
UNITED NATIONS DEVELOPMENT PROGRAMME
High-Integrity Carbon Markets Toolkit
UNDP
Module 1 Part 3
Carbon Markets 101
Article 6.2 of the Paris Agreement

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About this publication

This publication was developed with support from the UN-REDD Programme. UN-REDD is the UN knowledge and advisory platform on forest solutions to the climate crisis. It supports nationally-led REDD+ processes and promotes the informed and meaningful involvement of all stakeholders, including Indigenous Peoples and local communities, to mobilize finance for and implement REDD+ activities agreed under the UNFCCC. UN-REDD builds on the convening capacity and technical expertise of FAO, UNDP and UNEP, serving 65 partner countries. UN-REDD is made possible through support from the European Commission and the governments of Denmark, Luxembourg, Norway, Japan, Republic of Korea, Spain, Switzerland and United Kingdom.

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UN environment programme

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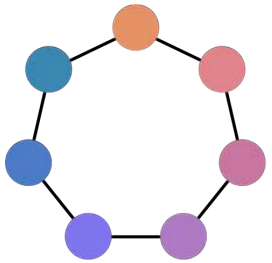

High-Integrity Carbon Markets Toolkit

The Toolkit serves **supply-side** actors—governments, project developers, companies, NGOs, Indigenous Peoples and local communities—and **demand-side** actors, including investors, corporates and individuals. It equips them to **design, implement and scale** high-integrity carbon market activities that **deliver real and equitable climate outcomes**.

It also supports institutions **that shape and uphold market quality**—including standard-setters, rating agencies, validation and verification bodies, and integrity initiatives—helping to build a **trusted global framework** for carbon markets that deliver lasting benefits for **climate, people and nature**.

The Toolkit **offers flexible, multimedia content**—from webinars and case studies to guidance notes and presentations—for both self-paced and group learning.

Developed with **leading international partners**, the Toolkit focuses first on **social integrity**, an area where UNDP brings deep expertise and global relevance.

Explore: climatepromise.undp.org/carbonmarketstoolkit
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Content

Chapter 1

Climate commitments and cooperation

The role of NDCs and Article 6

Learning objectives

- **Explain the evolution** from the Kyoto Protocol to the Paris Agreement, including the shift from top-down to bottom-up climate action.
- **Define what NDCs are**, their role in the Paris Agreement and how they are structured and implemented.
- **Understand the ambition cycle**, how countries are expected to progressively enhance their NDCs and the mechanisms supporting this process.
- **Recognize how Article 6 enables international cooperation**, including the three mechanisms (6.2, 6.4, 6.8), and how they support NDC implementation and ambition.
- **Identify the key differences** between Article 6.2 and 6.4, including host country responsibilities, types of units and reporting requirements.

Chapter 1 **Content**

1.1

From Kyoto to Paris

Shifting approaches to climate commitments

KYOTO PROTOCOL

- **Top-down approach:** Targets assigned only to industrialized (Annex I) countries.
- Participation: Developing countries had limited participation as they were not required to set targets.
- Compliance risk for Annex 1 countries only.

PARIS AGREEMENT

- **Bottom-up architecture**: Countries define their own climate targets (NDCs).
- All Parties, developed and developing, submit contributions and commit to their NDCs.
- Transparency-focused: Compliance relies on transparency, peer review and progressive ambition rather than strict enforcement.

This shift from a top-down to a **bottom-up system of NDCs** is the cornerstone of the Paris Agreement—ensuring **every country** plays a role in global climate action based on its **national context and capabilities**.

1.2

Understanding NDCs

What are Nationally Determined Contributions?

NDCs are the backbone of the Paris Agreement. They are **self-defined** national climate plans developed by each country to outline how they will contribute to global efforts to reduce greenhouse gas emissions and adapt to the impacts of climate change.

NDCs vary in form and content across countries. They can include **different types of targets** and are measured using a range of indicators **depending on national priorities and capacities**.

What are Nationally Determined Contributions?

The basis for NDCs is found in **Article 4, paragraph 2** of the Paris Agreement, which states:

“Each Party shall prepare, communicate and maintain successive nationally determined contributions that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.”

What are Nationally Determined Contributions?

At its core, the Paris Agreement is built around the concept of NDCs and the commitment to progressively raise ambition over time, known as **the ambition cycle**. Through successive updates, countries are expected to align their NDCs with the long-term goal of limiting global temperature rise to 1.5°C above pre-industrial levels.

Individual NDCs

Efforts on mitigation, adaptation, finance, technology, capacity-building, reporting

Global response

Aligned with the Paris Agreement

1.3

The NDC implementation and ambition cycles

A refresher on key concepts

Ambition cycle

The Paris Agreement includes an **ambition cycle** or “ratcheting-up” mechanism which aims to increase ambition based on regular stocktakes of information from Parties, submissions of progressive national climate plans and the latest science on climate change.

The provisions for the **ambition cycle** are found in several sections of the Paris Agreement:

- Regularly updated NDCs (Article 4)
- The enhanced transparency framework or ETF (Article 13) that requires countries to report on their progress towards achieving their NDCs
- The global stocktake (Article 14) that assesses the collective effort considering the latest scientific evidence
- A facilitative review and consultation process (Article 15).

A refresher on key concepts

Net-zero emissions

Net-zero emissions, also referred to as carbon neutrality, is defined in Article 4 as:

“a balance between anthropogenic emissions by sources and removals of sinks of greenhouse gasses (GHG) in the second half of the century.”

The Paris Agreement also aims to increase Parties’ ability to adapt to the adverse impacts of climate change, foster climate resilience and make technology flows consistent with a pathway towards low GHG emissions and climate-resilient development.

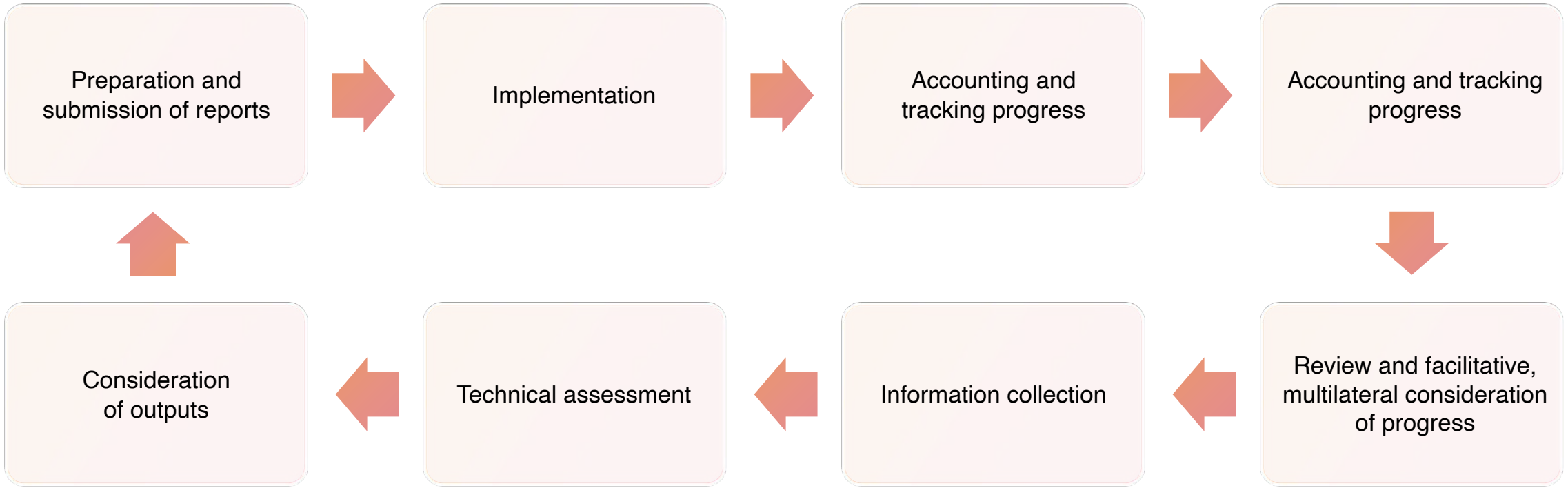
Understanding the NDC implementation cycle

NDCs involve an ongoing process to ensuring ambition and accountability:

- **Preparation and submission of NDCs (Article 4):** Countries develop and communicate their NDCs, outlining mitigation and adaptation targets.
- **Implementation:** National measures are taken to achieve these targets.
- **Accounting and tracking progress (Article 13):** Countries apply robust MRV systems to ensure emissions are measured consistently and transparently.
- **Reporting through Biennial Transparency Reports (BTRs) (Article 13):** Parties submit BTRs, detailing progress towards their NDCs and any challenges encountered.
- **Multilateral review:** Reports are reviewed through a facilitative, multilateral process to enhance transparency and mutual trust.
- **Information collection:** Collecting information from BTRs, IPCC reports, UNFCCC synthesis reports and other inputs to assess collective progress.
- **Technical assessment (Article 14):** Every five years, a Global Stocktake (GST) evaluates collective progress towards the long-term goals of the Paris Agreement, leveraging the information collected to inform future NDCs and enhance ambition.
- **Consideration of outputs:** The outcomes from the individual reviews and the global stocktake guide revisions of national policies, inform future NDCs and support the Paris Agreement's ambition-raising mechanism.

Understanding the NDC implementation cycle

NDC implementation cycle Provisions for NDCs



Source: UNFCCC (n/d), Nationally Determined Contributions presentation developed by Tugba Icmeli.

The NDC implementation cycle

Ambition cycle

Intended to lead to

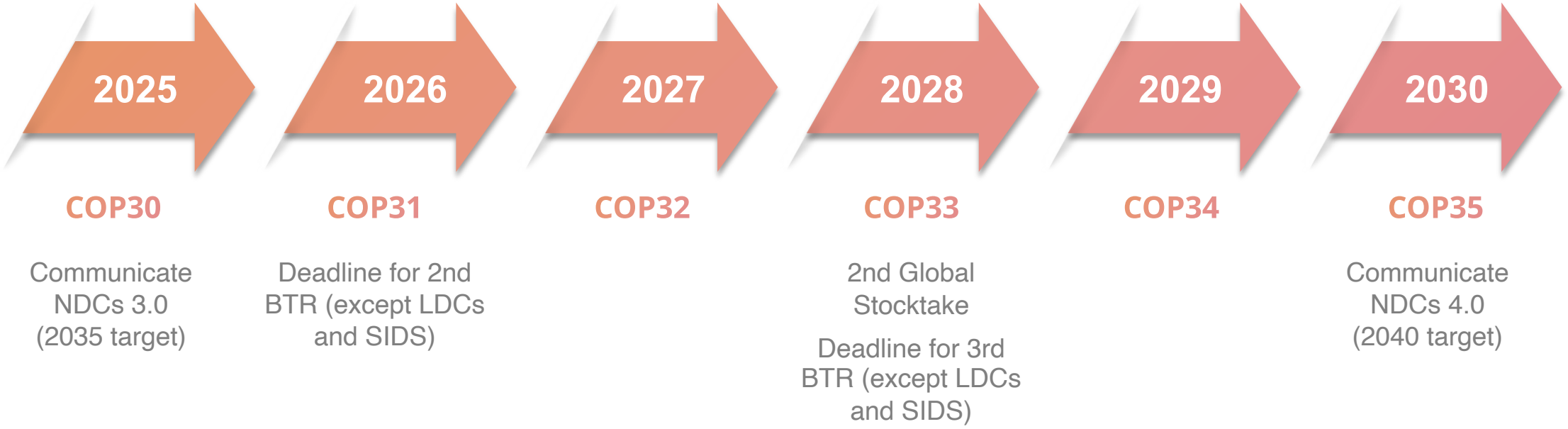
Net-zero emissions

The objective of the Paris Agreement is *"to hold the increase in global average temperature to well below 2 degrees Celsius (°C) above pre-industrial levels and to pursue efforts to limit it to 1.5°C"* (Article 2).

The ambition cycle is a **"ratcheting-up"** mechanism which aims to increase ambition based on regular stocktakes of information from Parties, submissions of progressive national climate plans and the latest science on climate change. Parties are requested to submit NDCs every five years, regardless of their respective implementation time frames.

The NDC implementation cycle

The NDC cycle from NDCs 3.0 (2035 target) to NDCs 4.0 (2040 target) will go as follows:



Enhancing NDC ambition

Ambition should be understood not only as "doing more," but also as **doing better, more clearly and more effectively**.

Mitigation options can enhance NDC ambition in different ways, not only by raising emissions-reduction targets, but through a variety of options:

1 Strengthen or add a GHG target

- Increase the stringency of an existing GHG target
- Expand the scope and coverage of an existing GHG target
- Change the target period of an existing GHG target
- Declare an intent to overachieve an existing GHG target
- Strengthen the modalities of an existing GHG target
- Change the type of an existing GHG target
- Adopt a new GHG target

Source: Fransen, T., E. Northrop, K. Mogelgaard and K. Levin (2017). Enhancing NDCs by 2020: Achieving the Goals of the Paris Agreement. Working Paper. Washington, DC. World Resources Institute.

Enhancing NDC ambition

2 Strengthen or add a sectoral nonGHG target

- Increase the stringency of a sectoral non-GHG target
- Advance the target year of a sectoral non-GHG target
- Declare an intent to overachieve a sectoral non-GHG target
- Adopt a new sectoral non-GHG target

3 Strengthen or add policies and actions

- Strengthen existing policies and actions
- Add new policies and actions

4 Align implementation of the existing NDC with long-term goals

- Commit to achieving the existing NDC via policies and actions that support long-term decarbonization pathways

Source: Fransen, T., E. Northrop, K. Mogelgaard and K. Levin (2017). Enhancing NDCs by 2020: Achieving the Goals of the Paris Agreement. Working Paper. Washington, DC. World Resources Institute.

1.4

Introduction to Article 6

Article 6: Unlocking cooperation to meet global climate goals

Article 6 of the Paris Agreement lays down the foundation for **international cooperation** to achieve countries' NDCs and LT-LEDS while raising ambition and supporting sustainable development. It is divided into three distinctive mechanisms:

- 6.2 Decentralized mechanism
- 6.4 Centralized mechanism
- 6.8 Non-market approaches

Article 6: Unlocking cooperation to meet global climate goals

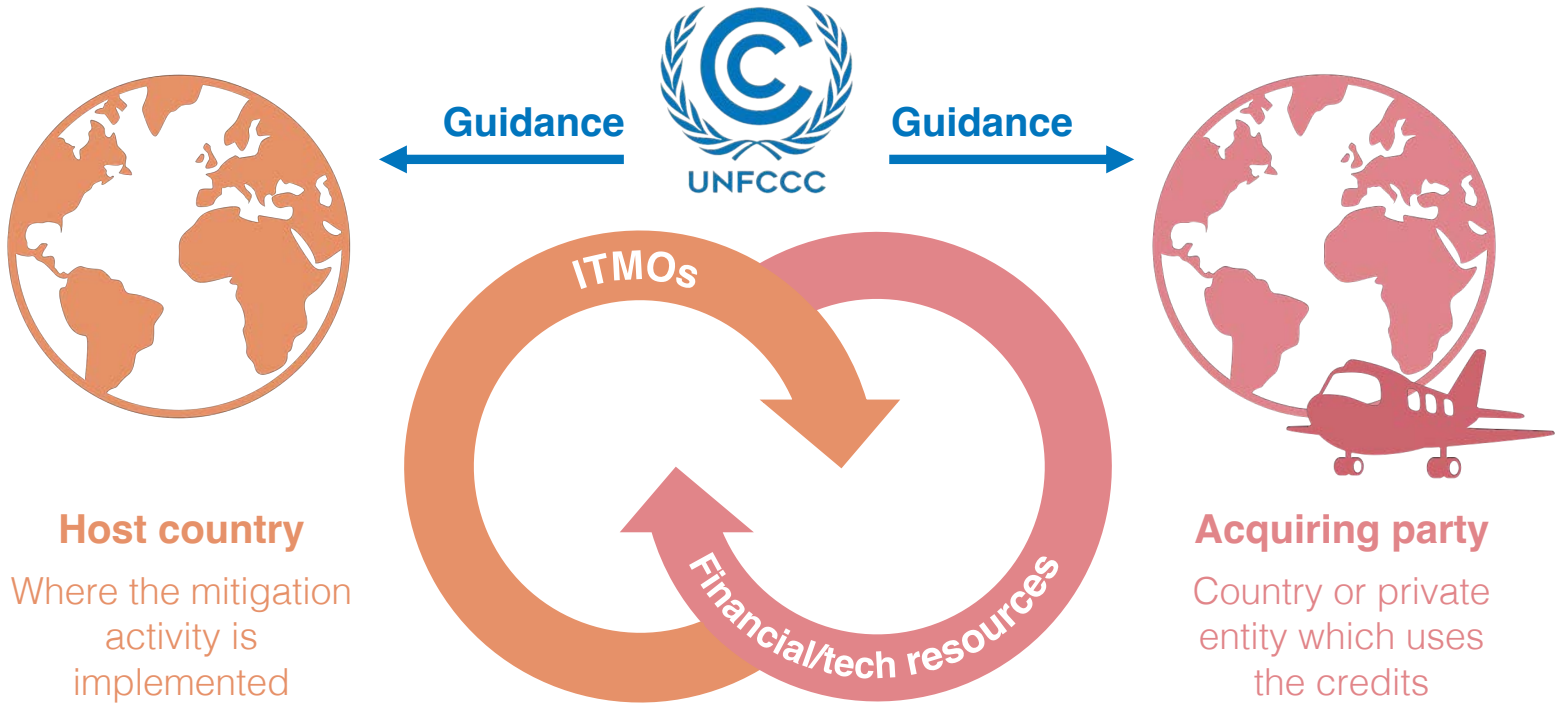
	Article 6.2	Article 6.4	Article 6.8
Mechanism type	**Decentralized mechanism**	**Centralized mechanism**	**Non-market approaches**
Type of cooperation	Bilateral or plurilateral	Project-based, open to public and private actors	Collaborative, non-market cooperation
Governance / administration	Party-driven with UNFCCC guidance on requirements and reporting	Supervised by Article 6.4 Supervisory Body	Framework and work programme implemented by Glasgow Committee on Non-market Approaches
Host country role	Requires **authorization** by the host country regarding use of ITMOs	Requires **approval** by the host country before registration and issuance of A6.4ERs Host country can decide whether to **authorize** A6.4ERs or not.	Host country **endorsement or facilitation** may be required depending on national context
Units / outcomes	Internationally Transferred Mitigation Outcomes (**ITMOs**)	**A6.4ERs** (Article 6.4 Emission Reductions) **If authorized:** A6.4 Authorized Emission Reductions (A6.4 AER) which become ITMOs **If not authorized:** Mitigation Contribution Units (MCUs)	No tradable units; outcomes delivered via support to host countries, including finance, technology transfer and capacity-building
Use cases	NDC achievement, other international mitigation purposes (OIMP, e.g. CORSIA)	**If authorized:** NDC achievement, OIMP **If not authorized:** Results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures	NDC support; adaptation, resilience and sustainability; mitigation measures to address climate change and contribute to sustainable development; development of clean energy sources

Article 6 market mechanisms in a nutshell

Article 6.2 – Cooperative approaches

Countries can **voluntarily work together** to reduce emissions and meet their climate targets. They decide the **rules of cooperation themselves**.

The **UNFCCC provides guidance** to ensure transparency and avoid double counting, and countries must **report** on how they're using this cooperation to help achieve their climate goals.

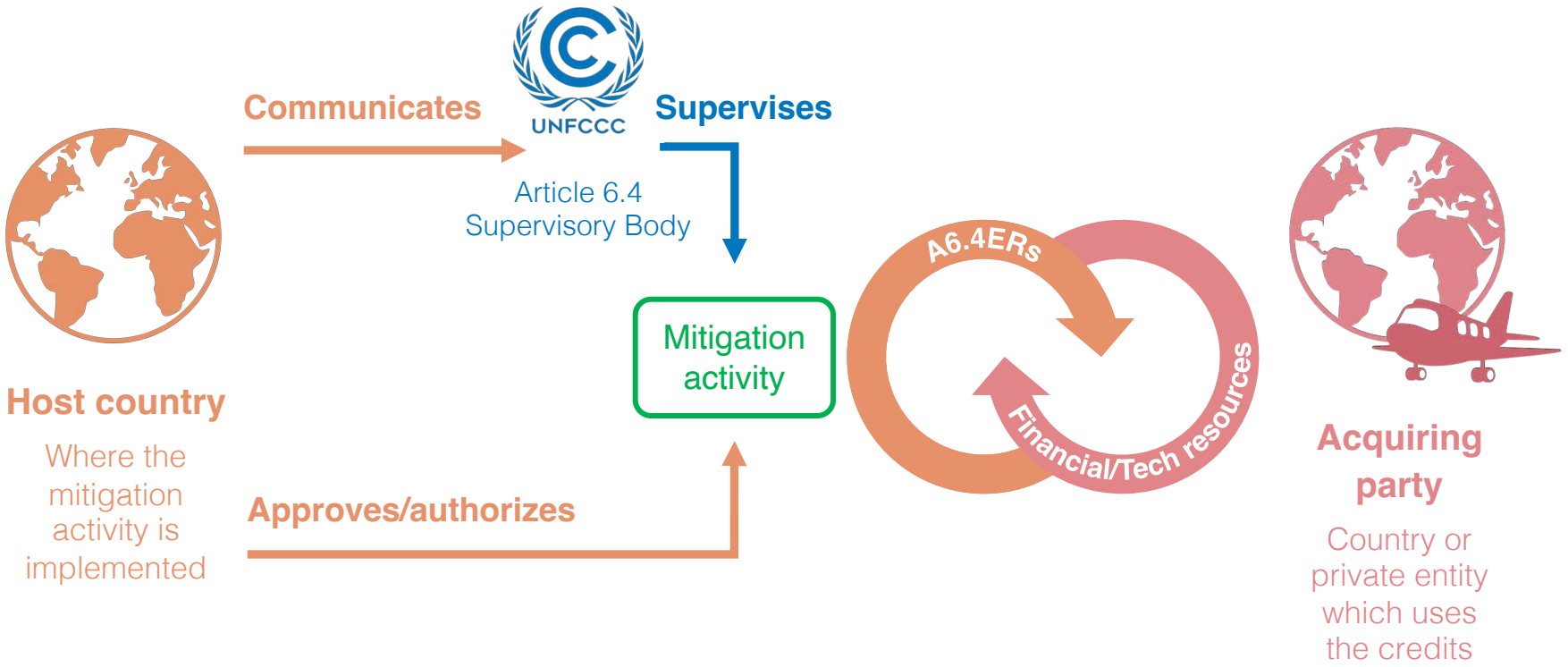


Article 6 market mechanisms in a nutshell

Article 6.4 – The Paris Agreement Crediting Mechanism (PACM)

Article 6.4 creates an **UN-led centralized system** through which countries, companies and organizations can develop emission-reduction projects and generate credits, called A6.4 ERs.

It works like the Clean Development Mechanism (CDM), but under stricter rules. All activities must be approved by the host country and reviewed by the Article 6.4 Supervisory Body.



Paris Agreement decisions that shape Article 6 market mechanisms

Article 6.2 – Guidance on cooperative approaches

UN CLIMATE CHANGE CONFERENCE UK 2021
IN PARTNERSHIP WITH ITALY

Completion of the Article 6 Rulebook after six years of negotiations

Decision 2/CMA.3: Definition and use of ITMOs, participation requirements, corresponding adjustments required for use towards NDCs or OIMP, reporting obligations.

COP27
SHARM EL-SHEIKH
EGYPT 2022

Emphasis on the details of recording and tracking of ITMOs and the Technical Expert Review (TER)

Decision 6/CMA.4: Guidance on tracking, guidelines for the A6 TER, outline of the initial report and updated initial report.

COP29
Baku
Azerbaijan

Full operationalization of Article 6

Decision 4/CMA.6: Processes for authorization, transparency of information, application of first transfer, reporting formats, addressing inconsistencies and further guidance on tracking and registry interoperability.

Paris Agreement decisions that shape Article 6 market mechanisms

Article 6.4 – Rules, modalities and procedures for the mechanism established by Article 6.4

UN CLIMATE CHANGE CONFERENCE UK 2021
IN PARTNERSHIP WITH ITALY

COP27 SHARM EL-SHEIKH EGYPT 2022

COP29 Baku Azerbaijan

Adoption of the rules, modalities and procedures

Decision 3/CMA.3: Definition and use of Article 6.4 emissions reductions (A6.4 ERs), participation responsibilities, A6.4 activity cycle, mechanism registry, establishment of the A6.4 Supervisory Body.

