Overview of tracking requirements under Article 6.2

Toshinori HAMAGUCHI
Program Manager
Paris Agreement Article 6
Implementation Partnership Center

Tracking under Article 6.2

Each participating party must **"have"**, or **"have access to", a registry** for the purpose of tracking under Article 6.2 of the Paris Agreement. The registry records authorization, first transfer, use and other relevant actions relating to ITMOs.

Article 6 Rulebook on tracking

Article 6.2 Guidance (Decision 2/CMA.3, annex, chapter VI)

- o Sets out the general requirements on tracking
- o Tasks the UNFCCC Secretariat to implement an international registry

Guidance on registries (Decision 6/CMA.4, annex I, I)

Specifies:
- o Registry form, functions and processes
- o Interoperability
- o Guidance relating to international registry

Article 6.2 registry functions

The Article 6.2 guidance specifies key requirements for the registry (Decision 2/CMA.3, annex, para. 29), which is further elaborated by the guidance for registries (Decision 6/CMA.4, annex I, chapter I).

Key requirements	Summary
Accounts and access	The registry must have **accounts** for ITMOs, as necessary. It must also provide access to the country and other entities with authorized access.
Recorded actions	The registry must be able to record the following **actions**: authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards OIMPs, and voluntary cancellation (including for OMGE, if applicable)
ITMO IDs	Each ITMO must have **a unique identifier (ID)**. The Article 6.2 guidance on registries sets out the minimum composition of the ITMO IDs.
Reporting	The registry must be implemented in a way that **enables reporting** of annual information consistent with the agreed electronic format (AEF).
Form	The registry's electronic, technical, and administrative arrangements must be based on **"software"** that enables tracking and recording of ITMOs.

International registry

The UNFCCC Secretariat is tasked with implementing an international registry for use by participating parties that do not have or do not have access to a registry (Decision 2/CMA.3, annex, para. 30).

The international registry comprises an electronic database and other technical and administrative arrangements and support the accounts and perform the operations required for Article 6.2 tracking (Decision 6/CMA.4, annex I, para. 15).

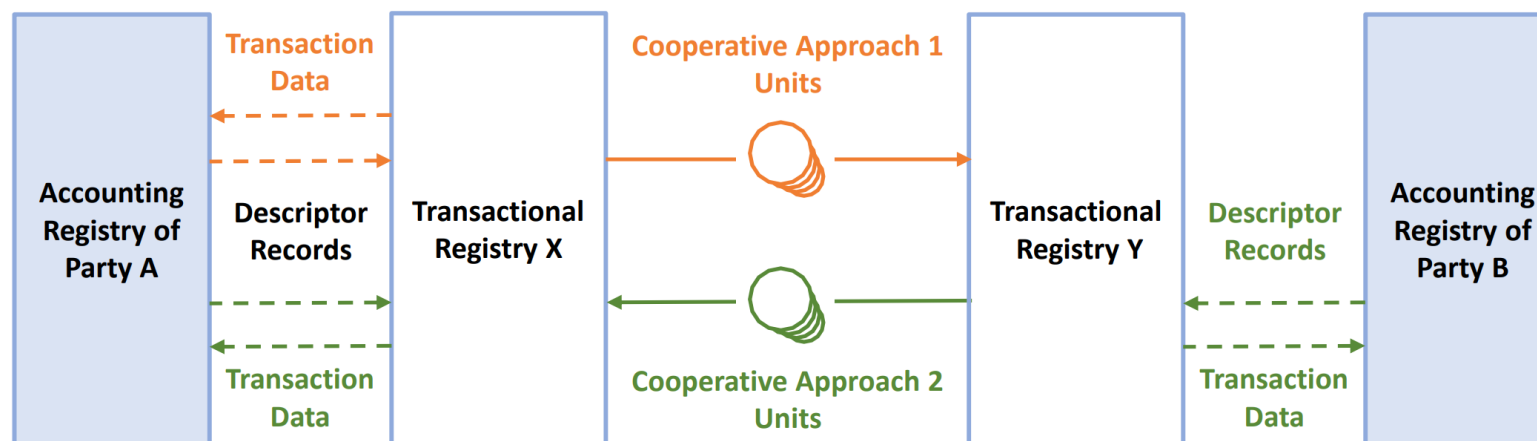| Key Features	• Consist of Party-specific sections and a section for the administrator • Enable the tracking and recording of information in relation to the ITMO actions • Maintaining the cross-sectional consistency of data • Enable the automatic pre-filling of the AEF and of other quantitative information requirements • Enable the production and dissemination of reports to the designated registry administrators of participating parties • Make non-confidential information publicly available

