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## Conference of the Parties

Twenty-fourth session

Katowice, 2–14 December 2018

Agenda item 4

**Preparations for the implementation of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

### **Preparations for the implementation of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

#### **Proposal by the President**

#### **Recommendation of the Conference of the Parties**

The Conference of the Parties, at its twenty-fourth session, recommended the following draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session:

#### **Draft decision -/CMA.1**

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

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling Article 2 of the Paris Agreement and decision 1/CP.21,*

*Also recalling Article 6 of the Paris Agreement and decision 1/CP.21, paragraph 36,*

1. *Welcomes* the work of the Subsidiary Body for Scientific and Technological Advice on developing the initial elements of the guidance for cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, as contained in the annex;
2. *Agrees* on the initial elements of the guidance for cooperative approaches, as contained in the annex;
3. *Requests* the Subsidiary Body for Scientific and Technological Advice to further consider, if required, the guidance for cooperative approaches contained in the annex;

4. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop the remaining elements of the guidance for cooperative approaches in order to recommend a draft decision thereon for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session (November 2019), including on the following elements:

(a) Elaboration, if required, on the special circumstances of the least developed countries and small island developing States;

(b) Elaboration of further provisions on internationally transferred mitigation outcomes based on the following potential options, namely that internationally transferred mitigation outcomes:

(i) Are real, verified, additional and permanent;

(ii) Include mitigation co-benefits resulting from adaptation actions and/or economic diversification plans, or the means to achieve them;

(iii) Are measured in tonnes of carbon dioxide equivalent, in accordance with the methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and/or in other metrics determined by the participating Parties;

(iv) Where measured in metrics other than carbon dioxide equivalent, are consistent with the nationally determined contributions of the participating Parties;

(v) Include emission reductions under the Article 6, paragraph 4, mechanism;

(c) Elaboration of how corresponding adjustments may be applied in metrics determined by participating Parties other than carbon dioxide equivalent;

(d) Elaboration of whether and how corresponding adjustments pursuant to chapter V of the annex (“Corresponding adjustments”) may be applied to internationally transferred mitigation outcomes from emission reductions and removals from sectors and greenhouse gases that are not covered by the nationally determined contribution of the Party;

(e) Elaboration of whether and how corresponding adjustments pursuant to chapter V of the annex (Corresponding adjustments) may be applied where a Party provides for the use of mitigation outcomes for a purpose other than towards a nationally determined contribution, whether or not they have been internationally transferred, taking into consideration guidance relating to Article 4, paragraph 13;

(f) Consideration of how the application of corresponding adjustments to the total quantity of emission reductions achieved may be incorporated within the approach of applying corresponding adjustments to emissions and removals covered by the nationally determined contribution, as referred to in chapter V of the annex (Corresponding adjustments);

(g) Determination of the timing and information reporting for the quantification of nationally determined contributions based on the following potential options:

(i) Quantification of its nationally determined contribution in tonnes of carbon dioxide equivalent, including the reference level of emissions and removals for the relevant year or period, and the target level for the nationally determined contribution, and where this is not possible, provision of the methodology for the quantification of the nationally determined contribution in tonnes of carbon dioxide equivalent.

(ii) Quantification of its nationally determined contribution, or that portion of the nationally determined contribution, in a metric determined by the participating Party applying corresponding adjustments in metrics other than greenhouse gases pursuant to chapter V of the annex (Corresponding adjustments).

(h) Further elaboration of the information to be reported by participating Parties, as referred to in chapter VI of the annex (Reporting), including the tabular format referred to in, chapter VI (Reporting) and the electronic format referred to in chapter VIII of the annex (Recording of corresponding adjustments);

- (i) Elaboration of guidance for the Article 6 technical expert review;
- (j) Elaboration of the requirements relating to the recording of information in the Article 6 database;
- (k) A potential role for the secretariat in collaborating with the forum on the impact of the implementation of response measures referred to in decision 1/CP.21, paragraph 33;
- (l) Safeguards and limits, including consideration of the following:
  - (i) Transfer limits;
  - (ii) Minimum holding requirements;
  - (iii) Use of internationally transferred mitigation outcomes towards a Party's nationally determined contributions being supplemental to domestic action such that domestic action constitutes a significant element of the effort made by each Party towards its nationally determined contribution;
  - (iv) Maximum limits on the use of internationally transferred mitigation outcomes towards a nationally determined contribution;
  - (v) Requirements relating to carry-over of internationally transferred mitigation outcomes from one nationally determined contribution period to the next;
  - (vi) Limits relating to the use by a Party of internationally transferred mitigation outcomes from emissions and removals not covered by the sectors and gases included in its nationally determined contribution towards its own nationally determined contribution;
  - (vii) Avoiding significant fluctuations in the international market for internationally transferred mitigation outcomes;
  - (viii) Addressing internationally transferred mitigation outcomes from sectors that have a high degree of uncertainty in emissions estimates;
  - (ix) Avoiding unilateral measures and discriminatory practices in cooperative approaches;

5. *Acknowledges* the consideration of the SBSTA in relation to a share of proceeds for cooperative approaches that are baseline and crediting approaches similar to mitigation activities under the mechanism established by Article 6, paragraph 4; crediting approaches implemented by Parties; all cooperative approaches; or all acquisitions of internationally transferred mitigation outcomes;

(a) The share of proceeds could be levied at a specific percentage of five per cent, an increasing percentage, a diminishing percentage of the amount of internationally transferred mitigation outcomes transferred or used towards a nationally determined contribution, a specific percentage at first transfer, increasing by a specific percentage at each subsequent transfer, or consistent with the share of proceeds pursuant to Article 6, paragraph 6, for the mechanism established by Article 6, paragraph 4;

(b) The share of proceeds could be collected by the creating or issuing Party at the first transfer of internationally transferred mitigation outcomes; collected by a Party using internationally transferred mitigation outcomes towards its nationally determined contribution; transferred by the creating or issuing Party to the Adaptation Fund; or collected by the acquiring Party at the transfer of each internationally transferred mitigation outcomes transfer and transferred to the Adaptation Fund;

