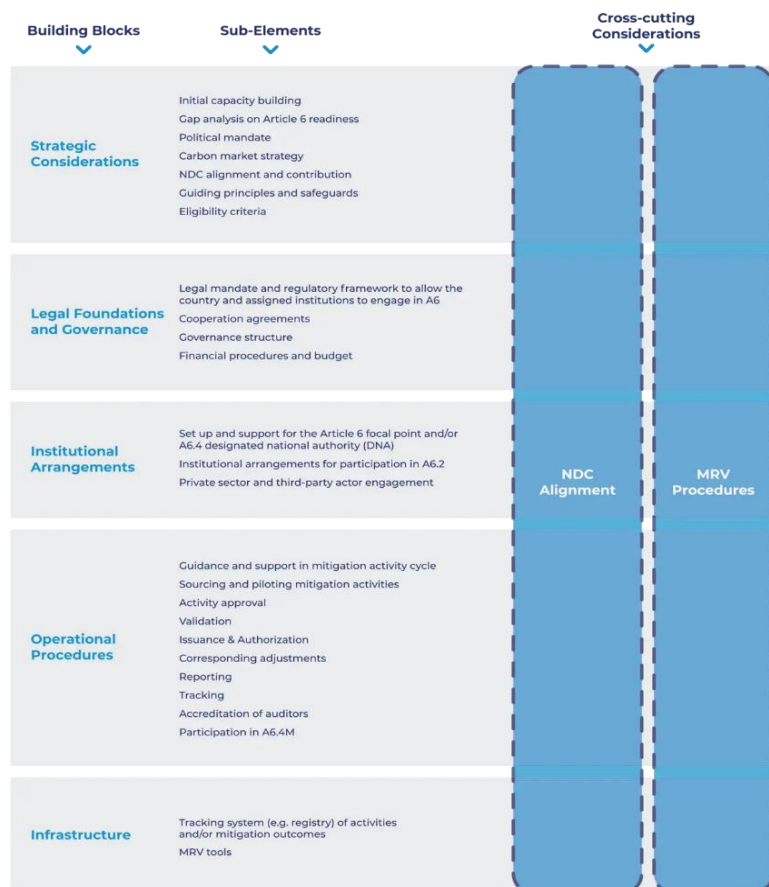


MAPPING NATIONAL CAPACITIES

The development of the necessary capacities to implement Article 6 activities requires time, political willingness and the involvement of various parties, along with the relevant national structures in place for participation as shown in Figure 1. However, depending, most notably, on the country-specific motivations and the envisioned strategy for participating in Article 6 cooperation, countries are encouraged to follow their own trajectory when prioritising capacity building for certain aspects and types of activities contributing to Article 6 engagement.

Figure 1: Building blocks of Article 6 readiness



Source: [Perspectives Climate Group and NDCP \(2024\)](#)



This checklist below can be used to map a country's existing capacities and to identify its needs regarding Article 6 readiness.

Checklist 1. Key building blocks of Article 6 readiness with potential steps and activities for engagement

Strategic Considerations	Potential Steps and Activities
Setting up a national Article 6 Strategy Working Group and multi-stakeholder platform	<ul style="list-style-type: none"> • Has the country set up a national Article 6 multi-stakeholder platform? • Does the country have an Article 6 Strategy Working Group (inter-sectorial and inter-ministerial)? • Has the country established communication channels for information on Article 6 implementation and knowledge sharing?
Initial capacity building analysis for Article 6	<ul style="list-style-type: none"> • Has a preliminary assessment been performed to evaluate the level of knowledge of the basics of carbon markets? • Has the country engaged previously in any carbon market scheme? • Is there a NDC implementation plan? • Is Article 6 mentioned in the NDC, or is there any mention about carbon markets as a way to achieve the NDC? • Is there a clear differentiation between conditional and unconditional targets and how are those expected to be achieved?
Gap analysis on Article 6 Readiness	<ul style="list-style-type: none"> • Have there been activities related to Article 6 readiness, or ongoing processes (e.g., national MRV, NDC implementation committee and plans) that Article 6 activities can build upon? • Has a needs and gaps assessment been performed, considering the national circumstances, in order to identify the country's level of readiness and understand what is required by the country to improve its Article 6 readiness (e.g., regulatory, institutional, and/or operational gaps)?
Political mandate for Article 6	<ul style="list-style-type: none"> • What is the level of government willingness to engage in Article 6? • Is there awareness among government stakeholders of the political benefits of engaging in Article 6? • Has the government communicated its willingness to engage in Article 6 through its NDC implementation plan and/or other official documents?