Development timeline

Jun 2024	Functional completeness for initial release
Sep 2024	Initial release
Q1 2025	Roll out

Source: UNFCCC Secretariat, 2023

Accounting vs. Transactional Registry

The registry in the context of Article 6.2 must be able to track ITMOs. This function is for **accounting purposes to ensure, among others, avoidance of double counting.** However, a registry may also perform as a transactional registry, allowing transfers of ITMOs from one account to another. For this function, a country may decide to use the same or a different registry to execute transactions, based on their Article 6 implementation approaches.

Rrelationship between accounting and transactional registry

| Accounting Registry of Party A | | Transactional Registry X | | Transactional Registry Y | | Accounting Registry of Party B |

- Transaction Data
- Descriptor Records
- Cooperative Approach 1 Units
- Cooperative Approach 2 Units
- Descriptor Records
- Transaction Data

Source: Image from UNFCC Secretariat, 2023

ITMO IDs

Each ITMO must has a unique identifier (ID). The guidance on registries specifies the minimum components of the ITMO IDs.

Minimum ITMO ID components
(1) The identifier of the cooperative approach;
(2) The identifier of the originating party registry;
(3) The identifier of the first transferring party;
(4) The serial number;
(5) The vintage of the underlying mitigation outcome.

Ref: Decision 6/CMA.4, annex I, para. 5

Common nomenclatures (Decision 6/CMA.4, para. 17 (j))

The UNFCCC secretariat proposes common nomenclatures on ITMO ID which may take the form as shown below.

Identifier of the originating Party registry

Serial number

CA002*-BK1*-BK*-1236500-1237500-2022-???-??

Identifier of the cooperative approach

Identifier of the first transferring Party

Vintage of the underlying mitigation outcome

Source: Image from UNFCC Secretariat, 2023
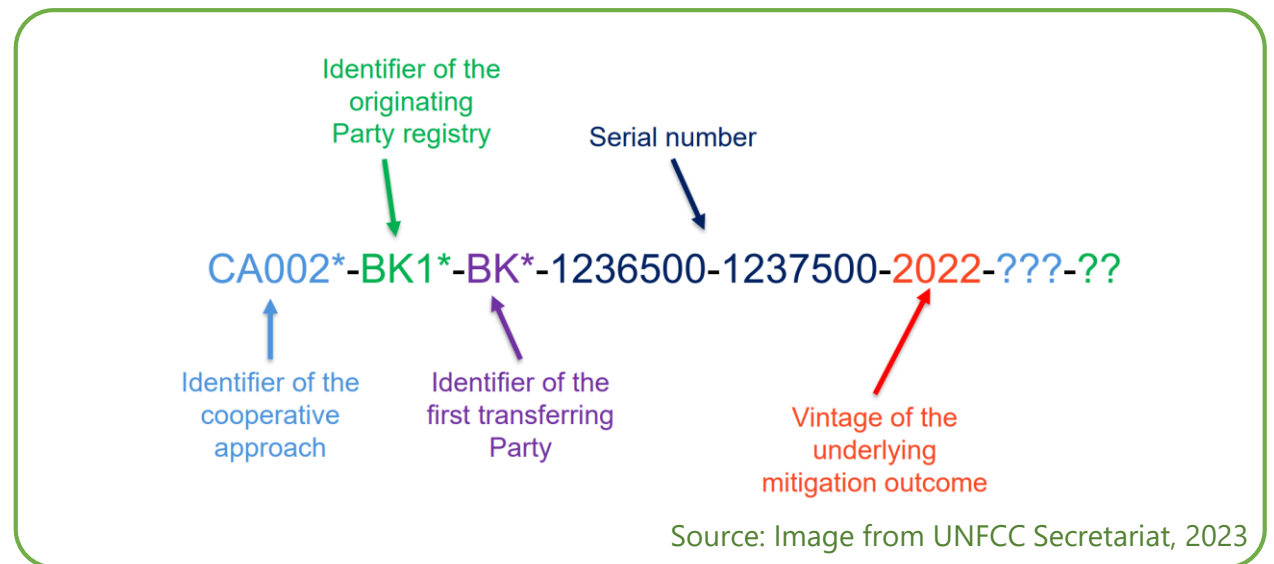
Interoperability

Participating countries must implement **appropriate standards and procedures** for interoperability, where applicable (Decision 6/CMA.4, annex I, chapter I.B).

