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TYPICAL STAGES OF ART. 6 ACTIVITIES

For government stakeholders, mapping Article 6 activities plays a pivotal role in gaining a deeper understanding of a country's mitigation efforts and in engaging the private sector. This exercise can reveal untapped opportunities presented by Article 6.

Article 6 activities include any project, programme, or other mitigation activity governed by the Article 6 rules at various stages of development¹. In contrast to Article 6.2, the Article 6.4 Mechanism is not yet fully operational. Consequently, the activities currently in preparation and development primarily fall under Article 6.2 cooperative approaches.

Figure 1. Typical stages of Article 6 activity development and implementation

Pilot stage

- ·Opportunities explored
- Experiences

Preparatory stage

- MAIN prepared
- Feasability studies
- •Bilateral agreement

Design and Approval stage

- Activity and methodology defined
- MOPA negociation/MADD developed/third-party validation

Implementation stage

- Activity execution
- •ITMO generated

¹ Hoch, Stephan; Waweru, Peris; Santiago Figuera, Ximena; Thomas, Holly; Tekie, Bruk; Michaelowa, Axel; Greiner, Sandra; Maggiore, Marco Della; Omuko-Jung, Lydia; Kovács, Anna; Rodezno Ayestas, María José (2023): <u>The landscape of Article 6 implementation</u>, Climate Focus and Perspectives Climate Group,



It is important to note that not all Article 6 activities necessarily undergo a **pilot stage** or can be classified as pilot activities. Pilots refer to the initial Article 6 activities in a country or an activity that is the first of its kind, are aimed at exploring opportunities and building experience. Once experience is acquired, and the Article 6 readiness strategy becomes more consolidated, the general term "Article 6 activities" is preferred.

During **the preparatory stage**, an Article 6 activity typically exists at the mitigation activity idea note (MAIN) level. At this stage, preliminary feasibility studies may have been conducted to assess its eligibility under Article 6 and the requirements for implementation (e.g., such as regulatory, financial, technical aspects, stakeholder interactions). From a host country perspective, bilateral agreements should be in place, or at least prepared, to ensure that buyer countries are available to acquire potential ITMOs generated by the activity.

The activity design and approval stages are essential for comprehensively developing and describing all relevant aspects of the activity, ensuring that it aligns with Article 6 requirements and can be effectively implemented in the local, regional and national context. This primarily involves providing a detailed description of the activity, the methodology for calculating baseline and mitigation potential, the additionality of the activity, the institutional arrangements, the alignment with the NDC and sustainable development objectives of the host country, as well as instruments to address risks and barriers. Once the activity is fully designed, negotiations for the mitigation outcome purchase agreement (MOPA) must be initiated, defining the terms and conditions for purchasing ITMOs generated by the activity. This phase formally begins when investments in mitigation activities are made, and/or a mitigation activity design document (MADD) is developed, along with third-party validation and compliance with monitoring, reporting, and verification (MRV) activities². It may also involve a Letter of Intent, the host country's approval of the activity and a pre-authorisation letter for ITMOs to be generated under the activity.

Lastly, **the full implementation stage** is characterised by the execution of the activity. This eventually results in generating mitigation outcomes and their authorisation renders them to become ITMOs. This stage may also encompass the actual transfer of ITMOs and the implementation of corresponding adjustments by the host country. It is worth noting that only a limited number of Article 6 activities have progressed to the full implementation stage³. Nevertheless, as rules and guidelines for operationalising Article 6 mechanisms continue to advance and be formalised, it is anticipated that more activities will transition to full implementation.

² Hoch, Stephan; Waweru, Peris; Santiago Figuera, Ximena; Thomas, Holly; Tekie, Bruk; Michaelowa, Axel; Greiner, Sandra; Maggiore, Marco Della; Omuko-Jung, Lydia; Kovács, Anna; Rodezno Ayestas, María José (2023): The landscape of Article 6 implementation, Climate Focus and Perspectives Climate Group,

³ UNEP-CCC (2023): Article 6 Pipeline



Considering the various stages when mapping Article 6 activities can enhance the awareness of national Article 6 focal points of opportunities for engagement in Article 6. It provides insights into the level of involvement and interest of private actors in participating in such activities.

The <u>Article 6 pipeline</u> managed by the UNEP Copenhagen Climate Centre (UNEP-CCC) can be a starting point for activity mapping. The pipeline is an Excel-based repository for Article 6 activities. The transition to the full implementation stage is contingent on the successful transfer of ITMOs and the application of corresponding adjustments.

Authors: Kaja Weldner, Ingrid Wawrynowicz, Stephan Hoch (Perspectives Climate Group)

Jean-Pierre Sfeir, Marco Della Maggiore (Climate Focus)