West Africa Alliance
On Carbon Markets And
Climate Finance

THE ARTICLE 6.4 MECHANISM REGISTRY

The third registry outlined in Article 6 is the mechanism registry, designed to function as a transactional registry exclusively dedicated recording and tracking carbon credits generated from Article 6.4 activities.

Operated by the UNFCCC Secretariat under the supervision of the Article 6.4 Supervisory Body (A6.4SB), the primary functions of the mechanism registry can be summarised as follows[1][2]:

1. **Tracking A6.4ERs and CERs**: This registry is responsible for tracking A6.4ERs and CERs by assigning and utilising unique identifiers for each. The registry will incorporate various accounts such as pending, holding, retirement, cancellation, cancellation towards overall mitigation of global emissions (OMGE), and share of proceeds for adaptation (SoP-A).
2. **Connection to the international registry**: The mechanism registry will be linked to the international registry.
3. **Tracking the authorisation status and first transfer status of A6.4ERs**: The mechanism registry will track A6.4ERs authorised for use towards NDCs and/or OIMP, aligning with specific registry requirements akin to those delineated for Article 6.2 registries. In parallel, it will track A6.4ERs not authorised for use towards NDCs and/or OIMP, known as mitigation contribution units (MCUs) which can be used, inter alia, towards results-based finance or national targets. Furthermore, it distinctly identifies transactions that meet the definition of first transfer, which is crucial for transparency and reporting.

Moreover, the registry will streamline the reporting process by enabling automatic pre-filling of the Agreed Electronic Format (AEF) and other necessary

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[1]UNFCCC (2022): FCCC/PA/CMA/2021/10/Add.1
[2] UNFCCC (2023): FCCC/PA/CMA/2022/10/Add.2

quantitative data for ensuring compliance with the reporting requirements outlined in Article 6.

Status of discussions regarding tracking and recording of ITMOs and A6.4ERs

In June 2023, during the 58th session of the UNFCCC Subsidiary Body (SB58), Parties engaged in robust discussions on various types of Article 6 registries. Additionally, discussions centred on the interoperability between the mechanism registry and the international registry, as well as other registries. The current status of these discussions in both dimensions is outlined below.
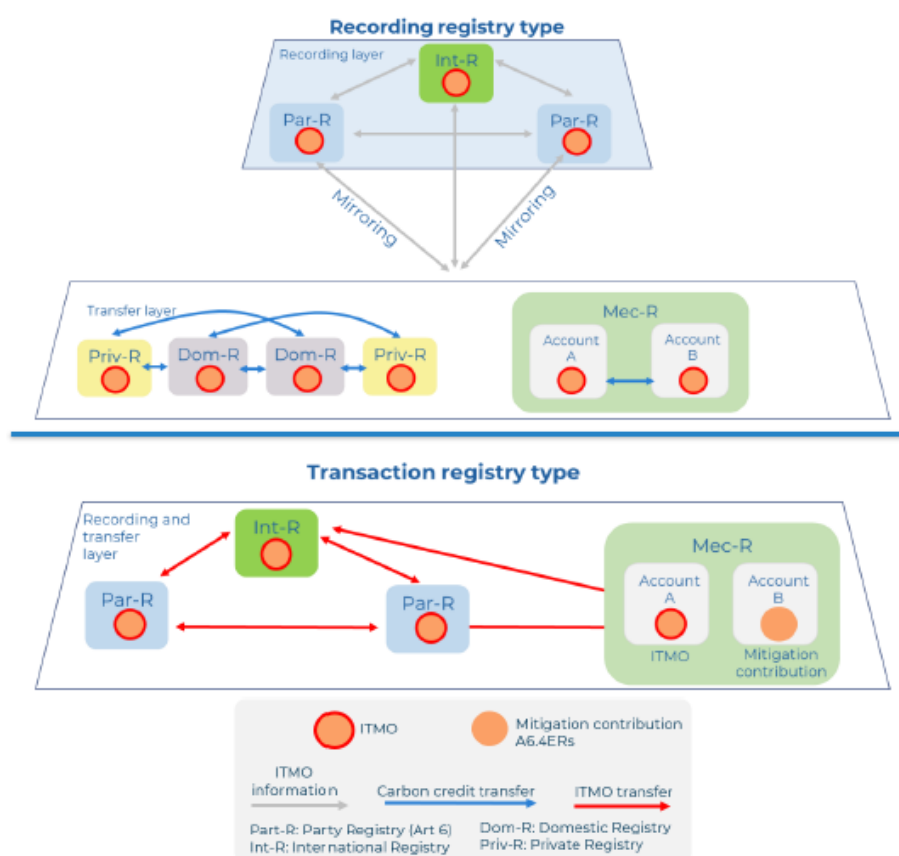
Typer of Article 6 registries

