



Informal dialogue on Article 6 of the Paris Agreement

References to limits and safeguards on ITMO transfers in draft Madrid text v3 – May 26, 2021

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ERCST

Roundtable on
Climate Change and
Sustainable Transition

III. Corresponding adjustments

B. Application of corresponding adjustments

8. Each participating Party shall apply corresponding adjustments in a manner that ensures: transparency, accuracy, completeness, comparability and consistency; that participation in cooperative approaches does not lead to a net increase in emissions within and between NDC implementation periods; that corresponding adjustments shall be representative and consistent with the participating Party's NDC implementation and achievement. Each participating Party shall apply one of the following methods consistently throughout the NDC implementation period:

a) Where the participating Party has a single-year NDC:

- i. Providing a multi-year emissions trajectory, trajectories or budget for the NDC implementation period that is consistent with implementation and achievement of the NDC, and annually applying corresponding adjustments for the total amount of ITMOs first transferred and used for each year in the NDC implementation period;
- ii. Calculating the average annual amount of ITMOs first transferred and used over the NDC implementation period, by taking the cumulative amount of ITMOs and dividing by the number of elapsed years in the NDC implementation period and annually applying indicative corresponding adjustments equal to this average amount for each year in the NDC implementation period and applying corresponding adjustments equal to this average amount in the NDC year;

b) Where the participating Party has a multi-year NDC:

- i. Calculating a multi-year emissions trajectory, trajectories or budget for its NDC implementation period that is consistent with the NDC, and annually applying corresponding adjustments for the total amount of ITMOs first transferred and used each year in the NDC implementation period and cumulatively at the end of the NDC implementation period;

III. Corresponding adjustments

E. Limits to the transfer and use of ITMOs

17. Each participating Party shall ensure that the use of cooperative approaches does not lead to a net increase in emissions of participating Parties within and between NDC implementation periods and shall ensure transparency, accuracy, consistency, completeness and comparability in tracking progress in implementation and achievement of its NDC by applying the limits set out in further guidance by the CMA.

IV. Reporting

B. Annual information

20. Each participating Party shall, on an annual basis and in an agreed electronic format, submit to the Article 6 database as referred to in chapter VI.B (Article 6 database) annual information on ITMO authorization, first transfer, transfer, acquisition, holdings, cancellation, use towards NDCs, authorization of ITMOs for use towards other international mitigation purposes, voluntary cancellation, and specifying the cooperative approach, other international mitigation purposes, first transferring participating Party, using participating Party and year in which the mitigation occurred, sector and activity type, as applicable.

IV. Reporting

C. Regular information

22. Each participating Party shall also include, in its biennial transparency reports submitted in accordance with decision 18/CMA.1, the following information on how each cooperative approach in which it participates:

- b) Ensures environmental integrity, including that there is no net 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 minimizing the risk of non-permanence of mitigation and when reversals of emissions removals occur, ensuring that these are addressed in full;