



Blueprint for Article 6 Readiness in member countries of the West African Alliance

June 2022

This technical report is a product of the West African Alliance on Carbon Markets and Climate Finance (the Alliance), jointly developed by two of the Alliance technical partners, Perspectives Climate Group and Climate Focus with support from the Alliance coordinator (Ousmane Fall Sarr), the Alliance secretariat (ENDA Energie, represented by Samba Fall and Ibra SECK Cassis), and Alliance Focal Points.



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Introduction

International cooperation under Article 6 of the Paris Agreement (PA) on market and non-market-based activities can support countries in mobilizing resources for mitigation action that collectively helps reach nationally determined contributions (NDCs) and raise ambition therein. National capabilities, including ready-for-purpose institutional frameworks and adequate technical capacities, must be in place to achieve stepwise Article 6 readiness starting from organizing a basic understanding of Article 6 to mobilizing the full potential of implementation of Article 6 activities.

The term **Article 6 readiness** refers to the ability of a Party to the PA to take full advantage of international market-based cooperation in the context of Article 6.2 to Article 6.7 of the PA, and to take advantage of the framework on non-market approaches (NMA) to cooperation (Article 6.8 and 6.9). Readiness requires organizational structures, institutional responsibilities as well as Article 6-related knowledge of all relevant stakeholders, including public and private entities as well as civil society. In this context, Parties to the PA must adhere to the relevant decisions adopted by the Conference to the Parties to the Paris Agreement (CMA), most importantly the Article 6.2 guidance (Decision 2/CMA.3) and the rules, modalities and procedures of the Article 6.4 mechanism (Decision 3/CMA.3), both decisions adopted by the CMA in November 2021 during COP 26 in Glasgow.

*Article 6
readiness
definition*

This Blueprint is designed to support the development of a national Article 6 strategy for market-based cooperation, primarily in member countries of the West African Alliance on carbon markets and climate finance (WACC, or Alliance). It helps Alliance members to:

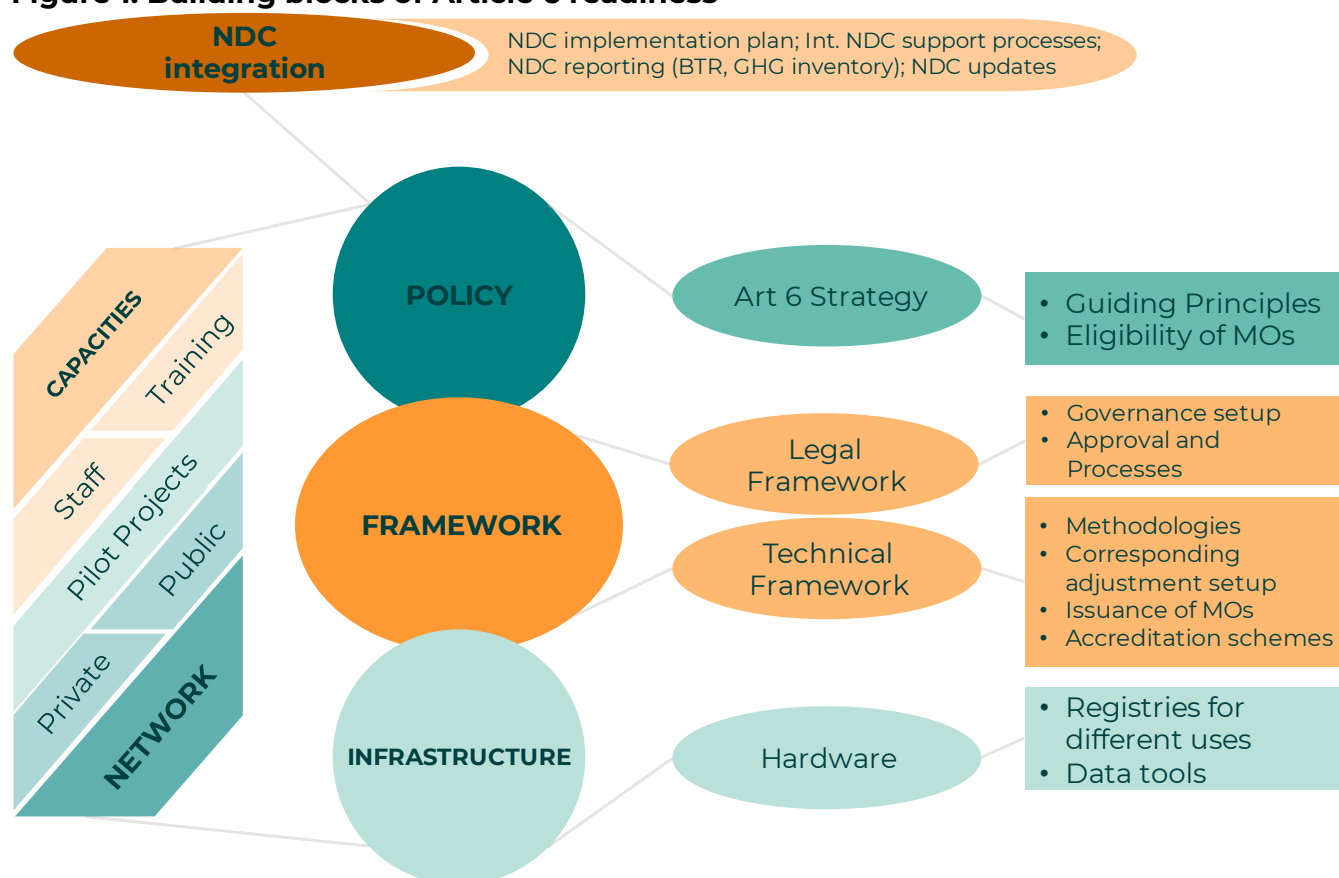
- ⇒ Identify and express objectives of Article 6 participation in market-based cooperation (Chapter 2.1 and Chapter 2.2)
- ⇒ Develop conditions and an institutional framework for approving activities and granting authorization of transfers (Chapter 2.2 and 2.3)
- ⇒ Support the Clean Development Mechanism (CDM) transition process into the Article 6.4 mechanism and engagement with private sector (cross-cutting, issues with relevance for CDM transition are highlighted through textboxes)
- ⇒ Orient public stakeholders when negotiating bilateral agreements under Article 6.2 and when engaging with stakeholders (Chapters 1 and 2.3)
- ⇒ Map steps to ensure compliance with Article 6 and PA rulebook (Chapters 2.2.2, 2.2.3, 2.3.2 and 2.4)
- ⇒ Recommend action to promote non-market approaches to international cooperation (Chapter 3)

The Blueprint is structured along the four building blocks for Article 6 readiness identified by the Scoping Study on Article 6 readiness in West Africa (WACC 2021, see Figure 1):

1. **NDC integration:** Considering Article 6 engagement in view of the achievement of current and future NDCs (avoidance of overselling and maximization of host country long-term benefits), integration of Article 6 into NDC processes including its monitoring, reporting and verification (MRV).
2. **The development of an Article 6 policy:** guiding principles and criteria for Article 6 engagement and for authorizations of transfer.
3. **Institutional framework:** The development of a technical and institutional framework to implement Article 6 activities and comply with international requirements.
4. **Infrastructure:** The set-up of, or access to, required infrastructures and tools to track, record and monitor transfers of internationally transferred mitigation outcomes (ITMOs).

Four
readiness
building
blocks

Figure 1: Building blocks of Article 6 readiness



Source: WACC (2021), p. 18

Formats compiled in the Blueprint include¹:

- ⇒ **Guidance notes** with options and recommendations for decision by a national Article 6 Strategy Working Group

¹ In an updated version of the Blueprint, additional formats will be added, for example selected templates to be adapted for national Article 6 strategy working group.

- ⇒ **Timelines and process charts** with milestones for processes for Article 6 readiness, to be adapted to the country processes by a national Article 6 Strategy Working Group
- ⇒ **Checklists** for actions for the national Article 6 Strategy Working Group
- ⇒ **Summary tables** of information to be filled by the national Article 6 Strategy Working Group
- ⇒ **Country case studies** showcasing examples of Article 6 readiness processes from WACC member countries.

The Blueprint will be accompanied by a workshop series in 2022 that addresses the building blocks of Article 6 readiness presented in the Blueprint and provides an opportunity for exchange and mutual learning among Alliance member countries. The Blueprint will be updated after the workshop series. In addition, the WACC provides technical Article 6 readiness support to individual member countries who request it through two of its technical partners. Perspectives Climate Group and Climate Focus.

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1 Mapping pilot activities, capacities and network

1.1 Overview

Countries with an interest in authorizing and transferring ITMOs require sufficient technical capacities for engaging in Article 6 cooperation and complying with related international rules.

Technical capacities essential for Article 6 implementation relate to various aspects of cooperative approaches to generate and authorize ITMOs, including the creation of national institutions, development of methodological frameworks, robust accounting, and performance monitoring and reporting structures. In addition, technical capacities for understanding the characteristics of the national portfolio of mitigation actions, approving activities and their crediting periods as well as transitioning CDM activities are crucial; these expand beyond government agencies and include in particular actors from the private sector. Human and technical capacities needed to develop Article 6 activities may have to be expanded across all relevant stakeholders in key sectors of the economy. Countries that are currently in the early stages of implementing Article 6 pilot activities should start with analyzing relevant activities, stages of implementation, and related processes. Therefore, effective mapping of technical capacities for Article 6 could logically begin with mapping of stakeholders, ongoing or pipeline pilot activities and technical capacities. This chapter guides West African Alliance Article 6 Focal Points in undertaking this mapping exercise:

1. In a first step, the Article 6 Focal Points should map the relevant national, subnational and local actors relevant for the development of an Article 6 strategy as well as the key international and multilateral partners in this process.
2. In a second step, it is important to map ongoing Article 6 pilot activities including opportunities for developing such pilot activities.
3. In a third step, it is recommended that national Article 6 Focal Points map recently concluded and ongoing technical support that is relevant for Article 6 readiness. Furthermore, the identification of preliminary technical needs and capacity gaps should be undertaken. Development partner coordination to ensure coherence and adequacy of readiness support should be driven by host countries through a continuous, ideally institutionalized process.

1.2 Stakeholder mapping

Mapping technical capacities relevant to Article 6 requires an understanding of the domestic carbon market actors and of the institutional providers, programs and facilitators of capacity building. This chapter provides summary tables and examples which may help countries map the relevant stakeholders, while differentiating their respective roles in Article 6 collaboration and capacity building.

A well-coordinated Article 6 readiness process should start with the mapping of key national, subnational, local, and international stakeholders involved in identification, management and implementation of potential Article 6 activities, including funding. It should also include actors that may be affected by or benefit from these mitigation activities. Domestic stakeholders include government agencies on different administrative tiers, private sector entities including financial institutions, non-governmental organizations, and local communities. Relevant international stakeholders active in the country include development agencies and financial institutions. Stakeholders' mapping should consider stages of Article 6 readiness and required roles for these stages.

A broad range of stakeholders is relevant for Article 6 activities



Disclaimer: Table 1 to Table 5 list different stakeholder categories and provide examples. The categories and examples are illustrative and do not aim to comprehensively list all relevant stakeholders.

Table 1: Host country public stakeholder types

	Core stakeholders at the national level
Public actors	<ul style="list-style-type: none"> ● Article 6 Focal Point and Strategy Working Group ● Ministries, agencies and departments relevant to NDC implementation <ul style="list-style-type: none"> ○ National NDC Coordination Committee (e.g., in Nigeria, hosted by the Vice President's Office) ○ Ministry of Finance / National Budget Planning Agency / managers of national debt ○ Ministry of Environment / Department of Climate Change ○ Ministry of Energy / Department of Energy ○ Foreign Affairs Ministry ● Parliament ● National standardization organizations and regulatory bodies ● Associations of lower-level administrative entities (municipalities)
Competent authorities	
Decision-making bodies	

Source: Authors

Table 2: Host country private and non-state stakeholder types

Non-State actors	Core stakeholders at the national level
Private sector	<ul style="list-style-type: none"> Mitigation activity developers (including CDM and VCM project developers)
Financial institutions	<ul style="list-style-type: none"> Commercial banks NGOs
Academia & Civil Society	<ul style="list-style-type: none"> Research institutions and think tanks Technical consultants Auditing firms

Source: Authors

Table 3: International stakeholders (examples)

	With presence in host country	Beyond host country
Stakeholders from ITMO acquiring countries	<ul style="list-style-type: none"> Development agencies Bi- and multilateral development banks 	<ul style="list-style-type: none"> ITMO and voluntary carbon market buyers
International private sector	<ul style="list-style-type: none"> Development NGOs Private financial entities National ministries and competent authorities of acquiring Parties 	<ul style="list-style-type: none"> Sustainability-oriented international NGOs International consulting firms
International NGOs	<ul style="list-style-type: none"> National ministries and competent authorities of acquiring Parties Third-party project validators and verifiers 	<ul style="list-style-type: none"> Bi- and multilateral development banks International activity developers

Source: Authors

Table 4: Examples of Article 6 related programs and initiatives

Sub-regional Programs and Initiatives (West Africa)
<ul style="list-style-type: none"> Strategic regional bodies and frameworks with interests in climate actions (African Climate Technology and Finance Center and Network, ACTC) West African Alliance on Carbon Markets and Climate Finance (WACC) ...
International Article 6-related Programs and Initiatives
<ul style="list-style-type: none"> Beyond the Grid Fund for Africa Capacity-building Initiative for Transparency (CBIT) Carbon Pricing Leadership Coalition (CPLC) Climate Cent Foundation (Switzerland) Collaborative Instruments for Ambitious Climate Action (CI-ACA) Future of the Carbon Market Foundation (Germany) ITMO Purchase Program of Klik Foundation (Switzerland) NDC Partnership Nordic Initiative for Cooperative Approaches (NICA) Swedish Energy Agency Pilot Activities

- UNFCCC Regional Collaboration Centres (RCCs)
- UNDP NDC Support Program
- World Bank Carbon Initiative for Development (Ci-Dev) and Standardized Crediting Framework (SCF)
- World Bank Climate Market Club
- World Bank Partnership for Implementation (PMI)
- World Bank Transformative Carbon Asset Facility (TCAF)
- ...

Table 5: Examples of Funding sources for mitigation activities

Funding Sources
<ul style="list-style-type: none"> • Green Climate Fund (GCF) • Global Environment Facility (GEF) • African Development Bank (AfDB) • West African Development Bank (BOAD) • ECOWAS Bank for Investment • Japan Fund for the Joint Crediting Mechanism (JCM) • ...

1.3 Mapping Article 6 pilot activities

Article 6 pilot activities are early-stage activities that allow to understand opportunities and identify operational risks as well as general implementation challenges early in the process, even if implemented at a small scale. They can shed light on how to best promote the development of mitigation activities suitable for the generation and authorization of ITMOs.

Table 6 provides a template to guide national Focal Points in mapping Article 6 activities. Table 7 gives an example for an ongoing Article 6 pilot activity in West Africa. *Source: Authors, based on GCF 2020*

Table 6: Mapping Article 6 activities

Overview of related Article 6 activities: COUNTRY NAME					Actors	
Technical Assistance	Project name and Scope (if available)	Estimated mitigation volume	Volume of Investments	Time Frame	International / Implementing Partner	National entities involved
<i>Capacity:</i>						
<i>Donor(s) / Implementing Agency:</i>						

Source: Authors

Table 7: Mapping of Article 6 activities in Ghana (example)

Overview of related Article 6 activities: GHANA					Actors	
Technical Assistance	Project name and Scope (if available)	Estimated mitigation volume	Volume of Investments	Time Frame	International / Implementing Partner	National entities involved
UNDP (REDD+ Experts)	<i>Ghana Shea Landscape Emission Reductions Projects</i>	24.24 million tCO ₂ e	54.5 million USD	2018-2038	UNDP (United Nations Development Program); GCF (Green Climate Fund)	Forestry Commission of Ghana
<i>Capacity: Amplification of local stakeholder's ability and capacity</i>						
<i>Donor(s) / Implementing Agency: UNDP; GCF</i>						

Source: Authors, based on GCF 2020

1.4 Mapping technical capacities

A handful of countries in West Africa are already moving into piloting Article 6 initiatives (WACC 2021). However, some aspects of the implementation have not been concretized while other ones are in need of detailed procedures, thus, necessitating the need for enhanced readiness activity implementation. In this context, mapping technical support and resource mobilization needs is required.

Where current technical capacities are deemed insufficient, countries are encouraged to identify gaps and opportunities for enhancement. It is also important for countries to take advantage of existing opportunities within the framework of ongoing Article 6 capacity development in framing technical needs.

Checklist 1 can be used to map a country's Article 6 readiness and to identify its needs.

Checklist 1: Mapping of readiness steps and related status

Required Activities	Expected Actions and Steps	Planned	Ongoing	Finalized
Setting up a national Article 6 Strategy Working Group and multi-stakeholder's platform	<ul style="list-style-type: none"> Has the country set up a national Article 6 multi-stakeholder platform? Does the country have an Article 6 Strategy Working Group (inter-sectorial and inter-ministerial)? Has the country established communication channels for information on Article 6 implementation and knowledge sharing? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Implementation of country-level Article 6 readiness (see chapter 2)	<ul style="list-style-type: none"> Has the country developed a national Article 6 strategy? Has the country developed and institutionalized an Article 6 infrastructure (e.g., National GHG Inventory, ITMO Registry)? Has the country implemented a regulatory framework for Art 6.2 and 6.4 (including CDM transition)? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Private sector engagement	<ul style="list-style-type: none"> Has the government identified sector-relevant private activity developers and technology providers? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Required Activities	Expected Actions and Steps	Planned	Ongoing	Finalized
	<ul style="list-style-type: none"> Is there an established private-public sector communication channel? Has the country developed guidelines for the identification and implementation of commercial and low carbon technologies? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
ITMO authorization (structures and processes)	<ul style="list-style-type: none"> Has the country implemented and set up ITMO authorization structures? (see chapter 2.3) Can the country comply with relevant UNFCCC guidelines on Article 6.2 (see chapters 2.3 and 2.4)? Has a process for the submission of requests for authorization been established (see chapter 2.3.2)? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal aspects for cooperative approaches	<ul style="list-style-type: none"> Has the country entered into bilateral agreements with buyer countries? Has the country set up a legal framework for ITMO transactions? Have any commercial agreements – Mitigation Outcome Purchase Agreements (MOPAs) been executed with ITMO buyers? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reporting on Article 6 participation	<ul style="list-style-type: none"> Has the country institutionalized regulatory infrastructure for the following? <ol style="list-style-type: none"> Authorization, issuance/transfer, and tracking; Accounting and reporting; Corresponding adjustments? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Source: Authors

The initiatives listed below provide an overview of various international initiatives and programs on capacity building that are directed at, or relate to, building Article 6 readiness.



Disclaimer: The list itself, as well as activities and functions attributed to the institutions and initiatives mentioned above are not exhaustive.

