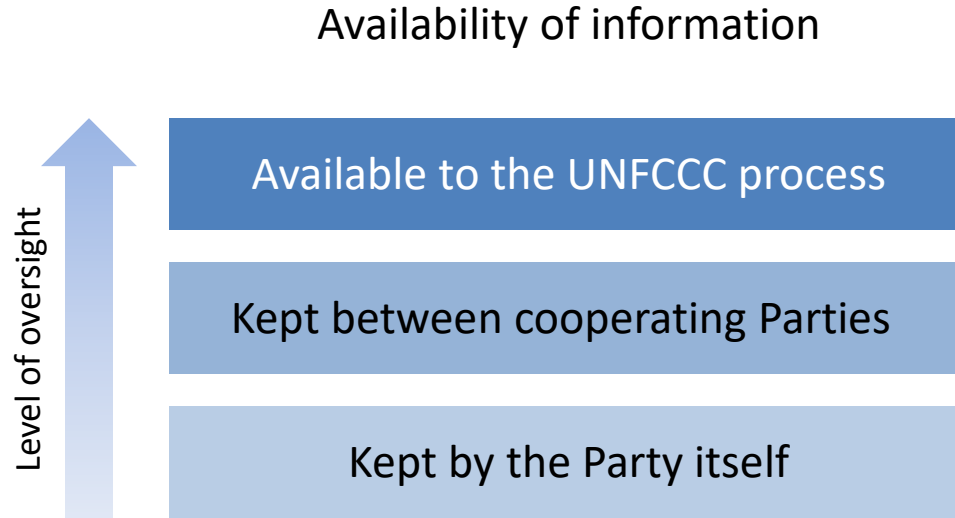


Flow of tracking ITMOs & performing, reporting, recording and review of corresponding adjustments

# Overarching issue: What information is made available



# Tracking of ITMOs

## Issues:

- (1) Whether it is a tracking of an individual unit/amount/asset, or a net flow of mitigation outcomes
- (2) Whether it is done on a “real-time” or on an “annual” or “biennial” basis

## Possible different views on the role of tracking

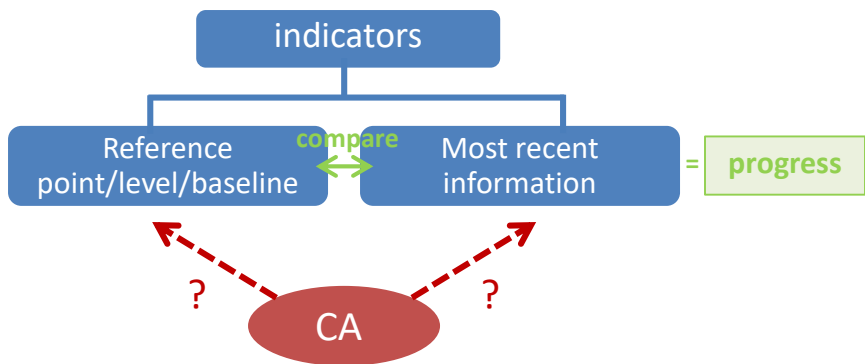
Role	Objective	Tool	Oversight
- <b>Recording transfers</b>	To keep track of where the units/amounts/assets are at anytime	Registry (as a transaction log)	Kept between cooperating Parties?
- <b>Showing the ITMO balance (netting)</b>	To track progress towards NDCs and avoid double counting	Registry (as a balance sheet) / Report	Available to the UNFCCC process

# Undertaking/performing corresponding adjustments

## Issues:

- (1) Connection between “indicator(s)” Parties select to track progress towards NDC and the basis for CA
- (2) Para. 77(d) – Which “emissions and removals” gets adjusted – the starting inventory, the most current inventory, or other information
- (3) Timing of corresponding adjustments – undertaken at each transfer, at the end of each year, or at the end of NDC period

## Possible interpretation



### **Article 13 MPGs, III.C.65:**

Each Party shall identify the indicator(s) that it has selected to track progress towards the implementation and achievement of its NDC under Article 4.

### **Article 13 MPGs, III.C.67:**

Each Party shall provide the information for each selected indicator for the reference point(s), level(s), baseline(s), or starting point(s)...

### **Article 13 MPGs, III.C.69:**

Each Party shall compare the most recent information for each selected indicator with the information provided pursuant to paragraph 67 above to track progress made in implementing its NDC under Article 4.