General principles (Decision 6/CMA.4, annex I, chapter I.B)

- To mitigate risks to the consistency of data, including through communication of data about the transfer and reconciliation procedures within and between registries.

- The existence, type, time, or content of the inter-registry transfer should not later be contested.

Participating party may **connect its registry to the international registry** by applying the applicable interoperability arrangements. (Decision 6/CMA.4, annex I, chapter I.C, para. 24)
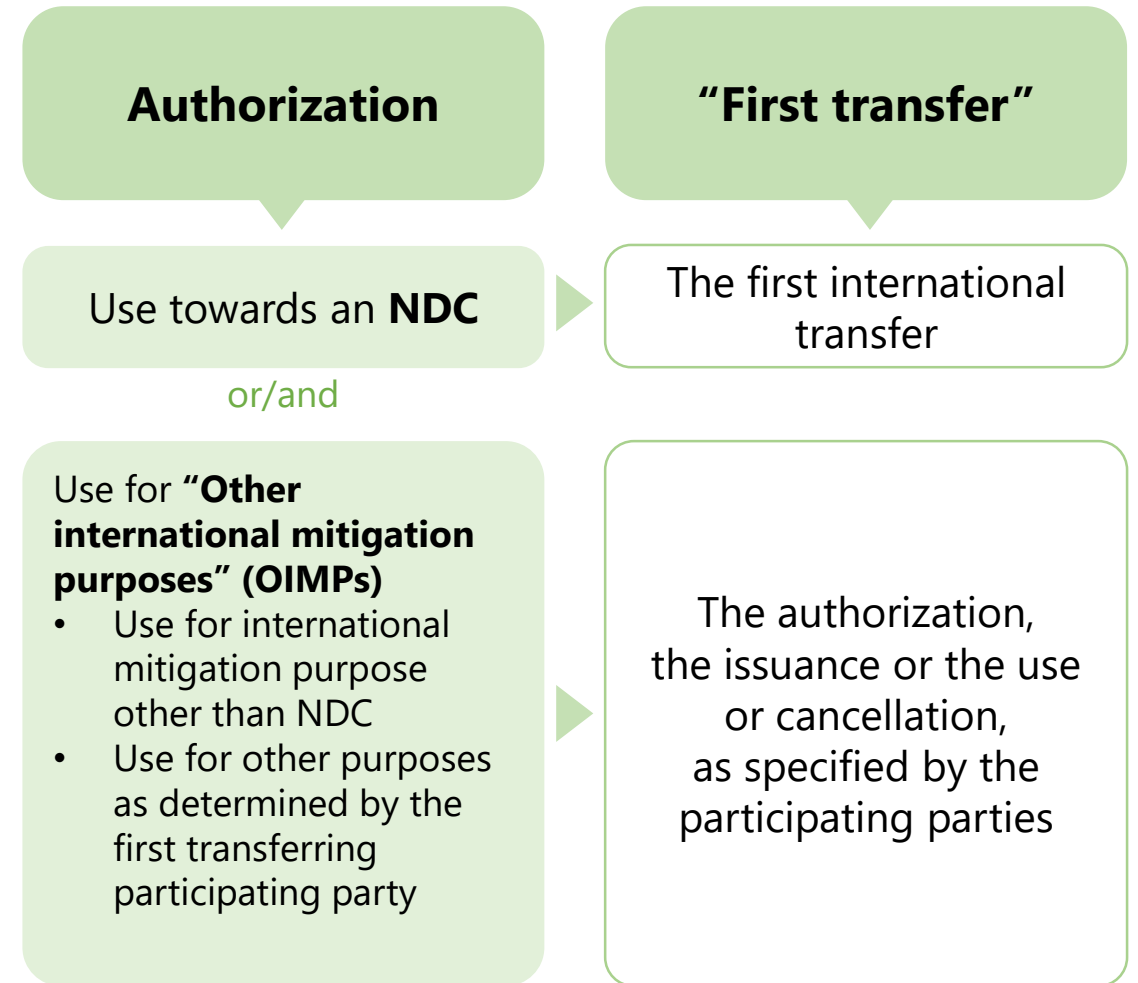
The UNFCCC Secretariat is tasked with developing interoperability standards and procedures for the international registry in connecting with other registries. (Decision 6/CMA.4, annex I, chapter I.C, para. 17 (d))

First transfer

The action of "first transfer" is recorded by the registry. The Article 6.2 guidance defines "first transfer" (based on the authorized use) as follows (Decision 2/CMA.3, annex, para. 2):

(a) For a mitigation outcome authorized by a participating party for use towards the achievement of an **NDC**, the first international transfer of the mitigation outcome or;

(b) For a mitigation outcome authorized by a participating Party for use for **OIMPs**, (1) the authorization, (2) the issuance or (3) the use or cancellation of the mitigation outcome, as specified by the participating party.

