

## DRAFT TEXT

on

### SBSTA 49 agenda item 11(a) Matters relating to Article 6 of the Paris Agreement: Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

Version 2 of 8 December 10:00 hrs

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#### **Draft CMA decision on 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.*

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

1. *Adopts* the [initial] guidance for cooperative approaches referred to in Article 6, paragraph 2 as contained in the annex to this decision;
2. *Requests* the SBSTA to undertake the following work, on the basis of the annex, to develop a draft decision on the [remaining] guidance on cooperative approaches referred to in Article 6, paragraph 2, for consideration and adoption by the CMA at its second session, as an integral part of the guidance:
  - (a) Further elaboration, if required, of the special circumstances of least developed countries and small island developing States;
  - (b) Implementation, where necessary, of the provisions relating to Governance;
  - (c) Further elaboration of the information to be reported by participating Parties [, including the form of the agreed tabular format];
  - (d) The implementation of the application of the corresponding adjustment, including in relation to:
    - (i) Single year NDCs;
    - (ii) The coverage of nationally determined contributions;
  - (e) Elaboration of the requirements relating to data on tracking, recording, compiling and use;
  - (f) Elaboration of the requirements relating to infrastructure;
  - (g) Safeguards and limits, including the following indicative list:
    - (i) [Transfer limits;]
    - (ii) [Minimum holding requirements;]
    - (iii) [Use of ITMOs towards achievement of its NDC being supplemental to domestic action such that domestic action constitutes a significant element of the effort made by each Party towards achievement of its NDC;]
    - (iv) [Maximum limits on the use of ITMOs towards an NDC;]
    - (v) [Requirements relating to carry over of ITMOs from one NDC period to the next;]
    - (vi) [Limits relating to the use by a Party of ITMOs from emissions and removals not covered by the sectors and gases included in its NDC towards achievement of its own NDC;]
    - (vii) [Creation and first transfer of ITMOs in a manner that avoids significant fluctuations in the prices and quantities available in the international market for ITMOs;]
    - (viii) [Creation and first transfer of ITMOs from sectors that have a high degree of uncertainty;]
    - (ix) [Requirements relating to avoid unilateral measures and discriminatory practices in cooperative approaches;]

3. *Further requests* the SBSTA to consider the following matters, and, where appropriate, make recommendations for consideration and adoption by the CMA at its second session, including, where appropriate, for inclusion as an integral part of the guidance:
  - (a) [Avoidance of double counting with international mitigation action outside the UNFCCC;]
  - (b) Corresponding adjustment requirements where certified emission reductions and emission reduction units under the Kyoto Protocol are used towards nationally determined contributions;
4. *Decides* to review the guidance periodically, and for the first time by no later than the end of 2024, on the basis of recommendations from the SBSTA and the SBI;
5. [*Recognizes* that some Parties have first NDCs that start in 2020 and others have NDCs that start in 2021;]
6. [[*Decides*][*Affirms also*] that Parties voluntarily participating in cooperative approaches referred to Article 6, paragraph 2 shall apply the guidance relating to Article 4, paragraph 13 to their first and all subsequent NDCs];
7. [*Requests* the SBSTA to make recommendations, if required, in relation to the implementation of paragraph 6 above to communicated first NDCs, for consideration and adoption by the CMA at its second session];
8. *Further 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 NDC implementation, from the start of the participation;
9. *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 this guidance when reviewing that participation, including when reviewing biennial transparency reports;
10. *Requests* the secretariat to undertake technical preparatory work, including technical papers and financial and technical feasibility studies, as required, for the consideration of the SBSTA at its fiftieth session, on the following {*potential list below*}:
  - (a) The technical aspects relating to infrastructure;
  - (b) The processes required to support reporting and review of participation by Parties in cooperative approaches;
11. *Decides* that the costs of the [international registry] [and] [the international transaction log] shall be borne by the users of [this system] [these systems];
12. [*Activities of secretariat subject to financial resources, invitation for voluntary contributions*].]

