

Article 6 of the Paris Agreement

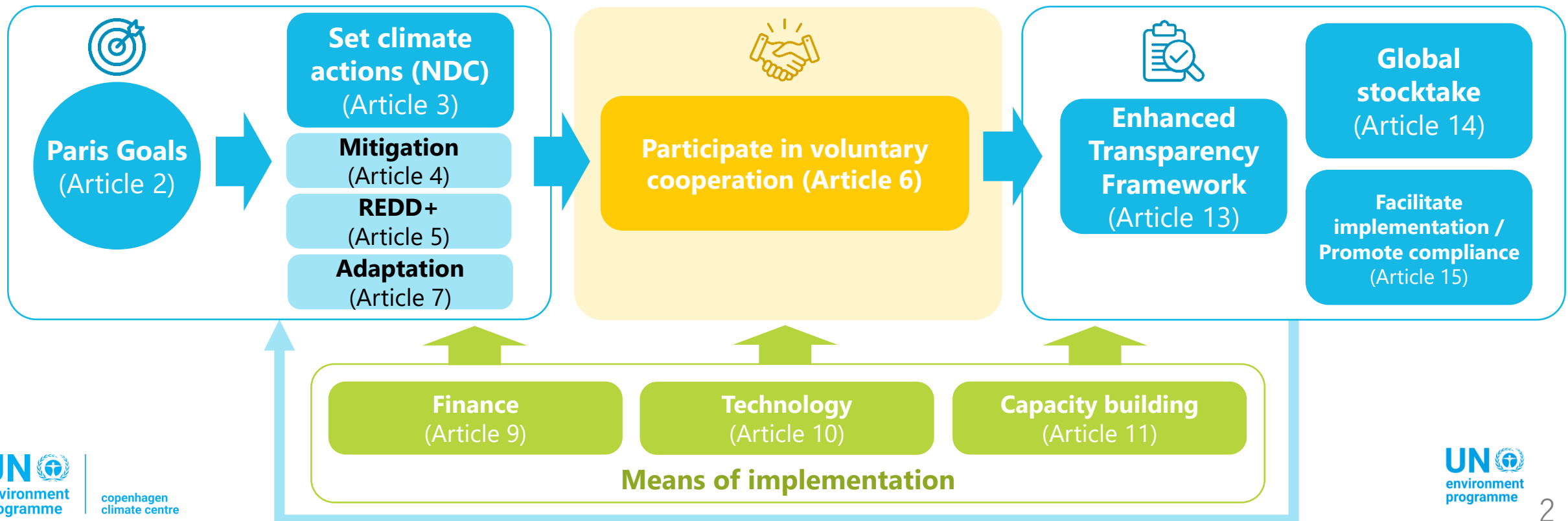
- ADB's Carbon Market Webinar May 29, 2025

Urwah Khan

Advisor – Climate & Energy

Paris Agreement Overview and Article 6

- **The Paris Agreement sets the long-term temperature goal of limiting global temperature to 1.5 - well below 2°C.**
- Under the Paris Agreement, countries must communicate their **Nationally Determined Contributions (NDCs)** describing actions to reduce GHG emissions and build climate resilience in order to reach the goals of the Paris Agreement.
- In implementing the NDC, countries must pursue domestic mitigation measures (Article 4.2). **Countries may also choose to pursue voluntary cooperation (Article 6)** to, among others, allow for higher ambition in their actions.