The AEF (draft version) requires countries to specify the approach for first transfer as per decision 2/CMA.3, annex, paragraph 2 applied in each case.

Authorization

Use towards an **NDC**

or/and

Use for **"Other international mitigation purposes" (OIMPs)**
- Use for international mitigation purpose other than NDC
- Use for other purposes as determined by the first transferring participating party

"First transfer"

The first international transfer

The authorization, the issuance or the use or cancellation, as specified by the participating parties

Report on tracking

The registry must be implemented in a way that **enables reporting of annual information consistent with the agreed electronic format (AEF)** (Decision 6/CMA.4, annex I, chapter I.A, para. 1(e), 8).

o For parties using the international registry, **an automatic pre-filling function** for AEF and other quantitative information will be provided (Decision 6/CMA.4, annex I, chapter I.C, para. 20).

o For countries developing their own or using third-party registries, they should ensure that all information necessary for AEF reporting is tracked and can be drawn from the registry for the purpose of Article 6 reporting.

Article 6.2 infrastructure - Overview

Centralized accounting and reporting platform (CARP)
Implemented by the UNFCCC Secretariat

Form: digital web-based platform

Key functions
- Publishes information submitted by participating parties
- Provides reporting templates, a submission portal, etc.
- Enables management of common nomenclatures

Article 6 Database

Key functions
- Records and compiles information submitted by participating parties (annual/regular information), incl. corresponding adjustments, emissions balance, and information on ITMOs
- Records ITMO IDs
- Supports Article 6 technical expert review and publishes the review report
- Identifies inconsistencies

International registry

Key functions
- Performs tracking functions
- Has necessary functions as required by the guidance on registries

