



This document sets out at a high level, the confirmed definitions, rules, procedures and modalities confirmed by countries at COP26 in Glasgow (November 2021), as well as detail on the items yet to be determined by countries in a forward workplan, to be discussed at throughout 2022 and at COP27 in Egypt.

<p>Article 6.2</p> <p>Article 6.2 provides for bilateral or multilateral ‘cooperative approaches’ to be established directly between countries for the purpose of trading Internationally Traded Mitigation Outcomes (ITMOs) between jurisdictions.</p> <p>These approaches would take the form of formal agreements, noting the Australian Government’s Indo-Pacific Offsets Scheme as one recent example, that will provide for cooperative approaches between Australia and regional partners (now formally including Fiji and PNG).</p>	<p>Article 6.4</p> <p>Article 6.4 provides a ‘top-down’ global platform for the crediting of emissions reductions (A6.4 ERs) by all countries, with oversight by a ‘Supervisory Body’ and a secretariat housed within the UNFCCC Secretariat.</p> <p>Often described as the ‘Sustainable Development Mechanism’, the 6.4 market will replace the Clean Development Mechanism (CDM) that previously operated under the Kyoto Protocol (succeeded by the Paris Agreement from 2020), and will enable all countries to use markets to enhance multi-stakeholder investment in NDC ambition.</p>	<p>Article 6.8</p> <p>Article 6.8 provides for the facilitation and coordination of non-market approaches (NMAs) to be undertaken by countries and other stakeholders to drive emissions reduction.</p> <p>NMAs can loosely be defined as:</p> <ul style="list-style-type: none"> • Voluntary collective actions that are not reliant on market/transaction-based approaches; and • Collaboration on mitigation, adaptation, finance, technology development/transfer, and capacity building (not covered by Paris Agreement, Kyoto or UNFCCC activities).
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<p>Double Counting</p> <p>Where two countries both try to ‘count’ an emissions reduction unit as their own. Double counting inflates the level of climate action undertaken, decreases integrity of carbon markets, and disincentivizes countries from taking action.</p> <p><i>Key issue: How to set up Article 6 rules that avoided double counting and ensured high integrity.</i></p>	<p>Corresponding Adjustments</p> <p>When transferred emissions reductions are deducted from a host country’s national GHG inventory and added to the purchasing country’s inventory. This ensures emissions reductions are not double counted by the host country.</p> <p><i>Key issue: How CAs would be made, and whether they would apply to activities contributing to (inside) NDCs or used for other mitigation purposes.</i></p>	<p>Transition of the CDM</p> <p>Process by which the Kyoto Protocol’s Clean Development Mechanism (due to end in 2020) would transition into or be succeeded by the new Article 6.4 crediting mechanism.</p> <p><i>Key issue: To what extent should existing CDM structures, project methods, and already issued CERs (of varying vintages) be used under or transferred to the new 6.4 mechanism.</i></p>	<p>Share of Proceeds</p> <p>A levy applied to carbon market transactions, to be used as a source of adaptation finance for least-developed and vulnerable states impacted by climate change.</p> <p><i>Key issue: Whether a share of proceeds should be applied to bilateral or multilateral transactions under the 6.2 mechanism (noting it is already mandated under the Article 6.4 mechanism)</i></p>
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General Article 6 Abbreviations

- A6.4ER – Article 6.4 Emissions Reductions
- CA – Corresponding Adjustments
- CDM – Clean Development Mechanism
- CER – Certified Emissions Reduction
- ITMO – Internationally Traded Mitigation Outcome
- NDC – Nationally Determined Contribution
- NMA – Non-Market Approach
- SoP – Share of Proceeds



Article 6.2 – [View Final COP Decision & Article 6.2 Text](#)

Article 6.2 provides for ‘cooperative approaches’ to be established directly between countries for the purpose of trading Internationally Traded Mitigation Outcomes (ITMOs) between jurisdictions. Countries can cooperate to develop emissions reduction activities in a host country, generating ITMOs that can be transferred to the partner country for use towards their NDC, or to other stakeholders for other international mitigation purposes.