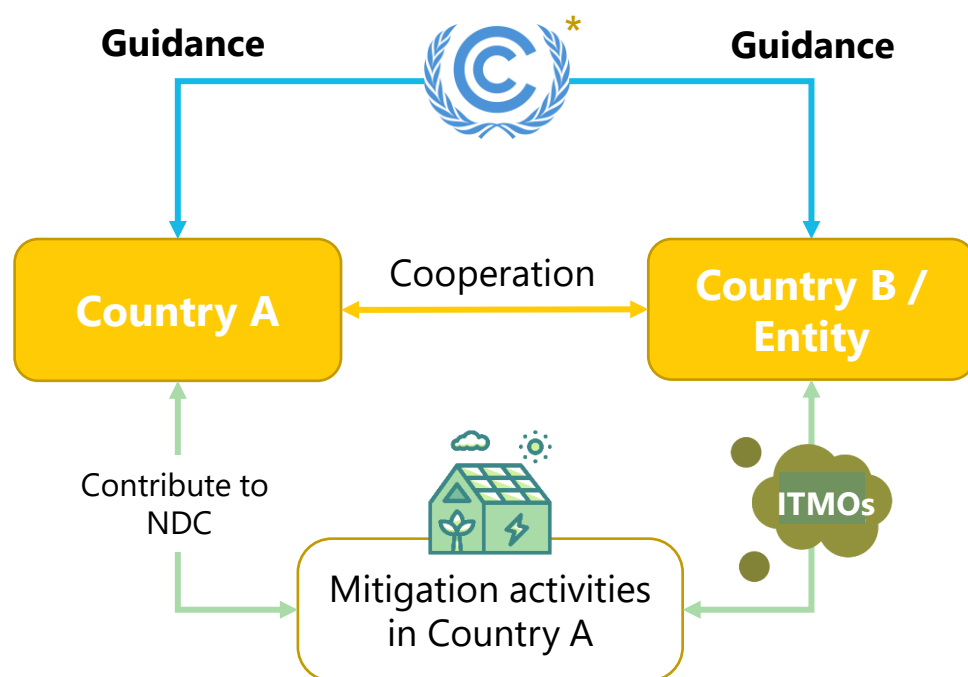
Article 6 Rulebook: Key decisions on Article 6.2 & 6.4

Component	Body	COP 26 Glasgow, 2021	COP 27 Sharm El-Sheikh, 2022	COP 29 Baku, 2024
Article 6.2	CMA	Decision 2/CMA.3 Article 6.2 guidance	Decision 6/CMA.4 <ul style="list-style-type: none"> Tracking guidance Review guidance Reporting outlines Draft version for submitting annual information (AEF) 	Decision -/CMA.6 <ul style="list-style-type: none"> Further guidance relating to authorization, reporting and review, tracking Updated draft AEF
Article 6.4	CMA	Decision 3/CMA.3 Article 6.4 rules, modalities and procedures (RMP)	Decision 7/CMA.4 <ul style="list-style-type: none"> Elaboration of processes, including on CDM transition Rules of Procedure for A6.4SB 	Decision -/CMA.6 <ul style="list-style-type: none"> Takes note of A6.4SB's adoption of meth & removal standards Decision -/CMA.6 <ul style="list-style-type: none"> Further guidance, incl. on authorization, registry, and CDM transition
	A6.4SB		A number of standards, procedures and tool developed by Article 6.4 Supervisory Body	

Other relevant decisions include e.g. Para. 77 (d) of Decision 18/CMA.1 (Enhanced Transparency Framework)

Guidance on cooperative approaches under Article 6.2

Example of a cooperative approach structure



Countries/parties to the Paris Agreement (referred to as “participating parties”) may engage on a voluntary basis in **cooperative approaches that involve the use of “internationally transferred mitigation outcomes” (ITMOs)** towards NDCs and other international mitigation purposes.

In doing so, each participating party must ensure that its participation in the cooperative approach is **consistent with the Article 6.2 guidance** and relevant CMA decisions. This includes, inter alia:

- Ensuring fulfilment of **participation responsibilities**
- **Avoiding double counting** of ITMOs through application of corresponding adjustments referred to in the guidance
- **Tracking and reporting** which goes through the review process in accordance with the guidance

The guidance also lays out **Article 6.2 infrastructure**, including centralized accounting and reporting platform (CARP) and Article 6 database.



UNFCCC platform

- CARP (Interim Solution) ([Click here](#))

* CMA: Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.