## Annex

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

#### I. Principles

#### II. Definitions

1. The following definitions apply to this guidance:
  - (a) **“Internationally transferred mitigation outcomes (ITMOs)”** are to:
    - (i) Be [real] [verified] [additional] [and permanent];
    - (ii) Be in the form of anthropogenic emissions by sources [and removals by sinks] [avoidance], including mitigation co-benefits resulting from adaptation actions and/or economic diversification plans [, or the means to achieve them];
    - (iii) Be measured in metric tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) in accordance with the methodologies and common metrics assessed by the IPCC and adopted by the CMA and/or in other metrics [determined by the participating Parties] [consistent with the (national determined contributions (NDCs) of the participating Parties];
    - (iv) [Include emission reductions under the Article 6.4 mechanism;]
  - (b) **“First transfer”** means the first international transfer of one or more mitigation outcomes that has been authorised by the transferring Party, [being the only transfer of those mitigation outcomes];
  - (c) [**“Overall mitigation in global emissions”** is achieved when, through the operation of Article 6, a fixed percentage of ITMOs, duly reported, are not used by any Party or entity to implement or achieve its nationally determined contribution (NDC) or used for any other compliance purposes outside Article 6];
  - (d) [**“Transfer”** means an international transfer of one or more mitigation outcomes, that has been authorized by the transferring Party, [and includes transfer of a claim];
  - (e) **“Vintage”** means the year in which the mitigation outcome took place.

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

2. 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 nationally determined contributions (NDCs) and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to that guidance.

#### IV. Governance

3. The CMA may adopt further guidance pursuant to Article 6, paragraph 2.
4. Each Party participating in a cooperative approach that involves the use of ITMOs towards NDCs, as referred to in Article 6, paragraph 2, (“participating Party”) shall ensure its participation in the cooperative approach and its use of ITMOs towards NDCs is consistent with this guidance and further guidance as referred to in paragraph 3.

#### Option A

5. The Supervisory Body established pursuant to Article 6, paragraph 4, [shall perform functions in relation to cooperative approaches referred to in Article 6, paragraph 2, including the development of reporting templates and the elaboration of further guidance for the implementation of corresponding adjustments.]

#### **Option B**

6. An Article 6 technical expert review shall review the application of this guidance by participating Parties. [It shall further perform functions in relation to cooperative approaches referred to in Article 6, paragraph 2, including the development of reporting templates and the elaboration of further guidance for the implementation of corresponding adjustments.] The competencies of the technical expert review team shall include those relevant to cooperative approaches that involve the use of ITMOs towards NDCs.

#### **Option C**

7. The technical expert review pursuant to Article 13, paragraph 11, shall review the application of this guidance by participating Parties. The competencies of the technical expert review team shall additionally include those relevant to cooperative approaches that involve the use of ITMOs towards NDCs.

*{end of Option C}*

8. The secretariat, pursuant to Article 17, shall carry out the activities relating to it set out in this guidance.
9. [Each participating Party may authorize non-Party actors to participate in cooperative approaches, transfer and acquire ITMOs, and use ITMOs for purposes other than towards achievement of an NDC. A Party that authorizes a non-Party actor to participate in cooperative approaches shall remain responsible for the fulfilment of its obligations under the Paris Agreement.]

## **V. Participation responsibilities**

10. 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 by other participating Parties pursuant to Article 6, paragraph 3, and has made that authorization public;
  - (d) It has obtained authorization for its use of ITMOs pursuant to Article 6, paragraph 3, and has made that authorization public;
  - (e) It ensures tracking through a [system] [buffer registry] [registry] [central registry] that is consistent with section XII (Tracking ITMO data);
  - (f) It has provided the most recently required inventory report pursuant to Article 13, paragraph 7(a), [including a consistent time series back to the base year];
  - (g) Participation in cooperative approaches supports the implementation of NDCs.

