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# Welcome to Article 6 Training

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# Day 01. Recap

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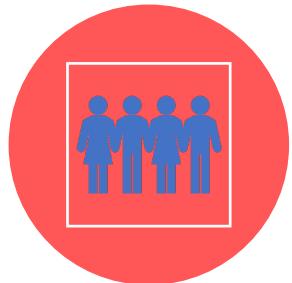


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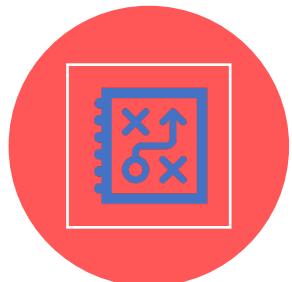
# ARTICLE 6.2: SESSIONS



**Article 6. Voluntary  
cooperation towards NDC  
Achievement**



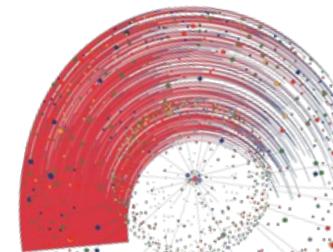
**Implementing Article 6:  
Readiness, Governance  
and Institutional  
Arrangements**



**Article 6 Strategy.  
Building a portfolio**



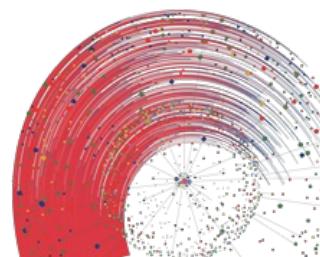
**Article 6.2. Reporting,  
Reviewing and Tracking**



# Recap: RediCAP. Key takeaways

**Major Approaches to Pricing Carbon Emissions:** Emission Trading System (cap-and-trade) and Carbon Taxes

- **Carbon pricing:**
  - Is essential for managing GHG emissions over the long term, ensuring jurisdictions meet their NDC targets in a cost-effective way.
  - Is a flexible tool that can be adjusted in stringency and coverage over time.
  - Also supports sustainable development and poverty eradication.
- The **importance of tailored carbon pricing mechanisms for SIDS (No one size fits all)**
- **Article 6** is a critical tool for unlocking finance and fostering international cooperation.
- The need for ongoing **capacity building** to ensure that SIDS can fully participate in carbon markets.





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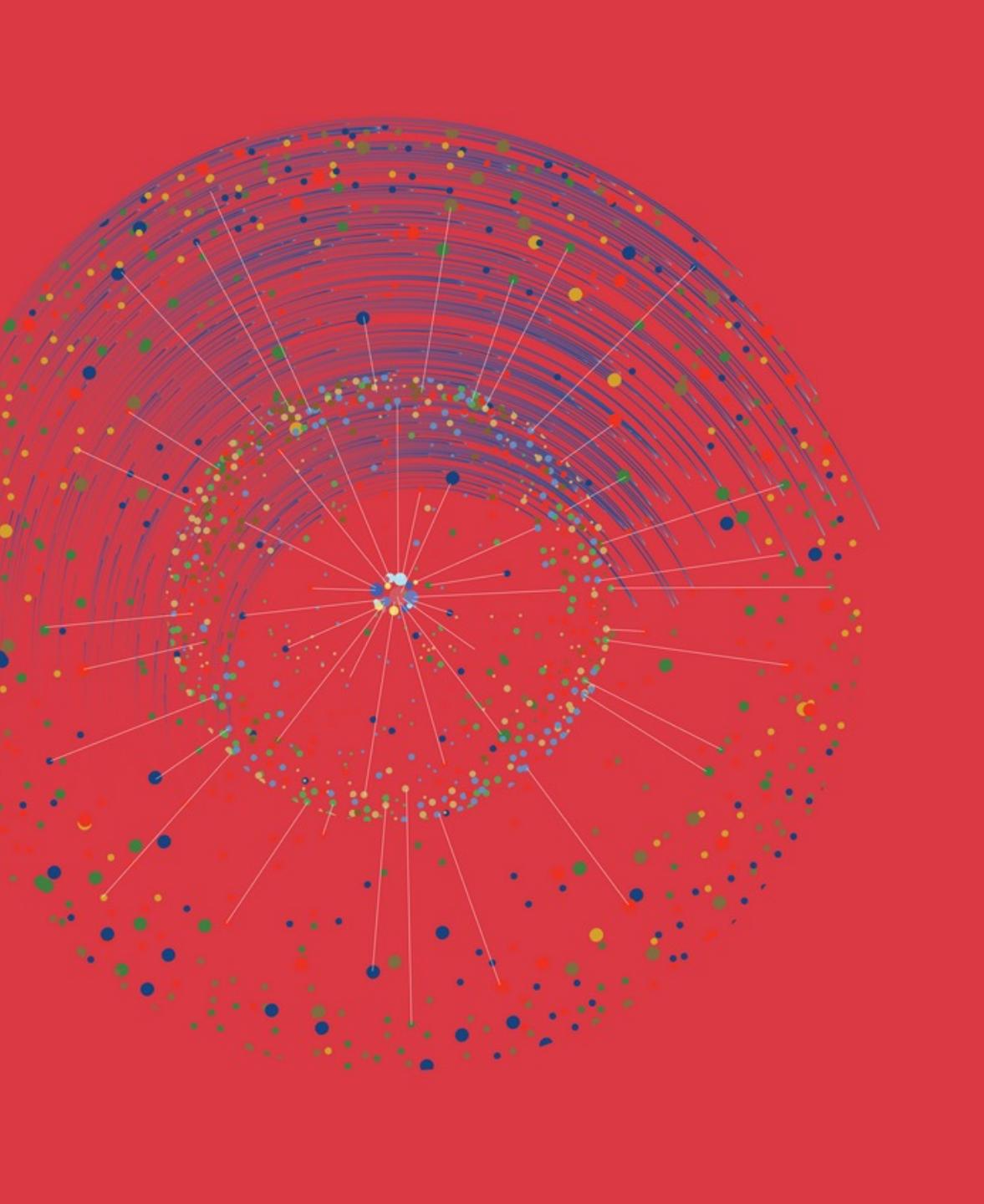
# The Paris Agreement and Article 6 Voluntary Cooperation towards NDC Achievement

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**Patrick Munyaneza**  
Article 6 and Carbon Pricing Expert  
UN Climate Change. RCC Caribbean

# Paris Agreement

New Paradigm of Multilateral Agreements

**Objective:** Keep the increase in global average temperature as close to 1.5°C as possible.

**5-year cycles** to ambitiously increase climate action.

**Bottom-up approach:** Parties establish their own commitments, which must be communicated through Nationally Determined Contributions (NDC).



# Elements of the Paris Agreement

1

## Global Goals and Efforts

Long-term temperature goal  
(Art 2.1.a)

Global Peak and Carbon Neutrality (Art. 4.1)

Global Adaptation Goal (Art 7.1)

Mobilization of Climate Finance and alignment of financial flows (Art. 2.1.c and 9.3 )

2

## National Efforts (Parties)

Mitigation (Art. 4) – Nationally Determined Contributions (NDC)

Adaptation (Art. 7)  
National Plans and Communications in Adaptation

Loss and Damage (Art. 8 )

Sinks and Reservoirs (Art.5)

Cooperation /Market and Non-Market Approaches (Art. 6)

3

## Means of Implementation

Support in Financing, Technology and Capacity Building (Art. 9, 10, 11)

Education, training, public awareness and participation and access to information (Art. 12)

4

## Transparency

Transparency: Reporting and Review (Art. 13)

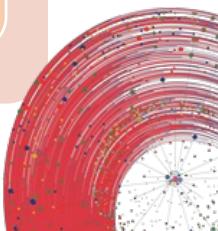
Implementation and Compliance (Art 15.)

5

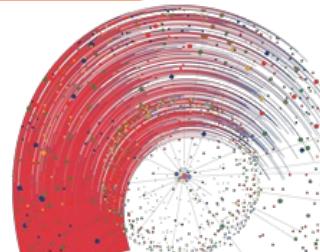
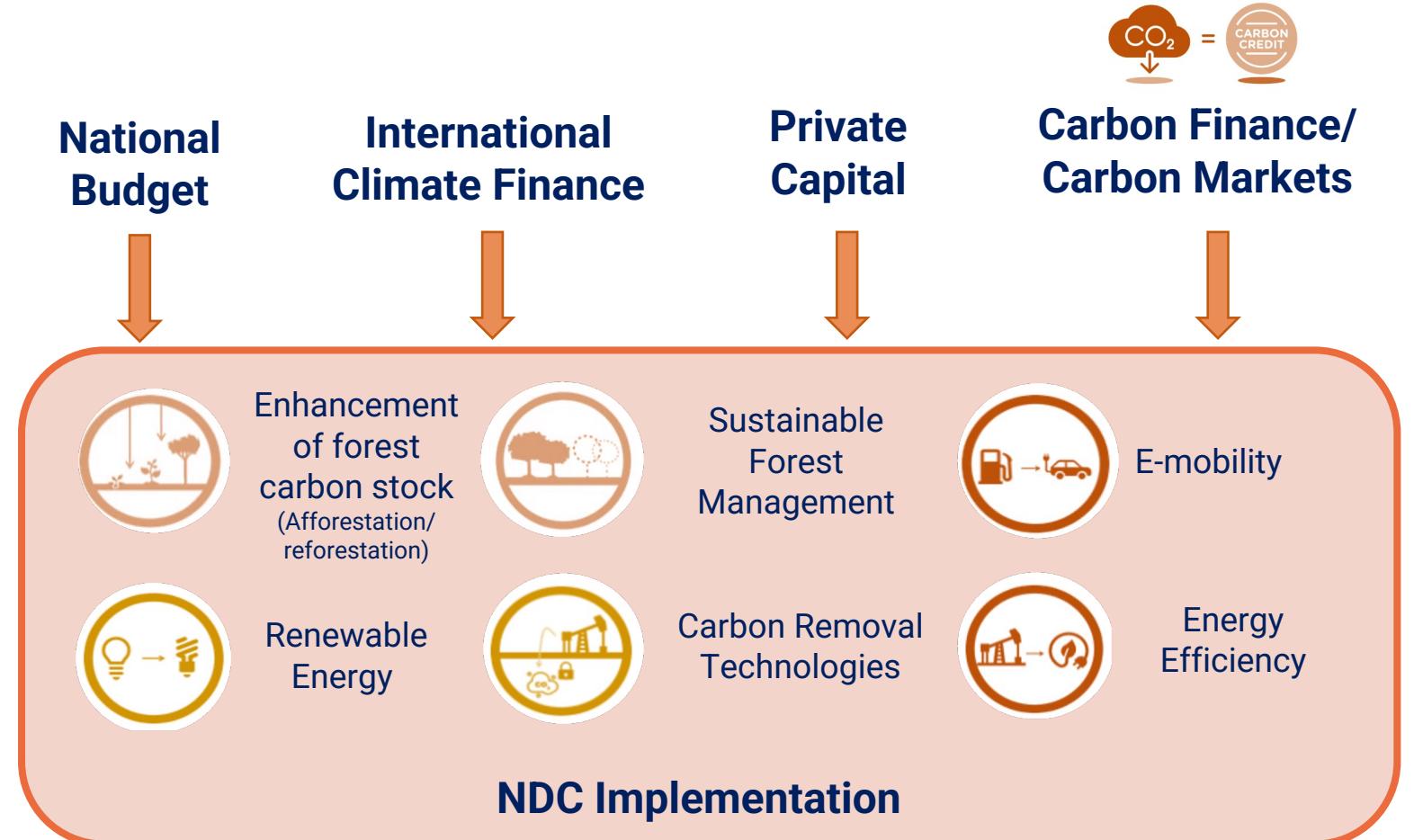
## Global Emissions Balance

Assessment of collective progress towards achieving the objectives of the Paris Agreement (Art. 14)

The First World Emissions Balance was presented in 2023 and every 5 years from now on .



# Carbon Markets vs NDC Implementation



# Participation in cooperative approaches under Article 6 of the Paris Agreement



Parties to the Paris Agreement may choose to pursue voluntary cooperation in the implementation of their climate actions (Nationally determined contributions: NDCs) to allow for:

- **Higher ambition** in their mitigation and adaptation actions;
- To promote **sustainable development**; and
- To promote **environmental integrity**.



## Higher ambition

- Cost- effective mitigation actions,
- Access to low-carbon technologies,
- Carbon finance, and capacity building.



## Sustainable development

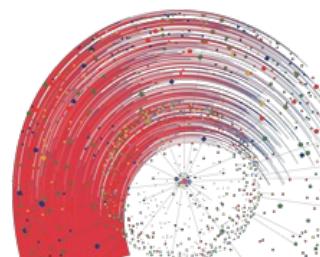
- Environmental, economic and social co-benefits for the Host Country.
- Progress towards Sustainable Development Goals (SDGs).



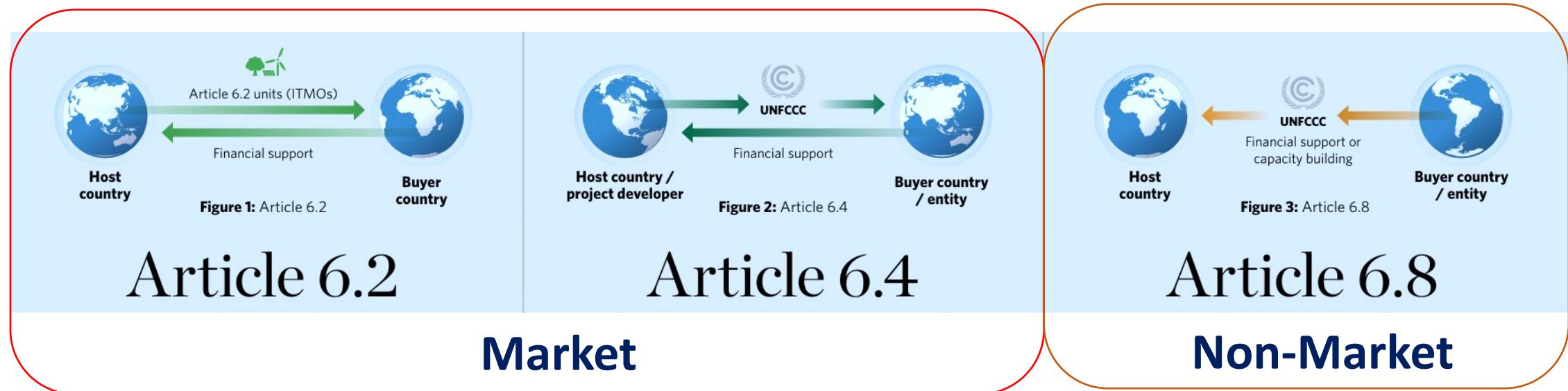
## Environmental integrity

- Robust, transparent governance and the quality of mitigation outcomes.

Source: Information extracted from the A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center, June, 2024.

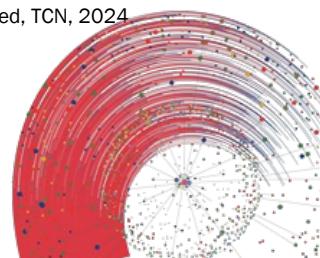


# Cooperation under Article 6 of the Paris Agreement

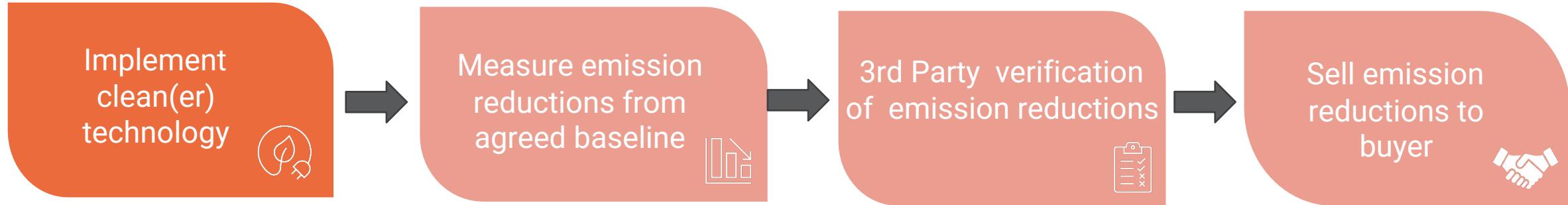


Three types of tools can be voluntarily used to meet NDCs and increase the ambition of these goals, two of them are based on market- approaches (A6.2 and A6.4) and one that is based on Non-Market approach.

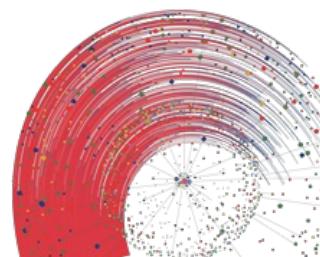
Source: Information and images extracted from the Article 6 Explainer updated, TCN, 2024



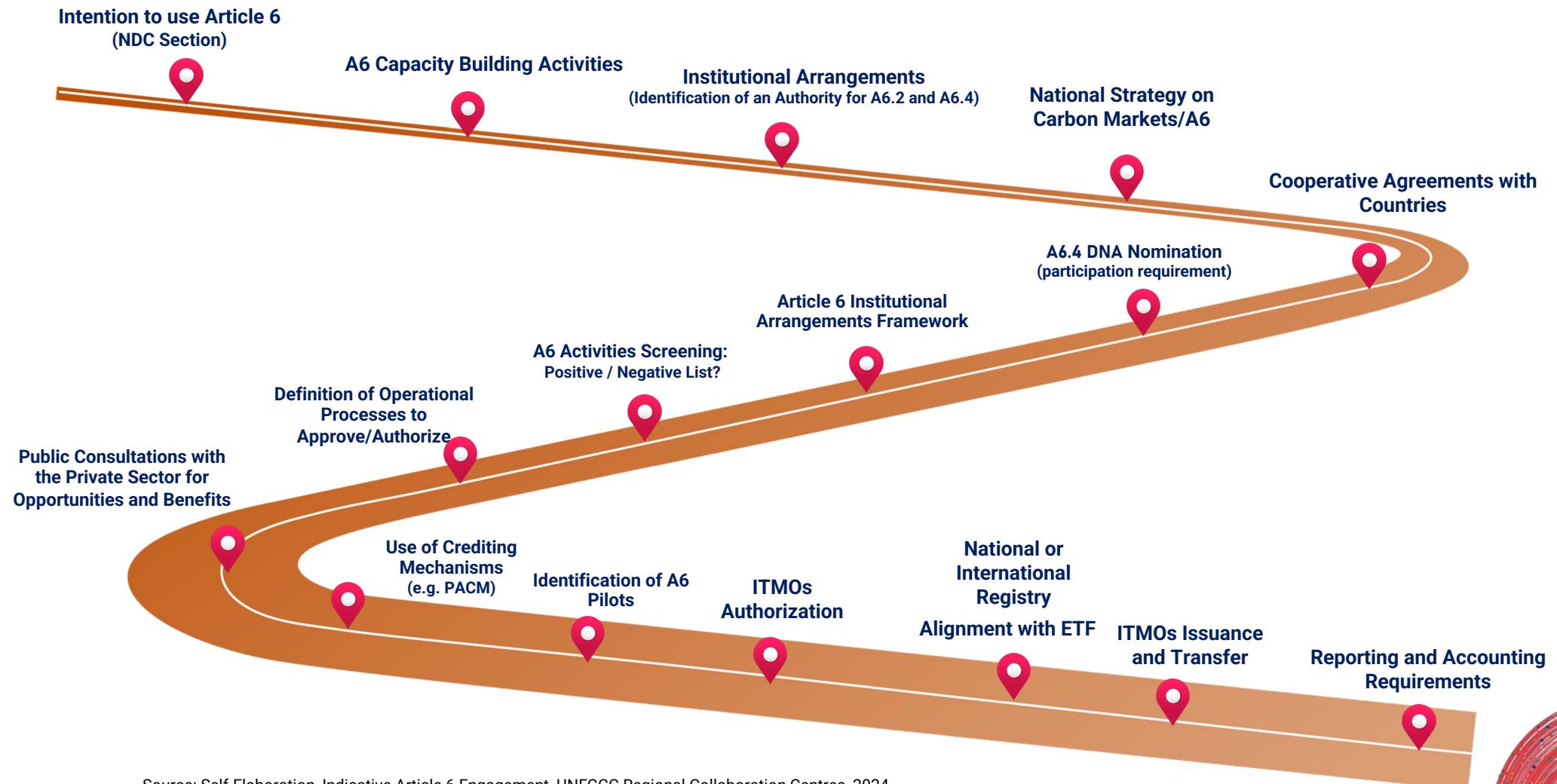
# Fundamentals of a trade under Article 6



**Article 6 is designed to provide flexibility & identify cost-effective mitigation actions**



# Article 6 Engagement Roadmap



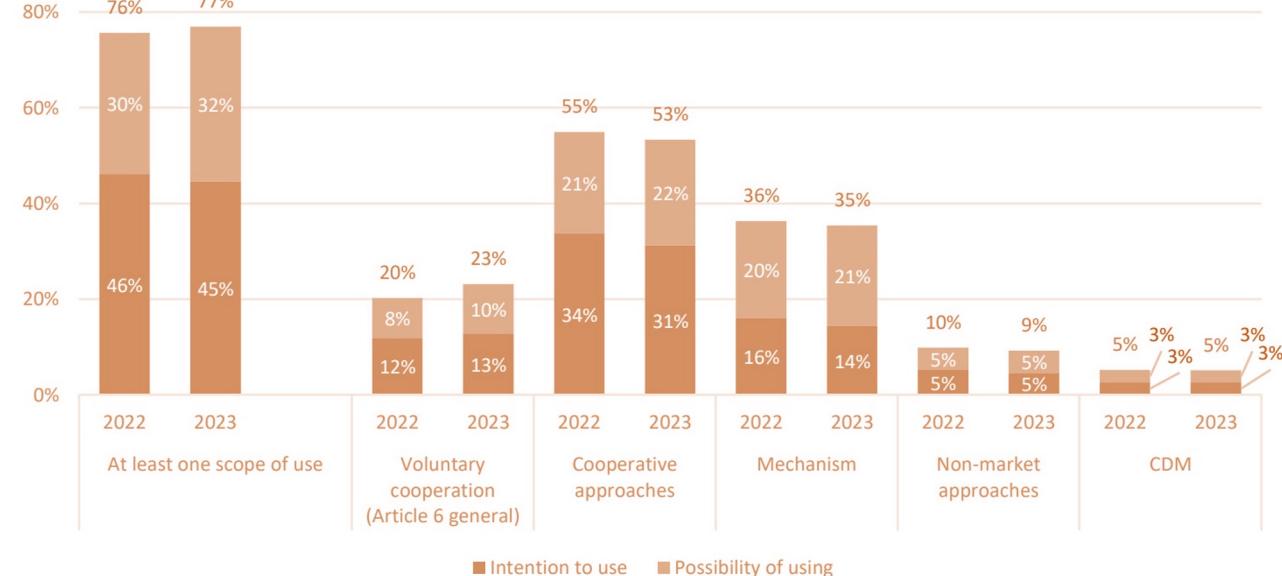
Source: Self-Elaboration, Indicative Article 6 Engagement, UNFCCC Regional Collaboration Centres, 2024

# Intention to use Article 6

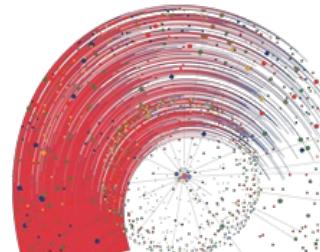
83% of Parties to the Paris Agreement stated that they plan to or will possibly use at least one type of voluntary cooperation under Article 6 of the Paris Agreement.