Confirmed A6.2 Provisions	6.2 Forward Workplan
<p>The use of 6.2 cooperative approaches must:</p> <ul style="list-style-type: none"> • deliver overall mitigation in global emissions, ensuring no net-increase in emissions of participating countries (using appropriate safeguards/limits); • ensure transparency, accuracy, consistency, completeness and comparability in tracking implementation and progress towards NDC; and • explain how activities will contribute to Parties’ sustainable development objectives, acknowledging that countries should appropriately <i>respect, promote and consider their respective obligations on human rights, right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity</i>”. <p>6.2 emissions reduction activities will generate Internationally Traded Mitigation Outcomes (ITMO) units, which are defined as:</p> <ul style="list-style-type: none"> • real, verified and additional; • generated from emissions reductions and removal activities undertaken from 2021 onwards (including adaptation/economic co-benefits); • measured in tCO₂-e, or in other non-GHG metrics determined by parties that are consistent with their NDCs; • units that can be authorised for use towards (inside) an NDC, or authorised for use for other international mitigation purpose (outside of NDCs); and • also including emission reductions issued under Article 6.4 arrangements (whilst A6.4ERs can be used as ITMOs, not all ITMOs are 6.4 compliant). <p>6.2 makes clear provisions to avoid double counting but does not mandate a share of proceeds levy for adaptation finance purposes. These provisions include that:</p> <ul style="list-style-type: none"> • regardless of authorisation for NDC use or international mitigation purposes, a corresponding adjustment must be made for any ITMO transfers made; and • although applying a share of proceeds levy to 6.2 cooperative approaches, Parties using 6.2 are strongly encouraged to commit to contribute SoP resources towards adaptation, particularly to the Adaptation Fund. 	<p>6.2 Forward Workplan</p> <p>2022 FORWARD WORKPLAN FOR PARTIES</p> <p>Consideration and adoption of recommendations regarding:</p> <ul style="list-style-type: none"> • whether ITMO activities could include emissions avoidance activities; • the required infrastructure/use of registries, an international registry, Article 6 database, and centralized accounting and reporting platform; • how to address and manage negative social or economic impacts, particularly on developing countries from 6.2 activities; • how corresponding adjustments will be managed for multi-year and single-year NDCs to ensure avoidance of double counting, including: <ul style="list-style-type: none"> ◦ methods for establishing emissions trajectories and budgets for cumulative emissions by sources and removals by carbon sinks; and ◦ methods to determine the difference between volumes of corresponding adjustments made from annual ITMO transfers, as compared to an average for the period. • systems, processes and modalities for reviewing the reporting and consistency of reporting by all parties engaged within any 6.2 cooperative approach; <p>2022 FORWARD WORKPLAN FOR THE SECRETARIAT</p> <ul style="list-style-type: none"> • Hold a range of technical workshops to discuss options for tables/information /guidelines for registries, the international registry, the Article 6 database and the centralized accounting and reporting platform. • In consultation, design and implement a capacity-building programme for prospective 6.2 participating parties, including support for: <ul style="list-style-type: none"> ◦ development of institutional arrangements; ◦ ensuring that cooperative approaches support ambition; and ◦ least developed countries and small island developing States in meeting the participation requirements.



Article 6.4 – [View Final COP Decision & Article 6.4 Text](#)

Article 6.4 provides a ‘top-down’ global platform for the trading of ITMOs by all countries, that is operated by the UNFCCC. Often described as the ‘Sustainable Development Mechanism’, the new 6.4 market will replace the Clean Development Mechanism (CDM) that previously operated under the Kyoto Protocol (now succeeded by the Paris Agreement from 2020).