- The **Spanish Agency for International Development Cooperation (AECID)**, developed a Guide for Mainstreaming the Gender Approach to embed environmental and social safeguards in countries NDCs. Available [here](#).
- The **Africa Climate Resilient Investment Facility (AFRI-RES)**, anchored with the UN Economic Commission for Africa (UNECA), facilitates the matchmaking between project developers, financiers, policymakers, and scientific and engineering experts and provides a cost-effective way of developing climate resilient readiness. Available [here](#).
- The International Emission Trading Association's (IETA) **Business Partnership for Market Readiness initiative** advocates the power of markets to price carbon effectively, promotes the growth of Voluntary Carbon Markets (VCMs) and promotes linked carbon pricing systems that can deliver a net zero future. Available [here](#).
- The **Capacity Building Initiative for Transparency (CBIT)**, established by the GEF in 2016, builds the institutional and technical capacities of developing countries to satisfy the demands of the Enhanced Transparency Framework (ETF). Available [here](#).
- The **Climate Finance Innovators (CFI) project** is supported by the International Climate Initiative (IKI) of the German government. The CFI project establishes innovative linkages between the UNFCCC market mechanisms and international financing institutions. The project enhances program partner countries' (Ethiopia, Senegal and Uganda) capacities to improve Mitigation Activity Design Documents (MADDs) and scale up existing mitigation activities. Available [here](#).
- The World Bank's **Climate Market Club (CMC)** provides a knowledge sharing platform where countries jointly develop rules and modalities for Article 6.2 pilot projects. Available [here](#).
- The World Bank's **Climate Warehouse** work program facilitates country participation in Article 6 transactions through four workstreams to increase resource mobilization towards NDC implementation. Available [here](#).
- The **Carbon Pricing Leadership Coalition (CPLC)**, administered by the World Bank, facilitates exchanges from business, government, civil society and academia to support and enhance carbon pricing implementation. Available [here](#).
- The **European Roundtable on Climate Change and Sustainable Transition (ECRST)** works on markets and non-market provisions for Article 6 in an informal setting by delving deeper into the explanation and understanding of the different views and interpretations of the rules, modalities, and procedures related to Article 6. Available [here](#).

Relevant international initiatives can match identified capacity building needs

- The **International Carbon Action Partnership (ICAP)** offers capacity building activities to policymakers and private sector representatives on all aspects of emissions trading. Available [here](#).
- The **Initiative for Climate Action Transparency (ICAT)**, helps countries track their climate action by strengthening policies and building capacities on MRV of greenhouse gas emissions reductions and adaptation activities. Available [here](#).
- The **International Initiative for Development of Article 6 Methodology Tools (II-AMT)**, was developed by the Institute for Global Environmental Strategies (IGES) in partnership with Perspectives Climate Group. II-AMT supports the development of Article 6 readiness by developing methodology tools that reflect the principles and approaches of Article 6. They can be added to existing baseline and monitoring methodologies previously used under the Kyoto Protocol's CDM and thus enable a rapid transition to Article 6. Available [here](#) and [here](#).
- **Japan Joint Crediting Mechanism (JCM)** supports countries in improving the capacities of countries in implementing UNFCCC methodology frameworks and baseline setting. Available [here](#).
- The **Mitigation Action Assessment Protocol (MAAP)**, developed by the World Bank as part of the Networked Carbon Markets initiative (NCM), is a tool that assesses the mitigation potential of carbon credits and can be applied to a wide range of mitigation actions and their timely evolution. The MAAP could be used to guide the design of regulatory instruments (e.g., Nationally Appropriate Mitigation Actions, NAMAs). Available [here](#).
- The **Mobilizing Article 6 Trading Structures (MATS) Program** developed in partnership by the Swedish Energy Agency (SEA) and the Global Green Growth Institute (GGGI) aims to establish the required frameworks to fulfill transactions of ITMOs. Available [here](#).
- The **NDC Partnership** acts as a matchmaking facility that supports countries by aligning their NDC goals with financial resources through access to tools, data, guidance, and funding opportunities. Available [here](#).
- The **NDC Support Program**, developed by the United Nations Development Program (UNDP) and currently serving 41 countries, unlocks the ability for countries to use their NDCs as a tool for a climate-resilient transition and supports in the development of governance and policy frameworks. Available [here](#).
- The **Nordic initiative for cooperative action (NICA)**, developed by the Nordic Environment Finance Corporation (NEFCO), seeks to operationalize market-based collaboration under Article 6 and finances activities – through grants and co-finance – linked to Article 6 operationalization. Available [here](#).

- The World Bank's **Partnership for Market Implementation (PMI)** supports countries to pilot, design and implement carbon pricing and market instruments to facilitate the reduction of emissions. Available [here](#).
- The **Standard Crediting Framework (SCF)** – supported by the World Bank's Ci-Dev – aids country access to climate finance by building capacity of host country institutions through efficient MRV approaches. Available [here](#).
- Verra developed the **Standardized Methods for Baselines and Additionality** as a cost-effective tool to determine additionality and streamlines project development activities. Available [here](#).
- The **Transformative Carbon Asset Facility (TCAF)**, is a trust fund developed by the World Bank to support countries in developing policies and programs that unlock private sector investments in low-carbon technologies and enhances countries' efforts to implement market-oriented carbon pricing. Available [here](#).
- **UNEP Copenhagen Climate Centre (UNEP-CCC)**, supported operationally by the United Nations Office for Project Services (UNOPS), provides support to developing countries in enhancing their national transparency systems to track and report on climate actions. Available [here](#).
- The **West African Alliance on Carbon Markets and Climate Finance (WACC)** is supported by the International Climate Initiative (IKI) of the German government. WACC provides targeted support to its members to deepen the sub-regional cooperation and enhance in-country readiness for Article 6 implementation. Available [here](#).

The development of the necessary capacities to implement Article 6 activities requires time. Relevant short-term, medium-term and long-term processes are depicted in Figure 2 with regard to their goals, activities and expected outcomes.

Figure 2: Actions to build Article 6 readiness

	Goals	Activities	Expected Outcomes
Short Term	<ul style="list-style-type: none"> Secure political buy-in for Article 6 market mechanism Map conditional NDC target activities for Article 6 implementation Formalizing UNFCCC participation requirements 	<ul style="list-style-type: none"> Implement stakeholders' consultation with Article 6, NDC, and private sector Identify high hanging activities with mitigation potential for ARTICLE 6 cooperative agreement Map UNFCCC compliance criteria needed for participation in Article 6 	<ul style="list-style-type: none"> Common consensus among key stakeholders with interests and roles in Article 6 achieved Sectoral activities with high mitigation reduction potential identified as eligible for Article 6 Participation formalities fulfilled and modalities for domestic readiness implemented
Medium Term	<ul style="list-style-type: none"> Setting up accounting, tracking, and reporting infrastructure for ITMOs National guidelines for commercial negotiations and participation of private sector Legal and institutional readiness for implementing Article 6 cooperative agreements 	<ul style="list-style-type: none"> Map capacity and training needs and opportunities for strengthening Implement joint stakeholders' workshop for the development of guidelines Map regulatory and institutional needs Implement legislative advocacy activities to secure legislative buy-in 	<ul style="list-style-type: none"> Relevant ITMO tracking and reporting infrastructure institutionalized Criteria guidelines for commercial contracts private sector participation developed Regulatory and legislative frameworks developed
Long Term	<ul style="list-style-type: none"> Implementation of Article 6 cooperative activity(ies) Authorization, transfer, accounting and reporting Re-negotiation of ITMO agreement Renewal of NDC implementation cycle 	<ul style="list-style-type: none"> Formalize an Article 6 cooperative activity agreement either as ITMO acquirer or seller party Implement activities including capacity building on corresponding adjustments Implement methodologies for accounting, NDC reporting, BTR reports Implement CDM transitioning 	<ul style="list-style-type: none"> Article 6 cooperative activity successfully implemented Host country has enhanced capacity for reporting, ITMO authorization, use and accounting ITMO cooperative agreement re-negotiated

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2 Building blocks of Article 6 readiness

2.1 NDC Integration

Article 6 activities take place in the context of a host country's NDC and they need to be embedded within the overall NDC planning, implementation and reporting processes. Several Member states of the WACC make explicit references to international carbon markets and/or Article 6 in their NDCs which shall serve as the starting point for developing dedicated Article 6 strategies. To this end, it is key to clearly define how Article 6 may contribute to achieving NDC targets.

This section shall support Focal Points in aligning their Article 6 strategy with the NDC, integrating their Article 6 strategy into the NDC implementation plan, aligning with common time frames and MRV system requirements. Against this backdrop, this section presents the general information on the NDC that is needed prior to designing an Article 6 strategy, as well as guidance notes on the three levels of alignment:

- ⇒ Strategic alignment between the Article 6 strategy and the NDC
- ⇒ Consistency in implementation, reporting and governance
- ⇒ Safeguards to avoid adverse outcomes from making use of Article 6.

2.1.1 Aligning an Article 6 strategy with a country's NDC

Prior to designing and implementing an Article 6 strategy, the government and Focal Points need to know:

- ⇒ the mitigation potential and mitigation until the NDC target year, ideally disaggregated by sectors and technologies. For this, modelling capacities are required; appropriate models vary between countries and sectors;
- ⇒ which mitigation activities it can support with domestic financing capacity to achieve the unconditional NDC targets, and which ones underpin the conditional NDC targets that require international support (for a detailed discussion, see Greiner et al. 2021);
- ⇒ which mitigation activities under the conditional NDC target have already received international climate finance (e.g., through the financial mechanism of the UNFCCC, multilateral development banks

A thorough understanding of the NDC is the precondition for a good Article 6 strategy

or bilateral finance institutions), and which ones are in the pipeline for future international climate finance;

- ⇒ how well the country is on track to meet the combined (unconditional and conditional) NDC target, and which mechanisms are in place to track progress (e.g., MRV systems); and
- ⇒ how on track the country is to fully comply with the accounting and reporting requirements under the UNFCCC, especially regarding the ETF starting in 2024.

Building on this knowledge, mitigation activities can be envisaged to receive financial support through international carbon markets under Article 6.2 and Article 6.4 of the PA. The country may already be implementing related Article 6 activities as well as host CDM activities that potentially could transition to the Article 6.4 mechanism.

The design of a country's Article 6 strategy should be in line with its NDC and implementation plan. Hence, the country's NDC should be the point of departure when Focal Points commence their work on the Article 6 strategy. This ensures that the Article 6 strategy maximizes effectiveness, synergies with existing strategies and overall policy coherence. NDC integration is a crucial building block of Article 6 readiness and therefore more in-depth guidance is warranted. We recommend that any Article 6 Focal Point reflects on the following key guiding elements (explained in detail below) when elaborating an Article 6 Strategy:

1. Intention/Strategy: Indicate the intention and/or strategy to use Article 6 (seller/buyer/mixed)
2. Consistency on the three levels of implementation, reporting and governance
3. Safeguards against overselling, double counting and hot air to avoid adverse outcomes.

Three guiding elements for an NDC aligned Article 6 strategy

First of all, the Article 6 strategy should clearly indicate the **intention and/or strategy** of the country to use Article 6 (Guidance Note 1).

Guidance Note 1: Options for the intention and/or strategy for use of Article 6

The Article 6 strategy should clearly indicate the **intention and/or strategy** of the country to use Article 6. We identify three main types of strategies:

- (1) 'Pure seller', i.e., country uses Article 6 to access international carbon finance;
- (2) 'Pure buyer', i.e., country uses Article 6 to meet its emission reduction targets; or

- (3) ‘Mixed strategy’, i.e., country uses Article 6 both ways, allowing private sector to invest in foreign credits sold on international markets or realizing mitigation potentials through the purchase of credits generated elsewhere.

Most members of the West African Alliance may select (1), however, over the longer-term, all three types of strategy may be relevant and intra-regional emission trading could emerge. This strategic orientation of the Article 6 strategy is further detailed in section 2.2.1, with a focus on selling strategies.

Second, the Article 6 Focal Point needs to ensure consistency on various levels to achieve effective NDC integration

- ⇒ Implementation: align Article 6 pilot activities with domestic, NDC focused mitigation activities
- ⇒ Reporting: align with NDC reporting requirements under the Enhanced Transparency Framework of the PA, including for Corresponding Adjustments (CA).
- ⇒ Governance: align with NDC implementation governance. Be mindful of implications of the common time frame decision, which encourages avoidance of overlapping NDC periods.

Guidance Note 2: Consistency between Article 6 and the NDC

The Article 6 Focal Point needs to ensure consistency on various levels to achieve effective NDC integration. This concerns, on the one hand, aligning Article 6 activities with the prioritized mitigation activities/sectors that are not part of the unconditional NDC target and have no clear prospect of being fully financed through international climate finance. Ideally, this already takes into account first experiences from implementation, and be guided by insights of where mitigation actions are most effective and scalable. The active support of private sector companies ‘championing’ a certain innovative climate-related activity is strongly recommended. Here, the Article 6 Focal Point should early on build up relationships, reduce information asymmetries between public and private actors (e.g., regarding authorization) and generate trust in the emerging new generation of carbon markets under Article 6. On the other hand, consistency is needed with regards to reporting requirements under Article 13 of the PA. Several important aspects emerge that the Focal Point needs to ensure to integrate into a country’s NDC implementation strategy:

- ⇒ Familiarize with the approach to accounting for NDC targets and ensure collaboration with authorities responsible for the compilation of GHG inventories;
- ⇒ Understand the process and approach of CA for authorized and transferred mitigation: the authorization of an ITMO requires the

government to conduct CAs, i.e., “uncount” the mitigation from the annual emission balance of the respective vintage year (see chapter 2.4.2);

- ⇒ Consider that the emission reductions that are sold as ITMOs can no longer be used for the attainment of the unconditional NDC target;
- ⇒ Liaise with the relevant public authorities for the compilation of BTRs to understand how accounting can be done for any non-quantified mitigation targets (e.g., policy measures or other milestones).
- ⇒ Overall understand the mitigation costs of the various mitigation activities

Last but not least, consistency with the country’s NDC is needed on a governance level. Integrating the governance structure of the Article 6 strategy with overall governance of NDC implementation, reporting and updates is crucial. Concretely, this can be achieved by ensuring, e.g., that dedicated Article 6 staff within the Focal Point and/or the ministry is formally connected to other NDC-related personnel (e.g., through a seat on relevant committees, the same department, physically close offices, networks, etc.); Moreover, Article 6 staff should be well versed in other NDC-relevant areas, such as international climate finance, UNFCCC reporting or UNFCCC negotiations to understand the interdependencies. Lastly, a well-functioning and integrated NDC governance system, including Article 6, will work and live through experienced and motivated staff. To achieve this, the responsible ministry should actively encourage synergetic internal exchanges, e.g., through secondments, early career development and diversity of tasks.

Third, and last, an Article 6 strategy should foresee safeguards that generally apply to NDCs, i.e., provisions that guarantee safeguarding the environmental integrity of an Article 6 transaction

In particular, these safeguards shall prevent:

- ⇒ “Overselling”: authorization of mitigation outcomes as ITMOs that are needed to achieve the unconditional NDC target. This needs careful domestic governance.
- ⇒ “Double counting”: Counting of mitigation outcomes authorized and sold as ITMOs fully against the own NDC (avoided through applying corresponding adjustments)
- ⇒ “Hot Air”: authorization of mitigation outcomes as ITMOs that are not additional. May also jeopardize NDC achievement and undermines integrity of carbon markets.

Host countries must prevent overselling, double counting and transferring “hot air”

Guidance Note 3: Safeguards

An Article 6 strategy should foresee **safeguards** that generally apply to NDCs, i.e., provisions that guarantee safeguarding the environmental integrity of an Article 6 strategy. Since COP26 in Glasgow, Parties need to apply the ‘Article 6 rulebook’ (UNFCCC 2021a for Article 6.2, UNFCCC 2021b for Article 6.4). To avoid adverse outcomes introduced above, we formulate clear recommendations here:

- ⇒ “Only sell additional mitigation”: → clearly distinguish between NDC activities that can be commercially viable without international carbon markets (e.g., since they receive domestic finance, or international climate finance) and those that cannot. Mind that activities under the unconditional target of the NDC cannot be sold as ITMOs without the country having to do additional activities not to jeopardize NDC achievement;
- ⇒ “Sharing of mitigation outcomes”: → Negotiate the exact terms and conditions for a legitimate split of generated mitigation outcomes between host country and buying entity, e.g., in bilateral agreements (Article 6.2), where the host country retains a share and the remainder is authorized to become an ITMO;
- ⇒ “Credible baselines”: → make sure only methodologies for baseline calculation in line with the principles of Article 6.4 are used and that baselines are not artificially “blown up” (e.g., Michaelowa et al. 2019).



Conditionality of the NDC and accounting for ITMOs under NDC targets The Paris Agreement rulebook for Article 6 does not distinguish between unconditional and conditional NDC targets, whereas many countries do. This rulebook does therefore not regulate whether a country can sell ITMOs and still account for the mitigation as mitigation contributing to the NDC target conditional on external funding. Expert opinions are split on whether such a claim would be justifiable.

Host countries must decide the role Article 6 plays in the achievement of conditional NDC targets

2.1.2 Supportive elements for NDC integration

This section provides additional elements to ensure alignment with the country's NDC once Focal Points start designing their dedicated Article 6 strategy. These elements include **a checklist of information and data** necessary to be gathered by Article 6 Focal Points for NDC integration (Checklist 2), a **checklist on action elements** for Article 6 Focal Points that derive therefrom (Checklist 3), as well as a **timeline** which provides an overview of the most important international timeframes that countries should keep in mind (Timeline 1).

The PA established the Enhanced Transparency Framework (ETF) in order to build trust and confidence that all countries are contributing their share to the global effort. The ETF offers flexibility regarding the scope, frequency and level of detail of reporting for some aspects related to Greenhouse Gas (GHG) inventories and NDCs, depending on the capacities and responsibilities of Parties. For developing countries this means that they can opt to apply the flexibility provision which has, however, to be indicated in the first Biennial Transparency Report (BTR) (UNFCCC 2018; 2021c).

Checklist 2 summarizes the information elements and data that we suggest Focal Points gather to ensure NDC consistency of the Article 6 strategy. Based on this, we suggest Focal Points formulate action to fully integrate their Article 6 strategy into the host country's NDC (Checklist 3). Last but not least, Timeline 1 illustrates the most important international timeframes, including nationally relevant milestones, that Focal Points should keep in mind when designing their Article 6 Strategy.

Checklist 2: Information and data to be gathered for NDC integration of an Article 6 strategy

General information on Article 6 in the NDC	
Does the host country's NDC mention Article 6, carbon markets or cooperative approaches explicitly as a required means of implementation?	<i>yes/no</i>
Which strategies, governance structures and personnel can the host country build on from the experience in carbon markets under the Kyoto Protocol era (e.g., CDM)?	<i>yes/no</i>
Is the NDC target (unconditional/conditional) quantified and if not, which possibilities exist to quantify NDC targets in the next NDC update?	<i>yes/no</i>
Is a precise and robust costing of implementing concrete mitigation actions or policies under the NDC available, and if yes, does this costing distinguish between unconditional and conditional elements? If no, is costing of the NDC planned as part of the implementation strategy?	<i>yes/no</i>
Role of the Article 6 strategy in the context of the NDC (compared to domestic financing and international climate finance)	
What is the share (/absolute level) of revenue from Article 6 in total international finance needed to be mobilized through the Article 6 strategy to achieve the (conditional) targets of the NDC?	