- 53%: Use of cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement
- 35%: Use of the mechanism established by Article 6, paragraph 4
- 23%: General use of voluntary cooperation

Share of Parties indicating in nationally determined contributions the intention to use or possibility of using specific scopes of voluntary cooperation under Article 6 of the Paris Agreement



Source: Image from [2023 NDC Synthesis Report](#) (UNFCCC Secretariat)





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# Intention to use Article 6.

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## Activity

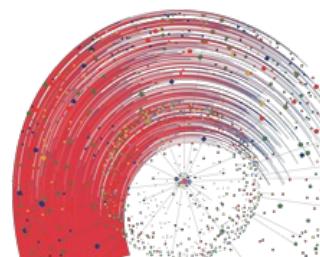
# Intention to use Article 6. (Activity)

## NDC Section

- Information for Clarity, Transparency and Understanding.
- Go to Section 5. g)
  - *"The intention to use voluntary cooperation under Article 6 of the Paris Agreement, if applicable."*
- Intention/plan to use:
  - A) Use of cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement
  - B) Use of the mechanism established by Article 6, paragraph 4
  - C) General use of voluntary cooperation
  - D) No use of voluntary cooperation

## What my country NDC says?

Scan the QR code and select your country.



# Intention to use Article 6. (Activity)

## Intention/plan to use:

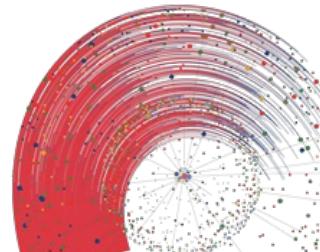
- A) Use of cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement
- B) Use of the mechanism established by Article 6, paragraph 4
- C) General use of voluntary cooperation
- D) No use of voluntary cooperation

## What my country NDC says?

Scan the QR code to Mentimeter and select your option.

[Link to Participants Mentimeter](#)

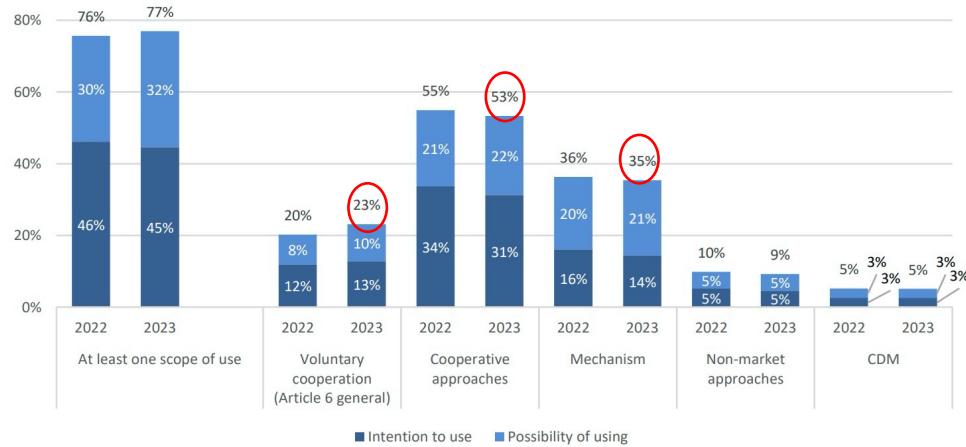
[Link to Response Summary](#)



# Intention to use Article 6. (Activity). Results

- Intention/plan to use:

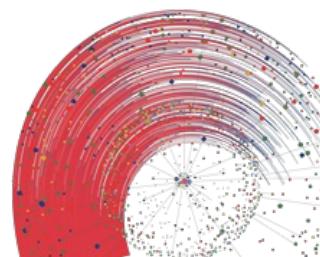
Share of Parties indicating in nationally determined contributions the intention to use or possibility of using specific scopes of voluntary cooperation under Article 6 of the Paris Agreement

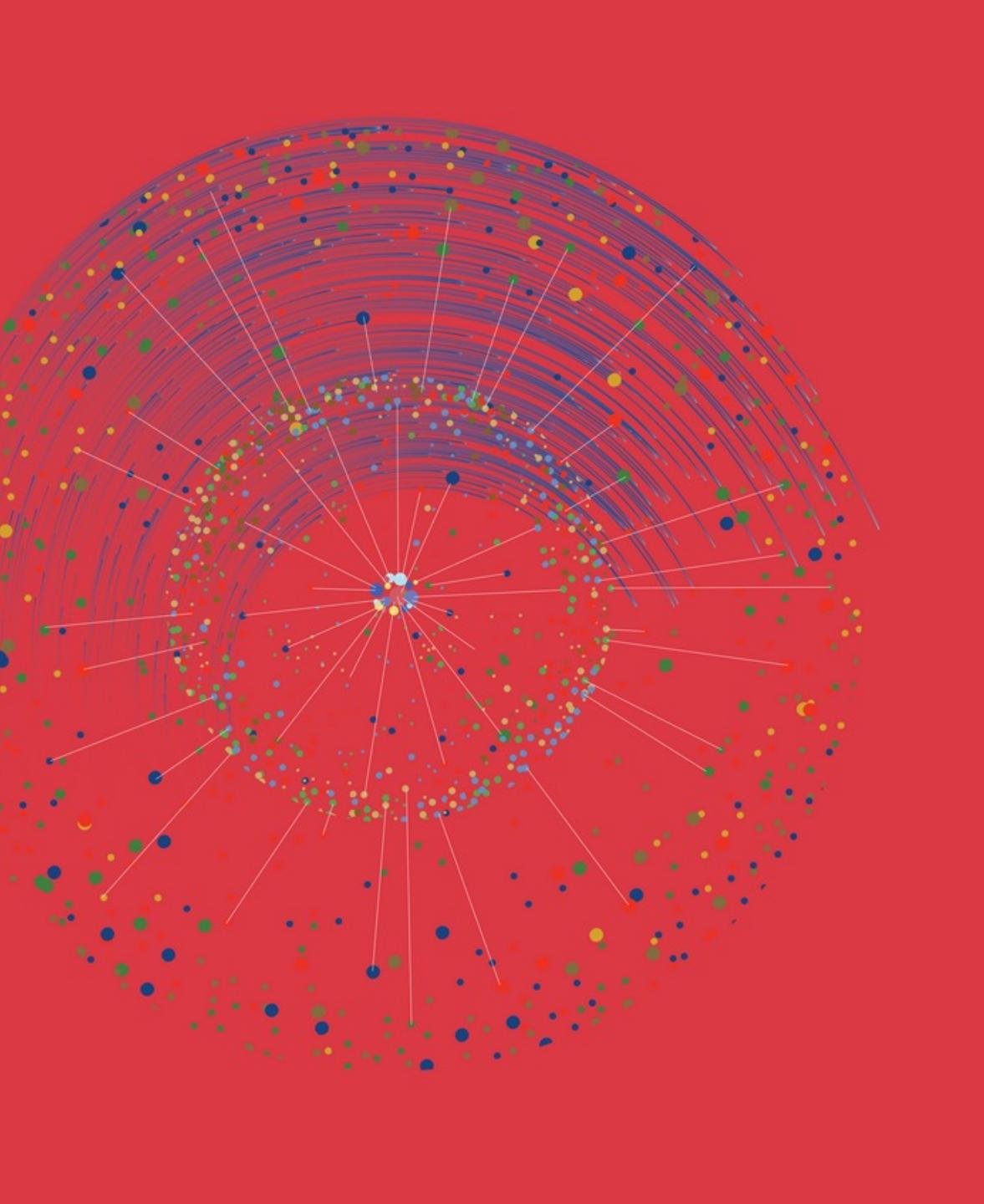


Source: Image from [2023 NDC Synthesis Report](#) (UNFCCC Secretariat)

## What my country NDC says?

[Countries NDC 5g](#)





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# Thank you!

## Q&A

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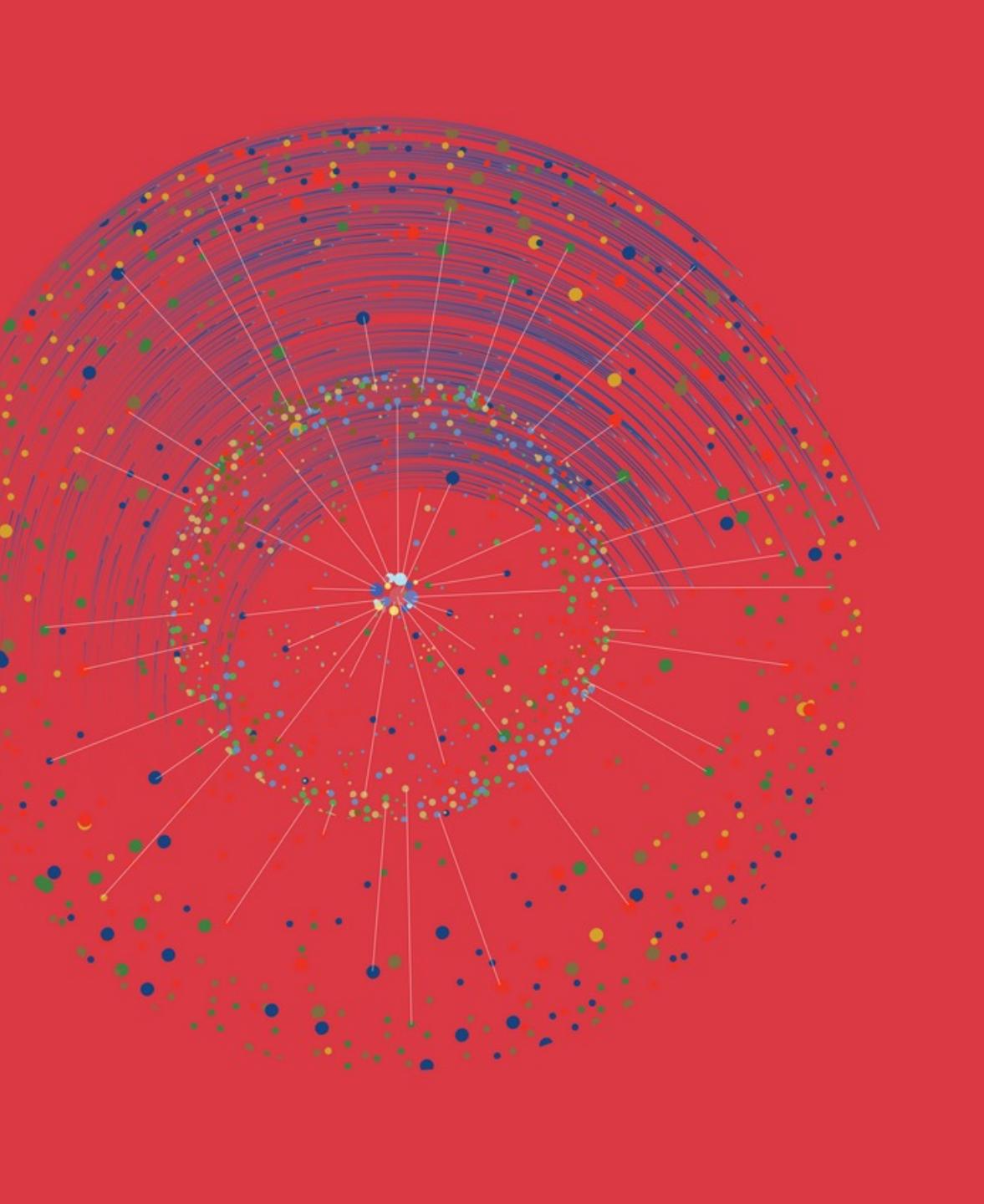
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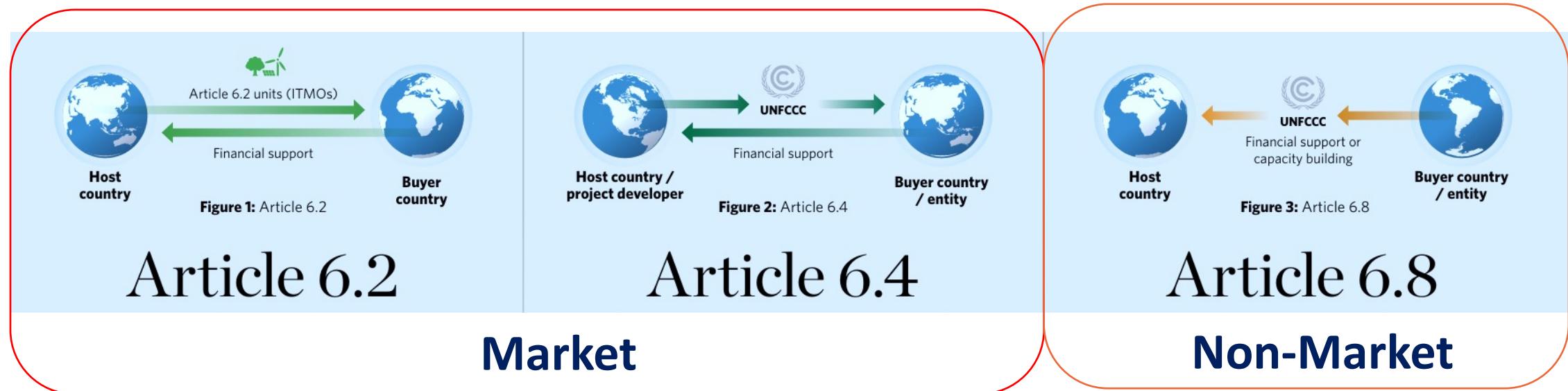
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# Article 6 Participation Requirements & Strategies

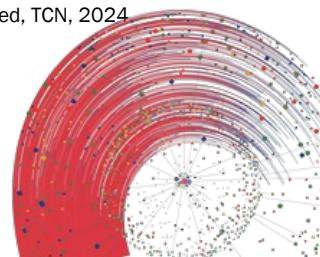
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# Cooperation under Article 6 of the Paris Agreement



Three types of tools can be voluntarily used to meet NDCs and increase the ambition of these goals, two of them are based on market- approaches (A6.2 and A6.4) and one that is based on Non-Market approach.

Source: Information and images extracted from the Article 6 Explainer updated, TCN, 2024



# A6.2 and A6.4 Participation Requirements

## Article 6.2 (Decentralized)

- ✓ It must be a Party of the Paris Agreement
- ✓ It has prepared, communicated and is maintaining an NDC
- ✓ Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.

Management and infrastructure for authorizing, registering, and reporting the use of ITMOs for the achievement of NDCs.

Submit the most recent National Inventory Report (as part of the Biennial Transparency Report).

## Before Participating (A6.4) - Shall

Nominate a Designated National Authority (DNA).

Publicly indicate the activities that will be considered for approval under the A6.4 Mechanism.

Contribution to sustainable development.

## Additional Implications (A6.2)

Accounting and reporting requirements for transfer and use of ITMOs.

## Other Optional Requirements (A6.4)

Crediting Periods and Baseline approaches and other methodological requirements

# National Article 6 Readiness

**Article 6 Readiness** is defined as the ability of a PA Party to take full advantage of market-based international cooperation approaches under Art. 6.2 and Art. 6.4.

## Components

Political and Strategic Considerations (NDC and A6 Strategy)

Legal and regulatory bases

Governance & Institutional Arrangements

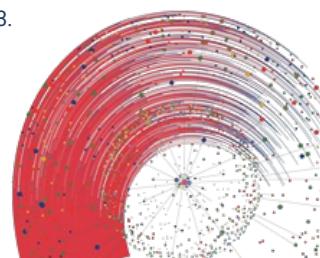
Operational procedures

Infrastructure

## Building Blocks

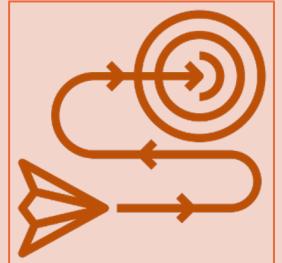
**National MRV and Alignment with NDC**

Source: Article 6 Readiness Framework, NDC Partnership, 2023.



# Article 6 Readiness

1



Develop national Article 6 strategy

2



Build and Install national capacities

3



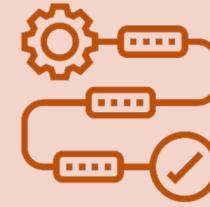
Governance & arrangements

4



Put legal regulations in place

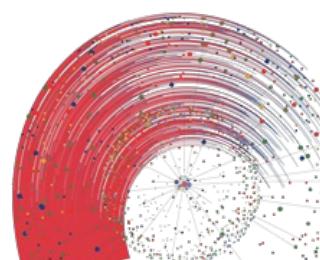
5



Establish Institutional processes



Some indicative steps to take advantage of Article 6 Cooperation



# Article 6 Readiness

## National Strategy

- Political Mandate.
- Objective and type of A6 Cooperation.
- Guiding Principles.
- Eligibility criteria.
- **Eligible Sectors/Activities?**
- Conditions for authorization?
- For which uses will authorization be granted?



A detailed and public country-level Strategy will likely provide confidence and clarity to donor countries and institutions, project developers, sectoral ministries, government agencies, and the private sector.



## Manage Opportunities and Risks

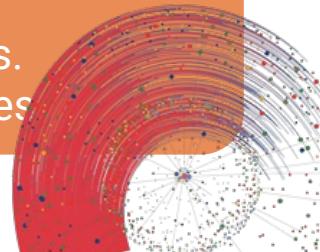
- ❑ Identify how Article 6 supports the NDC and the LT-LEDS.
- ❑ Define criteria and conditions for authorizations and manage risks.
- ❑ Activities and Sectors.
- ❑ Quantity of Mitigation Outcomes that are transferable.

## Meet A6.2 and A6.4 participation requirements.

- ❑ Governance system and responsible institutions.
- ❑ Procedures for approving, authorizing, transferring, accounting, and reporting.
- ❑ Continuous update of National Inventories.
- ❑ Update and quantification of NDC targets.
- ❑ Infrastructure for ITMO registry.

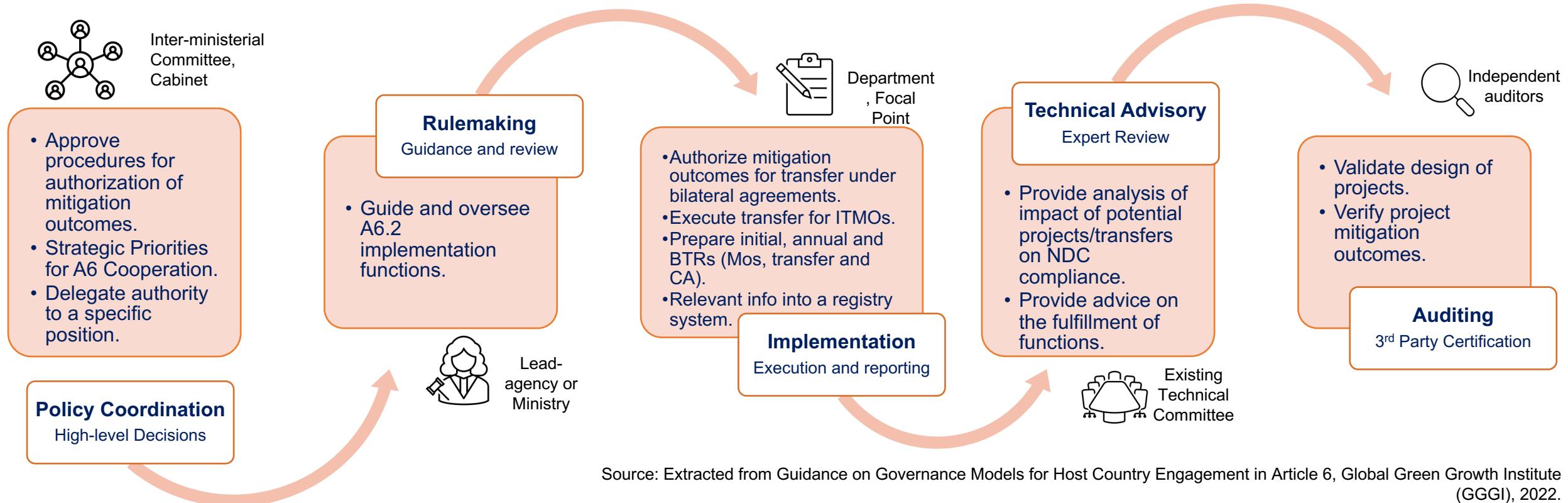
## Integration with other carbon pricing instruments.