6. *Also decides* that Parties voluntarily participating in cooperative approaches referred to in Article 6, paragraph 2, will apply the guidance relating to Article 4, paragraph 13, to their first nationally determined contributions;

7. *Affirms* that all Parties participating in cooperative approaches shall apply the guidance on cooperative approaches referred to in Article 6, paragraph 2, to the entire period for the implementation of their nationally determined contribution, from the start of the participation;

8. *Also affirms* that pursuant to the modalities, procedures and guidelines for the enhanced transparency framework under Article 13, for Parties participating in cooperative approaches referred to in Article 6, paragraph 2, the technical expert review referred to in Article 13, paragraph 11, shall refer to the guidance when reviewing that participation, including when reviewing biennial transparency reports;
9. *Requests* the secretariat to prepare a technical paper on the elements referred to in paragraph 4 above, for consideration by the Subsidiary Body for Scientific and Technological Advice at its fiftieth session (June 2019).
10. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;
11. *Requests* that the actions called for in this decision be undertaken subject to the availability of financial resources.

## Annex

### Initial elements of the guidance for cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

#### I. Definitions

1. For the purpose of this guidance, the following definitions apply:
  - (a) “**Transfer**” means an international transfer of one or more mitigation outcomes that has been authorized by the participating Party, which may be the only transfer of those mitigation outcomes and may include the transfer of a claim to the mitigation outcome; “**First transfer**” means the first such transfer of one or more mitigation outcomes;
  - (b) “**Vintage**” means the year in which the mitigation took place.

#### II. Governance

2. The CMA may adopt further guidance pursuant to Article 6, paragraph 2<sup>1</sup>.
3. Each Party participating in a cooperative approach that involves the use of internationally transferred mitigation outcomes (ITMOs) towards nationally determined contributions (NDCs), as referred to in Article 6, paragraph 2 (“participating Party”), shall ensure its participation in the cooperative approach and that its transfers and use of ITMOs towards NDCs is consistent with this guidance and further guidance as referred to in paragraph 2 above.
4. An Article 6 technical expert review process shall review the application of this guidance by participating Parties and forward its recommendations to the technical expert review process under Article 13, paragraph 11. The review shall be conducted on the basis of information provided by each participating Party pursuant to chapters VI (Reporting) and VIII (Recording of corresponding adjustments) below, and pursuant to relevant further guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).
5. The secretariat, pursuant to Article 17, shall carry out the activities relating to it set out in this guidance.
6. The secretariat shall periodically prepare a compilation and synthesis of the completed results of the Article 6 technical expert reviews, including by identifying recurring themes and lessons learned, for the consideration of the CMA at each session.

#### III. Participation responsibilities

7. Each participating Party shall ensure that:
  - (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;
  - (c) It has authorized the use of ITMOs towards NDCs pursuant to Article 6, paragraph 3, and has made that authorization public;
  - (d) It ensures tracking of ITMOs pursuant to chapter IV below (Tracking internationally transferred mitigation outcomes);

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<sup>1</sup> In the context of this annex, “Article” refers to an Article of the Paris Agreement.

(e) It has provided the most recently required national inventory report in accordance with the modalities procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13.

8. Parties are encouraged to deliver an overall mitigation in global emissions in the context of Article 6, paragraph 2, through a voluntary cancellation or setting aside of ITMOs that are not used for any transfer or purpose, including use by any Party towards its NDC.

#### **IV. Tracking internationally transferred mitigation outcomes**

9. Each participating Party shall ensure the tracking and identification of ITMOs through a registry pursuant to chapter IX below (Infrastructure), including the:

- (a) Creation of ITMOs;
- (b) First transfer of ITMOs;
- (c) Transfer of ITMOs;
- (d) Acquisition of ITMOs;
- (e) Holding of ITMOs;
- (f) Cancellation of ITMOs;
- (g) Use of ITMOs;
- (h) Voluntary cancellation of ITMOs;
- (i) Voluntary cancellation for an overall mitigation in global emissions.

#### **V. Corresponding adjustments**

##### **A. Basis for corresponding adjustments**

10. For ITMOs measured in a metric determined by participating Parties, each participating Party shall consistently apply corresponding adjustments by effecting an addition or subtraction from a starting point of a zero balance, with a resulting balance that reflects net transfers and acquisitions and is applied to the NDC in accordance with guidance under Article 4, paragraph 13, Article 6, paragraph 2, and Article 13, paragraph 13. The corresponding adjustment shall be effected through an addition for ITMOs transferred and a subtraction for ITMOs acquired.

11. For ITMOs measured in tonnes of carbon dioxide equivalent (CO<sub>2</sub> eq), each participating Party shall consistently apply corresponding adjustments by effecting an addition or subtraction to the emissions and removals covered by its NDC, as derived from its national inventory report, and reported pursuant to paragraph 22(a) below, resulting in an adjusted balance. Parties participating in a cooperative approach shall apply the same method consistently throughout the period for NDC implementation. The corresponding adjustment shall be effected through either:

- (a) An addition of the quantity of ITMOs first transferred and a subtraction of the quantity of ITMOs used;
- (b) An addition of the quantity of ITMOs transferred and a subtraction of the quantity of ITMOs acquired.

##### **B. Application of corresponding adjustments**

12. Each participating Party that has a multi-year NDC shall apply one of the following methods consistently throughout its period for NDC implementation:

(a) Calculating a multi-year emissions trajectory for the period for NDC implementation that is consistent with the NDC and applying a corresponding adjustment consistently with this trajectory for each year covered by this emissions trajectory;

(b) Applying a corresponding adjustment for each year in the period for NDC implementation;

(c) Calculating a multi-year emissions budget for the period of NDC implementation that is consistent with the NDC and applying a corresponding adjustment at the end of the NDC period for the total amount of ITMOs first transferred and used, or transferred and acquired over the period of the NDC implementation.

13. Each participating Party that has a single-year NDC shall apply a method consistently throughout the period for NDC implementation to ensure that corresponding adjustments in the NDC year are consistent and representative of NDC implementation and achievement with regard to multi-year and single-year NDCs. Parties participating in a cooperative approach shall apply the same method. For these purposes, participating Parties shall select one of the following methods:

(a) The method referred to in paragraph 12(a) above;

(b) The method referred to in paragraph 12(b) above;

(c) The method referred to in paragraph 12(c) above, with both participating Parties applying this method for the cooperative approach;

(d) Calculation of the average annual amount of ITMOs first transferred and used, or transferred and acquired over the period of the NDC implementation, and application of a corresponding adjustment equal to this average amount for the NDC year.