Elaboration of the processes defined in the rules, modalities and procedures

Decision 7/CMA.4: Use of CERs towards NDCs, reporting on A6.4 activities and ERs, operation of the mechanism registry, share of proceeds, delivering mitigation in global emissions, rules of procedure of the A6.4 Supervisory Body.

Full operationalization of Article 6

Decision 5/CMA.6: Adoption of the standards related to methodologies and activities involving removals

Decision 6/CMA.6: Operation of the mechanism, methodologies, authorization of A6.4 emission reductions, the A6.4 mechanism registry.

Why does Article 6 matter?

Only mandate of the Paris Agreement that **directly enables public-private cooperation** and cross-border investment in mitigation activities.

Offers a **cost-effective** pathway for countries to meet NDC targets through the use of carbon markets.

Serves as a tool to **mobilize finance, catalyze cooperation and raise ambition** to keep the 1.5°C goal within reach.

How Article 6 contributes to implementing and enhancing NDCs

Overcomes limitations

Enables implementation of mitigation activities that **would not have occured without international cooperation**, helping countries overcome domestic limitations in finance, technology and capacity.

Transfers technology

Mobilizes technology transfer and innovation, accelerating the deployment of advanced mitigation technologies and supporting low-carbon transformation.

Goes beyond reductions

Drives co-benefits such as sustainable development, improved air quality, energy access and inclusive growth, particularly in vulnerable communities

Increases ambition

Enhances NDC ambition by allowing countries to go beyond unconditional commitments and pursue deeper emissions reductions aligned with national development goals.

Fosters cooperation

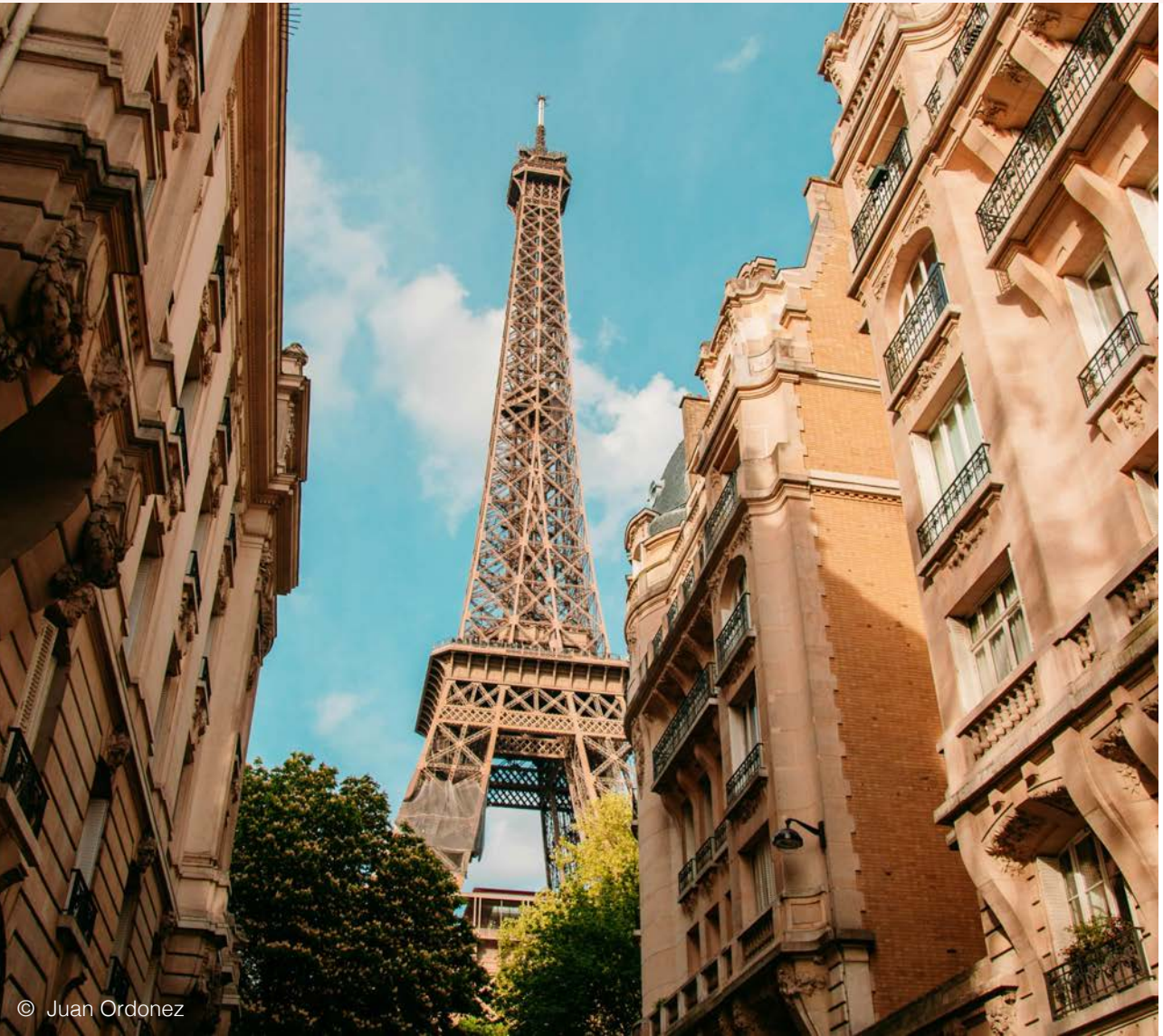
Strengthens climate cooperation by **fostering partnerships** between countries, the private sector and civil society to co-develop mitigation actions and climate-resilient solutions.

Article 6 and the role of developing countries

UNDER THE **KYOTO PROTOCOL**

- Developing countries **hosted CDM projects**, participating in the carbon market without binding emission reduction targets.
- The approval of CDM activities served primarily to confirm that projects aligned with voluntary sustainable development goals.
- **No compliance** risk existed for host countries, which meant that approvals were relatively straightforward without complicated approval processes

Article 6 and the role of developing countries



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UNDER THE **PARIS AGREEMENT**

- Developing countries now have **targets** through their NDCs and can participate as both sellers and buyers of mitigation outcomes.
- Participation under Article 6 requires countries to report to the UNFCCC on how mitigation outcomes:
  - contribute to both the host and acquiring country's NDCs and LT-LEDS; and
  - align with sustainable development and environmental integrity principles.
- This implies a higher level of responsibility and institutional readiness, since countries must regulate Article 6 implementation.

Article 6.2 implementation phases

1. Preparation phase

Before trading any mitigation outcomes, countries must comply with all participation requirements, including:

- set up **authorization procedures** (to authorize transfers of ITMOs); and
- put in place **tracking arrangements** (to record and track ITMOs).

2. Implementation phase

Once ready, countries can:

- **authorize** the use of ITMOs for specific purposes; and
- **track and report** ITMO information.

3. NDC achievement assessment

Within the NDC implementation cycle:

- countries apply the **corresponding adjustments** to avoid double counting and report them within their BTRs; and
- the BTRs serve to track a country's progress in implementing and achieving its NDC.

Chapter 2

Getting started

The preparation phase

Learning objectives

- **Understand the national** roadmap for operationalizing Article 6.2, including its strategic importance and phased implementation.
- **Recognize the key** components of a national Article 6 regulatory framework and their role in ensuring environmental integrity and international cooperation.
- **Identify institutional roles and responsibilities**, including the functions of authorizing, operational, technical and oversight bodies.
- **Apply a step-by-step process to define activity eligibility**, using tools like sector prioritization, activity lists and complementary criteria.
- **Link eligibility and authorization procedures to national strategies**, ensuring alignment with NDC targets and Article 6 requirements

Chapter 2 **Content**

2.1

Roadmap for operationalizing Article 6.2 at the national level

Introduction

To operationalize participation in Article 6.2, governments are highly recommended to follow a clear stepwise implementation strategy. This roadmap could help to ensure alignment across ministries and instill confidence among both public and private stakeholders.

Introduction

1. Assessment of participation requirements

Start by **reviewing the participation requirements** outlined in the Article 6 guidance and **identify any gaps or areas that require further development** to enable effective participation.

2. Define the national strategy

Set **clear objectives and a long-term vision for Article 6 participation**, including technical, administrative and financial needs, sectoral focus, projected volume of mitigation outcomes (MOs) and alignment with NDC targets and climate priorities.

3. Develop the authorization framework

Formulate procedures, criteria and templates for issuing authorizations.

This includes setting rules on corresponding adjustments, first transfer definitions and authorization revisions.

4. Establish technical infrastructure

Set up or update registries and digital systems for tracking ITMOs and ensure compatibility with UNFCCC and partner systems.

5. Implement and iterate

Launch the framework with pilot activities, assess performance and make iterative adjustments.

Use feedback to refine processes, maintain transparency and **build credibility over time**.

Step 1: Assessment of Article 6 participation requirements

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Requirements for countries to participate in **Articles 6.2 and 6.4**

- Needs to be a Party to the Paris Agreement.
- Needs to prepare, communicate and maintain their NDC to the UNFCCC.
- Must clarify how participation in Article 6 will help NDC achievement, LT-LEDS (if submitted) and long-term goals of the Paris Agreement.

Step 1: Assessment of Article 6 participation requirements

Specific requirements for countries under **Article 6.2**

- Needs to have arrangements in place for authorizing the use of ITMOs.
- Needs to have arrangements in place for tracking ITMOs.
- Must develop and maintain their National GHG Inventory Reports (NIRs).

Specific requirements for countries under **Article 6.4**

- Needs to appoint a Designated National Authority (DNA) and communicate this to the Secretariat and Supervisory Body of the Mechanism (SBM).
- Must publicly indicate to the SBM the type of Article 6.4 activities (sectors) that it would consider approving.
- Must publicly indicate to the SBM how participation in the mechanism contributes to sustainable development.
- Optional: May specify baseline approaches and crediting periods to be applied for A6.4 activities that it intends to host.

Step 2: Define the national strategy

Set clear objectives and long-term vision	Define what the country aims to achieve through Article 6, whether it is increased climate ambition, access to finance, technology transfer or other goals.
Determine sectoral focus and eligibility	Initiate conversations on potential sectors or activities that could be eligible for cooperative approaches based on mitigation potential, national priorities and safeguards.
Project mitigation outcomes	Estimate the expected volume of MOs that could be generated and transferred, ensuring consistency with the country's NDC and long-term goals.
Establish governance and coordination mechanisms	Explore how the institutional arrangement could be established. This includes mandates, roles across ministries, coordination methods and how decisions (like authorization) could be made.
Identify and plan for key needs	Build on the gaps identified in **Step 1** and map out the specific support required to establish and sustain Article 6 processes.

Step 2: Define the national strategy

Technical needs

- Strengthen institutional and human capacities for carbon accounting, MRV and tracking NDC progress.
- Build understanding of Article 6 rules at national and subnational levels.
- Develop digital systems for managing data, MOs and registry integration.

Administrative needs

- Define the roles and responsibilities of each agency involved in the Article 6 process.
- Create coordination mechanisms between ministries, regulators and technical bodies.
- Establish clear procedures for project review, authorization and tracking.

Financial needs

- Estimate costs related to technical systems, staffing and institutional setup.
- Design funding mechanisms (e.g., administrative fees or project levies) to cover Article 6 operations.
- Plan for long-term financial sustainability and capacity-building.

Step 3: Establish a national authorization framework

As part of the requirements for participating in cooperative approaches under Article 6.2, each country must define its national arrangements for authorizing the use and transfer of ITMOs.

To do so, countries are expected to establish an authorization framework that provides **legal clarity, institutional roles and operational procedures**. This framework, as shown below, is typically implemented through a combination of legal instruments and supporting documents, which reflect the national legal system, delegation of powers and broader governance context.

Category	Primary legislation / regulations	Subordinate legislation / operational guidelines	Other supporting documents
Authorization arrangements	› Legal mandate establishing authority to issue authorizations for international transfers of mitigation outcomes. › High-level principles to guide authorization decisions, ensuring alignment with national climate objectives and the Paris Agreement.	› Defined procedures for submitting, reviewing and approving authorization requests. › Clear criteria, terms and conditions for authorization eligibility and issuance. › Other relevant procedures supporting the authorization process (e.g., renewal, revocation).	› Operational manuals for government officials. › Guidance documents for mitigation activity developers. › Standardized templates for authorization requests and Letters of Authorization (LoA). › Additional templates and forms, as necessary.
ITMO tracking and registry	› Legislative mandate to establish and manage a national registry or tracking system for ITMOs.	› Technical and functional requirements for the registry, including linkages with international systems. › Operational procedures to ensure proper functioning, data integrity and transparency.	› Terms of Reference for registry operators and oversight bodies. › User manuals and technical guides for registry users.
Reporting and corresponding adjustments	› Legal obligation to report internationally transferred mitigation outcomes and ensure avoidance of double counting.	› Procedures for applying corresponding adjustments in line with Article 6.2 guidance. › Roles and responsibilities for reporting entities and oversight authorities.	› Explanatory notes and technical guidance on applying adjustments and reporting formats

Process for and timing of the authorization

Participating countries must authorize three key elements under Article 6.2:

1

Cooperative approach

This may take the form of a bilateral agreement, a specific mitigation activity or a broader set of activities between two or more participating countries.

2

Authorization of ITMOs

This refers to the official approval of mitigation outcomes generated under the cooperative approach for use.

3

Authorization of entities

This involves authorizing entities participating in the cooperative approach, as required by each country.

Source: Chapter I.A of Decision 4/CMA.6.

Process for and timing of the authorization

Approaches to authorization: Process structures

Parties have flexibility in how they authorize mitigation outcomes. According to UNFCCC guidance, the authorization process may take the following forms:

Single consolidated process

A single, unified step that combines all authorizations within the activity cycle.

Sequential process

A step-by-step approach in which each component is authorized separately.

Source: Chapter I.A of Decision 4/CMA.6.

Step 4: Establish technical infrastructure

Relevance

- As part of the participation requirements Under Article 6.2, each country must have, or have access to, a registry that can **track and record all actions related to ITMOs**.
- This is essential for transparent accounting and to prevent double counting.

Role

- In addition to this core accounting role, a registry may also serve other optional functions, such as acting as a **transactional registry or as a system to issue and transfer mitigation outcomes** as units.

Options

- Countries can choose whether **to create a registry**, to use an existing national registry (as long as it complies with the requirements) or **leverage an external one**, depending on their Article 6 implementation strategy.

For Parties that lack the capacity to develop their own registry, the UNFCCC has developed and provides an **Article 6.2 International Registry** as an optional tool to support their participation.

Source: Decision 2/CMA.3, Annex, paragraph 29; Decision 6/CMA.4, Annex I, Chapter I.

Step 4: Establish technical infrastructure

Key requirements for registries under Article 6

01 **Accounts and access**
Registries must establish accounts for holding ITMOs and provide secure access to relevant entities (e.g., government agencies, authorized users).

02 **Recorded actions**
Registries must record all key actions involving ITMOs: authorization, first transfer, transfer, acquisition, use towards NDCs, use for OIMPs and voluntary cancellations (including Overall Mitigation in Global Emissions (OMGE), if applicable).

03 **ITMO IDs**
Every ITMO must have a unique identifier that complies with minimum requirements set by the Article 6.2 guidance.

04 **Reporting**
Registries must produce, maintain and compile records, information and data consistently with the annual information submitted in the Agreed Electronic Format (AEF).

05 **Form and structure**
The registry's setup—software, administrative and technical systems—must be able to support reliable ITMO tracking and transactions.

Source: Decision 2/CMA.3, Annex, paragraph 29; Decision 6/CMA.4, Annex I, Chapter I.

Step 5: Implement and iterate

Once the national framework is ready, the next step is to put it into practice. Implementation should start with **pilot activities** that allow testing of the system, identification of gaps and the ability to make improvements before scaling up.

Why start with pilot activities?

Pilots allow the testing of procedures for project authorization, tracking and reporting.

Identify areas where technical or administrative processes need refining.

Early feedback helps build a stronger, more efficient system over time.

Step 5: Implement and iterate

Key actions to take

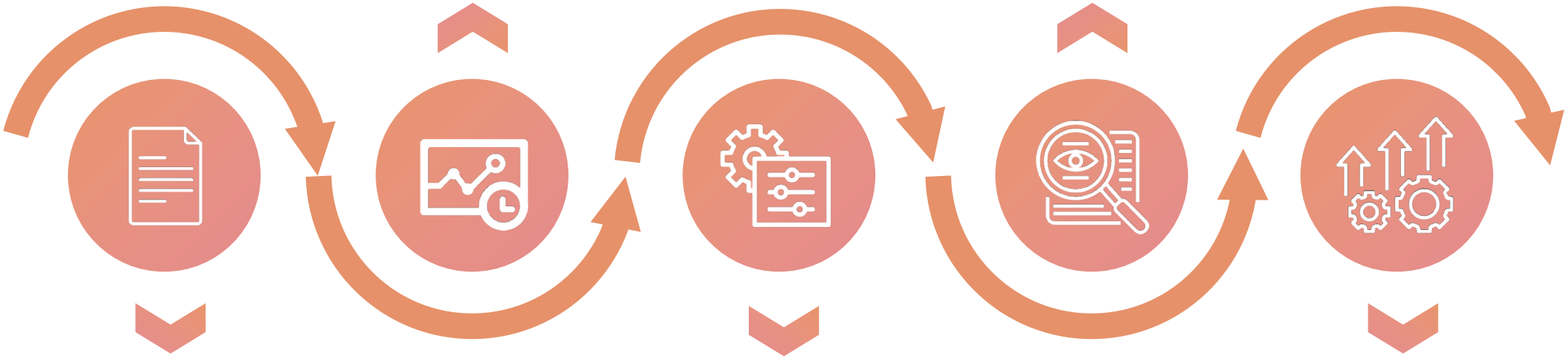
Launch the Article 6 framework and start operationalizing with selected projects.

Monitor implementation closely and document challenges.

Adjust the framework as needed—policies, templates, coordination processes and technical tools.

Ensure full transparency with regular updates and public information sharing.

Use each new project as a learning opportunity to improve systems.



2.2

Building an Article 6 regulatory framework: Why it matters

Introduction

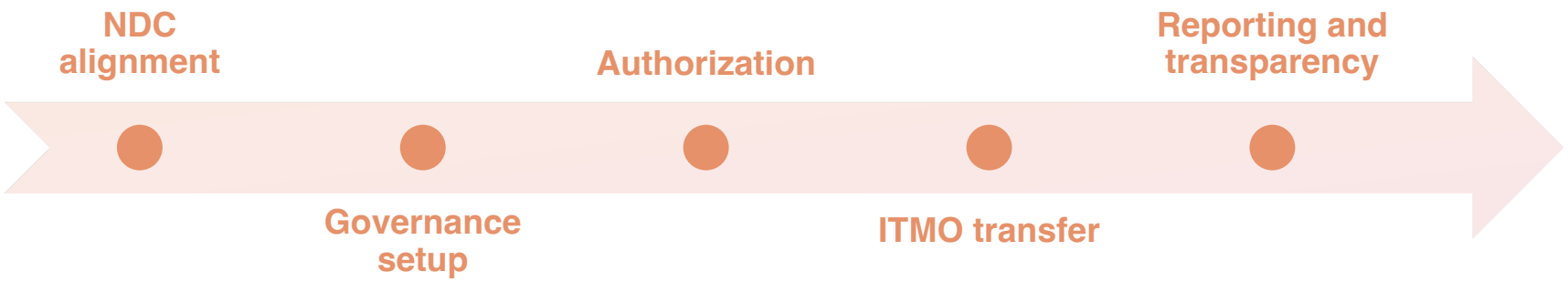
To participate effectively in cooperative approaches under Article 6.2 of the Paris Agreement, countries must establish a regulatory framework that ensures:

- **environmental integrity** and alignment with the country's **NDC goals**
- **transparency** and accountability in mitigation activities
- **legal and institutional readiness** for authorizing and transferring mitigation outcomes
- **private sector clarity through consistent rules and approval procedures**
- **reporting and tracking systems** to meet international requirements

Introduction

This framework is **foundational** to provide:

- **compliance with Article 6 participation requirements**
- **legal certainty for international cooperation**
- **clarity and trust for market actors**



2.3

Key components of a National Article 6 regulatory framework

Components and purposes

	Component	Purpose
01	Legal and policy context	Provides legal basis and rationale to engage in cooperative approaches.
02	Institutional arrangements	Defines roles and responsibilities across ministries and agencies.
03	Mitigation activity cycle	Establishes rules for validation, authorization, Issuance and tracking.
04	Authorization procedures	Outlines criteria, timing and documentation for issuing Letters of Authorization (LOAs).
05	ITMO issuance and transfer	Specifies conditions for issuance and registry operations.
06	Corresponding adjustments	Ensures environmental integrity, prevents double counting and supports transparent reporting to the UNFCCC Secretariat.
07	Dispute resolution and appeals	Provides transparency and accountability for private and public actors.
08	Fees and cost recovery	Clarifies cost structure for market participation.

This structure ensures not only compliance with international Article 6.2 guidance, but also attracts investment and strengthens climate ambition.

Article 6 institutional arrangements: Who does what?

One of the core elements of the framework is the establishment of the **institutional arrangements**, this means **defining who is responsible for what and how everything fits together**.

Here are the main institutional roles typically involved:

1. Authorizing entity
2. Article 6 unit (operational body)
3. Technical support unit
4. Oversight body

Article 6 institutional arrangements: Who does what?

1 Authorizing entity
Grants authorization for projects

- **Authorizes** eligible activities and entities.
- **Acts as the link** to the UNFCCC Secretariat.
- **Oversees agreements and reports** regularly to higher bodies.
- **Handles complaints** and ensures processes are followed correctly.

Typically defined as the Ministry of Environment of the country

2 Article 6 unit (operational body)
Runs the day-to-day work

- **Defines and implements** Article 6 rules and procedures.
- **Handles project authorizations** and supervises the use of carbon revenues (like the share of proceeds).
- **Supports** developers and project implementers with guidance.
- **Supervises transparency and accounting requirements**: recording, reporting, the emissions balance, corresponding adjustments.

Typically housed by the Ministry of Environment of the country

Article 6 institutional arrangements: Who does what?

3 Technical support unit

Provides expert advice and helps with quality control

- **Reviews** project proposals, methodologies, technical guidelines and documentation.
- **Guides the design** of rules for projects and mitigation activities.
- Ensures data and reports **meet international standards and UNFCCC requirements**, through quality checking processes.
- **Advises** both the operational unit and the oversight body.

Usually requires the conformation of a new group with technical experts within the government

Article 6 institutional arrangements: Who does what?

4 Oversight body

Guides the big picture and ensures everything is on track

- **Advises the government** on the national strategy for Article 6.
- **Oversees how the system works** and whether it aligns with national goals.
- **Coordinates** with other climate and development plans.
- Makes sure institutional roles and systems **stay strong over time**, recommending framework updates and overseeing agreements.

Usually constituted by representatives from multiple ministries. Many countries already have one that can be adapted for A6.

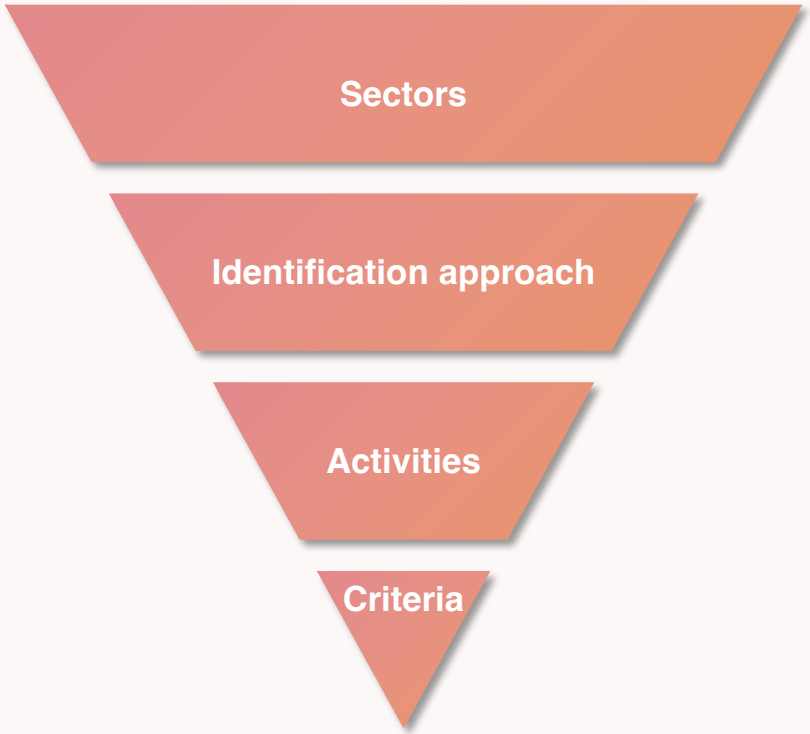
2.4

Understanding eligibility under Article 6.2

Defining the eligibility of activities under Article 6.2

Defining the eligibility of activities under Article 6.2 requires a **strategic and step-by-step process** to make sure they are aligned with national goals, priority sectors and country specific requirements.