- ❑ Linkage with domestic approaches.
- ❑ Linkage with other international mechanisms.
- ❑ Implications of exporting mitigation outcomes



# Key Institutional Functions in A6.2 Engagement

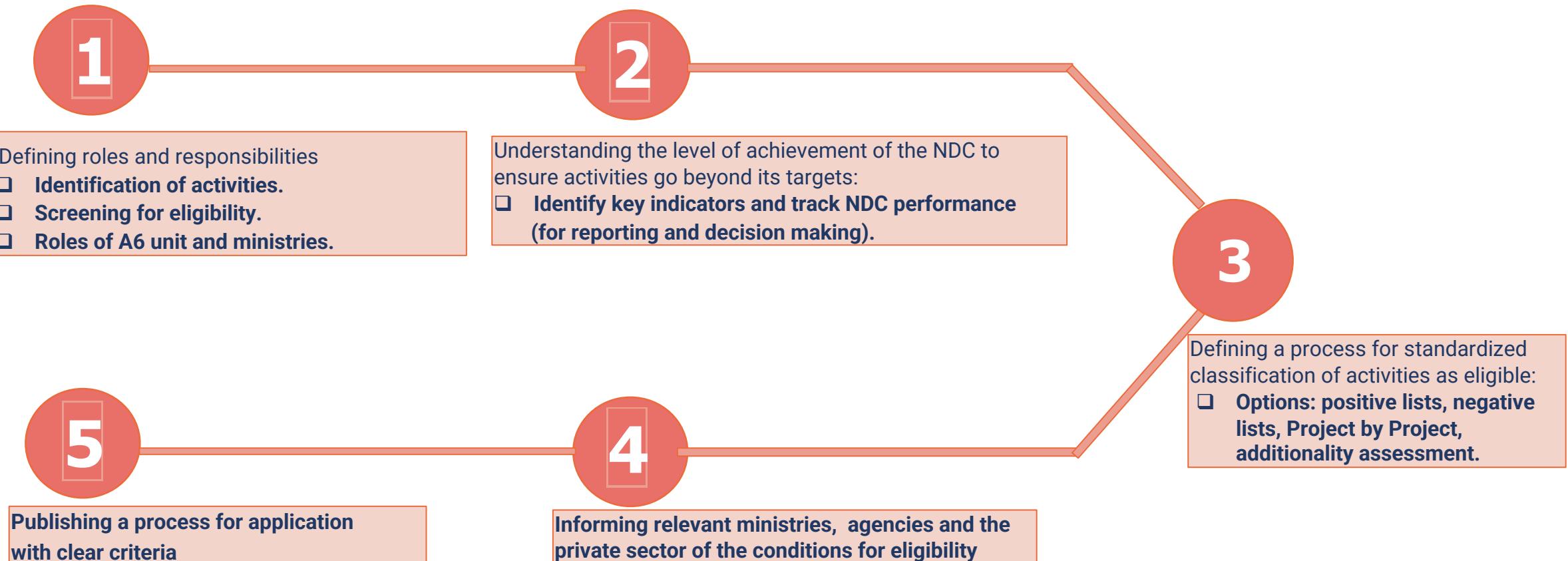
Host countries will need to designate government institutions to perform specific functions related to Article 6.2



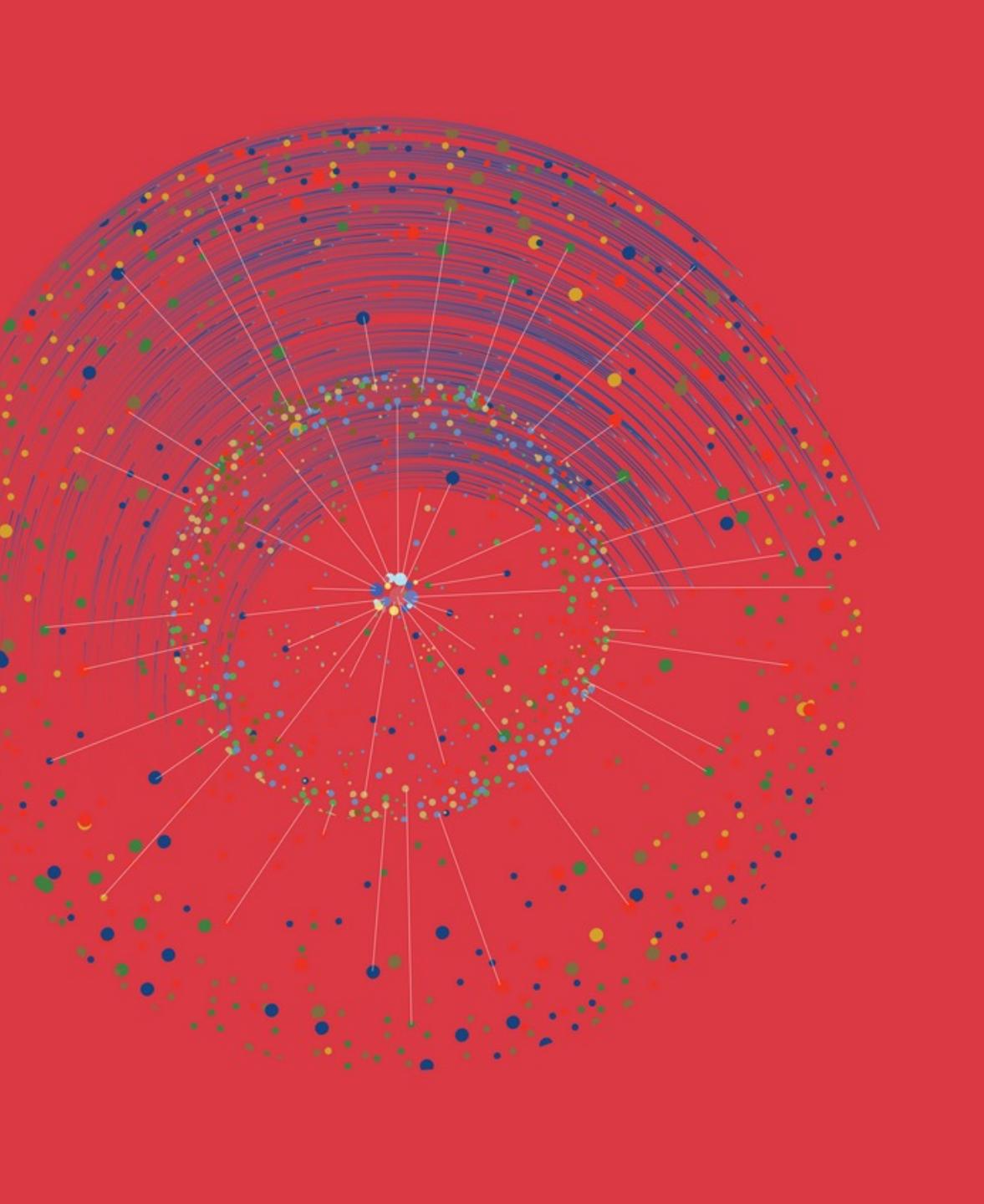
Source: Extracted from Guidance on Governance Models for Host Country Engagement in Article 6, Global Green Growth Institute (GGGI), 2022.

# Process for establishing criteria and identifying A6 activities

The processes for determining eligible mitigation activities encompass:



Source: Illustration extracted from the SPAR6C Program, Carbon Markets and Article 6 of the Paris Agreement, 2023.



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# Thank you!

## Q&A

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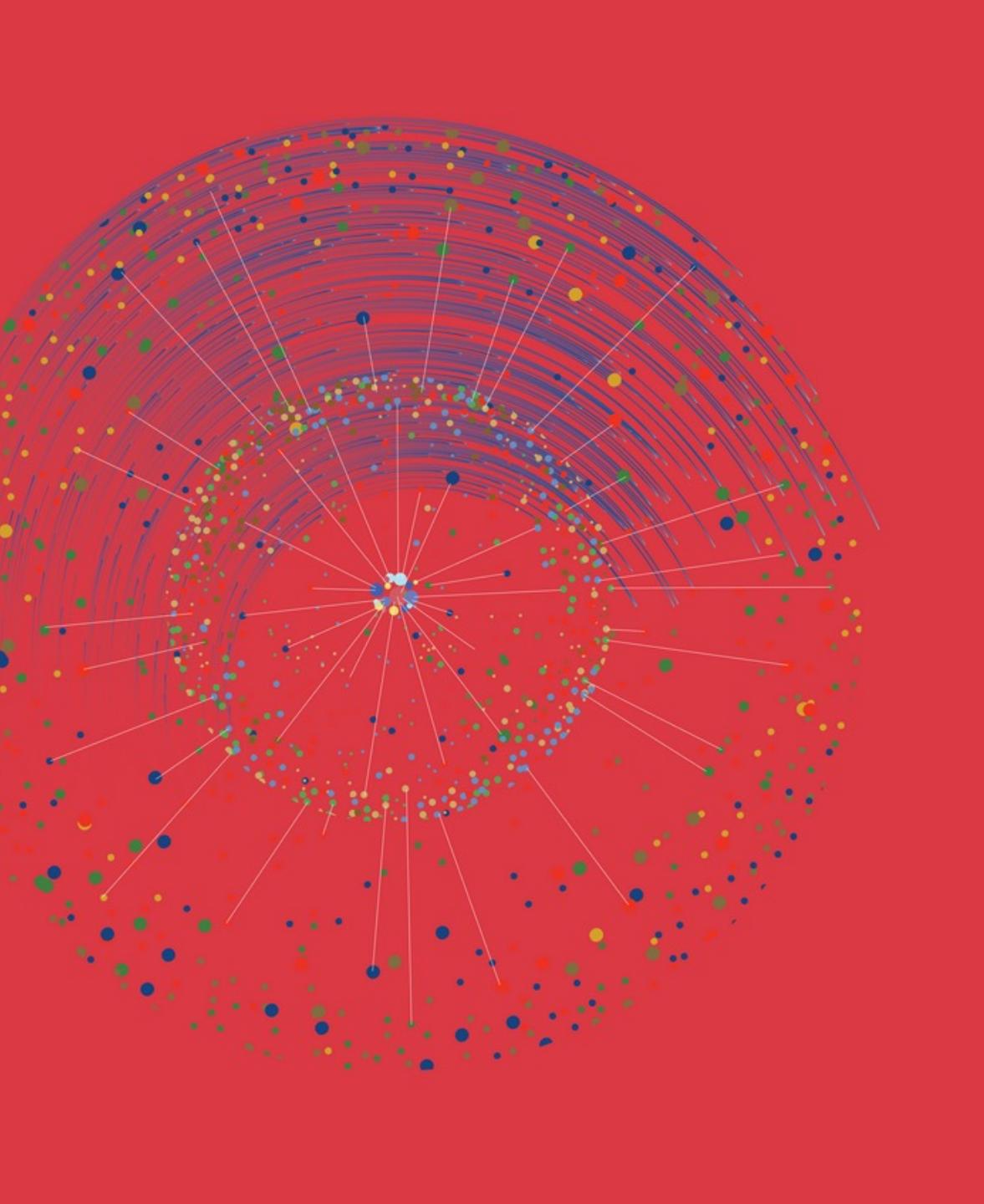
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# Article 6 Country Experience

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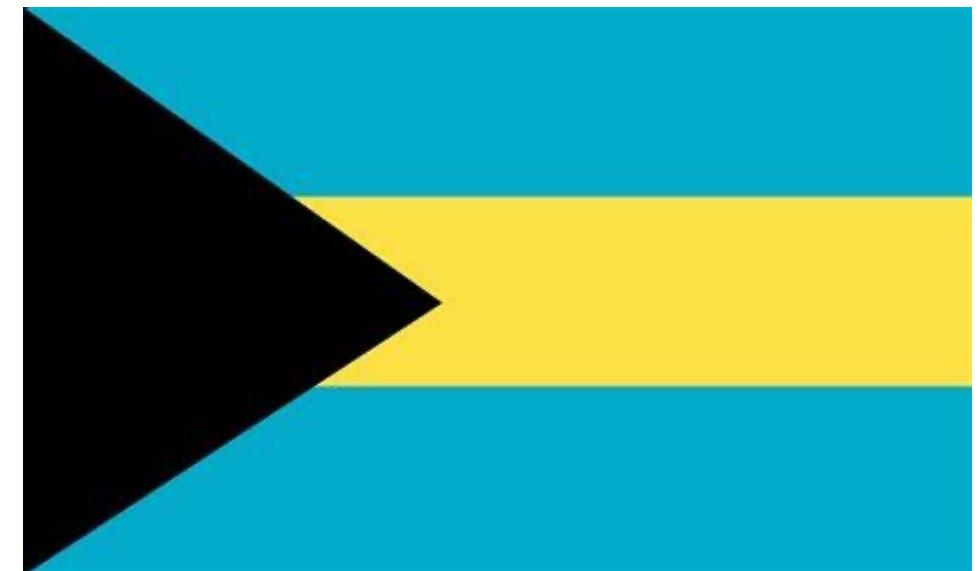
## Governance and Institutional Arrangements



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# Article 6 Governance Framework: The Case of The Bahamas





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## N. Charles Hamilton

Climate Change Advisor  
Climate Change and Environmental Advisory  
Unit (C2EAU)  
Office of the Prime Minister  
Of The Bahamas

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# STATUS OF ARTICLE 6 IN THE BAHAMAS

REPORTING FOR ARTICLE 6 SHOULD BE IN PLACE

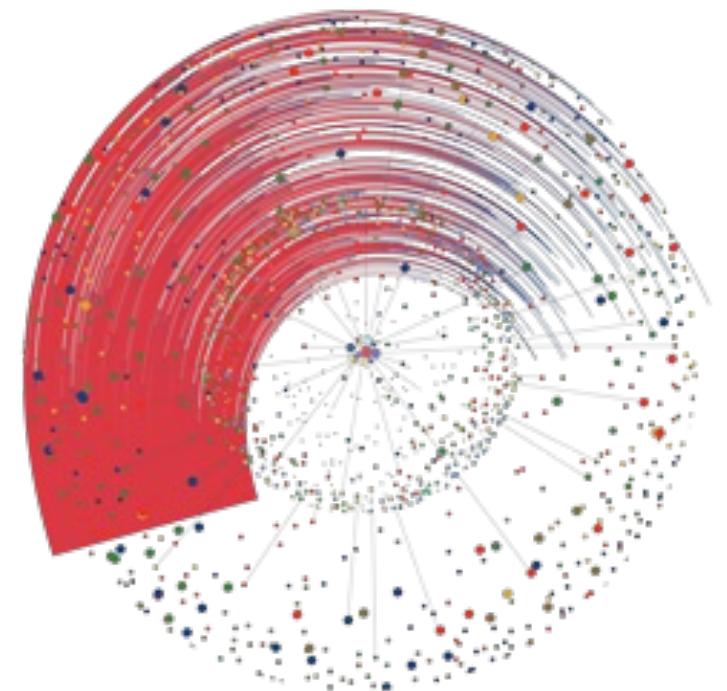
- CAPACITY BUILDING FOR INCREASED TRANSPARENCY (CBIT)
- NATIONAL EMISSIONS REGISTRY (NER)

PARTY TO THE PARIS AGREEMENT HAS PROVIDED NATIONAL INVENTORY REPORT

- NATIONAL COMMUNICATION/BIENNIAL UPDATE REPORTS (NC/BURs/BTRs) [2022 and 2024]

HAS PREPARED, COMMUNICATED AND IS MAINTAINING NDC IN ACCORDANCE WITH A4.2

- NDC UPDATED/ENHANCED [2022]



# STATUS OF ARTICLE 6 IN THE BAHAMAS

## LEGISLATION

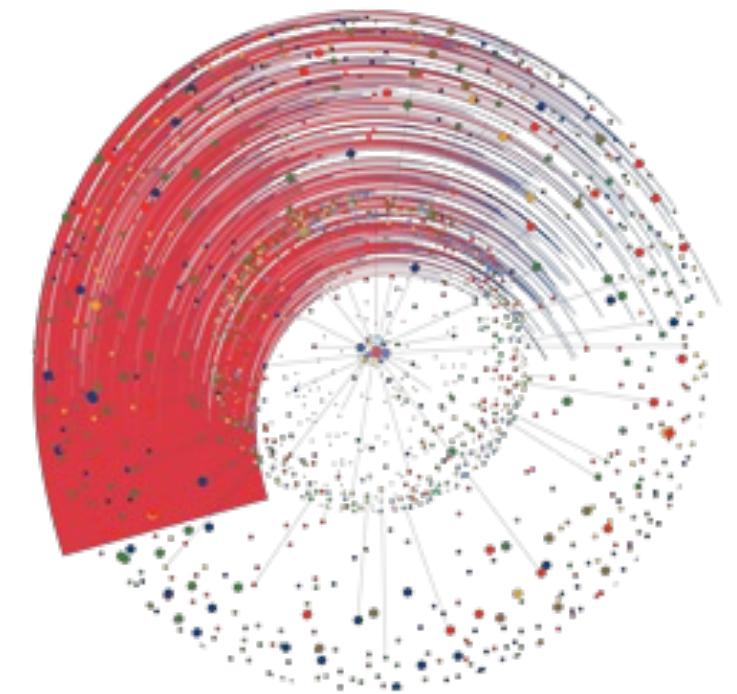
- CLIMATE CHANGE AND CARBON MARKETS INITIATIVE ACT
- CARBON CREDIT TRADING ACT
- GHG REGULATIONS

## ARRANGEMENTS

- FOR **AUTHORIZING** THE USE OF ITMOS
- FOR **TRACKING** ITMOS
- FOR A **REGISTRY (NATIONAL/INTERNATIONAL)**
- FOR A **NATIONAL INVENTORY REPORT**
- FOR **CORESPONDING ADJUSTMENTS/OMGE/SOP**

## ARTICLE 6 DESIGNATED NATIONAL AUTHORITY (DNA)

- OFFICE OF THE PRIME MINISTER – NATIONAL EMISSIONS REGISTRY (NER)
- $3/16 = 18.75\% =$  CARIBBEAN



# CARBON MARKETS IN THE BAHAMAS: LEGISLATION

## PART IV – OBLIGATIONS OF THE BAHAMAS UNDER THE PARIS AGREEMENT

### 17. Communication and maintenance of successive nationally determined contributions.

Pursuant to Article 3 of the Paris Agreement, The Bahamas prepared and communicated its intended NDC to the UNFCCC in November, 2015 and has undertaken to maintain successive NDCs.

### 18. Domestic mitigation measures, adaptation plan and other obligations of The Bahamas under the Paris Agreement.

- (1) Pursuant to Articles 4, 7, 9, 10 and 11 of the Paris Agreement, the Prime Minister shall cause —
  - (a) domestic mitigation measures with the aim that each successive NDC be progressive and reflect higher ambitions to be pursued;
  - (b) mitigation measures, with the aim that mechanisms be identified to support assistance of financial or technical provisions under the Agreement in accordance with Articles 9, 10, and 11 to for the inclusion of higher ambitions in the NDCs to be prepared;
  - (c) domestic mitigation measures with the aim of fulfilling the requirements and obligations under Article 4 of the Agreement to be pursued;
  - (d) the identification of adaptation goals and development of a National Adaptation plan consistent with Article 7 of the Agreement to be

## PART VII - ESTABLISHMENT OF THE NATIONAL EMISSIONS REGISTRY

### 27. Establishment of National Emissions Registry.

- (1) A national registry shall be established for the purposes of this Act (hereinafter referred to as “the National Emissions Registry”).
- (2) The Prime Minister shall appoint a registrar who shall have the responsibility for the day to day management of the Registry.
- (3) The National Emission Registry shall be appointed as the Designated Operating Entity under Article 6 of the Paris Agreement.
- (4) The Registrar shall be assisted by such numbers of persons as the Minister may appoint.