What is the share of Article 6-related mitigation in overall mitigation to be achieved under the NDC?	
GHG Accounting and National Inventory Report (NIR)	
Does the Article 6 Focal Point have relevant contact information of stakeholders involved in NDC updates, implementation and national emission inventories?	<i>yes/no</i>
How advanced are the ministries/entities responsible for NIRs with regards to the transition towards the ETF?	
Institutional governance and outreach to relevant stakeholders	
Are the roles in the institutional governance framework clearly defined and, if yes, how do they work together?	<i>yes/no</i>
Who is responsible for MRV procedures?	
Is there an ongoing process of stakeholder consultations regarding NDC implementation, including potential activity developers, civil society organizations and responsible authorities?	<i>yes/no</i>

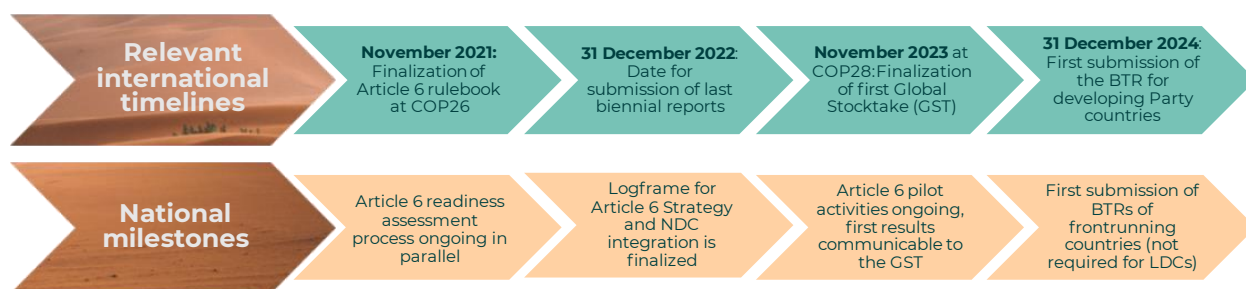
Source: Authors

Checklist 3: Actions to be taken by Article 6 Focal Point for NDC Integration of the Article 6 strategy.

Action points to satisfy data and information needs of NDC	
e.g., determine for which activity types under the (conditional) NDC target, Article 6 activities should be supported	
Action points for stakeholder management	
e.g., determine which key actors should be brought on board from an early stage	
Other action points	
e.g., reach out to other WACC members to align individual approaches and encourage mutual learning	

Source: Authors

Timeline 1: Relevant international timeframes and national milestones



Source: Authors

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2.2 Article 6 policy

The Article 6 policy of a country documents how the government plans to maximize benefits from engaging in Article 6 cooperation in the context of NDC and implementation of long-term Low Emission Development Strategies (LT-LEDS). It determines the high-level principles and modalities, and is therefore a crucial element of an Article 6 strategy.

This section aims to support WACC Focal Points in developing an Article 6 policy document. The policy document

- ⇒ confirms and/or details the political mandate for Article 6 cooperation;
- ⇒ describes how generally Article 6 cooperation contributes to the overall climate change mitigation and sustainable development strategy of the country, as well as how Article 6 collaboration helps to maintain or increase current ambition levels in this regard;
- ⇒ outlines the strategic use of revenues from Article 6 by establishing the guiding principles and criteria for mitigation outcomes that are eligible to be authorized for transfer; and
- ⇒ outlines principles for stakeholder engagement.

The Article 6 policy will be implemented and operationalized by the relevant authorities (see chapter 2.3). It is important that the Article 6 policy is endorsed by high levels of government and supported by a broad consensus among key national stakeholders.

An Article 6 policy must be developed in the context of:

- ⇒ Good communication channels within government and with non-governmental stakeholders: local authorities, private sector, academia, civil society (see chapter 1)
- ⇒ Good communication channels with international partners from the public and private sectors, including international organizations engaged in Article 6 (see chapter 1)
- ⇒ A robust understanding of the market opportunities (sectors, technologies) that are available (see chapter 1)
- ⇒ A thorough and robust understanding of the NDC and long-term development targets and opportunities (see chapter 3.1)

The Article 6 policy guides the establishment of the governance framework

2.2.1 Determining strategic objectives as a host country (selling strategy)

Host country authorization triggers the requirement to apply a CA for the authorized amount of real, additional and verified mitigation. In consequence, this amount of emissions reduced or removed can no longer be accounted for in the context of achievement of the (unconditional) NDC targets. When authorizing mitigation outcomes for transfer to become ITMOs, i.e., selling mitigation outcomes on the international carbon market, governments need to take into account strategic considerations, described in Guidance Note 4.

Guidance Note 4: Strategic objectives of Article 6 host countries

The Article 6 Strategy Working Group will have to agree on priorities and objectives when pursuing Article 6 cooperation:

⇒ Maximizing revenues from credit sales

- Net revenues for all stakeholders or net government revenues
 - The latter depend on whether private sector participants can directly sell ITMOs or whether all sales have to go through government which would then retain (part of) the revenues. Even if private sector entities can sell ITMOs, government may tax ITMO sales (domestic 'share of proceeds', SOP),
 - In case private sector entities retain revenues, government revenues would be limited to government-led mitigation activities and involvement of state-owned enterprises.
- For what purpose would the revenues retained by government be used for? A contribution to NDC implementation and raised ambition is achieved by re-investing the revenues into further mitigation action.
- Are there domestic carbon price considerations? What carbon price levels are anticipated domestically? What would that mean for the prices sought for ITMO sales?

⇒ Maximizing amount of mitigation that remains in the host country through sharing arrangements

- If private sector is involved, how would ownership be resolved?

⇒ Mobilizing investment into strategic sectors of the economy to finance the 'high hanging fruits'

- There are different options to identify the most relevant sectors: contribution to (conditional) NDC targets, increase of MRV

capacities, importance for socio-economic development of the country, etc.

- ⇒ Receiving technology transfer for technologies that play an important role in long-term development strategies or decarbonization opportunities
- ⇒ Signaling readiness to receive international climate finance (e.g., get ready for robust MRV of mitigation activities)
- ⇒ Reaching specific conditional NDC targets (depends on definition of conditionality adopted by the host country)
- ⇒ Prepare measures to update the NDC, e.g., specify floor prices in line with planned domestic carbon price levels for specific sectors or allow private sector entities to finance the introduction of more efficient technologies that will be mandated as per the next NDC implementation period.
- ⇒ Maximize sustainable development co-benefits, e.g., adaptation benefits, biodiversity benefits, air pollution benefits, in line with national priorities.

Objectives can be differentiated for the short, medium, and long term. For instance, a government may have the short-term objective to mobilize investment in strategic sectors until 2026. In addition, it formulates as a medium-term objective for 2030 that its engagement under Article 6 is tailored towards specific technologies or know-how that help the country raise its ambition for the second NDC implementation period. These aspects must be considered by the Article 6 strategy working group while also having the mitigation opportunities and relevant stakeholders in mind.

Objectives can be different for different sectors of the economy and depending on the role they are playing in the NDC implementation strategy.

The Article 6 strategy working group will have to discuss whether it wants to adopt a:

- Proactive form of engagement with private sector entities that can implement mitigation activities as well as domestic financing institutions and foreign government / international private sector partners to mobilize finance. A proactive approach requires a detailed strategy, clear institutional framework, a thorough understanding of domestic and international market opportunities and continuous stakeholder involvement.
- Reactive approach, engaging based on interest expressed from a domestic or international partner according to defined objectives. A reactive approach does not necessarily require a detailed strategy or sophisticated institutional framework. Rather, it is important to clearly communicate who national/international stakeholders can turn to and define the overarching principles that guide the government's decision whether or not to engage in an Article 6.2/A6.4M collaboration.

The Article 6 strategy working group should regularly re-assess and adjust its strategy as needed.

2.2.2 Defining eligibility criteria for activities and ITMOs

The Article 6 strategy working group should define generic eligibility criteria for activities and ITMOs that will guide the decision-making process of the respective national Article 6 authority when activity developers propose activities and request authorization of their mitigation outcomes.

The eligibility criteria should reflect the Article 6 requirements the host country must meet under the Paris Agreement (minimum criteria) and reflect the strategic objectives of the host country (further additional criteria).

This chapter describes how such criteria could look like. The Article 6 strategy working group should develop and communicate its own criteria.

Step 1 is to decide on criteria for the approval of an activity prior to its start under Article 6.2 cooperative approaches (bilateral, unilateral) or for registration under the Article 6.4 Mechanism (including through transition of CDM activities).

A list of criteria can be developed based on Guidance Note 5.

Guidance Note 5: Possible activity eligibility criteria

Minimum criteria under the Article 6.2 guidance

- ⇒ The activity applies a **robust methodology** that is aligned with guidance by the Intergovernmental Panel on Climate Change (IPCC).² A robust methodology must also be applied to ensure that:
 - The activity is **additional**. This means at the very least that the activity is not mandated by law and not financially viable without the revenue from sale of the mitigation outcomes (including considering any incentives from policy instruments). The host country may rely on the results of additionality tests as mandated under international crediting standards (e.g., CDM/A6.4M, Gold Standard, Verra) if they are deemed robust (see below).
 - The activity does not lead to an increase in emissions in the NDC implementation period and contributes to NDC achievement. This means that the activity must deliver **credible and real emission reductions** against a robust baseline that is more stringent than the business-as-usual baseline (and is aligned or more conservative than assumptions and scenarios that were used to develop the NDC for consistency). Even if the activity lowers the emission intensity of a product or service but increases absolute emissions, it is not eligible. Current existing and approved methodologies by the CDM, or other

² For a transitional period, this could relate to methodologies approved under the CDM, Gold Standard and Verra. Over the medium term, methodologies must undergo revisions to be aligned with Article 6 principles.

standards, do not address this issue sufficiently. Each host country will have to assess the link of the activity to the NDC.

- ⇒ If the activity relates to **carbon removal**, there must be **robust safeguards in place to ensure permanence and address the risks of reversals** for at least three NDC implementation periods (i.e., 30 years).
- ⇒ A robust assessment has shown that the activity will have **no negative environmental, economic, and social impacts**. Relevant impacts are identified, safeguards applied and monitored. The host country may mandate the use of MRV standards for environmental and social safeguards (e.g., IFC performance standards) and for sustainable development.
 - The activity does **not lead to a violation of human rights**, the right to health, the right of **indigenous peoples, local communities**, migrants, children, persons with disabilities and people in vulnerable situation.
 - The activity promotes (where applicable) **gender equality**, empowerment of women and intergenerational equity.
 - The activity is consistent with and contributes to the national **sustainable development (SD) objectives**. We suggest communicating those clearly to interested activity developers.

Minimum criteria under the Article 6.4 mechanism (A6.4M)

- ⇒ The activity contributes to the achievement of the NDC, the implementation of LT-LEDS and the long-term goals of the PA. This must be explicitly approved and communicated by the host country for each activity.
- ⇒ The activity is consistent with the national SD objectives and follows the A6.4M methodological requirements in this regard. Most likely, this means to apply the A6.4M SD tool to assess and report information on sustainable development. We suggest to clearly communicate national SD objectives and priorities to interested activity developers.
- ⇒ Further requirements under the A6.4M that will be checked by the Supervisory Body are:
 - The activity applies a methodology that is approved by the A6.4M or a CDM methodology that it may continue to apply until 2025, if the activity in question is a transitioning CDM activity.

An Article 6.4M methodology requires regulatory and financial additionality testing and baseline setting approaches that are below-business as usual and follow a performance-based approach, leading to higher stringency over time.
 - The activity contributes to **reducing emission levels in the host country**.

- A robust assessment has shown that the activity will have **no negative environmental, economic, and social impacts**. Relevant impacts are identified, safeguards applied and monitored.
- The activity has undergone local, and where appropriate, subnational **stakeholder consultation** consistent with domestic arrangements in relation to public participation, local communities, and indigenous peoples.
- The activity does **not lead to a violation of human rights**, the right to health, the right of **indigenous peoples, local communities**, migrants, children, persons with disabilities and people in vulnerable situation.
- The activity promotes (where applicable) **gender equality**, empowerment of women and intergenerational equity.

If an activity is submitted to the Article 6.4 mechanism, its compliance with the rules, modalities and procedures of the mechanism is checked by a designated operational entity (DOE) and approved by the Supervisory Body. Therefore, there is no need for the host country to check against these minimum criteria. The Article 6 strategy working group may however want to apply (some of) the A6.4M requirements to any activity requesting approval under Article 6.2.

Potential further criteria

- ⇒ The activity has higher mitigation costs than seen as appropriate for mitigation that is to be used for the (unconditional) NDC target. This is a key safeguard against overselling.
- ⇒ The activity applies a methodology approved by the host country/ from a specific standard approved by the host country.
- ⇒ The activity can credibly justify that it goes beyond the activities the host country needs to reach its (unconditional) NDC target or the activity contributes directly to a conditional NDC target of the host country (if the host country plans to achieve its conditional targets also through use of Article 6)
- ⇒ The mitigation achieved by the activity will be shown in the emission balance retrieved from the inventory (so that there is no disproportional negative impact from a corresponding adjustment)

The same criteria for approval of activities can also be applied when deciding on transition requests from CDM activity developers. There are some additional considerations for deciding on transition requests such as:

Does the activity still have a relevant mitigation potential for the post-2020 period? How long is the maximal number of years the activity can still generate credits for (based on rules for crediting periods)?

Is the activity expected to be viable/attractive once it has to update its methodology in 2025 and adopt an A6.4M methodology? It is expected to pass an updated additionality test that also checks existing policies and regulations as well as the links to the NDC?

CDM project participants must communicate their request to transition activities to the A6.4M by 31 December 2023 to the UNFCCC Secretariat and the host country. The transition must be approved by the host country the latest by 31 December 2025. Fast and efficient processing of such requests is important to increase activity developer trust in market-based cooperation and in cooperation with the host country institutions.

Activity approval criteria can also be applied for CDM transition request

Step 2 is to decide on criteria for the authorization of mitigation outcomes of an activity to become ITMOs under Article 6.

Authorization can mean that the emissions reduction/removal transformed into ITMOs can be used for another Party's NDC, for the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) or on the VCM. With the authorization, the host country commits to undertake a corresponding adjustment and fulfil the participation and reporting requirements under the Article 6.2 guidance. Criteria for these different types of authorization can be developed based on options presented in Guidance Note 6.

Guidance Note 6: Guidance on possible criteria for authorization (ITMO eligibility criteria)

Minimum criteria under the Article 6.2 guidance

- ⇒ The mitigation outcome for which authorization is requested stems from an activity meeting the activity eligibility criteria.
- ⇒ The **mitigation was achieved on or after 1 January 2021** and is clearly attributable to a calendar year. This aspect matters, as the corresponding adjustment must be performed towards the annual emission balance of the respective vintage year.
- ⇒ The mitigation outcome must have been **verified** (based on a robust methodology), ideally by an independent third-Party auditor.

Minimum criteria under the Article 6.4 mechanism

If an Article 6.4 emission reduction (A6.4ER) is issued by the mechanism, it has undergone verification by a DOE. Therefore, there is no need for the host country to check against these minimum criteria. The Article 6 strategy working group may however want to apply the A6.4M requirements to any ITMO requesting authorization under Article 6.2. In addition, the Article 6 strategy working group may want to establish additional criteria for A6.4ERs before they can obtain an authorization to also become an ITMO.

Potential further criteria

- ⇒ A share of the mitigation outcomes is not authorized and will thus remain in the host country. This is linked to the issue of equitable distribution of mitigation outcomes discussed above (e.g., Guidance Note 5). The share remaining in the host country may depend on the mitigation cost of the activity, the degree of certainty regarding the activity's additionality, the replication potential, etc.
- ⇒ A share of the ITMOs is voluntarily cancelled for Overall Mitigation in Global Emissions (OMGE), even if stemming from an Article 6.2 cooperative approach (akin to A6.4M requirements)
- ⇒ A share of ITMOs is voluntarily monetized to deliver finance to the Adaptation Fund (akin to A6.4M requirements)

It is important to note that the approval of transition of a CDM activity does not mean the host Party is required to authorize resulting A6.4ERs from this activity to become ITMOs. The same criteria for authorization of A6.4ERs can apply to such activities, in a second step. CDM project participants must communicate their request to transition activities to the A6.4M by 31 December 2023 to the UNFCCC Secretariat and the host country. The transition must be approved by the host country the latest by 31 December 2025. Fast and efficient processing of such requests is important to increase activity developer trust in market-based cooperation and in cooperation with the host country institutions.

A6.4ER from transitioned CDM activities need authorization to generate ITMOs

As a step 3, the Article 6 authority may establish further conditions for approval of activities and authorization of units. The Article 6 strategy working group should decide on the conditions the host country wants to use and give general guidance to the Article 6 authority. A non-exhaustive list of options for such conditions are listed in Guidance Note 7.

Guidance Note 7: Further terms and conditions for Article 6 engagement

- ⇒ Shorter crediting periods / Conditions on the renewal of crediting periods / Conditions of the alignment of crediting periods with NDC implementation periods
- ⇒ Default discount parameters in baselines or use of national/regional standardized baselines for specific technologies
- ⇒ Positive/negative lists of activities and technologies
- ⇒ Conditions for use of mitigation stemming from activities
- ⇒ The activity delivers capacity building to (national) stakeholders
- ⇒ The activity delivers technology development and transfer

⇒ The activity delivers adaptation finance/administrative finance to cover costs for the Article 6 institutions, staff, and infrastructure

The eligibility criteria and any terms and conditions agreed by the Article 6 strategy working group should be formalized through regulation and then be integrated into any further decisions related to Article 6, including bilateral agreements.

2.2.3 Meeting participation requirements

This section provides an overview on the formal participation requirements to be fulfilled by host countries to participate in market-based cooperation under Article 6, PA. Guidance Note 8 and Table 8 show the participation requirements for both Article 6.2 cooperative approaches and the Article 6.4 mechanism.

Guidance Note 8: Requirements for participation under Article 6.2 and 6.4

The basic requirements that host countries must fulfill to participate in both Article 6.2 and Article 6.4 are that they should be Party to the PA, have prepared, communicated, and are maintaining their NDCs and ensure that their participation contributes to the implementation of their NDCs and, if applicable, their LT-LEDS.

Unlike under the CDM, all Parties must contribute to the global mitigation effort by detailing their targets and means to achieve the same in their NDCs. Host countries must ensure that the current version of the NDC is uploaded to the interim NDC registry. Furthermore, they must maintain their NDCs by regularly updating their NDCs and submitting the NDC update in time as required by the Paris Agreement (the next due date being in 2025). Article 6.2 and Article 6.4 decisions recognize the special circumstances of Least Developed Countries (LDCs) and Small Island Developing States (SIDS) with regards to NDCs.

If the goal of the activity owner or host country is to generate or authorize A6.4ERs for international transfer of credits, then host countries must ensure that they are also in compliance with Article 6.2 participation requirements.

Table 8 gives an overview of the participation requirements under Article 6.2 and Article 6.4. Colored rows indicate mandatory participation requirements.

One of the most important participation requirements for Article 6.2 activities and Article 6.4 activities with credits authorized for international transfers is having a framework in place to authorize the use of ITMOs. This framework determines how an ITMO will be used by participating Parties. These use cases are: i) use towards an NDC, ii) use towards other international purposes and iii) use for other purposes. The use case ultimately determines the timing of CA. For ITMOs authorized for use towards an NDC, a CA is applied when they are first transferred. For ITMOs authorized for other international purposes and other

purposes, host countries can apply CA at authorization, issuance, or use/cancellation. The host country must decide and communicate the trigger in its initial report. A6.4ERs that are authorized by host countries for international transfers are subject to CAs, which is applied at first transfer of the authorized credits.

