

## **PARIS AGREEMENT**

### **Article 2 para 1 (a):**

(a) Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;

### **Article 6 para 4**

4. A mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development is hereby established under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement for use by Parties on a voluntary basis. It shall be supervised by a body designated by the Conference of the Parties serving as the meeting of the Parties to this Agreement, and shall aim:

(a) To promote the mitigation of greenhouse gas emissions while fostering sustainable development;

(b) To incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party;

(c) To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution;

and

(d) To deliver an overall mitigation in global emissions.

## **RMP A6.4 Rules, Modalities and Procedures**

### IV. Participation responsibilities

26. Each host Party of Article 6, paragraph 4, activities shall, prior to participating in the mechanism, ensure that:

(a) It is a Party to the Paris Agreement;

(b) It has prepared, has communicated and is maintaining a nationally determined contribution (NDC) in accordance with Article 4, paragraph 2;

- (c) It has designated a national authority for the mechanism and has communicated that designation to the secretariat;
- (d) It has indicated publicly to the Supervisory Body how its participation in the mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative;
- (e) It has indicated publicly to the Supervisory Body the types of Article 6, paragraph 4, activity that it would consider approving pursuant to chapter V.C below (Approval and authorization) and how such types of activity and any associated emission reductions would contribute to the achievement of its NDC, if applicable, its long-term low greenhouse gas (GHG) emission development strategy, if it has submitted one, and the longterm goals of the Paris Agreement.

27. A host Party may specify to the Supervisory Body, prior to participating in the mechanism:

- (a) Baseline approaches and other methodological requirements, including additionality, to be applied for Article 6, paragraph 4, activities that it intends to host, in addition and subject to and consistent with these rules, modalities and procedures, under the supervision of the Supervisory Body, and subject to further relevant decisions of the CMA, with an explanation of how those approaches and requirements are compatible with its NDC and, if it has submitted one, its long-term low GHG emission development strategy;
- (b) Crediting periods to be applied for Article 6, paragraph 4, activities that it intends to host, including whether the crediting periods may be renewed, subject to these rules, modalities and procedures and under the supervision of the Supervisory Body, and in accordance with further relevant decisions of the CMA, with an explanation of how those crediting periods are compatible with its NDC and, if it has submitted one, its long-term low GHG emission development strategy.

28. Each host Party shall ensure that, on a continuing basis:

- (a) It is maintaining an NDC in accordance with Article 4, paragraph 2;
- (b) Its participation in the mechanism contributes to the implementation of its NDC and its long-term low GHG emission development strategy, if it has submitted one.

29. In relation to the least developed countries and small island developing States, pursuant to Article 4, paragraph 6, their special

circumstances shall be recognized where these rules, modalities and procedures relate to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to these rules, modalities and procedures.

## V. Article 6, paragraph 4, activity cycle

### A. Activity design

30. The public or private entities participating in an activity (hereinafter referred to as activity participants) that wish to register the activity as an Article 6, paragraph 4, activity shall design the activity according to the requirements in this chapter and any other relevant requirements adopted by the CMA or the Supervisory Body

31. The activity:

(a) Shall be designed to 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 (hereinafter collectively referred to as emission reductions), and not lead to an increase in global emissions;

(b) May be a project, programme of activities or other type of activity approved by the Supervisory Body;

(c) Shall be designed to achieve emission reductions in the host Party;

(d) Shall also:

(i) Deliver real, measurable and long-term benefits related to climate change in accordance with decision 1/CP.21, paragraph 37(b);

(ii) Minimize the risk of non-permanence of emission reductions over multiple NDC implementation periods and, where reversals occur, ensure that these are addressed in full;

(iii) Minimize the risk of leakage and adjust for any remaining leakage in the calculation of emission reductions or removals;

(iv) Minimize and, where possible, avoid negative environmental and social impacts;

(e) Shall undergo local and, where appropriate, subnational stakeholder consultation consistent with applicable domestic arrangements in relation

to public participation and local communities and indigenous peoples, as applicable;

(f) Shall apply a crediting period for the issuance of A6.4ERs, that is a maximum of 5 years renewable a maximum of twice, or a maximum of 10 years with no option of renewal, that is appropriate to the activity, or, in respect of activities involving removals, a crediting period of a maximum of 15 years renewable a maximum of twice that is appropriate to the activity, and that is subject to approval by the Supervisory Body, or any shorter crediting period specified by the host Party pursuant to paragraph 27(b) above. The crediting period shall not start before 2021.