Think of it like a **funnel**, where each step narrows the focus:



Defining the eligibility of activities under Article 6.2

01

Define priority sectors

Start by identifying which sectors are eligible based on the country's NDC.

- Which activities are **unconditional** (funded with national resources)?
- Which are **conditional** (require international support)?
- Are the activities **inside or outside** the NDC scope?
- Which sectors could deliver **additional mitigation**?

02

Choose the identification approach

Decide how activities will be identified.

- Will the government define preferred activities upfront? (top-down)
- Will developers propose activities and request authorization? (bottom-up)
- Or will there be a combination of both?

Defining the eligibility of activities under Article 6.2

03

Define eligible activities

Use tools like:

- Positive list (potential eligible activities);
- Negative list (ineligible activities); and
- Project-by-project assessments (when things are not clear).

04

Apply complementary criteria

To filter projects further, define:

- Which standards and methodologies will be accepted?
- Which environmental integrity criteria will be considered?
- Will there be any contribution to adaptation/Overall Mitigation in Global Emissions (OMGE)?

Mitigation activities: Outlining criteria to prioritize eligible Article 6 sectors

As part of the regulatory framework, countries must clearly **define criteria for identifying eligible sectors to develop mitigation activities**. These criteria help ensure that Article 6 cooperation supports higher ambition and complements domestic climate efforts.

Participating in Article 6.2 means **choosing activities that go beyond what is already planned and funded domestically**. This process requires a solid understanding of the country's climate goals and progress.

Mitigation activities: Outlining criteria to prioritize eligible Article 6 sectors

Key elements to consider:

Unconditional and conditional NDC targets

Understand which actions are already planned using domestic resources (**unconditional**) and which require international support (**conditional**).

Inside or outside NDC scope

The host country must define whether **only inside-NDC** activities will be eligible under Article 6 cooperation or if **outside-NDC** activities will also be considered.

National GHG emissions budget

Use **national GHG accounting** to **avoid overselling** mitigation outcomes that may be needed for meeting unconditional NDC targets.

State of NDC achievement

Track how far the country has **progressed in implementing its** NDC to prioritize activities that can benefit from Article 6 cooperation.

Committed climate finance

Identify activities **already funded by international climate finance** (e.g. MDBs, grants, loans) and exclude them from carbon finance.

Identifying mitigation activities: From prioritization to definition

Once a country defines its Article 6.2 participation strategy and identifies priority sectors, the next step is to pinpoint **specific climate programmes and projects** that could lead to mitigation outcomes eligible for international transfer.

This process is closely linked to the authorization framework and countries must establish clear criteria and procedures to guide which activities can be considered and how they are selected.

Two main approaches for identifying activities

There is no one-size-fits-all method, but countries generally choose one (or a combination) of the following:

Top-down approach

The government proactively defines the type of activities, sectors and gases that are eligible for Article 6.2 participation.

It may use tools like:

positive lists → activities or technologies that could be authorized
negative lists → activities or technologies that must stay domestic to meet the country's NDC

This approach ensures strategic alignment but requires:

- strong technical capacity;
- understanding of national and international markets; and
- continuous stakeholder engagement.

Two main approaches for identifying activities

Bottom-up approach

Activity proposals come from **developers** or **partner countries**.

The government evaluates requests on a **case-by-case basis**.

In this setup, the country may not set predefined criteria but instead:

- waits for proposals; and
- assesses them individually to determine if they can be authorized and result in real, measurable and transferable mitigation outcomes.

Deep dive: Positive list, negative list and project-by-project assessment

Once priority sectors are defined, countries can choose how to screen specific projects and technologies. A hybrid approach is often recommended, combining:

1 Positive list

Defines which projects and technologies are **eligible** for **potential** Article 6.2 authorization.

These are typically:

- **additional to NDC commitments** – they go beyond what the country has already pledged to do or support conditional targets;
- **hard to finance domestically** due to high cost or lack of local penetration; and
- **Aligned with national priorities**, such as clean energy, sustainable transport or hard-to-abate sectors.

2 Negative list

Defines which projects and technologies are **excluded** from authorization.

These are typically:

- **already part of the country's unconditional NDC plan** – meaning the emission reductions are needed to meet the country's own targets;
- **fully financed or supported domestically** or via non-carbon climate finance; and
- necessary for national climate compliance – to **avoid risks of overselling**.

3 Project-by-project assessment

Used when a project does not clearly fall under the positive or negative list.

This allows a country to:

- review proposals **case-by-case**, especially for emerging or niche sectors;
- **maintain flexibility** while safeguarding climate integrity; and
- support activities in sectors where **interest or eligibility is unclear**.

Deep dive: Positive list, negative list and project-by-project assessment

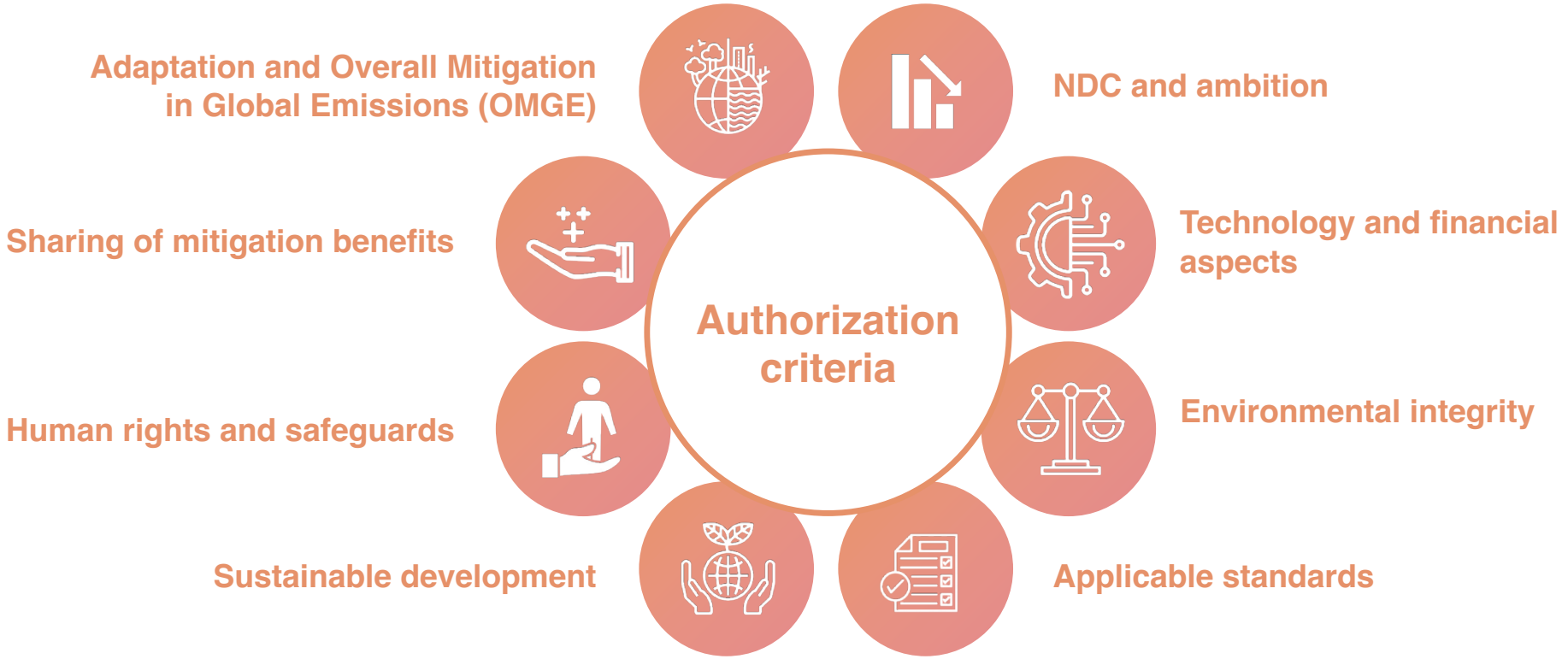
!

Reminder:

These tools are part of the broader authorization framework and **must be regularly updated** based on NDC progress and cooperation opportunities.

Areas of ITMO authorization criteria

To authorize the use and transfer of ITMOs, countries also **set eligibility criteria** aligned with Article 6.2 guidance. These criteria help ensure environmental integrity, NDC alignment and sustainable development benefits. Below are the main areas typically covered.



Source: Modified from the A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center.

Areas of ITMO authorization criteria

Adaptation and OMGE	Voluntary contribution to the Adaptation Fund or cancellation of a percentage of ITMOs for OMGE. Share of proceeds levied and reserved as a contribution to adaptation in the country.
Sharing of mitigation benefits	A share of MOs will be reserved/levied for domestic use. Require demonstration of an appropriate allocation of MOs. Set a quantitative limit for authorized MOs at a level below expected mitigation that can be achieved from the activity.
NDC and ambition	Be an activity from conditional portion of the NDC. Be an activity that leads to GHG reduction/removal in addition to national domestic mitigation plans. Included in 'positive list'/'white list' of mitigation activities. Not included in 'red list' of mitigation activities.
Technology and financial aspects	Promote development and/or transfer of advanced technology. Comply with applicable technologies in the CDM positive list of technologies. Avoid locking in carbon-intensive technologies or practices. Require a large amount of investment.

Areas of ITMO authorization criteria

 Human rights and safeguards	› Respect human rights. › Safeguard Indigenous Peoples' rights. › Refer to domestic regulations relating to environmental impact assessment.
 Sustainable development	› Apply appropriate sustainable development tools available by applicable crediting mechanism/standards. › Apply sustainable development tools developed. domestically or jointly by partner countries.
 Environmental integrity	› Real, verified additionality. › No net increase in global emissions. › Conservative baselines below BAU. › Addressing uncertainties in quantification and potential leakage. › Minimize non-permanence risk.
 Applicable standards	› Listing of approved standards and methodologies. › National or mutual recognition processes. › Joint development and approval of standards and methodologies by participating parties.

Safeguarding sustainable development in Article 6

To ensure that ITMOs contribute meaningfully to climate goals, activities developed under Article 6 must **integrate robust safeguards since the framework conceptualization**. These safeguards go beyond emissions accounting— they uphold environmental, social and human rights principles, reinforcing the credibility of Article 6 implementation.

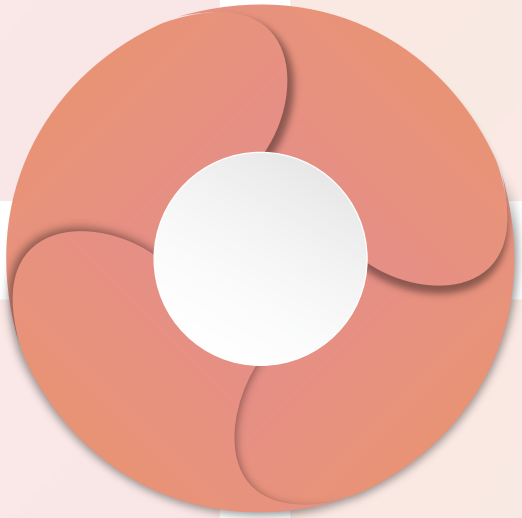
Safeguarding sustainable development in Article 6

Sustainable development

- Use of credible sustainable development tools and indicators.
- Integration of nationally developed or internationally recognized frameworks.
- Alignment with national development priorities and long-term strategies.

Environmental and social safeguards

- Ensure no violation of environmental or social laws.
- Conduct environmental impact assessments as part of project screening.
- Embed safeguards into project design and review processes.



Respect for human rights

- Require explicit reference to human rights in project documentation.
- Assess potential social impacts on vulnerable and affected communities.
- Ensure stakeholder consultation and grievance redress mechanisms.

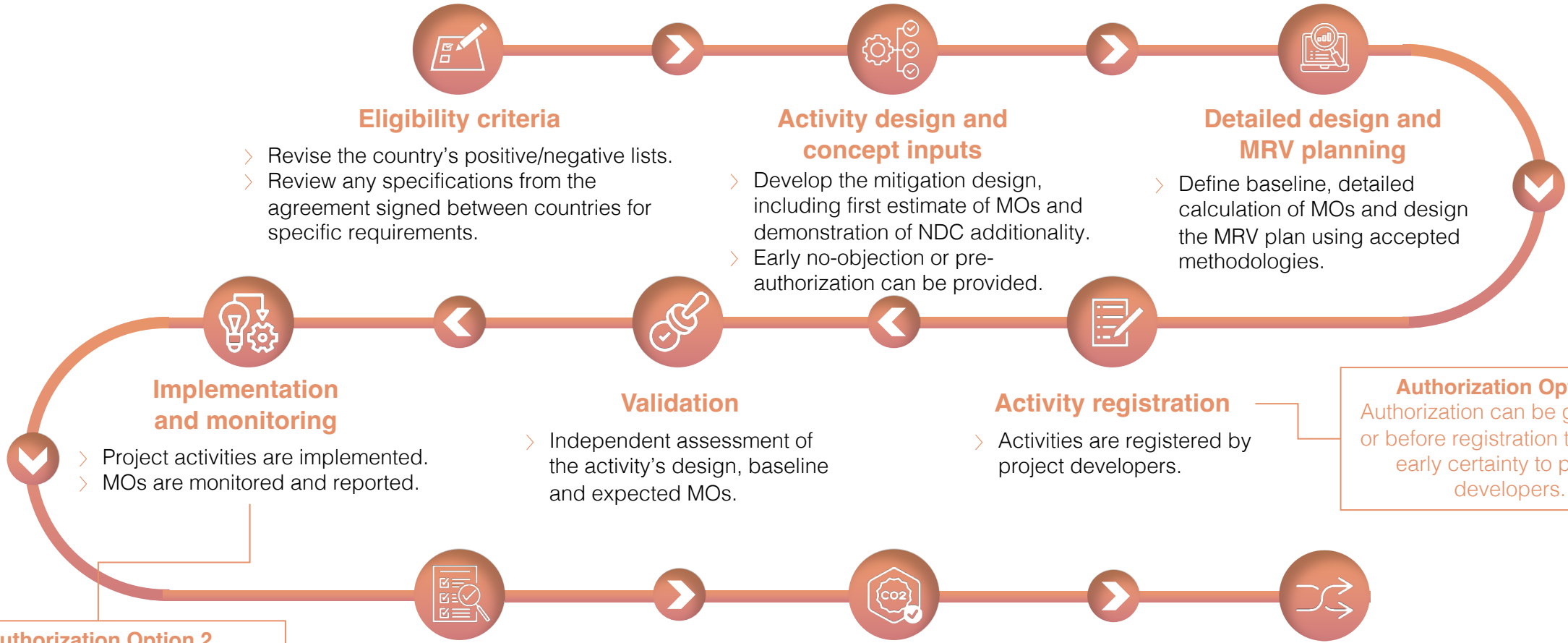
Transparency and accountability

- Document how sustainable development and safeguards are applied.
- Incorporate these elements into projects reporting.

Key stages and how authorization can be integrated

The operationalization of Article 6.2 requires **a robust activity cycle** with **clear stages**, along with a **defined authorization moment** which can be embedded at different stages depending on country preferences.

Key stages and how authorization can be integrated



Eligibility criteria

- Revise the country's positive/negative lists.
- Review any specifications from the agreement signed between countries for specific requirements.

Activity design and concept inputs

- Develop the mitigation design, including first estimate of MOs and demonstration of NDC additionality.
- Early no-objection or pre-authorization can be provided.

Detailed design and MRV planning

- Define baseline, detailed calculation of MOs and design the MRV plan using accepted methodologies.

Activity registration

- Activities are registered by project developers.

Authorization Option 1
Authorization can be granted at or before registration to provide early certainty to project developers.

Validation

- Independent assessment of the activity's design, baseline and expected MOs.

Implementation and monitoring

- Project activities are implemented.
- MOs are monitored and reported.

Authorization Option 2
Alternatively, authorization can be granted after registration to ensure that the activity meets the required standards and confirm expected MOs before authorizing

Verification

- Third-party periodic verification ensures MOs are real and verifiable.

Issuance of mitigation outcomes

- MOs are issued based on the verification report.

First transfer

- MOs are first transferred and the country proceeds to perform the corresponding adjustments

Chapter 3

Enabling action

The implementation cycle

Learning objectives

- **Understand the stages of readiness and implementation under Article 6**, from early agreements and framework development to the first transfer of mitigation outcomes.
- **Distinguish between approval and authorization under Articles 6.4 and 6.2**, including explaining the difference between host country approval and authorization.
- **Identify the key elements of the Paris Agreement Crediting Mechanism (PACM)** such as core principles, sustainable development alignment, environmental and social safeguards, stakeholder engagement and credit types (A6.4ERs and MCUs).
- **Identify the various types of units within the Article 6** ecosystem and their interlinkage with the Voluntary Carbon Market, as well as details on the different use purposes and overall process from origin to use.

Chapter 3 **Content**

3.1

Coordinating readiness and implementation

Implementation process

Implementing mitigation activities under Article 6 is not a linear process, it requires a combination of technical preparations, political decisions and market engagement that can occur simultaneously or in phases.

Implementation process

Early engagement and agreements	Framework development	Framework enacted	Implementation agreements and activity rollout	First transfer and reporting
Discussions with **potential acquiring countries begin**, even as the framework is still under development.	The government **defines its Article 6 framework.**	The national Article 6 regulatory framework is **formally enacted and operationalized.**	**Implementation agreements** with acquiring countries are signed and mitigation activities under them are implemented.	Once mitigation outcomes are verified, the host country **proceeds with the first transfer.***
Phase 1	**Phase 2**	**Phase 3**	**Phase 4**	**Phase 5**
Parallel actions				
› Early agreements are signed to express mutual interest and define potential collaboration areas. › These early engagements build political momentum and ensure alignment of expectations.	› Host country can decide to start receiving mitigation activities for consideration (without granting authorizations yet). › Initial screening and stakeholder engagement can begin.	The country can now begin the formal activity cycle.	Authorizations are issued according to national processes and considering the time specified by the country.	This triggers: › corresponding adjustments (CAs); and › formal reporting to the UNFCCC under the Enhanced Transparency Framework.

* This roadmap is based on the example of Mitigation Outcomes (MOs) authorized for NDC use. For MOs authorized for Other International Mitigation Purposes (OIMP), the process may vary, as the first transfer can be triggered at different stages depending on the host country's definition of 'first transfer.'

3.2

Bilateral agreements

The starting point of cooperation

Before countries can trade mitigation outcomes internationally, they need a **formal agreement** in place. These bilateral agreements (e.g., implementation agreements or Memorandum of Understanding) lay the foundation for cooperation and ensure **both sides follow a common framework**.

The starting point of cooperation

01	What they are	Government-to-government agreements that enable the transfer of ITMOs between two countries.
02	Scope of cooperation	Defines which sectors and activities are eligible, the timeframe of cooperation and any limits on ITMO volumes.
03	Authorization and corresponding adjustments	The host country commits to authorizing activities and applying corresponding adjustments. The acquiring country agrees to account for those units properly.
04	Governance and institutions	Each country assigns focal points, decision-making roles and mechanisms to resolve disputes or safeguard sustainable development.
05	MRV and infrastructure	Both countries agree on how to monitor, verify and share data, ensuring trust and alignment of digital systems and protocols.
06	Transparency and reporting	Countries commit to submitting initial reports, annual information and regular information under Article 6.2 to the UNFCCC, ensuring public visibility and accountability.

Why it matters:

Without a clear bilateral agreement, there is no legal or procedural basis for transferring mitigation outcomes between countries.

The starting point of cooperation

Many countries begin international cooperation under Article 6.2 by **signing an initial agreement** to help initiate dialogue, build trust and define broad cooperation areas. As discussions advance and mutual understanding deepens, countries **typically transition to more formal and binding arrangements**, such as Framework Agreements, Bilateral Agreements or Implementation Agreements.

This staged approach allows flexibility in the early phases while ensuring alignment with Article 6 requirements as cooperation progresses.

Examples from existing acquiring countries

 Japan	MoU on the Joint Crediting Mechanism (JCM), which now includes A6 provisions.
 Republic of Korea	Sign MoU for initial engagement; transition to a Framework Agreement as discussions progress.
 Norway	Sign MoU for initial engagement; transition to a Bilateral Agreement as discussions progress.
 Singapore	Sign MoU for initial engagement; transition to an Implementation Agreement as discussions progress.
 Sweden	Sign MoU for initial engagement; transition to a Bilateral Agreement as discussions progress.
 Switzerland	Sign a Statement of Intent for initial engagement; transition to an Implementation Agreement as discussions progress.

3.3

Authorization

© UN Photo/Kibae Park

Authorization under Article 6: What it is and why it matters

What is an authorization under Article 6?

In the context of Article 6 of the Paris Agreement, authorization refers to the **formal decision made by participating Party/Parties** to allow the use of mitigation outcomes generated under a cooperative approach for specific purposes, which could be for NDC achievement and/or for Other International Mitigation Purposes (OIMPs).

Authorization **must be provided for the first transfer of mitigation outcomes to occur**. Authorization is not just a procedural step, it signals the government's official decision and commitment to transparent accounting and reporting under the Enhanced Transparency Framework.

Authorization under Article 6: How it works and its purpose

Legal clarity

Authorization defines for what purpose mitigation outcomes can be used, helping avoid uncertainty for all parties involved.

Prevents double counting

It is the key safeguard ensuring that mitigation efforts are only claimed once, reinforcing environmental integrity.

Alignment with national goals

It enables countries to channel international cooperation towards priority sectors and climate strategies.

Access to carbon finance

Authorization opens the door for countries and project developers to attract investments tied to the international carbon market.

Enables transparency and accountability

By requiring public reporting and consistency across documentation, it builds trust among stakeholders.

Content of the authorization

Cooperative approach	1	A unique identifier for the cooperative approach, obtained from the centralized accounting and reporting platform, when available
	2	The name(s) of the participating Party(ies) and/or entities, if known, covered by the authorization
Coverage	3	The date and duration of the authorization, including the final date for mitigation outcomes to be issued or to be used or cancelled
	4	The uses covered by the authorization
	5	The quantity of internationally transferred mitigation outcomes, if applicable
	6	The vintage(s) covered by the authorization
	7	The metrics and units of measurement or conversion and the greenhouse gases covered by the authorization
	8	The sector(s) covered, if applicable
	9	The activity type(s) and/or activity(ies) covered, if applicable
Governance	10	Identification of/cross-reference to underlying regulations, frameworks, standards or procedures, including any specific methodologies underpinning the cooperative approach
	11	Information on the circumstances in which changes to the authorization may occur and a description of the process for managing them
Accounting/ Tracking	12	Specification of the first transfer of the mitigation outcome
	13	Identification of the registry for the purpose of tracking and recording ITMOs
	14	Identification of the relevant registry(ies) in the underlying regulations, frameworks, standards or procedures, as applicable

Source: Chapter I.B of Decision 4/CMA.6.

Relevant considerations regarding authorization

Format of the authorization

- The UNFCCC developed and published a voluntary, user-friendly template that Parties can use to submit the required information, either directly in the authorization or as an attachment. Governments can still decide to to develop their own formats, as long as they comply with the minimum content requirements.

Changes to authorization

- Changes to the authorization of ITMOs cannot affect mitigation outcomes that have already been transferred, unless the original terms and conditions of the authorization explicitly allow it.
- Any changes must follow the agreed terms outlining when and how modifications can occur.
- Parties must apply robust accounting to ensure these changes do not result in double counting.