Table 8: Participation requirements under Article 6.2 and Article 6.4

Article 6.2 guidance	Article 6.4 rules
<ul style="list-style-type: none"> • be a Party to the Paris Agreement • has prepared, communicated, and is maintaining an NDC • participation contributes to the implementation of its NDC and LEDS (if applicable) 	
<ul style="list-style-type: none"> • have arrangements in place for authorizing ITMOs • have arrangements in place for tracking ITMOs • have provided the most recent national inventory report (NIR) • participation contributes to the implementation of its NDC, LEDS (if applicable) and the long-term goals of the Paris Agreement 	<p>PRIOR TO PARTICIPATING</p> <ul style="list-style-type: none"> • designate a national authority and communicate that designation to the secretariat • have indicated publicly to the Supervisory Body (SB) how its participation contributes to sustainable development (SD) (according to national prerogatives) • have indicated publicly to the SB <ul style="list-style-type: none"> ○ the types of activities that it would consider approving ○ how such types of activities contribute to the achievement of the NDC, LEDS (if applicable) and the long-term goals of the PA
	<p>May specify baseline approaches and other methodological requirements subject to the rules, modalities and procedures (RMP) under the supervision of the SB and subject to further CMA decisions</p> <p>May specify crediting periods, including whether crediting periods may be renewed subject to RMP under the supervision of the SB</p>
<p>For LDCs and SIDS:</p> <ul style="list-style-type: none"> • recognition of special circumstances where the guidance relates to NDCs • special circumstances to be recognized in further decisions 	

Source: Authors, based on UNFCCC 2021a and UNFCCC 2021b

Checklist 4: Article 6 participation requirements

Participation requirement	Required for	Mandatory/Voluntary	Completeness check
Party to the Paris Agreement	Article 6.2; Article 6.4	Mandatory	
Preparation and maintenance of NDC	Article 6.2, Article 6.4	Mandatory; exceptions for LDC and SIDS	
Communication of NDC	Article 6.2, Article 6.4	Mandatory; exceptions for LDC and SIDS	
Participation contributes to the implementation of its NDC	Article 6.2, Article 6.4	Mandatory, exceptions for LDCs and SIDS	
Participation contributes to the implementation of LEDS (if applicable)	Article 6.2, Article 6.4	Mandatory, exceptions for LDCs and SIDS	
Contribution of participation in towards long-term goals of the PA	Article 6.2, Article 6.4	Mandatory	
Provision of latest NIR	Article 6.2, will apply for A6.4ERs authorized for international transfer	Mandatory	
Necessary national arrangements and infrastructure in place for authorizing the use ITMOs (cf. chapter 2.3.2)	Article 6.2, will apply for A6.4ERs authorized for international transfer	Mandatory	
Necessary national arrangements and infrastructure in place for tracking ITMO use (cf. chapter 2.4.1)	Article 6.2, will apply for A6.4ERs authorized for international transfer	Mandatory	
Designate a national authority (DNA)	Article 6.4	Mandatory	
Communicate the DNA to the UNFCCC Secretariat	Article 6.4	Mandatory	
Ensure participation in the mechanism contributes to sustainable development and communication of the same to the Article 6.4 Supervisory Body (A6.4M SB)	Article 6.4	Mandatory	
Type of activities the host Party will consider approving and communication of the same to the A6.4M SB	Article 6.4	Mandatory	
Specify baseline approaches and other methodological requirements subject	Article 6.4	Voluntary	

Participation requirement	Required for	Mandatory/Voluntary	Completeness check
to the RMP under the supervision of the A6.4M SB and subject to further CMA decisions			
Specify crediting periods, including whether crediting periods may be renewed subject to RMP under the supervision of the A6.4M SB	Article 6.4	Voluntary	

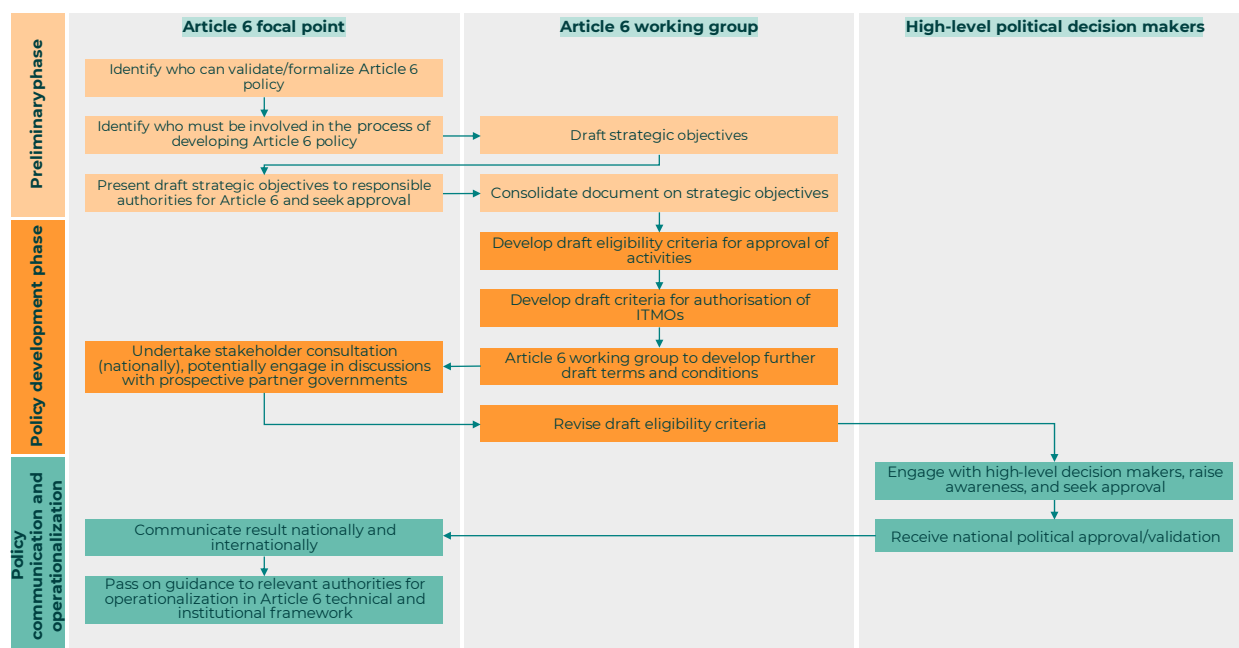
Source: Authors, based on UNFCCC 2021a and UNFCCC 2021b

2.2.4 Elaborating an Article 6 policy

An Article 6 policy must be developed in a participatory approach and formalized through regulation. There are different steps that can be taken and must be adapted to national circumstances.

Process Chart 1 gives an example for such a process. The authors estimate that on average, the process will take between two and four months.

Process Chart 1: Example for the process to develop an Article 6 policy



Source: Authors

The Article 6 Focal Point should regularly check whether the different steps of an Article 6 policy elaboration are missing, are under preparation or have been completed (Checklist 5)

Checklist 5: Steps for the development of the Article 6 policy

Aspects of Article 6 policy	Status
Content of the Article 6 policy	
Identify strategic objectives of Article 6 engagement	
Undertake background research as needed	
Define draft eligibility criteria for activities	
Define draft eligibility criteria for ITMOs	
Define further terms and conditions for Article 6 engagement, as appropriate	
Validation process	
Identify relevant consultation and decision-making processes	
Transmit the draft Article 6 policy to relevant stakeholders	
Relevant institutions validate the strategic objectives	
Consult relevant stakeholders and decision makers on the draft eligibility criteria	
Validate eligibility criteria	
Formalize Article 6 policy through regulation (in conjunction with technical and institutional framework, see chapter 2.3)	
Communication of Article 6 policy (see chapter 2.4 on reporting)	
Article 6.2 engagement objectives and eligibility criteria are communicated (as stand-alone communication or in initial report)	
A6.4M engagement objectives and eligibility criteria are communicated publicly to the A6.4M SB	

Source: Authors

Parallel to the Article 6 policy, legal foundations and technical specifications should be adopted to formalize the institutional framework for Article 6 (cf. Chapter 2.3), ideally in regulation alongside the Article 6 policy. Checklist 6 summarizes legal foundations to be established.

Ideally, the institutional framework is formalized in 2023, to be able to process transition requests from CDM activity owners in a timely manner as per the deadlines set in the Rulebook (see section 3.2 above). Fast and efficient processing of such requests is important to increase activity developer trust in market-based cooperation and in cooperation with the host country institutions.

Formalization of the framework is necessary for efficient processing of CDM transition requests

Checklist 6: Legal foundations and technical guidance/specification

Legal foundations/Actions	Blueprint Chapter	Completeness check
Recognition of Article 6 strategy in NDC	Chapter 2.1	
Formalization of the Article 6 strategy through an Article 6 policy, including eligibility criteria for authorization of activities and ITMO.	Chapter 2.2	
Formalization of allocation of roles, responsibilities and governance procedures	Chapter 2.3.1	
Setting up a national registry/opening an account in the UNFCCC registry	Chapter 2.4.1	
Regulation of crediting period		
Formalization of authorization standards and procedures	Chapter 2.3.2	

Source: Authors

2.2.5 Examples of Article 6 policies

While Article 6 policies and strategies are in development in many countries around the world little information is publicly available yet. In West Africa, the governments of Ghana and Senegal are in the process of developing an Article 6 policy as part of their Article 6 strategy (for an overview of the governance framework, please refer to chapter 2.3.4 Options for Article 6 governance). Both have announced that they are developing eligibility criteria for activities and ITMOs. This section will be updated as further information will become available.

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UNFCCC (2021b): Decision 3/CMA.3, Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, FCCC/PA/CMA/2021/10/Add.1, https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf (accessed March 18, 2022)

2.3 Institutional framework

The institutional framework for Article 6 complements the Article 6 policy; together they constitute the Article 6 strategy of a country. Governments need to establish an institutional framework to ensure that Article 6 activities align with the NDC, LT-LEDS and SD objectives, administrate ITMO transfers (incl. authorization), and report on Article 6 cooperation. When establishing these processes, governments need to make sure that they adhere to the applicable Article 6.2 guidance and/or the rules of the Article 6.4 mechanism and that they are guided by the strategic objectives for Article 6 and the Article 6 policy.

This section shall help Focal Points to make decisions in setting up the technical and legal framework for Article 6 cooperation. To do so, it gives an overview of the tasks to be performed by the institutional framework and steps to formalize this framework (chapter 2.3.1). In addition, the section contains process charts and guidance notes on the approval and authorization process (chapter 3.3.3) and on how to plan for stakeholder participation (chapter 2.3.3). Lastly, it presents options for an Article 6 governance framework (chapter 2.3.4)

2.3.1 Determining the institutional framework for Article 6

To set-up an effective institutional and national arrangement to perform specific Article 6 tasks, it is important to understand the main tasks to be undertaken by the host Party. These are summarized in Table 9.

Table 9: Host country tasks under Article 6.2 and the Article 6.4 Mechanism

Article 6.2	Article 6.4 Mechanism
Designate the relevant authorities and mandates to engage in cooperative approaches	Designate a national authority to the mechanism
Preparing, communicating and maintaining NDC	Preparing, communicating and maintaining NDC
Setting approval criteria for activities to ensure they contribute to achievement of NDCs and LEDS	Setting approval criteria for activities to ensure they contribute to achievement of NDCs and LEDS as well as to sustainable development
Compiling and submitting the most recent NIR	Communicate which methodological approaches are deemed appropriate (optional)
Negotiating and concluding bilateral agreements	Approving crediting period and renewal of crediting periods
Approving methodologies, standards and guidelines	Approval and authorization of public or private entities to be activity participants
Reviewing and registering activities (registry)	Authorizing A6.4ERs and their uses

Article 6.2
Authorizing ITMOs
Certification and issuing ITMOs
Maintaining a registry to track ITMOs
Executing transfer of ITMOs
Application of corresponding adjustments
Reporting of BTRs, Initial report, annual information and regular information (also applicable for A6.4 units authorized for international transfer)
Accrediting independent third-party reviewers to perform validation and verification
Setting up an appeal and grievances process

Article 6.4 Mechanism
Ensuring the application of Article 6.2 guidance, including reporting requirements, when A6.4ERs are authorized for international transfer

Source: Authors

These tasks must be allocated to specific institutions and therein specific staff at the national level. The distribution of tasks and responsibilities must be clarified and formalized in a regulation. The following decisions must be taken:

- ⇒ Decide which institution is the national authority on Article 6 cooperation and is communicated as such to the CMA and the UNFCCC Secretariat. To ensure some institutional continuity, this mandate could be given to the same institution that had assumed the task of DNA to the CDM. The national authority would be responsible for approving activities, communicating national decisions on Article 6, and collecting the information to ensure compliance with reporting requirements.
- ⇒ Deciding who has the mandate to negotiate and conclude bilateral agreements with partner governments. The Ministry of Foreign Affairs would play an important role here.
- ⇒ Deciding who has the mandate to authorize emission reductions/removals, including A6.4ERs, to become ITMOs. This responsibility could be given to the Article 6 authority, but to include some safeguards into the process, there could be the requirement to consult with relevant ministries/ national institutions beforehand.
- ⇒ Decide who is responsible for compiling and submitting the most recent NIR and calculate the national emissions balance, applying corresponding adjustments as per the Article 6.2 guidance. The relevant authority must closely coordinate with the Article 6 authority.
- ⇒ Decide who is responsible for compiling and submitting the BTRs. This institution must closely coordinate with the national Article 6 authority to accurately reflect information on Article 6 collaboration in the reports.

A template and examples for an institutional structure are provided in chapter.

When host Party governments identify relevant government actors performing specific functions in the Article 6 activity cycle, it is important to avoid overlaps and ensure smooth inter-ministerial coordination. A regulation will be required to formalize the allocation of roles, functions and responsibilities and should be monitored on a regular basis. The UNFCCC Secretariat has been requested to implement a capacity-building program to assist Parties in the development of such institutional arrangements to enable them in Parties to participate in Article 6 activities. There is a particular focus of this capacity-building program to assist LDCs and SIDS in meeting Article 6 participation requirements.

Checklist 7: Institutional framework required to fulfil participation responsibilities

Description of task	Information/capacity/tool/entity needed	Entity/ministry responsible
Nationally Determined Contributions		
Prepare the NDC		
Communicate the NDC to the secretariat		
Policy and regulation for Article 6		
Formalize allocation of roles and responsibilities		
Approve methodologies, standards and guidelines for Article 6.2 activities		
Set approval criteria for activities to ensure participation in Article 6 contributes to achievement of NDCs and LEDS		
Article 6.2 specific tasks		
1. Bilateral Framework for cooperative approaches		
Negotiate and conclude bilateral agreements		
Review activities		
Accredit independent third-party reviewers to perform validation and verification		
Set up an appeal and grievances process		
2. ITMO authorization and tracking		
Log ongoing activities	National/international registry	
Authorize ITMOs	National/international registry	
Certify and issue ITMOs	(International Standard?)	
Maintain a registry to track ITMOs	National/international registry	

Description of task	Information/capacity/tool/entity needed	Entity/ministry responsible
Execute the transfer of ITMOs	National/international registry	
3. Reporting (compiling and submitting)		
Most recent National Inventory Report		
Biennial Transparency Reports		
Initial Report <i>(to be submitted no later than the authorization of ITMOs)</i>		
Regular information <i>(to be submitted by 31st December of the relevant year as an annex to the BTRs)</i>		
Application of corresponding adjustments		
Annual information <i>(to be submitted by 15th April of the following year in an agreed electronic format)</i>		
Article 6.4 specific tasks		
1. National Framework for A6.4M participation		
Approve and authorize public or private entities to participate as activity participants		
Approve crediting period and renewal of crediting periods		
Review activities		
Assess the sustainable development impacts of an Article 6.4 activity		
2. A6.4ER authorization		
Authorize A6.4ERs and their uses	National/international registry	
Note: If A6.4ERs are authorized for international transfers, then follow Article 6.2 checklist		

Source: Authors

To understand some salient processes in Article 6.2 and Article 6.4 activity cycles in greater detail, the illustrations in the following chapters explain some of the principal processes to facilitate better interpretation of tasks and responsibilities of relevant institutions.

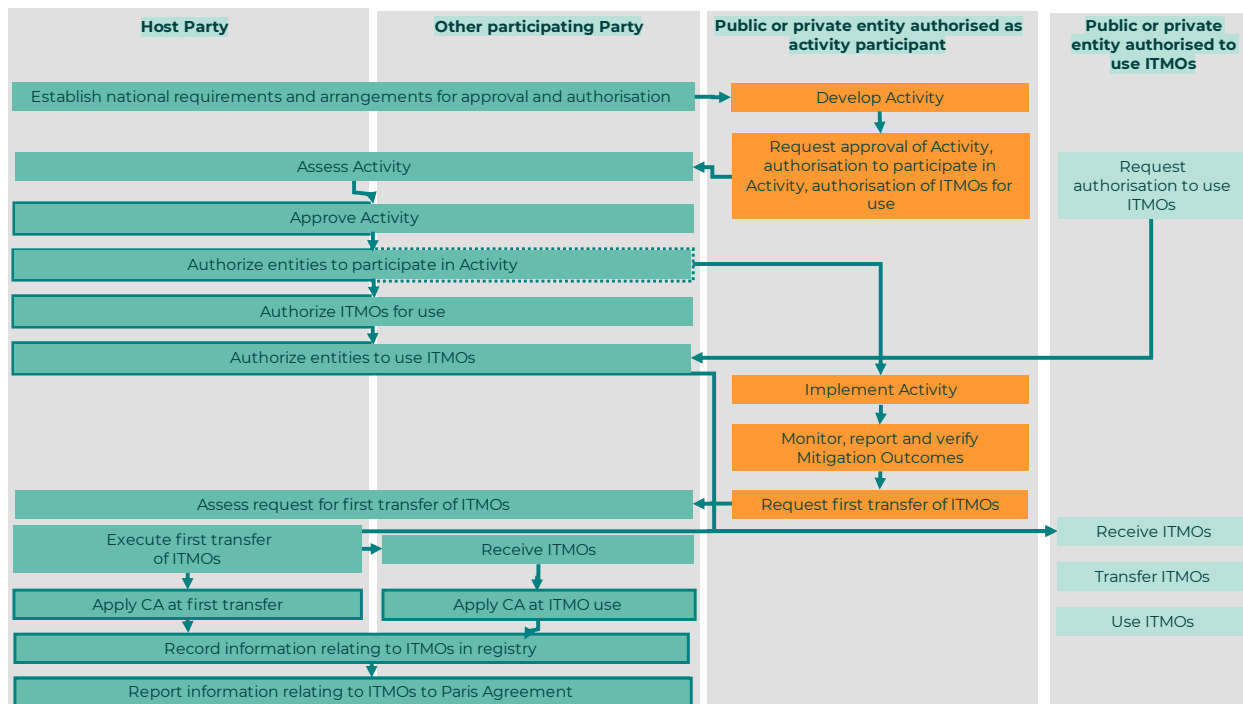
2.3.2 Understanding the approval and authorization process

The relevant Article 6 authority/authorities must be familiar with the authorization and approval processes under the Article 6.2 guidance and the Article 6.4 mechanism.