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

11. To ensure transparency, each participating Party shall ensure the [real-time] tracking of ITMOs through a [system] [buffer registry] [international registry] [registry], including the:
  - (a) Creation of ITMOs [, including with a unique serial number for each ITMO];
  - (b) First transfer of ITMOs;
  - (c) Transfer of ITMOs;
  - (d) Acquisition of ITMOs;
  - (e) Holding of ITMOs;
  - (f) Cancelling ITMOs;

- (g) [Transfer of ITMOs for the share of proceeds for adaptation;]
- (h) [Cancelling ITMOs for overall mitigation in global emissions].

## **VII. Corresponding adjustments**

### **A. Corresponding adjustments**

12. Each participating Party shall consistently apply its corresponding adjustments to

#### **Option A**

- (a) A budget basis, by effecting an addition or subtraction to its quantification of the greenhouse gas emissions level corresponding to its NDC. The corresponding adjustment shall be effected through a subtraction for ITMOs transferred and an addition for ITMOs acquired.

#### **Option B**

- (b) An emissions basis, by effecting an addition or subtraction to the emissions and removals covered by its NDC, as derived from its national inventory report [and reported as annual information in paragraph IX.B.30(a)], resulting in an adjusted balance. The corresponding adjustment shall be effected through an addition for ITMOs first transferred and a subtraction for ITMOs used towards of its NDC.

#### **Option C**

- (c) A buffer-registry basis:
  - (i) For ITMOs measured in any metric determined by participating Parties, 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 and Article 13.7(b) purposes;
  - (ii) For ITMOs measured in tonnes of CO<sub>2</sub>e, the emissions basis may be applied;
- (d) The corresponding adjustment shall be effected through an addition for ITMOs transferred and a subtraction for ITMOs acquired.

#### **Option D**

- (e) An emission reduction basis, by effecting an addition or subtraction to the total quantity of emission reductions achieved. The corresponding adjustment shall be effected through a subtraction for ITMOs transferred and an addition for ITMOs acquired.

### **B. Multi-year and single-year nationally determined contributions**

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

- (a) [Emissions trajectory: Calculating a multi-year emissions trajectory for the period for NDC implementation consistent with the NDC and applying a corresponding adjustment for each year covered by this emissions trajectory;]
- (b) [Annual adjustments: Applying a corresponding adjustment for each year in the period for NDC implementation.]
- (c) [Budget: Applying a corresponding adjustment for the total amount of ITMOs [first transferred and used][transferred and acquired] over the period of the NDC implementation.

14. Each participating Party that has a single year NDC shall apply [the above method] [one of the above methods] or [the following method] [one of the following methods] consistently throughout the period for NDC implementation:

- (a) The method referred to in paragraph 13(a) above;

- (b) The method referred to in paragraph 13(b) above;
  - (c) [Averaging: Calculating the average annual amount of ITMOs [first transferred and used] [transferred and acquired] over the number of years in the period for NDC implementation and applying a corresponding adjustment equal to this average amount for the same year as the single year NDC;]
  - (d) [NDC vintage: The Party may only [first transfer] [transfer] ITMOs that are of the same vintage as the Party's single year NDC and/or only [acquire] [use] ITMOs that are of the same vintage as the Party's single-year NDC.]
15. [Participating Parties shall apply a common method consistently throughout the period for NDC implementation] [Participating Parties may apply different methods, provided that each Party applies the method consistently throughout the period for NDC implementation].

## **VIII. Application of guidance**

### **A. Emissions and removals from sectors and greenhouse gases**

16. A Party may transfer ITMOs for emission reductions and removals from sectors and greenhouse gases covered by the NDC of the Party, subject to the application of corresponding adjustments pursuant to section VII (Corresponding adjustments).

#### **Option A**

17. In addition, a Party may transfer ITMOs for emission reductions and removals from sectors and greenhouse gases that are not covered by the NDC of the Party, subject to the application of corresponding adjustments pursuant to section VII (Corresponding adjustments).