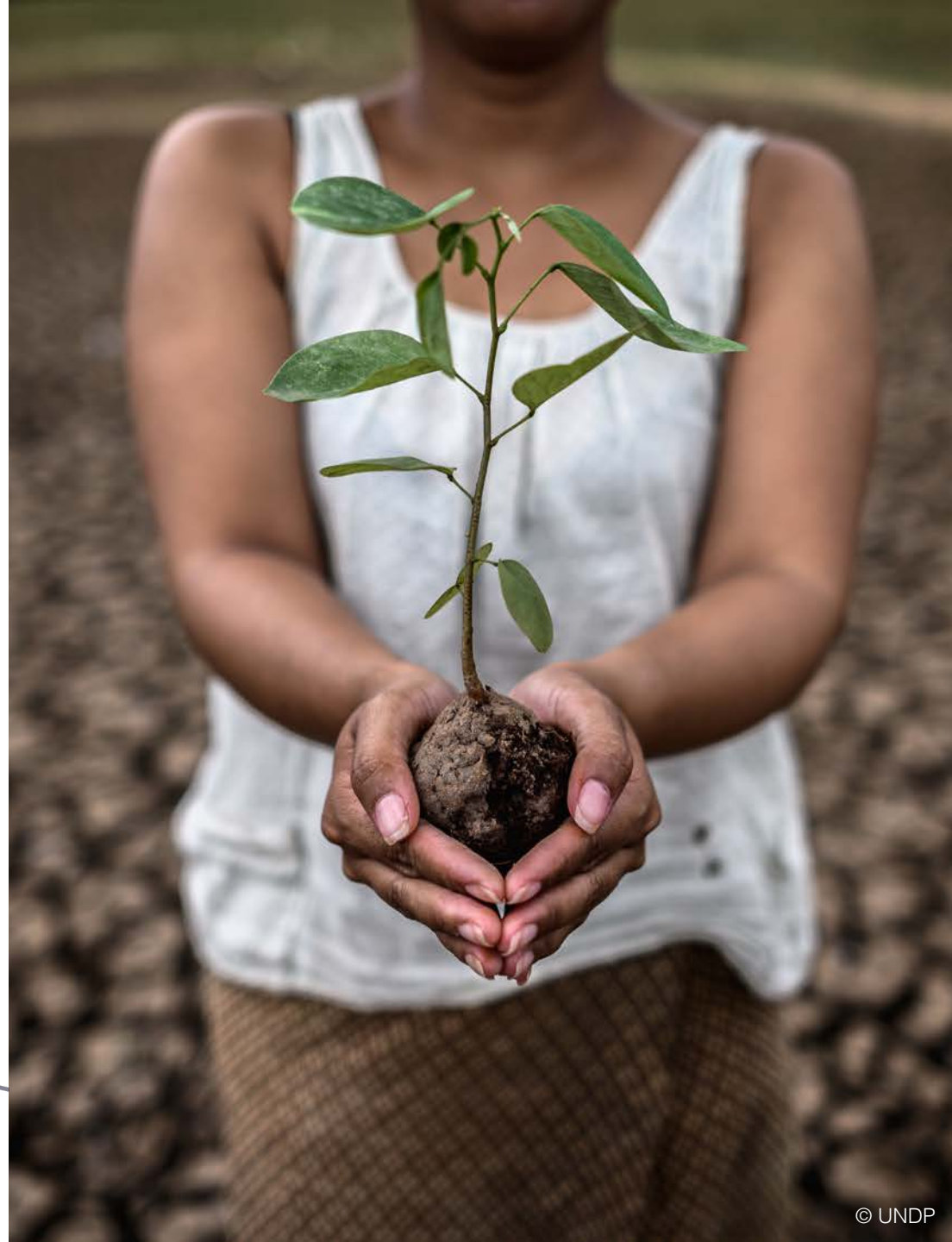
Transparency of information about the authorization

- The centralized accounting and reporting platform (CARP) will serve as a public repository, publishing each Party's authorization statements and any updates or changes made to them

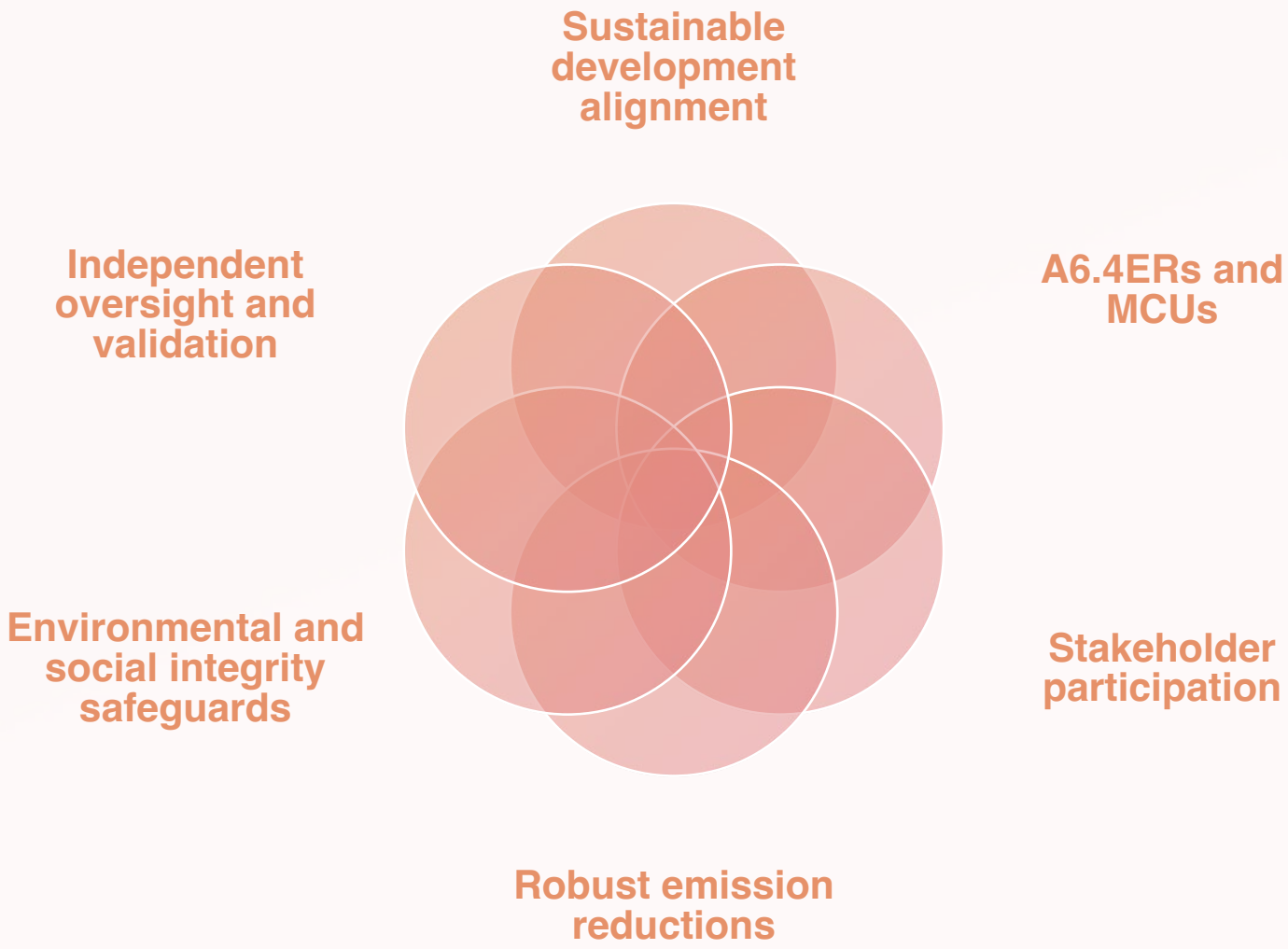
Source: Chapter I.B of Decision 4/CMA.6.

3.4

Article 6.4 and interlinkage with Article 6.2



The Paris Agreement Crediting Mechanism (PACM): Key elements



The Paris Agreement Crediting Mechanism (PACM): Key elements

A6.4ERs and overall mitigation

Registered activities issue two types of credits or Article 6.4 Emission Reductions (A6.4ERs):

- Authorized Emission Reductions (AERs)
- Mitigation Contribution Units (MCUs)

Independent oversight and validation

Designated Operational Entities (DOEs), accredited by the UNFCCC, are responsible for validating and verifying activities to **ensure credibility, consistency and alignment with UNFCCC standards**.

Environmental and social integrity safeguards

Projects must **comply with environmental and social regulations of the host country**. The mechanism includes structured processes for **stakeholder engagement**, ensuring transparency and fairness.

Sustainable development alignment

PACM ensures that all activities promote the mitigation of greenhouse gas emissions while contributing to the **sustainable development** priorities of the host country and the **2030 Agenda** (17 SDGs).

Robust emission reductions

Activities under PACM must **demonstrate real, measurable and additional emission reductions**. These reductions can contribute to the host Party's NDC or be transferred for use by another Party.

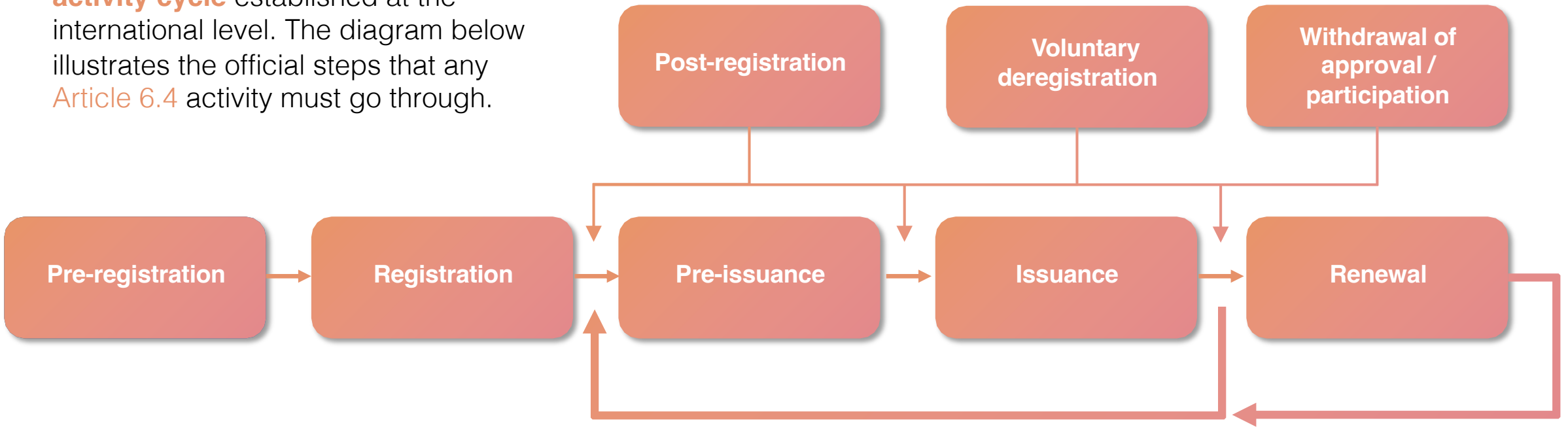
Stakeholder participation

The mechanism encourages broad engagement by **allowing authorized public and private entities to participate in mitigation activities**. Stakeholder input is also considered throughout the activity cycle.

Article 6.4 activity cycle procedure for projects

Unlike Article 6.2, in which host countries have the flexibility to define their own processes, Article 6.4 operates under a centralized mechanism overseen by the UNFCCC Supervisory Body.

This means that **all participating projects must follow a standardized activity cycle** established at the international level. The diagram below illustrates the official steps that any Article 6.4 activity must go through.



Pre-registration

The pre-registration phase outlines the detailed steps that project participants **must complete before a project can be officially registered**. A key element of this phase is the **host party approval**, a mandatory requirement that formalizes the host country's recognition of the activity and enables the project to move forward within the UNFCCC process.

It is fundamental that the project proponent **complies with all related deadlines**, as highlighted below, to ensure the activity remains eligible under Article 6.4.

Pre-registration

	Step	Action and responsible party	Timeline
01	**Project conceptualization**	Activity participant (Project proponent)	
02	**Project prior consideration**	Activity participant to communicate to UNFCCC Secretariat	No later than 180 days after the start date of the project
03	**PDD development**		
04	**Submission of PDD for Global Stakeholder Consultation**	Activity participant to communicate the PDD to UNFCCC Secretariat	No later than 180 days after the start date of the project
05	**Global Stakeholder Consultation**	UNFCCC publishes the PDD	28 Days
06	**Host party approval**	UNFCCC to inform the host party	90 Days from the start date of step 4
07	**MoC preparation**	Activity participant to communicate	

Pre-registration

	Step	Action and responsible party	Timeline
08	**Project validation**	Activity participant to hire DOE for project validation	
09	**Submission of project for registration**	DOE submit, MoC Preparation + Project Validation + other relevant docs	Payment of fees in one year from the issuance of the statement of registration fee
10	**Completeness check**		
11	**Substantive check**		21 Days
12	**Request for registration**	SBM Approves the project	28 days
13	**Registration of the project**		

Understanding approval and authorization under Article 6.4

Approval

- **Mandatory** for all Article 6.4 activities.
- Grants permission for a project to operate under the 6.4 mechanism.
- **Does NOT mean** the country agrees to transfer the emission reductions internationally.
- Emission reductions at this stage are called **Article 6.4 Emission Reductions (A6.4ERs).**
- **A6.4ERs without authorization (called Mitigation Contribution Units) can only be used for domestic purposes** (no Corresponding Adjustment applied).

Authorization under Article 6.4

- The host country must explicitly decide whether to grant authorization for each project and whether such authorization is granted **in full, in part or not at all**. While authorization is not mandatory, it is mandatory to provide a formal statement to the UNFCCC indicating the authorization status.
- Authorization could be granted **separately or in conjunction** with the project's approval and is essential if A6.4ERs are to become **Mitigation Outcomes (MOs)** and used for another country's NDC or OIMP.
- Once first transferred, it triggers the need for **Corresponding Adjustments** by the host country.

Understanding approval and authorization under Article 6.4

Linking Article 6.4 to Article 6.2: When and how?

- A PACM activity can **transition to Article 6.2** through **authorization** at any time during the Article 6.4 activity cycle.
- The **Article 6.2 framework** should clearly explain **how authorizations under Article 6.4 will be handled**.
- **Best practice for project developers**: Request authorization between the moment of approval and prior to issuance for greater stakeholder clarity and market confidence.

Why it matters

- Clear distinctions and procedures for **approval** and **authorization** allow countries to manage their carbon market participation more effectively and give stakeholders greater certainty on how credits can be used.

Authorization under Article 6.4

At the time of **issuance** of Article 6.4 Emission Reductions (A6.4ERs), the host country must indicate whether the credits are authorized or not. The **mechanism registry administrator** uses this statement to assign one of three statuses:

- **authorized:** A6.4ERs are fully or partially authorized for use towards NDCs and/or OIMP
- **not authorized:** The units are not authorized for such uses
- **A6.4ERs are issued as MCUs**, with the **possibility of authorization at a later stage** by the host country

Authorization under Article 6.4

01

When should the authorization happen?

Countries are **encouraged** to provide the statement as early as possible, but prior to the first issuance of A6.4ERs.

Post-issuance authorization: The host Party may authorize MCUs after they have been issued, as long as the units are **still held by the activity participants and have not yet been transferred in or out of the mechanism registry**.

02

Can authorization change?

Yes, the host country may change the authorization status of issued A6.4ERs, but only if:

- changes must be made **before any transfer** of the units in or out the registry
- units must **still be held** by the project developers;
- the change must be **publicly recorded** and meet the original terms and conditions;
- any corresponding adjustments (if required) must still be applied;
- once a unit is transferred, its authorization status cannot be changed;
- SOP for adaptation received by the Adaptation Fund are comprised of authorized A6.4ERs.

Authorization under Article 6.4

03

Revising the authorization

Countries can submit a revised authorization at any time, except for units already transferred.

This revised statement must:

- specify the reason for the change and the effective date; and
- align with the original terms set by the country to avoid double counting.

04

Before vs After Issuance: What Happens?

Before issuance: The new status is reflected at the time of issuance by the registry.

After issuance: The registry updates the authorization status following specific registry procedures.

3.5

Units and use cases under Article 6

What are ITMOs?

According to Decision 2/CMA.3, Annex, paragraph 1, Internationally Transferred Mitigation Outcomes (ITMOs) are defined by three essential components:

Mitigation outcomes (MOs)

- Real, verified, additional.
- Emissions reductions and removals (including mitigation co-benefits).
- Measured in tCO2eq or in other non-GHG metrics.
- Represented mitigation from 2021 onward.

Authorization

- Each Party can design its own legal and institutional arrangements (country-led process).
- Countries may choose to authorize MOs for use towards NDC achievement or OIMPs.
- While Article 6 decisions do not prescribe how these systems should be set up, having such arrangements in place is a prerequisite for participating in Article 6.2. (requisite number 4).

First transfer

- Definition of “first transfer” will depend on the authorized use.

Understanding who uses MOs and why

Mitigation Outcomes generated under Article 6 **can be used for different purposes** depending on the requirement of the buyer. These purposes determine the **type of carbon unit required** and whether the host country must apply a Corresponding Adjustment (meaning it cannot count those emissions reductions towards its own climate goals).

Buyer type	Use purpose / claim	Type of unit	Host country implication	Corresponding Adjustment required
Sovereign (governments)	NDC achievement (towards acquiring country's NDC targets)	ITMOs (A6.2 orA6.4 AERs)	Host country must not count reductions/removals towards its own NDC and must apply corresponding adjustment.	✓ Yes
Airlines	International mitigation purposes (CORSIA compliance)			
Corporates (compliance-aligned)	Other purposes (e.g., SBTs, decarbonization roadmaps, regulated markets if admitted)			
Corporates (voluntary claims)	Voluntary claims (e.g., carbon neutrality, beyond value chain mitigation)	MCUs and VERs	No international transfer of mitigation outcome; host keeps mitigation.	X No

Positioning Article 6 units within the carbon market ecosystem

Understanding how Article 6.2, Article 6.4 and the Voluntary Carbon Market (VCM) interlink is essential to navigating today's carbon market landscape.

These systems can **overlap and interact in various ways**, especially when credits transition between markets or receive authorization. This interaction influences the type of unit, their eligibility for specific uses and whether a corresponding adjustment must be applied.

Positioning Article 6 units within the carbon market ecosystem

COMPLIANCE MARKETS

UNIT TYPE
Internationally Transferred Mitigation Outcomes (ITMOs)

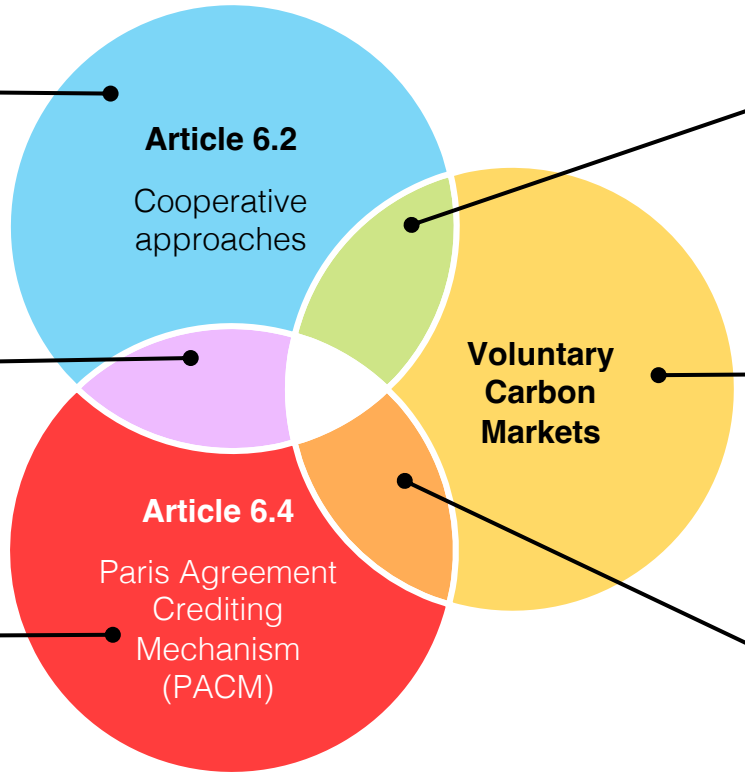
USE
Acquiring Party NDC or Other International Mitigation Purposes (OIMP, e.g. CORSIA)

UNIT TYPE
Authorized Article 6.4 Emission Reduction (A6.4ER) (they become ITMOs once authorized)

USE
Acquiring Party NDC or Other International Mitigation Purposes (OIMP, e.g. CORSIA)

UNIT TYPE
Mitigation Contribution Units (MCU) or non-authorized A6.4ER

USE
Results-based climate finance, domestic mitigation pricing schemes or domestic price-based measures



VOLUNTARY MARKETS

UNIT TYPE
VCM credits with Article 6 label (they become ITMOs once authorized)

USE
Acquiring Party NDC, Other International Mitigation Purposes (OIMP) or voluntary purposes

UNIT TYPE
Verified Emission Reduction (VER)

USE
Voluntary purpose (mitigation contribution claim)

UNIT TYPE
Mitigation Contribution Units (MCU) or non-authorized A6.4ER

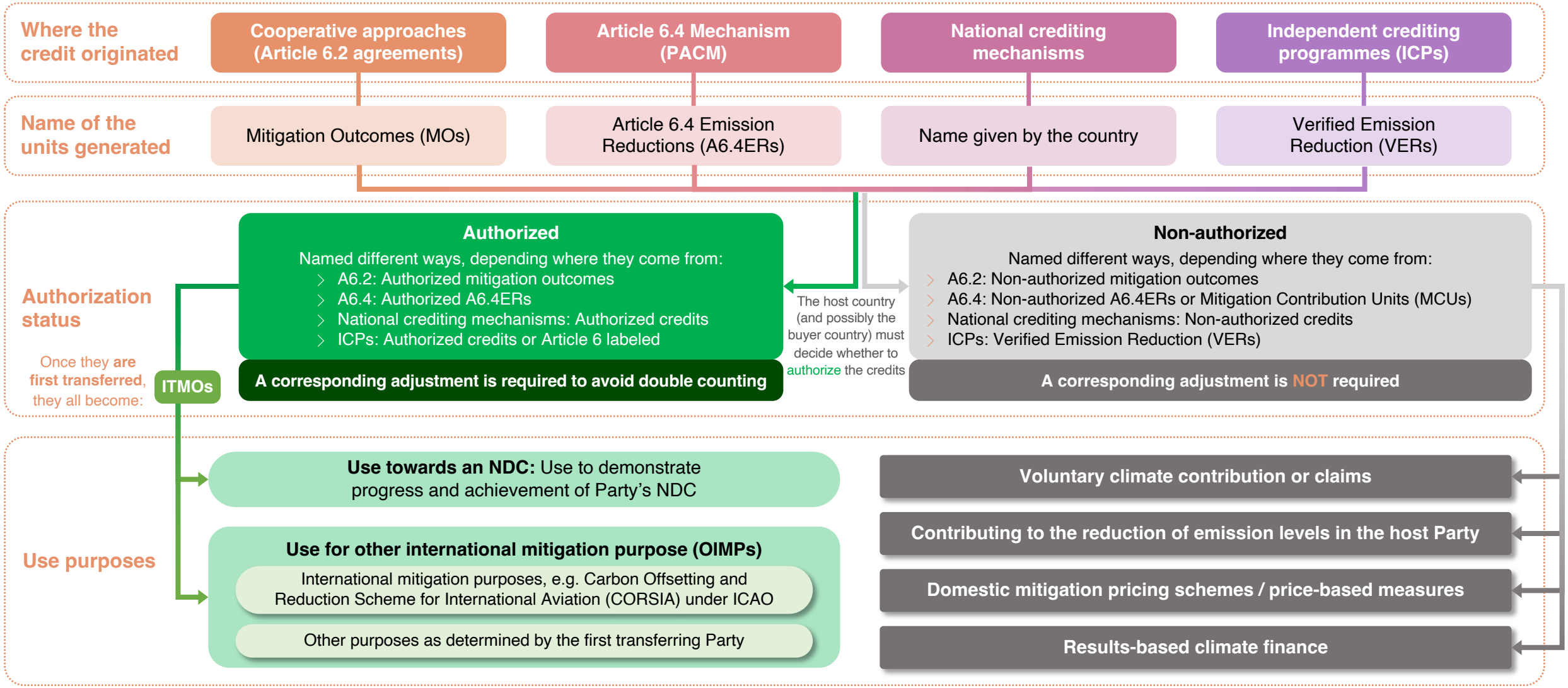
USE
Voluntary purpose (mitigation contribution claim)

KEY

Authorized: With corresponding adjustment

Non-authorized: Without corresponding adjustment

Authorization of ITMOs: From origin to use



Understanding ITMOs: Real-world scenarios for informed decision-making

Scenario 1

An airline in a country participating in CORSIA Phase 1 and 2 is offered credits that are eligible under CORSIA. However, the host country has only authorized the credit for NDC use. Can the airline use them?