# Reporting on corresponding adjustments

There seems to be a general understanding that the reporting of information related to corresponding adjustments will be included in the BTRs (in a structured summary)

## Possible interpretation

Example of a Party with single-year 2030 target using updated inventory figures as the basis for CA

- Parties are required to submit the first BTR at the latest by 31 December 2024
- The latest reporting year for the inventory is to be no more than two years prior to its submission or three years for developing country Parties that need flexibility

Year	Submission of BTR	Time series for corresponding adjustments	Demonstration purpose
2024	BTR 1	Emissions balance by 2022 (or 2021)	Progress towards NDC
2026	BTR 2	Emissions balance by 2024 (or 2023)	Progress towards NDC
2028	BTR 3	Emissions balance by 2026 (or 2025)	Progress towards NDC
2030	BTR 4	Emissions balance by 2028 (or 2027)	Progress towards NDC
2032	BTR 5	Emissions balance by 2030 (or 2029)	Achievement of NDC

Further technical work: Common tabular formats (SBSTA)

# Recording of corresponding adjustments

The proposed database maintained by the Secretariat is suggested to perform the main function of “consistency check” by:

- (1) Compiling relevant information submitted by Participating Parties
- (2) Performing a consistency check, including on the information on corresponding adjustments
- (3) Notifying any inconsistencies to the Participating Parties

## **Issues:**

- (1) What is meant by “consistency check” ? – Is it to check for consistency “among” participating Parties who engage in the cooperative approaches ? For instance, whether +5 by one Party is corresponded with -5 by its partner Party ?
- (2) Source of inputs – Annual submissions from Parties ? What would be the difference to the information submitted in the BTR ?

Possible further technical work: Modalities for the database

# Review of corresponding adjustments

## Option 1: Article 13 TER

### **Article 13 MPGs, VII.A.146:**

A technical expert review consists of:

(a) A review of the consistency of the information submitted by the Party under Article 13, paragraphs 7 and 9, of the Paris Agreement with these MPGs, [...]

### **Article 13 MPGs, III.C:**

76(d). Each Party shall also: describe how double counting of net GHG emission reductions has been avoided, **including in accordance with guidance developed in relation to Article 6**, if relevant.

77(d). Each Party that participates in cooperative approaches [...] shall also provide the following information in the structured summary: [...]

((ii), (iii), (iv) - [...] **consistent with guidance developed related to Article 6**)

Procedures of TER

TER Report

## Option 2: Article 6 TER

Review of information submitted by participating Parties and information recorded in the database **for consistency with the 6.2 guidance** and make recommendations/reports

Forward its reports to the Article 13 TER

Possible further technical work:  
Format, procedures and institutional arrangement for Article 6 TER

- The secretariat shall commence the preparation of the review process immediately following the submission of the information specified in [the BTR] and agree with the Party the dates of the TER week at least 14 weeks prior to the TER week.
- The TER team shall make every effort to complete the TER report as early as possible and no later than 12 months from the start of the TER process.

# Flow: performing, reporting, recording and review of corresponding adjustments

## Issues:

- (1) What is the relationship between “reporting” and “recording” of corresponding adjustments –**  
Is recording done prior to reporting or the another way around? Is one a prerequisite for another or that they are separated from each other in terms of process? Will one draw information from or be informed by the other?
- (2) What is the relationship and difference between the consistency check performed by the Secretariat and the review process by the TER -** Is there a clear separation between these two functions? Will one be informed by the other? How to ensure that there would be no overlap or inconsistency between these two functions, both in terms of procedural and substantive aspects.
- (3) Frequency** of performing, reporting and recording of corresponding adjustments
- (4) What is made available –** What is done as an internal national process, what is made available between cooperating Parties, what is made available at the UNFCCC process



# Flow: Possible scenarios

Order	Scenario 1	Scenario 2	Scenario 3
i.	Parties track ITMOs in the registries (Section IV)	Parties track ITMOs in the registries (Section IV)	Parties track ITMOs in the registries (Section IV)
ii.	Parties net ITMOs (annual and cumulative) every time there is a transfer/every year (internal process)	Parties net ITMOs (annual and cumulative) every time there is a transfer/every year (internal process)	Parties net ITMOs (annual and cumulative) every time there is a transfer/every year (internal process)
iii.	Parties perform corresponding adjustments on the basis of netted ITMOs (internal process)	Parties perform corresponding adjustments on the basis of netted ITMOs (internal process)	Parties submit information on netted ITMOs to the Secretariat to record in the database every year (Section IX)
iv.	Parties submit information on corresponding adjustments to the Secretariat to record in the database every year (Section IX)	Parties report on corresponding adjustments in the BTR (with annual time-series) every two years (Section VII.B)	The Secretariat performs consistency-check and makes non-confidential information publicly accessible (Section IX)
v.	Secretariat performs consistency-check (Section IX) and the TER reviews recorded information (Section VIII)	The TER reviews reported information (Section VIII)	The following steps taken only in 2024, 2026, ... Parties perform corresponding adjustments on the basis of netted ITMOs (internal process)
vi.	Parties report on corresponding adjustments in the BTRs (with annual time-series) every two years (Section VII.B)	The Secretariat draws reported information from the BTRs into the database (Section IX)	Parties report on corresponding adjustments in the BTR (with annual time-series) (Section VII.B)
vii.	The TER reviews reported information (Section VIII)	The Secretariat performs consistency-check and makes non-confidential information publicly accessible (Section IX)	The TER reviews reported information (Section VIII)
viii.			The Secretariat draws reported information from the BTRs into the database (Section IX)
ix.			The Secretariat performs consistency-check and makes non-confidential information publicly accessible (Section IX)

