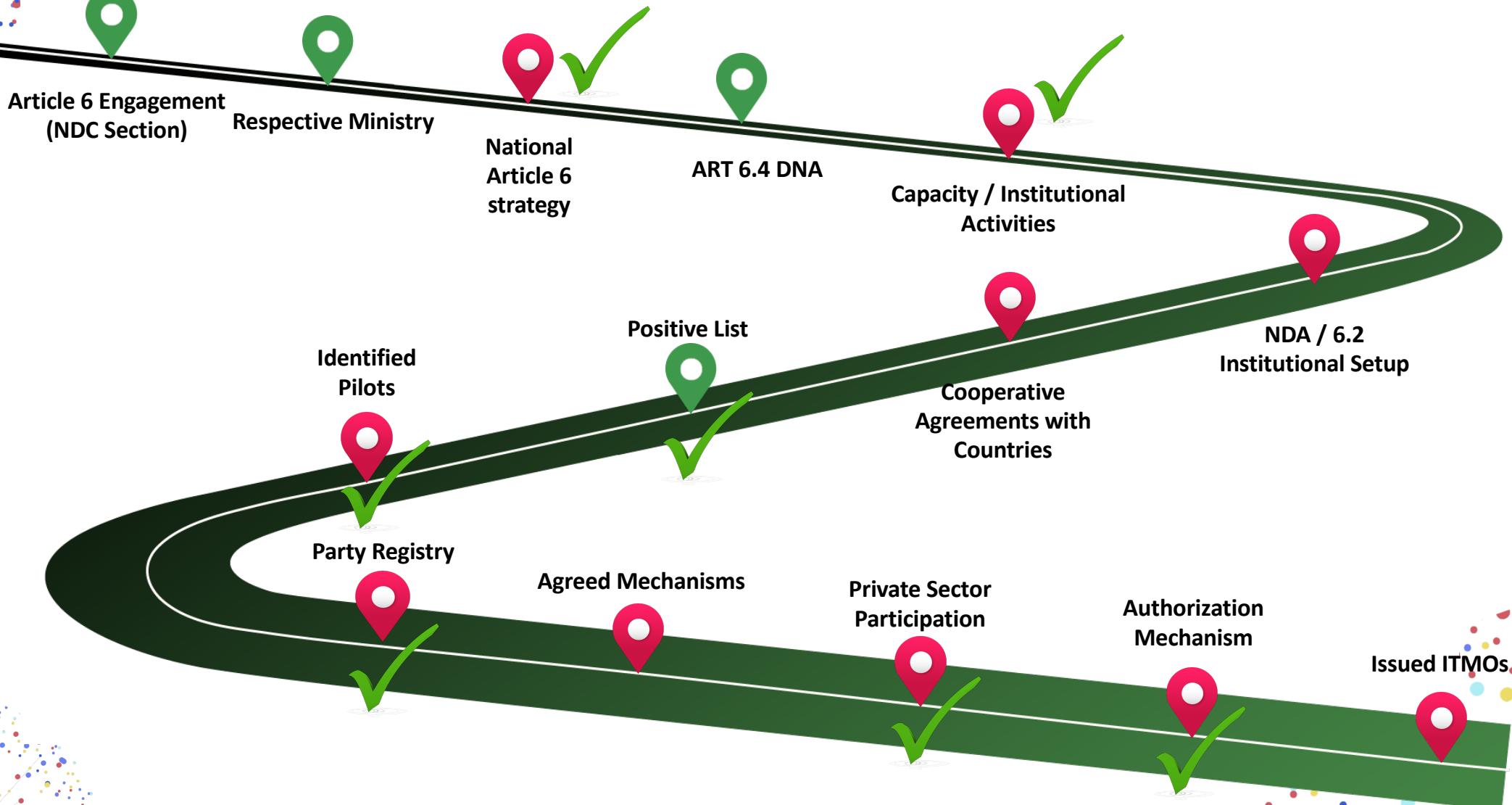
What's Next

Operationalizing Article 6 in MENA South Asia Countries



Mr. Umamaheswaran Krishnan
Regional Expert on Art.6 and Carbon Pricing
RCC MENA and South Asia

A6 - MENA South Asian Countries





Next Steps Governments, Private Sector and Non-Party Stakeholders

GOVERNMENT

- Establish National Frameworks
- MRV Systems
- Engage the Private Sector
- Monitor Global Trends
- Strengthen Institutional Readiness
- Operationalize Article 6 Mechanisms

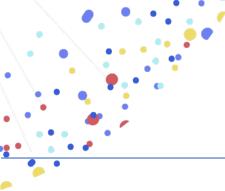
PRIVATE SECTOR

- Develop High-Quality Carbon Projects
- Engage in Carbon Markets
- Build Partnerships
- Risk Management