The approval and authorization process will be guided by the eligibility criteria for activities and ITMO transfers enshrined in the Article 6 policy (see chapter 2.2.2)

Process Chart 2 shows an exemplary authorization and approval process under the A6.4M, combined with application of the guidance on cooperative approaches for authorization, transfer and accounting. The process may look similar for activities under a voluntary market standard. The green fields show steps for which the rules relating to the A6.4M apply, while yellow fields show steps for which the guidance on cooperative approaches apply (which is relevant as soon as A6.4ER are authorized for international transfer). The steps are allocated to the respective Party or participant (shown in the columns). Steps with a red frame are mandatory according to the adopted Article 6 rules. Other steps are necessary preliminary steps and therefore highly recommended. The approval and authorization process will be guided by the eligibility criteria for activities and ITMO transfers enshrined in the Article 6 policy (see chapter 2.2.2)

Process Chart 2: Authorization and approval process (example)



Source: Figure developed by Perspectives Climate Group (2021)

2.3.3 Planning stakeholder participation

Stakeholder participation is a good practice requirement for Article 6 activities. It can build understanding, foster private sector engagement and create support for Article 6 activities, and improve their design and implementation by considering comprehensive and diverse knowledge, views and interests. Furthermore, stakeholder participation can help to identify and address negative impacts, which may otherwise be overlooked.

Developers of A6.4M activities must undertake “local and where appropriate subnational stakeholder consultation” in line with national arrangements in relation to public participation, local communities and indigenous peoples (UNFCCC 2021b). Focal Points determine these national arrangements, if a national Article 6 strategy foresees participation in the A6.4M. Consultation is the minimum requirement for stakeholder participation, but it can go as far as stakeholders developing activity methodologies. On the international level, the Supervisory Body of the A6.4M facilitates dialogue with Parties and stakeholders.

For cooperative approaches under Article 6.2, PA, governments must report how each approach minimizes and avoids negative environmental, economic and social impacts, contributes to sustainable development and how it respects, promotes and considers the rights of marginalized groups. Stakeholder engagement is important to ensure that these provisions are met. In addition, buying governments/entities require stakeholder engagement strategy and a consultation plan with key stakeholders for procurement (Olsen and Arens 2021). Guidance Note 9 presents good practice requirements for stakeholder engagement and management in the context of market-based activities under Article 6.

By the same token, it is important to involve stakeholders in the development of an Article 6 policy and framework. Resources like the *Stakeholder Participation Guide* of the Initiative for Climate Action Transparency (ICAT 2020) provide detailed guidance for policy makers on the design of stakeholder engagement processes for policies.

Guidance Note 9: Stakeholder management

Stakeholder participation means that processes are in place that enable stakeholders to understand and influence the design and implementation of Article 6 activities that may interest or affect them. Effective stakeholder participation is based on the principles of inclusiveness, transparency, responsiveness, accountability and respect for rights (ICAT 2020). To implement arrangements for effective stakeholder participation, Focal Points should...:

... have a plan for stakeholder participation in Article 6 activities.

When determining the national arrangements, Focal Points should think about the objectives of stakeholder participation and establish a clear mandate for conducting stakeholder consultations. For this, Focal Points need to address the following questions:

- ⇒ Who is responsible for implementing stakeholder consultation for Article 6 activities?

- ⇒ Does this entity have sufficient and adequate capacity to conduct the consultation or does it need support? If it needs support, who can provide the support and how?
- ⇒ What requirements exist for stakeholder participation (national legal requirements or norms, requirements from donors, requirements arising from international treaties, conventions or agreements, etc.)?
- ⇒ What information needs to be publicly disclosed?

Focal Points should ensure that each Article 6 activity has a stakeholder participation plan that describes (i) the objectives of stakeholder participation, (ii) stakeholder roles, responsibilities and contractual relationships, and (iii) information flows, including what information needs to be publicly disclosed. The plan should also specify the activities, methods, timing of stakeholder participation, as well resources that are required to meet the objectives.

... know who relevant stakeholders are.

Stakeholders are “individuals, organizations or communities that are directly or indirectly affected by, and/or have influence or power” over an activity (ICAT 2020, p. 8). Different Article 6 activities may affect or interest different stakeholder groups (see chapter 1.2). Focal Points or activity developers may conduct a stakeholder mapping to understand the relative influence or impact of different stakeholder groups on an Article 6 activity and the impacts of the activity on these groups, as well as stakeholder group capacities and other characteristics. Focal Points should also understand in what roles different stakeholders are included in the activity. This helps to prioritize stakeholders with regard to the objectives and strategies for stakeholder participation.

... ensure relevant and comprehensive information is provided in a timely manner.

Focal Points or activity developers should disseminate information, including information on how to participate, to stakeholders in a timely manner, and give stakeholders sufficient time to think about and develop a response to the information, as well as plan their participation. Information needs to be relevant and comprehensive. Focal Points should take into account different levels of knowledge and social context of the stakeholders to make sure that they can understand the information provided. Focal Points should establish an accessible and effective mechanism to receive questions and provide responses, including requests for further information.

...ensure that consultations are designed and conducted effectively.

Through consultations, activity developers or Focal Points can obtain input, provide information, and enable exchange on activity characteristics. In addition, they provide an opportunity for capacity building. Focal Points should consider consultations as a dynamic, ongoing processes that can involve several


objectives, target groups and methods at different times (see ICAT 2020 for an overview of different methods). Focal Points should thus define clear objectives and roles (facilitator/participant), identify relevant stakeholder groups and adapt stakeholder consultation methods to the targeted stakeholder group for each consultation. They should recognize the capacities of different stakeholder groups and give particular attention to the participation of marginalized groups (e.g., local communities, indigenous peoples). For each consultation, there should be documentation how inputs were addressed.

... involve existing (or establish new) multi-stakeholder bodies

Multi-stakeholder bodies are regular gatherings of people representing various constituencies, interests and stakes. They can be formal or informal and institutionalized or ad-hoc, and take on different advisory and decision-making roles (e.g., providing expert advisory input, making informed recommendations, making decisions on behalf of, or in collaboration with government). It is recommended that WACC Focal Points establish a working group or roundtable for developing a national Article 6 strategy. Such a working group can help to identify further stakeholders and advise on how to involve them.

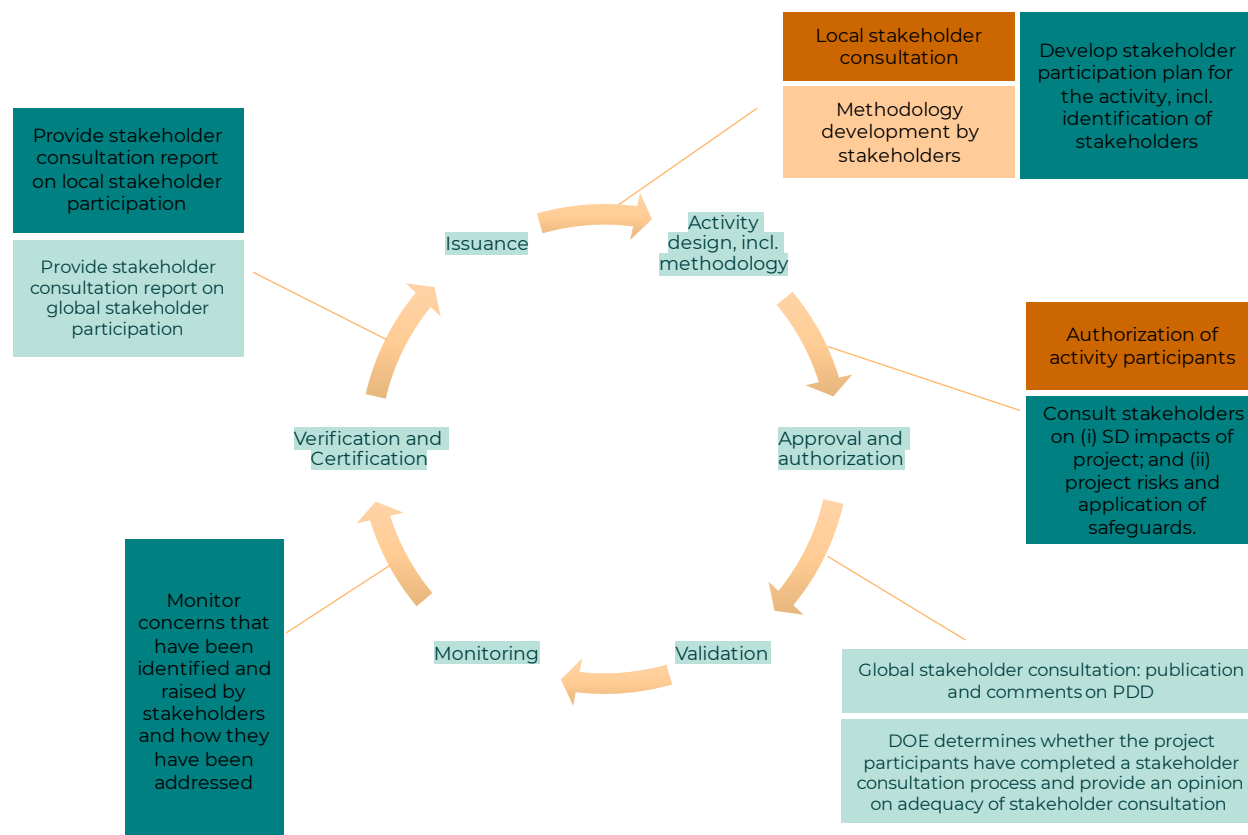
In addition, stakeholders should be able to voice any issue, concern, problem or claim (perceived or actual) that they want to see addressed and resolved. For the A6.4M, there is a provision for an independent grievance process that can be requested by stakeholders, activity participants and participating Parties.

An early priority in stakeholder consultation may be a consultation of relevant CDM activity owners to understand their interest in transition of their activities. Fast and efficient processing of such requests is important to increase activity developer trust in market-based cooperation and in cooperation with the host country institutions.



Early
consultation of
CDM activity
owners is
recommended

Process Chart 3: Stakeholder Participation in the A6.4M activity cycle



Legend



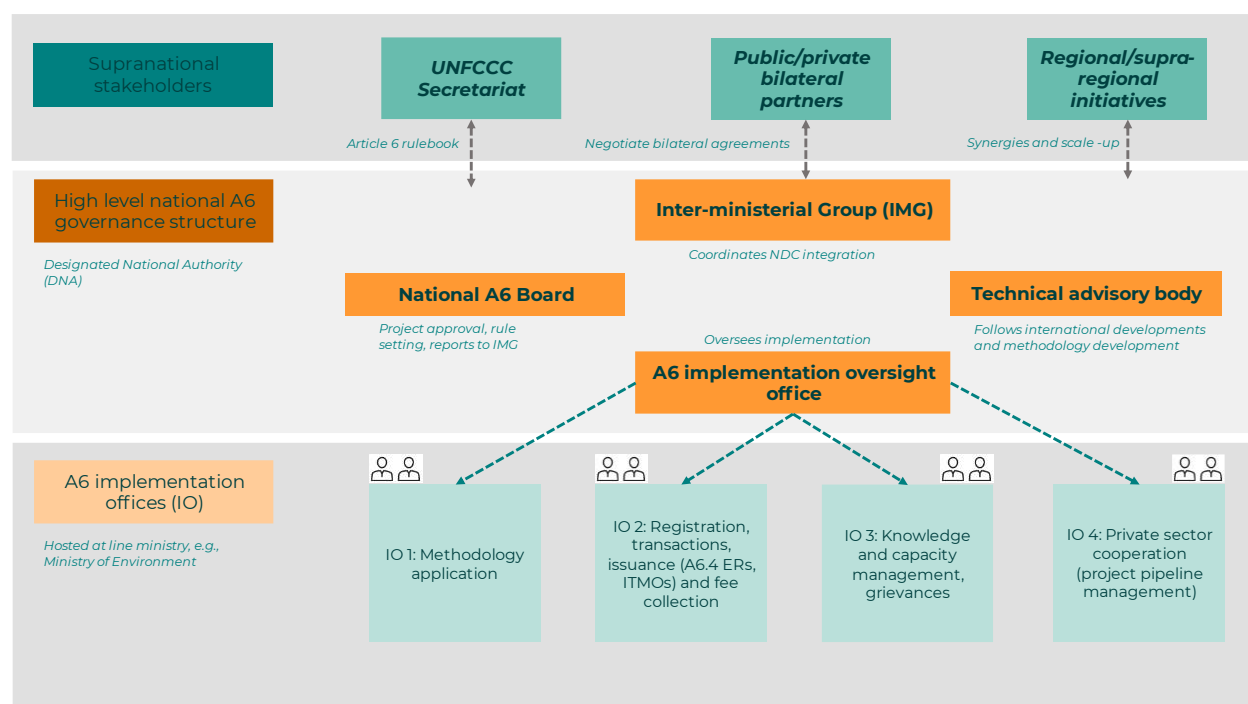
Source: Authors

2.3.4 Options for Article 6 governance

In order to set up effective institutional structures to govern a host country's participation under Article 6, Focal Points can learn from each other and build on governance structures under the CDM.

Preceding sections of this chapter have introduced specific tasks of host countries under Article 6.2 and Article 6.4 (section 2.3.1), as well as the process of authorization and approval (section 2.3.2). Building thereupon, this section presents an institutional governance framework – following the example of Ghana – in an illustrative manner. It should be noted that this model is appropriate for a large country, small countries can benefit from a less differentiated structure.

Figure 3: Illustrative institutional governance framework



Source: Authors, based on Amoah (2022)

Table 10: Description of possible national Article 6 governance organs at different levels

Body	Function	Participants/members
High level national A6 governance structure		
Inter-ministerial group (IMG) for Article 6 integration	<ul style="list-style-type: none"> ⇒ Coordinates NDC integration of Article 6 across all ministries/sectors ⇒ Approves the Article 6 policy ⇒ Appoints the Article 6 Board members 	<ul style="list-style-type: none"> ⇒ All ministries involved in NDC implementation (officials just beneath ministerial rank) ⇒ Chaired by ministry leading NDC implementation (e.g., Environment/Finance)
National Article 6 Board (NA6B)	<ul style="list-style-type: none"> ⇒ Serves as DNA ⇒ Reports to IMG ⇒ Authorizes ITMO issuance ⇒ Authorizes activity participants ⇒ Approves methodologies 	<ul style="list-style-type: none"> ⇒ Senior government officials representing key ministries (majority of members) ⇒ Private sector representatives (from most relevant business associations) ⇒ Civil society representatives (ideally from umbrella organizations)
Technical advisory body (in large countries with a lot of technical issues)	<ul style="list-style-type: none"> ⇒ Provides technical expertise on ad-hoc basis ⇒ Oversees the Methodology application office (IO1) 	<ul style="list-style-type: none"> ⇒ National and possibly international experts with pertinent experience, e.g., from CDM

Body	Function	Participants/members
Implementation oversight office	<ul style="list-style-type: none"> ⇒ National Article 6 “secretariat” ⇒ Coordinative administration function across implementation offices 	⇒ Pro-actively engaged staff with excellent communication skills
Article 6 implementation offices (IOs)		
IO 1: Methodology application	<ul style="list-style-type: none"> ⇒ Assessment of methodologies or their revisions proposed by Article 6.2 project developers and recommendations to NA6B 	⇒ Ministry and independent methodology experts
IO 2: Registration, transactions, issuance (A6.4 ERs, ITMOs) and fee collection	<ul style="list-style-type: none"> ⇒ Digital infrastructure hub ⇒ Registry operation and maintenance ⇒ Fee collection 	⇒ Ministry IT and costing experts
IO 3: Knowledge and capacity management, grievances	<ul style="list-style-type: none"> ⇒ Knowledge management (digital) ⇒ Focal Point for grievances, e.g., social and environmental impacts 	⇒ External stakeholder communication experts
IO4: Private sector cooperation (project pipeline management)	<ul style="list-style-type: none"> ⇒ Mobilize outcome offer and demand according to A6 policy ⇒ Maintain project pipeline 	⇒ Ministry officials and independent experts with private sector experience

Source: Authors, based on Amoah (2022)

Guidance Note 10: Using fees to fund Article 6 governance structures

At several instances throughout the Article 6 transaction cycle, fees can be collected to fund staff costs and administrative expenses required to govern and oversee national processes related to Article 6 (see Figure 3 above). Possible points of collection are listed below (suitable fee types in brackets):

- Entity authorization fees (flat per entity)
- Activity approval fee (mix of fixed fee and fee proportional to ITMO volume)
- ITMO issuance fee (proportional to ITMO volume)
- Certified Emission Reduction (CER) transition fee
- Methodology approval fee (flat per methodology)

The level of fees and share redirected to cover administrative costs, is determined by each host country. Exemptions for small / micro activities should be considered.

Case Study 1: The institutional framework for Article 6 in Ghana

Ghana is one of the frontrunners of Article 6 institutional development. This case study elaborates on Ghana's Article 6 strategy, incl. the institutional framework.

NDC Integration and Article 6 policy

In November 2021, Ghana communicated its enhanced and updated NDC, with the target of implementing 34 mitigation measures to achieve absolute emission reductions of 64 MtCO₂e by 2030, of which 39.4 MtCO₂e are expected to be achieved through 25 conditional measures, provided receipt of financial support from private sector and international sources. Implementing the conditional mitigation and adaptation measures requires USD 5.4 billion, to be mobilized from public, international, and private sector sources, and carbon markets (Republic of Ghana 2021).

In its updated NDC, Ghana has therefore clearly indicated its intention to use voluntary cooperation under Article 6.2 to achieve up to 55% of its conditional absolute emission reductions, which is equivalent to 24 MtCO₂e (Republic of Ghana 2021).

Ghana aims to primarily pursue Article 6.2 cooperative approaches. It has been actively engaging in projects and pilots to operationalize Article 6.2 as a host country. Some of its recent Article 6 engagements include (Benefoh 2021):

- ⇒ Article 6 bilateral agreement signed and ratified between Ghana and Switzerland by the parliament in July 2021, detailing the parameters and guidelines for mitigation activities and ITMO transfers
- ⇒ Ghana Cocoa Forest REDD+ program under the World Bank's Forest Carbon Partnership Facility (FCPF), which aims to generate 10 Mt CO₂e
- ⇒ signing of a memorandum of understanding (MoU) between Ghana and Sweden at COP26 for a potential Article 6.2 bilateral agreement.

Ghana has adopted a "pure seller" strategy and views Article 6 as a policy tool that will help achieve its conditional NDC target and foster future alignment to a low carbon development pathway (Benefoh 2021). The Environmental Protection Agency (EPA) and the Ministry of Environment, Science, Technology & Innovation (MESTI) aim to support the adoption of carbon pricing instruments such as emissions trading (News Ghana 2022), including operationalization of Article 6, to enable private sector participation in green investments, and catalyze technology transfer (Republic of Ghana 2021).

To define the eligibility of activities under Article 6, particularly Article 6.2, Ghana is developing a "pre-qualified list" of activities that contribute to preserving environmental integrity and sustainable development.

The list is expected to be updated regularly but the frequency of updates has not been finalized yet (Benefoh 2021). Further Article 6.2 activity criteria proposed by Ghana include limiting the duration of the crediting period and conservative baselines linked to the NDC baseline (Benefoh 2021).