Examples of mitigation activities under Article 6.2



Promotion of climate smart agriculture practices for sustainable rice cultivation in Ghana



ITMOs

Max. **3,231,171** tCO₂e
(2023-2030)



Emissions Reductions from Sustainable Management of Forests



ITMOs

Max. **7,144,362** tCO₂e
for 2021



Operation of e-buses on privately owned, scheduled public bus routes in the Bangkok Metropolitan area



ITMOs

Max. **500,000** tCO₂e
(2022-2030)



ITMOs resulting from Paris Agreement Article 5.2



ITMOs

Qty. not specified



Electrification of Vanuatu's Inhabited Islands through Solar Power ITMO Programme



ITMOs

Exp. **97,217** tCO₂e
(2022-2030)



Joint Crediting Mechanism between Japan and Thailand



ITMOs

To be specified

Key outcome from COP 29 / CMA 6 on Article 6.2

Enhance clarity on implementation

- Clarify the **authorization process and components**
- Specify **minimum content of authorization**
- Conditions and implications of **changes to authorization**
- Clarify sequencing and timing of reporting
- Clarify the application of first transfer

Ensure transparency and integrity

- **Updated draft AEF**
- Supplementary elements on information to be included in the **initial reports**
- Elaborating the process for **identifying, notifying and correcting inconsistencies**
- CARP provides a **public repository authorization** statements/ copies

Facilitate implementation and strengthen capacity

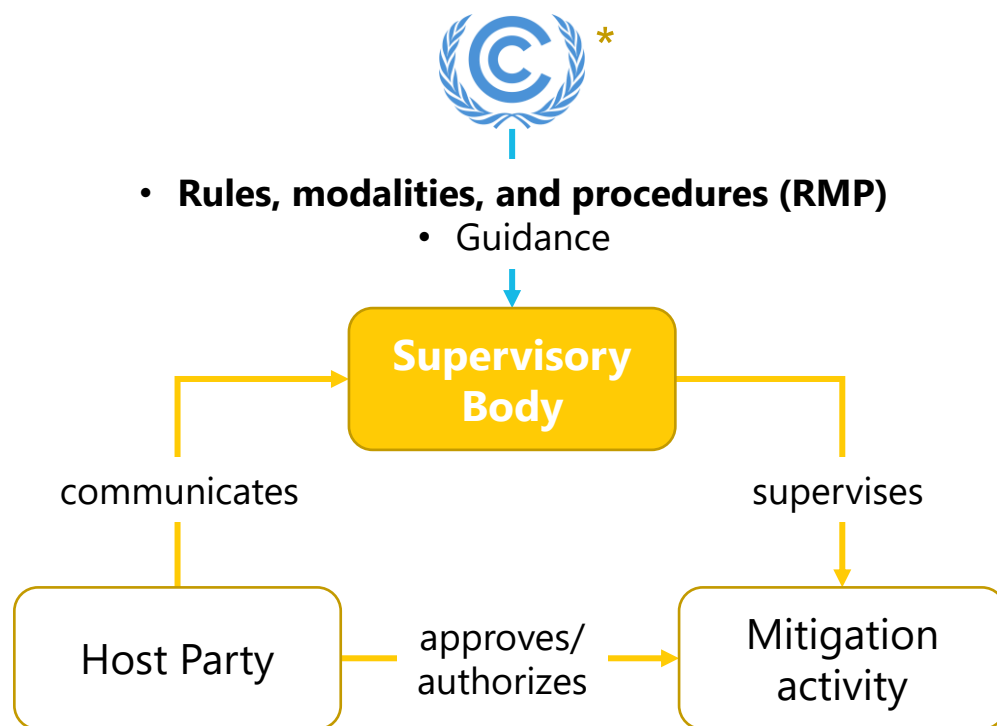
- A voluntary standardized user-friendly **authorization template** to be provided by the secretariat
- Provision of **additional service** (registry services to issue mitigation outcome units) by the secretariat upon request
- **Capacity-building** to implement a national registry
- Automatically generated and **pre-filled annual information** table for BTR by CARP

Enhance ambition

Dialogue on Article 6.2 role in supporting ambition to be held in conjunction with each SBI session

Article 6.4 Mechanism

(Paris Agreement Crediting Mechanism: PACM)



Article 6.4 Mechanism is a centralized UN crediting mechanism that enables the creation of **Article 6.4 emission reductions (A6.4ERs)** that can be used by countries to meet their NDCs (subject to authorization status) and other purposes.

Article 6.4 Supervisory Body supervises the mechanism, including establishing the requirements and processes necessary to operate the mechanism.

The host country (the country in which the activity is located) has important roles in the implementation of the mechanism including by providing an approval of the mitigation activity and an authorization in the context of Article 6.2 (if decided so).