Ref:
- Decision 2/CMA.3, annex, chapter VI
- Decision 6/CMA.4, annex I

Article 6 infrastructure - Relationship

Ref: Decision 6/CMA.4, annex I, chapter I-III
Decision 6/CMA.4, annex II
Decision 7/CMA.4, annex I, chapter IV
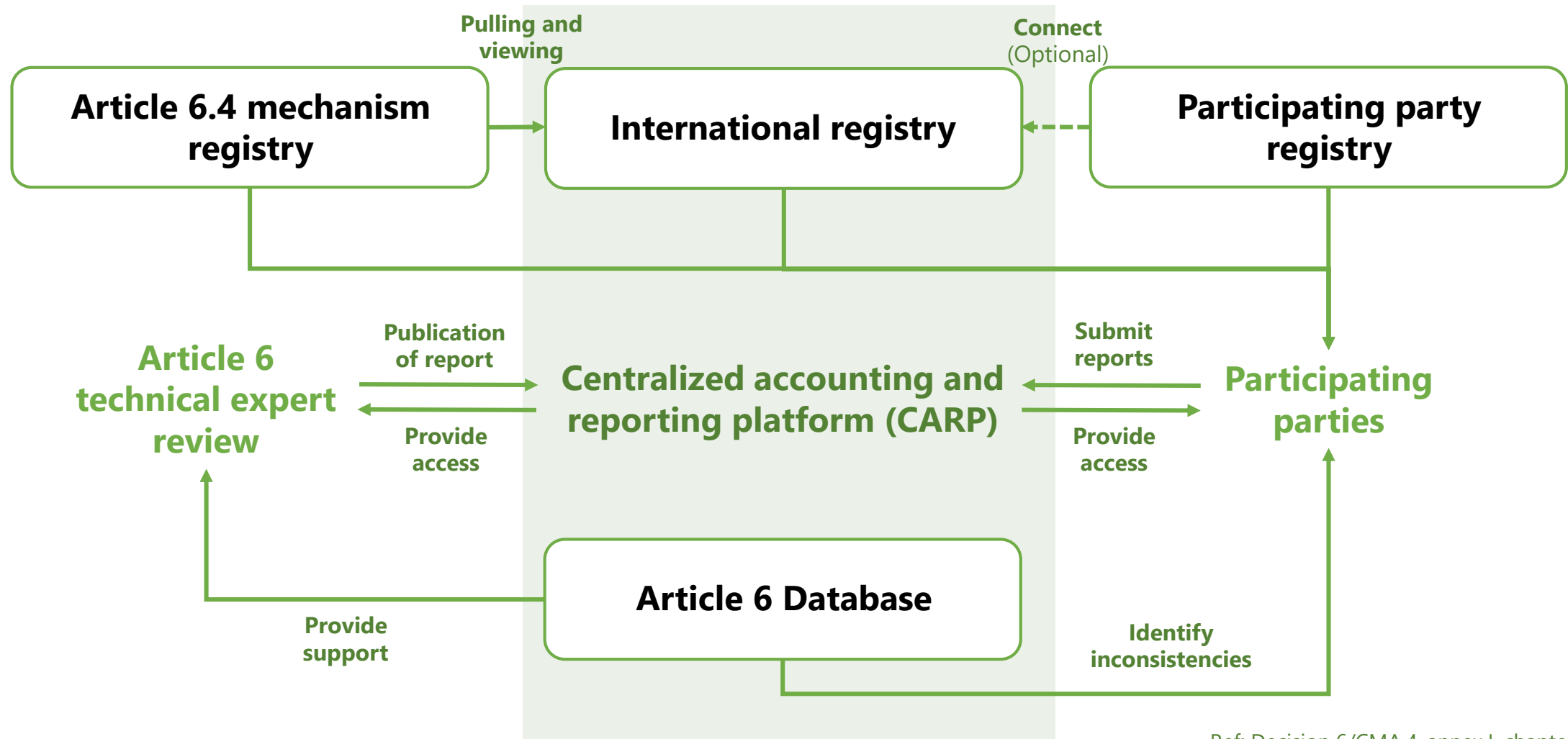
Key consideration on tracking

	Description	Key consideration
1	**Determine the functionality needs for tracking in the country**	❑ What are the requirements for Article 6.2 tracking ❑ In addition to the mandatory functions of 6.2, what other functions the country may want the registry to perform
2	**Consider possible options for tracking**	❑ Review the existing tracking arrangements/systems currently in place in the country that could be relevant to 6.2 tracking - determine how they may support or be improved to serve the functions required by Article 6.2 ❑ Explore different choices of registry – how to make informed decision?
3	**Determine interoperability methods and first transfer process**	❑ How will the registry connect with other registries of cooperating countries ❑ How will the first transfer be executed and recorded in the registry
4	**Reporting on tracking** (Link with reporting tools)	❑ How to report information collected by the registry

Optional

5	**Consider registry connection with other infrastructure** (Optional)	❑ Connect the registry with international registry/Article 6.4 registry (Subject to further discussion at UNFCCC) ❑ Connect the registry with open database (such as CAD Trust) for enhanced transparency