(e) The Party may only first transfer or transfer consistently with this chapter V (Corresponding adjustments), ITMOs that are of the same vintage as the Party's single-year NDC and/or only acquire or use ITMOs that are of the same vintage as the Party's single-year NDC.

14. Parties participating in a cooperative approach shall apply the same method consistently throughout the period for NDC implementation.

15. Each participating Party shall report its corresponding adjustments pursuant to chapter VI below (Reporting) and record the corresponding adjustments in the Article 6 database pursuant to chapter VIII below (Recording of corresponding adjustments).

### **C. Special circumstances of the least developed countries and small island developing States**

16. 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 the guidance relates to NDCs and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to that guidance.

## **VI. Reporting**

### **A. Initial report**

17. For each NDC communicated or updated, each participating Party shall, prior to or at the first time of transfer or acquisition, submit an initial report containing comprehensive information to:

(a) Demonstrate that it fulfils the participation responsibilities referred to in chapter III above (Participation responsibilities);

(b) Communicate its period for NDC implementation, including the start and end date;

(c) Communicate its basis for corresponding adjustments pursuant to chapter V.A (Basis for corresponding adjustments) and its method pursuant to chapter V.B (Application of corresponding adjustments) to be applied consistently throughout its period for NDC implementation.

(d) Communicate the sectors, sources, greenhouse gases and time periods covered by its NDC;

18. The initial report shall also include the information referred to in paragraphs 19–21 below, as applicable.

## **B. Regular information**

19. Each participating Party shall submit, in its biennial transparency report pursuant to Article 13, paragraph 7, the following information in relation to its participation:

(a) How it fulfils its participation responsibilities referred to in chapter III above (Participation responsibilities);

(b) Its institutional arrangements for authorization;

(c) Authorization of the use of ITMOs pursuant to Article 6, paragraph 3;

(d) How it has ensured that the ITMOs used towards achievement of its NDC will not be further transferred, acquired, cancelled or used;

20. Each participating Party shall also submit the following information in relation to how the cooperative approaches in which it participates:

(a) Support the mitigation of greenhouse gas emissions and the implementation of its NDC;

(b) Ensure environmental integrity, such that there is no increase in global emissions, through robust, transparent governance and the quality of mitigation outcomes, including through stringent reference levels, baselines set in a conservative way and below ‘business-as-usual’ emission projections (including by taking into account all existing policies and addressing potential leakage) and ensuring the compensation of any material reversals;

(c) Where a mitigation outcome is measured and transferred in metric tonnes of CO<sub>2</sub> eq, provide for the measurement of mitigation outcomes in accordance with the methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the CMA;

(d) Provides for, as applicable, the measurement of mitigation co-benefits resulting from adaptation actions and/or economic diversification plans;

(e) Apply safeguards pursuant to chapter X below (Safeguards and limits);

(f) Do not result in environmental harm;

(g) Address any risks of conflict with other environment-related aspects;

(h) Are consistent with sustainable development in the host Party, noting national prerogatives;

(i) Avoid unilateral measures and discriminatory practices in cooperative approaches;

(j) Avoid causing negative social or economic impacts on any Party.

21. Each participating Party should also submit information on its long-term low emission development strategy pursuant to Article 4, paragraph 19, if available.

22. Each participating Party shall submit annually the following quantitative information pursuant to chapter VIII below (Recording of corresponding adjustments), as part of its biennial transparency reports pursuant to Article 13, paragraph 7, in an agreed tabular format:



(a) Annual emissions and removals in relation to the sectors, sources, greenhouse gases and time periods covered by its NDC;

(b) Annual ITMOs first transferred, transferred, acquired, held, cancelled and/or used by participants, distinguishing ITMOs from sectors, sources and greenhouse gases that are covered and not covered by the NDC of the Party and including information on the other participating Party transferring, acquiring and/or using the ITMOs, the originating cooperative approach, sector, vintage and metric used;

(c) Annual corresponding adjustments applied pursuant to chapter V above (Corresponding adjustments), including information on the other participants and the metric used;

(d) Annual ITMOs authorized for use for a purpose other than towards NDCs, including information, as applicable, on the transferrer, acquirer and/or user of the ITMOs;

(e) Adjusted balances, as applicable, after applying corresponding adjustments for the annual period and/or the full NDC period pursuant to chapter V above (Corresponding adjustments);

23. Each participating Party shall submit, in its first biennial transparency report following the NDC period, a summary of the annual information referred to in paragraph 22 and its adjusted balance after applying corresponding adjustments for its NDC period.

24. Participating Parties shall publish and keep up-to-date, through the UNFCCC website, all publicly available information on cooperative approaches in which they participate.

## **VII. Review**

25. The Article 6 technical expert review pursuant to chapter II above (Governance) shall review the information contained in the initial report of the Party pursuant to chapter VI.A above (Initial report) for consistency with this guidance.

26. The Article 6 technical expert review shall also review information reported pursuant to chapter VI.B above (Regular information) and information recorded in chapter VIII above (Recording of corresponding adjustments) for consistency with this guidance.

27. The Article 6 technical expert review may make recommendations to the participating Party on how to improve its consistency with this guidance, including how to address inconsistencies and quantified information. The Article 6 technical expert review shall forward its reports for consideration by the technical expert review process under Article 13, paragraph 11.

## **VIII. Recording of corresponding adjustments**

28. The secretariat shall, upon submission by participating Parties, record information contained in initial reports pursuant to chapter VI above (Reporting), in the Article 6 database pursuant to chapter IX below (Infrastructure).

29. Each participating Party shall, on an annual basis and in the agreed electronic format, submit the quantitative information pursuant to chapter VI above (Reporting), including information on corresponding adjustments pursuant to chapter V above (Corresponding adjustments) to the secretariat for recording in the Article 6 database.

