

# COP28

## Article 6.4 breakdown

### What is it?

Article 6, paragraph 4 of the Paris Agreement creates a centralised market mechanism, overseen by the UN, to foster the mitigation of greenhouse gas emissions via the participation of both public and private entities. In part, Article 6.4 operates as the transition mechanism for clean development mechanism (CDM) projects renewed and registered in the second period of the [Kyoto Protocol](#).

Under the A6.4 mechanism, Parties can either contribute a registered project's emissions reductions towards their NDC (known as an authorised A6.4ER) or use them for voluntary action in addition to their NDC or for international mitigation purposes (known as a mitigation contribution A6.4ER).

### How does it work?

A6.4's established processes so far include:

- Host Parties for a project must submit the proposed activity to the Supervisory Body (SB) for registration under the A6.4 Mechanism in order to have A6.4ERs issued.
- A6.4ERs are housed in the mechanism registry: a UN-based framework which will distinguish between authorised A6.4ERs and mitigation contribution A6.4ERs. The mechanism registry will contain a pending account, holding account, cancellation account, account for cancellation towards overall mitigation in global emissions (OMGE), and a share of proceeds for adaptation account. Parties, and private or public entities authorised to operate under A6.4, will also have a holding account. The mechanism registry is expected to be linked to the international registry under A6.2, though negotiations on the practicalities of this are still underway.
- Host Parties must specify in their application to the SB whether the A6.4ERs will contribute towards the host Party's NDC, or if they will become ITMOs. In the case of the latter, a corresponding adjustment must occur in the host Party's inventory.
- Activities to be registered under the Mechanism must deliver an OMGE and must be aligned with the sustainable development objectives of the host Party. A minimum 2% cancellation is automatically applied for A6.4ERs to ensure sufficient conservatism.
- Crediting periods for all projects that are not removals-based are 5 years, renewable twice, or 10 years with no renewal. For removals-based projects, the crediting period is a maximum 15 years, renewable twice, and baselines are to be calculated at the beginning of each year in a crediting period.<sup>1</sup>
- 5% of proceeds of first transferred A6.4ERs will be channelled to the [adaptation fund](#), a further [3% of each additional issuance](#) is also directed to the Fund.



<sup>1</sup> Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, *Annual report of the Supervisory Body for the mechanism established by Article 6, Paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement – Addendum, Annex II: D.27.a.*

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## CDM Transfer:

- Project proponents who wished to transfer a CDM project to the A6.4 Mechanism were required to inform the Secretariat and Host Party via the Designated National Authority (DNA) of their intention to transfer by December 31, 2023, with the final approval for the transfer to proponents required prior to December 31, 2025. Over [3,000 projects](#) met this initial submission period. Afforestation and reforestation projects were not initially eligible for transfer, but the Draft Decision from COP28 proposes that these activities may transfer subject to their compliance with A6.4 methodology requirements. Requests for transfer are to be received no later than June 30, 2024. \*
- Transferring projects can continue applying their CDM methodology until either the end of the current crediting period, or December 31, 2025, whichever comes first. Following this, the activity may continue under an approved A6.4 methodology.
- Certified Emissions Reductions (CERs) under the second period of the Kyoto Protocol CDM – registered from January 1, 2013 – can be used towards the first, or first updated NDC only.

## Still to be ironed out:

COP28 failed to deliver a consensus decision on A6.4, with the bulk of the work programme referred to the Supervisory Body for delivery by the Bonn Intersessional, 2024. While initial credits under A6.4 were expected in mid-2025, the lack of progress at COP28 has derailed this

timeline. Items of work for the SB include:

- Priority work on the sustainable development tool, and appeals and grievances procedure, to assure the safeguarding of human rights through A6.4 projects. \*
- Whether or not A6.4ERs can include emissions avoidance and conservation enhancement.
- The development of:
  - Tools for baseline setting;
  - Standards, tools and guidance to inform implementation of adjustments (where the amount of ERs credited needs to shift to account for baseline error or reversal);
  - A methodological tool to implement leakage provisions within methodologies; and
  - A suggested timeline for the post-crediting monitoring to assure the accuracy and permanence of emissions reductions.

On reversals, the SB has been requested to develop the following:

- A reversal risk assessment tool, as well as further guidance on non-permanence and reversal risks;
- Guidance for treatment of instances where a reversal results in removals below the activity's baseline;
- Guidance on the distinction between, and demonstration of, avoidable and unavoidable reversals, and their treatment; and
- Guidance on:
  - Potential incorrect categorisation of reversals;
  - Use of the reversal risk buffer pool and A6.4ERs where the pool is insufficient;
  - Direct cancellation of A6.4ERs in lieu of using the buffer pool; and
  - Whether or not other activities' ERs cancelled to balance a reversal should be issued in respect of the project-specific removal/reduction.

**Footnote:** As no formal decision was adopted at COP28, \* refers to information taken from the Draft Decision: [Guidance on the mechanism established by Article 6, paragraph 4, of the Paris Agreement](#).