Institutional framework for Article 6

Entering into a bilateral agreement with Switzerland has assisted Ghana in developing and establishing an Article 6 institutional framework, including establishment of national arrangement for authorization and tracking of ITMOs, which becomes operational in 2022. The proposed institutional set up for Article 6 (Benefoh 2021) is as follows:

- ⇒ A high-level Article 6 inter-ministerial group, chaired by the Ministry of Environment and Ministry of Finance, will be established at MESTI after approval from the President. This body will be responsible for oversight and coordination functions.
- ⇒ The existing Steering Committee set up under the Swiss-Ghana bilateral agreement and composed of representatives of relevant ministries in Ghana to provide guidance on the Article 6.2 cooperative approach process will be transformed into an Article 6 Board. The Board, located at MESTI, will be responsible for activity approval and rule-making functions.
- ⇒ Similarly, the Technical Committee established under the Swiss-Ghana bilateral agreement will be transformed into an Article 6 Technical Advisory Body which will provide relevant technical advice on matters such as methodology development, corresponding adjustments etc. The team will be established at MESTI.
- ⇒ An Article 6 implementation office will be set up at EPA to undertake an administration and implementation role, with tasks such as methodology application, activity registration, transactions, issuance, knowledge management, grievances, private sector coordination among others. In the initial stages, the office is expected to operate under a ministerial decree, which will be followed by a formal legal basis that will be enshrined in the planned revision of the EPA Act.

Stakeholders engaged in the development of Article 6 policy and framework continue to stress the need of a committed and dedicated team across the government and strong cross-institutional coordination.

Tracking, recording, accounting and reporting

Ghana has developed an emissions transaction registry prototype to track and account for ITMO transfers and is currently in the testing phase (Benefoh

2021). Initially, a simplified version of the registry will be rolled out to keep operation costs at a minimum. As transactions increase, the full version of the registry will be made available. The registry will be managed by the Article 6 office mentioned above.

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2.4 Tracking, recording, accounting and reporting

A host country needs to set up certain infrastructures and accounting tools to track and monitor ITMO transfers leaving and entering the country. A domestic registry or access to an international registry for ITMOs will be required for Article 6.2 transactions and any transfer. In addition, governments must comply with the international accounting and reporting requirements.

2.4.1 Recording of mitigation outcomes

Parties must track and account for ITMOs arising out of Article 6 activities to avoid double counting. It is necessary for transferring and using Parties to track units in a centralized and harmonized manner.

Guidance Note 11: Recording of ITMOs

Participating Parties have the following infrastructure options for tracking ITMOs:

- ⇒ use the forthcoming **international registry** for Article 6 to be provided by the UNFCCC and request an account in the same
 - While the international registry is still under development, it is recommended that Parties have an interim registry, a simple excel-based tool with all relevant information being recorded, to track mitigation outcomes from various registries, including VCM, until they can open an account in the international registry.
- ⇒ **Alternatively, set up a national registry** for tracking ITMO authorization, transfer, and use
 - Recording and managing transactions per sector, per ITMO vintage year and tracking the authorization and use of the ITMOs transferred will require an elaborate and sophisticated registry. Establishing such a registry will not only require legal and administrative arrangements to be put in place, but also investment and a financing structure to bring the implementation of a national registry to fruition. Therefore, it is worthwhile to develop a national registry only if Parties foresee a large volume of carbon market activities (World Bank 2016).
- ⇒ Several countries could collaborate to build a group of national registries, e.g., through regional institutions such as the West African Economic and Monetary Union (UEMOA). The WACC member countries could discuss developing such a **regional registry**.

Regardless of the option chosen, participating Parties must ensure that the chosen registry records authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards other international mitigation purposes, and

voluntary cancellation (including for overall mitigation in global emissions, if applicable) through unique identifiers.

With regard to the Article 6.4 mechanism, a mechanism registry linked to the UNFCCC international registry will be operated by the UNFCCC secretariat under the supervision of the A6.4M SB. The mechanism registry will consist of a pending account, holding account, retirement account, cancellation account, account for cancellation towards OMGE and a share of proceeds for adaptation account. The registry will also have holding accounts for each Party and each public or private entity authorized as participants under Article 6.4.

Akin to the CDM registry, the mechanism registry records mitigation activities once they have been approved and public or private entities authorized as activity participants by the respective host country and validation has been requested from an auditor, called the Designated Operational Entity (DOE). After successful registration, emission reductions from these activities are monitored, reported, and verified. Upon verification of the emission reductions by a DOE and approval of the same by the A6.4M SB, the mechanism registry administrator issues A6.4ERs into the registry.

All recorded information in the registries is communicated to the UNFCCC and compiled in the **Article 6 database** which will be implemented by the secretariat. The Article 6 database is integrated with the **centralized accounting and reporting platform** (CARP) (see Figure 4 in chapter 2.4.3).

Table 11 and Figure 4 summarize the carbon markets infrastructure arrangements.

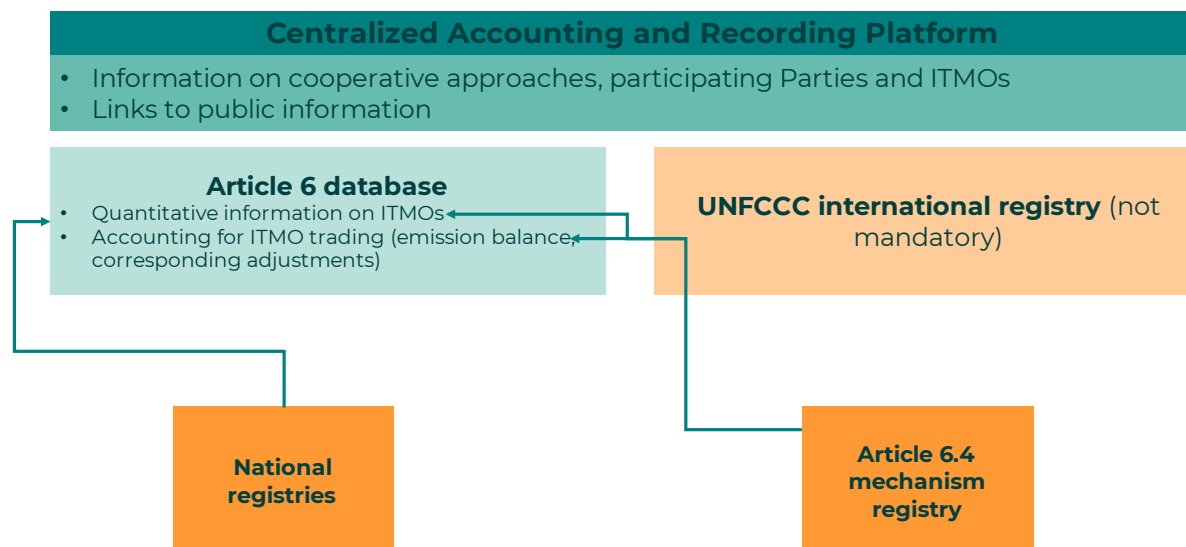
Table 11: Overview of carbon market infrastructure arrangements

Infrastructure	Information stored
National registries	<ul style="list-style-type: none"> ● Movements of ITMOs, in particular <ul style="list-style-type: none"> ○ Authorization ○ First Transfer ○ Transfer ○ Acquisition ○ Cancellation ○ Use towards NDCs ○ Authorization for use towards other international mitigation purposes ○ Voluntary cancellation
International registry	<ul style="list-style-type: none"> ● Movements of ITMOs, in particular <ul style="list-style-type: none"> ○ Authorization ○ First Transfer ○ Transfer ○ Acquisition ○ Cancellation

	<ul style="list-style-type: none"> ○ Use towards NDCs ○ Authorization for use towards other international mitigation purposes ○ Voluntary cancellation ● Also available for Parties without their own or having access to a registry
Article 6.4 mechanism registry	<ul style="list-style-type: none"> ● Article 6.4ERs pending, retired and cancelled, forwarded for OMGE and SOP purposes ● Holding account for each Party and authorized public or private entities
Article 6 database	<ul style="list-style-type: none"> ● Information on cooperative approaches ● Corresponding adjustments, annual emission balances and information on ITMOs first transferred, transferred, acquired, held, cancelled and or used by participating Parties. ● Annual information and regular information (reporting) ● Identification of inconsistencies in corresponding adjustments and ITMOs transferred and acquired
CARP	<ul style="list-style-type: none"> ● A description of each cooperative approach, the expected mitigation and the participating Parties involved ● Public information on ITMOs ● All non-confidential information submitted by Parties in the context of the reporting obligations

Source: Authors

Figure 4: Overview of Article 6 infrastructural arrangements



Source: Michaelowa et al. 2020, p. 57

2.4.2 Applying corresponding adjustments

A corresponding adjustment is the process of accounting for carbon market actions against the national mitigation commitments. It can be understood as “double bookkeeping”: if one Party sells an ITMO, it is recorded as “debit”, if a Party buys an ITMO (and uses it), it is recorded as “credit”. Therefore, when an ITMO is sold, the underlying mitigation can no longer be accounted for towards the NDC mitigation targets.

Mitigation has the effect of lowering the GHG emissions recorded in the national GHG emissions inventory. The international transfer of mitigation must be balanced out of “re-adding” the GHG emissions quantified to have been mitigated. The adjusted emission balance is then used to check whether the NDC target has been met.

The process of accounting for carbon market collaboration can be divided into different steps:

1. Understanding the NDC target
2. Determining an Article 6 accounting approach
3. Calculating the annual emission balance and regularly reporting it
4. Apply a corresponding adjustment based on the chosen accounting approach and on the tracked ITMO trades.
5. Report the corresponding adjustments

Step 1- Understanding the NDC target and how to account for it

There are several types of NDC targets that are accounted for differently:

- ⇒ Absolute emission targets that specify a level of emission that is to be achieved. Such a target can directly be compared to the emission balance as shown in the inventory.
- ⇒ Relative emission targets that specify a level of emission that is lower compared to a reference year or compared to a reference scenario. To determine whether this target has been met, the adjusted emission balance is compared to the emissions of the reference year or the estimated emissions of the reference scenario.
- ⇒ Intensity emission targets that specify a level of emissions in relation to a specific unit (gross domestic product, GDP; production of an output; inhabitants; etc.).
- ⇒ Non-GHG based targets

In addition, NDC targets can be expressed for:

- ⇒ Several years in form of an emissions pathway or in form of a carbon budget/annual carbon budgets. In the Article 6 rulebook this is called a multi-year target.

⇒ A single target year (e.g., 2030).

Furthermore, NDC targets can relate to all sectors and categories covered by a GHG inventory or only to specific sectors or categories. If the latter is the case, only the emissions recorded in the inventory for these sectors and categories are compiled to the balance of emissions that is used to check whether the NDC target has been met.

Step 2: Determining an Article 6 accounting approach

Case 1: The country has a multi-year target

If the country has a multi-year target, it will have to calculate either a multi-year emissions trajectory, or a multi-year carbon budget.

Then, the CA is applied for all ITMO transfers of the years covered by the NDC implementation period: there is an addition for the amount of tCO₂e for all ITMOs that leave the country and a subtraction of tCO₂e for ITMOs that are used towards the target.

Case 2: The country has a single-year target

If the country has a single year target, it has the choice to adopt a:

⇒ **Continuous, multi-year accounting approach.** This means that the host country calculates a trajectory or a budget that is representative of the pathway towards the achievement of the NDC target year and accounts against that pathway as if it would have a multi-year target.

The trajectory/budget approach for single year targets allows for continuous CA and NDC accounting throughout the NDC implementation period. Every tCO₂e certified, authorized, and transferred is accounted for in the context of the NDC. The amount of ITMOs that is available for transfer without jeopardizing NDC target achievement depends on the “conservativeness” of the NDC accounting trajectory established by the accounting method. This approach incentivizes a continuous carbon market. However, setting a trajectory for a single year target can be technically and politically challenging.

⇒ **An averaging approach,** where the country calculates every year the average amount of ITMOs it has transferred or used over the years of the NDC implementation period. Accounting is then done in the target year for the average amount of ITMO transfers.

The averaging approach is relatively easy to implement and rather conservative. It does however only deliver a “representative” outcome if there is frequent trading throughout the NDC implementation period. It is not possible with this approach to finalize accounting before the final year of the NDC implementation period. This implies a risk for governments of a mismatch of supply and needed acquisitions. Compared to a stringent trajectory approach, the approach allows seller countries to sell more

without jeopardizing NDC achievement, while the buying country needs to buy higher amounts to compensate a given mitigation deficit. The approach is criticized by international experts, and it remains to be seen by whom it will be applied.

Step 3: Calculating an annual emission balance

The annual emission balance is the sum of emissions by sources and removals by sinks that are covered by the NDC. To calculate the balance, it is important to understand which sectors and categories are covered by the communicated NDC targets. Then, the corresponding data is extracted from the national GHG inventory. The national emission balance is calculated for every year and reported in the BTRs.

Step 4: Apply a corresponding adjustment based on the chosen accounting approach and on the tracked ITMO trades

Following the selection of an appropriate accounting approach, the host country must track through the registry what ITMOs have been authorized, transferred, cancelled, or used. More information on tracking of ITMOs can be found in chapter 2.4.1. The host country then calculates the sum of ITMOs a corresponding adjustment must be applied for and reports the adjusted emission balance in the BTR.

Step 5: Reporting the corresponding adjustment

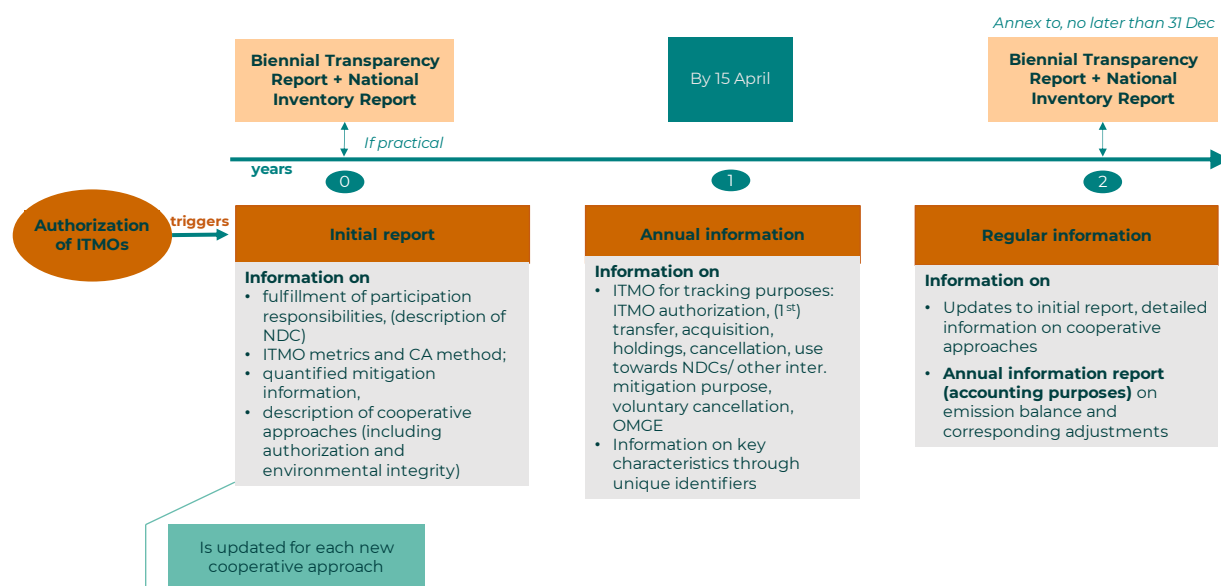
As a part of Article 6.2 reporting requirements, Participating Parties must report on the method for corresponding adjustments applied throughout the NDC implementation period in their initial reports and regular information submitted as an annex to the BTR. More information on Article 6.2 reporting can be found in chapter 2.4.3.

2.4.3 Reporting under Article 6 and links with the Enhanced Transparency Framework

In order to deliver on the Article 6 principles of safeguarding environmental integrity and transparency in international carbon markets, it is important to ensure that Parties report necessary information on Article 6 approaches in a clear, accurate and timely manner.

The relevant Article 6 authority/authorities must be familiarized with the Article 6 reporting requirements and liaise with the authorities and institutions responsible for BTR reporting. Process Chart 4 summarizes the reporting requirements and Guidance Note 12 presents them in more detail.

Process Chart 4: Reporting obligations under Article 6



Source: Figure developed by Perspectives Climate Group (2021), based on Michaelowa et al. (2020).

Guidance Note 12: Reporting Obligations under Article 6

Initial report

Parties that wish to participate in cooperative approaches (Article 6.2) are required to submit an initial report. In an initial report, Parties shall demonstrate that they meet the Article 6.2 participation responsibilities and have all necessary infrastructure and national arrangements in place to participate in cooperative approaches. The information to be provided in the initial report includes:

- ⇒ the ITMO metrics and method for CA that will be applied consistently throughout the period of NDC implementation
- ⇒ quantified mitigation information in its NDC in tCO₂e, including sectors, GHGs, time periods, reference levels and target levels (or, if this is not possible for a Party, a methodology for the quantification of the NDC in tCO₂e);
- ⇒ for NDCs or targets using non-GHG metrics, the quantification of the NDC (or a portion of the NDC) in the relevant metric
- ⇒ a description of the cooperative approaches in which they participate, including the

expected mitigation and the participating Parties

If a Party has not submitted a BTR, then they must provide a description of their NDC in the initial report by elaborating on the following elements:

- ⇒ a description of targets, including the type of target, target year or period (single-year or multi-year)
- ⇒ the applied baseline or reference point
- ⇒ time frame for implementation
- ⇒ scope and coverage of the NDC
- ⇒ intention to use cooperative approaches for NDC achievement
- ⇒ updates to previously reported information

Annual information

Participating Parties must provide information on their carbon market activities on an annual basis, no later than 15 April of the following year in an agreed electronic format. The annual information must contain:

- ⇒ authorization of ITMOs for use towards achievement of NDCs
- ⇒ authorization of ITMOs for use towards other international mitigation purposes
- ⇒ first transfer
- ⇒ transfer
- ⇒ acquisition
- ⇒ holdings
- ⇒ cancellation
- ⇒ voluntary cancellation
- ⇒ voluntary cancellation of ITMOs towards overall mitigation in global emissions
- ⇒ use towards NDCs

and specifying the cooperative approach, the other international mitigation purpose authorized by the Party, the first transferring participating Party, the using participating Party/authorized entity (-ies), the year in which the mitigation occurred, the sector(s) and activity type(s), and the unique identifiers.

Parties must submit the annual information for recording in the Article 6 database.

Regular information

As an annex to the BTR, Parties are required to submit regular information the Party's participation in cooperative approaches beyond reporting on the accounting of ITMOs no later than 31 December of the relevant year. The regular information must elaborate on:

1. Party's participation in cooperative approaches

This section includes information on how a Party is fulfilling the participation responsibilities; applying CA; providing updates on information in initial report and BTRs; information on authorization of ITMOs and ensuring how the ITMOs have been used without endangering environmental integrity.

2. How each cooperative approach meets the requirements

This section includes information on contribution to the mitigation of GHGs and implementation of NDCs; ensuring environmental integrity, measurement of mitigation outcomes when ITMOs are measured and transferred either in tCO₂e or in non-GHG metrics; measurement of mitigation co-benefits; minimization and avoidance of negative environmental, economic and social impacts; consideration of gender equality, human rights and rights of indigenous peoples, local communities, and vulnerable people; consistency with sustainable development objectives; application of safeguards; contribution of resources for adaptation and delivering OMGE.