Confirmed A6.4 Operational Provisions	Confirmed A6.4 Governance & Transitional Provisions
<p>Activities undertaken under the 6.4 mechanism must:</p> <ul style="list-style-type: none"> • deliver overall mitigation in global emissions (ensuring no net-increase); • achieve mitigation of GHG emissions that is additional, including reducing emissions, increasing removals and mitigation co-benefits of adaptation actions and/or economic diversification plans; • use 6.4 approved methodologies that: <ul style="list-style-type: none"> ◦ ensure real, transparent, conservative, credible, and below business-as-usual emissions reductions; ◦ minimize risk of non-permanence and leakage, and avoid negative social and environmental impacts; and ◦ have been approved by the A6.4 Supervisory body, including updated methods transitioned from the CDM, or those developed by countries or other non-party stakeholders. • undergo local/subnational stakeholder consultation (as domestically appropriate), including with local communities and indigenous peoples; and • be approved by a Host country that is a party to the Paris Agreement, has an NDC in place, and has a designated national authority to oversee 6.4 activities. <p>The 6.4 mechanism will generate emissions reductions units (A6.4ERs), defined as:</p> <ul style="list-style-type: none"> • generated from emissions reductions and removal activities; • not representing activities pre-2021, noting that crediting periods are: <ul style="list-style-type: none"> ◦ For ‘reductions’, either (1) five years, with the option to renew the crediting period twice, or (2) a single non-renewable crediting period of 10 years; or ◦ For ‘removals’, either (1) 15 years, with the option to renew the crediting period twice (if appropriate and subject to approval by the Supervisory Body). • being housed in an A6.4 registry, which will be developed and operationalized as guided by the Supervisory body, and the 6.4 mechanism secretariat shall serve as the registry administrator and operator; and • being authorised for use towards (inside) an NDC, or authorised for use for other international mitigation purpose (outside of NDCs), but the Host country when the project activity is registered. 	<p>The Article 6.4 mechanism will be administered by the A6.4 secretariat (housed in the UNFCCC secretariat), and overseen by the A6.4 Supervisory Body. This Body will:</p> <ul style="list-style-type: none"> • be made up of 12 representatives from Parties to the UNFCCC, including 2 from each of the five UN regional groups, one from the least developed countries, and one from small island developing states; and • elect members for a two-year term (maximum of two terms). <p>The Supervisory body shall be responsible for establishing the requirements and processes for operation of the mechanism and then supporting, including by:</p> <ul style="list-style-type: none"> • accreditation of ‘operational’ (independent verification) entities; • development/approval of 6.4 methodologies and standardised activity baselines; • approval/supervision of host country national arrangements for the above; • activity registration, crediting period renewal and A6.4ER issuance; • the A6.4 mechanism registry; share of proceeds levied; • robust social and environmental safeguards; and • ensuring alignment with Paris goals. <p>Article 6.4 makes clear provisions to avoid double counting, and also mandates a share of proceeds levy for adaptation finance purposes. These provisions include that:</p> <ul style="list-style-type: none"> • to avoid double counting, corresponding adjustments must be made for both NDC-authorized and international mitigation-authorized A6.4ERs (including units levied for a share of proceeds, as below); and • the generation of A6.4ERs will attract a 5% share of proceeds levy applied to credits at issuance, with proceeds directed towards the Adaptation Fund.



Transition of the CDM

CERs already issued under the CDM may be used towards achievement of an NDC, provided that:

- the Project was registered after 2012 (2013–2020 = Kyoto Protocol second commitment period);
- CERs will be transferred from the CDM registry to the 6.4 mechanism registry and identified as pre-2021 emission reductions;
- CERs may only be used towards achievement of the first NDC only; and
- CDM host party is not required to make a corresponding adjustment for transfer/use of CERs; these are not subject to the share of proceeds levy; and

The CDM will no longer register, renew crediting periods, or issue CERs for post-2020 emissions reduction activities. This includes that:

- any of the above requests must be made under article 6.4, acknowledging that such activities would be required to transition as outlined below; and
- as noted in CMI’s COP26 Key Takeaways (item 2), this will likely result in a gap between 2020 close of CER issuance, and A6.4ER issuance, which may impact the commercial sustainability of existing emissions reduction activities, and the organisations/communities that are undertaking them.

Current CDM registered activities may be transitioned to, and registered under the Article 6.4 mechanism. This includes that:

- requests to transition existing CDM activities must be made to the 6.4 secretariat and CDM host country by project participants no later than 31 December 2023;
- approval of requests must be provided to the 6.4 Supervisory body by the CDM host country by no later than 31 December 2025; and
- CDM activities may continue to apply current approved CDM methodology until the earlier of either (1) its current crediting period, or (2) until 31 December 2025, it must transition to an approved A6.4 methodology.

Financial resources from the CDM Trust Fund will be transferred, including:

- the balance of CDM Loan Scheme allocated for regional capacity building;
- USD\$30 million to support the expedited set up of the 6.4 mechanism
- USD\$10 million to support 6.4 mechanism capacity building for developing countries, and support the transition of eligible CDM activities to 6.4; and
- USD\$20 million to the Adaptation Fund.