* CMA: Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.



Further reading

- Article 6.4 Mechanism website ([Click here](#))
- Article 6.4 Supervisory Body website ([Click here](#))

Progress on Article 6.4 mechanism operationalization in 2024

CMA.6 Decisions on Article 6.4



- Takes note of the adoption by the SB of **methodology requirements and requirements for activities involving removal** while further elaboration and implementation to be expedited.
- Further guidance on the work of the SB to operationalize PACM
- Clarify authorization under Article 6.4, mechanism registry connection, and other related matters
- Decide the transition conditions for CDM A/R projects/PoAs

Work of the Article 6.4 Supervisory Body

- Adoption of **methodology requirements and requirements for activities involving removal**
- Adoption of standards, procedures and tool, including **SD tool** and **Appeal and grievance processes**

Country-level

- **96 Parties** have designated DNAs for 6.4
- **10 Parties** submitted the fulfillment of host party responsibilities

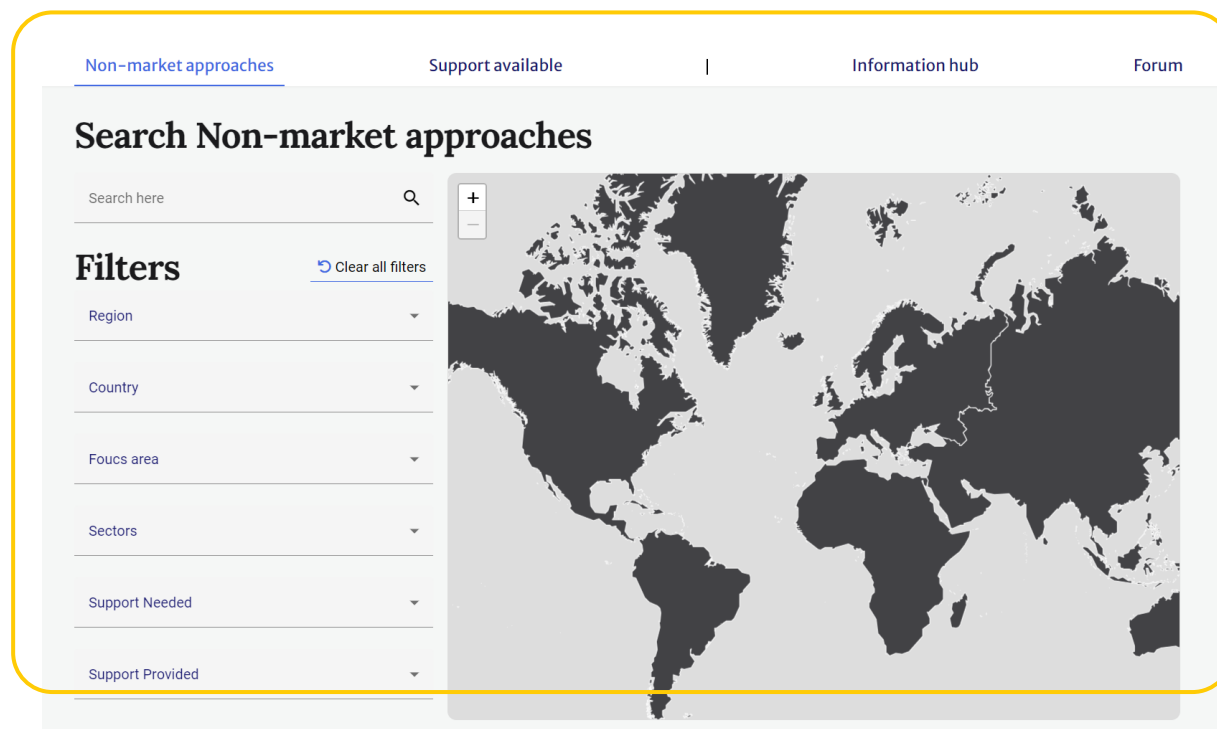
Activity-level

- **Over 1,000 activities** submitted prior notification to be Article 6.4 activities
- **10 CDM projects** are approved by Host Parties for transition to Article 6.4 (From over 1,000 activities requested transition)

Framework for non-market approaches (Article 6.8)

The framework for non-market approaches (NMAs) facilitates the use and coordination of NMAs and enhances linkages/creates synergies between, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building. The framework is implemented through the work programme adopted at COP26.