3. Annual quantitative information

This includes information on

- annual quantity per cooperative approach, sector, transferring Party, using Party and vintage of ITMO,
- anthropogenic emissions by sources and removals by sinks covered by the NDC,
- ITMOs first transferred,
- mitigation outcomes authorized for use for other international mitigation purposes and entities authorized to use them,
- annual quantity of ITMOs used towards achievement of the NDC,
- net annual and cumulative quantity of ITMOs,
- total quantitative CA used to calculate the emissions balance,
- annual level of the relevant non-GHG indicator that is being used,

- emissions balance for GHG and non-GHG metrics,
- Assessment of whether the Party has achieved NDC target(s) and appropriately applied corresponding adjustments.

All non-confidential information will be made public on the centralized accounting and reporting platform (CARP) of the UNFCCC (see chapter 2.4.1).

An important participation responsibility of Parties is to ensure that their participation in Article 6 activities contributes to the implementation of their NDCs (refer to chapter 2.1). There are three linkages to Article 6 in NDC reporting that participating Parties must provide information on, which are presented in Guidance Note 13.

Guidance Note 13: Information on Article 6 in BTRs

1. Description of a Party's NDC

In the table to describe a Party's NDC, Parties are required to state their intention to use cooperative approaches that result in the use of ITMOs towards NDC.

2. Structured Summary

Negotiators and experts identify a structured summary as the pivotal reporting requirement by participating Parties as it contains the most relevant information to track progress made in implementing and achieving NDCs.

In the **structured summary on methodologies and accounting approaches**, Parties participating in a cooperative approach or authorizing ITMOs for other international mitigation purposes must submit qualitative information or refer to the relevant sections of the BTR on the methodologies used, ensuring sustainable development, environmental integrity, transparency, and robust accounting. Parties may utilize information communicated via reporting requirements under Article 6 to furnish data required to complete the structured summary.

In the **structured summary table on tracking progress made in implementing and achieving the NDC**, Parties must provide the quantitative information presented in regular information under Article 6.2 reporting requirements to complete this summary. In that same table, the NDC emission balance (see chapter 2.4.2) is also reported for all GHG-based NDCs. The structured summary also includes placeholders ("any other information") for Article 6 negotiations to specify which "further information" must be included in the relevant tables.

The format of structured summary tables is included as Annex to Decision 5/CMA.3 (UNFCCC 2021c) and can be found in

*Article 6
activities to
be included in
NDC
reporting
(BTR)*

Table 12 and Table 13 show the templates for structured summaries as per Decision 5/CMA.3 (UNFCCC 2021c). and Table 13.

3. Biennial Transparency Report

Annual and regular information under the Article 6.2 reporting requirements form the basis to develop chapter II of the BTRs (Information necessary to track progress made in implementing and achieving NDCs) and are also a part of Annex 4 of the BTRs (Information in relation to the Party's participation in cooperative approaches). BTRs must be submitted by Parties to the UNFCCC repository of BTRs for publishing non-confidential information. The format of BTRs is included as Annex to Decision 5/CMA.3 (UNFCCC 2021).

2.4.4 Templates and report outlines

Checklist 8 gives an overview on the carbon market infrastructure and reporting requirements that national stakeholders can use as guidance to ensure they meet the necessary requirements to participate in Article 6 activities.

Checklist 8: Completeness check for infrastructure and reporting

	Infrastructure/Action required	Completed
1	Access to a national registry?	Yes/no
2	If (1) is no, then is an application to open an account in the UNFCCC international registry submitted?	Yes/no
3	Setting up of interim registry to track ITMOs until international registry is fully functional	Yes/no
4	For Article 6.4 activities, is an application for a holding account in the mechanism registry submitted?	Yes/no
5	Submission of initial report	
6	Submission of annual information as annex to the BTR	
7	Submission of regular information as annex to the BTR	
8	Preparation and submission of structured summary	
9	Preparation and submission of BTR	
	Action recommended	
	Communication of Article 6 Focal Point	
	Communication of Article 6 policy/eligibility criteria	

Source: Authors

Table 12 and Table 13 show the templates for structured summaries as per Decision 5/CMA.3 (UNFCCC 2021c).

Table 12: Structured Summary: Methodologies and accounting approaches

Reporting requirement	Description or reference to the relevant section of the BTR
For the first NDC under Article 4-a	
Accounting approach, including how it is consistent with Article 4, paragraphs 13-14, of the Paris Agreement (para. 71 of the MPGs)	
For the second and subsequent NDC under Article 4, and optionally for the first NDC under Article 4:	
Information on the accounting approach used is consistent with paragraphs 13-17 and annex II of decision 4/CMA.1 (para. 72 of the MPGs)	
Explain how the accounting for anthropogenic emissions and removals is in accordance with methodologies and common metrics assessed by the IPCC and in accordance with decision 18/CMA.1 (para. 1(a) of annex II to decision 4/CMA.1)	
Explain how consistency has been maintained between any GHG data and estimation methodologies used for accounting and the Party's GHG inventory, pursuant to Article 13, paragraph 7(a), of the Paris Agreement, if applicable (para. 2(b) of annex II to decision 4/CMA.1)	
Explain how overestimation or underestimation has been avoided for any projected emissions and removals used for accounting (para. 2(c) of annex II to decision 4/CMA.1)	
For each NDC under Article 4-b	
Accounting for anthropogenic emissions and removals in accordance with methodologies and common metrics assessed by the IPCC and adopted by the Conference of the parties serving as the meeting of parties to the Paris agreement	
Each methodology and/or accounting approach used to assess the implementation and achievement of the target(s), as applicable (para. 74(a) of the MPGs)	
Each methodology and/or accounting approach used for the construction of any baseline, to the extent possible (para. 74(b) of the MPGs)	
If the methodology or accounting approach used for the indicator(s) in table 1 differ from these used to assess the implementation and achievement the target, describe each methodology or accounting approach used to generate the information generated for each indicator in table 4 (para. 74(c) of the MPGs)	
Any conditions and assumptions relevant to the achievement of the NDC under Article 4, as applicable and available (para. 75(i) of the MPGs)	

Reporting requirement	Description or reference to the relevant section of the BTR
Key parameters, assumptions, definitions, data sources and models used, as applicable and available (para. 75(a) of the MPGs)	
IPCC Guidelines used, as applicable and available (para. 75(b) of the MPGs)	
Report the metrics used, as applicable and available (para. 75(c) of the MPGs)	
For Parties whose NDC cannot be accounted for using methodologies covered by IPCC guidelines, provide information on their own methodology used, including for NDCs, pursuant to Article 4, paragraph 6, of the Paris Agreement, if applicable (para. 1(b) of annex II to decision 4/CMA.1)	
Provide information on methodologies used to track progress arising from the implementation of policies and measures as appropriate (para. 1(d) of annex II to decision 4/CMA.1)	
Where applicable to its NDC, any sector-, category or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, taking into account any relevant decision under the Convention, as applicable (para. 75(d) of the MPGs)	
For Parties that address emissions and subsequent removals from natural disturbances on managed lands, provide detailed information on the approach used and how it is consistent with relevant IPCC guidance, as appropriate, or indicate the relevant section of the national GHG inventory report containing that information (para. 1(e) of annex II to decision 4/CMA.1. para. 75(d)(i) of the MPGs)	
For Parties that address the effects of age-class structure in forests, provide detailed information on the approach used and how this is consistent with relevant IPCC guidance, as appropriate (para. 1(g) of annex II to decision 4/CMA.1. para. 75(d)(iii) of the MPGs)	
For Parties that account for emissions and removals from harvested wood products, provide detailed information on which IPCC approach has been used to estimate emissions and removals (para. 1(f) of annex II to decision 4/CMA.1. para. 75(d)(ii) of the MPGs)	
For Parties that address the effects of age-class structure in forests, provide detailed information on the approach used and how this is consistent with relevant IPCC guidance, as appropriate (para. 1(g) of annex II to decision 4/CMA.1. para. 75(d)(iii) of the MPGs)	
How the Party has drawn on existing methods and guidance established under the Convention and its related legal instruments, as appropriate, if applicable (para. 1(c) of annex II to decision 4/CMA.1)	
Any methodologies used to account for mitigation co-benefits of adaptation actions and/or economic diversification plans (para. 75(e) of the MPGs)	
Describe how double counting of net GHG emission reductions has been avoided, including in accordance with guidance developed related to Article 6 if relevant (para. 76(d) of the MPGs)	
Any other methodologies related to the NDC under Article 4 (para. 75(b) of the MPGs)	

Reporting requirement	Description or reference to the relevant section of the BTR
Ensuring methodological consistency, including on baselines, between the communication and implementation of NDC's (para 12(b) of the decision 4/CMA.1):	
Explain how consistency has been maintained in scope and coverage, definitions, data sources, metrics, assumptions and methodological approaches including on baselines, between the communication and implementation of NEC's (para. 2(a) of annex II to decision 4/CMA.1)	
Explain how consistency has been maintained between any GHG data and estimation methodologies used for accounting and the Party's GHG inventory. pursuant to Article 13, paragraph 7(a), of the Paris Agreement, if applicable (para. 2(b) of annex II to decision 4/CMA.1) and explain methodological inconsistencies with the Party's most recent national inventory report, if applicable (para. 76(e) of the MPGs)	
For Parties that apply technical changes to update reference points, reference levels or projections, the changes should reflect either of the following (para 2(d) of annex II to decision 4/CMA.1):	
Technical changes related to technical corrections to the Party's inventory (para. 2(d)(i) of annex II to decision 4/CMA.1)	
Technical changes related to improvements in accuracy that maintain methodological consistency (para 2(d)(ii) of annex II to decision 4/CMA.1)	
Explain how any methodological changes and technical updates made during the implementation of their NDC were transparently reported (para. 2(e) of annex II to decision 4/CMA.1)	
Striving to include all categories of anthropogenic emissions or removals in the NDC and once a source, sink or activity is included, continuing to include it (para 3 of annex II to decision 4/CMA. 1):	
Explain how all categories of anthropogenic emissions and removals corresponding to their NDC were accounted for (para. 3(a) of annex II to decision 4/CMA.1)	
Explain how the Party is striving to include all categories of anthropogenic emissions and removals in its NDC, and, once a source, sink or activity is included, continue to include it (para. 3(b) of annex II to decision 4/CMA.1)	
Provide an explanation of why any categories of anthropogenic emissions or removals are excluded (para 4 of annex II to decision 4/CMA.1)	
Each Party that participates in cooperative approaches that involve the use of ITMOs towards an NDC under Article 4, or authorizes the use of mitigation outcomes for international mitigation purposes other than achievement of its NDC	
Provide information on any methodologies associated with any cooperative approaches that involve the use of ITMOS towards an NDC under Article 4 (para. 75(1) of the MPGs)	

Reporting requirement	Description or reference to the relevant section of the BTR
Provide information on how each cooperative approach promotes sustainable development, consistent with decisions adopted by the CMA on Article 6 (para. 77(d)(iv) of the MPGs)	
Provide information on how each cooperative approach ensures environmental integrity consistent with decisions adopted by the CMA on Article 6 (para. 77(d)(iv) of the MPGs)	
Provide information on how each cooperative approach ensures transparency, including in governance, consistent with decisions adopted by the CMA on Article 6 (para. 77(d)(iv) of the MPGs)	
Provide information on how each cooperative approach applies robust accounting to ensure, inter alia, the avoidance of double counting, consistent with decisions adopted by the CMA on Article 6 (para. 77(d)(iv) of the MPGs)	
Any other information consistent with decisions adopted by the CMA on reporting under Article 6 (para. 77(d)(iii) of the MPGs)	

Source: UNFCCC (2021c)

Table 13: Structured summary: Tracking progress made in implementing and achieving the NDC

	Unit	Reference point(s),baseline(s),base year(s) or starting point(s)	Implementation period of the NDC		Target Level	Target Year or period	Progress made towards the NDC
			Year1	Year 2..... End Year			
Indicator(s) selected to track progress of the NDC or portion of NDC under Article 4 of the Paris Agreement (paras. 65 and 77(a) of the MPGs):							
(Indicator)							
(Parties can add rows for each additional indicator and supporting information for each indicator, e.g. baseline values, baseline for the portion of NDC, target values, mitigation effects of policies and measures, etc.)							
Where applicable, total GHG emissions and removals consistent with the coverage of the NDC (para. 77(b) of the MPGs)							
Contribution from the LULUCF sector for each year of the target period or target year, if not included in the inventory time series of total net GHG emissions and removals, as applicable (para. 77(c) of the MPGs)							
Each Party that participates in cooperative approaches that involve the use of ITMOS towards an NDC under Article 4 of the Paris Agreement, or authorizes the use of mitigation outcomes for international mitigation purposes other than achievement of the NDC, shall provide (para. 77(d) of the MPGs):							
If applicable, an indicative multi-year emissions trajectory, trajectories or budget for							

	Unit	Reference point(s),baseline(s),base year(s) or starting point(s)	Implementation period of the NDC		Target Level	Target Year or period	Progress made towards the NDC
			Year1 Year 2..... End Year				
its NDC implementation period (para. 7(a)(i), annex to decision 2/CMA.3)							
If applicable, multi-year emissions trajectory, trajectories or budget for its NDC implementation period that is consistent with the NDC (para. 7(b), annex to decision 2/CMA.3)							
Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, from the emission or sink categories as identified by the host Party pursuant to paragraph 10 of annex to decision 2/CMA.3 (para. 23(a), annex to decision 2/CMA.3) (as part of para. 77 (d)(i) of the MPGS)							
Annual anthropogenic emissions by sources and removals by sinks covered by its NDC or, where applicable, from the portion of its NDC in accordance with paragraph 10, annex to decision 2/CMA.3 (para. 23(b), annex to decision 2/CMA.3)							
If applicable, annual level of the relevant non-GHG indicator that is being used by the Party to track progress towards the implementation and achievement of its NDC and was selected							

	Unit	Reference point(s),baseline(s),base year(s) or starting point(s)	Implementation period of the NDC		Target Level	Target Year or period	Progress made towards the NDC
			Year1 Year 2..... End Year				
pursuant to paragraph 65, annex to decision 18/CMA.1 (para. 23(i), annex, decision 2/CMA.3)							
Annual quantity of ITMOS first transferred (para. 23 (c), annex to decision 2/CMA.3) (para. 77(d) (i) of the MPGS)							
Annual quantity of mitigation outcomes authorized for use for other international mitigation purposes and entities authorized to use such mitigation outcomes, as appropriate (para. 23(d), annex to decision 2/CMA 3) (para. 77(d)(ii) of the MPGs)							
Annual quantity of ITMOS used towards achievement of the NDC (para. 23(e), annex to decision 2/CMA.3) (para. 77(d)(ii) of the MPGS)							
Net annual quantity of ITMOs resulting from paras. 23(c)-(e), annex to decision 2/CMA.3 (para. 23 (f), annex to decision 2/CMA.3)							
If applicable, the cumulative amount of ITMOS, divided by the number of elapsed years in the NDC implementation period (para 7(a)(ii), annex to decision 2/CMA 3)							
Total quantitative corresponding adjustments used to calculate the emissions balance referred to in							

	Unit	Reference point(s),baseline(s),base year(s) or starting point(s)	Implementation period of the NDC		Target Level	Target Year or period	Progress made towards the NDC
			Year1 Year 2..... End Year				
para. 23(k)(i), annex to decision 2/CMA.3, in accordance with the Party's method for applying corresponding adjustments consistent with section III.B, annex to decision 2/CMA.3 (Application of corresponding adjustments) (para. 23(g), annex to decision 2/CMA.3)							
The cumulative information in respect of the annual information in para. 23(1), annex to decision 2/CMA.3, as applicable (para. 23(h), annex to decision 2/CMA.3)							
For metrics in tonnes of CO ₂ eq. or non-GHG, an annual emissions balance consistent with chapter IIIB (Application of corresponding adjustment), annex, decision 2/CMA.3 (para. 23(k) (1), annex to decision 2/CMA 3) (as part of para. 77 (d)(u) of the MPGS							
For metrics in non-GHG, for each non-GHG metric determined by participating Parties, annual adjustments resulting in an annual adjusted indicator, consistent with para. 9 of chapter IIIB (Corresponding adjustments), annex to decision 2/CMA.3, and future guidance to be							

	Unit	Reference point(s),baseline(s),base year(s) or starting point(s)	Implementation period of the NDC	Target Level	Target Year or period	Progress made towards the NDC
			Year1 Year 2..... End Year			
adopted by the CMA (para. 23(k)(ii), annex to decision 2/CMA.3)						
Any other information consistent with decisions adopted by the CMA on reporting under Article 6 (para. 77(d)(iii) of the MPGs)						
Assessment of the achievement of the Party's NDC under Article 4 of the Paris Agreement (para. 70 of the MPGs):						
Restate the target of the Party's NDC						
Information for reference point(s), level(s), baseline(s), base year(s), or starting point(s):						
Final information for the indicator for the target year/period including the application of the necessary corresponding adjustments consistent with chapter III, annex, decision 2/CMA 3 (Corresponding adjustments) and consistent with future decisions from the CMA (para. 23(1), annex to decision 2/CMA.3):						
Comparison:						
Achievement of NDC:(yes\no,explanation)						

Source: UNFCCC (2021c)

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3 Promoting Non-Market Approaches

Non-Market Approaches (NMAs) are voluntary cooperation actions between at least two Parties of the PA that do not rely on market-based approaches and do not involve the transfer of any mitigation outcomes. Article 6.8 defines an NMA as an approach that assists Parties in implementing their NDCs and aims to:

1. promote mitigation and adaptation,
2. enhance participation between civil society organizations, the public as well as the private sector,
3. enable coordination opportunities across relevant instruments and institutional arrangements.

In addition, an NMA takes place “in the context of sustainable development and poverty eradication” (Decision 4/CMA.3, UNFCCC 2021). NMAs can include regulations, voluntary agreements, research and development as well as programs that raise awareness, offer education and/or information; for a detailed discussion of their potential characteristics see Michaelowa et al. (2021). The focus areas for NMAs include, but are not limited to: adaptation, resilience and sustainability; mitigation measures and the development of clean energy sources (UNFCCC 2021).

In order to promote NMAs, the PA and its cover decision (1/CP.21) mandate a framework and work program for NMAs. Participating Parties identify NMAs facilitated under the framework on a voluntary basis. Each NMA shall facilitate the implementation of their NDCs as well as contribute to the long-term goal of the PA without involving the transfer of mitigation outcomes. Not last, NMAs shall adhere to obligations of the Parties regarding the respect of human rights under the PA and apply safeguards to avoid or minimize negative environmental, economic and social impacts.

COP 26 established the Glasgow Committee on NMAs which will implement the NMA framework and work program. The Glasgow Committee is convened by SBSTA, operates as a contact group and meets in parallel to the sessions of subsidiary bodies of the UNFCCC twice a year. For a decision at COP 27, the Committee will also develop and recommend a schedule for the implementation of the work program as well as for specifications regarding the UNFCCC web-based portal (ECBI, 2022).

The framework aims to support Parties in the use and coordination of NMAs in the implementation of their NDCs, while the work program will likely focus on



*Definition of
NMA*



*NMA
governance*

workshops, engagement with private and public stakeholders (e.g. businesses, civil society organizations, financial institutions and technical experts), submissions (from Parties, observers, stakeholders), technical papers and synthesis reports (by the secretariat) and, if needed, the collaboration between the Committee and relevant bodies, processes and institutional arrangements.