### 28. Functions of Registrar.

- (1) The Registrar shall cause to be maintained a register of —
  - (a) the initiatives implemented to reduce GHG emissions in The Bahamas;
  - (b) the permits granted to participate in an initiative under this Act;
  - (c) the emission allowance and the GHG reduction units;
  - (d) the number of carbon credits issued or recognized by The Bahamas;
  - (e) the number of carbon credits issued to promoters of emission reduction projects and programs;
  - (f) the issuance of emission allocations carbon credits and any carbon

- Codify Paris Agreement into Law
- Legalization of IA to support climate action
  - National Emissions Registry
- Deadlines for reporting
- Regulations to strengthen national climate response



# CARBON MARKETS IN THE BAHAMAS: LEGISLATION

- National Emissions Registry (NER) established
- Appointment of Registrar
- NER appointed DNA for Article 6
- Human Resources for NER



# FUNCTIONS OF THE NER

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## Maintain a register of:

- GHG emission reduction initiatives
- Permits for carbon trading
- Carbon credit transactions
- Emission allowances

## Registrar:

- Comply with obligations under PA
- Implement measures re: data protection



# NATIONAL EMISSIONS REGISTRY (INFRASTRUCTURE)

## Online Database:

- Records serialized or unique carbon units issued.
- Stores information on “carbon credits” or mitigation outcome (project location, vintage detail, verification details, etc.)
- Transfer credits or mitigation outcomes.
- Interoperable



# ROLE OF NER WITHIN THE UNFCCC

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- DNA for 6.2 and 6.4
- Reporting transactions as per Article 6.2 and 6.4 of the Paris Agreement.

- Transparent accounting and compliance

Share of proceeds

OMGE

Corresponding adjustments

Cancellation and retirement



**United Nations**  
Framework Convention on  
Climate Change



# ARTICLE 6 IMPLEMENTATION BARRIERS IN CARIBBEAN SIDS

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- DENSE INFORMATION
- LIMITED REPORTING CAPACITY
- LIMITED HUMAN RESOURCES
- LIMITED EXPERIENCE WITH MARKET MECHANISMS
- TERRIFIED TO MAKE MISTAKES
- NEGATIVE PRESS RE: MARKETS
- SCALE AND PRICING
- LACK OF NDC / A6 STRATEGY
  - IMPLICATIONS RE: AUTHORIZATIONS, CA

# CAPACITY BUILDING EFFORTS

## Article 6 Implementation Partnership (A6IP)

### Support Package



**Article 6 strategy:**  
Establishment of Article 6 strategy  
(guiding principles, eligibility criteria, scope, ambition, etc)



**Authorization:**  
Establishment of legal & institutional  
frameworks for the authorization process



**Reporting:**  
Preparation for Initial Report, Annual Report,  
& the Report on Regular Information



**Tracking:**  
Use of a national / international registry for ITMOs reporting



**Project initiation:**  
Preparation of an Article 6 pipeline for project development



**Methodology development:**  
Development and application of a baseline

### A6IP Support Package Offer Process

**Step 1: Expression of Interest**



**Step 2: Online Consultation**



**Step 3: Resource Coordination**



**Step 4: Propose Draft Support Package**



**Step 5: Resource Alignment**

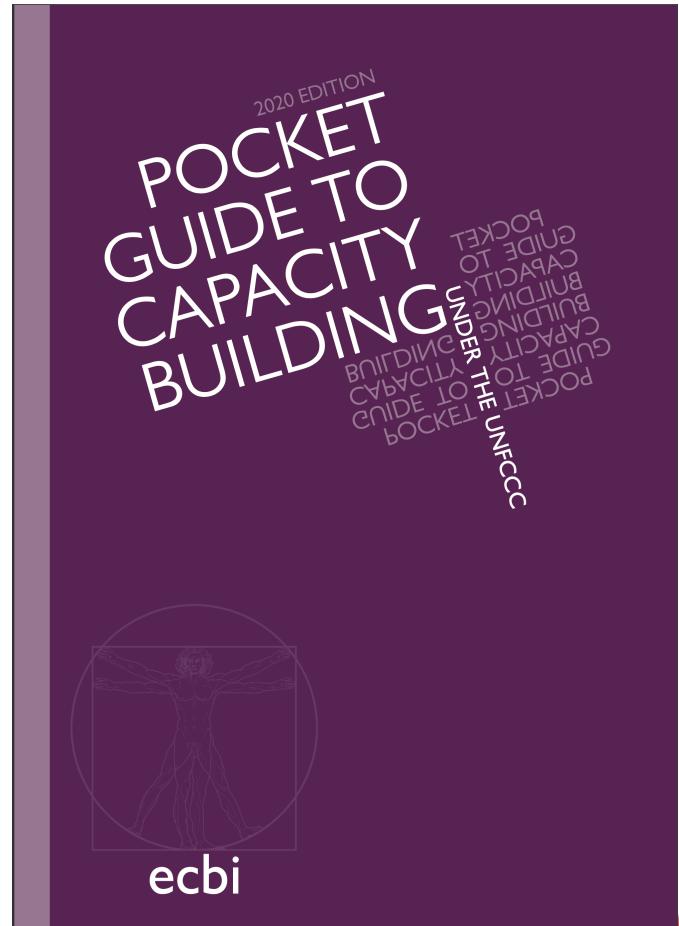


**Step 6: A6IP's Offer of Support**

# CAPACITY BUILDING EFFORTS

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- A6IP: Advisory Group, Training, and Working Groups
- UNFCCC: DNA Forums, Article 6 Negotiations
- Climate Finance Access Network (CFAN) Advisor: embedded support, training, explore carbon finance
- Online Course: Operationalizing Article 6.2 of the Paris Agreement: Achieving ambitious climate action through cooperative approaches
- Greenhouse Gas Management Institute (GHGMI) – Courses: 501 IPCC, 511, 531, 551

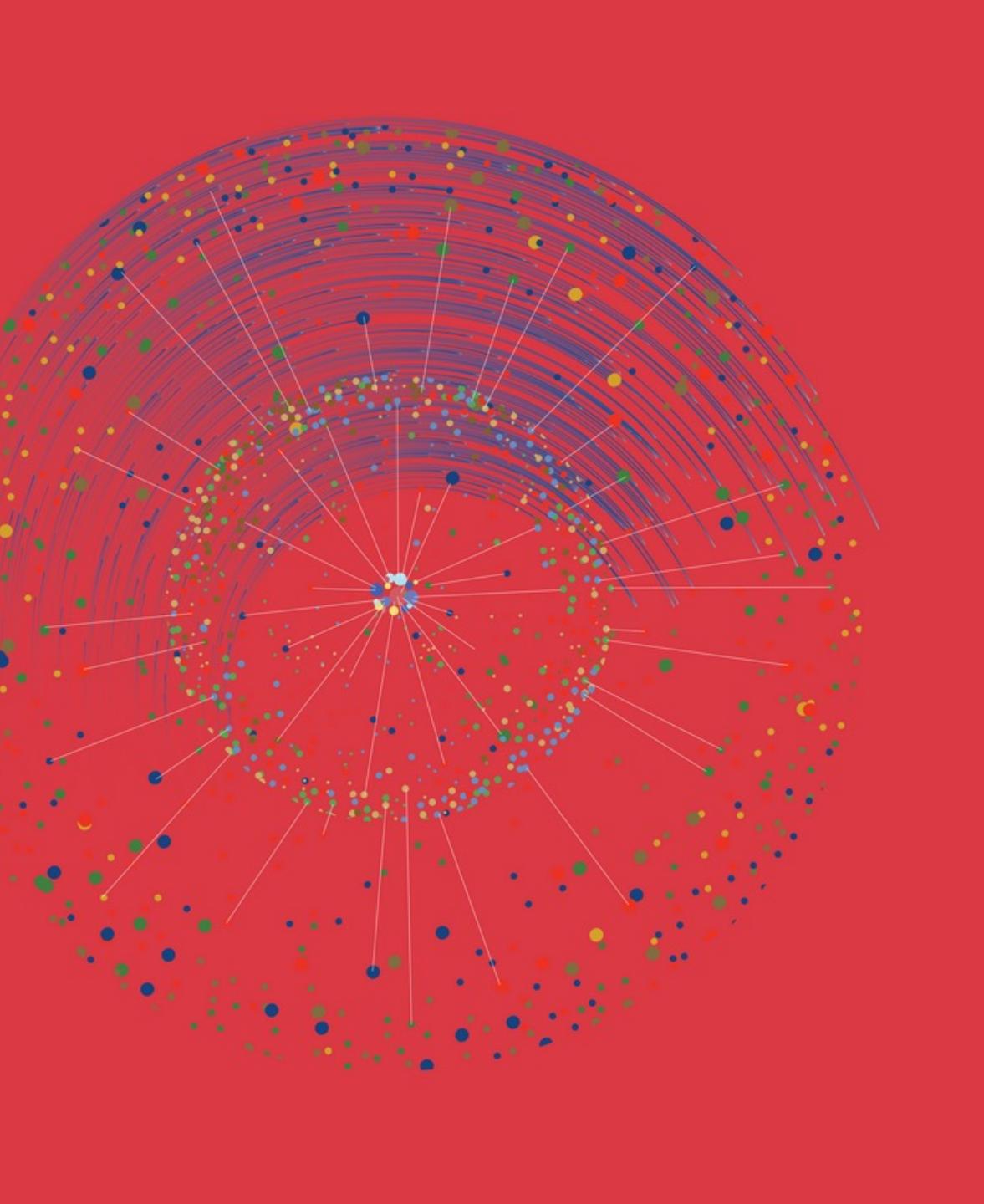


# QUESTIONS?

N. CHARLES HAMILTON  
CLIMATE CHANGE ADVISOR  
OFFICE OF THE PRIME MINISTER  
OF THE BAHAMAS

**CHARLESHAMILTON@BAHAMAS.GOV.BS**





United Nations  
Climate Change



# Thank you!

## Q&A

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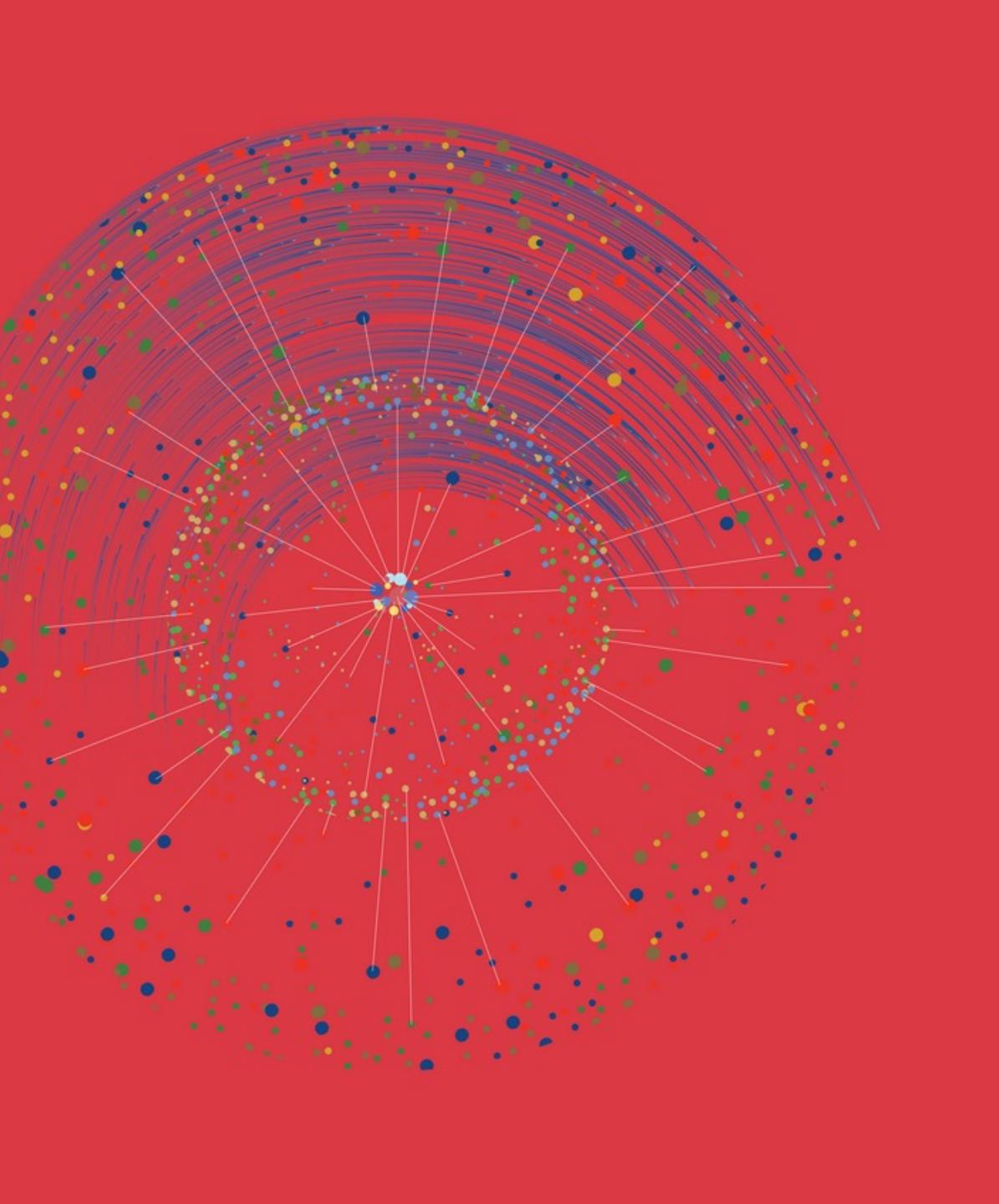
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# Coffee Break (15 minutes)

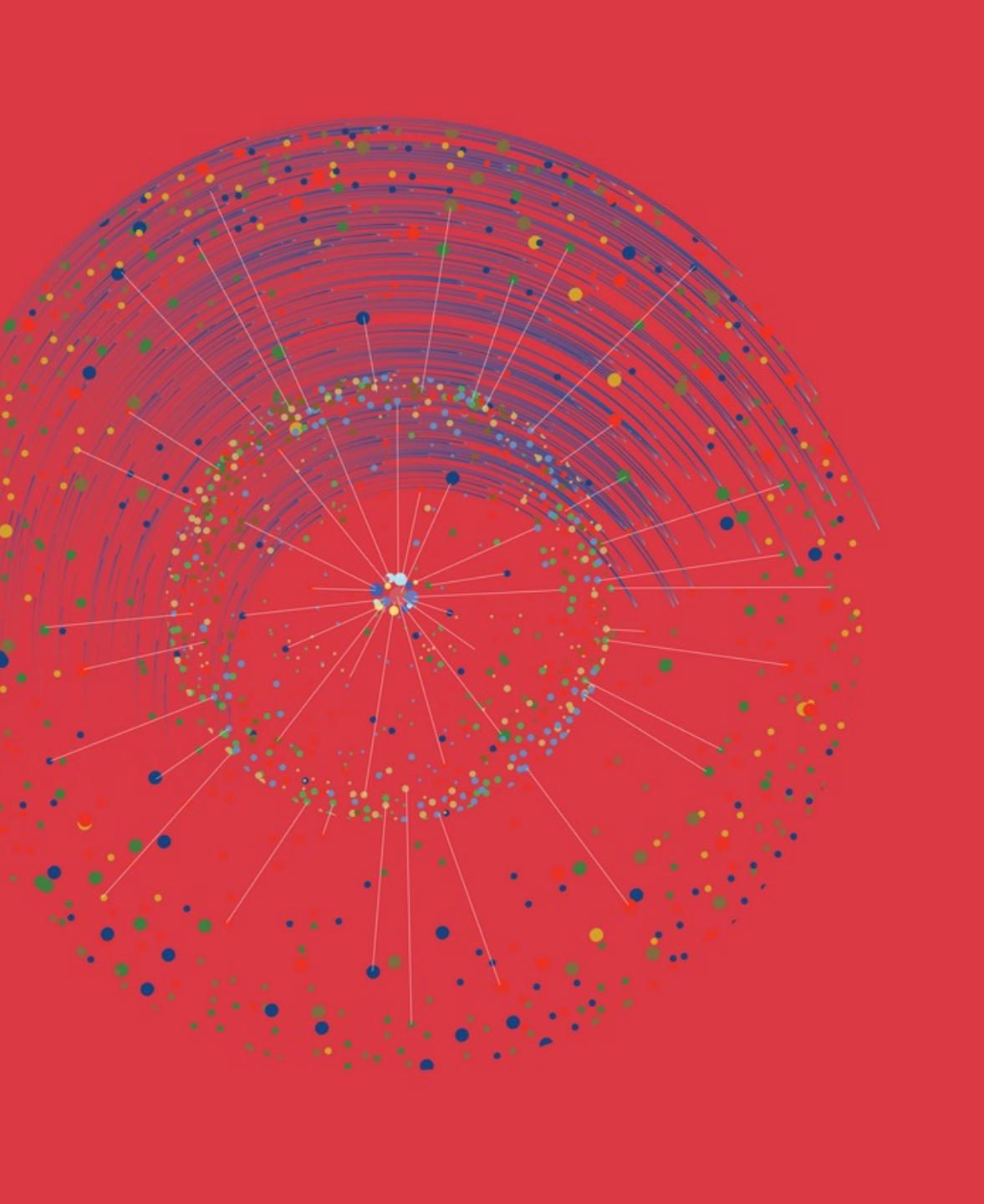
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# Article 6 Strategy Game

Adapted from the "Article 6 Frenzy" exercise created by:



**SPAR6C** Supporting Preparedness for  
Article 6 Cooperation

## Activity

# Key concepts

## 1 NDC

Commitment made by each country to reduce GHG emissions and generate transformational changes in the economy.

- Conditional/unconditional

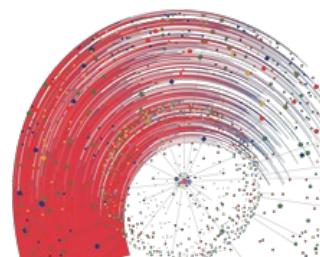
## 2 Additionality

Proposes that actions go beyond:

- Baseline
- Mitigation commitment
- Financing
- Available technologies

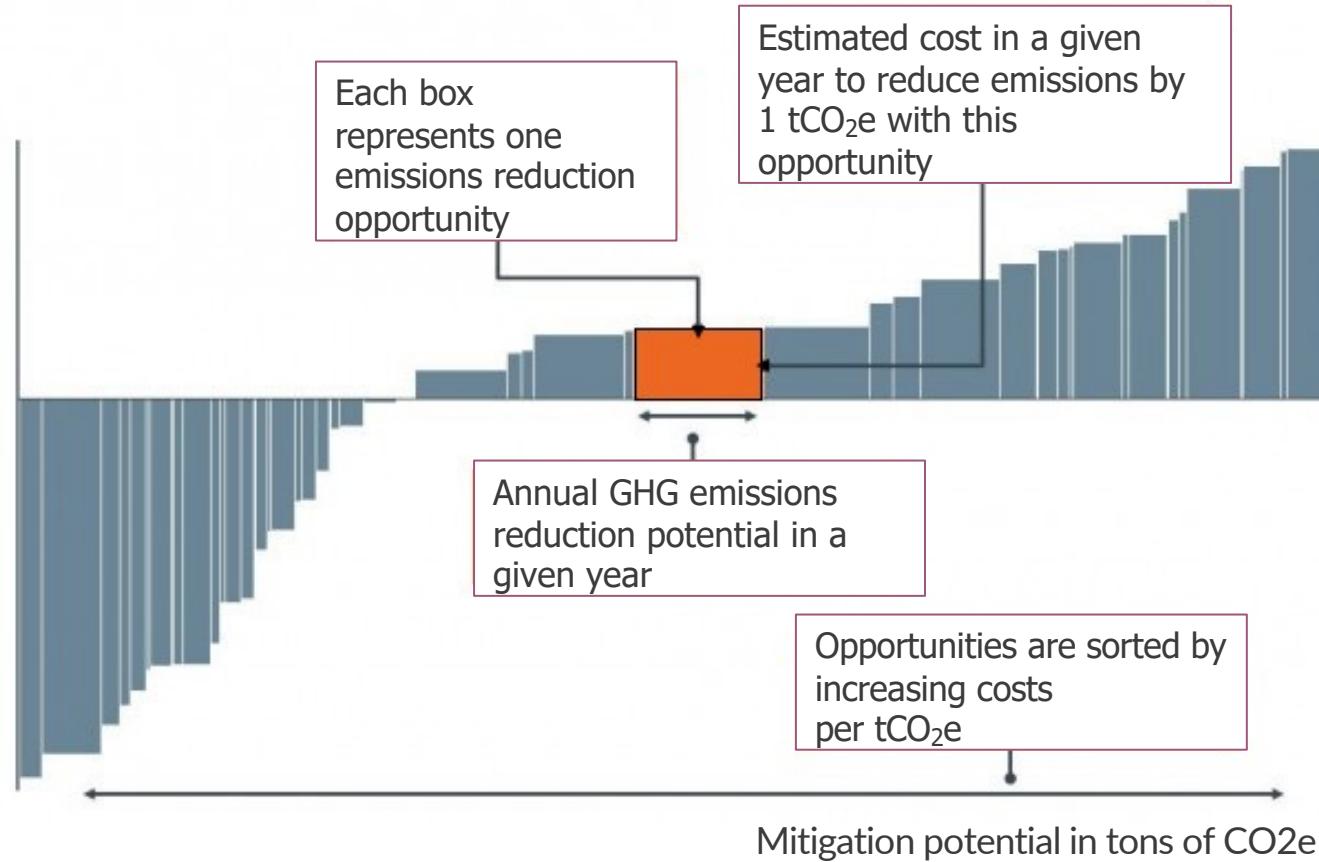
## 3 Positive/ Negative list

Define the activities with high potential risks, such as double counting or reducing the implementation of the NDC, that cannot be part of the Article 6 market-based approaches (Negative list), and the activities with acceptable risk that can participate in Article 6 (Positive list).

