

Call for proposals: Article 6 Cooperation – Concept Note Stage

According to the latest IPCC report, countries' climate ambitions need to be strengthened quickly in order to meet the Paris Agreement's temperature targets. Significant near-term emissions reductions are crucial to addressing both the climate issue and sustainable development goals. Limiting global warming to 1.5°C requires rapid, far-reaching and significant changes in large parts of society and the global economy, according to the report. Anthropogenic greenhouse gas emissions need to decrease by about 45 percent by 2030 compared to 2010, reaching net zero by 2050.

International cooperation under a well-functioning Article 6 of the Paris Agreement could save as much as \$250 billion per year by 2030, according to a recent study by the International Emissions Trading Association and researchers at the University of Maryland. If reinvested in further mitigation activities, these resources can generate significantly increased ambition, necessary for reaching the goals of the Paris Agreement. One important aim of the Article 6 activities being started as a result of this call is that they should help the host countries reach their Nationally Determined Contributions (NDCs) and promote increased global ambition and sustainable development.

The Swedish Energy Agency works on behalf of the Swedish government to develop new international climate cooperation through the acquisition of emission reduction units within the framework of Article 6 of the Paris Agreement (Article 6 collaborations). The aim is to contribute to a system that creates incentives for countries and other actors to increase the climate ambition and achieve greater emissions reductions and other climate and sustainable development benefits. The aim is also to contribute to the Swedish climate targets by 2030, 2040 and 2045 through supplementary measures.

This call for proposals is an important part of the Swedish Energy Agency's work to fulfil the task of acquiring emission reduction units, which could help Sweden to achieve its own targets as stated above, as well as increase the global mitigation ambition and overall level of low emissions development in cooperating countries.

The concept notes submitted do not entail any obligation on the Swedish Energy Agency.

Terms of reference and requirements for Concept Note

The Swedish Energy Agency (SEA) is interested to receive proposals in the form of Implementable Article 6 Pilot Concept Notes (henceforth "Concept Note").

The Concept Notes will be received and reviewed with the intention to select up to 5 for further development. The costs related to preparing the Concept Note will be borne by the preparer. In the second stage, selected proposals will receive funding for continued development towards more detailed design documentation (including the Methodology and Mitigation Activity Design Document, MADD), host country engagement and technical assistance as required.

Stage 1: Submission of Concept Note

Stage 2: After Concept Notes have been selected. The SEA will invite those shortlisted (up to 5) to develop their concept further, including a more detailed MADD and Methodology documents, host country approval. Funding for stage 2 program development work will be agreed on a case by case basis.

Please note that according to Swedish law some of the information provided may be made publicly available. For further information, please contact us (find contact information at www.energimyndigheten.se/en/article6proposals).

Concept Notes must conform to the following **Terms of reference:**

With an eye towards **streamlining**, you will see below a number of terms, acronyms, as well as formatting, which have been used in other Calls for Proposals for Article 6 activities.

Buyer: The Swedish Energy Agency

Seller: Eventual Host Country Authorization. Such authorization may also be sought during stage 2 (after the Concept Note has been selected).

Vintages: 2021-2030

Transaction type and payment: Mitigation Outcome Purchase Agreement (MOPA) a forward purchase contract with payment upon delivery. A separate agreement will be completed regarding program preparatory work.

Upfront payment: The only upfront payment contemplated would be for support for the preparation of the Methodology and Mitigation Activity Design Document MADD in stage 2.

Legal documents: Mitigation Outcome Purchase Agreement (MOPA), modalities will be determined during or after stage 2.

Bid size: SEA can consider a total purchase volume per MOPA of 1MT to 10MT SEA will also consider co-purchase offtake agreements with other reputable buyers on a case by case basis.

Term: generation 2021-2030, with final purchase year in 2031

Right to purchase: It is at the sole discretion of the Swedish Energy Agency to sign an eventual purchase agreement with the host country and or project entity.

Other criteria: The following criteria must be met, in order for the proposal to be eligible for assessment by the Swedish Energy Agency.

- At this time, we cannot yet accept REDD+ or LULUCF sectors.
- No activities that include nuclear or fossil fuel related power generation.

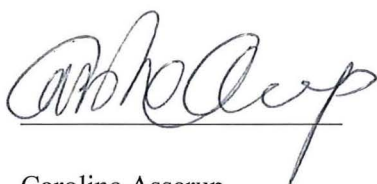
Selection Criteria

The Swedish Energy Agency will consider proposals that fulfil the following requirements.

- The emission reduction of the activity must be real, credibly quantifiable, and permanent.
- The proposed activity should be in line with national priorities and fit with the policy framework of the host country.
- The proposed activity should enable/foster increased domestic ambition.
- The methodology of the proposed activity must present a robust and stringent emissions baseline.
- The proposed activity should result in net mitigation.
- The proposed activity must demonstrate clear additionality¹ including that the activity would not be implemented without the support from SEA or another carbon finance provider.
- Activity should clearly demonstrate the role of carbon finance.
- The emission reduction units should be fully transferable including corresponding adjustments to avoid double counting.
- If multiple sources of concessional finance are present in the financing package for the activity the emission reductions resulting from the activity should be appropriately attributed to each source.

¹ <https://www.tandfonline.com/doi/full/10.1080/14693062.2019.1628695>

- Any organization can propose activities, but applicants will have an advantage if they can show a track record of implementing complex programs in developing and emerging economies, including having the requisite capacity and experience to follow and articulate the UNFCCC negotiation process, work with host government counterparts and propose economically sound policy solutions.
- A proposed activity must be located in a host country that is a Non-Annex I Party to the UNFCCC and a Party to the Paris Agreement. See [here](#).



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