32. The activity shall apply a mechanism methodology that has been developed in accordance with chapter V.B below (Methodologies) and approved by the Supervisory Body following its technical assessment, in order to:

- (a) Set a baseline for the calculation of emission reductions to be achieved by the activity;
- (b) Demonstrate the additionality of the activity;
- (c) Ensure accurate monitoring of emission reductions;
- (d) Calculate the emission reductions achieved by the activity.

## B. Methodologies

33. Mechanism methodologies shall encourage ambition over time; encourage broad participation; be real, transparent, conservative, credible and below 'business as usual'; avoid leakage, where applicable; recognize suppressed demand; align with the long-term temperature goal of the Paris Agreement; contribute to the equitable sharing of mitigation benefits between the participating Parties; and, in respect of each participating Party, contribute to reducing emission levels in the host Party, and align with its NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the longterm goals of the Paris Agreement.

34. Mechanism methodologies shall include relevant assumptions, parameters, data sources and key factors and take into account uncertainty, leakage, policies and measures, and relevant circumstances, including national, regional or local, social, economic, environmental and technological circumstances, and address reversals, where applicable.

35. Mechanism methodologies may be developed by activity participants, host Parties, stakeholders or the Supervisory Body.

Mechanism methodologies shall be approved by the Supervisory Body where they meet the requirements of these rules, modalities and procedures and the requirements established by the Supervisory Body.

36. Each mechanism methodology shall require the application of one of the approach(es) below to setting the baseline, while taking into account any guidance by the Supervisory Body, and with justification for the appropriateness of the choices, including information on how the proposed baseline approach is consistent with paragraphs 33 and 35 above and recognizing that a host Party may determine a more ambitious level at its discretion:

A performance-based approach, taking into account:

- (i) Best available technologies that represent an economically feasible and environmentally sound course of action, where appropriate;
- (ii) An ambitious benchmark approach where the baseline is set at least at the average emission level of the best performing comparable activities providing similar outputs and services in a defined scope in similar social, economic, environmental and technological circumstances;
- (iii) An approach based on existing actual or historical emissions, adjusted downwards to ensure alignment with paragraph 33 above.

37. Standardized baselines may be developed by the Supervisory Body at the request of the host Party or may be developed by the host Party and approved by the Supervisory Body. Standardized baselines shall be established at the highest possible level of aggregation in the relevant sector of the host Party and be consistent with paragraph 33 above.

38. Each mechanism methodology shall specify the approach to demonstrating the additionality of the activity. Additionality shall be demonstrated using a robust assessment that shows the activity would not have occurred in the absence of the incentives from the mechanism, taking into account all relevant national policies, including legislation, and representing mitigation that exceeds any mitigation that is required by law or regulation, and taking a conservative approach that avoids locking in levels of emissions, technologies or carbon-intensive practices incompatible with paragraph 33 above.

39. The Supervisory Body may apply simplified approaches for demonstration of additionality for any least developed country or small island developing State at the request of that Party, in accordance with requirements developed by the Supervisory Body.

C. Approval and authorization

40. The host Party shall provide to the Supervisory Body an approval of the activity, prior to a request for registration. The approval shall include:

- (a) Confirmation that and information on how the activity fosters sustainable development in the host Party;
- (b) Approval of any potential renewal of the crediting period, if the Party intends to allow the activity to continue beyond the first crediting period, where the Party has specified that the crediting periods of Article 6, paragraph 4, activities that it intends to host may be renewed pursuant to paragraph 27(b) above;
- (c) Explanation of how the activity relates to the implementation of its NDC and how the expected emission reductions or removals contribute to the host Party's NDC and the purposes referred to in Article 6, paragraph 1.

41. The host Party shall provide to the Supervisory Body the Article 6, paragraph 4(b), authorization of public or private entities to participate in the activity as activity participants under the mechanism

42. The host Party shall provide a statement to the Supervisory Body specifying whether it authorizes A6.4ERs issued for the activity for use towards achievement of NDCs and/or for other international mitigation purposes as defined in decision 2/CMA.3. If the host Party authorizes any such uses, the Party may provide relevant information on the authorization, such as any applicable terms and provisions. If the host Party authorizes A6.4ERs for use for other international mitigation purposes, it shall specify how it defines "first transfer" consistently with paragraph 2(b) of the annex to decision 2/CMA.3.