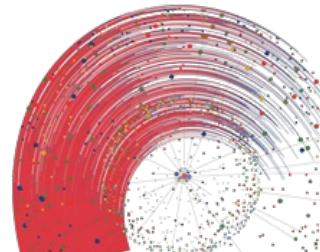


# Key concepts

## Marginal Abatement Cost (MAC)



Presented from lowest to highest cost



## Group activity #1:

# Laying the groundwork for the Article 6 Strategy

---



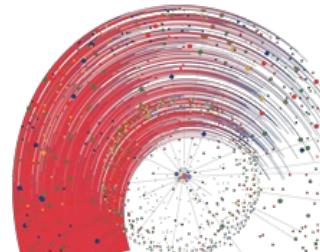
### Objective:

- Identify which sectors, technologies and activities will be part of Avalonia's Article 6 portfolio.



### Group distribution:

- Form 3 groups of 7 participants. Each group represents the Council of Ministers of the Republic of Avalonia.



# Group activity #1: Instructions

Step 1: 10 min

## Objective:

Help the Republic of Avalonia understand its marginal abatement cost (MAC) curve by identifying the technology in the table with the numbers on the graph and adding them in the appropriate column.

## Tasks:



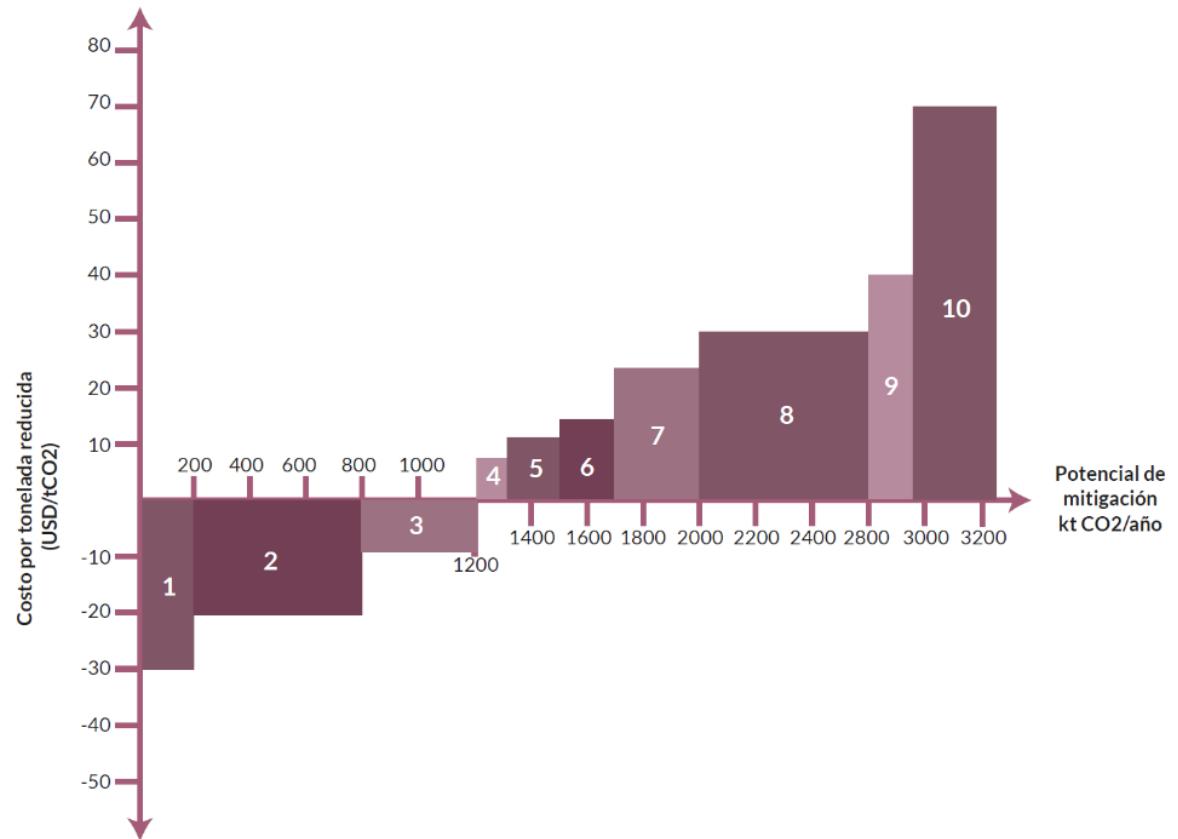
Reading and understanding the MAC curve



Match the table in accordance with the numbers from the graph



Discuss the technologies and their mitigation potential

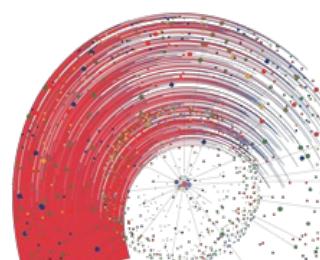


Note: The data in the table are an adaptation for the exercise based on information from the NDC.

# Group activity #1: Instructions

Step 1: 10 min

Technology/sector	Cost of abatement (USD/tCO <sub>2</sub> )	Potential annual reduction (kt/year)	Corresponding graph number
Diversification of the generation matrix (solar and wind)	-10	380	
Demand-side energy management	-30	170	
Green hydrogen	70	250	
Integrated solid waste management	40	110	
Sustainable livestock	-20	650	
Commercial forest plantations	30	800	
Sustainable cement production	10	160	
Restoration	25	235	
Electric mobility	15	330	
Energy efficiency in industry	5	75	

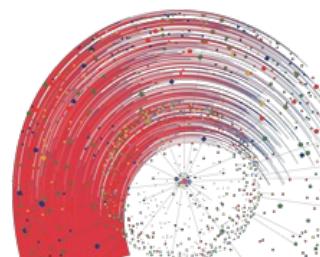


## Group activity #1:

# Results

Step 1: 10 min

Technology/sector	Cost of abatement (USD/tCO <sub>2</sub> )	Potential annual reduction (kt/año)	Corresponding graph number
Diversification of the generation matrix (solar and wind)	-10	380	3
Demand-side energy management	-30	170	1
Green hydrogen	70	250	10
Integrated solid waste management	40	110	9
Sustainable livestock	-20	650	2
Commercial forest plantations	30	800	8
Sustainable cement production	10	160	5
Restoration	25	235	7
Electric mobility	15	330	6
Energy efficiency in industry	5	75	4



# Group activity #1: Instructions

Step 2: 15 min

For each of the measures, the cost of implementation is shown. Avalonia has a budget of **\$8 million** for the implementation of mitigation actions.

Make sure that all proposed measures can be fully funded with the Avalonia budget.

## Tasks:



Creating a positive and negative list using the dashboard and action sheets, considering the country's budget, which mitigation actions would be implemented on its own (negative list) and which could be part of the Art. 6 market (positive list).

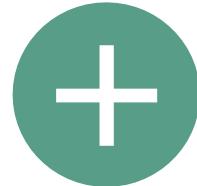
List the criteria used.

(values in millions of dollars)

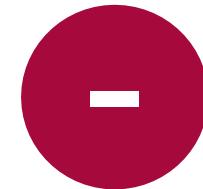
Icon	Technology/Sector	Cost of Implementation	Selling price
	Diversification of the generation matrix (solar and wind)	3	5
	Demand-side energy management	5	2
	Green hydrogen	8	15
	Integrated solid waste management	5	5
	Sustainable livestock	4	10
	Commercial forest plantations	5	15
	Sustainable cement production	3	5
	Restoration	6	5
	Electric mobility	5	10
	Energy efficiency in industry	2	3

# Group activity #1: Instructions

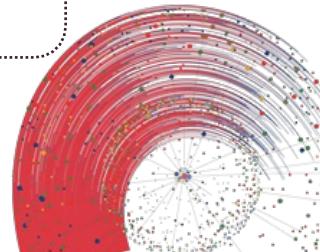
Step 2: 15 min



Sectors/technologies promoted to  
be implemented within the  
framework of Article 6

Sectors/technologies that the country  
does not recommend to be  
implemented under Article 6

Group activity #1:  
**Instructions**

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**Step 3: 15 min**

**Avalonia has just submitted its Nationally Determined Contribution (NDC)!**

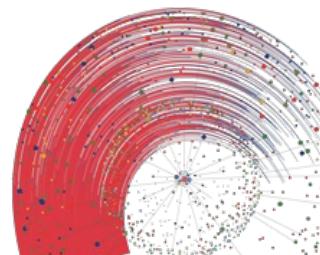
**We will now “repeat” the exercise, taking into account national emission reduction commitments and national sectoral development visions.**

Note: When a country is willing to develop a technology or sector, or if an activity or technology is cited in the NDC, the risk of non-additionality increases. To overcome this problem, the implementation of these activities or technologies in the Article 6 carbon market should not be encouraged.

Meet national  
NDC targets



Participate in international  
market instruments



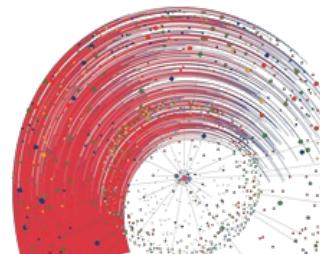
**Group activity #1:  
Instructions**

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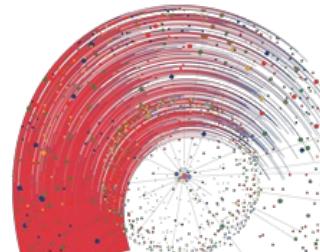
**Final discussion: 10 min**

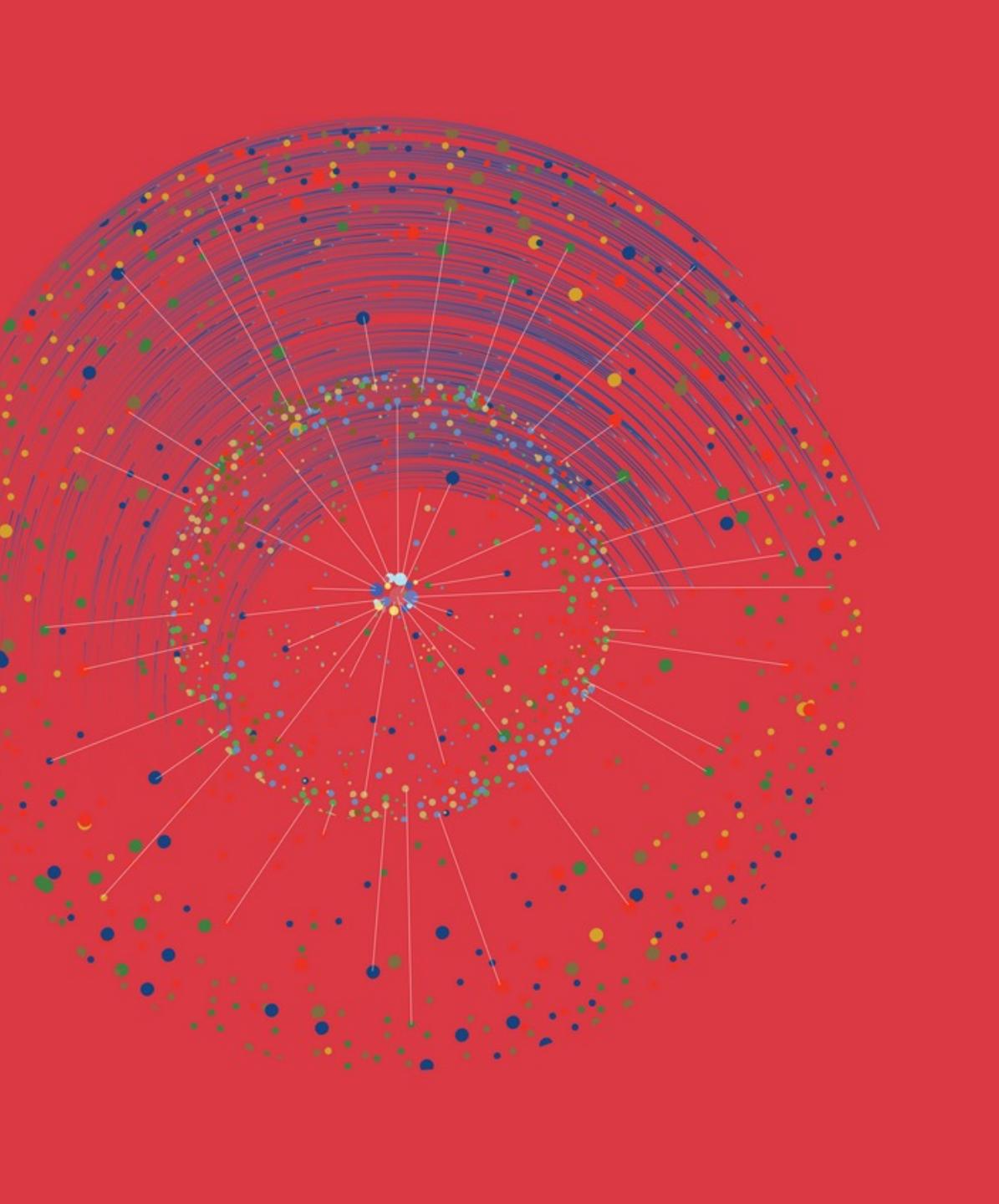
**Share results!**

Which group would like to share their positive and negative list and explain the criteria used?



# **Thank You!**





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# Lunch Break (1hr and 45 minutes)

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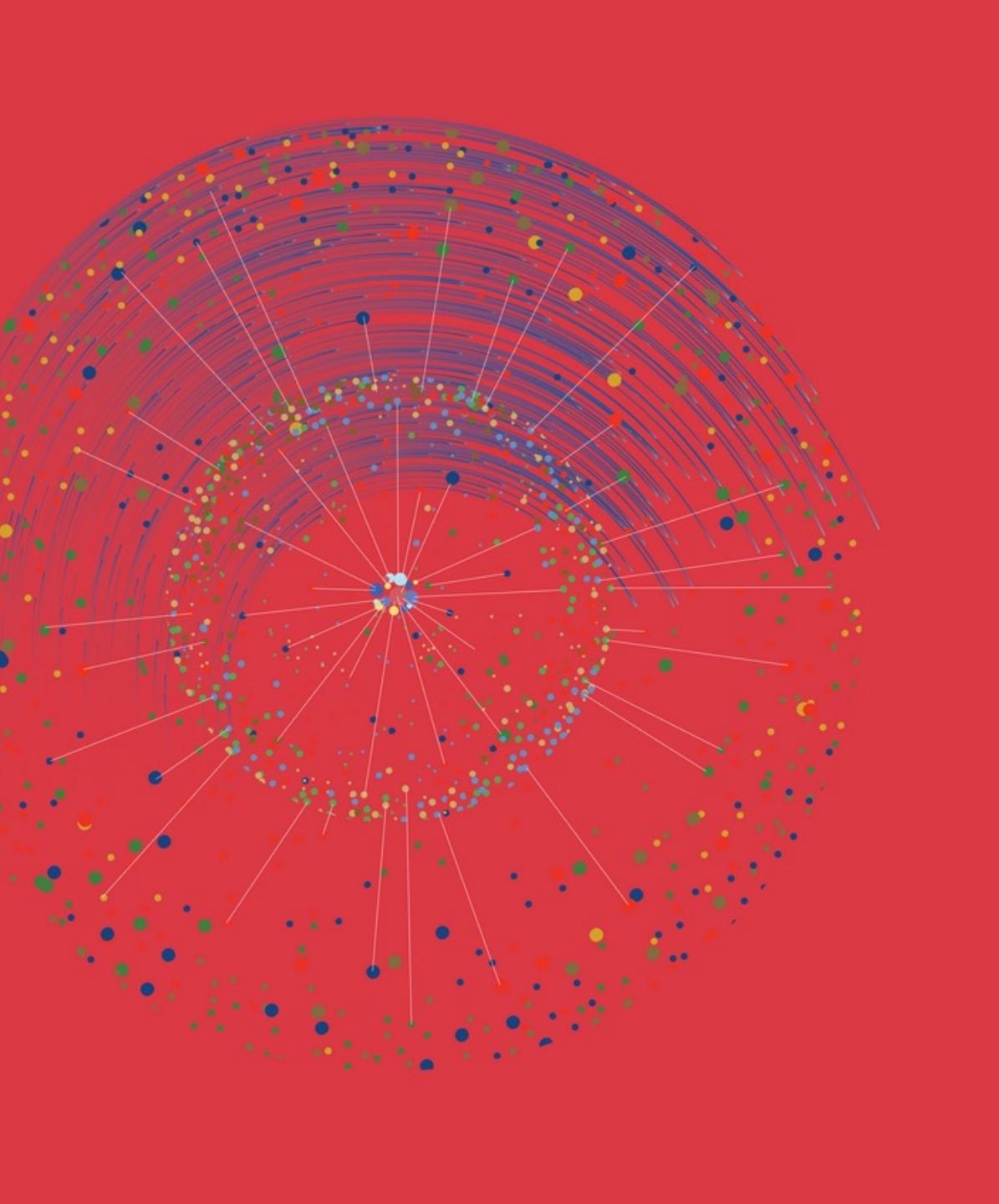


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# Session 04: Article 6.2 Reporting. Reviewing. Tracking

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Virtual



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Climate Change



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**Perumal Arumugam**  
**Manager, UNFCCC**

# Reporting under Article 6.2

Parties participating in a cooperative approach are required to report relevant information relating to their participation and the cooperative approach for the purpose of transparency, robust accounting, and to ensure consistency with the Article 6.2 guidance.

**Decision  
2/CMA.3  
(Chapter IV)**

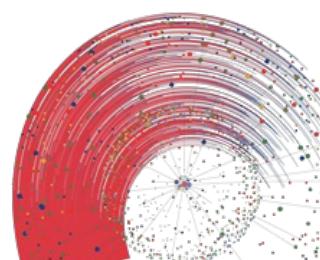
Sets out 3 types of reporting with deadlines, frequency, forms, and elements.

**Decision  
6/CMA.4  
(Annexes V,  
VI, VII)**

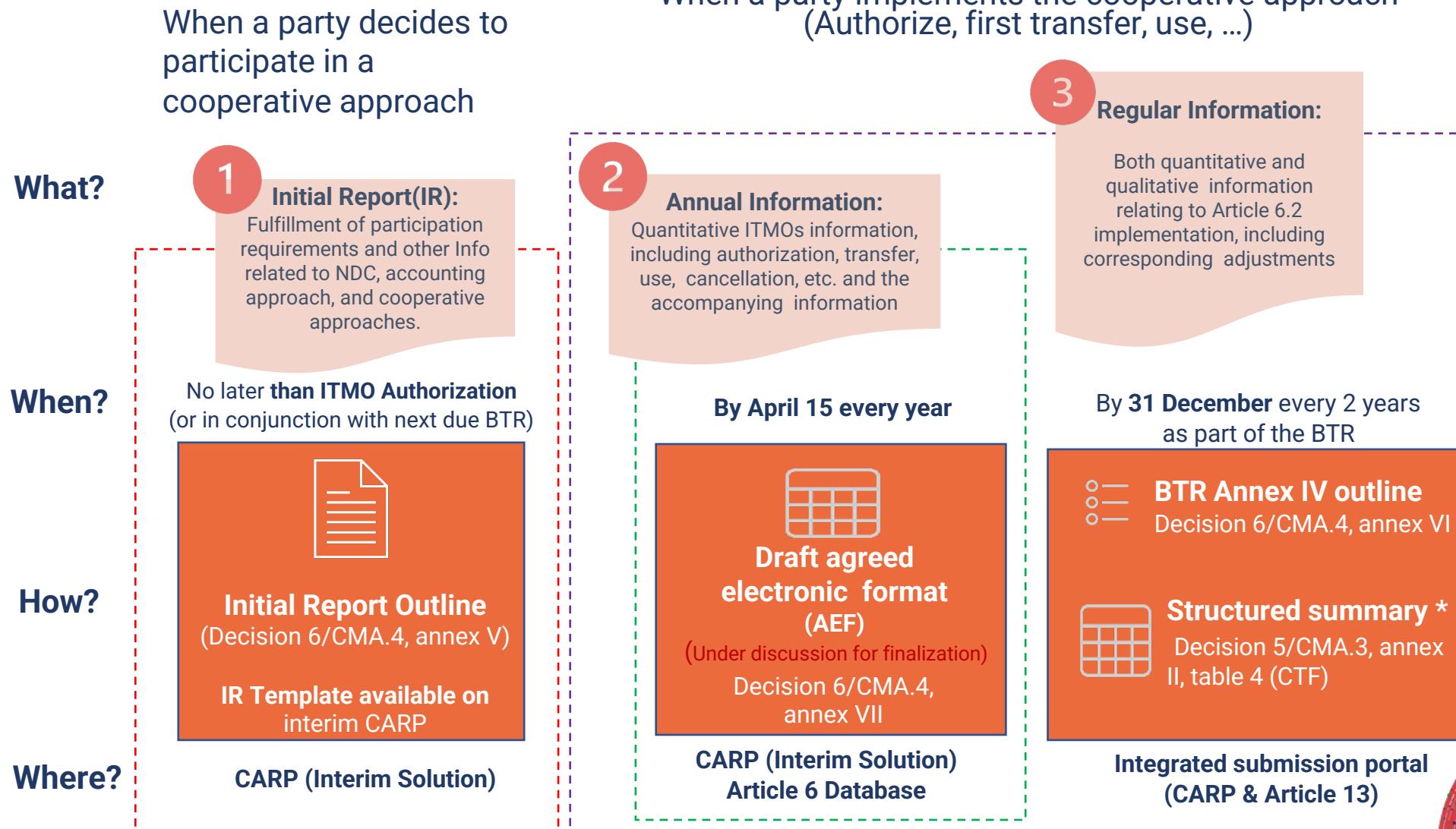
Adopted the outlines for the initial report and Annex IV to BTR (regular information), and the draft agreed electronic format (AEF) (annual information) for testing.