› No

Reasoning: Credits intended for international mitigation purposes (like CORSIA) must be explicitly authorized for that use. Authorization for NDC use is not sufficient.

Scenario 2

A credit has been generated and already authorized by the host country. Can it be considered an ITMO?

› No

Reasoning: A credit becomes an ITMO only once it is first transferred. Until that point, it remains an authorized mitigation outcome (MO), Article 6.4ER, VER or another unit depending on its origin, but not yet an ITMO.

Scenario 3

A company wants to implement a voluntary decarbonization strategy which includes the use of carbon credits. There is no domestic compliance market in their country. Will they need ITMOs?

› No

Reasoning: For voluntary climate contributions or claims, authorization and corresponding adjustments are not required. Non-authorized credits like VERs or MCUs are sufficient for this purpose.

Understanding ITMOs: Real-world scenarios for informed decision-making

Scenario 4

A company in a country with a carbon tax is allowed to use carbon credits to comply. Will they need ITMOs?

› Potentially

Reasoning: If the country's tax design allows the use of carbon credits towards mitigation obligations, it needs to specify whether they require them to be ITMOs or VERs.

Additionally, the acquiring country must decide whether the credits should be authorized for NDC use or OIMP, depending on how the tax is integrated with national targets.

Scenario 5

A mitigation activity is developed through the Article 6.4 Mechanism. The host country provides a statement to the Supervisory Body saying it "may authorize" the units in the future. Does this mean the units are authorized?

› Not yet—it's up to the host country.

Reasoning: Until the host country provides a formal authorization specifying the use, the units remain non-authorized and will be used as MCUs.

The future authorization is possible but not guaranteed.

Scenario 6

A project proponent develops a project in Country A under an Independent Crediting Programme (ICP) resulting in units labeled as VERs. These unit have not yet been authorized by the host country. Can these credits become ITMOs?

› Potentially

Reasoning: The host country (Country A) must authorize the credits for the respective use and the acquiring country (Country B) must recognize them for its compliance purpose. Once authorized and transferred, these VERs can become ITMOs, provided a corresponding adjustment is applied. Until then, they are non-authorized VERs.

3.6

First transfer

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Application of first transfer

Under Article 6, the first transfer marks a pivotal moment as it transforms the authorized MOs into ITMOs and triggers the application of corresponding adjustments.

Key considerations regarding the first transfer

01	Authorized MOs	Only authorized mitigation outcomes can be first transferred: Mitigation outcomes can only be first transferred if they have been authorized by the Organización first transferring Party.
02	When the first transfer is officially recorded	› For MOs authorized for NDC achievement: the first international transfer. › For MOs authorized for OIMP: first transfer of the mitigation outcome, as specified by the first transferring Party and can be at issuance, use or cancellation. › For MOs authorized for both NDC and OIMP: the earlier of the previous points.
03	Robust arrangements to track OIMP's first transfer	The first transferring Party shall ensure it has robust arrangements in place to be notified of the issuance, or the use or cancellation, in respect of the authorized mitigation outcome, as specified by the first transferring Party.
04	Deadline for recording OIMP's first transfer	First transfers for MOs authorized for OIMP use must be recorded **no later than December 31** of the year prior to the submission of the biennial transparency report.
05	Clarity on definition	Each country must clearly define what "first transfer" means for each cooperative approach they participate in but can use different definitions for different approaches.
06	Consideration for the Adaptation Fund and Overall Mitigation in Global Emissions	If mitigation outcomes are transferred to the Adaptation Fund or cancelled to achieve Overall Mitigation in Global Emissions (OMGE), that counts as a first transfer, unless they've already been transferred before.

Source: Chapter II of Decision 4/CMA.6.

Chapter 4

Track and report

Infrastructure and transparency

Learning objectives

- **Explain the role and importance of registries** under Article 6.2, including how they track and record ITMOs to ensure transparency and avoid double counting.
- **Compare different registry setup options** (developing a national registry, using an external one or relying on the UNFCCC international registry) and understand the pros and cons of each approach.
- **Recognize the reporting obligations under Article 6.2** and how they connect to the Enhanced Transparency Framework (ETF) and NDC accounting.
- **Understand the connection between Article 6.2 reporting and the BTRs** and how reporting timelines align with corresponding adjustments and NDC progress tracking.

Chapter 4 **Content**

4.1

Tracking

Why the registry is key for the first transfer

The registry **plays a central role in enabling and recording the "first transfer"** of ITMOs under Article 6.2. According to the guidance, the first transfer must be clearly defined for each cooperative approach, while it may choose to define first transfer differently for different cooperative approaches.

A functional registry is **essential to track the first transfer and avoid double counting**. If a country is not properly notified—especially when using third-party registries—it **cannot apply corresponding adjustments**, risking errors in reporting.

Stakeholders must stay informed and engage with the government to ensure there's a clear, reliable system in place.

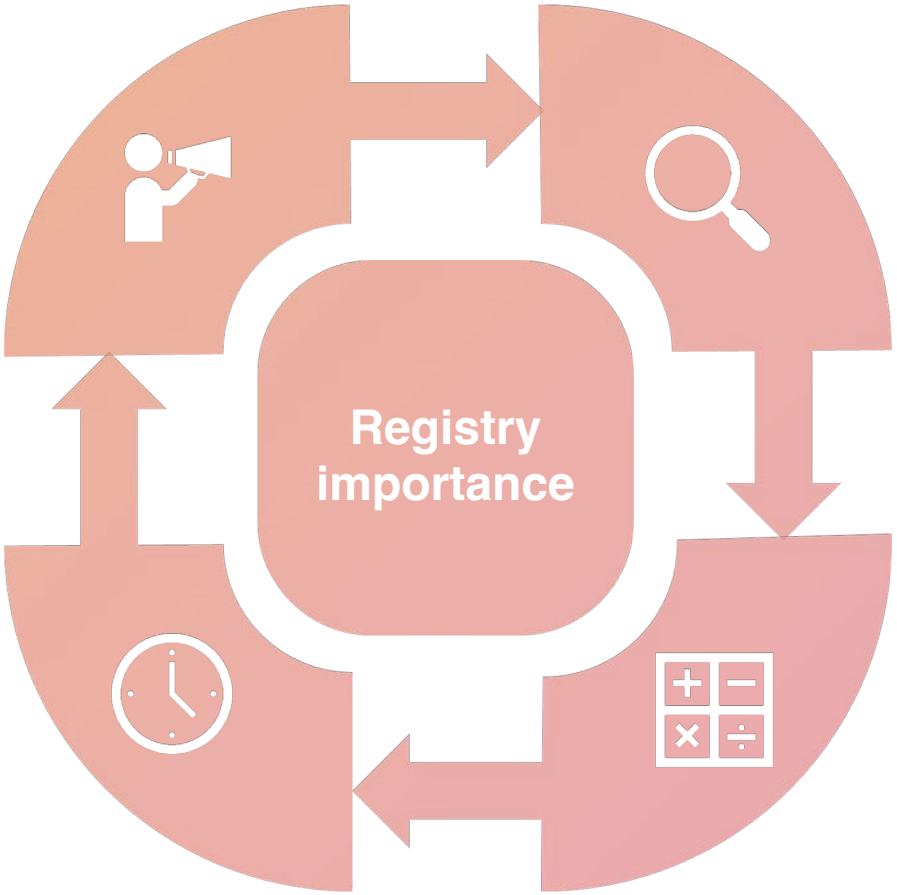
Why the registry is key for the first transfer

Requires notification protocols

The first transferring Party must have **arrangements in place to be promptly** notified of any use, issuance or cancellation of ITMOs, **including when handled by third-party platforms.**

Complies with deadlines

For **OIMPs**, the registry must record the first **transfer no later than 31 December of the year before BTR submission**, making timely and robust registry operations critical.



Tracks the moment of first transfer

Whether the first transfer is defined as the issuance, use or cancellation of MOs for OIMP, the registry is the system that **officially captures this moment.**

Enables proper accounting

Accurate registry records ensure that **corresponding adjustments are correctly performed**, avoiding double counting and ensuring transparency.

Choosing the right registry option for Article 6 implementation

While all participating Parties under Article 6.2 must meet the same transparency and tracking requirements, countries have **flexibility in choosing how they implement their registry system**. The following table summarizes key considerations of each option to support informed decision-making.

Choosing the right registry option for Article 6 implementation

Aspect	Develop own registry	Use other available registry	UNFCCC International Registry
Ideal for countries that…	› already have a domestic registry in place › plan to implement domestic CPIs that require national registry support › have strong technical capacity and resources	› receive support from development partners › do not currently have a system in place but the intention to participate in Article 6 › have limited capacity or budget	› intend to participate in Article 6 only › have limited capacity or budget › seek support from the UNFCCC Secretariat › would like to issue Mos (Function available for countries on a demand basis)
Support for domestic Carbon Pricing Instruments (CPIs)	✅ High – Full design flexibility to integrate domestic instruments	⚠️ Varies – Depends on features of the chosen registry	❌ Limited – Only supports authorized ITMOs, no support for domestic CPIs
Customization	✅ Full control over design and features	⚠️ Varies by provider and agreement	❌ Limited – Only a Party-specific section
Article 6 reporting	⚠️ Countries must ensure compatibility with A6.2 reporting requirements	⚠️ Depends on provider's capabilities and reporting integration	✅ Pre-filled formats aligned with Article 6.2 electronic reporting (AEF)
Technical support and capacity needs	❌ High – Requires in-house expertise, maintenance and secure operations	⚠️ Moderate – Depends on arrangements with service provider	✅ High – Secretariat provides full support

Choosing the right registry option for Article 6 implementation

Aspect	Develop own registry	Use other available registry	UNFCCC International Registry
Availability	❌ May take 2–4 years to develop, depending on complexity	✅ Typically faster depending on provider and agreement	✅ Available to all Paris Agreement Parties Launch: Q4 2024
Cost / fees	❌ High upfront and operational costs	⚠️ Varies – May be negotiated with provider	✅ Voluntary contribution to trust fund
Control and ownership	✅ Full control and ownership over registry and data	⚠️ Depends on contractual agreement	❌ Limited – Operated by UNFCCC Secretariat
Time to deploy	⏳ Long – 2 to 4 years	⏳ Medium – Quicker with “off-the-shelf” or hosted options	⏱️ Short – Ready once Party joins the platform
Background knowledge required	❌ High – Requires understanding of registry design and operations	⚠️ Medium – Basic knowledge to liaise with provider	✅ None – Operated and maintained by UNFCCC

Understanding higher-tier accounts in registries

What are high-tier accounts?

Some countries may choose to use more than one registry system to track carbon units. In this case, they might have what is called a higher-tier account, which acts like a mirror or summary of what's happening in another registry where the actual transactions take place.

Think of it like your mobile banking app showing your credit card balance; it does not process payments itself, but it reflects what is happening on the credit card system.

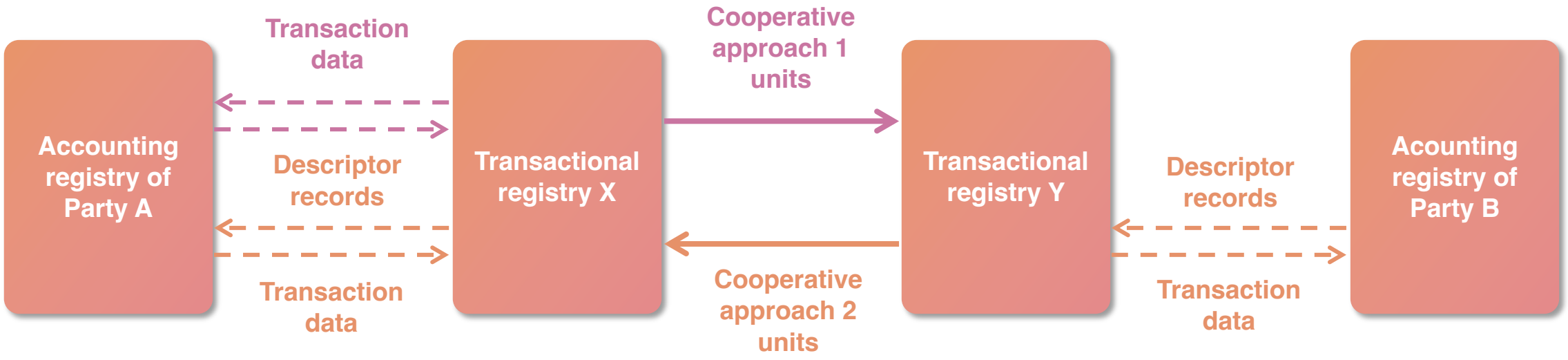
Considerations when a country uses this setup

It is important that any transfers of carbon units are done in the original, transactional registry. That registry then sends updates to the higher-tier account so everything stays consistent, secure and traceable.

This system ensures all transfers are properly recorded, verified and communicated across platforms, especially when multiple countries and approaches are involved.

Understanding higher-tier accounts in registries

Relationship between accounting and transactional registry



Examples of available registry options

Countries that opt **not to develop their own registry** can choose from a growing list of **ready-to-use platforms** operated by development partners, other governments and independent crediting standards.

Examples of available registry options

Registry options available

Registries provided by development partners and governments

National Carbon Credit Registry – UNDP
A digital public good (DPG) developed by UNDP that enables transparent tracking of carbon credits from mitigation activities.

National Core Carbon Registry and National Enhanced Carbon Registry – World Bank
Open-source platform designed to provide registry infrastructure at the national level.

JCM Registry – Ministry of Environment, Japan
Used by partner countries under the Joint Crediting Mechanism (JCM).

Registries provided by Independent Crediting Standards

Verra Registry – Verified Carbon Standard (VCS)
Eligible under Singapore's ICCs

Impact Registry – Gold Standard
Eligible under Singapore's ICCs

ART Registry – Architecture for REDD+ Transactions
Used by Guyana for Article 6.2; Eligible under Singapore's ICCs

GCC Projects Portal – Global Carbon Council
Eligible under Singapore's ICCs

American Carbon Registry – Winrock International
Eligible under Singapore's ICCs

UNDP’s open-source National Carbon Registry (NCR)

What it is

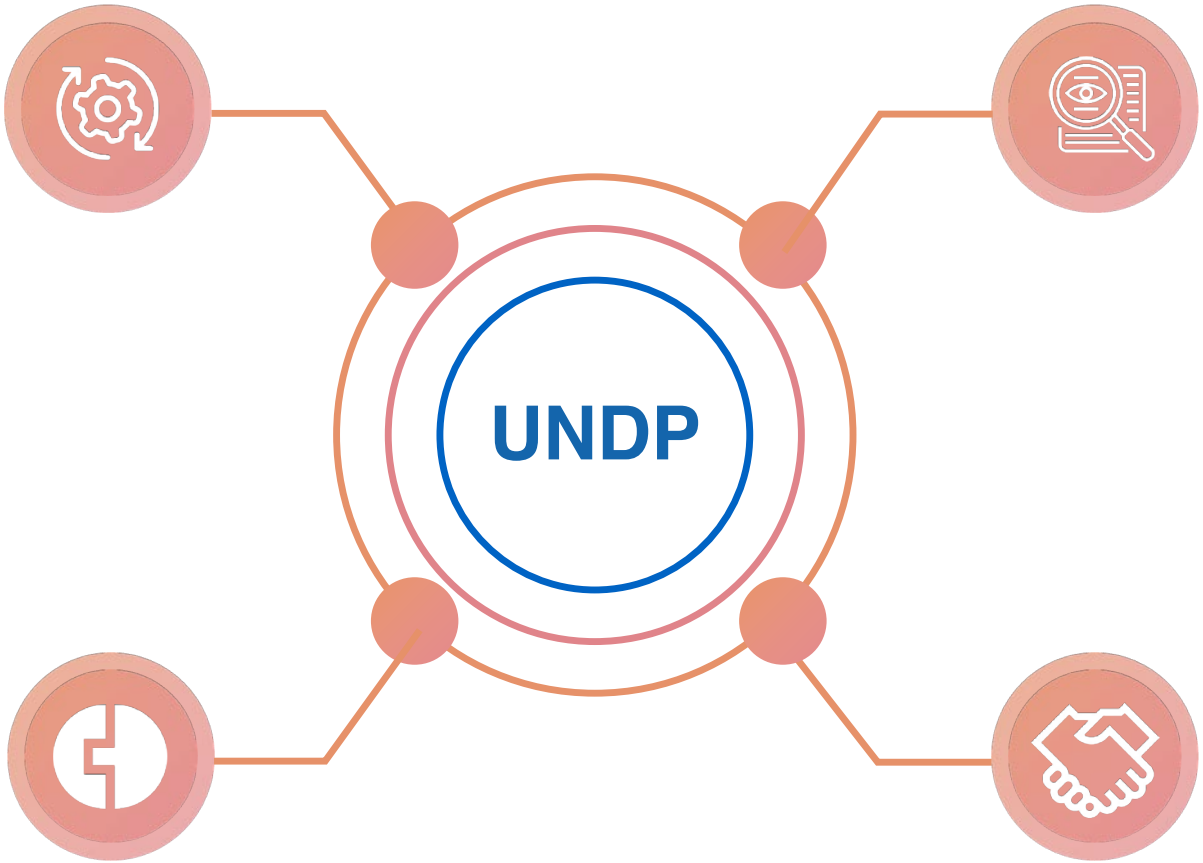
- An **open-source**, Digital Public Good developed by UNDP under the Digital4Climate initiative,
- A **ready-to-install** codebase, enabling countries to create their own national carbon registry,
- Designed to help **countries issue, track, manage, transfer and retire** carbon credits in compliance with Article 6 guidance.

Key functionalities

- **User and organization management:** Supports roles like DNA, project developers and certifiers with different access permissions.
- **Project lifecycle tracking**.
- **Credit transfers and retirements**: Enables secure and auditable transfers or retirements of credits.
- **Analytics dashboard and reporting:** Real-time project overview, audit logs and structured AEF-compatible reporting.

UNDP's open-source National Carbon Registry (NCR)

Cost-effective and adaptable
Fully customizable for national needs, accelerating implementation while lowering technical costs.



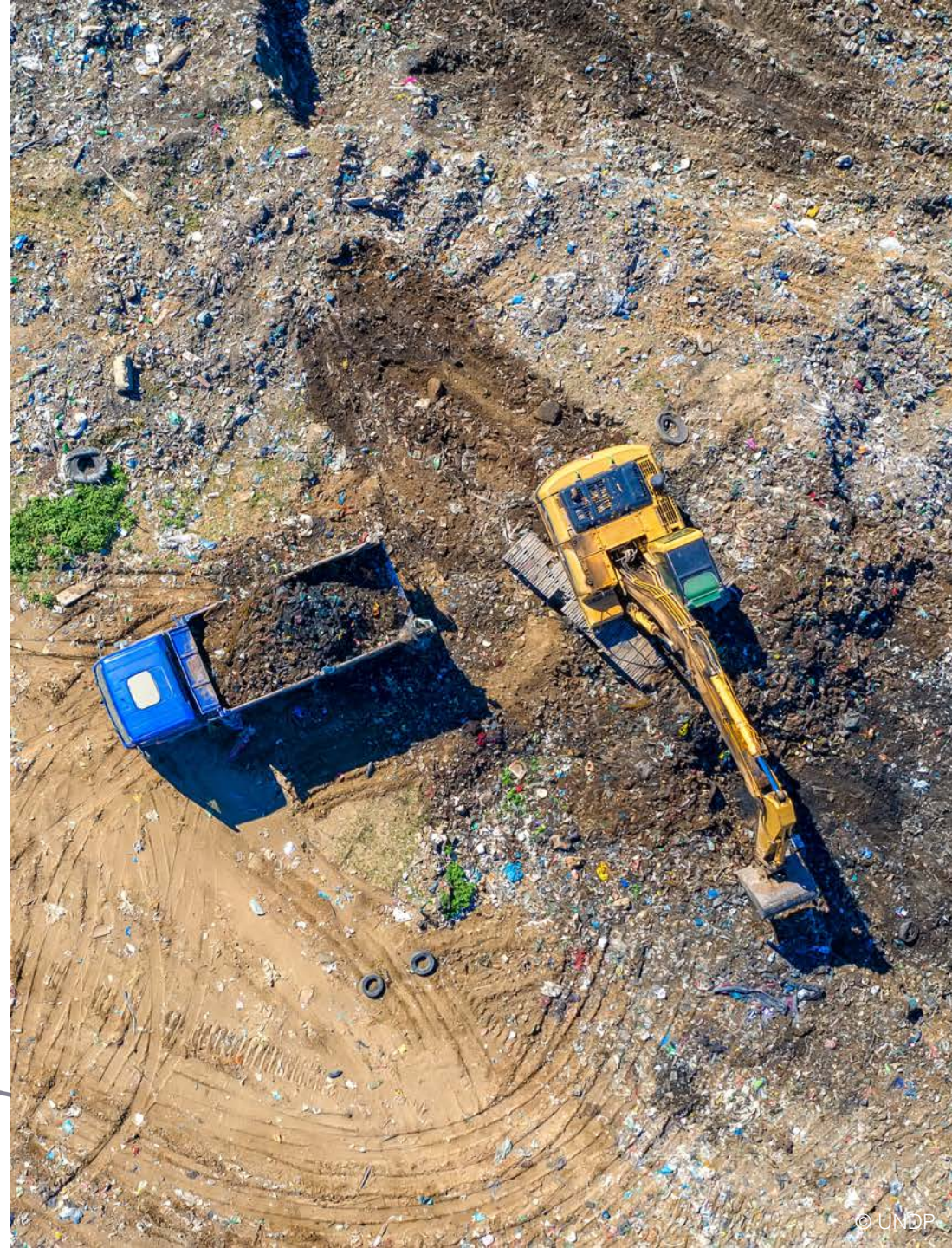
Transparency and integrity
All actions linked to uniquely tracked serial numbers and audit logs, reducing risk of double counting or fraud.

International compatibility
Built to integrate with global public infrastructure, including CAD Trust and UNDP voluntary cooperation platforms for interoperability.

Promotes collaboration and capacity-building
Part of a broader Digital Public Goods ecosystem, supported by UNDP and collaborators like the World Bank, UNFCCC and EBRD.

4.2

Reporting under Article 6.2



A6.2 reporting requirements under the Paris Agreement

Under **Article 13** of the Paris Agreement, countries must follow the **Enhanced Transparency Framework (ETF)** to build trust and ensure accountability reporting NDC implementation and progress, including the implementation of cooperative approaches under Article 6.2.

ETF

The ETF is structured around two main components:

1. national GHG inventories
2. NDC progress monitoring

The **Biennial Transparency Report (BTR)** is the main tool used to communicate this information, submitted every two years by countries. The report needs to contain the following:

Source: Article 13 of the Paris Agreement.

A6.2 reporting requirements under the Paris Agreement

Reporting	All Parties (shall) › National GHG inventory report. [Article 13.7 (a)] › Progress made in implementing and achieving NDC. [Article 13.7 (b)] All Parties (should, as appropriate) › Climate Change impacts and adaptation. (Article 13.8)	+	Developed Parties (shall) and other Parties that provided support (should) › Financial, technology transfer and capacity-building support provided and mobilized to developing country Parties under Articles 9, 10 and 11. (Article 13.9) Developing country Parties (should) › Financial, technology transfer and capacity-building support provided and mobilized to developing country Parties under Articles 9, 10 and 11. (Article 13.10)
Technical expert review	All Parties (shall) › Undergo technical expert review of information submitted under Article 13.7. (Article 13.11)	+	Developed Parties (shall) and other Parties that provided support (may) › Undergo technical expert review of information submitted under Article 13.9. (Article 13.9)
Facilitative multilateral consideration of progress	All Parties (shall) › Facilitative, multilateral consideration of progress with respect to efforts under Article 9 and its respective implementation and achievement of its NDC. (Article 13.11)		

Source: Article 13 of the Paris Agreement.