The Glasgow Committee on Non-market Approaches was established to implement the framework and the work programme.



The NMAs work programme includes activities such as (non-exhaustive):

- Workshops to identify and share information, best practices, lessons learned and case studies on NMAs
- UNFCCC web-based platform for recording and exchanging information on NMAs



NMA tools

- NMA Platform ([Click here](#))

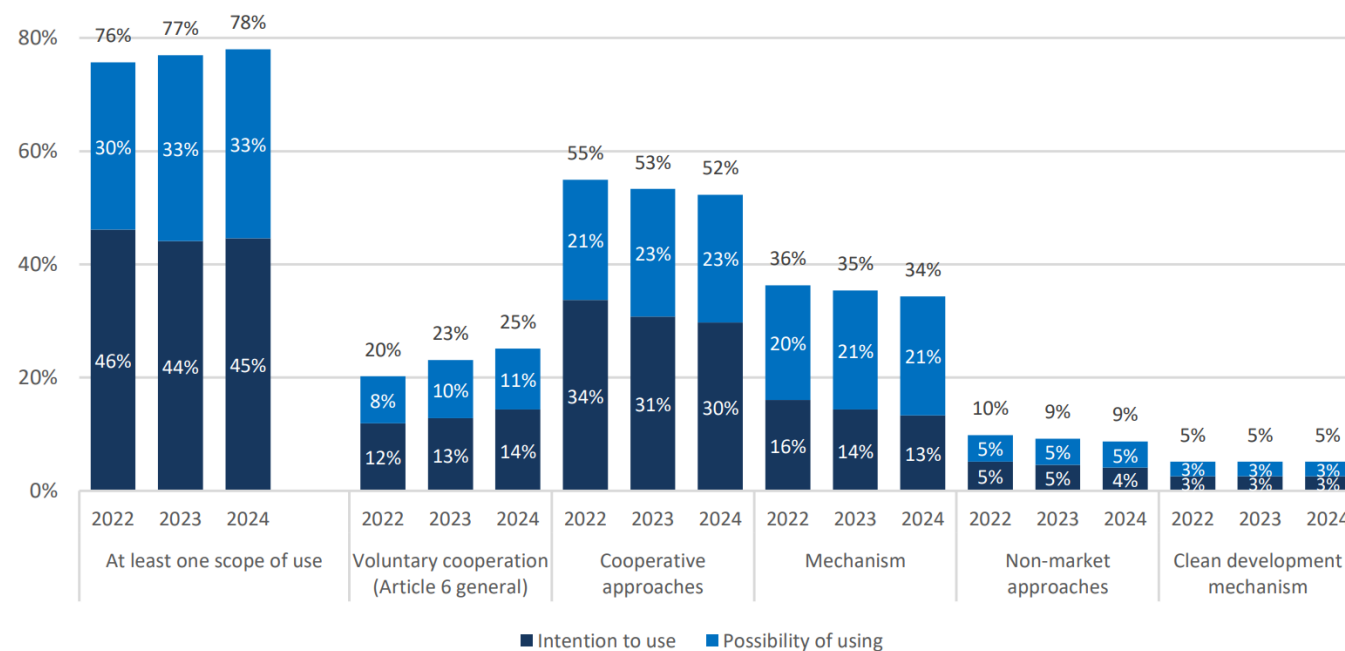
Intention to use Article 6

78% 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.

- **12%** communicated the use of voluntary cooperation as a condition for achieving their mitigation targets
- **36%** set limits on their use of voluntary cooperation: 32% qualitative limits (e.g. standards), 5% quantitative limits (e.g. supplement to domestic efforts), 3% only towards conditional NDCs

- UNFCCC Secretariat

Share of Parties indicating in NDCs the intention to use or possibility of using Article 6 of the Paris Agreement



From [2024 NDC Synthesis Report](#) (UNFCC Secretariat)

Article 6 participation promotes higher ambition

Article 6.2

Participation responsibilities: Each participating Party shall ensure that its participation contributes to the implementation of its NDC and LT-LEDs, if it has submitted one, and the long-term goals of the Paris Agreement. (Demonstrate in the initial report)