## 3 Layers of A6 Reporting

- Initial Report
- Annual Report
- Regular Report



# Reporting under Article 6.2



# Initial Report and updates: When a party decides to participate in a cooperative approach

## IR Outline: 4 Sections

I. Participation responsibilities	II. Description of the Party's NDC	III. [Accounting information]	IV. Cooperative approach
Party to PA	Target and description	ITMO metrics	A copy of authorization
Communicate NDC	Target year/period	CA method	Description, duration, parties
Authorization arrangements	Reference point/level/baseline	Quantification of NDC	Expected mitigation
Tracking arrangements	Time frame		Authorized entities
Most recent GHG inventory	Scope and coverage		Environmental integrity
NDC, LT-LEDS, Paris goals	Intention to use Article 6		Additional description
	Any updates/clarifications		

What?

When?

- No later than authorization of ITMOs
- where practical in conjunction with the next due BTR

How?

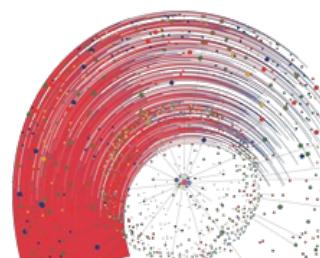


Initial report template  
Available on CARP

Where?



CARP (Interim solution)



# Annual Information: When a party implements the cooperative approach (Authorize, first transfer)

What?

Actions/Uses		Complementary Information	
Authorization for NDCs	Holdings	The cooperative approach The OIMPs authorized by the Party The first transferring Party The using Party or authorized entity(ies)	Sector(s) and activity type(s)
Authorization for OIMPs	Cancellation		Vintage year
First Transfer	Voluntary cancellation (OMGE)		The unique identifiers
Transfer	Use towards NDC		
Acquisition			

When?

No later than 15 April of the following year

How?



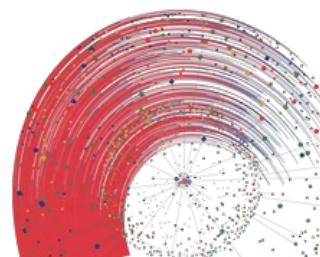
Draft agreed electronic format (AEF)  
Decision 6/CMA.4, annex VII  
(Under discussion for finalization)



Where?



For record in Article 6 Database (in development)



# Regular Information

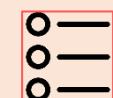
**What?**

Participation in cooperative approach	Information on each cooperative approach	Annual information
Participation responsibilities	Contribute to mitigation/NDC	A list of information, such as <ul style="list-style-type: none"><li>• Annual emissions and removals covered by NDC</li><li>• Annual quantity of ITMOs</li><li>• Total quantitative CAs</li><li>• An annual emissions balance</li><li>• Other information in 6/CMA.3, annex, para. 23</li></ul>
Updates to previously provided information	Environmental integrity	
Information on authorizations	Measurement of mitigation outcomes	
Information on CAs	Avoid negative impacts, Human rights	
Information on avoiding double use	Sustainable development Safeguards and limits Adaptation contribution / OMGE	

**When?**

**No later than 31 December of the relevant year** (2024, 2026, 2028, ...)

**How?**



**BTR Annex IV outline**  
Decision 6/CMA.4, annex VI



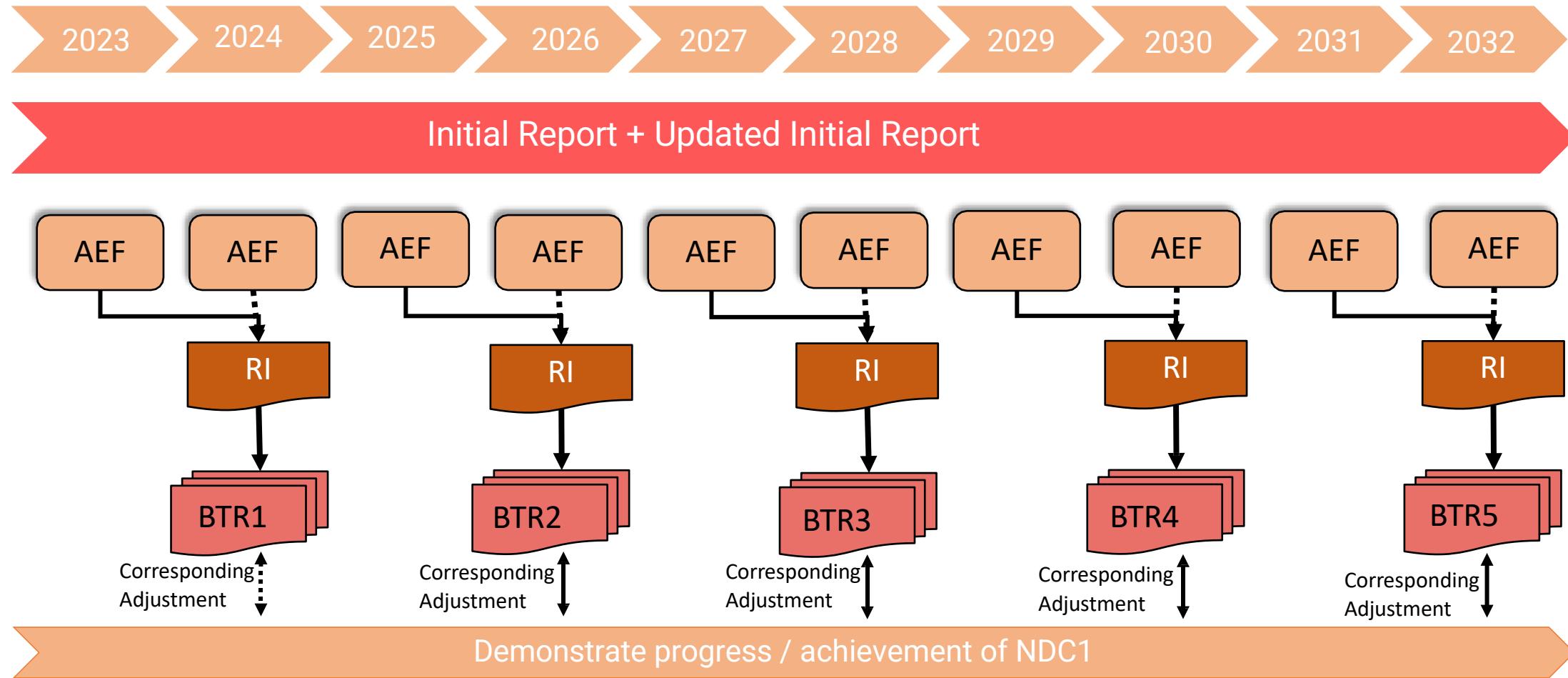
**Structured summary**  
To be available as CTF tool in  
ETF Reporting Tools

**Where?**



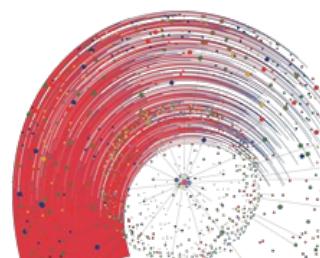
Submission  
portal

# A6.2 Reporting Cycle



AEF: Agreed Electronic Format  
BTR:  
Biennial Transparency Report  
ETF: Enhanced Transparency Framework

Source: Diagram extracted from the A6IP Capacity Building Tools; June 2024.

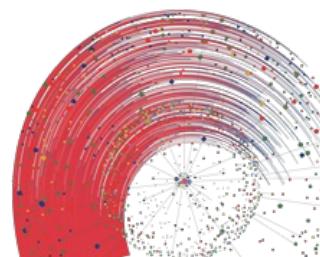


# Consistency check and Review under Article 6.2

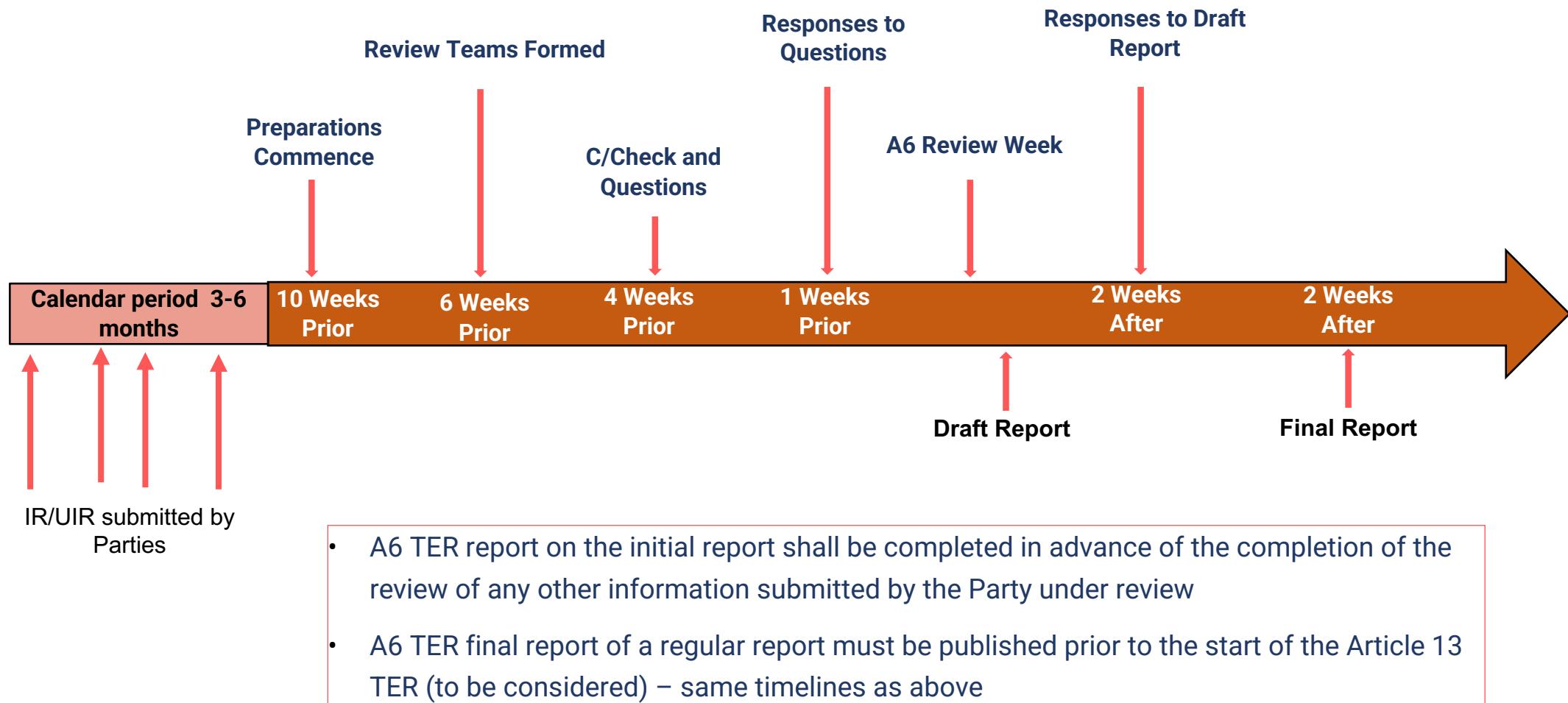
Article 6 reports will undergo a consistency check (by the secretariat) and/or a review (by Article 6 technical expert review team (A6TERT)) depending on the type of reports.

Type of reports	Consistency check (Quantitative information)	Article 6 technical expert review (A6TER)
Initial report / updated initial report		✓
Annual information	✓	Consideration of the consistency check results
Regular information	Annex 4 to BTR	✓
	Structured summary	✓

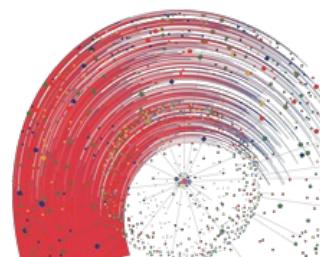
Source: Information based on the Decision 2/CMA.3, annex, chapters V-VI and Decision 6/CMA.4, annex II.



# A6 TER Process

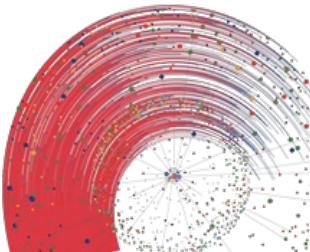


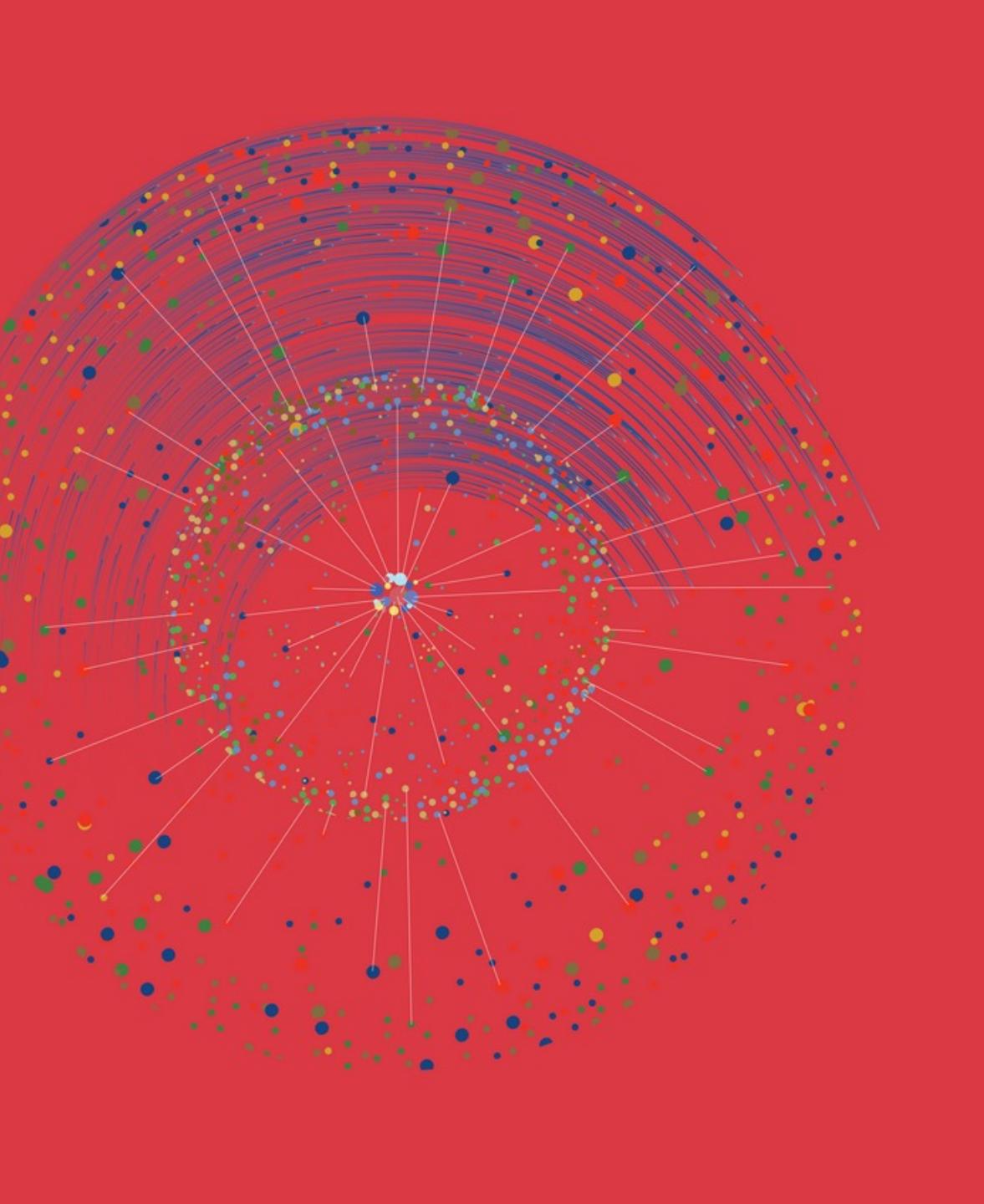
\* For full procedures, please see Decision 6/CMA.4, annex II.



# Thank You!

## Q&A





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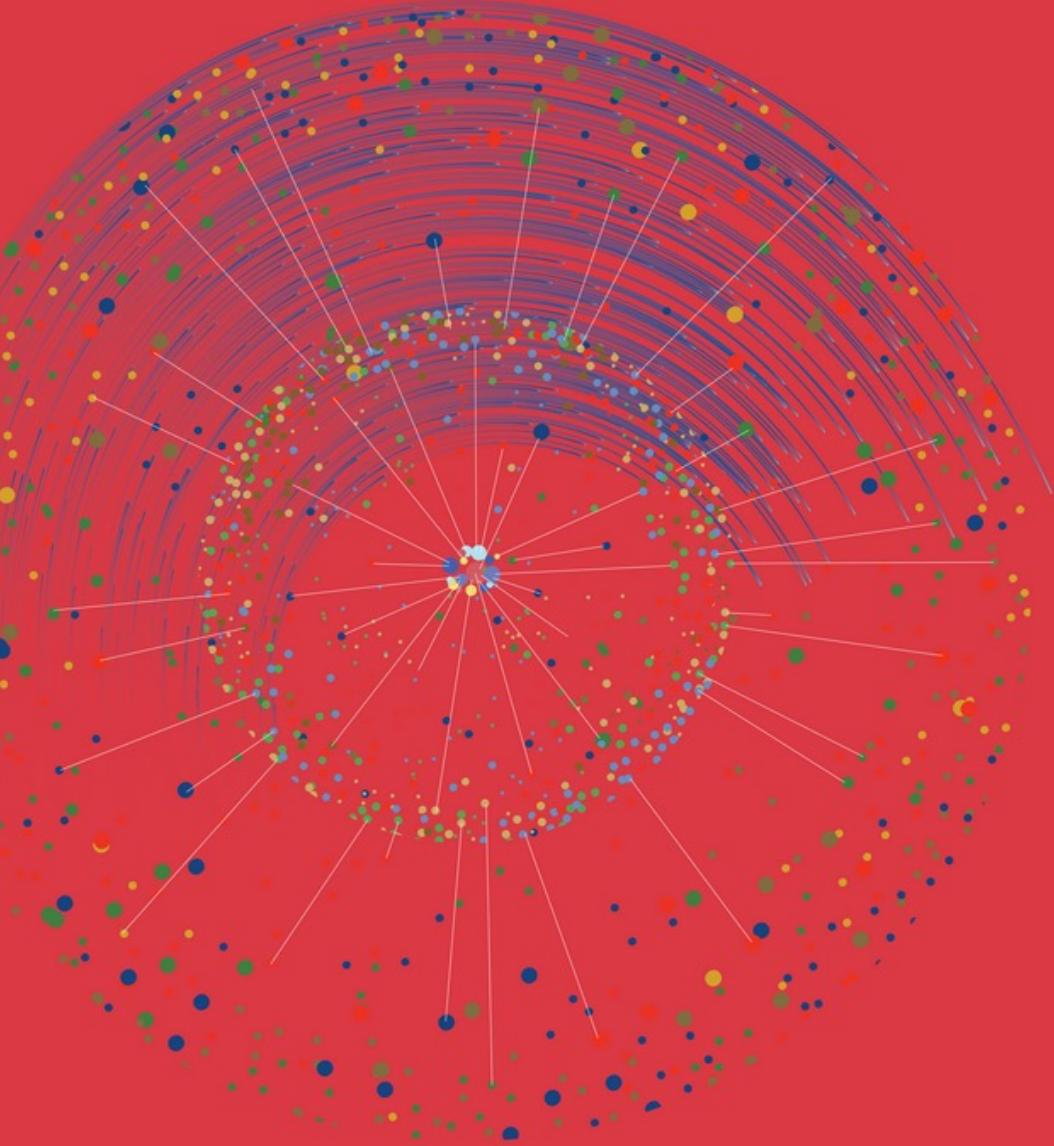


## Article 6.2

## Country Experience

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## Bilateral Agreement



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# Update on the development of Article 6.2 implementing Agreement between the Commonwealth of Dominica and the Swiss Confederation





United Nations  
Climate Change



## Michael Savarin

Coordinator of Climate Finance and Green  
Industrial Development  
Ministry of Finance, Economic Development,  
Climate Resilience and Social Security

...

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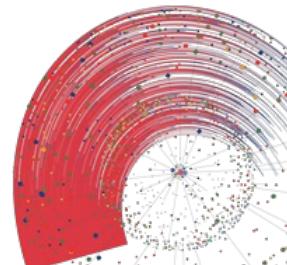


on the basis of a decision  
by the German Bundestag



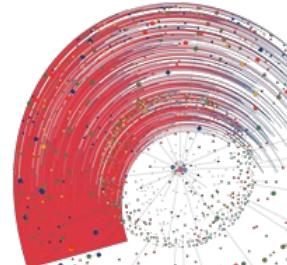
# **Swiss National Mechanism For Bilateral Agreement For Implementation of article 6.2**

- The CO2 Act of the Swiss Confederation forms the basis of its engagement in bilateral agreements for the implementation of Article 6.2
- The operationalizing of bilateral agreements is executed by The Kilk foundation a private not for profit entity in collaboration with the designated Swiss Government entities.