#### **Option B**

18. In addition, a Party may transfer ITMOs for emission reductions and removals from sectors and greenhouse gases that are not covered by the NDC of the Party, subject to the application of corresponding adjustments pursuant to section VII (Corresponding adjustments) [from 2026 onwards] [from 2031 onwards] [from the subsequent NDC period].

#### **Option C**

19. In addition, a Party may transfer ITMOs for emission reductions and removals from sectors, sources and greenhouse gases that are not covered by the NDC of the Party, without being subject to the application of corresponding adjustments pursuant to section VII (Corresponding adjustments).

### **B. Purposes other than the achievement of nationally determined contributions**

#### **Option A**

20. A Party shall not use a ITMO towards its NDC where it has been, or is intended to be, used for purposes other than towards NDCs, including:
- (a) [Use towards international mitigation action outside the UNFCCC;]
  - (b) [Use towards voluntary climate action that is not mandatory in the relevant jurisdiction;]
  - (c) [As a means of demonstrating mitigation results of climate finance provided pursuant to Article 9].
21. Parties shall make adjustments, pursuant to section VII (Corresponding adjustments), for mitigation outcomes they authorize for use towards purposes other than NDCs, irrespective of whether they are internationally transferred[, where the mitigation outcomes are from sectors, sources and greenhouse gases covered by the NDC of the Party].

#### **Option B**

22. ITMOs cannot be used for purposes other than towards NDCs.

## **IX. Reporting**

### **A. [Initial report] [Article 6 report]**

23. Each participating Party shall, prior to [its participation in cooperative approaches] [transferring and/or using ITMOs towards its NDC] [applying a corresponding adjustment for the use of ITMOs towards its NDC] for each period for NDC implementation, submit an [initial report] [Article 6 report] containing information to:
- (a) Demonstrate that it fulfils the participation responsibilities referred to in section V (Participation responsibilities);
  - (b) Communicate its period for NDC implementation, including start and end date, consistent with any further relevant decision adopted by the CMA;
  - (c) Communicate [its basis of corresponding adjustment pursuant to section VII.A (Corresponding Adjustment) and] its method pursuant to section VII.B (Multi-year and single-year nationally determined contributions) to be applied consistently throughout its period for NDC implementation.

#### **Option A**

24. Each participating Party applying the budget basis shall, for each NDC communicated or updated, include in its [initial report] [Article 6 report] [its first relevant biennial transparency report] information on the quantification of allowable emissions, in accordance with the following steps:
- (a) Quantification of allowable emissions through calculating how many tonnes of CO<sub>2</sub>e could be emitted while achieving its NDC;
  - (b) Multiplied by the number of years in the NDC, converted into a number of units, each corresponding to one tonne of CO<sub>2</sub>e;
  - (c) Where that number exceeds the average annual emissions for the years preceding the NDC, as per the last three national inventories, the difference, multiplied by the number of years in the NDC to be reserved for domestic use only;
  - (d) The resulting figure represents the quantified NDC.

#### **Option B**

25. Each participating Party applying the emissions basis shall, for each NDC communicated or updated, include in its [initial report] [Article 6 report] [its first relevant biennial transparency report] the quantification of its NDC in tonnes of CO<sub>2</sub>e for the application of the emissions basis, including:
- (a) The sectors, sources, greenhouse gases and time periods covered by its NDC;
  - (b) The information on the reference level of emissions and removals for the relevant year or period;
  - (c) The information on the target level for its NDC;

#### **Option C**

26. Each participating Party applying the buffer registry basis shall quantify in metrics determined by the participating Parties.