43. A6.4ERs may only be used towards NDCs or towards international mitigation purposes if they are authorized in accordance with paragraph 42 above. The host Party shall apply corresponding adjustments for such A6.4ERs first transferred in accordance with chapters IX (Avoiding the use of emission reductions by more than one Party) and X (Use of emission reductions for other international mitigation purposes) below and shall apply corresponding adjustments for the associated A6.4ERs levied for a share of proceeds in accordance with chapter VII below (Levy of share of proceeds for adaptation and administrative expenses) and cancelled for overall mitigation of global emissions in accordance with chapter VIII below (Delivering overall mitigation in global emissions)

44. The host Party shall apply a corresponding adjustment for A6.4ERs that are authorized for other purposes, in accordance with chapter X below (Use of emission reductions for other international mitigation purposes),

and shall apply corresponding adjustments for the associated A6.4ERs levied for a share of proceeds in accordance with chapter VII below (Levy of share of proceeds for adaptation and administrative expenses) and cancelled for overall mitigation of global emissions in accordance with chapter VIII below (Delivering overall mitigation in global emissions).

45. Other participating Parties shall provide to the Supervisory Body the Article 6, paragraph 4(b), authorization for public or private entities to participate in the activity as activity participants under the mechanism prior to any first transfer of any A6.4ERs to the mechanism registry account of such Party or public or private entity.

#### D. Validation

46. A designated operational entity shall independently assess the activity against the requirements set out in these rules, modalities and procedures, further relevant decisions of the CMA and relevant requirements adopted by the Supervisory Body (hereinafter referred to as validation).

#### E. Registration

47. If the designated operational entity concludes that the outcome of the validation is positive, it shall submit to the Supervisory Body a request for registration with the validation outcome in accordance with the relevant requirements adopted by the Supervisory Body.

48. The activity participants shall pay a share of proceeds, at a level determined by the CMA, taking into account the likely scale of the activity, to cover the administrative expenses for registering the activity when submitting a request for registration.

49. If the Supervisory Body decides that the validation and its outcome meet the relevant requirements adopted by the Supervisory Body, it shall register the activity as an Article 6, paragraph 4, activity

#### F. Monitoring

50. The activity participants shall monitor emission reductions achieved by the activity during each monitoring period, in accordance with the relevant requirements adopted by the Supervisory Body. The activity

participants shall also monitor potential reversals over a period to be decided by the Supervisory Body.

#### G. Verification and certification

51. A designated operational entity shall independently review and determine the implementation of, and the emission reductions achieved by, the Article 6, paragraph 4, activity during the monitoring period (hereinafter referred to as verification) against the requirements set out in these rules, modalities and procedures, further relevant decisions of the CMA and relevant requirements adopted by the Supervisory Body, and provide written assurance of the verified emission reductions (hereinafter referred to as certification).

#### H. Issuance

52. For the issuance of A6.4ERs, the designated operational entity shall submit to the Supervisory Body a request for issuance with the verification outcome and certification in accordance with the relevant requirements adopted by the Supervisory Body.

53. If the Supervisory Body decides that the verification, certification and their outcome meet the relevant requirements adopted by the Supervisory Body, it shall approve the issuance of A6.4ERs.

54. The mechanism registry administrator shall, in accordance with the relevant requirements adopted by the Supervisory Body, issue the A6.4ERs into the mechanism registry.

55. The mechanism registry shall distinguish A6.4ERs that are authorized for use towards the achievement of NDCs and/or for use for other international mitigation purposes pursuant to chapter V.C above (Approval and authorization), including any specified uses for which the A6.4ERs are authorized.

#### I. Renewal of the crediting period

56. The crediting period of a registered Article 6, paragraph 4, activity may be renewed in accordance with further relevant decisions of the CMA and relevant requirements adopted by the Supervisory Body, if the host Party has approved such renewal in accordance with paragraph 27(b) above.



57. The renewal of a crediting period shall be approved by the Supervisory Body and the host Party following a technical assessment by a designated operational entity to determine necessary updates to the baseline, the additionality and the quantification of emission reductions.