# Dominica-Steps In Development of Bilateral Agreement

- Engagement with Kilk foundation for partnership in low carbon transport transition
- Selection of approved (KilK) private entity partner to deliver ITMOs
- Development of application with private entity partner
- Obtain Cabinet approval for submission of application
- Application requires submission of Diplomatic note to Kilk affirming Governments intent to enter into a bilateral agreement for implementation of article 6.2 Submission of application
- Submission of application
- Receipt of Letter Of Interest from Kilk or the ITMOs and release of funds o private partners for baseline analysis
- Development of agreement

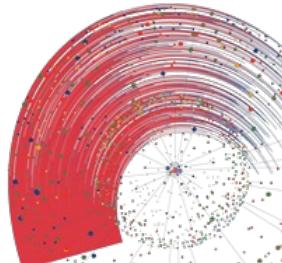


## Dominica NDC commitment

28% reduction in carbon emission by transportation sector by 2030

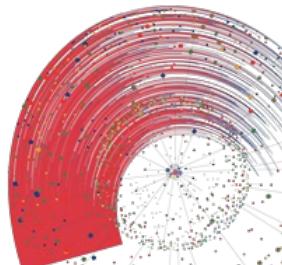
### FINANCIAL CHALLENGES TO ACHIEVING TARGET

- Financing for baseline assessment
- Development of financial modelling for transition
- High CAPEX for charging infrastructure
- Need for Concessional financing for E mobility to eliminate price differential with combustion technology
- Capacity development
- New legislation and policy



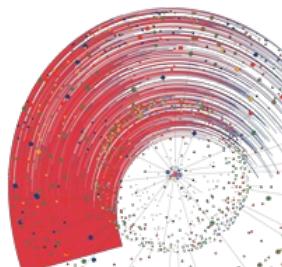
# KLIK foundation ITMOS climate finance

- Feasibility analysis US\$150,000 baseline analysis
- Guarantee for the purchase of ITMOS delivers additional revenue stream thereby enhancing financial viability of low carbon transition
- ITMOs serve to derisk private capital to facilitate



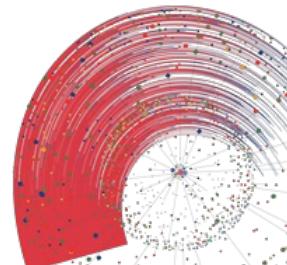
## **Strategic approach to combine ITMOS via bilateral agreement with Swiss Confederation with GCF Readiness funds**

- US\$150,000 from Kilk Foundation insufficient to baseline analysis and complete of key de-risking activities.
- Need to procure additional de-risking funds
- The need to lock in concessional financing to facilitate not only public charging infrastructure but private sector uptake of EV
- Dominica would not consider ITMO if there was not existing positive differential between national sequestration and national emissions.



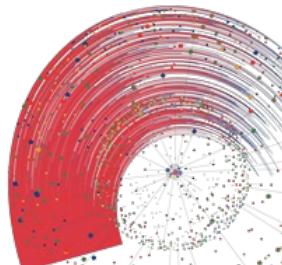
# Some Key Elements of Bilateral Agreement

- Definitions
- Objective
- Environmental integrity
- Monitoring Verification, Reporting- Independent Verification (Third Parties)
- Authorization
- Entities Authorized to transfer
- Recognition of Transfer
- Mutual Correspondent adjustments
- Annual Reporting to Secretary to Paris Agreement
- Biennial Reporting.(Biennial Transparency Report ) related to NDC targets
- Sustainable Development
- Registry
- No double Counting
- Suspension of transfers



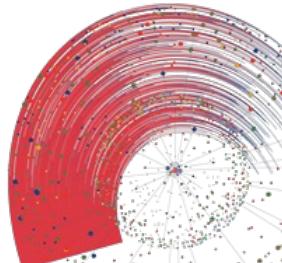
# Transitional Joint Registry

- Strategically allows Dominica to advance the development process towards low carbon
- Agreement of direct capacity development support from Swiss Confederation for national registry
- Bahamas has set benchmark legislation which serves as regional model (*Climate Change And Carbon Market Initiative 2022*)
- UNFCCC focal point to advance legislation



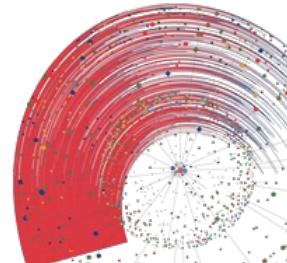
# Some outputs from Derisking Activities

- Land transport low carbon feasibility options
- Maritime low carbon transport feasibility options
- National Low carbon Transport pathway
- Emission trends BAU model And NDC target Trajectory
- Gender and accessibility
- Emission reduction through Evs (with current grid factor)
- households mobility survey
- proposed charging station infrastructure
- On demand public transportation
- Identification of capacity development needs
- Development of Ev phasing development model



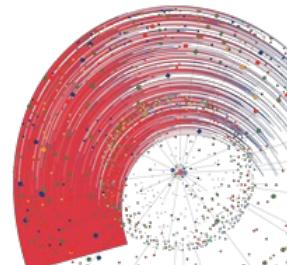
# Development of Mitigation Action Design Documentation

- MADD very detailed document that provides comprehensive and complete information of the project
- Research activities
- Justification of emission reductions,
- Technology scope and demonstration of additionality
- Implementation and legal arrangements
- Linkages with NDC and sectoral policies
- Contribution to sustainable development
- MRV plan
- Financial arrangement
- Implementation road map



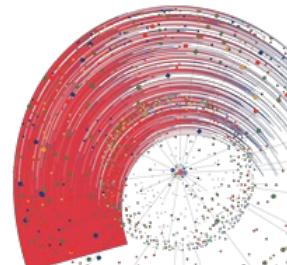
# TERM SHEET

- Buyer
- Seller
- Mitigation Activity
- Commodity
- Delivery Schedule
- Call Options
- Unit Price and payment terms
- Representation and warranties
- Early Termination
- Development and operation of Mitigation activity
- Cost
- Taxes
- Applicable Law
- Validity and Exclusivity

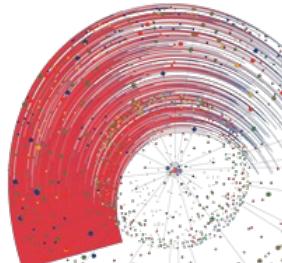


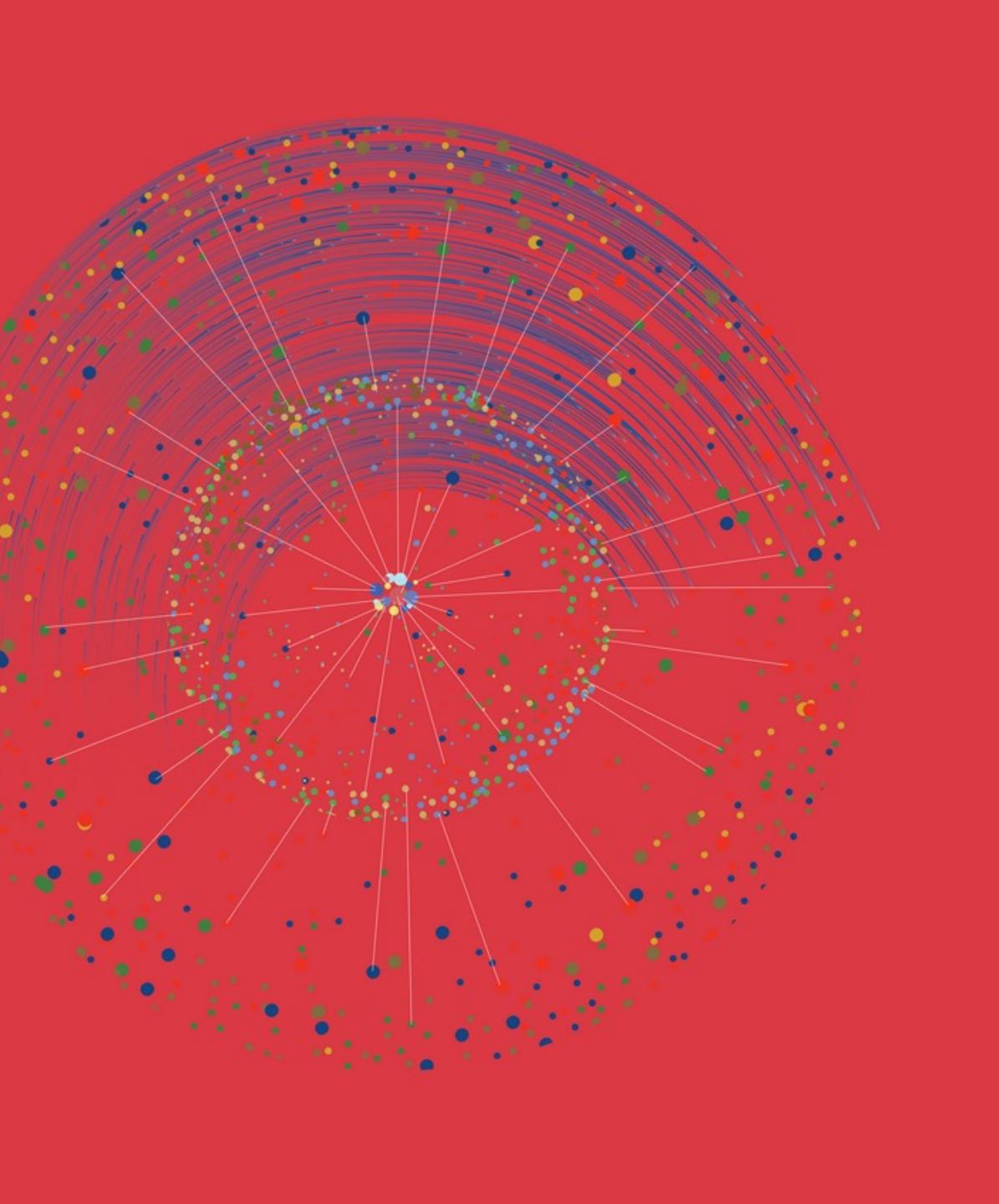
# MITIGATION OUTCOME PURCHASE AGREEMENT

- **Background** –Identification of the Parties, their motivations, common objectives, legal responsibility for compliance
- **Conditions precedent**-Conditions to be established before conditions and agreement are legally binding
- **Obligations**- All aspects as detailed in MADD
- **Costs**- Registry related costs. They may include fees associated with the use of the International Registry for Article 6.2. Taxes, fees, levies, charges, etc., are payable pursuant to the MOPA each Party is responsible for taxes payable in their own jurisdiction
- **Call and put options**- Rights not obligations granted to both the buyer and seller to sell or buy additional ITMOs at determinant prices
- **Right of first offer**- seller grants buyer rights to purchase additional ITMOs prior to the presentation to third parties.
- **Annexures**- MADD should form core document.
- **Early Termination**- The various factors for termination of the agreement.
- These should already be defined in MADD



# **Thank You!**





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# Coffee Break (15 minutes)

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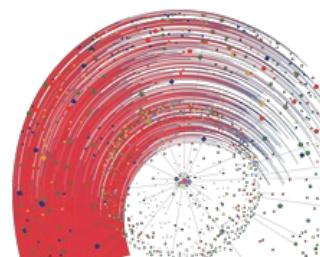
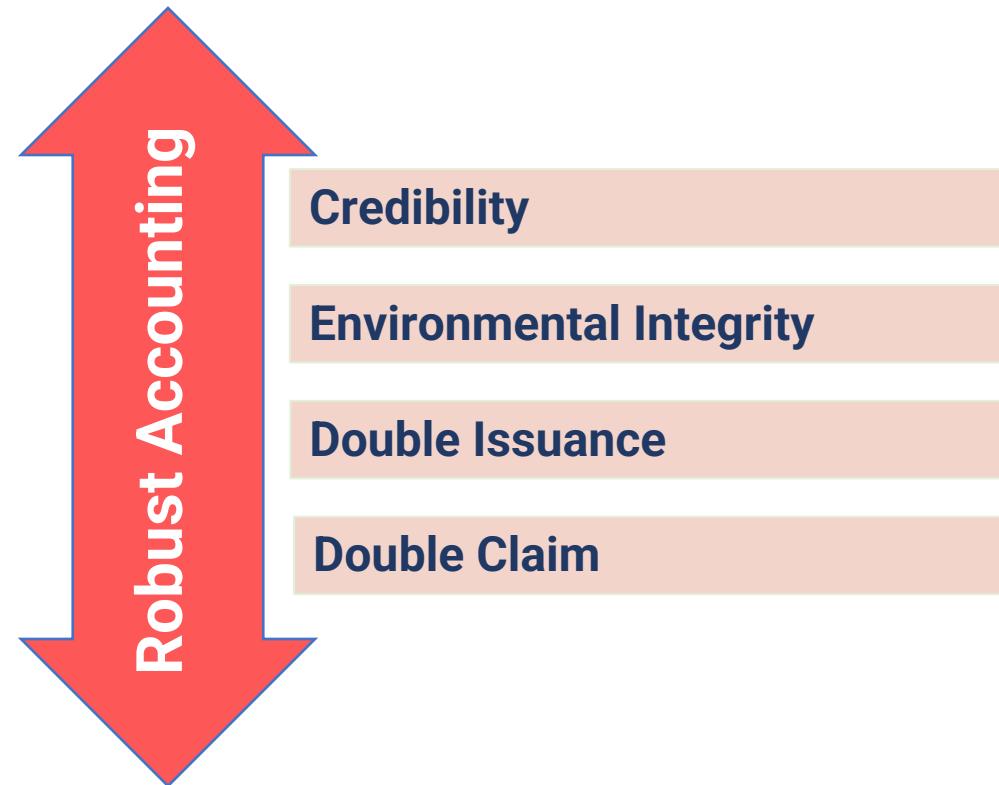


on the basis of a decision  
by the German Bundestag

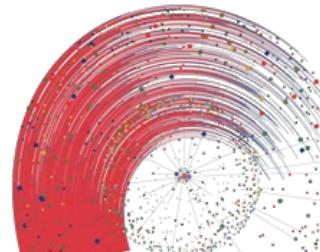
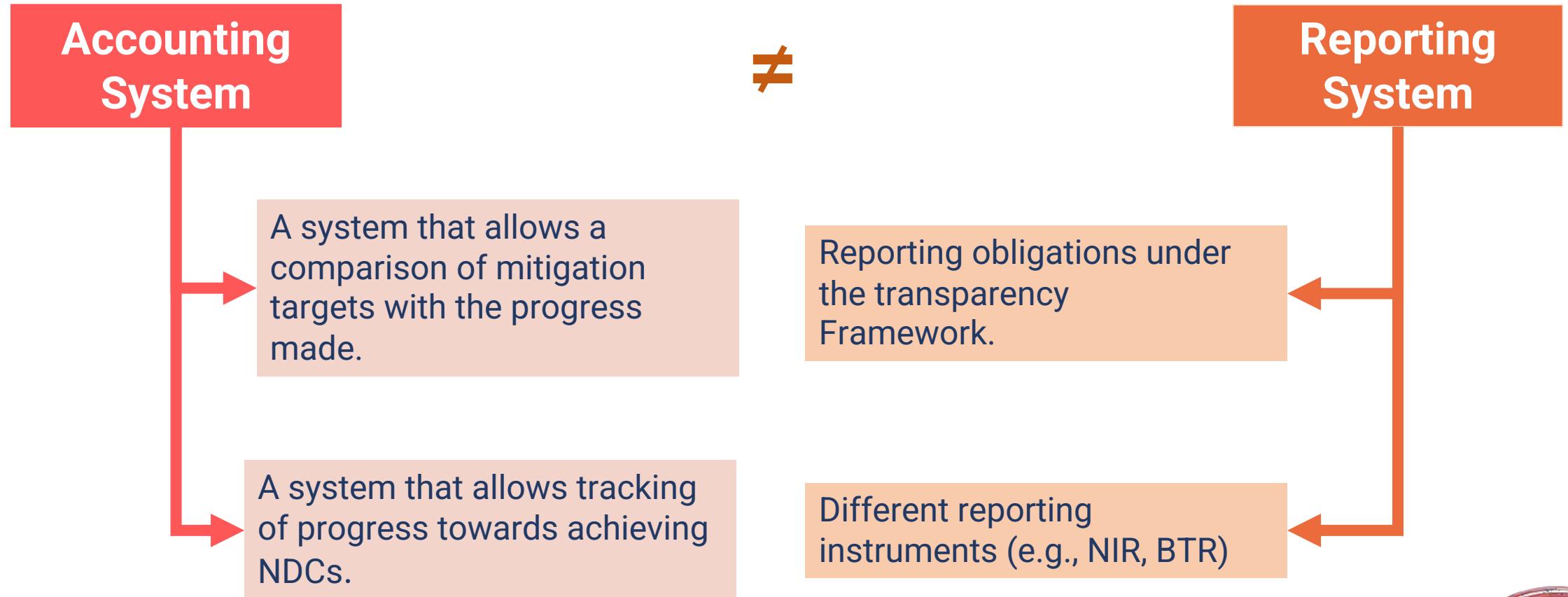


# Paris Agreement Accounting

- An accounting system is a set of rules that details which emission reductions are, and which ones are not, allowed to be counted towards the fulfilment of a country's pledge to reduce greenhouse gas emissions / use in NDC.
- The PA includes several provisions that aim to ensure robust accounting for mitigation targets (NDCs accounting under Article 4 and Article 13 of PA).



# Paris Agreement Accounting vs Reporting



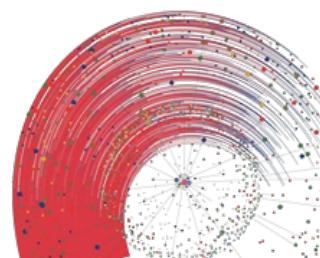
# Concepts of corresponding adjustments (CAs)

## Key principles

Each participating Party shall apply corresponding adjustments in a manner that:

- Ensures **transparency, accuracy, completeness, comparability and consistency (TACCC)**;
- Participation in cooperative approaches **does not lead to a net increase in emissions** across participating parties within and between NDC implementation periods;
- Corresponding adjustments shall be **representative and consistent** with the participating Party's NDC implementation and achievement.

<b>WHY?</b>	To avoid double counting (Use towards NDC and OIMPs)
<b>HOW?</b>	Article 6.2 guidance provides description on how to apply CAs, including applicable CA methods for each NDC target type
<b>WHEN?</b>	CAs are reported as part of the regular information (every 2 years)
<b>WHERE?</b>	CAs are shown in the structured summary as part of the BTR

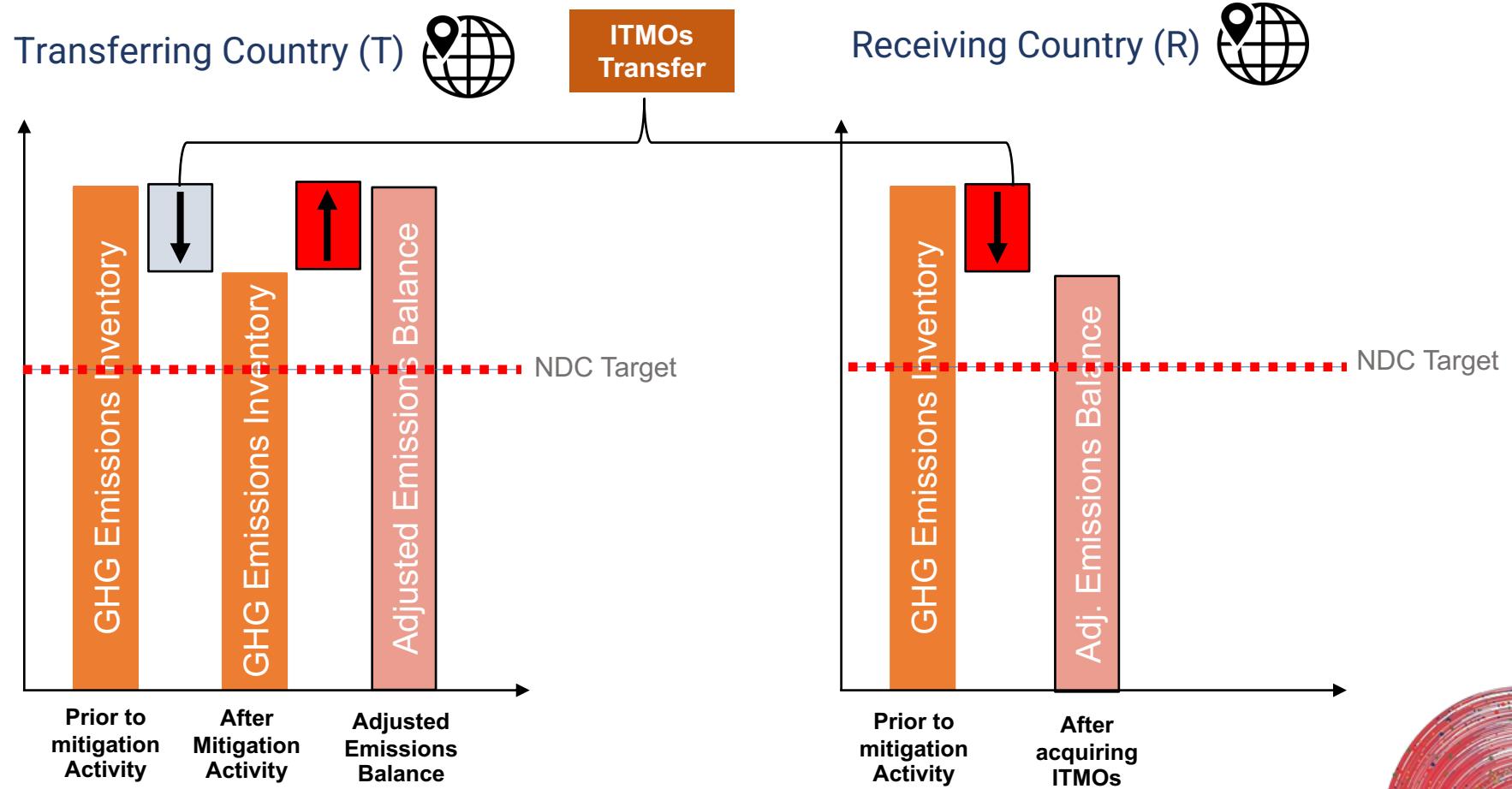


# Concepts of corresponding adjustments (CAs)

Countries' emissions levels, as reported when they track the progress towards achieving the NDC, should be adjusted to reflect the transfer (export) or receipt (import) of mitigation outcomes.