### **B. Regular information**

27. Each participating Party shall submit, as part of [an Article 6 report] [the biennial transparency report pursuant to Article 13, paragraph 7], the following information about its participation:
- (a) How it fulfils its participation responsibilities referred to in section V (Participation responsibilities);
  - (b) Institutional arrangements for authorization;

- (c) Authorization of the use of ITMOs by other participating Parties pursuant to Article 6, paragraph 3, and making that authorization public;
  - (d) Authorization for its use of ITMOs pursuant to Article 6, paragraph 3, and making that authorization public;
  - (e) The characteristics of the ITMOs, including its Party origin, the originating cooperative approach, the metric, sector and vintage;
  - (f) How it has ensured that the ITMOs used towards achievement of its NDC will not be further transferred, acquired or used (e.g. through cancellation, retirement of such ITMOs);
28. Each participating Party shall also submit the following information about cooperative approaches in which it cooperates:
- (a) How the cooperative approach supports the implementation of its NDC;
  - (b) How the cooperative approach supports the mitigation of greenhouse gas emissions;
  - (c) How it avoids unilateral measures and discriminatory practices in cooperative approaches;
  - (d) How it ensures that cooperative approaches and ITMOs do not result in environmental harm;
  - (e) How it applies safeguards pursuant to section XIII (Safeguards and limits);
  - (f) How it ensures environmental integrity through quality of the mitigation outcome;
  - (g) Robust governance;
  - (h) How it ensures environmental integrity through:
    - (i) [Baselines set in a conservative way and below business-as-usual for the emissions in relation to the activity and in a transparent manner;]
    - (ii) [Taking into account all existing policies when setting baselines;]
    - (iii) [Having requirements to mitigate leakage risk;]
    - (iv) [Having a system to ensure permanence, including to address reversals;]
  - (i) How it ensures that cooperative approaches in which it participates:
    - (i) Do not lead to an increase in global emissions;
    - (ii) Do not impede the formulation of an NDC by the host Party that reflects the highest possible ambition and a progression over time of the NDC;
    - (iii) Do not imply risks of conflicts with other environment-related aspects. In case of environment-related conflicts, measures to mitigate any negative trade-offs [shall][should] be taken;
    - (iv) Are consistent with the [Sustainable Development Goals] and the sustainable development objectives of the host Party, noting national prerogatives;
    - (v) [Are consistent with the respect of and does not represent a threat to human rights;]
    - (vi) Avoid causing negative social or economic impacts to any Party.
29. Each participating Party shall also submit information on its economy-wide long-term low-emission development strategy pursuant to Article 4, paragraph 19, if available.
30. Each participating Party shall submit the following quantitative information, as part of its [Article 6 reports] [biennial transparency reports pursuant to Article 13, paragraph 7], in an agreed tabular format:
- (a) Annual and cumulative emissions and removals in relation to the sectors, sources, greenhouse gases and time periods covered by its NDC;
  - (b) Annual and cumulative ITMOs first transferred, transferred, acquired, held, cancelled and/or used by participating Parties, including information on the other participating Party transferring or acquiring the ITMOs;
  - (c) Annual and cumulative corresponding adjustments applied pursuant to section VII (Corresponding adjustments);



- (d) Adjusted balances, as applicable, after applying corresponding adjustments for the annual period pursuant to section VII (Corresponding adjustments);
  - (e) [Annual and cumulative ITMOs cancelled in accordance with section XIV (Overall mitigation in global emissions);]
  - (f) [Annual and cumulative ITMOs transferred in accordance with section XV (Share of proceeds for adaptation).]
31. Participating Parties shall publish and keep up-to-date, through the UNFCCC website, all publicly available information on cooperative approaches in which they participate.

## **X. Review**

32. The [Article 6.4 Supervisory Body] [Article 6 technical expert review] [Article 13 technical expert review] shall review the information reported pursuant to section IX (Reporting) for consistency with this guidance. *{Result of the review requires further implementation}*
33. The [Article 6.4 Supervisory Body] [Article 6 technical expert review] [Article 13 technical expert review] may make recommendations to the participating Party on how to improve its consistency with this guidance.
34. [The Article 6.4 Supervisory Body] [The Article 6 technical expert review] shall, prior to a Party [participating in cooperative approaches] [transferring and/or using ITMOs towards its NDC] [applying a corresponding adjustment for the use of ITMOs towards its NDC], review the information contained in the [initial report] [Article 6 report] of the Party and the participation responsibilities referred to in section V (Participation responsibilities) for consistency with this guidance. [The Article 6.4 Supervisory Body] [The Article 6 technical expert review] [may make adjustments to the information contained in the initial report]. *{Outcome of the review may require further consideration}*

### **Option A**

35. [Following the review, the committee referred to in Article 15, paragraph 2 shall consider the review in accordance with its modalities and procedures.]

