

## **A proposal for Article 6 of the Paris Agreement**

### **Draft guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement**

#### **I. Principles**

1. In addition to Article 6, paragraph 1 and Article 6, paragraphs 2 and 3, and decision 1/CP.21, paragraph 36, each participating Party engaging in cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement<sup>1</sup> (hereinafter referred to as cooperative approaches) that involve the use of internationally transferred mitigation outcomes (ITMOs) towards achievement of nationally determined contributions (NDCs) shall be guided by the following further principles:
  - (a) Cooperative approaches allow the participating Parties to meet the goals of their NDC at lower cost, promoting future increased ambition within their NDC.
  - (b) Pursuant to Article 4, paragraph 3, cooperative approaches are consistent with and between the participating Parties' NDC and be designed and implemented in a manner that supports full implementation of the respective NDCs;
  - (c) Cooperative approaches are “bottom up” and maintain national prerogatives by ensuring that such cooperative approaches are led by participating Parties;

#### **II. Definitions**

1. “**Mitigation outcome**” means units denominated as carbon dioxide that are held within the NDC and represent greenhouse gas emission, reduction or removal activities;
2. “**Transfer**” means an international transfer that has been authorized by the transferring Party of one or more mitigation outcomes,
3. “**Vintage**” means the year in which the mitigation outcome is used towards an NDC.

#### **III. Internationally transferred mitigation outcomes (ITMO)**

##### **A. Internationally transferred mitigation outcomes that may be/are used towards achievement of a nationally determined contribution**

1. An ITMO/s shall be consistent with this section and further decisions adopted by the CMA relating to this guidance.
  1. **Responsibility**
    1. The responsibility to elaborate what is an ITMO that is used towards achievement of an NDC shall be with Parties participating in a cooperative approach but recognizing ‘**II. Definitions**’.
  2. **Measurement**
    1. An ITMO shall be measured in and equal to one metric ton of carbon dioxide equivalent (CO<sub>2</sub>e) as determined by Parties participating in a cooperative approach.
  3. **Form**
    1. An ITMO shall be a net flow between participating Parties in a given period, with the net amount giving rise to a corresponding adjustment to the NDC balance sheet of the participating Parties.
  4. **Scope**
    1. An ITMO may be created for emissions, emission reductions and removals of greenhouse gases.

##### **B. Other internationally transferred mitigation outcomes**

1. The following may also be used for cooperative approaches between Parties;
  - (a) Emission reductions issued under Article 6, paragraph 4, if they are internationally transferred;
  - (b) Certified emission reductions issued under Article 12 of the Kyoto Protocol that are used towards

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<sup>1</sup> References to “Article” are to articles of the Paris Agreement, unless otherwise specified.

- achievement of an NDC;
- (c) Emission reduction units determined under Article 6 of the Kyoto Protocol that are used towards achievement of an NDC.

## **IV. Avoidance of double counting**

1. To avoid double counting, an ITMO between Parties shall result in an adjustment to the NDC emissions of both the originating Party and the receiving Party of the transfer.
  - (a) Each Party shall maintain a record of emissions under their NDC, compiled annually.
  - (b) Each Party shall adjust their NDC emissions by an amount equal to the number of ITMOs;
  - (c) The adjustments should be made to the total emissions of the NDC of each Party in the year relating to the ITMO vintage such that one Party records an increase in emissions under the NDC and the other Party records a decrease.
  - (d) The adjustments shall ensure there is no net reduction in the combined ambition of the originating and receiving NDCs.
  - (e) Each Party shall continue to meet the emissions goals of their respective NDCs, but accounting for the transfers made.

## **V. Governance**

### **A. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

1. The CMA may take further decisions in relation to this guidance.

### **B. Oversight**

#### **1. Arrangements**

1. Each participating Party shall ensure its participation in cooperative approaches and its use of ITMOs towards achievement of its NDC is consistent with this guidance.

### **C. Role of the secretariat**

1. Pursuant to Article 17, the secretariat shall carry out the activities relating to it that are set out in this guidance and further decisions of the CMA relating to this guidance.
2. The secretariat shall report to the CMA pursuant to this guidance and further decisions of the CMA relating to this guidance, on the use of ITMO by Parties in implementing and achieving NDCs.

## **VI. Participation requirements and responsibilities**

### **A. Participation requirements**

1. A Party may participate on a voluntary basis in cooperative approaches if the Party meets the following requirements:
  - (a) It is a Party to the Paris Agreement;
  - (b) It has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA;
  - (c) It has authorized the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
  - (d) It has obtained the authorization for the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
  - (e) It has designated a national authority/focal point and has communicated that designation to the secretariat;
  - (f) It has a system or access to a system for recording the origin, creation, transfer, acquisition and use towards achievement of its NDC of ITMOs;
  - (g) It has provided the most recently required inventory report in accordance with the modalities, procedures and guidelines for Article 13 relating to Article 13, paragraph 7;

- (h) It maintains a record of emissions under their NDC, compiled annually

## **B. Participation responsibilities**

1. Each Party participating on a voluntary basis in cooperative approaches ensures that it *{potential list below}*:
  - (a) Maintains an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA.
  - (b) Authorizes the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
  - (c) Obtains the authorization for the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
  - (d) Formulates and communicates an economy-wide long-term low-emission development strategy pursuant to Article 4, paragraph 19;
  - (e) Provides the most recently required inventory report in accordance with the modalities, procedures and guidelines relating to Article 13, paragraph 7;
  - (f) In relation to ITMOs, has a process to verify ITMOs created and transferred;

## **VII. Reporting**

1. Each participating Party shall provide an annual report on the emission changes under the NDC as a result of ITMOs.

## **VIII. Application of this guidance to emission reductions certified under the mechanism established by Article 6, paragraph 4 *{see work plan for 2019}***

1. This guidance applies to all emissions reductions under the mechanism established by Article 6, paragraph 4, when transferred internationally and used towards the achievement of an NDC.

## **IX. Overall mitigation in global emissions in context of Article 6, paragraph 2**

1. The purpose of the transfer of mitigation outcomes between Parties is to facilitate the implementation of the respective NDCs, to attract inward investment for emissions mitigation in the NDC of the originating party and therefore to deliver the overall mitigation in global emissions required to meet the goals outlined in Article 2 and Article 4 of the Paris Agreement.