30. The secretariat shall compile the submitted information in the Article 6 database and it shall:

(a) Perform a consistency check including on the information on the corresponding adjustments submitted by participating Parties;

(b) Notify any inconsistencies to the participating Parties.

31. Any amendments to the information recorded in the Article 6 database, including as a result of recommendations from the Article 6 technical expert review, may also be submitted by the participating Party concerned for recording in the Article 6 database.

## **IX. Infrastructure**

32. Each participating Party shall have, or have access to, a registry for tracking ITMO information. Each registry shall be able to perform the functions referred to in chapter IV above (Tracking internationally transferred mitigation outcomes) and shall have the necessary accounts.

33. The secretariat shall implement an international registry for participating Parties that do not have such a registry or access to such a registry.

34. The secretariat shall implement an Article 6 database to record and compile information pursuant to chapter VIII above (Recording of corresponding adjustments). Non-confidential information recorded in the internationally database shall be publicly accessible.

## **X. Safeguards and limits**

35. Each participating Party shall apply, as appropriate, any safeguards and limits adopted by the CMA in relation to cooperative approaches referred to in Article 6, paragraph 2.

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## Conference of the Parties

Twenty-fourth session

Katowice, 2–14 December 2018

Agenda item 4

**Preparations for the implementation of the Paris**

**Agreement and the first session of the Conference of  
the Parties serving as the meeting of the Parties to the  
Paris Agreement**

## **Preparations for the implementation of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

### **Proposal by the President**

### **Recommendation of the Conference of the Parties**

The Conference of the Parties, at its twenty-fourth session, recommended the following draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session:

### **Draft decision -/CMA.1**

## **Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* the aims of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the mechanism) referred to in paragraph 4(a–d) of that Article,

*Recognizing* that the mechanism is to be operationalized in the context of the Paris Agreement, in particular its preamble and its Articles 2 and 3, Article 4, paragraphs 3, 4 and 15, Article 6, paragraphs 5 and 6, and Articles 13 and 15,

1. *Welcomes* the work of the Subsidiary Body for Scientific and Technological Advice in developing the initial elements of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, as contained in the annex;
2. *Agrees* on the elements of the rules, modalities and procedures, as contained in the annex;

3. *Requests* the Subsidiary Body for Scientific and Technological Advice to further consider, if required, the initial elements of the rules, modalities and procedures contained in the annex;

4. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop the remaining elements of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, in order to recommend a draft decision thereon for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session (November 2019), including on the following elements:

(a) Possible types of mitigation activity, including: emission reductions, emission removals and emissions avoidance, and including mitigation co-benefits of adaptation actions and/or economic diversification plans;

(b) Activities that achieve emission reductions in the sectors and greenhouse gases covered by the nationally determined contribution of the host Party and potentially activities that achieve emission reductions in the sectors and greenhouse gases not covered by the nationally determined contribution of the host Party;

(c) Provisions that ensure that processes for the mechanism assist Parties to respect, promote and consider their respective obligations on human rights;

(d) Provisions for avoiding the use of emission reductions resulting from the mechanism by more than one Party towards its nationally determined contribution, in accordance with Article 6, paragraph 5, taking into account the following options:

(i) Pursuant to Article 6, paragraph 5, a Party hosting activities under Article 6, paragraph 4 (hereinafter referred to as Article 6, paragraph 4, activities), activities shall make a corresponding adjustment consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2, for all emission reductions, if those emission reductions are transferred internationally, from X date;

(ii) Pursuant to Article 6, paragraph 5, a Party hosting Article 6, paragraph 4, activities shall make a corresponding adjustment consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2, only to emission reductions that are included in the sectors and greenhouse gases covered by its nationally determined contribution, if those emission reductions are transferred internationally, from X date;

(iii) A Party hosting Article 6, paragraph 4, activities shall not be required to make a corresponding adjustment consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the first transfer of emission reductions under Article 6, paragraph 4, from the mechanism registry. Pursuant to Article 6, paragraph 5, a Party transferring after the first transfer or acquiring emission reductions from the mechanism shall make a corresponding adjustment consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2;

(e) Provisions for avoiding the double use of emission reductions achieved by Article 6, paragraph 4, activities, taking into account the following option:

To avoid double use of emission reductions achieved by Article 6, paragraph 4, activities, host Parties shall make an adjustment for emission reductions used for purposes other than towards nationally determined contributions, consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2, if the emission reductions under Article 6, paragraph 4, were issued for emission reductions that are achieved in the sectors and greenhouse gases covered by their nationally determined contributions;

(f) Safeguards and limits, including consideration of the following:

(i) Avoiding significant fluctuations in the international market;

(ii) Issuance of emission reductions under Article 6, paragraph 4, from sectors that have a high degree of uncertainty in emission estimates;

- (iii) Restricting secondary transfers of emission reductions under Article 6, paragraph 4;
- (iv) Restricting the quantity of emission reductions under Article 6, paragraph 4, for transfer;
- (v) Use of emission reductions under Article 6, paragraph 4, towards nationally determined contributions being supplemental to domestic action;
- (vi) Restricting the use of emission reductions under Article 6, paragraph 4, towards nationally determined contributions by their vintage;
- (vii) Restricting the carry-over of emission reductions under Article 6, paragraph 4, to the subsequent period of nationally determined contribution implementation;
- (g) Potential provisions on the transition of activities from the Kyoto Protocol to Article 6, paragraph 4, taking into account the following options:
  - (i) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities;
  - (ii) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities subject to the authorization for such registration by the relevant host Party;
  - (iii) No activities registered under joint implementation under Article 6 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities;
  - (iv) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities;
  - (v) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities subject to the authorization for such registration by the relevant host Party;
  - (vi) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities and such registration shall undergo an expedited registration process;
  - (vii) No activities under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities;
- (h) Potential provisions on the transition of certified emission reductions from the clean development mechanism, and emission reduction units from joint implementation under the Kyoto Protocol to Article 6, paragraph 4;
  - (i) Potential provisions on the transition of baseline and monitoring methodologies under Article 6 of the Kyoto Protocol and baseline and monitoring methodologies under the clean development mechanism under Article 12 of the Kyoto Protocol;
  - (j) Potential provisions on the transition of accreditation standards and procedures of the clean development mechanism under Article 12 of the Kyoto Protocol to serve the basis for the standards and procedures for accreditation under the mechanism;
  - (k) A potential role for the secretariat to collaborate with the forum on the impact of the implementation of response measures (referred to in decision 1/CP.21, paragraph 33);
  - (l) How to ensure the mechanism avoids unilateral measures that constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade in relation to Article 6, paragraph 4, activities;

5. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop recommendations in relation to the initial elements of the rules, modalities and procedures

for the mechanism for a draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session, if required:

(a) Further provisions for the rules of procedure of the Supervisory Body that may be required in addition to those set out in chapter III.A of the annex (Rules of procedure), including finalizing the composition of the membership of the Supervisory Body of the mechanism;

(b) Further provisions on the special circumstances of the least developed countries and small island developing States that may be required in addition to those set out in chapter IV of the annex (Participation responsibilities), including with regard to baseline setting and the additionality of Article 6, paragraph 4, activities, hosted by such Parties;

(c) Further responsibilities of the Supervisory Body and the host Parties that may be required for the mechanism to also operate with a more host Party-led/decentralized model;

(d) Further requirements for an activity to be registered as an Article 6, paragraph 4, activity, including the scope of activities and requirements relating to methodologies to be applied to such activities, in addition to those set out in chapter V.A (Activity design) and V.B (Methodologies) of the annex, including the filling in of missing numbers;

(e) Provisions for the implementation of the share of proceeds for administrative expenses as set out in chapter V.E (Registration) and V.H (Issuance) of the annex;

(f) Provisions for the implementation of the right to appeal and the grievance process as set out in chapter V.K of the annex (Other processes associated with Article 6, paragraph 4, activities);

(g) Provisions that ensure that processes for the mechanism assist Parties to respect, promote and consider their respective obligations on human rights pursuant to chapter V.K of the annex (Other processes associated with Article 6, paragraph 4, activities);

(h) Provisions by which stakeholders, activity participants and participating Parties may inform the Supervisory Body of complaints;

(i) The Article 6, paragraph 4, activity cycle, as set out in chapter V of the annex (Article 6, paragraph 4, activity cycle) of the annex;

(j) The mechanism registry, as set out in chapter V.H of the annex (Issuance);

(k) Voluntary cancellation, as set out in chapter V.J of the annex (Voluntary cancellation);

(l) The share of proceeds for adaptation, as set out in chapter VI of the annex (Levy of share of proceeds for adaptation);

6. *Further requests* the secretariat to produce a technical paper on the elements listed in paragraph 4 above, for consideration by the Subsidiary Body for Scientific and Technological Advice at its fiftieth session (June 2019);

7. *Invites* Parties to make voluntary contributions for operationalizing the mechanism;

8. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;

9. *Requests* that the actions called for in this decision be undertaken subject to the availability of financial resources.

## Annex

# Elements of rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

## I. Definitions

1. For the purpose of these rules, modalities and procedures:
  - (a) An “**Article 6, paragraph 4, activity**” is an activity that meets the requirements of Article 6, paragraphs 4–6,<sup>1</sup> these rules, modalities and procedures and any further relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);
  - (b) An “**Article 6, paragraph 4, emission reduction**” (hereinafter referred to as an A6.4ER) is issued in respect of mitigation achieved pursuant to Article 6, paragraphs 4–6 and these rules, modalities and procedures. It is measured in carbon dioxide equivalent (CO<sub>2</sub> eq) and equal to 1 t CO<sub>2</sub> eq calculated in accordance with the methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the CMA and in other metrics that are adopted by the CMA pursuant to these rules, modalities and procedures.

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

2. The CMA has authority over the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the mechanism) and may take further decisions in relation to these rules, modalities and procedures and the mechanism.
3. The CMA shall provide guidance to the Supervisory Body by taking decisions on:
  - (a) The rules of procedure of the Supervisory Body;
  - (b) Recommendations made by the Supervisory Body relating to these rules, modalities and procedures;
  - (c) Matters relating to the operation of the mechanism, as appropriate.

## III. Supervisory Body

4. The Supervisory Body shall supervise the mechanism pursuant to Article 6, paragraph 4, under the authority and guidance of the CMA, and be fully accountable to the CMA.

### A. Rules of procedure

5. The Supervisory Body shall comprise X members from Parties to the Paris Agreement, ensuring broad and equitable geographical representation and striving to ensure gender-balanced representation pursuant to decision 3/CP.23, as follows:
  - (a) X members from each of the five United Nations regional groups;
  - (b) One member from the least developed countries;
  - (c) One member from small island developing States.

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<sup>1</sup> In the context of this annex, “Article” refers to an Article of the Paris Agreement, unless otherwise specified.

6. The CMA shall elect members of the Supervisory Body on the basis of nominations by the respective groups or constituencies.
7. Members shall serve in their individual personal capacity.
8. Members shall possess relevant scientific, technical, socioeconomic or legal expertise.
9. Members shall serve for a term of two years.
10. The CMA shall elect half of the first members for a term of three years and the other half for a term of two years. At the expiry of the term of such members and thereafter, the CMA shall elect half of the members for a term of two years. The members shall remain in office until their successors are elected.
11. The term of service of a member shall start at the first meeting of the Supervisory Body in the calendar year following his/her election and shall end immediately before the first meeting of the Supervisory Body in the calendar year in which the term ends.
12. The maximum number of terms of any individual shall be two terms, whether consecutive or not.
13. If a member resigns or is otherwise unable to continue as a member, the Supervisory Body may decide, bearing in mind the proximity to the next meeting of the CMA, to appoint a replacement member from the same constituency to serve the remainder of the term on the basis of a nomination from the Party representing the relevant constituency, in which case, the appointment shall count as one term.
14. Members may be suspended or their membership terminated by the CMA if:
  - (a) They fail to disclose a conflict of interest;
  - (b) They fail to attend two consecutive meetings without proper justification.
15. Costs for members will be covered by the share of proceeds for administrative expenses.
16. Members shall avoid actual, potential and perceived conflicts of interest and shall:
  - (a) Declare any actual, potential or perceived conflict of interest at the start of a meeting;
  - (b) Recuse themselves from any discussion in relation to which they have an actual, potential or perceived conflict of interest;
  - (c) Refrain from behaviour that may be incompatible with the requirements of independence and impartiality.
17. Members shall ensure confidentiality, in line with best practice for confidentiality.
18. At least three fourths of the members shall constitute a quorum for meetings of the Supervisory Body.
19. Members shall attend meetings.
20. Each year, the Supervisory Body shall elect a Chair and a Vice-Chair from among its members. The Chair and the Vice-Chair shall remain in office until their successors are elected.
21. Meetings of the Supervisory Body shall be open to the public, unless closed for reasons of confidentiality.
22. Documents for meetings of the Supervisory Body shall be made publicly available, unless they are confidential.
23. The Supervisory Body shall ensure transparency of decision-making and shall make publicly available its decision-making framework, and maintain a publicly accessible list of its decisions, including standards, procedures and related documents.
24. Decisions of the Supervisory Body shall be taken by consensus whenever possible. If all efforts at reaching consensus have been exhausted, decisions shall be put to the vote and adopted by a majority of three fourths of the members present and voting.