### **Option B**

## **XI. Recording of corresponding adjustments**

36. Each participating Party shall, [annually] [biennially] [at the end of the period for NDC implementation] [annually and at the end of the NDC implementation period, record corresponding adjustments, consistent with section VII (Corresponding adjustments), [and information on ITMOs for the share of proceeds] [and information on ITMOs cancelled for overall mitigation in global emissions] in the [international transaction log] [database] [international registry] [buffer registry] [through the provision of information pursuant to paragraph 29 to the secretariat].
37. Corresponding adjustments pursuant to section VII (Corresponding adjustments) shall be effected by their recording in the [international transaction log] [database] [international registry] [buffer registry].
38. The secretariat shall compile the information provided by each Party pursuant to paragraph 29 and [information provided by each Party pursuant to section IX.A (Quantification for the purpose of Article 6.2 participation), consistent with section VII (Corresponding adjustments)] [and information on ITMOs for the share of proceeds] [and information on ITMOs cancelled for overall mitigation in global emissions] into a database referred to in section XII.

### **Option A**

39. At the end of the NDC implementation period, each participating Party applying the budget basis shall retire the number of units equal to the emissions and removals covered by its NDC. Such retirement shall be made in the international registry pursuant to section XII (Infrastructure).

### **Option B**

40. At the end of the NDC implementation period, each participating Party applying the emissions basis shall submit information on the adjusted balance for each year covered by its NDC; consistent with section IX.B (Regular information), and, to enable comparison, the information contained in this section and consistent with further decisions of the CMA relating to this guidance.

### **Option C**

41. Each participating Party applying the buffer-registry basis shall forward the amount in the buffer registry resulting from corresponding adjustments, consistent with section VII (Corresponding adjustments), to Article 4, paragraph 13 for NDC accounting.

### **Option D**

42. Each participating Party applying the emission reductions basis shall provide information on the adjusted quantity of emission reductions achieved within its jurisdiction during the NDC period as part of the information necessary to track progress made in implementing and achieving its NDC as per Article 13.7(b).

*{end of Option D}*

43. Each participating Party shall only use ITMOs towards its NDC that are achieved within the period for NDC implementation.

## **XII. Infrastructure**

### **A. Registries**

44. [A registry is a system for tracking ITMO data.]
45. [Each registry shall have the following national accounts: issuance, holding, transfer, acquisition, cancellation, retirement [share of proceeds], [and a maintained link to the mechanism registry.] [Additionally, each registry shall have a cancellation account for overall mitigation in global emissions.]]
46. The secretariat shall implement an [international] [central] registry consistent with paragraph 45 for [all participating Parties] [participating Parties that do not have such a system or access to such a system]. The [international] [central] registry shall have the following functions:
  - (a) [Checking the consistency of ITMOs reported by participating Parties with requirements for corresponding adjustment and avoiding double counting;]
  - (b) [Identifying inconsistencies to the participating Parties;]
  - (c) [Checking the authorization by participating Parties;]
  - (d) [Prefilling common tabular formats.]
47. The secretariat shall ensure the international registry has the following national accounts: issuance, holding, transfer, acquisition, cancellation, retirement, and [share of proceeds.] [Additionally, the international registry shall have a cancellation account for overall mitigation in global emissions.]
48. [A buffer registry is a registry used for the buffer registry basis.]]

### **B. International transaction log**

49. [The secretariat shall establish and maintain an international transaction log capable of recording the information set out in this section X (Infrastructure) and further decisions of the CMA relating to this guidance.]
50. [Each participating Party shall ensure that its registry is capable of connection to the international transaction log.]