The three central Article 6 registries - Party registries, the international registry, and the mechanism registry - can take on different forms. The different implementation possibilities for registries can be categorised into two main types:

- **Transactional Registries**: transactional registries combine both tracking and recording functions, with the Article 6 registries holding mitigation outcomes as tangible assets (units). This approach, referred to as a one-layer approach, facilitates the transfer of ITMOs between different registries, playing a crucial role in handling the actual transactions of carbon credits. Typical examples of transactional registries include the national Kyoto registries and the CDM registry. *The African Group of Negotiators argued at SB58 that the Article 6.4 mechanism should follow the CDM example and thus be of transactional nature.*
- **Non-Transactional Registries (also referred to as 'recording' registries):** These primarily function as a record-keeping mechanism, allowing only the pulling and viewing of information from underlying registries. This approach serves as a two-layer system, since the first (bottom) layer represents the transaction layer where the actual transactions take place, either in domestic registries, private registries or the different accounts within the mechanism registry. The second layer involves the pure recording aspect, encompassing Article 6 Party registries and the international registry.

The Figure below presents two diagrams illustrating how the transactions occur at each layer in these two registry types:

Figure 1. Transactions in different layers for transaction and recording registry

Source: Michaelowa et al. (2023)

Ongoing deliberations concerning Article 6 registries frequently centre on a potential compromise known as **the hybrid system**. In practice, these systems may integrate the functionalities of both recording and transactional registry types. The critical aspect of implementing a hybrid registry system is to ensure that there is a unified recording platform, which could be the Article 6 Party registry or the international registry. This platform is vital for accurate reporting and comprehensive management.

Ghana, as an example, has adopted one such approach, designing a registry system capable of tracking various asset types, performing both transactional and recording functions, and adapting to multiple serial number formats. Ghana's Party registry, known as the Ghana Carbon Registry (GCR), assumes a central role as the primary recording platform for capturing transaction activity across all transaction registries. This facilitates the generation of essential information required to meet Ghana's Article 6 reporting obligations [3].

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[3] Benefoh, Daniel (2023): Ghana carbon market framework, presentation held at Paris Agreement Article 6 Implementation Partnership working group meeting on Tracking, virtual, May 10, 2023

Interoperability

As the landscape of Article 6 registries expands, the need for effective communication and ensuring data consistency while transferring carbon units has become a crucial topic. This necessitates a certain level of interoperability, wherein different systems or products can seamlessly connect and coordinate their operations, ultimately reducing user efforts.

Regarding **registry interoperability under Article 6.2**, Parties have the option to establish connections between different Party registries and/or between Party registries and the international registry. It is worth noting that such connections are not mandatory. Should Parties decide to endorse interoperability, they must put in place specific standards and procedures aimed at mitigating the risks associated with data inconsistency. This includes ensuring effective communication of data concerning transfer and reconciliation procedures within and between registries, among other considerations.

In contrast, **interoperability between the international registry and the mechanism registry** is a mandated requirement according to [decision 6/CMA.4](#).

Discussions on the degree of interoperability between national and international registries, and between the international and Article 6.4 mechanism registry, have led to two different views:

1. **Limited Interoperability**: This approach allows only for the pulling and viewing of data and information between different registries.
2. **Extended Interoperability**: This approach envisions a central hub for transfer of ITMOs, A6.4ERs and related data. This comprehensive interoperability extends between the mechanism registry and the international registry, as well as with other registries.

It is worth noting that interoperability decisions will also be influenced by decisions on the registry type: the interconnections can manifest as either transactions of units, effectively representing assets, or as information exchanges founded on accounting amounts efforts.

The types of Article 6 registries, their objectives, and the level of interoperability between various registries will be addressed in forthcoming deliberations at COP28. Article 6 focal points are encouraged to stay informed about this ongoing discourse and proactively consider all relevant aspects, as it will have a direct impact on the necessary capacity building for participation in the Article 6 mechanism.

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