TACCC: The guiding principles of reporting under Article 6.2

Corresponding adjustments are not just a technical requirement; they are **a way to ensure collective progress in global emissions reduction** through international carbon markets.

Ensuring that the **TACCC principles** are respected during the process, enable Parties to **prevent double counting** and ensure that transferred mitigation outcomes **truly reflect progress towards climate goals.**

TACCC principles:

Transparency
Accuracy
Consistency
Completeness
Comparability

TACCC: The guiding principles of reporting under Article 6.2

Transparency

- Experts must be able to clearly understand how emissions and adjustments are calculated and tracked.
- Countries must provide clear, objective information based on facts, including sources, assumptions and methods.

Accuracy

- Information must be correct, credible and reliable.
- Emissions and removals should not be over- or underestimated and uncertainties should be minimized when possible.

Completeness

- No required information should be excluded.
- If anything is missing, it must be explained.

Consistency

- Data must be coherent with past reports and not contradict other reported elements.
- Corresponding adjustments must be representative and consistent with the participating Party's NDC implementation and achievement.

Comparability

- Information must be presented using common formats and methods agreed to allow comparison between previous reports or between countries engaged in the cooperative approach.

Reporting under Article 6.2: What, when, how and where

In addition to the general ETF requirements, and to **ensure transparency and avoid double counting**, countries involved in Article 6.2 cooperative approaches must report key information about how they are participating and using ITMOs.

This reporting is essential for accountability and trust in the international carbon market.

Reporting under Article 6.2: What, when, how and where

Type of report	What	When	How	Where
Initial report	Fulfilment of participation requirements, including NDC information, accounting approach and cooperative approaches.	No later than ITMO authorization or in conjunction with next BTR.	Using the Initial Report Outline (Decision 6/CMA.4, Annex V). Template available on CARP.	Submission portal under the CARP (Interim solution).
Annual information	Reports quantitative data on ITMO authorization, transfer, use, cancellation and related elements.	By 15 April of the following year.	Using the updated draft Agreed Electronic Format (AEF) (Decision 4/CMA.6, Annex II).	Submission portal under the CARP (Interim solution).
Regular information	Provides both quantitative and qualitative updates, including corresponding adjustments and implementation progress under Article 6.2.	By 31 December every two years as part of the BTR.	Following the BTR Annex IV Outline (Decision 6/CMA.4, Annex VI) and the Structured Summary (Decision 5/CMA.3, Annex II, Table 4).	Integrated submission portal (CARP and Article 13).

! **Important:** If an MO has been authorized for use towards OIMP, it must be recorded **no later than 31 December of the year before the country submits its BTR** for the NDC period in which that mitigation outcome was generated.

Initial report outline

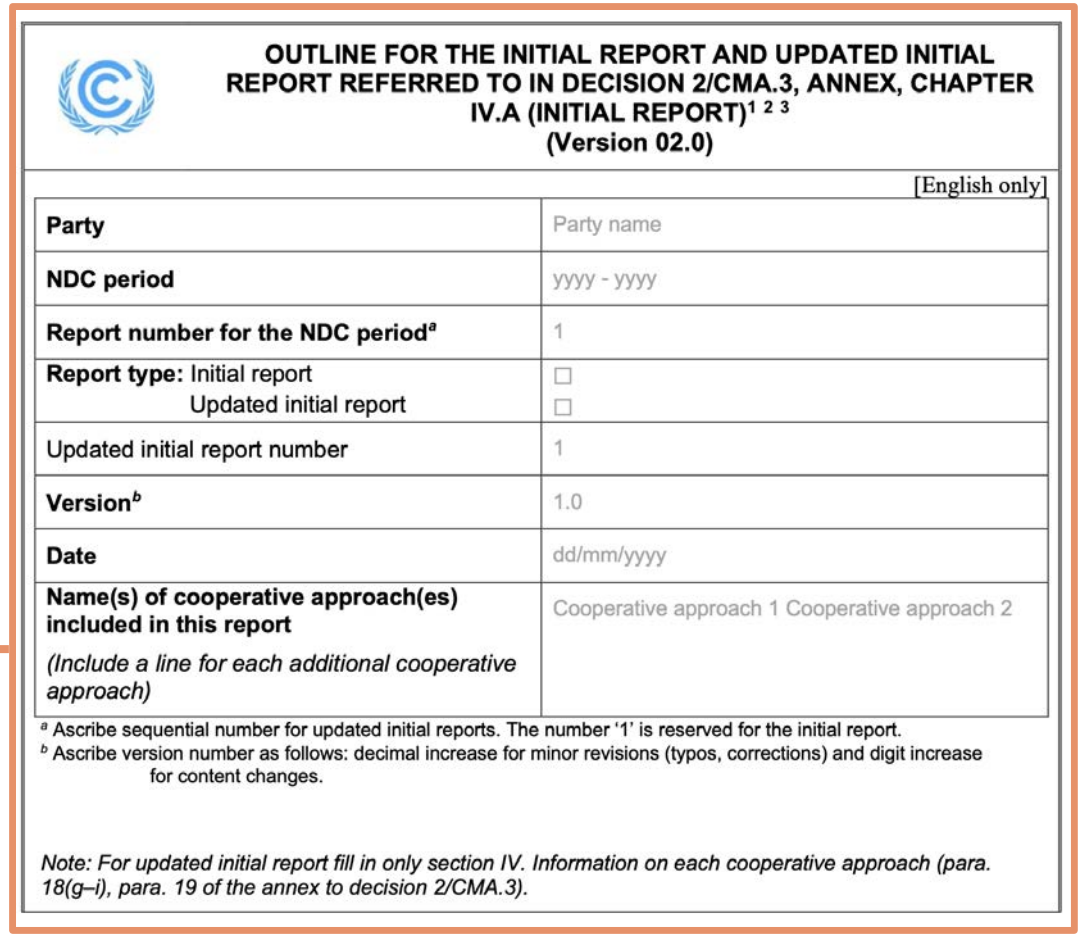
The template provided by the UNFCCC contains four sections that comply with the requirements established under Article 6 decisions:

I. Participation responsibilities

II. Description of the Party's NDC

III. Accounting information

IV. Cooperative approach



OUTLINE FOR THE INITIAL REPORT AND UPDATED INITIAL REPORT REFERRED TO IN DECISION 2/CMA.3, ANNEX, CHAPTER IV.A (INITIAL REPORT)[1 2 3]
(Version 02.0)

[English only]

Party	Party name
NDC period	yyyy - yyyy
Report number for the NDC period[a]	1
Report type: Initial report Updated initial report	☐ ☐
Updated initial report number	1
Version[b]	1.0
Date	dd/mm/yyyy
Name(s) of cooperative approach(es) included in this report *(Include a line for each additional cooperative approach)*	Cooperative approach 1 Cooperative approach 2

[a] Ascribe sequential number for updated initial reports. The number '1' is reserved for the initial report.
[b] Ascribe version number as follows: decimal increase for minor revisions (typos, corrections) and digit increase for content changes.

Note: For updated initial report fill in only section IV. Information on each cooperative approach (para. 18(g–i), para. 19 of the annex to decision 2/CMA.3).

Source: Chapter IV.A of the Annex to Decision 2/CMA.3 and Annex I to Decision 4/CMA.6.

Initial report outline

I. Participation responsibilities

- Party to the Paris Agreement
- Communicate NDC
- Authorization arrengements
- Tracking arrengements
- Most recenet GHG inventory
- Contribution to NDC, LT-LEDS, Paris goals

II. Description of the Party's NDC

- Target and description
- Target year/period
- Reference point/level/baseline
- Implementation time frame/period
- Scope and coverage
- Intention to use Article 6
- Any updates/clarifications

III. Accounting information

- ITMO metrics
- Corresponding Adjustment method
  - How the method for applying CAs aligns with Decision 2/CMA.3, paragraph 7
  - Method used for setting indicative trajectories or budgets
- Quantification of NDC in tCO2eq
- Quantification of NDC in non-GHG metrics
- NDC policies and measures

Source: Chapter IV.A of the Annex to Decision 2/CMA.3 and Annex I to Decision 4/CMA.6.

Initial report outline

IV. Cooperative approach

- A copy of the authorization
- Description of the cooperative approach
  - The type of cooperative approach, if applicable*
- Duration of the cooperatiove approach
- Expected mitigation per year
- Participating parties involved
- Authorized entities
  - A description of any arrangements for authorizing using participating Parties and authorized entities, if applicable
- Environmental integrity
  - Explains how the cooperative approach supports long-term goals, shares outcomes fairly, avoids lock-in, is transparent and inclusive and contributes to NDCs and long-term strategies
  - Describes how baselines are set conservatively, how mitigation is quantified, how uncertainty is managed and how leakage is prevented and accounted for
  - Explains how permanence risks are assessed, how reversals are monitored and addressed and what measures are in place for long-term integrity
- Additional description
  - Contribution of resources for adaptation and/or delivery of OMGE

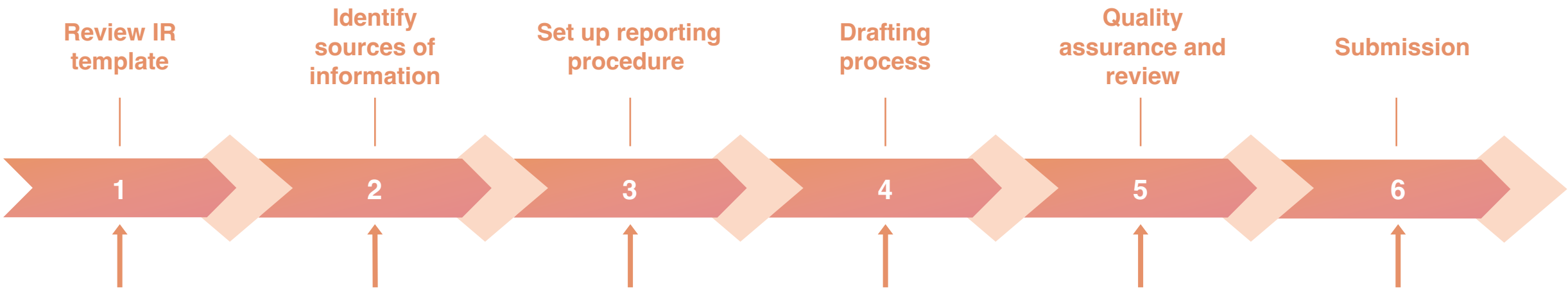
Source: Chapter IV.A of the Annex to Decision 2/CMA.3 and Annex I to Decision 4/CMA.6.

Preparation of Article 6.2 initial report

To support timely and accurate submissions, the following is a **recommended step-by-step process** for countries to **prepare and deliver their Article 6.2 initial report**.

This process helps ensure that relevant data is identified, institutional procedures are aligned and coordination is achieved— ultimately facilitating a smooth drafting and submission of the initial report to the UNFCCC Secretariat.

Preparation of Article 6.2 initial report



- Familiarize yourself with the **initial report (IR) template** provided by the UNFCCC Secretariat, available on the CARP (interim solution).
- Understand the structure and requirements of the report.

- Assess whether all required information is **available and accessible** and identify **relevant data sources.**
- Determine if any elements need **further clarification or decisions.**

- Define and formalize the **national procedure** for drafting and approving the IR.
- Set a timeline that aligns with the **required submission deadline.**

- Collaborate with **relevant ministries and agencies** to gather input and draft the report.
- Ensure **consistency and coordination** with any partner country involved in the cooperative approach (if applicable).

- Conduct internal reviews for **alignment with TACCC principles.**
- Ensure consistency of the information on the cooperative approach (Section IV) with other Parties participating in the same cooperative approach. Requires **prior consultation and coordination with partner countries.**

- The National Focal Point (NFP) or responsible agency **submits the final report** to the UNFCCC Secretariat for publication on CARP (interim solution).

Source: Modified from the A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center.

Annual information

Each year, countries participating in cooperative approaches under Article 6 must submit annual information, a structured report detailing how ITMOs are used and tracked. This must be done by 15 April of the following year through a common tool known as the **Agreed Electronic Format (AEF).**

What is the Agreed Electronic Format (AEF)?

The AEF is the format for reporting detailed data about ITMOs. It helps ensure transparency and consistency in reporting across all countries with the following key features:

- disaggregated data: Countries must report granular information about every ITMO transaction.
- digital and machine-readable: The report is submitted in an electronic format that can be processed automatically.
- standard content: All countries report the same types of data using agreed templates.

Annual information

Annex II

Draft version of the agreed electronic format referred to in decision 2/CMA.3, annex, chapter IV.B (annual information)*

[English only]

An electronic version of the draft version of the agreed electronic format can be found here.

Table 1: Submission

Party[a]	Party
Version	X.Y
Reported year[b]	Year
Date of submission	dd/mm/yyyy
Review status of the initial report[c]	*{Information in this field is populated by the CARP}*
Result of the consistency check of this AEF submission[d]	*{Information in this field is populated by the CARP}*
First year of the NDC implementation period	Year
Last year of the NDC implementation period	Year
Reference to the Article 6 technical expert review report of the initial report[e]	*{Link to be produced by the CARP}*

[a] Reporting Party as per common nomenclatures.
[b] The annual period from 1 January to 31 December during which actions occurred.
[c] Review status as per paragraph 57 above. This field is populated by the CARP as a result of the review of the initial report.
[d] Result of the consistency check as per paragraph 37 above. Information in this field is populated by the CARP as a result of the consistency check procedure.
[e] Hyperlink to the Article 6 technical expert review report of the initial report. This field is populated by the CARP as a result of the review of the initial report.

Actions

- ITMO authorizations (for NDCs and OIMP)
- First transfer, transfer, acquisition
- Cancellation, voluntary cancellation
- Voluntary cancellation for overall mitigation in global emissions (OMGE)

Holdings

- Total ITMOs in a country's account = (authorized + acquired) – (used + transferred + cancelled)

ITMO description

- Cooperative approach
- Other international mitigation purpose authorized by the Party
- First transferring participating Party
- Using participating Party or authorized entity or entities, as soon as known
- Year in which the mitigation occurred
- Sector(s) and activity type(s)
- Unique identifiers

Source: Chapter IV.B of the Annex to Decision 2/CMA.3.

What's inside the Agreed Electronic Format (AEF)?

The AEF consists of **five core tables** that Parties must complete annually to report their Article 6 activities. These tables capture detailed information on submissions, authorizations, actions, holdings and authorized entities, ensuring transparency and traceability across the cooperative approach.

What's inside the Agreed Electronic Format (AEF)?

Table 1: **Submissions**

- Party ●
- Version
- Reported year
- Date of submission
- Review status of the initial report ●
- Result of the consistency check of this AEF submission ●
- First year of the NDC implementation period
- Last year of the NDC implementation period
- Reference to Article 6 technical expert review report of the initial report ●

● Fields with common nomenclatures ● Fields populated by Centralized accounting and reporting platform (CARP)

Source: Annex to Decision 4/CMA.G.

What's inside the AEF?

Table 2: **Authorizations**

- Authorization ID
- Date of authorization
- Cooperative approach ID ●
- Version of the authorization
- Authorized quantity (Optional)
- Metric
- Applicable GWP value(s)
- Applicable non-GHG metric
- Sector(s) ●
- Activity type(s) ●
- Purpose for authorization
- Authorized Party(ies) ID ●
- Authorized entity(ies) ID ●
- OIMP authorized by the Party
- Authorized timeframe (Optional)
- Authorization terms and conditions (Optional)
- Authorization documentation ●
- First transfer definition for OIMP
- Additional explanatory information (Optional)

● Fields with common nomenclatures ● Fields populated by Centralized accounting and reporting platform (CARP)

Source: Annex to Decision 4/CMA.G.

What's inside the AEF?

Table 3: **Actions**

- Action date
- Action type
- Action subtype
- Cooperative approach ID ●
- Authorization ID
- First transferring participating Party ID ●
- Party ITMO registry ID ●
- ITMO unique identifiers
- Underlying unit registry ID
- Underlying unit unique identifier
- Metric
- Applicable GWP value(s)
- Applicable non-GHG metric
- Quantity (tCO2eq)
- Quantity (in non-GHG metric)
- Mitigation type
- Vintage
- Transferring participating Party ID ●
- Acquiring participating Party ID ●
- Purpose for which the ITMO has been used towards or cancelled for OIMP
- Using/cancelling participating Party ID ●
- Using/cancelling authorized entity ID ●
- Calendar year for which the ITMOs are used towards the Party's NDC
- Result of the consistency checks ●
- Additional explanatory information (Optional)

● Fields with common nomenclatures ● Fields populated by Centralized accounting and reporting platform (CARP)

Source: Annex to Decision 4/CMA.G.

What's inside the AEF?

Table 4: **Holdings**

- Action date
- Action type
- Action subtype
- Cooperative approach ID ●
- Authorization ID
- First transferring participating Party ID ●
- Party ITMO registry ID ●
- ITMO unique identifiers
- Underlying unit registry ID
- Underlying unit unique identifier
- Metric
- Applicable GWP value(s)
- Applicable non-GHG metric
- Quantity (tCO2eq)
- Quantity (in non-GHG metric)
- Mitigation type
- Vintage

● Fields with common nomenclatures ● Fields populated by Centralized accounting and reporting platform (CARP)

Source: Annex to Decision 4/CMA.G.

What's inside the AEF?

Table 5: **Authorized entities**

- Date of the authorization
- Name
- Country of incorporation
- Identification number
- Cooperative approach ID ●
- Conditions (Optional)
- Change and revocation conditions (Optional)
- Additional explanatory information (Optional)

● Fields with common nomenclatures ● Fields populated by Centralized accounting and reporting platform (CARP)

Source: Annex to Decision 4/CMA.G.

Regular information

As part of their Biennial Transparency Reports (BTRs), each participating Party must submit regular information on its participation in cooperative approaches under Article 6.2. This information must be included as an annex to the BTR and submitted no later than **31 December** of the relevant reporting year (e.g., 2026, 2028, 2030…).

Regular information

Participation in cooperative approach
Participation responsibilities
Updates to previously provided information
Information on authorizations
Information on corresponding adjustments
Information on avoiding double use

Information on each cooperative approach
Contribute to mitigation/NDC
Environmental integrity
Measurement of mitigation outcomes
No violation of human rights
Sustainable development
Safeguards
Adaptation contribution / OMGE

Annual information
Annual emissions and removals under the NDC (source/sink level)
Annual emissions and removals for applicable NDC portions
Annual amount of ITMOs first transferred
Annual quantity of ITMOs authorized for other uses
Annual amount of ITMOs used for NDC achievement
Net ITMOs per year (transfers, use, authorizations)
Total corresponding adjustments applied annually
Cumulative net ITMO balance over the years
Annual level of non-GHG indicators for NDC tracking
Breakdown of ITMO data by approach, sector, Party and vintage
Annual emissions balance and adjusted indicators by metric
Final year reporting on NDC achievement and related corresponding adjustments
Automatically generated and pre-filled on the CARP using information submitted in the AEF

Source: Chapter IV.C of the Annex to Decision 2/CMA.3.

Ensuring trust and transparency in Article 6 reporting

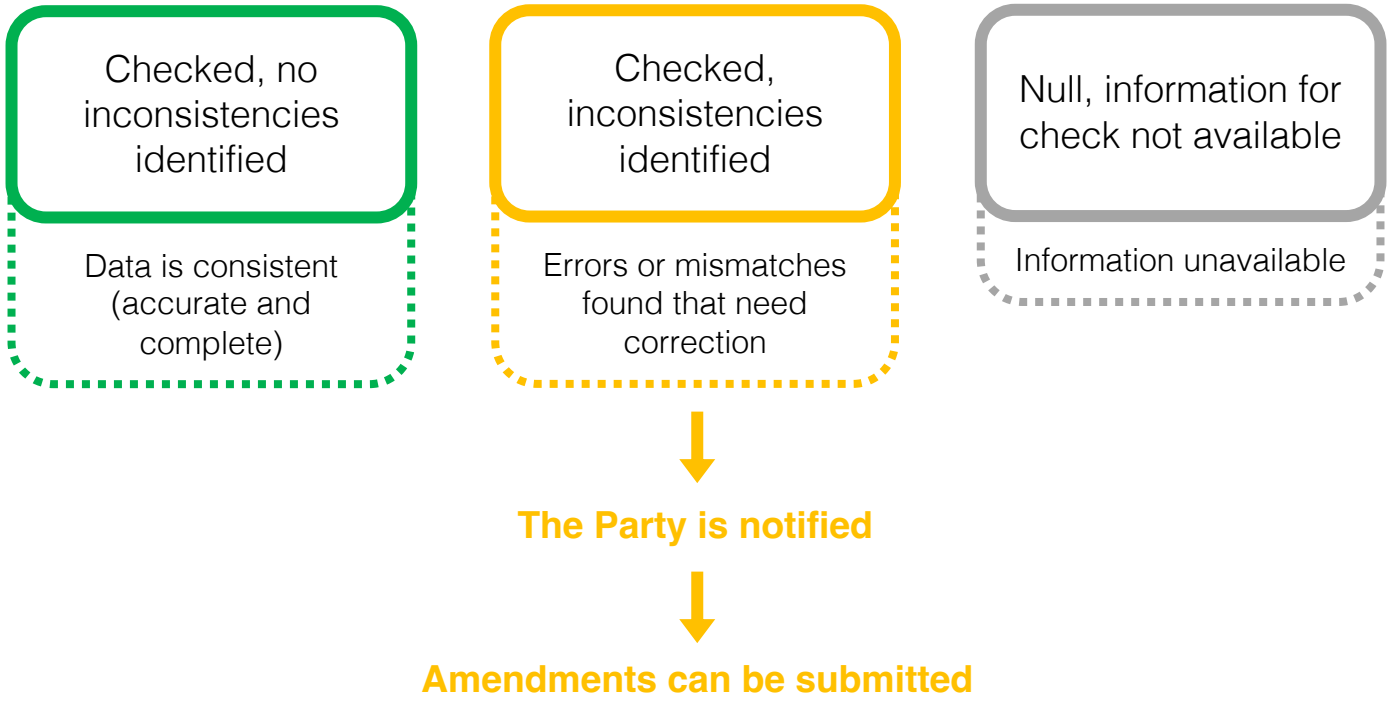
What is the **Consistency Check?**

The Consistency Check is an automated process performed by the UNFCCC Secretariat.

It verifies the accuracy, completeness and consistency of the annual information submitted by Parties.

- Purpose: To ensure that data complies with Article 6.2 guidance and aligns across participating countries in the same cooperative approach.
- When it happens: Upon submission of annual information through the AEF.

Possible outcomes of the consistency check



Source: Decision 2/CMA.3, Annex, Chapter VI.B; Decision 6/CMA.4, Annex I, Chapter III.B; Decision 4/CMA.6, Chapter VII.A.

Ensuring trust and transparency in Article 6 reporting

What is the Article 6 **Technical Expert Review (TER)?**

The TER is a review by experts who assess the consistency of information across all reports submitted under Article 6.2.

- Purpose: Go beyond the automated check to ensure transparency, consistency and completeness of reported data.

What does each review look at?

Type of reports	Consistency check Performed by the Secretariat of the UNFCCC	Article 6 TER Performed by the A6 TER Team
Initial report / updated initial report		✓
Annual information	✓	Consideration of the consistency check results
Regular information – Annex 4 to BTR		✓
Regular information – structured information	✓	Consideration of the consistency check results

Source: Decision 2/CMA.3, Annex, Chapter VI.B; Decision 6/CMA.4, Annex I, Chapter III.B; Decision 4/CMA.6, Chapter VII.A.