## Flow: Scenario 1

### Pros

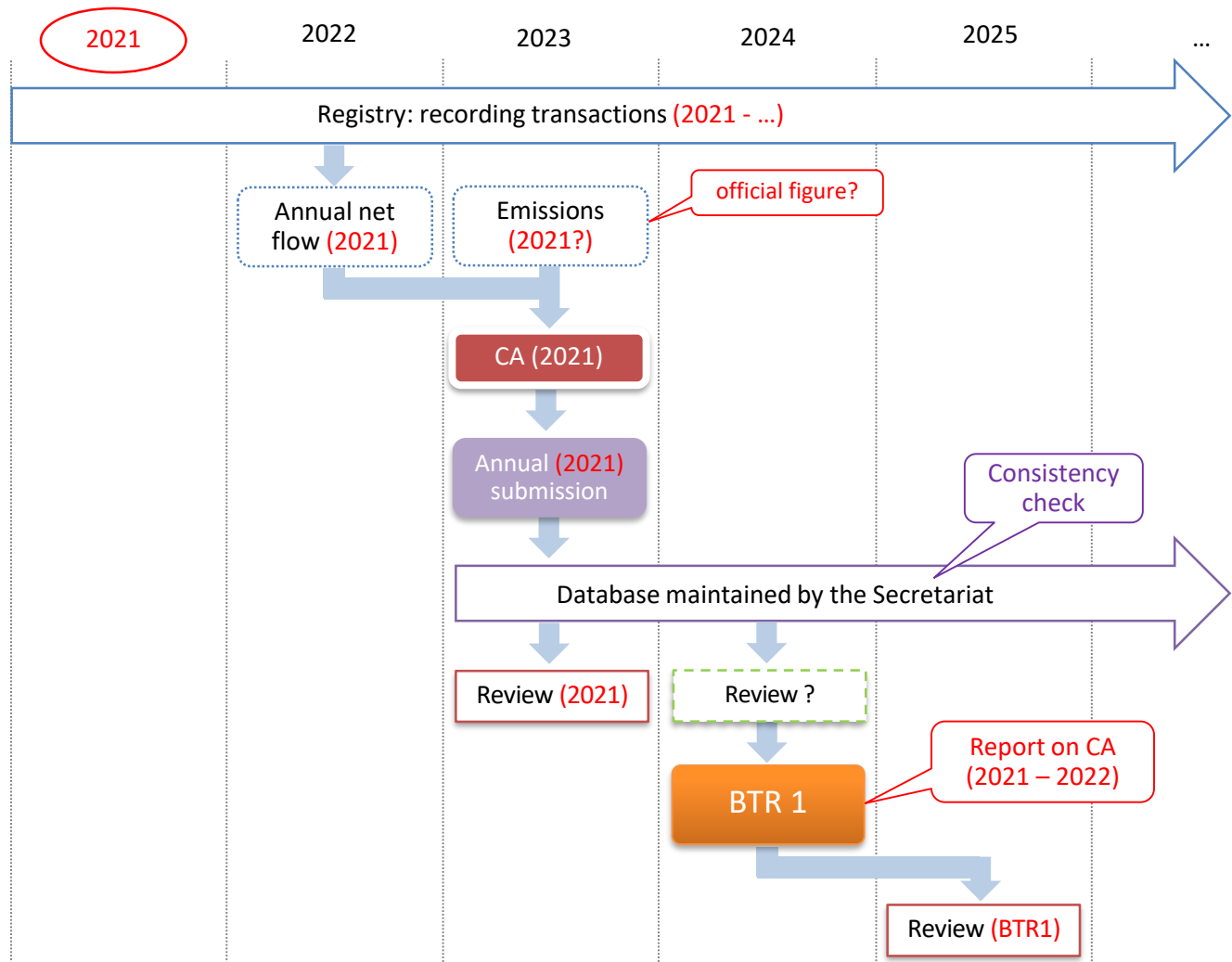
- Annually updated information (available in the database from 2023 onwards)
- ...

