This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Article 6 Readiness and Eligibility, Model earth icon on blocks representing environmental efforts

# Article 6 Readiness and Eligibility

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***On this page:*** *Article 6 readiness and eligibility is a criterion that recognizes Internationally Transferred Mitigation Outcomes (ITMOs) as one of the end-uses that ERCs generated will need to consider. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

S3: Article 6 readiness and eligibility: As the mechanisms and rules for Article 6 of the Paris Agreement continue to develop, Article 6 readiness and eligibility, is a criterion that recognizes Internationally Transferred Mitigation Outcomes (ITMOs) as one of the end-uses that ERCs generated will need to consider. Although the discussions around the mechanisms for Article 6 transactions under voluntary market standards are still nascent, a crucial piece surrounding these transactions would be the mechanisms and procedures for corresponding adjustments (CAs) to ensure that emission reductions or removals are not counted towards multiple NDCs. This is expected to be a critical accounting mechanism under Article 6, to enable the effectiveness of carbon markets in contributing towards climate action.

Host countries of projects under the VCM will therefore also need to consider having frameworks and mechanisms in place to facilitate the authorization and tracking of Article 6-aligned transactions, including that of CAs. Countries with such capabilities will be well placed for selling ERCs that are that are aligned with the principles and goals of the Paris Agreement, which could provide greater confidence for buyers looking to purchase ERCs that ensure that double-counting risks are managed through the host country's NDC calculations and reporting.

Two subcomponents are used to drive the rating for the project type's Article 6 readiness and eligibility:

- **Readiness**: Credibility of the legal frameworks to process and facilitate Article 6-aligned transactions and the CAs resulting from these transactions, and institutions to process such transactions in line with the frameworks, at a country level.
- **Eligibility**: Clarity of the path to the project being authorized for Article 6-aligned transactions and CAs within the country's current framework, for the specific project type.

The guideposts below provide guidance on the project type's rating for each subcomponent, that will contribute towards its average Article 6 readiness and eligibility rating, following the levels indicated in Introduction to the Project Assessment Framework. See Figure 2.4. The Guidelines for Country Systems developed for the ERP alongside this paper can also be leveraged, where the country-level assessment for the criteria D1: Defined Article 6 transaction mechanisms will provide insights on the closeness to best practice of their frameworks, criteria, processes and mechanisms for Article 6 transactions, and inputs on project types likely eligible for these transactions.

*Figure 2.4. Guideposts for rating Article 6 readiness and eligibility*

| Rationale for rating | Rating |
|---|---|
| **Article 6 Readiness** | |
| There is a comprehensive framework in place for Article 6 transactions aligned with best practice to facilitate such transactions, and there are institutions that have the core capabilities in place to facilitate such transactions, as demonstrated not just by the release of operational tools, but evidenced by a large number of completed CA-labelled transactions. | |
| There is a general framework in place for Article 6 transactions, and the institutions that are to facilitate such transactions per the framework have published relevant operational tools such as rules, templates, platforms, and processes for potential project proponents to refer to. | |
| No frameworks and institutions in place to facilitate Article 6 transactions and the related CAs. | |
| **Article 6 Eligibility** | |
| The project's parameters and/or specific project type(s) are included in a positive list or a similar listing of prioritized projects that are eligible for Article 6 transactions and CAs (or even not included in a negative list) and there can be a reasonable assumption that the project being assessed may be authorized for Article 6 transactions and CAs if requirements are met and processes are followed. | |
| General criteria set out for projects that may be approved by the government for Article 6 transactions and CAs in place within the existing frameworks, from which there can be a reasonable assumption that the project being assessed may be authorized for Article 6 transactions and CAs if requirements are met and processes are followed. | |
| No criteria set out within the existing frameworks to understand which projects can be authorized for Article 6 transactions and CAs. | |

**Related Content**

- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**

**Additional Resources**

- Climate-Smart PPPs
- Climate-Smart PPPs: Further Reading and Resources

*This section is intended to be a living document and will be reviewed at regular intervals. The Guidelines have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions. Unless expressly stated otherwise, the findings, interpretations, and conclusions expressed in the Materials in this Site are those of the various authors of the Materials and are not necessarily those of The World Bank Group, its member institutions, or their respective Boards of Executive Directors or member countries. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.*