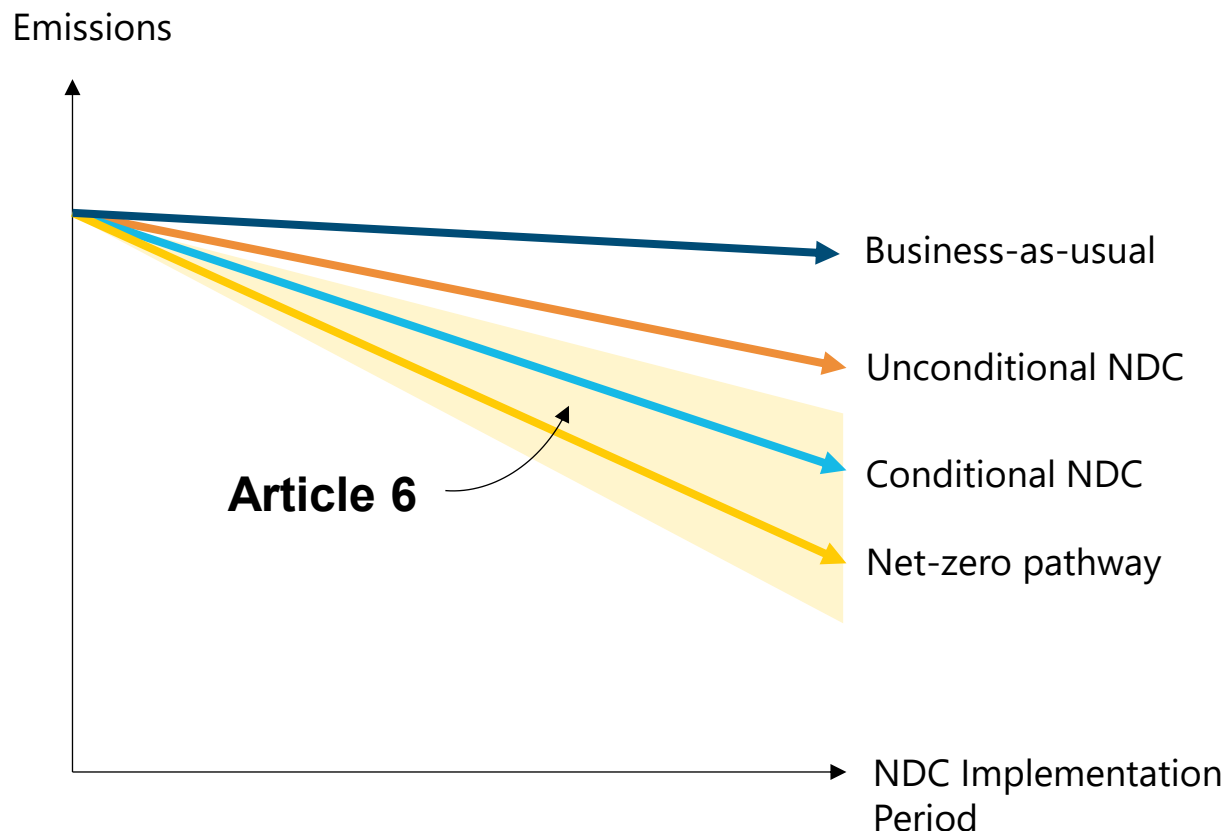
The UNFCCC secretariat to implement a **capacity-building programme** to [among other things] help Parties ensure that cooperative approaches in which they participate support ambition.

- Incl. **a dialogue** on how cooperative approaches support ambition (in conjunction with SBI)

Article 6.4

- **Host Party participation requirements:** Host Party must explain how the types of Article 6.4 activity that it would consider approving would contribute to the achievement of its NDC, if applicable, its LT-LEDs, if it has submitted one, and the long-term goals of the Paris Agreement.
- **Methodology principles:** Mechanism methodologies shall encourage ambition over time [...] contribute to reducing emission levels in the host Party, and align with its NDC, if applicable, its LT-LEDs, if it has submitted one, and the long-term goals of the Paris Agreement.