NDC alignment and contribution

- Has an assessment of the NDC been performed in order to identify **how Article 6 can contribute to NDC implementation**?
- Is the current **NDC defined** in a way that allows **clear identification of potential Article 6 activities** that go beyond the country's NDC?

Article 6 guiding principles (environmental integrity, Sustainable Development (SD) objectives, etc.)

- Has the country considered **putting in place safeguards** in line with the Article 6 guiding principles?
 - Has the country considered a **safeguard for environmental integrity** and one to prevent overselling, hot air use, as well as double counting?
 - Are safeguards in place to ensure a **contribution to national SD** priorities?
 - How does the country **avoid negative** social and environmental **impacts**? Are there any safeguards in place?
 - Does the country contribute to the **long-term goals of the Paris Agreement**?

Eligibility criteria (methodologies, activity and ITMO)

- Have the conditional and unconditional **NDC targets been quantified**?
- Has the country undertaken an **assessment of the mitigation potential until the NDC target year** (e.g., disaggregated by sectors and technologies, mitigation activities within the scope of the unconditional NDC, and mitigation activities which require international financing for implementation)?
- Has the country **defined a set of eligibility criteria**, closely aligned with the country's NDC, to determine which mitigation outcomes resulting from the activities (technologies, sectors, etc.) are eligible to be ITMOs?
- Are processes in place to **reassess and revise eligibility criteria** at regular intervals?

Carbon market strategy (incl. definition of the purpose and type of Article 6 cooperation)

- Is there a **roadmap defining a strategy for Article 6**, including the identification of relevant institutions that may play a role?
 - Has an **assessment of opportunities and risks** for the country involved in engaging in Article 6 been performed? This typically includes:
 - Does the country wish to engage in Article 6.2 and/or 6.4?
 - What strategic objective does the country wish to pursue with cooperation under Article 6?
 - What sectors and activities could be relevant to consider for engaging Article 6 mechanisms (could be different for Article 6.2 and Article 6.4)?
-



- For what uses would the country authorise carbon credits as ITMOs?
- What role should voluntary carbon market (VCM) activities play in the national Article 6 engagement?

Legal Foundation and Governance

Legal mandate and regulatory framework to allow the country and assigned institutions to engage in Article 6

- Has a **formal (legal) mandate** been given to **governmental actors** responsible for decision-making related to Article 6?
- Have **roles and responsibilities** (identified in sub element 'Institutional arrangement' below) **been formalised in a legal mandate** for all national institutions that are to be involved in Article 6 based on the strategic considerations above?
- Is there **support for developing policies and legal documents** (regulations) required to facilitate effective Article 6 engagement?

Cooperation agreements (e.g. bilateral agreements)

- Are there provisions in place to **facilitate and finalise negotiations** for cooperation agreements under Article 6.2 with potential partner countries?
- Is there **legal support** to prepare elements (contractual templates, conditions) of a Memorandum of Understanding (MoUs), bilateral agreements and/or Mitigation Outcome Purchase Agreements (MOPAs)?

Financial procedures and budgeting

- Has an **assessment of the financial needs** for operating Article 6 in the country been undertaken?
- Has a **legal foundation for the availability of financial resources** required to operate Article 6, including budgets for governance, administration and operation, been defined?
- Have high-level **options for administrative fees** for operating Article 6 been discussed?

Institutional arrangements

Set-up and support for the Article 6 focal point (and/or Designated National Authority (DNA) for Article 6.4, specifically)

- Has an **Article 6 focal point and/or a DNA been identified?**
- Has the country **communicated the nomination of its DNA to the UNFCCC?**
- Are **support structures**, including access to required knowledge and resources, in place for the focal point to operate Article 6 related processes?



Institutional arrangements for participation in Article 6.2 (oversight functions; technical functions; administrative functions)

- Has the country defined and developed an **Article 6 suitable inter-ministerial governance structure** (i.e., defining key ministries and their roles, and setting up an intergovernmental oversight body)?
- Has the country **defined all relevant institutional roles and responsibilities** for participating in and operating under Article 6? This typically includes:
 - Oversight functions in form of a steering committee or task force with representatives from different line ministries to define/refine Article 6 strategy and provide general guidance.
 - Technical functions to provide technical advice during the operation of Article 6 (validation, approval) and to define eligibility criteria for environmental integrity.
 - Administrative functions, including communication with other actors, and process information and data management.