Ensuring trust and transparency in Article 6 reporting

Possible review status marked in CARP

- Review pending
- Review finalized and no inconsistencies identified
- Review finalized and inconsistencies identified
- Review finalized and significant inconsistencies identified
- Review finalized and persistent inconsistencies identified
- Review finalized and significant inconsistencies and persistent inconsistencies identified
- Review finalized and consistencies identified that are both significant and persistent

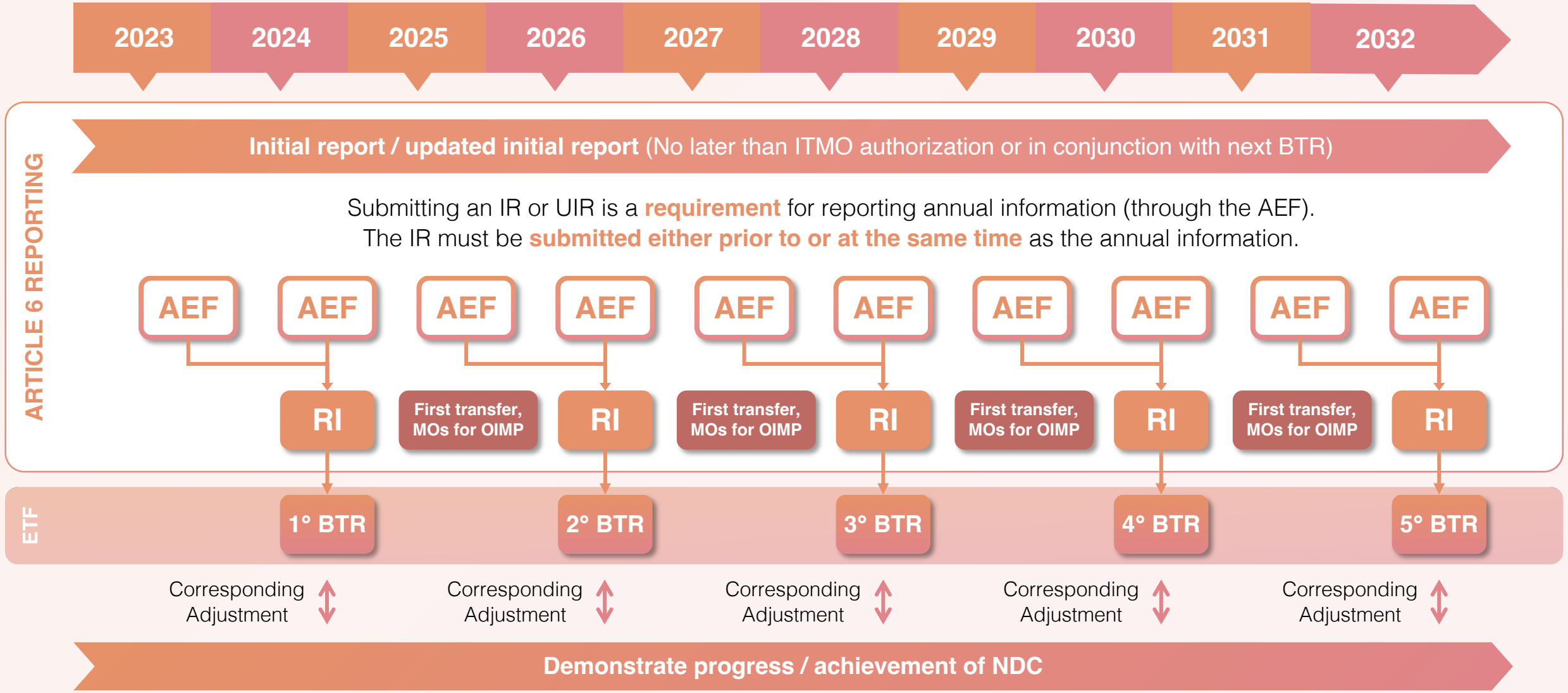
Important considerations

- The Party **must respond to the recommendations** made in the Article 6 TER report by addressing any inconsistencies and explaining how they were resolved.
- If there are **significant and persistent inconsistencies**, the lead reviewer(s) is encouraged to liaise with the Paris Agreement Implementation and Compliance Committee.
- If the inconsistency is not addressed, the corresponding ITMOs **cannot be used** towards NDC achievement.

Source: Decision 2/CMA.3, Annex, Chapter VI.B; Decision 6/CMA.4, Annex I, Chapter III.B; Decision 4/CMA.6, Chapter VII.A.

4.3

How A6.2 reporting connects with the ETF and NDC accounting



NDC compliance can be assessed **by 2032**, when countries submit their 5th BTR, which will **include emissions data for 2030**. However, **developing countries may take additional time to report this information, potentially until 2034**, depending on their capacity to collect and submit the necessary data.

Source: Modified from the A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center.

Chapter 5

Accounting for transfers

Applying Corresponding Adjustments

Learning objectives

- **Understand the role and purpose of Corresponding Adjustments (CAs)** by explaining what CAs are, why they are required under Article 6.2 and how they uphold environmental integrity by preventing double counting.
- **Clarify the distinct yet complementary** functions of accounting and reporting under the Paris Agreement, including the role of CAs in emission balance tracking.
- **Identify when and how CAs are applied** across countries or with non-Party stakeholders, using emissions inventory examples and understanding adjustment triggers**.**
- **Understand how CAs vary according to NDC structures** (single-year vs. multi-year) and the chosen application methods (e.g., budget, trajectory, average).

Chapter 5 **Content**

5.1

Article 6.2 Corresponding Adjustments

Accounting rules under the Paris Agreement

The Paris Agreement establishes a set of accounting rules to ensure that emission reductions are counted accurately and transparently. These rules help determine:

- which emission reductions can be counted towards a country's NDC;
- how to track progress towards those climate goals; and
- how to avoid double counting when emission reductions are transferred internationally.

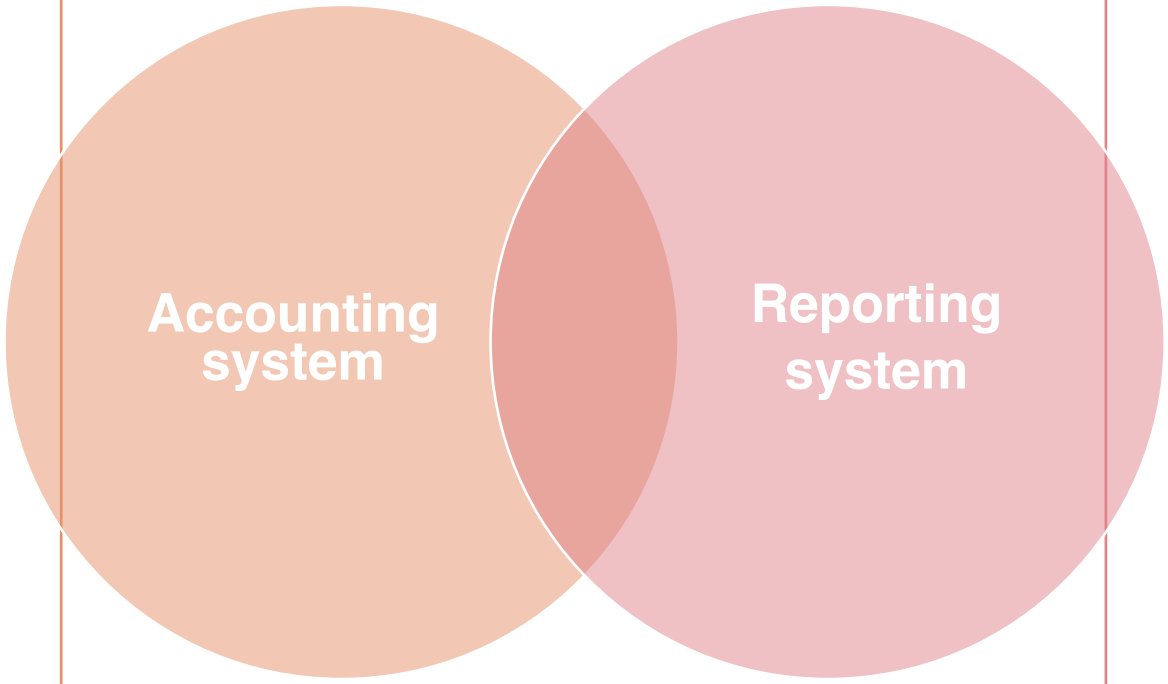
Accounting rules under the Paris Agreement

At the heart of this system is the concept of **robust accounting**, which upholds:

- Credibility
- Environmental integrity
- Prevention of double issuance or double claiming

Accounting vs reporting: Complementary but different

- A system that allows a comparison of mitigation targets with the progress made.
- A system that allows tracking of progress towards achieving NDCs.
- Applies Corresponding Adjustments to reflect ITMO transfers in the country's emission balance.



- Ensures transparency by requiring countries to communicate their progress under the Enhanced Transparency Framework.
- Involves different reporting instruments, such as Biennial Transparency Reports (BTRs) and National Inventory Reports (NIRs).
- Describes how accounting was performed but does not substitute for accounting itself.

Corresponding Adjustments: The basics

What is a Corresponding Adjustment?

When countries participate in cooperative approaches under Article 6.2, they must **adjust their own emissions accounting to avoid double counting**. This is called a Corresponding Adjustment (CA).

Think of it like this:

If Country A sells a credit to Country B, Country A must **add** that credit from its own inventory, so country B can **subtract** them on its own.

Corresponding Adjustments: The basics

Why is it important?

- Transparency: Ensure fairness and transparency in how countries count emission reductions.
- No double counting: Prevent double counting, so the same emission reduction is not claimed by two countries.
- Trust: Maintain trust in the carbon market system.

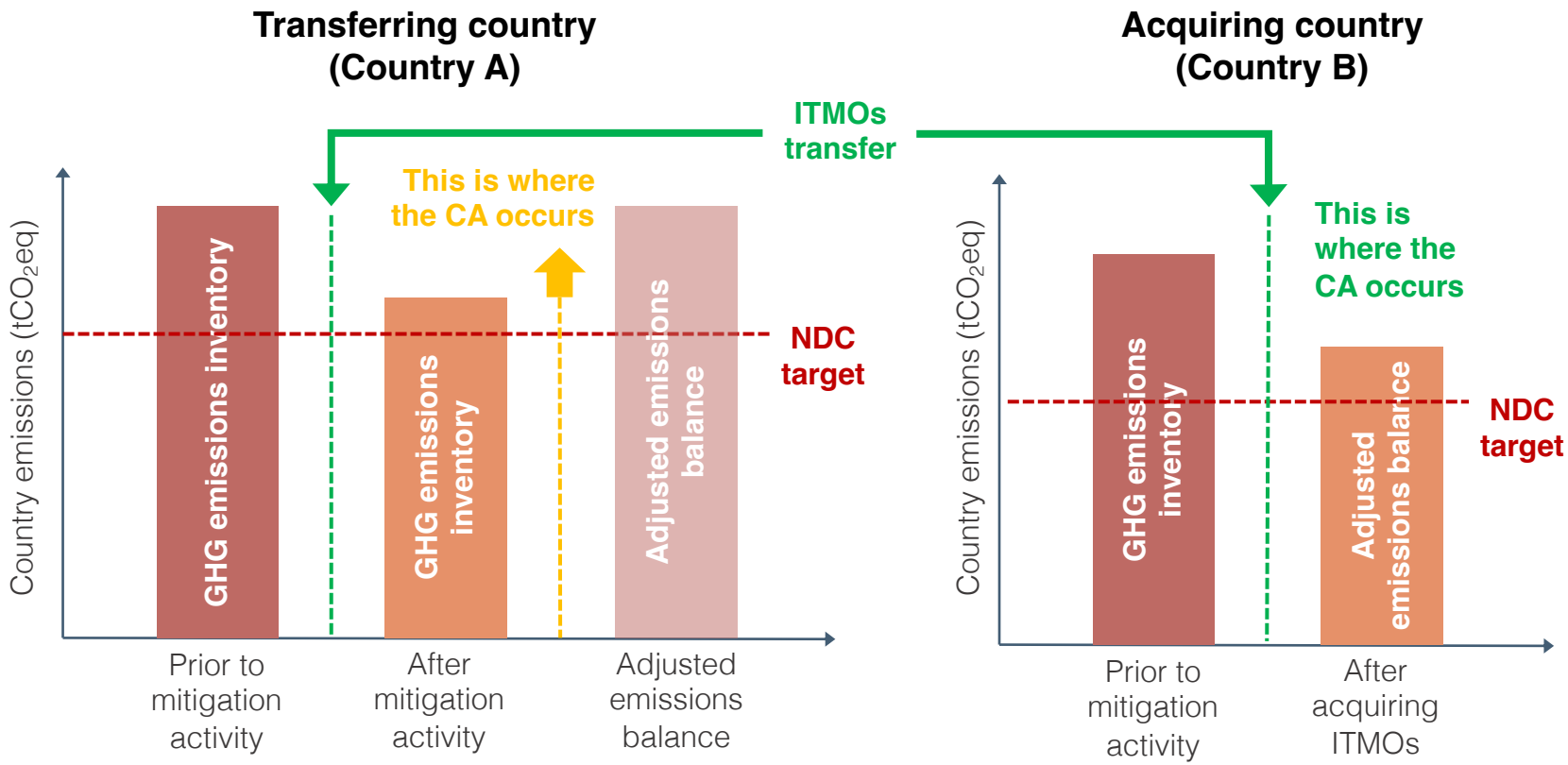
How?	When is it reported?	Where?
Article 6.2 guidance describes how to apply CAs, including applicable CA methods for each NDC target type.	Every two years, as part of a country's BTR.	CAs are shown in the structured summary as part of the BTR.

! **Important:**
Corresponding Adjustments **do not change** the national greenhouse gas (GHG) inventory. They are adjustments to an emissions balance that represents the sources of emissions and removals covered by the NDC targets.

Corresponding Adjustments between countries

How does it work between countries?

1. An MO is issued: Country B decides to support an activity in Country A that generates Mos.
2. An MO is transferred: Country A transfers the authorized MO to the agreed Country B.
3. Corresponding Adjustments are applied: Country A adds the transferred ITMOs (upward adjustment) while Country B subtracts them (downward adjustment).



How Corresponding Adjustments are calculated?

We can **calculate** the Corresponding Adjustments considering the following rules:

1. Add: Add internationally transferred mitigation outcomes (ITMOs) first transferred by vintage year.*
2. Subtract: Subtract ITMOs used towards NDC achievement by usage year.
3. Within NDC period: ITMOs used must have a vintage within the using Party's NDC period towards which the ITMO is used.

*Vintage year refers to the year the emission reduction occurred

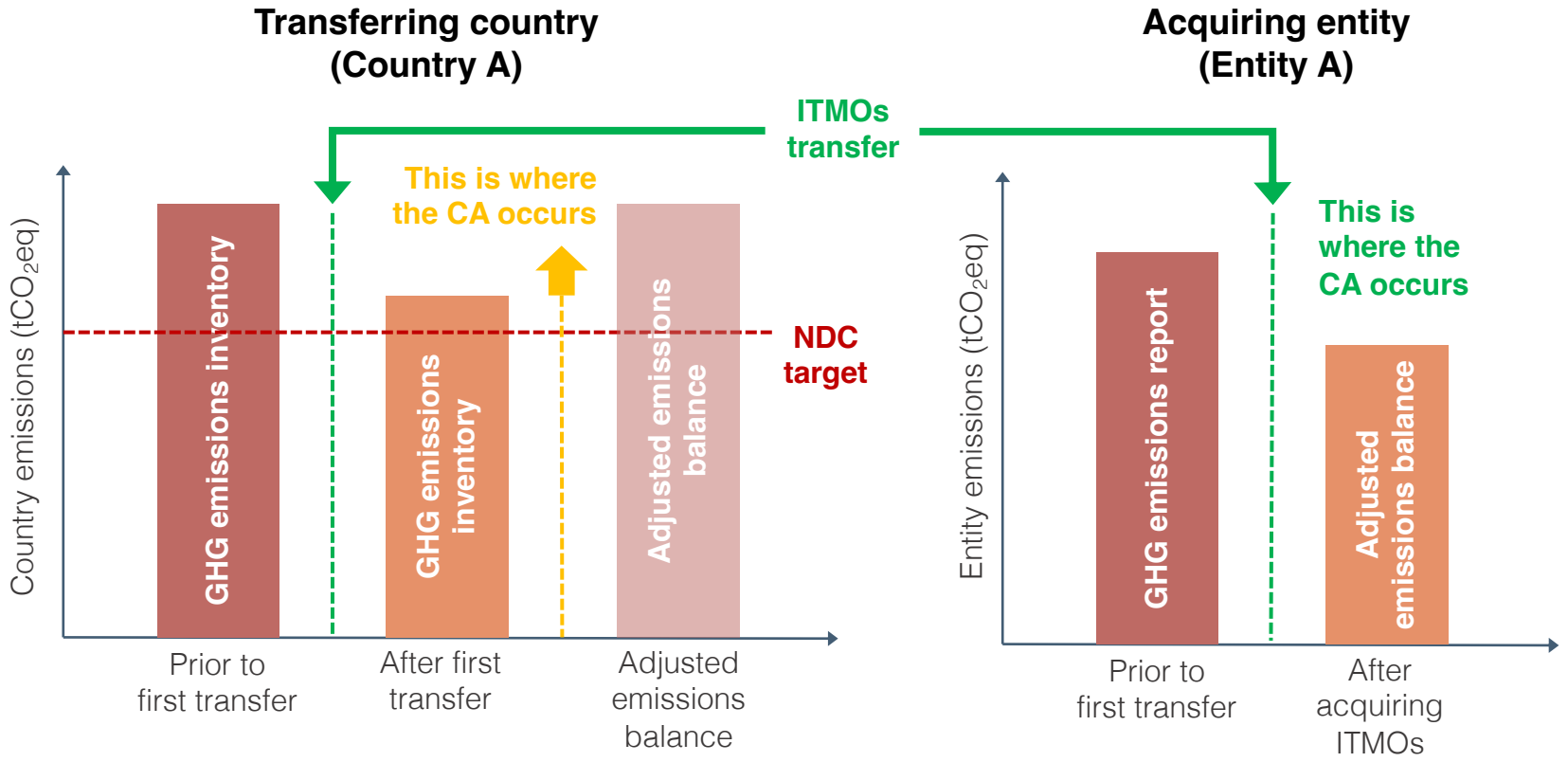
Source: UNFCCC Article 6.2 Reference Manual, page 25.

Corresponding Adjustments with a non-Party stakeholder

Corresponding Adjustments involving non-Party stakeholders depend on the transferring country's definition of the "first transfer" when an authorization is provided for OIMP, as CAs are triggered by that moment.

This first transfer can occur at one of the following moments:

- Upon authorization
- Upon issuance
- Upon use or cancellation



Corresponding Adjustments with a non-Party stakeholder

How does it work between a country and a non-Party stakeholder?

Scenario 1: First transfer is defined as ”authorization” but the mitigation activity has not generated any MOs yet		
MOs are authorized Country A provides an LOA to Entity A for use towards OIMP	**Corresponding Adjustments are applied** CAs are applied by Country A	**MOs are issued and transferred** Country A transfers the issued MO to the agreed Entity A
Scenario 2: First transfer is defined as ”authorization” and the mitigation activity has already generated MOs		
MOs are issued Entity A decides to support an activity in Country A that generates MOs	**MOs are authorized and transferred** Country A transfers the issued MO to the agreed Entity A	**Corresponding Adjustments are applied** Country A adds the transferred ITMOs (upward adjustment) while Entity A subtracts them (downward adjustment)
Scenario 3: First transfer is defined as ”issuance” but the mitigation activity has not generated any MOs yet		
MOs are authorized Country A provides an LOA to Entity A for use towards OIMP	**MOs are issued and transferred** Country A transfers the issued MO to the agreed Entity A	**Corresponding Adjustments are applied** Country A adds the transferred ITMOs (upward adjustment) while Entity A subtracts them (downward adjustment)

Corresponding Adjustments with a non-Party stakeholder

Scenario 4: First transfer is defined as ”issuance” and the mitigation activity has already generated MOs		
MOs are issued Entity A decides to support an activity in Country A that generates MOs	**MOs are authorized and transferred** Country A authorizes and transfers the issued MO to the agreed Entity A	**Corresponding Adjustments are applied** Country A adds the transferred ITMOs (upward adjustment) while Entity A subtracts them (downward adjustment)

Scenario 5: First transfer is defined as ”use or cancellation” but the mitigation activity has not generated any MOs yet transfer is defined as ”authorization” and the mitigation activity has already generated MOs			
MOs are authorized Country A provides an LOA to Entity A for use towards OIMP	**MOs are issued and transferred** Country A transfers the issued MO to the agreed Entity A	**MOs are used or cancelled** Entity A uses or cancels the ITMOs for compliance purposes	**Corresponding Adjustments are applied** Country A adds the transferred ITMOs (upward adjustment) while Entity A subtracts them (downward adjustment)

Scenario 6: First transfer is defined as ”use or cancellation” and the mitigation activity has already generated MOs			
MOs are issued Entity A decides to support an activity in Country A that generates MOs	**MOs are authorized and transferred** Country A authorizes and transfers the issued MO to the agreed Entity A	**MOs are used or cancelled** Entity A uses or cancels the ITMOs for compliance purposes	**Corresponding Adjustments are applied** Country A adds the transferred ITMOs (upward adjustment) while Entity A subtracts them (downward adjustment)

5.2

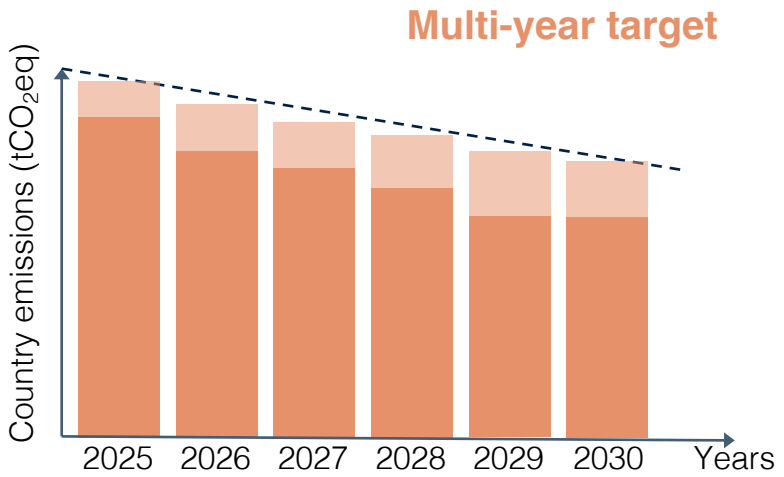
Aligning Corresponding Adjustments with NDC target structures

© UNDP Malawi

Multi-year or single-year goal

The way a country sets its NDC target (whether as a multi-year or single-year goal) directly impacts how it must apply CAs.

This is because CAs ensure emissions reductions are only counted once and their application must align with the structure of the NDC.



Sets a target (or emissions budget) **per year**, typically including a trajectory that emission levels need to follow for reaching the NDC target level at the final year of the implementation period.

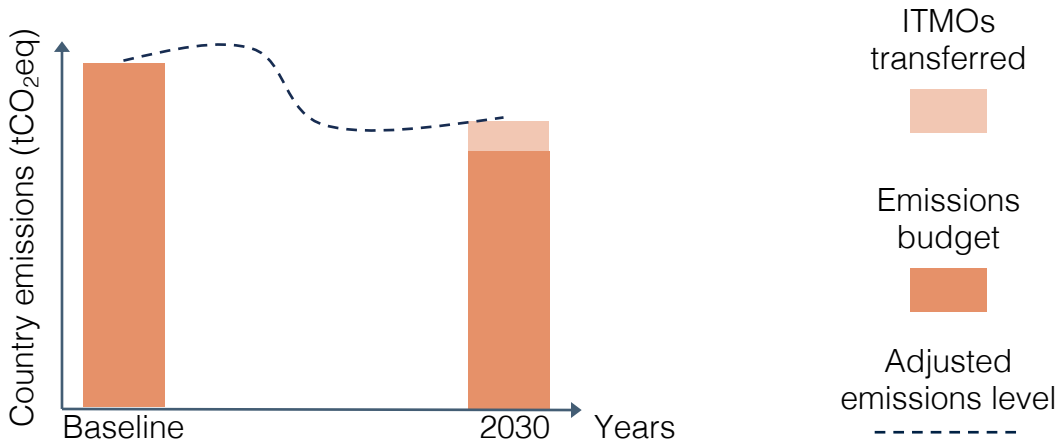
Example: Commitment to an emission level of 10 $MtCO_2eq$ over the period 2021 to 2030.

Multi-year or single-year goal

The way a country sets its NDC target (whether as a multi-year or single-year goal) directly impacts how it must apply CAs.

This is because CAs ensure emissions reductions are only counted once and their application must align with the structure of the NDC.

Single-year target



Annual emission levels are not defined. The challenge for single-year target accounting is that, if not implemented robustly, it could undermine environmental integrity, for instance if the receiving country uses ITMOs for achieving its single-year NDC-target in years before the end-year.