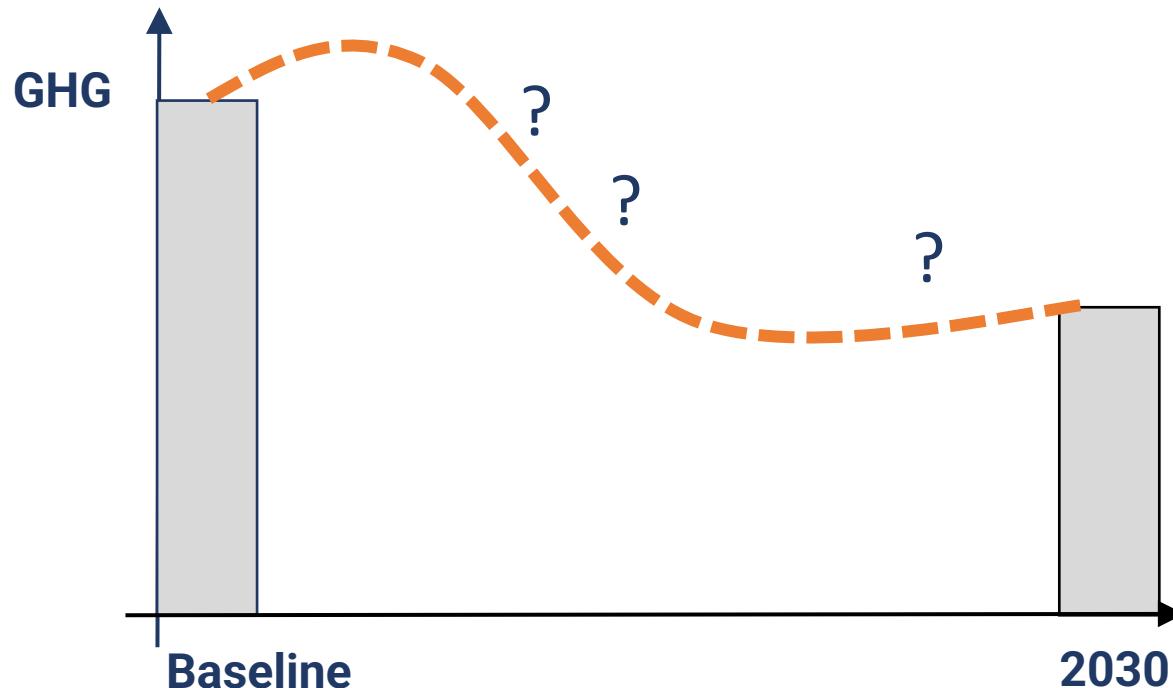
## For ITMOs measured in tCO<sub>2</sub>eq:

CAs are applied to the emissions and removals covered by the NDC, resulting in an emissions balance.



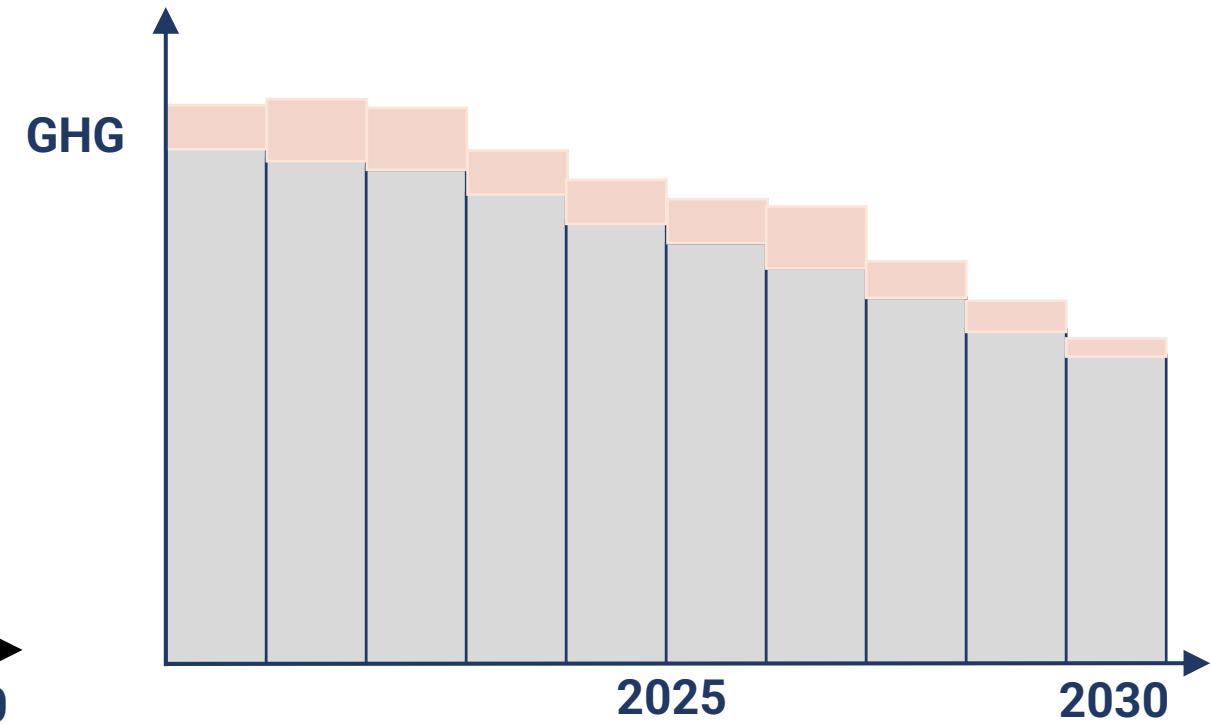
# Article 6 Accounting: Diverse NDCs

**SINGLE YEAR TARGET:** A single-year target means that emissions must be reduced below the target level in a specific year.



**Example:** 30% reduction below the 2005 level in 2030.

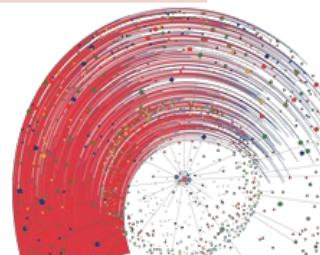
**MULTI-YEAR TARGET:** A Party has target for several consecutive years (e.g., 2025, 2030, 2050 and has clear carbon budget or emission trajectory).



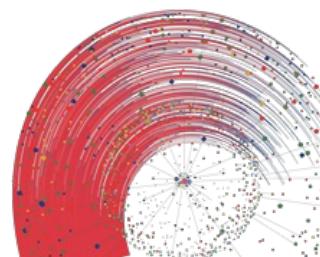
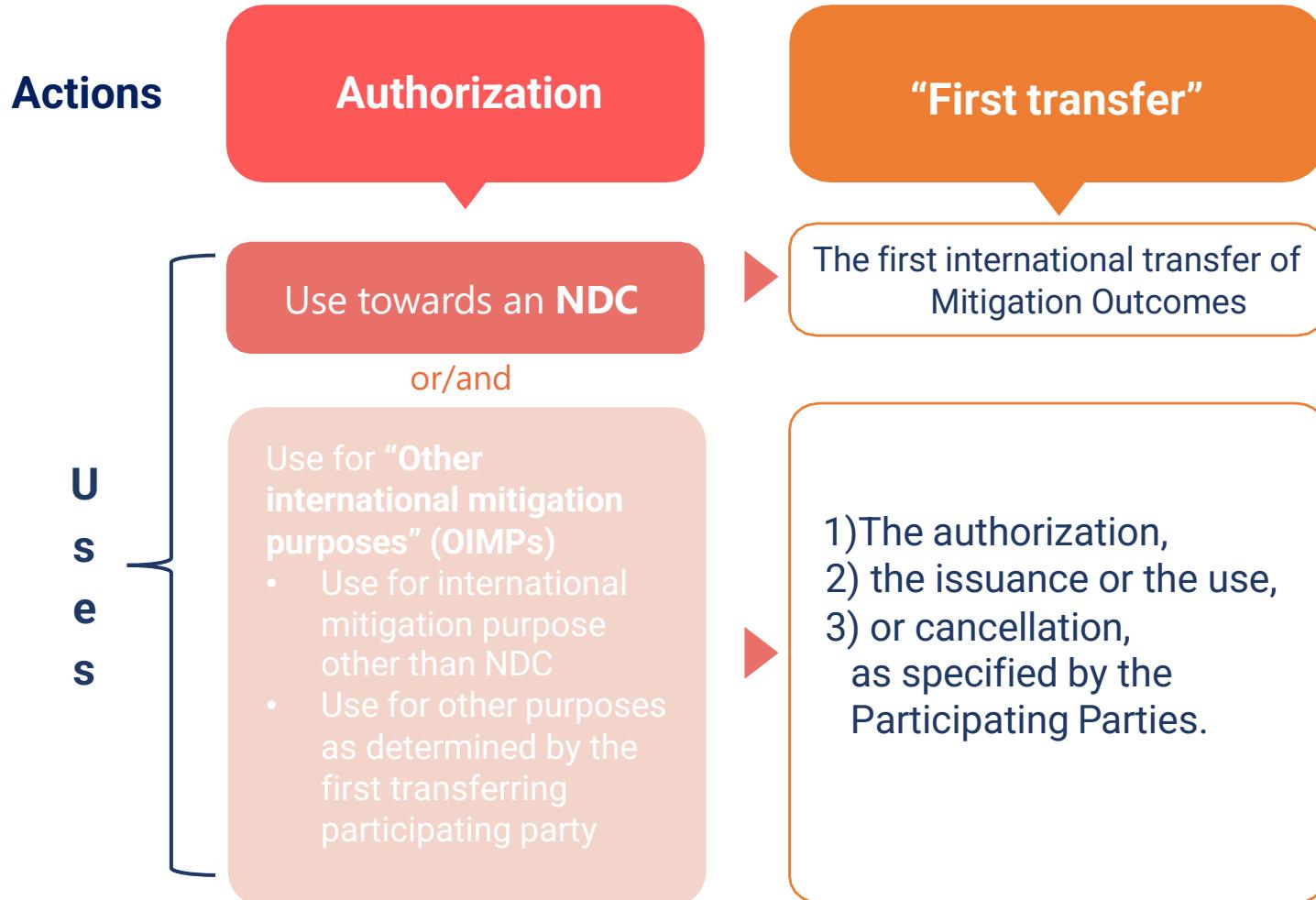
**Example:** Commitment to an emission level of 10 MtCO<sub>2</sub>eq over the period 2021 to 2030.

# Methods of Corresponding Adjustments (CAs)

NDC target type	For Single-year NDC (2 Methods)		For multi-year NDCs
Methods	Trajectory or Budget	Average	Trajectory or Budget
	<u>Providing an indicative multiyear emissions trajectory/ trajectories or carbon budget</u> that is consistent with NDC implementation.	<u>Calculating the average annual amount of ITMOs first transferred/used</u> over the NDC period (cumulative ITMOs divided by the number of elapsed years)	<u>Calculating a multi-year emissions trajectory, trajectories, or budget</u> for its NDC implementation period that is consistent with the NDC
CA Timing	Annually apply CAs for the total amount of <b>ITMOs first transferred/used each year</b> .	Apply indicative CAs equal to this average amount for each year and apply CAs equal to this average amount in the NDC year	Annually apply CAs for the total amount of <b>ITMOs first transferred/used</b> each year and cumulatively at the end of the NDC implementation period



# First Transfer and Use of ITMOs



# Article 6 Infrastructure Overview

## Centralized accounting and reporting platform (CARP)

Implemented by the UNFCCC Secretariat

Form: digital web-based platform

### Key functions

- Publishes information submitted by participating parties
- Provides reporting templates, a submission portal, etc.
- Enables management of common nomenclatures

## Article 6 Database

### Key functions

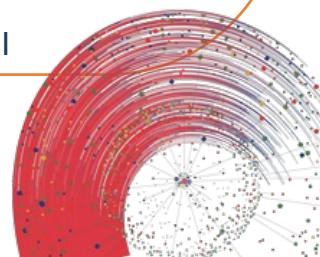
- Records and compiles information submitted by participating parties (annual/regular information), incl. corresponding adjustments, emissions balance, and information on ITMOs.
- Records ITMO IDs.
- Supports Article 6 technical expert review and publishes the review report
- Identifies inconsistencies.

## International registry

### Key functions

- Performs tracking functions
- Has necessary functions as required by the guidance on registries.

Source: Information based on the Decision 2/CMA.3, annex, chapter VI and Decision 6/CMA.4, annex I





United Nations  
Climate Change



RCC Caribbean

*Collaboration for Climate Action*

# Session 02:

# Exploring Article

## 6.4 - Framework and Opportunities

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# Article 6.4 – Paris Agreement Crediting Mechanism – An overview

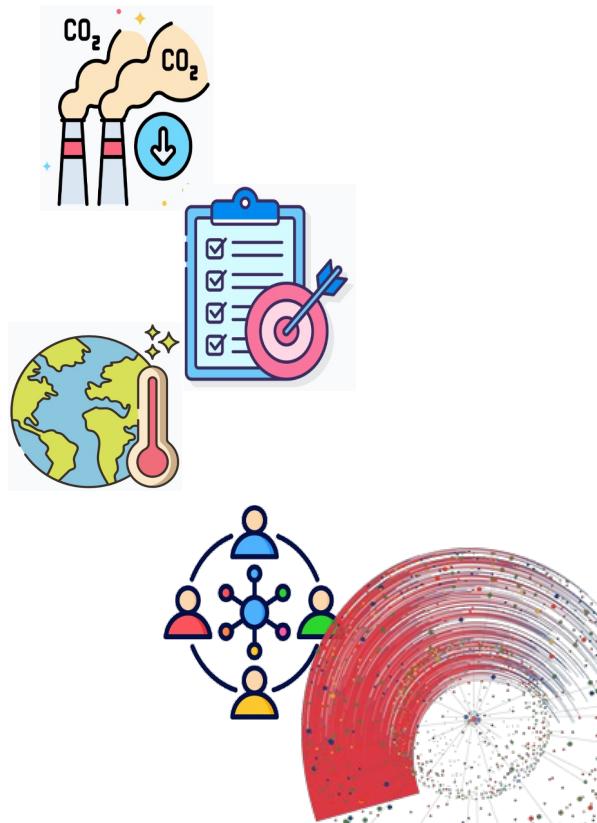
The Paris Agreement Crediting Mechanism (PACM) is the new centralized UNFCCC baseline-and-credits mechanism for public and private sector actors. The PACM aims to:

Incentivize and facilitate **participation in the mitigation of GHG by public and private entities** authorized by a Party.

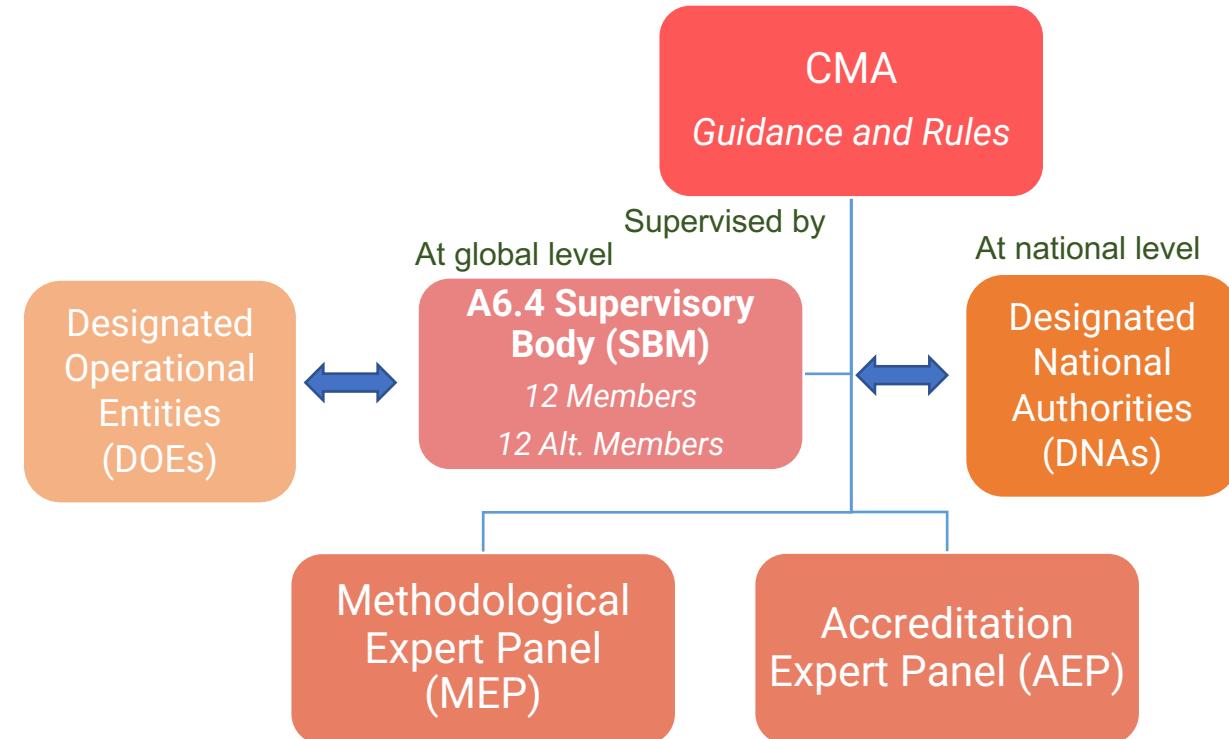
Promote the **mitigation** of GHG emissions while fostering **sustainable development**.

To deliver an **overall mitigation in global emissions**.

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**.

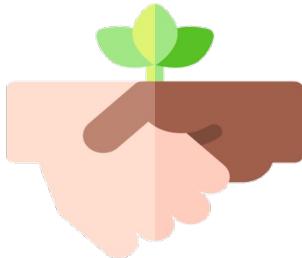


# Governance Structure of the PACM



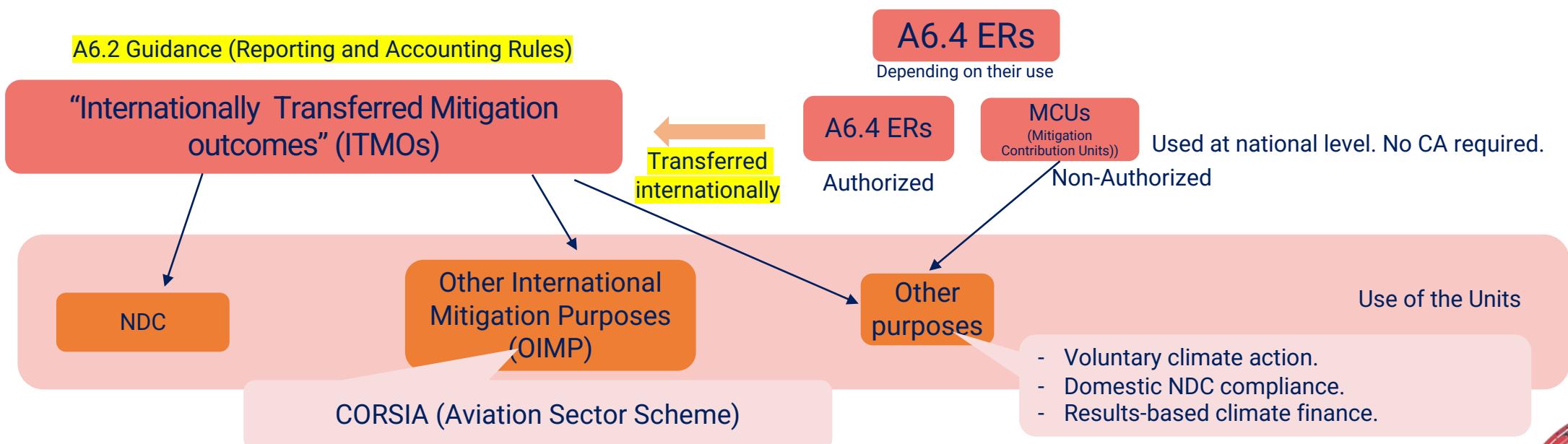
# Understanding Cooperation under Article 6.4

The new Paris Agreement Crediting Mechanism



"It will be overseen by a body designated by the CMA and established within the Secretariat of the UN Climate Change."

The mitigation outcomes of proposed activities will be accredited under units known as Article 6.4 Emission Reductions (A6.4ERs)



# Thank You!

## Q&A