Considering possible options for registry

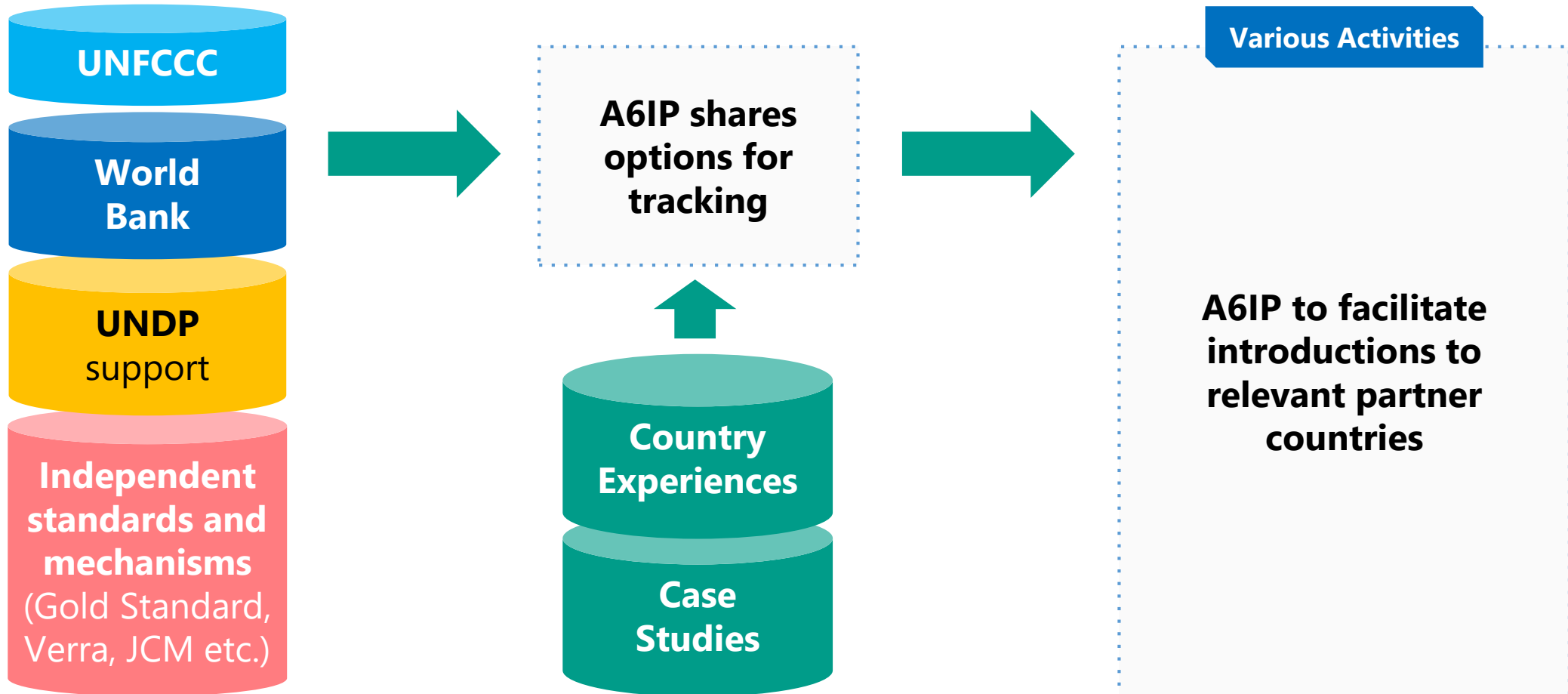|	Registry options		
	Participating party registry		**International registry** (Operated by UNFCCC secretariat)
	Develop own registry	**Use other available registry**	
Countries suitable for this option	• Countries having in place domestic registry which serves similar functions • Countries intending to implement domestic CPIs which require a national registry • Countries having technical capacity and resources for operating its own system	• Countries receiving support from development partners who provide such service • Countries wishing to use registry for multiple functions in addition to Article 6 without developing own registry (subject to the functions provide by each registry) • Countries wishing to reduce cost in operating the system by themselves	• Countries intending to use the registry for the sole purpose of Article 6 • Countries with limited capacity and resources • Countries intending to use international registry in addition to their own registries to facilitate Article 6 implementation

Considering possible options for registry

Key considerations	Registry options		
	Participating party registry		**International registry** (Operated by UNFCCC secretariat)
	Develop own registry	**Use other available registry**	
Support for domestic CPIs	● Countries can design its registry to serve various national policies and schemes	● Varied, depending on each registry	● Limited (may not support tracking of unauthorized mitigation outcomes)
Customization	● Countries have full control over the registry design	● Varied, depending on each registry	● Limited (while a party-specific section is provided)
Article 6 reporting	● Countries need to ensure that the registry supports Article 6 reporting	● Countries need to understand how the information is collected from the registry	● Enable auto-prefilling of relevant information
Support/capacity	● Require technical capacity and resources to operate	● Require understanding of how to operate and services/assistance provided	● Assistance is provided by the UNFCCC secretariat
Availability	n/a	Few options available, in consultation with development partners/service providers	- Accessible for all parties to the Paris Agreement - Initial release: Sept 2024
Fee	n/a	Subject to agreement with providers	(Under discussion)

A6IP Capacity Support for Tracking

A6IP CB framework for tracking presented at Joint 3rd Working Group (March 14th, 2024)

A6IP will compile information on different options available for tracking and introduce relevant options to partner countries.

UNFCCC

World Bank

UNDP support

Independent standards and mechanisms (Gold Standard, Verra, JCM etc.)

A6IP shares options for tracking

Country Experiences

Case Studies

Various Activities

A6IP to facilitate introductions to relevant partner countries

Any questions
Contact: a6_partnership@iges.or.jp
Website: https://a6partnership.org