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

Understanding the methods for applying CAs

The way a country applies Corresponding Adjustments depends on the type of NDC target it has and the method chosen for calculating and reporting ITMO use.

NDC target type	Single-year NDC	Single-year NDC	Multi-year NDC
CA method	Trajectory or budget	Average	Trajectory or budget
Description (method)	Provides a projected emissions trajectory or budget to guide annual corresponding adjustments	Calculates the average amount of ITMOs transferred/used over the period, by dividing the cumulative ITMOs by the number of elapsed years in the NDC implementation period	Establishes a consistent emissions trajectory or budget over the implementation period
CA amount/timing	Applies annual CAs for the total ITMOs first transferred/used each year	Applies indicative CAs each year equal to the average amount and applies actual CAs in the NDC year	Applies annual CAs and cumulative CAs at the end of the period
Example countries	Switzerland	Cambodia, Ghana, Japan, Mongolia, Suriname, Thailand, Vanuatu	Switzerland

Key considerations regarding Corresponding Adjustments

Consistency over time

- Countries must use the same method for applying corresponding adjustments throughout the entire NDC implementation period.

Applies to all ITMOs

- CAs are required for ITMOs from emission reductions and removals **within and/or outside** the NDC scope.

Early method selection is crucial

- Under Article 6.2, countries **must declare** their chosen adjustment method in their initial reporting.

Source: Decision 2/CMA.3, Annex, paragraphs 13 and 14.

Example of CA reporting in the structured summary

Corresponding Adjustments must be reported in the structured summary section of the Biennial Transparency Report (BTR). This is done using a Common Tabular Format (CTF) developed under the Enhanced Transparency Framework (ETF) of the Paris Agreement.

4. Structured summary: Tracking progress made in implementing and achieving the NDC under Article 4 of the Paris Agreement[a]

	Unit, as applicable	*Reference point(s), level(s), baseline(s), base year(s) or starting point(s), as appropriate (paras. 67 and 77(a)(i) of the MPGs)*	*Implementation period of the NDC covering information for previous reporting years, as applicable, and the most recent year, including the end year or end of period (paras. 68 and 77(a)(ii–iii) of the MPGs)*						*Target level[b]*	*Target year or period*	*Progress made towards the NDC, as determined by comparing the most recent information for each selected indicator, including for the end year or end of period, with the reference point(s), level(s), baseline(s), base year(s) or starting point(s) (paras. 69–70 of the MPGs)*
			Year 1	*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):											

Source: Decision 5/CMA.3, Annex II, Table 4.

Example of CA reporting in the structured summary

Scenario 1: A country with a single-year NDC participates in Article 6.2 and first transferred ITMOs in the following amounts: 100 ITMOs resulted from mitigation occurred during NDC Year 1 (vintage year); 150 ITMOs - NDC Year 2; and 200 ITMOs - NDC Year 3. No ITMOs are used (all ITMOs measured in tCO_2eq)

Method: Averaging method

Remarks: This table is simplified for the purpose of building understanding of key reporting information. For the complete structured summary, please see Decision 5/CMA.3, Annex II.

NDC implementation period	Year 1	Year 2	Year 3
Annual emissions and removals covered by NDC	X	X	X
Annual quantity of ITMOs first transferred	100	150	200
Annual quantity of ITMOs used	0	0	0
Net annual quantity of ITMOs	100 (100–0)	150 (150–0)	200 (200–0)
The cumulative amount of ITMOs, divided by the number of elapsed years in the NDC implementation period	100 (100)/1)	125 ((100+150)/2)	150 ((100+150+200)/3)
Total quantitative corresponding adjustments	100	125	150
An annual emissions balance	**X + 100**	**X + 125**	**X + 150**

Source: A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center.

Example of CA reporting in the structured summary

Scenario 2: A country with a single-year NDC participates in Article 6.2 and first transferred ITMOs in the following amounts: 100 ITMOs resulted from mitigation occurred during NDC Year 1 (vintage year); 150 ITMOs - NDC Year 2; and 200 ITMOs - NDC Year 3. No ITMOs are used (All ITMOs measured in tCO2eq)

Method: Indicative multi-year trajectory method

Remarks: This table is simplified for the purpose of building understanding of key reporting information. For the complete structured summary, please see Decision 5/CMA.3, Annex II.

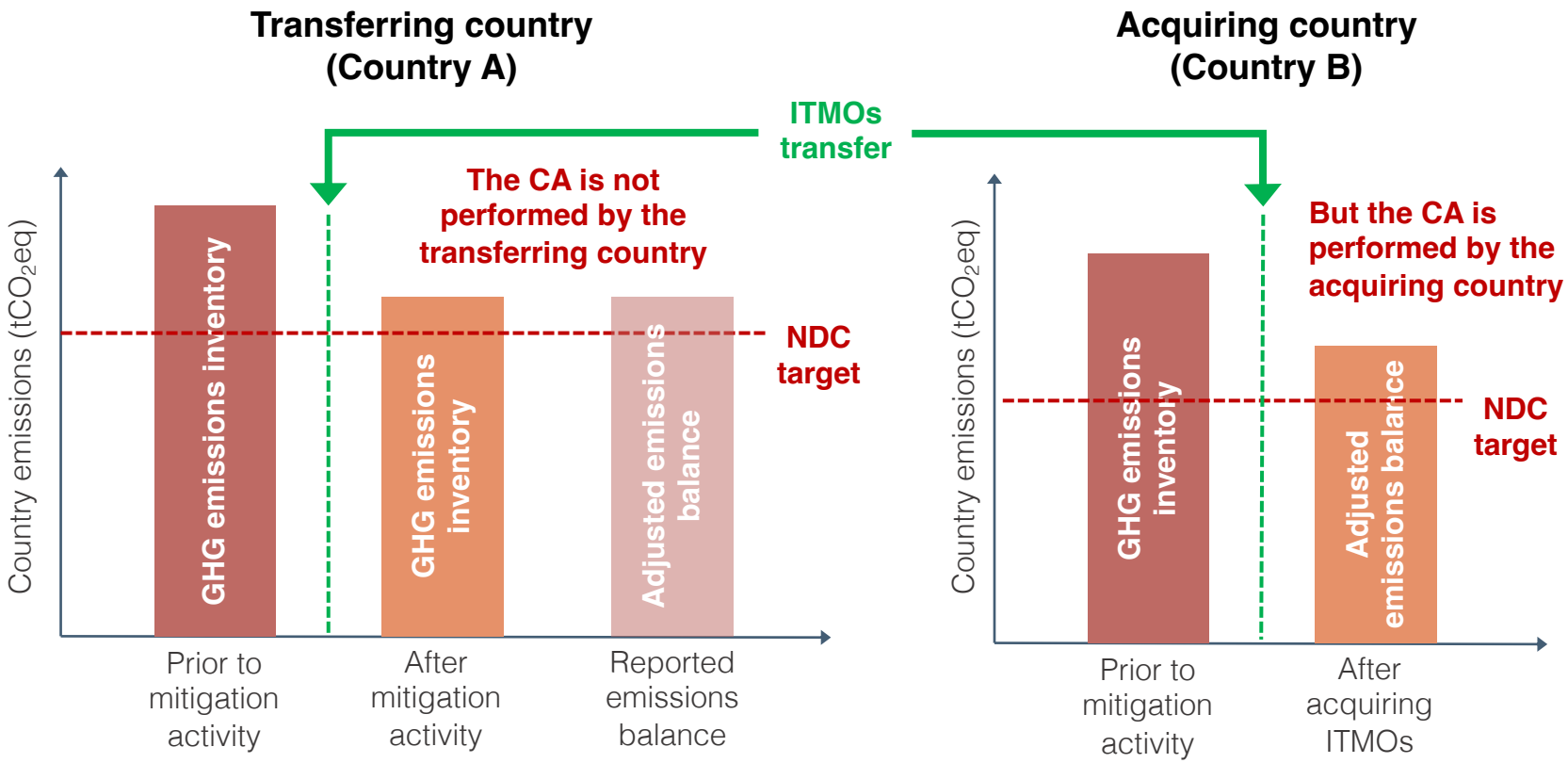
NDC implementation period	Year 1	Year 2	Year 3
An indicative multi-year emissions trajectory	To specify	To specify	To specify
Annual emissions and removals covered by NDC	X	X	X
Annual quantity of ITMOs first transferred	100	150	200
Annual quantity of ITMOs used	0	0	0
Net annual quantity of ITMOs	100 (100–0)	150 (150–0)	200 (200–0)
Total quantitative corresponding adjustments	100	150	200
An annual emissions balance	**X + 100**	**X + 150**	**X + 200**

Source: A6IP Capacity Building Tools, Paris Agreement Article 6 Implementation Partnership Center.

Why are Corresponding Adjustments important?

When MOs are transferred between countries, it is essential to **prevent double counting**: a situation where the same mitigation outcome is reflected in both the transferring and acquiring countries' NDCs achievement.

Double counting undermines the environmental integrity of the Paris Agreement and must be avoided.



5.3

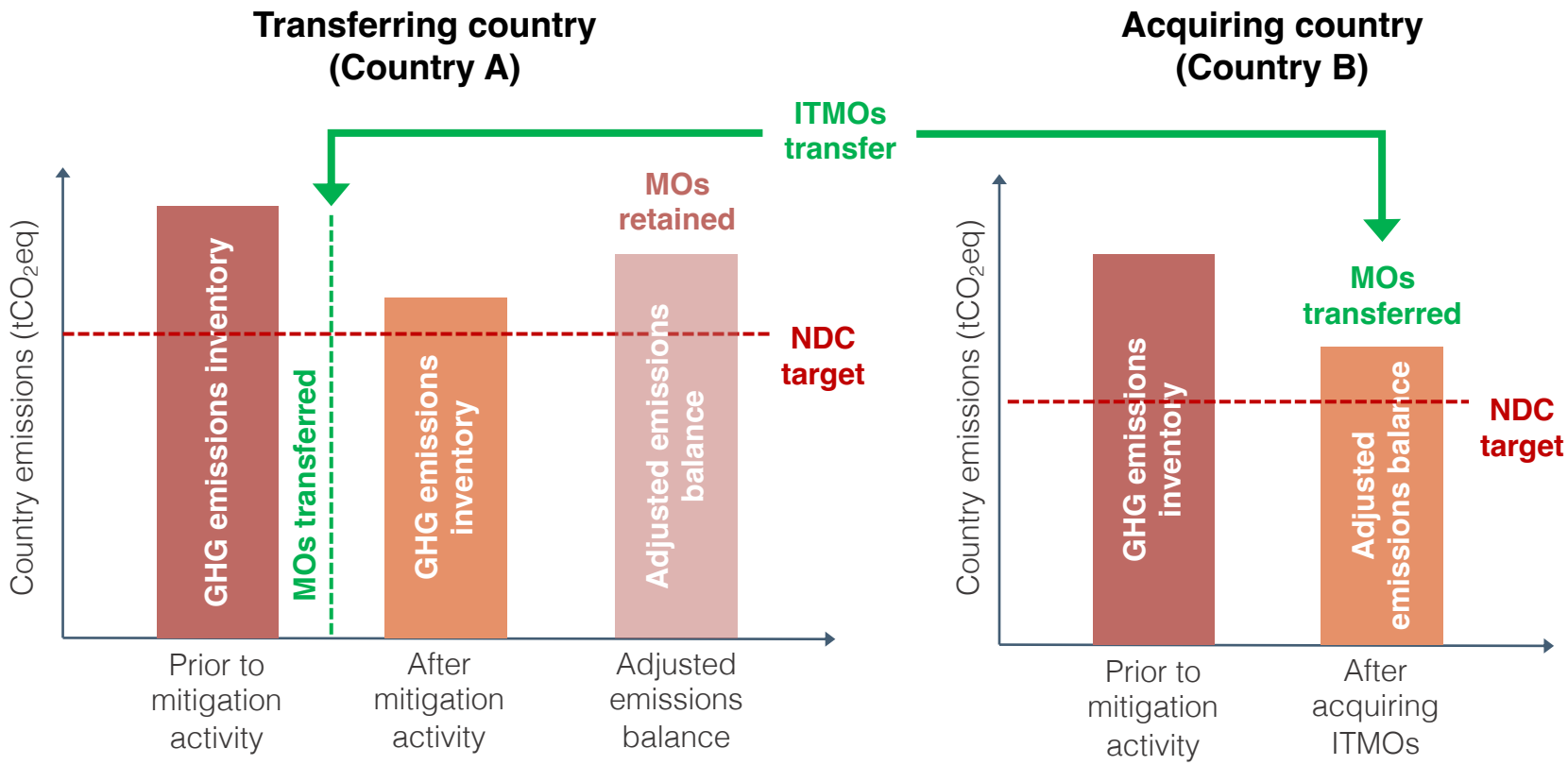
A tool for strategic cooperation

Corresponding Adjustments: A tool for strategic cooperation

While corresponding adjustments are essential to avoid double counting, they also open opportunities for strategic cooperation.

Transferring countries **are not required to transfer all MOs generated from an activity. Instead, they can choose to retain a portion of the MOs to help meet their own NDC targets**, while authorizing the rest for transfer.

This approach enables **flexible benefit-sharing arrangements** between countries.



Why planning for CAs matters from the start

Although CAs are applied at the end of the process, **they must be planned from the beginning** to ensure success and alignment with national climate goals. Here is why:

Strategic coordination across government

- Effective implementation of CAs **requires early and close coordination** among ministries, sectors and planning agencies.
- Countries should identify **priority sectors** (e.g., high-impact or conditional activities) and determine which mitigation activities offer the greatest potential for cooperation.

Plan ahead for a stronger strategy

- A proactive approach allows countries to **design Article 6 strategies that strengthen, not weaken, national goals.**
- CAs should be viewed not as a constraint, but as a tool for **smart planning and targeted cooperation.**

Know your budget

Since the host country must **add the transferred mitigation outcomes to its own emissions inventory**, it is recommended to:

- understand the country's **carbon budget**; and
- calculate the **volume of mitigation outcomes** that can be transferred without compromising NDC achievement.

Clarify the role of the private sector

- Private stakeholders should note that a credit subject to a CA is not inherently of higher integrity than one that is not. **Both can contribute meaningfully to climate action**, depending on the context and purpose for which they are used.
- The government's decision to authorize and apply a CA reflects **strategic national planning**, often to prioritize certain sectors or attract co-benefits.

Chapter 6

From commitment to implementation

Roles of key actors

Learning objectives

- **Identify the key roles and responsibilities** of different actors—governments, the private sector and non-state stakeholders—in the effective implementation of Article 6 mechanisms.
- **Recognize the main** risks associated with participation in cooperative approaches (e.g., double counting, over-transferring, opportunity costs, infrastructure challenges) and why addressing them is essential.
- **Analyze mitigation** strategies that countries can adopt to reduce risks while safeguarding their climate objectives.
- **Understand the multi-stakeholder benefits of engaging in Article 6**, from economic and institutional gains to environmental, social and technological co-benefits.
- **Understand the importance of coordinated** action and how each actor's contribution is critical to making Article 6 work.

Chapter 6 **Content**

6.1

Governments

Key actions to operationalize Article 6: Government tasks

Successfully implementing Article 6 of the Paris Agreement requires coordinated action across different actors. Each has a unique role to play to ensure environmental integrity, transparency and impact.

Establish a dedicated Article 6 unit

Create a government body or focal point responsible for implementation, oversight and coordination across ministries and with external actors.

Build institutional capacity

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

Identify eligible mitigation activities

Define a list of activities, sectors and methodologies that could potentially be eligible under Article 6.

Governments

Submit participation forms

Complete required forms for participation in PACM.

Engage the private sector

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

Collaborate with other stakeholders

Leverage the support provided by institutions, like UNDP and the UNFCCC, to guide the successful operationalization of Article 6.

Risks of participating in Cooperative Approaches: Understanding the trade-offs and how to manage them

As countries engage in Cooperative Approaches, they must navigate a set of complex risks, such as these below.

Double counting	Over transfer	Opportunity cost or CA cost	Management and infrastructure
One credit, used twice—by mistake or misuse	Giving away more than the country can afford	Every credit the country transfers might cost it more to replace	It is more than transferring credits, it requires an infrastructure
The risk that the same emission reduction unit is used more than once —either by one or more countries— for different mitigation pledges or for the same pledge across multiple years, due to registry duplication, multiple transfers or repeated use.	A country transfers more mitigation outcomes than what is additional to its unconditional NDC target, potentially jeopardizing its ability to meet its own climate goals. This risk arises when countries fail to differentiate between mitigation needed for domestic targets and that available for international cooperation.	The cost a host country incurs when it authorizes the transfer of emission reductions that it might need to meet its own NDC targets. This reflects the financial or mitigation effort the country must undertake to replace transferred reductions with potentially more expensive domestic actions.	The administrative, technical and financial resources required to establish and maintain the institutional, legal and digital systems necessary for implementing Article 6.

Different types of double counting

Double counting happens when the same emission reduction or removal is claimed by more than one entity or for more than one purpose, compromising environmental integrity and international trust.

Double claiming

The same reduction is claimed by both the host and the acquiring country.

Double issuance

Issuance of more than one unit representing the same emission reduction or removal within the same registry or different ones.

Double use or double selling

A single unit is used more than once to meet the same or different mitigation pledges —by the same or different countries— if duplicated in a registry, transferred multiple times or applied across different years.

Management and infrastructure

Units are used to meet both mitigation goals and financial or technology transfer commitments.

While this does not impact total GHG emissions, it poses challenges for countries whose mitigation targets depend on support from acquiring Parties, prompting the need to attribute reductions across blended finance sources.

Avoiding over-transferring: Safeguard host country ambition

To protect their climate ambition, host countries must ensure that transferred ITMOs represent mitigation **beyond what is already required** to achieve their own NDC targets. This means prioritizing additional, high-impact mitigation activities for international cooperation.

Selling “low-hanging fruit”

Transferring low-cost mitigation outcomes that are actually needed to meet the host country’s own NDC targets.

Selling “non-existent fruit”

Transferring outcomes that do not reflect real or additional emission reductions.

Selling “uncounted fruit”

Transferring outcomes that cannot be properly tracked in the host country’s GHG inventory or are outside national accounting.

Selling “the wrong fruit”

Transferring outcomes from outside the scope of the NDC when corresponding adjustments are still required, creating misalignment (“selling peaches from an apple farm”).

Turning risks into readiness: Managing challenges in Article 6 implementation

While these risks are real and should not be underestimated, **they should not discourage countries from engaging in cooperative approaches** under Article 6. On the contrary, recognizing these risks provides a valuable opportunity to address them early on through sound planning, institutional readiness and clear decision-making frameworks.

The focus should be on how to mitigate and manage these challenges effectively, ensuring that participation in Article 6 not only safeguards national interests but also **unlocks climate finance, enhances ambition and supports long-term development goals.**

Options to mitigate and manage A6-related risks for governments

Double counting	Over transfer	Opportunity cost	Infrastructure and management costs
› Establish robust, interoperable registry systems. › Apply corresponding adjustments transparently and consistently. › Coordinate across domestic and international systems. › Ensure clear rules for unit tracking at the national level.	› Assess NDC targets to identify surplus mitigation outcomes. › Limit transfers to outcomes within or beyond unconditional contributions. › Authorize only activities with high additionality. › Develop internal review processes before authorizing mitigation activities/units.	› Evaluate economic trade-offs before authorizing transfers. › Prioritize transfers from high-cost mitigation activities. › Use Article 6 to mobilize finance for costly or additional mitigation actions. › Evaluate economic trade-offs before authorizing transfers.	› Seek technical and financial support from international partners. › Build on existing MRV and registry structures. › Implement phased or pilot approaches. › Invest in institutional capacity-building and training.

6.2

Private sector

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Key actions to operationalize Article 6: Private sector tasks

Private sector actors are **critical** to the successful operationalization of Article 6. Their role goes **beyond** project development, it includes engagement with governments, contribution to market integrity and responsible investment in mitigation outcomes.

Key actions to operationalize Article 6: Private sector tasks

Develop high-integrity mitigation projects

- Understand Article 6.2 and 6.4 rules and procedures, including **UNFCCC-approved methodologies, forms and tools and national frameworks.**
- Invest in and implement projects that generate **high-integrity, real, additional and verifiable** carbon mitigation outcomes.
- **Align all activities with the host country's NDC**, national priorities and sustainable development goals.

Engage effectively in carbon markets

- Understand **sectoral baselines, benchmarks and eligibility criteria** used by host countries.
- Participate in carbon markets through bilateral cooperative approaches or the mechanism under Article 6.4.

Build strategic partnerships

- Work with **host country governments and multilateral development banks** (MDBs) to co-develop enabling policies and frameworks.
- Support and co-invest in **capacity-building programmes** that help strengthen institutional readiness.
- Secure funding for eligible projects through **blended finance models** (e.g., green bonds, sustainability-linked loans).

Ensure robust risk management

- **Address double counting risks** by aligning with host country authorization processes and ensuring full traceability of credits.
- Implement **robust due diligence** to avoid regulatory, financial and reputational risks.
- Prioritize environmental and social safeguards, including **stakeholder engagement and benefit-sharing strategies.**

Demonstrate leadership and integrity

- Actively contribute to a high-integrity carbon market ecosystem by **promoting transparency, fairness and adherence to UNFCCC guidance.**
- Stay up to date on emerging Article 6 guidance, methodologies and national decisions and be ready to adapt.
- Lead by example through **transparent reporting, public-private dialogue and engagement in sectoral alliances.**

6.3

Non-party stakeholders

Key actions to operationalize Article 6: Non-party stakeholder tasks

Non-party stakeholders are key to turning Article 6 into action. Their support—through finance, capacity-building and advocacy—helps ensure carbon markets are **inclusive** and **high-integrity**.

Key actions to operationalize Article 6: Non-party stakeholder tasks

Financial sector innovation

- **Innovative finance models:** Blend public and private resources to scale Article 6-aligned projects, integrating carbon revenues as a predictable income stream.
- **Carbon revenue integration:** Utilize Article 6-compliant mechanisms to generate and reinvest carbon revenues.
- **Partnerships with MDBs and climate funds:** Align funding priorities with host country NDCs and Article 6 strategies; actively support countries developing enabling environments for credit generation and use.

Capacity-building

- **Collaborative delivery:** Partner with governments, technical institutions and communities to co-develop capacity-building efforts tailored to national and sectoral needs.
- **Support project developers and financial experts:** Develop training programmes on MRV, methodologies, authorization and Article 6-specific requirements.
- **Knowledge partnerships:** Connect local actors with international experts to ensure transfer of know-how and readiness for participation under cooperative approaches.

Build strategic partnerships

- **Supportive policy ecosystems:** Advocate for transparent, inclusive and coherent national Article 6 frameworks that recognize the role of civil society and non-state actors.
- **Standardization and regional coordination:** Promote regional platforms and south-south collaboration.
- **Scalability:** Focus on replicable and modular project designs that can be scaled across regions.
- **Linking to SDGs:** Align Article 6 project design with measurable social, economic and environmental outcomes.

6.4

Multi-stakeholder benefits of operationalizing Article 6

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Benefits to stakeholders of operationalizing Article 6

Article 6 offers more than just emissions reductions. It creates value for a wide range of stakeholders. Benefits include:

Stakeholder	Economic	Environmental	Institutional	Social	Technological
Host country	Revenue mobilized through ITMO transfers and Share of Proceeds (SoP)	Implementation of high-cost mitigation activities supported ("high-hanging fruit")	Oversight, transparency and capacity to track mitigation outcomes enhanced	Institutional capacities strengthened and co-benefits generated	Access to advanced technologies and innovation through cooperation
Buyer country	Access to lower-cost mitigation outcomes to meet NDC targets	Global mitigation goals supported through international cooperation	International cooperation reinforced through transparent reporting and consistency	Co-benefits to the society generated where projects are implemented	Exposure of buyer country technologies and innovations in other countries
Private sector	Investments in mitigation projects and credit received for compliance and corporate objectives	Contributions made to global emissions reductions via financed projects	Trust and participation built through clear rules and standards	New green markets created, more jobs and competitiveness opportunities	Tech transfer, innovation and carbon market capacity building
Society	Economic activity, local employment and sustainable growth	Reduced air pollution and environmental improvements	More accountable and participatory climate governance	Improved public health, energy security and job opportunities	Indirect access to clean technologies and innovation spillovers

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