25. The Supervisory Body shall adopt reports on its meetings and make the reports publicly available.

## **B. Governance and functions**

26. The Supervisory Body shall, in accordance with further relevant decisions of the CMA:

(a) Establish the requirements and processes necessary to operationalize the mechanism relating to, inter alia:

- (i) The accreditation of operational entities;
- (ii) The registration of activities as Article 6, paragraph 4, activities and the issuance of A6.4ERs;
- (iii) The development of methodologies and standardized baselines for Article 6, paragraph 4, activities;
- (iv) The development of the registry for the mechanism (hereinafter referred to as the mechanism registry);

(b) Operate the mechanism by, inter alia:

- (i) Accrediting operational entities as designated operational entities that meet the relevant requirements for accreditation and managing their performance;
- (ii) Taking appropriate measures to promote the regional availability of designated operational entities in all regions;
- (iii) Registering activities as Article 6, paragraph 4, activities if they meet the relevant requirements for registration;
- (iv) Approving the issuance of A6.4ERs for registered Article 6, paragraph 4, activities if the relevant requirements for issuance have been met;

(v) Maintaining the mechanism registry;

(c) Support the implementation of the mechanism by, inter alia:

- (i) Developing and maintaining a public registry of information related to proposed and registered Article 6, paragraph 4, activities, subject to confidentiality;
- (ii) Promoting public awareness of the mechanism;
- (iii) Facilitating the dialogue with host Parties of Article 6, paragraph 4, activities.

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

27. Pursuant to Article 17 and in accordance with further relevant decisions of the CMA, the secretariat shall serve the Supervisory Body.

## **IV. Participation responsibilities**

28. Each Party hosting Article 6, paragraph 4, activities shall, in addition to its responsibilities in the Article 6, paragraph 4, activity cycle referred to in chapter V below, 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, paragraphs 2 and 6, and relevant decisions of the CMA;

(c) It has designated a national authority for the mechanism and has communicated that designation to the secretariat;

(d) It provides information on all Article 6, paragraph 4, activities hosted by it, and all A6.4ERs that it has transferred internationally or used towards its NDC;

(e) It indicates the contribution of the mechanism to its NDC.

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) who wish to register the activity as an Article 6, paragraph 4, activity shall design the activity so that it will meet the following requirements and any other relevant requirements defined by the CMA or the Supervisory Body:

(a) With regard to the activity types, the activity shall be a project, programme of activities, or other type approved by the Supervisory Body;

(b) With regard to general requirements, the activity shall:

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

(ii) Avoid negative environmental impacts;

(iii) Not lead to an increase in global emissions;

(c) The activity shall undergo a local and, where appropriate, subnational stakeholder consultation;

(d) The activity shall apply a crediting period for the issuance of A6.4ERs, which is a maximum of X years, renewable a maximum Y times, or a maximum of Z years with no option of renewal, which is appropriate for the activity, subject to approval by the Supervisory Body, taking into account the technologies or measures, and relevant circumstances of the activity in the host Party.

31. The activity shall apply a methodology that is approved by the Supervisory Body following its technical assessment, which is developed in accordance with chapter V.B below (hereinafter referred to as a mechanism methodology) 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.

### **B. Methodologies**

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

33. Each mechanism methodology shall be transparent, and conservative regarding the choice of approach, assumptions, parameters, data sources, and key factors, and take into account uncertainty.

34. Each mechanism methodology/activity shall apply one of the following approaches to setting a baseline for calculating emission reductions, taking into account relevant national, regional or local circumstances, and providing justification for the choice:

- (a) A best available/performance-based approach, taking into account:
  - (i) Technologies that represent an economically feasible and environmentally attractive course of action;
  - (ii) The emissions of activities providing similar outputs and/or services in similar social, economic, environmental and technological circumstances;
  - (iii) Barriers to investment;
  - (iv) A contribution to the reduction of the emission levels of the host Party;
- (b) Where the approach referred to in paragraph 34(a) above is not considered to be appropriate, an approach based on:
  - (i) ‘Business as usual’ emissions;
  - (ii) Historical emissions.

35. 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.

36. Each mechanism methodology shall specify the approach to demonstrating the additionality of the activity. The activity is additional where:

- (a) Emission reductions achieved by the activity are additional to any that would otherwise occur, taking into account all relevant national policies, including legislation;
- (b) Emission reductions are complementary to the policies and measures implemented to achieve the NDC of the host Party.

### **C. Authorization by Party**

37. The host Party shall provide to the Supervisory Body the authorization of the activity for requesting registration to be an Article 6, paragraph 4, activity, which shall also include:

- (a) The confirmation that the activity fosters sustainable development in the host Party in accordance with its national prerogatives;
- (b) An explanation as to how the activity relates to its NDC.

38. A participating Party shall provide to the Supervisory Body the authorization of the participation of the activity participants in the activity.

### **D. Validation**

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

### **E. Registration**

40. 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 developed by the Supervisory Body.

41. The activity participants shall pay a share of proceeds to cover administrative expenses for registering the activity when submitting a request for registration, at the level determined by the CMA.