Private sector and third-party actor engagement

- Has the government **identified sector-relevant** private activity developers, technology providers and other third-party actors?
- Is there an **established private-public sector communication** channel?
- Has the country identified and **approved third-party auditors**?

Operational Procedures

Potential Steps and Activities

Guidance and support in mitigation activity cycle

- Has the country **identified the operational procedures and tasks** required for all steps of an Article 6 mitigation activity cycle (from sourcing to approval, and eventually issuance and authorisation of mitigation outcomes)?
- Have **the structures** for relevant actors to request technical support for all or parts of the mitigation activity cycle as well as for the Article 6 technical body been set up to provide the required support?

Sourcing and piloting mitigation activities (oversight functions; technical functions; administrative functions)

- Has the country **defined and instituted the procedures** for identifying potential mitigation activities and activity developers?
 - Has the country **defined the technical support** required for initiating or pursuing the development of pilot activities?
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	<ul style="list-style-type: none">• Has the government facilitated knowledge sharing and experience building through knowledge repositories and workshops?
Activity approval	<ul style="list-style-type: none">• Has the country set up procedures, criteria and timelines for approving activities as Article 6 activities, including information to be provided by activity developers, responsibilities, interactions with activity developers and templates?• Has the country developed templates for requesting and providing activity approval (such as forms for requesting activity approval, letter of intent, letter of approval, etc)?
Validation	<ul style="list-style-type: none">• Are the procedures, timelines, and the role of third party auditors for validation defined?• Are there structures in place for overseeing the validation of Article 6 activities?
Issuance & Authorisation	<ul style="list-style-type: none">• Has the country implemented and set up issuance and ITMO authorisation structures? This typically includes:<ul style="list-style-type: none">○ Information required from activity developers.○ Timelines for issuance and authorisations.○ Timing of authorisation.○ Templates (e.g., form for requesting authorisation, authorisation letter issued by the host country).• Has a process for the submission of requests for authorisation been established?
Corresponding adjustments	<ul style="list-style-type: none">• Has the country determined the Article 6 accounting approach, and does it have procedures in place to apply and report corresponding adjustments?• How are interlinkages with Greenhouse Gas (GHG) inventories, NDC, MRV system ensured?• Are the procedures for filling and submitting Article 6 reports (initial report, annual information as annex to the Biennial Transparency Report (BTR), regular information as annex to BTR), consistent to ensure fulfilment of Article 6 requirements and the Enhanced Transparency Framework (ETF)?• Has the country considered implementing its own national Article 6 registry based on the available information about the closed, planned and implemented mitigation activities?• Has the country considered using the international registry being developed by the UNFCCC Secretariat with procedures for automatic pulling of required information for Article 6 reporting?



Tracking	<ul style="list-style-type: none">• Has the country defined and implemented procedures for the tracking of Article 6 activities and related mitigation outcomes (also see sub element 'Tracking system' below)?• Has the country introduced safeguards to mitigate the risk of overselling ITMOs (i.e., to avoid putting the achievement of its NDC at risk)?
Accreditation of auditors	<ul style="list-style-type: none">• Has the country defined and implemented procedures for assessing, approving and/or accrediting and overseeing third-party auditors for validation at different stages of the activity cycle (e.g., during validation and prior to issuance of mitigation outcomes)?
Participation in the Article 6.4 Mechanism (A6.4M)	<ul style="list-style-type: none">• How is the compliance with the participation responsibilities under the A6.4M ensured?• Are the eligible activity types communicated to the A6.4 SB?• Has the country described how the participation in A6.4M is contributing to the NDC and to SD?

Infrastructure	Potential Steps and Activities
Tracking system (e.g., registry) of activities and/or mitigation outcomes	<ul style="list-style-type: none">• Has the country determined the appropriate tracking system to be used (e.g., national Article 6 registry vs. international registry being developed by the UNFCCC Secretariat)?• Has the country defined and implemented an adequate system for tracking Article 6 mitigation activities, mitigation outcomes, authorisation of ITMOs and other relevant information?• Has a work plan been developed for the operationalisation of the tracking system, including the human and financial resources needed (e.g., support for programming the registry)?• Has the development of an operational manual been planned/prepared to assist users of the tracking system?
MRV tools (e.g., data collection, management, reporting, storage)	<ul style="list-style-type: none">• Have robust tools been developed, and guidelines been defined, for collecting, monitoring, reporting, and storing data about GHG emissions reductions?• Has the country introduced a work plan for the MRV tools testing and refinement, including responsibilities and actions required?

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