Work Program activities will range from identifying and implementing measures that enhance existing linkages and creating synergies to facilitating coordination and implementation of NMAs. With the assistance of the secretariat, tools will be developed and implemented for recording and exchanging information on NMAs (UNFCCC web-based platform), for sharing information identified through the work program (e.g., on best practices, lessons-learned, case studies etc.), and for supporting the identification of opportunities for participating Parties (e.g., initiatives, programs and projects) to identify, develop and implement NMAs (UNFCCC 2021).

Table 14: International Milestones for NMAs

Body	June 2022	November 2022
SBSTA/CMA	<ul style="list-style-type: none"> at SBSTA session: Synthesis report on submissions regarding views and information on: existing NMA that may be facilitated under the framework, examples of potential additional focus areas, the web-based platform, schedule for implementing work program activities In-session workshop on respective submissions and synthesis report 	<ul style="list-style-type: none"> at COP 27: Report on workshop for consideration by the Glasgow Committee
Glasgow Committee on NMAs	<ul style="list-style-type: none"> First meeting of Glasgow Committee/in-session workshop 	<ul style="list-style-type: none"> Second meeting of Glasgow Committee

Source: Authors

The framework and work program for NMAs will continue to take shape in the coming years. Therefore, governments who want to engage in NMAs need to consider either one or two of the following routes to engage in NMA:

- ⇒ Engage in the negotiations on NMA
- ⇒ Participate in potential future NMAs (such as the Adaptation Benefit Mechanism, ABM or the Local Climate Adaptive Living Facility, LoCAL)

Countries should note that willingness of industrialized countries to provide new resources for NMAs is limited. Thus, countries wanting to benefit from NMAs should develop a realistic understanding of the type of benefits they could get. Guidance Note 14 describes what questions influence a decision to pursue an

NMA or engage on NMA in the negotiations and what the implications for the national governance of NMA may be.

Guidance Note 14: Governance Framework for NMA

The Article 6 Focal Point will have to decide if NMAs should be pursued or not. In order to make this decision, Focal Points should consider the following two questions:

1. What goal do Focal Points want to achieve by implementing NMAs and how does it serve to the countries' NDCs?

Potential goals can range from promoting finance for adaptation, enhancing adoption of renewable energies, establishing regulations for mitigation measures or funding research to building partnerships, inter alia.

2. Which (existing) NMAs would contribute to this goal the most and what is needed by the NMA framework to contribute to this goal?

Currently, Parties can propose existing programs to be recognized as NMA under the NMA framework. Several programs have been proposed by African countries and member countries of the Alliance (e.g., ABM – Côte d'Ivoire).

Tools for achieving a specific goal could entail capacity-building for Article 6, awareness raising, networking or project development, inter alia.

An NMA can be set up at different levels (e.g., local, national or regional) and can include the engagement of diverse authorities, public actors or decision-making bodies. Some NMA might involve local communities or other relevant entities.

Based on this decision, the government can decide on the institutional framework needed for the proposed NMA: The Focal Points need to ensure that the desired outcome of the NMA is coherent with the tools and the respective institutional framework. Their decisions should be based on exhaustive information from relevant stakeholders and should consider the institutional framework needed for the implementation. It is therefore crucial for Focal Points to:

- ⇒ Consider existing structures, initiatives, mechanisms and tools that can be either directly used or modified to serve as NMAs under Article 6.8.
- ⇒ Understand the process and approach of setting NMAs up in a manner that supports NDC implementation.
- ⇒ Reach out to relevant stakeholders, such as national adaptation leads and incorporate them in the decision, design and planning process. Explore opportunities for synergies and ensure that NMAs chosen are

suitable for country's needs and resources. Decide who should be in charge of the process.

⇒ Liaise with relevant institutions in order to ensure a robust institutional framework.

Checklist 9: Identification of an NMA

Criterion	Mandatory/Nationally determined	Fulfilled?
More than one Party to the PA is involved	Mandatory	
No mitigation outcomes are transferred in the context of the approach	Mandatory	
Contributes to the implementation of host Parties NDC	Mandatory	
Contributes to the long-term goal of the Paris Agreement	Mandatory	
Conducted in a manner that respects, promotes and considers Parties obligations to the respect of rights	Mandatory	
Minimizes and avoids negative environmental, economic and social safeguards	Mandatory	
Contributes to Sustainable Development	Nationally determined	
Contributes to Adaptation	Nationally determined	
...		

Source: Authors, based on UNFCCC (2021)

References

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https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf

(accessed March 30, 2022)

4 Implementing the Article 6 Readiness Blueprint

The preceding chapters of this Blueprint offer guidance in developing an Article 6 strategy that enables integration of Article 6 actions into the country's NDC and NDC implementation efforts (chapter 2.1). It sketches out the Article 6 policy of a country (chapter 2.2), provides guidance for establishing necessary institutional frameworks and ensures that these frameworks contain elements of all necessary tools and mandates needed to fulfil its tasks (chapters 2.3 and 2.4). This chapter offers guidance to Focal Points on how to validate, implement and regularly revise the developed Article 6 strategy.

4.1 Validating a national Article 6 Strategy

Upon the development of an Article 6 strategy, Article 6 Focal Points should commence a process of socializing the strategy and obtaining political buy-in by all stakeholders towards its implementation.

To secure stakeholders' buy-in for the implementation of an Article 6 strategy, a national validation is required. The validation of the Article 6 strategy by key stakeholders in the country enhances the strategic significance of a national commitment towards Article 6 implementation. In the context of this document, validation implies a process of seeking and gaining collective endorsement of the Article 6 strategy in a way that ensures that its implementation meets stakeholders' needs and priorities as well as goal of meeting NDC targets.

The validation of an Article 6 strategy should in principle consist of the following:

- ⇒ The development of a validation plan by the Article 6 Focal Point: A validation plan should provide a high-level overview of the objectives of an Article 6 strategy. It should also contain a description of relevant stakeholders, an indicative timeline, an identification of resources required for the implementation
- ⇒ The means and implementation timeline of the validation plan.

Guidance Note 15: Developing a validation plan

The validation of the developed Article 6 strategy is a crucial step towards implementation.

The Focal Points should develop a validation plan that describes the stakeholders involved (the same as have been involved in the strategy elaboration), steps, associated activities, timeline of activities required for securing collective buy-in as

The Article 6 strategy should be validated

well as providing guidance for the implementation of Article 6 strategy. A validation plan should also contain a summary of the policy and technical objectives of the strategy implementation process. It should contain some of the listed elements:

- ⇒ Summary of the Article 6 strategy describing linkages to:
 - NDC implementation
 - National SDG objectives
- ⇒ Strategic objectives laid out in the national Article 6 strategy and related proposed governance framework
- ⇒ Identification of potential implementation-related risks of the Article 6 strategy and mitigation measures
- ⇒ List of planned steps in the validation process (as proposed in Table 15, adapted to national circumstances and needs)
- ⇒ Indicative timeline for each planned step, based on national circumstances.

Where stakeholders including political decision-makers have been consulted throughout the process of elaborating the Article 6 strategy (see chapter 2.3.3) the validation of the document will be the quicker and smoother. Therefore, it is advisable to broaden consultative reach and include different stakeholders during the elaboration of a national Article 6 strategy.

*Stakeholder
engagement
is advised*

Table 15: Proposed steps for the validation process

Proposed steps for the validation process	Objective (s)	Expected Output / Outcome	Stakeholders
Development of a criteria guideline for Strategy implementation	To facilitate coherent and step-wise implementation	Improved first draft of implementation guideline developed	National Article 6 working Committee (legislative committee with oversight functions on Climate & Environment, private sector, CSOs, Financing institutions, Article 6 strategy working group, NDC implementation working group, Ministries & Agencies – Ministry of Energy, Finance, Forestry, Budget & Planning)
Development of a validation plan	To formalize an Article 6 strategy implementation and validation plan	A plan for the validation process is adopted	
Briefing of high levels of government	1. To ensure national awareness raising across all levels of governance. 2. Secure support of high-level decision makers for validation and for the validation plan	Endorsement of the strategy and validation process by high-level decision makers	

Proposed steps for the validation process	Objective (s)	Expected Output / Outcome	Stakeholders
			Article 6 technical working group (NDC implementation committee, Article 6 Focal Point, Private Sector)
Stakeholders' consensus-building Workshop	<ol style="list-style-type: none"> To sensitize public and private stakeholders Disseminate draft Article 6 strategy Prepare groundwork for the validation and present validation plan 	Core national Article 6 actors sensitized. Shared understanding reached	<p>Article 6 Focal Points / Designated National Entity</p> <p>NDC implementing structures</p> <p>Inter-ministerial committee on Climate Change</p> <p>Representatives of relevant ministries</p>
Article 6 strategy validation workshop(s) (Several discussion workshops may be required)	To provide a forum to discuss the Article 6 strategy and seek endorsement.	<ol style="list-style-type: none"> Stakeholders' endorsement gained Stakeholders' readiness for implementation improved 	<p>Article 6 Focal Points / Designated National Entity</p> <p>All identified relevant public and private stakeholders for Article 6 implementation, as well as subnational levels of government, civil society organizations and academia.</p>
Communication / Dissemination	<ol style="list-style-type: none"> To develop key summaries and important outcomes Dissemination of the endorsed Article 6 strategy 	Stakeholders fully informed. Article 6 strategy published	National Article 6 working Committee and Core Article 6 technical working group

Source: Authors

4.2 Implementing and reviewing an Article 6 strategy

The implementation of Article 6 strategy should be considered within the context of host country's NDC policy. As economic, social and technological circumstances evolve and NDCs are ratcheted up every five years, the Article 6 strategy must be regularly revisited and adapted where necessary to ensure continued alignment with national mitigation and sustainable development priorities. This implies adopting a system-wide approach that allows for *coherence, consistency, system-wide coordination and measurability* between efforts to develop and implement NDCs and Article 6 cooperation.

Guidance Note 16: Implementation and regular review of the Article 6 strategy

The following processes and timelines should be considered when reviewing the national Article 6 strategy

- Information on how the country is progressing in NDC implementation, based on information submitted in the biennial transparency report (in which context also regular information on Article 6 must be submitted). Review of the Article 6 strategy depending on new information on which activities/sectors require new investments and/or what impacts corresponding adjustments are likely to have on NDC achievement.
- Preparation and submission of new NDCs, every five years, with a target date ten years from the year of submission. The first authorization in a new NDC implementation period, triggers the submission of a new Article 6 initial report. The Article 6 strategy should be reviewed with each NDC update to take effect with the new NDC implementation period.

In addition to observing important UNFCCC deadlines, Alliance Focal Points should also develop guidelines for ensuring close coordination between NDC and Article 6 structures and processes. The review of an Article 6 strategy may also be triggered by other external factors, such as technological innovation and new opportunities, economic crisis or other macro-economic and political events.

Article 6 Focal Points also need to consider, in addition to the essential technical guidelines; the following elements in the implementation of the Article 6 strategy. Checklist 10 might support Article 6 Focal Points in cross-checking that the necessary steps in validating and implementing the Article 6 strategy have been undertaken.

Checklist 10: Validation and Implementation of an Article 6 strategy

Activities/ Processes	Expected Actions and Steps	Planned	Ongoing	Finalized
Article 6 strategy validation process	<ul style="list-style-type: none"> Has a validation plan been Is there a process for ensuring sustained national coordination? Has the validation plan been implemented? 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Article 6 Strategy Implementation	<ul style="list-style-type: none"> Has an implementation roadmap for Article 6 strategy been developed? Have resources been mapped? Has a process to facilitate international partners' participation been developed? Has potential implementation risks been assessed and a mitigation plan developed? Has a performance monitoring and reporting plan been developed and implemented? Is a system in place to facilitate learning, innovation and of catalogue of best practices implemented? 	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

Source: Authors

Checklist 11: Article 6 implementation and review

Elements	Description	Check
Review of Article 6 roadmap and timelines	Planning or phasing activities to increase Article 6 readiness into shorter, medium, and longer time frame is recommended for effective implementation. Where possible, the phasing can be made to coincide with other NDC-related processes and technical assistance received.	

Elements	Description	Check
Review of Article 6 governance structure	Plan for a regular and independent review of A6 governance structure including composition	
Review and monitoring	The implementation of Article 6 strategy at country level requires periodic monitoring in order to identify gaps as well as opportunities for improvement. Assessment of progress with implementation should be facilitated by Article 6 technical working group and this process can be enhanced with inputs from stakeholders.	
Sustainability and long-term Strategy performance	The integration of the Article 6 strategy into domestic legislative (including legislative budgeting) and / or national budgetary processes can offer an opportunity for implementing and financing capacity building activities. In addition to Article 6 -related revenues through carbon markets, public staff working on national Article 6 processes can be remunerated.	
Inter-ministerial and Agency coordination	Inter-ministerial and agency coordination can contribute to and improve the implementation of Article 6 strategy.	
Workshops and Consultations	Need -based consultations and stakeholders' workshop can enhance opportunities for gaining new and additional insights towards improving Article 6 strategy implementation.	
Cooperation with Alliance technical partners and	Close coordination and cooperation between Alliance technical partners and key stakeholders (international and regional stakeholders) is recommended	

Source: Authors

Timeline 2: Article 6 strategy review

Article 6 strategy Review		2022	2023	2024	2025	2026	2027	2028	2029	2030
Activity	Expected Outcome									
Development of criteria guidelines for assessing A6 strategy performance	<ul style="list-style-type: none"> Guidelines developed for A6 strategy performance 									
Review and evaluation of A6 strategy implementation	<ul style="list-style-type: none"> A6 implementation processes and timeline reviewed Alignment with NDC target cycle 									
National stocktaking on NDC A6 strategy coherence and performance	<ul style="list-style-type: none"> Alignments between NDC reporting (BTRs expected to be submitted every two years) and A6 strategy assessed 									
National stakeholders' workshop on A6 strategy implementation review	<ul style="list-style-type: none"> Updates on A6 strategy implementation performance 									
Core A6 technical working group mid-term review	<ul style="list-style-type: none"> Annual review on A6 strategy 									

Source: Authors

Timeline 3: Timeline of all ongoing activities

Article 6 ongoing activities		2022	2023	2024	2025	2026	2027	2028	2029	2030
Activity	Expected Outcome									
Mapping of stakeholders, activities, international support	<ul style="list-style-type: none"> Mapping stakeholders, activities, and support updated 	<i>Continuous</i>								
NDC Update and Communication Regular revision of Article 6 strategy	<ul style="list-style-type: none"> NDC update submitted every 5 years Triggers revision of Article 6 strategy 									
Setting up ITMO transaction structures	<ul style="list-style-type: none"> Conditions for setting up transaction structure fulfilled 	<i>Continuous</i>								
Development of MRV systems at the national level (Measurement, Reporting, and Verification)	<ul style="list-style-type: none"> Institutional capacity enhanced Readiness for enhanced transparency framework and submission of BTRs 									
National Inventory report, calculation of national emission balance and reporting of corresponding adjustments Submitted in the context of the BTR	<ul style="list-style-type: none"> National inventory report submitted with emissions data of two or three years prior to reporting year National emission balance is calculated, corresponding adjustment performed and reported NDC achievement is tracked 									

Source: Authors

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Abbreviations and Acronyms

ACTC	African Climate Technology and Finance Center and Network
AECID	Spanish Agency for International Development Cooperation
AfDB	African Development Bank
AFRI-RES	Africa Climate Resilient Investment Facility
A6.4ER	Article 6.4 Emission Reduction
A6.4M	Article 6.4 Mechanism
A6.4M SB	A6.4M Supervisory Body
BMU	German Federal Environment Ministry
BOAD	West African Development Bank (Banque Ouest-Africaine pour le Développement)
BTR	Biennial Transparency Report
CA	Corresponding Adjustment
CARP	Centralized Accounting and Reporting Platform
CBIT	Capacity-building Initiative for Transparency
CDM	Clean Development Mechanism
CER	Certified Emission Reductions
CFI	Climate Finance Innovators
CI-ACA	Collaborative Instruments for Ambitious Climate Action
Ci-Dev	Carbon Initiative for Development
CMA	Conference of the Parties serving as Meeting of Parties to the Paris Agreement
CMC	Climate Market Club
COP	Conference of the Parties to the UNFCCC
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CPLC	Carbon Pricing Leadership Coalition
DNA	Designated National Authority
DOE	Designated Operational Entity
ECOWAS	Economic Community of West African States
ECRST	European Roundtable on Climate Change and Sustainable Transition
EPA	Environmental Protection Agency (Ghana)
ETF	Enhanced Transparency Framework
FCPF	Forest Carbon Partnership Facility
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	Greenhouse Gas
GST	Global Stocktake
ICAP	International Carbon Action Partnership
ICAT	Initiative for Climate Action Transparency
IETA	International Emission Trading Association

IGES	Institute for Global Environmental Strategies
II-AMT	International Initiative for Development of Article 6 Methodology Tools
IKI	International Climate Initiative
IMG	Inter-Ministerial Group
IOs	Implementation Offices
IPCC	Intergovernmental Panel on Climate Change
ITMO	Internationally Transferred Mitigation Outcome
JCM	Joint Crediting Mechanism (Japan)
KliK	The Foundation for Climate Protection and Carbon Offset (Switzerland)
LDC	Least Developed Country
LEDS	Low-Emission Development Strategy
LoCAL	Local Climate Adaptive Living Facility
LT-LEDS	Long Term Low Emission Development Strategy
MAAP	Mitigation Action Assessment Protocol
MADD	Mitigation Activity Design Document
MATS	Mobilizing Article 6 Trading Structures
MESTI	Ministry of Environment, Science, Technology & Innovation (Ghana)
MOPA	Mitigation Outcome Purchase Agreements
MoU	Memorandum of Understanding
MPG	Modalities, Procedures and Guidelines
MRV	Monitoring, Reporting and Verification
MtCO_{2e}	Million tonnes of carbon dioxide equivalent
NAMA	Nationally Appropriate Mitigation Action
NA6B	National Article 6 board
NCM	Networked Carbon Markets Initiative
NDC	Nationally Determined Contribution
NEFCO	Nordic Environment Finance Corporation
NGO	Non-Governmental Organization
NICA	Nordic Initiative for Cooperative Approaches
NIR	National Inventory Report
NMA	Non-Market Approaches
OMGE	Overall Mitigation in Global Emissions
PA	Paris Agreement
PMI	Partnership for Market Implementation
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RCC	(UNFCCC) Regional Collaboration Centre
RMP	Rules, Modalities and Procedures
SCF	Standardized Crediting Framework
SD	Sustainable Development
SEA	Swedish Energy Agency
SIDS	Small Island Developing States
SOP	Share of proceeds
TCAF	Transformative Carbon Asset Facility
tCO_{2e}	Ton of carbon dioxide equivalents
UEMOA	West African Economic and Monetary Union

UNDP	United Nations Development Program
UNECA	UN Economic Commission for Africa
UNEP CCC	United Nations Environmental Program Copenhagen Climate Centre
UNFCCC	United Nations Framework Convention on Climate Change
UNOPS	United Nations Office for Project Services
VCM	Voluntary Carbon Market
WACC	West African Alliance on Carbon Markets and Climate Finance