Article 6 in the context of NDC mitigation ambition



Article 6 can be used to promote higher ambition in the NDC in the following manners (examples):

- **Driving mitigation actions beyond NDC's unconditional target** and contribute to achievement of the conditional target
- Enhancing ambition to be **consistent with long-term low GHG emissions pathway** / long term temperature goal of the Paris Agreement.
- Accelerating climate action to allow countries to **achieve net-zero earlier**

Potential role of Article 6 in ambition raising is conditional upon countries making sound strategic decision (avoid low hanging fruits) and applying robust accounting to avoid double counting.

Bridging NDC Ambition Gaps through Article 6

Reference: Perspectives Climate Group, Climate Focus (2021)

Facilitating Sectoral Cooperation	<ul style="list-style-type: none"> Engaging in Article 6 activities allow countries to target sectors that may be difficult to decarbonize domestically, by funding reductions in sectors elsewhere. It provides financial incentives for emission reductions in hard-to-abate sectors like aviation, heavy industry, or agriculture. This allows countries to reach their NDC goals more cost-effectively
Addressing GHG Coverage	<ul style="list-style-type: none"> Article 6 establishes a global market mechanism for the generation of emission reduction credits. This mechanism incentivizes investments in projects that target various GHGs, helping countries cover all relevant gases and increasing their capacity to achieve more ambitious targets.
Mobilizing Financial Resources	<ul style="list-style-type: none"> Revenues generated through ITMOs allows countries to reinvest into their NDC implementation efforts, particularly in sectors with high mitigation potential but limited funding. Article 6 also unlocks significant private sector finance for mitigation projects across sectors.
Technology Transfer	<ul style="list-style-type: none"> Participation in Article 6 mechanisms promotes technology transfer from developed to developing countries. This helps to reduce the technology gap in sectors like energy, industry, and waste management.
Enhancing Policy Coherence	<ul style="list-style-type: none"> Article 6 mechanisms encourage countries to develop sectoral linkages through carbon markets. For example, sectors like forestry and agriculture can generate carbon credits that are used to meet NDCs in other sectors such as energy. This integration across sectors fosters policy coherence and helps countries address emissions holistically

Examples of approaches countries apply for considering authorizing activities under Article 6.2 in relation to NDC

Topics	Authorization criteria	Applied by (Example countries)
Relation to NDC	<input type="checkbox"/> Be an activity from conditional portion of the NDC	Ghana
	<input type="checkbox"/> Be an activity that leads to GHG reduction/removal in addition to national domestic mitigation plans	Thailand
	<input type="checkbox"/> Included in 'positive list'/'white list' of mitigation activities	Cambodia, Ghana, Sri Lanka, India
	<input type="checkbox"/> Not included in 'red list' of mitigation activities	Ghana
Technology and financial aspects	<input type="checkbox"/> Promote development and transfer of advanced technology or innovation	Thailand
	<input type="checkbox"/> Comply with applicable technologies in the CDM positive list of technologies	Ghana
	<input type="checkbox"/> Avoid locking in carbon-intensive technologies or practices	Switzerland
Share of mitigation benefits	<input type="checkbox"/> A share of mitigation outcomes will be reserved/levied for domestic use or other purposes	Cambodia, Ghana, Vanuatu
	<input type="checkbox"/> Share of proceeds will be collected/allocated for specific purposes	Zimbabwe

Structure of the principles document

Principles for integrity and credibility from three perspectives:

1. **Supply side:** Carbon crediting mechanism objectives, governance and safeguards
2. **Demand side:** Claims for use of credits should be transparent and accurate
3. **Market environment:** Intermediaries should disclose fees, trade volumes and information about buyers/sellers

Supply side principles – effective governance and safeguards

The carbon crediting mechanism should ensure:

- Alignment with the goals of the Paris Agreement
- Accountability
- Best practice methodologies
- Tracking of activities and credits
- Transparency
- MRV
- Permanence
- Additionality
- No double counting
- Environmental and social safeguards

Demand side principles – claims for use of the credits

- Actors must prioritise direct mitigation action before complementing with carbon credits
- Credits purchased should be of high quality, and information and claims should be transparent and accurate
- Information on carbon credits used should be transparently disclosed and easily accessible by the public incl. the quantities, types, vintages and issuers

Thank you..