NON-PARTY STAKEHOLDER

- Financial Sector Innovative Products
- NGO/ IGO, etc, Advocacy and Policy Alignment
- Capacity Building





Next Steps - Governments

1. Establishing National Frameworks

- Develop **legal and regulatory frameworks** to support activities Article 6.2 and market mechanisms - Article 6.4 / PACM
- **Map eligible sectors and align them with NDC priorities**, (conditional vs. unconditional NDC targets)
- Develop Accounting systems - **Corresponding Adjustments** Trading ITMOs

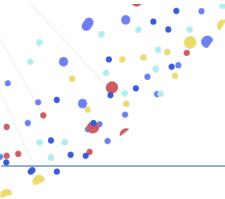
>>> Immediate Action - Identify and define institutional roles, develop governance mechanisms, and establish compliance protocols

2. Strengthening Institutional Readiness

- **Capacity Building:** Strengthen **institutional capacities** - **governance, policy development**, and MRV (Monitoring, Reporting, and Verification)
- Stakeholder Mapping: Identify **institutions** and deliver dedicated capacity-building programs
- **Digital Platforms:** Implement systems for tracking and reporting emissions reductions, (transparency and robustness)

3. Operationalizing Article 6.2 and 6.4 Mechanisms

- Identify and prioritize sectors aligning with national climate goals
 - Establish project pipelines, including **Positive / White / Green Lists**, to accelerate mitigation activities development
 - Develop bilateral agreements with partner countries - terms of engagement & establish baselines for cooperation
 - Countries should submit "**Article 6.4 Host Party Participation Form**" and facilitate private sector participation
- 



Next Steps - Governments

4. Engaging the Private Sector and Stakeholders

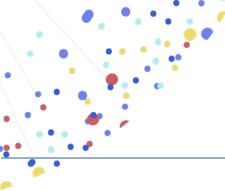
- **Guidance on project development** – Align with host country priorities
- Approval of CDM projects under transition to A 6.4 (by 31st Dec 2025)
- Information dissemination – Create **Project Ideas** to accelerate private sector involvement (next steps for the positive list)
- **Develop sectoral priorities** and baselines for eligible activities

5. Monitoring Global Market Dynamics

- Stay updated on international carbon market trends and **evolving Article 6 guidance** – collaboration on **regional platforms** and key partners
- **Price Stabilization and Risk Management** strategies to stabilize carbon prices and manage risks, while developing national strategies (drawing lessons from CDM and VCM)

6. Developing Long-Term Linkages

- Leverage Article 6 as a tool for achieving net-zero goals by 2050 or earlier, focusing on the role of **MCUs (Mitigation Outcome Units)**
 - Develop policies to integrate Article 6 pathways into national climate strategies and LT-LEDS
- 



Next Steps – Non-Party Stakeholders

Financial Sector Innovation

- Innovative **Finance Models**: Combine public and private funding to scale climate initiatives considering carbon revenues
- Carbon Revenue Streams: Utilize Article 6-compliant mechanisms to generate and reinvest carbon revenues
- **Partnerships with Multilateral Banks**: Engage MDBs and climate funds to prioritize Article 6 projects

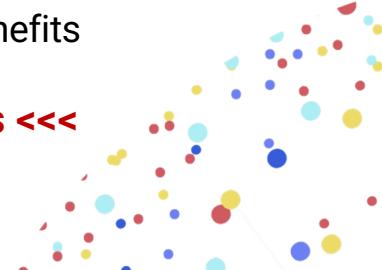
Capacity Building

- **Collaboration** between governments, NGOs, and communities to ensure projects deliver co-benefits like sustainable development and social inclusion
- Training and Tools - **build capacity** for project developers, financial experts, and local institutions to meet operational requirements
- **Partner with governments** to identify priority sectors for Article 6 contributions aligned with NDC targets

Advocacy & Policy Alignment – Civil Societies / Project Developers

- Advocate for **supportive national policies & frameworks** - maximize Article 6 benefits
- Standardization: Promote **regional engagement and cooperation across markets**
- Scalability: **Develop replicable, scalable solutions**
- Focus on initiatives that deliver measurable SDG outcomes with social, economic, and environmental benefits

>>> Civil Society, Financial Institutions, etc - Capitalize on Article 6 Opportunities <<<





Next Steps – Private Sector

Develop High-Quality Carbon Projects

- Familiarizing with Article 6.4 mechanism processes [Forms & Tools](#), as available on the UNFCCC website¹
- Invest projects, generate **high-integrity carbon credits**, ensuring adherence to methodologies approved under Article 6
- Identify and develop mitigation projects that **align with host countries' NDCs**