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

## **F. Monitoring**

43. The activity participants shall monitor emission reductions achieved by the activity in accordance with the relevant requirements developed by the Supervisory Body.

## **G. Verification and certification**

44. 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 developed by the Supervisory Body, and provide written assurance of the verified emission reductions (hereinafter referred to as certification).

## **H. Issuance**

45. 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 developed by the Supervisory Body.

46. The activity participants shall pay a share of proceeds to cover the administrative expenses for issuing A6.4ERs when submitting a request for issuance of A6.4ERs at the level determined by the CMA.

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

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

49. The mechanism registry shall contain at least a pending account, a holding account, a retirement account, a cancellation account, a voluntary cancellation account for overall mitigation in global emissions if applicable, a share of proceeds account and a holding account for each Party requesting an account.

50. The secretariat shall serve as the mechanism registry administrator and shall maintain the mechanism registry under the authority of the Supervisory Body.

## **I. Forwarding/transfer from the mechanism registry**

51. The mechanism registry administrator shall forward X per cent of the issued A6.4ERs to an account held by the Adaptation Fund for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation in accordance with chapter VI below.

52. The mechanism registry administrator shall, where, in respect of overall mitigation in global emissions, voluntary cancellation applies, cancel the percentage of the issued A6.4ERs to a cancellation account for delivering overall mitigation in global emissions in accordance with chapter VII below.

53. The mechanism registry administrator shall, for the remaining issued A6.4ERs, forward the specified amount of A6.4ERs in accordance with the instructions of the activity participants, and the relevant requirements developed by the Supervisory Body.

## **J. Voluntary cancellation**

54. Activity participants may request the mechanism registry administrator to cancel the specified amount of A6.4ERs in accordance with their instructions.

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

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

## **VI. Levy of share of proceeds for adaptation**

56. The share of proceeds from an Article 6, paragraph 4, activity that is levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation shall be delivered to the Adaptation Fund.

57. The share of proceeds for adaptation shall be set and levied at X per cent at issuance.

## **VII. Delivering overall mitigation in global emissions**

58. The mechanism shall aim to deliver an overall mitigation in global emissions through any one or a combination of the following:

(a) A voluntary cancellation method by which, following certification and verification of emission reductions, the host Party makes a corresponding adjustment consistent with the guidance for cooperative approaches referred to in Article 6, paragraph 2, for 10 per cent of the certified and verified emission reductions first transferred, and the mechanism registry administrator transfers 10 per cent of the total amount of issued A6.4ERs to a cancellation account for overall mitigation in accordance with section V.I above and the cancelled A6.4ERs may not be used for any transfer or purpose, including by any Party towards its NDC.

(b) Providing a source of mitigation outcomes that enable Parties to select higher ambition in their NDC;

(c) Voluntary cancellation of A6.4ERs by Parties and stakeholders, including non-State actors;

(d) Voluntary measures selected by participating Parties;

(e) Applying conservative baselines, or baselines that are below 'business as usual', to the calculation of emission reductions for Article 6, paragraph 4 activities;

(f) Applying conservative default emission factors to the calculation of emissions from Article 6, paragraph 4 activities.

## **VIII. Avoiding the use of emission reductions by more than one Party**

59. Avoiding the use of emission reductions resulting from the mechanism by more than one Party towards its NDC, in accordance with Article 6, paragraph 5, shall be ensured in accordance with this chapter.



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## Conference of the Parties

Twenty-fourth session

Katowice, 2–14 December 2018

Agenda item 4

**Preparations for the implementation of the Paris**

**Agreement and the first session of the Conference of  
the Parties serving as the meeting of the Parties to the  
Paris Agreement**

## **Preparations for the implementation of the Paris Agreement and the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

### **Proposal by the President**

### **Recommendation of the Conference of the Parties**

The Conference of the Parties, at its twenty-fourth session, recommended the following draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session:

### **Draft decision -/CMA.1**

## **Work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* the objectives of the work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement as referred to in decision 1/CP.21, paragraph 39,

*Also recalling* the Paris Agreement in its entirety, including its preamble,

*Recognizing* that the work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement is to be implemented in the context of the Paris Agreement,

1. *Welcomes* the work undertaken by the Subsidiary Body for Scientific and Technological Advice in developing the initial elements for the work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement (hereinafter referred to as the work programme), as contained in the annex;

2. *Agrees* on the initial elements of the work programme, as contained in the annex;
3. *Requests* the Subsidiary Body for Scientific and Technological Advice to further consider, if required, the initial elements of the work programme contained in the annex;
4. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop the remaining elements of the work programme, in order to recommend a draft decision thereon for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session (November 2019), including on the following elements:
  - (a) Provisions on the governance of the framework on the basis of the following potential options:
    - (i) The framework and the work programme will be implemented by the Subsidiary Body for Scientific and Technological Advice; the Subsidiary Body for Scientific and Technological Advice will meet at each of its regular sessions, with its first meeting taking place at its fifty-second session (June 2020);
    - (ii) The Subsidiary Body for Scientific and Technological Advice will make recommendations on the establishment of permanent or relevant institutional arrangements for the framework at its fifty-fifth session (November 2021) for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2021);
    - (iii) An open-ended working group or a forum for the framework to implement the framework and the work programme where:
      - a. The open-ended working group or forum will be convened by the Chair of the Subsidiary Body for Scientific and Technological Advice and will operate in accordance with the procedures applicable to contact groups and under the guidance of the Chair of the Subsidiary Body for Scientific and Technological Advice; the open-ended working group or forum will meet in conjunction with each regular session of the Subsidiary Body for Scientific and Technological Advice, with its first meeting taking place in conjunction with the fifty-second session of the Subsidiary Body for Scientific and Technological Advice (June 2020);
      - b. The Subsidiary Body for Scientific and Technological Advice will make recommendations on the establishment of permanent or relevant institutional arrangements for the framework at its fifty-fifth session for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session;
  - (b) Consideration of the option of non-market approaches under the framework for non-market approaches referred to in Article 6, paragraph 9, of the Paris Agreement (hereinafter referred to as the framework) that involve a developed country Party engaging in a cooperative approach referred to in Article 6, paragraph 2 (hereinafter referred to as a cooperative approach), or an Article 6, paragraph 4, activity referred to in the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 (hereinafter referred to as an Article 6, paragraph 4, activity), being recognized for the finance, technology transfer and/or capacity-building support it contributes in the course of the cooperative approach or Article 6, paragraph 4, activity, if the mitigation outcomes are not transferred and are used only by the host developing country Party of the cooperative approach or Article 6, paragraph 4, activity towards its nationally determined contribution. The recognition of the support provided by the developed country Party is proportional to the mitigation outcomes retained by the host Party in its engagement in the cooperative approach or Article 6, paragraph 4, activity;
  - (c) Further provisions on work programme activities on the basis of the following potential provision: approaches to incorporating the mitigation co-benefits from adaptation actions and/or economic diversification as outcomes of cooperative approaches and/or Article 6, paragraph 4, activities that may be used towards nationally determined contributions;