#### J. First transfer from the mechanism registry

58. At issuance, the mechanism registry administrator shall effect a first transfer of 5 per cent of the issued A6.4ERs to an account held by the Adaptation Fund in the mechanism registry for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

59. At issuance, the mechanism registry administrator shall also effect a first transfer, for cancellation, of a minimum of 2 per cent of the issued A6.4ERs to the account for cancellation for delivering overall mitigation in global emissions in accordance with chapter VIII below (Delivering overall mitigation in global emissions).

60. The mechanism registry administrator shall forward or effect a first transfer, as applicable, of the remaining issued A6.4ERs in accordance with the instructions of the activity participants and with any further modalities adopted by the CMA and relevant requirements adopted by the Supervisory Body.

#### K. Voluntary cancellation

61. Activity participants may voluntarily request the mechanism registry administrator to cancel in the mechanism registry a specified amount of A6.4ERs issued in respect of their Article 6, paragraph 4, activity.

#### L. Other processes associated with Article 6, paragraph 4, activities

62. Stakeholders, activity participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by an independent grievance process.

### VIII. Delivering overall mitigation in global emissions

69. Delivery of overall mitigation in global emissions shall be enhanced through mandatory cancellation of A6.4ERs that are also accounted for in accordance with the following:

(a) The mechanism registry administrator shall effect a first transfer of a minimum of 2 per cent of the issued A6.4ERs to the cancellation account in the mechanism registry for overall mitigation in accordance with chapter V above (Article 6, paragraph 4, activity cycle), where those A6.4ERs shall be cancelled;

(b) The cancelled A6.4ERs shall not be further transferred or used for any purpose, including towards achievement of any NDC or for other international mitigation purposes or for other purposes;

(c) At first transfer of the remaining issued A6.4ERs, the host Party shall make a corresponding adjustment consistently with decision 2/CMA.3 for the number of issued A6.4ERs first transferred.

70. In addition to the above, Parties, activity participants and stakeholders may also request the voluntary cancellation of A6.4ERs in the mechanism registry for the purpose of delivering further overall mitigation in global emissions that have been correspondingly adjusted in accordance with chapter III.B of decision 2/CMA.3.

XI. Transition of clean development mechanism activities and use of certified emission reductions towards first nationally determined contribution

A. Transition of clean development mechanism activities

73. Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol (CDM) or listed as provisional as per the temporary measures adopted by the Executive Board of the CDM may transition to the mechanism and be registered as Article 6, paragraph 4, activities subject to all of the following conditions:

(a) The request to transition the CDM project activity or programme of activity being made to the secretariat and the CDM host Party as defined by decision 3/CMP.1 by or on behalf of the project participants that were approved by that CDM host Party by no later than 31 December 2023;

(b) The approval for such transition of the CDM project activity or programme of activity being provided to the Supervisory Body by the CDM host Party by no later than 31 December 2025;

(c) Subject to paragraph 73(d) below, the compliance with these rules, modalities and procedures, including on the application of a corresponding adjustment consistent with decision 2/CMA.3, relevant

requirements adopted by the Supervisory Body and any further relevant decisions of the CMA;

(d) The activity may continue to apply its current approved CDM methodology until the earlier of the end of its current crediting period or 31 December 2025, following which it shall apply an approved methodology pursuant to chapter V.B above (Methodologies).

74. The Supervisory Body shall ensure that small-scale CDM project activities and CDM programmes of activities undergo an expedited transition process in accordance with decisions of the Supervisory Body by prioritizing the requests to transition from such activities following the approval referred to in paragraph 73(b) above.

#### B. Use of certified emission reductions towards first or first updated nationally determined contributions

75. Certified emission reductions (CERs) issued under the CDM may be used towards achievement of an NDC provided the following conditions are met:

(a) The CDM project activity or programme of activities was registered on or after 1 January 2013;

(b) The CERs shall be transferred to and held in the mechanism registry and identified as pre-2021 emission reductions;

(c) The CERs may be used towards achievement of the first NDC only;

(d) The CDM host Party shall not be required to apply a corresponding adjustment consistently with decision 2/CMA.3 in respect of the CERs and not be subject to the share of proceeds pursuant to chapter VII above (Levy of share of proceeds for adaptation and administrative expenses);

(e) CERs not meeting the conditions referred to in paragraph 75(a–d) above may only be used for achievement of an NDC in accordance with a relevant future decision of the CMA;

(f) Temporary CERs and long-term CERs shall not be used towards NDCs.

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