6.4 Forward Workplan

2022 FORWARD WORKPLAN FOR PARTIES

- Invite the nomination of members to the Supervisory Body, with the intention to appoint and hold at least two meetings of the Supervisory Body in 2022.
- Consideration of whether 6.4 mechanism activities could include emissions avoidance and conservation enhancement activities.
- Consideration and adoption of recommendations regarding:
 - aspects of CDM operations that might be transferred/assist in the expedited stand up of the 6.4 mechanism, including the CDM registry, methods, and any other relevant hard/soft infrastructure.
 - implementation process for transitioning CDM activities into 6.4 mechanism activities;
 - implementation process for use of CERs towards first/first updated NDCs;
 - Host country reporting under the 6.4 mechanism;
 - Operation of the 6.4 mechanism registry; and
 - The need for any further environmental or social safeguards.
- Countries will review the rules, modalities and procedures for the Article 6.4 mechanism in 2028, to be completed by no later than 2030.

2022 FORWARD WORKPLAN FOR SUPERVISORY BODY

- Develop provisions for the development and approval of methodologies, validation, registration, monitoring, verification and certification, issuance, renewal, first transfer from the mechanism registry, voluntary cancellation and other processes.
- Review CDM rules, systems and processes with a view to applying them with revisions to 6.4 mechanism activities as appropriate, including:
 - baseline and monitoring methodologies;
 - sustainable development tools and safeguards; and
 - accreditation standards and procedures;
- Expeditiously accredit operational (independent verification) entities;
- Further develop its rules of procedure, administrative processes, management of share of proceeds transfers to the Adaptation Fund.



Article 6.8 - [View Final COP Decision & Article 6.8 Text](#)

Article 6.8 provides for the facilitation and collective coordination of non-market approaches (NMAs) to be undertaken by countries to drive emissions reduction, but that might similarly engage both country and non-country actors. NMAs have been further defined by the NMA framework confirmed at COP26, as below, and in practice are more likely to take the form of multi-stakeholder pledge programs, initiatives, statements, roadmaps and commitments that collaboratively help to implement mitigation and adaptation activities and simultaneously help them to increase their NDC ambition. These programs and initiatives include various combinations of countries, private sector entities and civil society organisations. Many of these were announced as formal COP26 outcomes and can be viewed [here](#).

Confirmed A6.2 Provisions	Forward Workplan
<p>Non-market approaches are defined under Article 6.8 as actions that:</p> <ul style="list-style-type: none"> • are identified voluntarily by participating countries; • include one or more countries; • don't involve the transfer of any mitigation outcomes (A6.4ERs or ITMOs); • facilitates the implementation of NDCs and Paris Goals; • minimise and avoid negative environmental, economic and social impacts; • aim to promote mitigation and adaptation ambition, enhance public, private sector and civil society engagement in NDCs, and coordinate these stakeholders across different programs/initiatives; and • assist Parties in implementing NDCs in an integrated, holistic and balanced manner, including through Mitigation, adaptation, finance, technology development and transfer, and capacity-building (as appropriate) <p>The Article 6.8 Framework for the use of non-market approaches, facilitates and supports:</p> <ul style="list-style-type: none"> • the use and coordination of NMAs towards NDCs (including associated sustainable development and poverty eradication outcomes); • linkages/synergies between mitigation, adaptation, finance, technology development and transfer, and capacity building (that isn't already elsewhere covered by the UNFCCC, Paris Agreement, or existing Kyoto Protocol activities); • voluntary collective actions that are not reliant on market-based approaches and that do not include transactions or quid pro quo operations; and • integrated, innovative and transformational actions that have significant potential to deliver higher mitigation and adaptation ambitions. 	<p>2022 FORWARD WORKPLAN FOR PARTIES</p> <ul style="list-style-type: none"> • Identify NMAs already underway, the focus areas for 6.8 framework of activities; and measures to support and enhance ongoing activities. • Engage in information sharing, particularly relating to: <ul style="list-style-type: none"> ○ best practice and lessons learned in implementing NMAs; ○ replication of successful initiatives; ○ facilitation of enabling environments and policy frameworks; ○ engagement in NMAs by the private sector, civil society organisations and vulnerable and impacted sectors and communities; and ○ inclusion/leveraging of mitigation co-benefits resulting from adaptation actions and /or economic diversification plans that assist the implementation of NDCs; ○ cooperation between countries that increase NDC ambitions; ○ establishing and reporting on the impacts of NMAs on mitigation and adaptation; and ○ guidelines, procedures and safeguards to facilitate NMAs. • Develop and implement tools, including a web-based platform for recording and sharing knowledge about NMAs. <p><i>The forward workplan for Article 6.8 may include Engagement with public and private sector stakeholders, including technical experts, businesses, civil society organisations and financial institutions, including through workshops, via submissions or other collaborations.</i></p>