Engage in Carbon Markets

- Understand **sectoral priorities and baselines** for eligible activities
- Leverage cooperative approaches (**Article 6.2**) and participate in Article 6.4 / **PACM**

Build Partnerships

- **Collaborating** with Governments and MDBs - host countries in developing operational frameworks for Article 6 transactions (**Co-Develop Capacity Building Programs**)
- Accessing **Climate Finance**: Secure funding for eligible projects through blended finance models (green bonds, sustainability-linked loans)

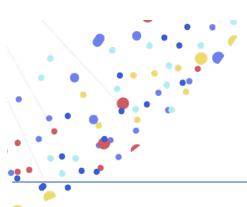
Risk Management

- Addressing **Double Counting Risks**. (Work closely with governments to develop and align with Article 6 rules)
- Maintaining Integrity in Carbon Markets. Avoid reputational risks by prioritizing high-integrity projects and adhering to emerging guidelines from organizations like ICVCM

>>> Significant Opportunities & Responsibilities for Private Sector <<<



¹ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#form>



Immediate Next Steps - Governments

Identify Eligible Mitigation Activities

Select qualifying activities for cooperative approaches (e.g., carbon markets, ITMOs)

Build Capacity

Develop tailored capacity-building programs to avoid duplication and ensure effective technical assistance

Establish a Dedicated Office

office to oversee Article 6 implementation and stakeholder engagement

Submit Participation Forms

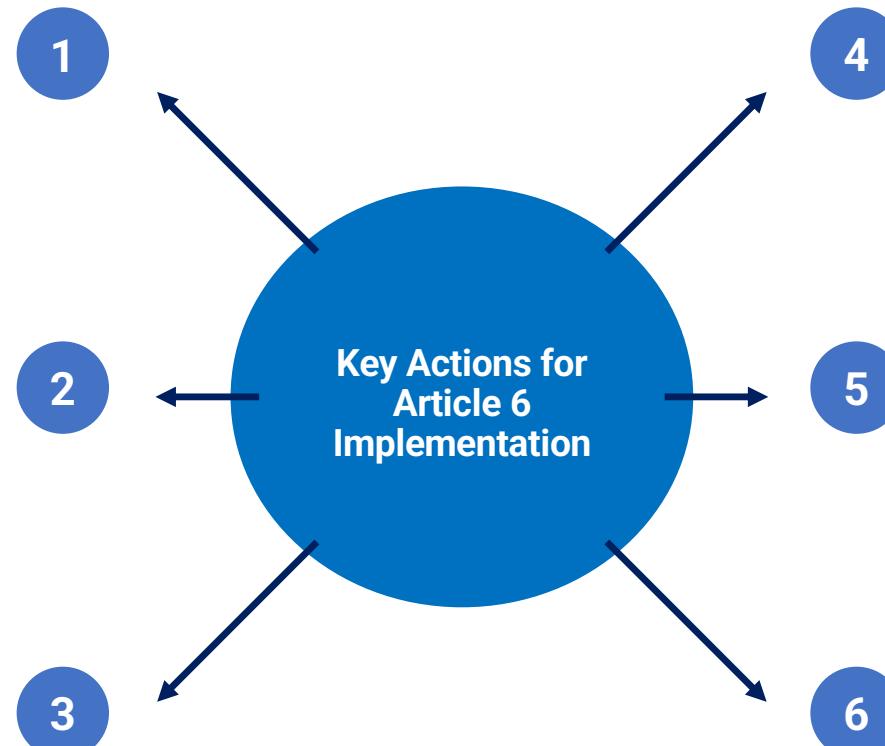
Complete required forms for participation in cooperative mechanisms like PACM

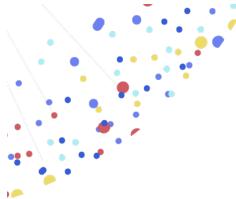
Engage the Private Sector

Collaborate with the private sector to implement on-the-ground mitigation activities

Develop Non-Market Approaches (Article 6.8)

Focus on non-market climate action like capacity-building and NDC support.





Panel Discussion

Implications of COP29 Outcomes on Article 6 Operationalization



Implications of COP29 Outcomes for Operationalizing Article 6: Bhutan Perspective

Mr. Chimi Dorji
Ministry of Environment and Natural Resources, Bhutan

Decisions on Art.6.4 and Transition of CDM projects

Mr. Manjeet Dhakal
former SBM member
Nepal

Operationalizing Article 6.8 - Way Ahead

Ms. Barbara Ratusznik
Programme Officer, Markets and Non-Markets Support Unit, UNFCCC secretariat



Q&A Session

Closing Remarks and Next Steps



Ms. Nadine Nimal
Team Lead

Art.6 Capacity Building Unit,
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