### Cons

- Parties are required to submit information twice (to the database and in the BTR)
- Potential duplication of review process?
- ...

### Assumptions

- The Party uses emissions-based CA (recent inventory available 2 yrs after)
- The Party submits BTR 1 on its deadline (2024) and does not apply flexibility



## Flow: Scenario 2

### Pros

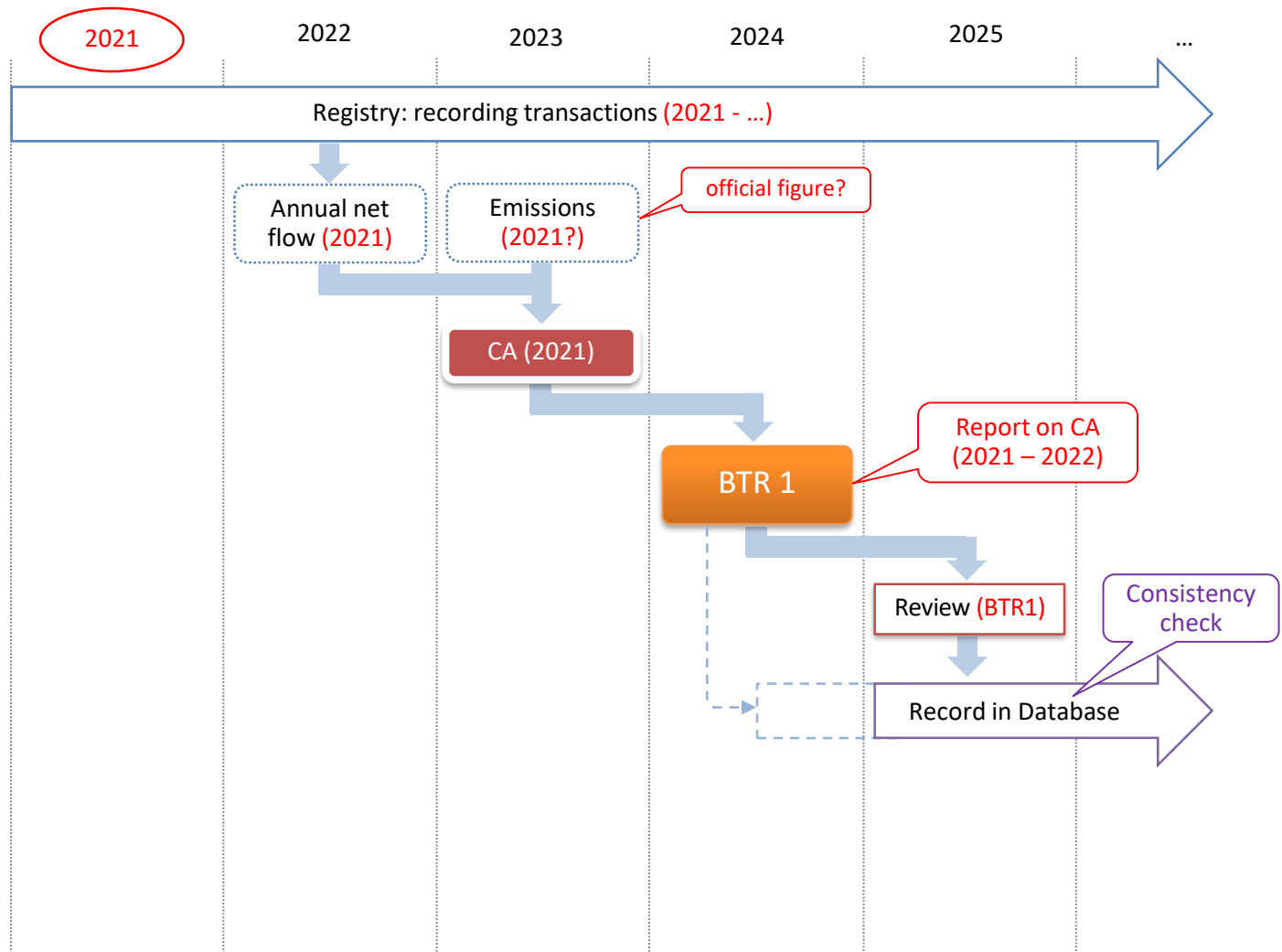
- Parties submit information only once (to the BTR)
- Progress demonstrated in the same framing as the ETF
- ...