5. *Requests* the secretariat to prepare a technical paper on the elements listed in paragraph 4(a–c) above for consideration by the Subsidiary Body for Scientific and Technological Advice at its fiftieth session (June 2019);
6. *Agrees* to, following the adoption of the decision on the work programme:
  - (a) Organize a workshop on the matters referred to in paragraph 4(a)–(c) above, to be held in conjunction with the next session of the Subsidiary Body for Scientific and Technological Advice;
  - (b) Prepare a report on the workshop for consideration by the session of the Subsidiary Body for Scientific and Technological Advice that follows the workshop;
7. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;
8. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.



## Annex

### **Elements of the work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement**

#### **I. Principles**

1. In addition to Article 6, paragraphs 8 and 9, of the Paris Agreement<sup>1</sup> and decision 1/CP.21, paragraph 39, the following further principles guide the implementation of the framework for non-market approaches (NMAs) referred to in Article 6, paragraph 9 (hereinafter referred to as the framework) and the work programme under the framework for NMAs referred to in decision 1/CP.21, paragraph 39 (hereinafter referred to as the work programme):

(a) The framework facilitates the use and coordination of NMAs in the implementation of Parties' nationally determined contributions (NDCs), in the context of sustainable development and poverty eradication, and enables identification of opportunities for enhancing linkages and creating synergies related to, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building;

(b) NMAs under the framework:

(i) Are not reliant on market-based approaches;

(ii) Do not include transactions or quid pro quo operations;

(iii) Provide a basis for collective action;

(iv) Avoid duplication with the work of subsidiary and constituted bodies under the Convention, the Kyoto Protocol and the Paris Agreement.

#### **II. Non-market approaches under the framework**

2. Each NMA under the framework:

(a) Aims to achieve the aims of NMAs referred to in Article 6, paragraph 8(a–c), in an integrated, holistic and balanced manner in the context of Article 6, paragraph 8;

(b) Assists in the implementation of NDCs of participating Parties;

(c) Involves more than one participating Party;

(d) Does not involve the creation, issuance and transfer of any internationally transferred mitigation outcomes referred to in the guidance on cooperative approaches referred to in Article 6, paragraph 2;

(e) Promotes sustainable development and poverty eradication of a participating Party in accordance with Article 6, paragraph 8;

#### **III. Governance of the framework**

#### **IV. Modalities of the work programme**

3. The modalities of the work programme may include, where appropriate:

(a) Workshops;

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<sup>1</sup> References to "Article" are to Articles of the Paris Agreement.

(b) Regular meetings with public and private sector participants, including technical experts, business representatives, civil society organizations and financial institutions, and the subsequent publication of the outcomes of the meetings;

(c) Submissions from Parties, observer organizations and public and private sector participants;

(d) Technical papers and synthesis reports prepared by the secretariat;

(e) Coordination, where needed, between the governance of the framework referred to in chapter III (Governance of the framework) above and relevant bodies, institutional arrangements and processes under the Convention, the Kyoto Protocol and the Paris Agreement, related to, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building.

## V. Work programme activities

4. The work programme comprises, inter alia, the following activities that will be implemented in the period 2020–2021:

(a) Opportunities regarding NMAs, in accordance with Article 6, paragraph 8, and the provisions in chapter II (Non-market approaches under the framework) above, including on:

(i) Areas of focus of the work programme activities for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);

(ii) Examples, lessons learned and case studies to promote NMAs;

(iii) Opportunities for replicating successful NMAs, including in the local, subnational, national and global context;

(iv) Opportunities for enhancing the existing linkages, creating synergies and facilitating the coordination and implementation of NMAs, including in the local, subnational, national and global context;

(v) Opportunities for leveraging and generating mitigation and adaptation co-benefits that assist in the implementation of NDCs;

(b) Developing and implementing tools, including:

(i) A UNFCCC web-based platform that registers and exchanges information on NMAs and supports the identification of matching needs of and opportunities for participating Parties to develop and implement NMAs, including finance, technology development and transfer and capacity-building;

(ii) Tools for addressing possible negative social and economic impacts of activities under Article 6;

(iii) Tools for promoting the contribution of NMAs to sustainable development and poverty eradication.

## VI. Reporting

5. The progress and outcomes of the work programme will be reported on the basis of information including from the modalities of the work programme and work programme activities referred to in chapters IV (Modalities of the work programme) and V (Work programme activities) above, respectively, by the governance of the framework referred to in chapter III above to each session of the CMA, including, as relevant:

(a) Recommendations of conclusions on the opportunities for enhancing NMAs, including on:

(i) The results of the activities referred to in paragraph 4(a) and (b) above;

- (ii) How to enhance existing linkages and create synergies and how to facilitate the coordination and implementation of the NMAs for consideration and adoption by the CMA;
  - (b) Recommendations on how to enhance support to NMAs with respect to possible activities of relevant bodies, institutional arrangements and processes under the Convention, the Kyoto Protocol and the Paris Agreement, related to, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building;
  - (c) Recommendations to enhance the effectiveness of the work programme in implementing the framework;
  - (d) Where the Subsidiary Body for Scientific and Technological Advice concludes that there is a need for new reporting arrangements for the framework, it will make recommendations for such reporting for consideration and adoption by the CMA at its third session (November 2020).
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