### Cons

- Delay in information available to the database (2024-25 onwards)
- Database will be updated only biennially
- ...

### Assumptions

- The Party uses emissions-based CA (recent inventory available 2 yrs after)
- The Party submits BTR 1 on its deadline (2024) and does not apply flexibility



## Flow: Scenario 3

### Pros

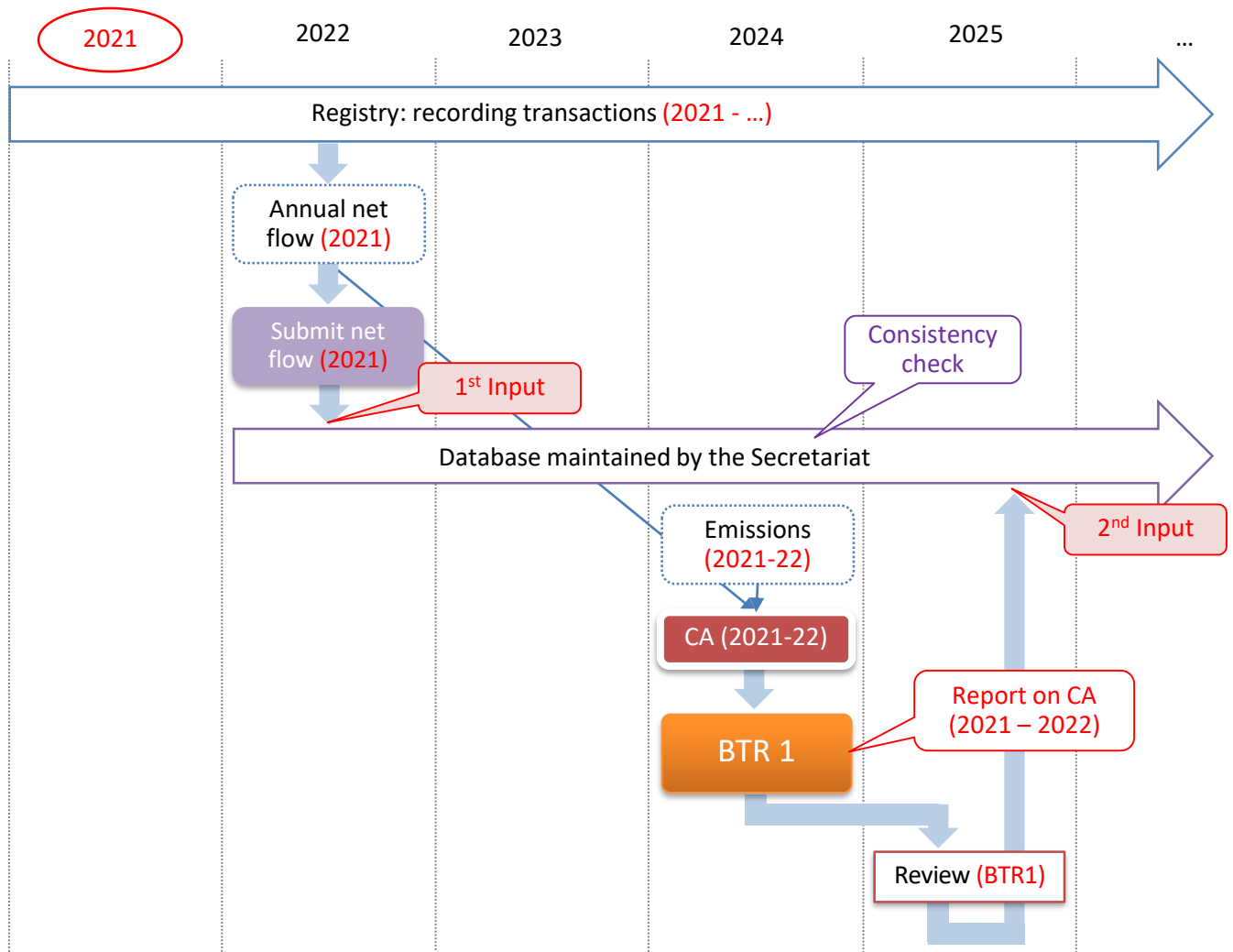
- Annually updated information on **net flows** (available in the database from **2022** onwards)
- Progress demonstrated in the same framing as the ETF
- ...

### Cons

- Information on **CA** not available in the database until **2024-25** onwards)
- ...

### Assumptions

- The Party uses emissions-based CA (recent inventory available 2 yrs after)
- The Party submits BTR 1 on its deadline (2024) and does not apply flexibility



Thank you