## C. Database

51. [The secretariat shall establish and maintain a database to record data consistent with this guidance.]

## XIII. Safeguards and limits

52. Each participating Party shall apply the safeguards and limits on the creation, transfer and use of ITMOs adopted by the CMA in relation to cooperative approaches referred to in Article 6, paragraph 2.

## XIV. Overall mitigation in global emissions

### Option A

53. Overall mitigation in global emissions [shall][should] be implemented in the context of Article 6, paragraph 2, as follows.

#### Option A1

(a) On the basis of an automatic cancellation as follows:

- (i) Overall mitigation in global emissions [shall][should] be achieved by ensuring some ITMOs are not used by either creating or acquiring Party towards achievement of its NDC;
- (ii) At the time of issuance/first transfer of ITMOs, registry [shall][should] transfer [X/10/20/30] per cent of ITMOs to the cancellation account for overall mitigation consistent with section XII (Infrastructure);
- (iii) Transferring Party [shall][should] make a corresponding adjustment for the full amount of ITMOs created/issued/supplied for first transfer;
- (iv) Acquiring/using Party [shall][should] make a corresponding adjustment for the amount of ITMOs acquired/used;
- (v) The cancelled ITMOs [shall][should] not be used for any further transfer or purpose, including use by any Party towards achievement of its NDC or voluntary cancellation;

#### Option A2

(b) On the basis of a discounting by Parties as follows:

- (i) Overall mitigation in global emissions [shall][should] be achieved by ensuring some ITMOs are not used by either creating or acquiring Party towards achievement of its NDC;
- (ii) Prior to first transfer, creating Party [shall][should] make a corresponding adjustment for the full amount of ITMOs to be first transferred;
- (iii) Acquiring/using Party [shall][should] make a corresponding adjustment for the full amount of ITMOs acquired/used, discounted by [X/10/20/30] percent.
- (iv) The discounted volume of ITMOs [shall][should] be transferred to the cancellation account for the overall mitigation of global emissions by the acquiring/using Party.
- (v) The discounted volume of ITMOs [shall][should] not be used for any further transfer or purpose, including use by any Party towards achievement of its NDC.

### Option B

*{no text required}*

## **XV. Share of proceeds for adaptation**

### **Option A**

54. Cooperative approaches [shall][should] deliver a share of proceeds to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

55. The share of proceeds [shall][should] be collected in respect of:

#### **Option A1**

(a) cooperative approaches that are baseline and crediting approaches that are similar to mitigation activities under the mechanism established by Article 6 paragraph 4;

#### **Option A2**

(b) crediting approaches implemented by Parties.

#### **Option A3**

(c) all cooperative approaches;

#### **Option A4**

(d) all acquisition of ITMOs

*{end of Option A4}*

56. The share of proceeds [shall][should] be set at and levied at *{potential list below}*:

#### **Option A1**

(a) *X* per cent/5 per cent/an increasing per cent/a diminishing per cent of the amount of ITMOs transferred/used towards achievement of an NDC;

#### **Option A2**

(b) *X* percent at first transfer, increasing by *Y* percent at each subsequent transfer;

#### **Option A3**

(c) Consistent with the share of proceeds pursuant to Article 6, paragraph 6, for the mechanism established by Article 6, paragraph 4.

*{end of Option A3}*

57. The share of proceeds [shall][should] be *{potential list below}*:

(a) Collected by the creating/issuing Party at the first transfer of ITMOs and/or collected by a Party using ITMOs towards achievement of its NDC;

(b) Transferred by the creating/issuing Party to the Adaptation Fund;

(c) Collected by the acquiring Party at each ITMO transfer and transferred to the Adaptation Fund.

### **Option B**

*{no text required}*

## **XVI. Addressing negative social and economic impacts, Article 4, paragraph 15**

58. The secretariat shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to address negative social and economic impacts, especially those impacting developing countries, resulting from activities related to Article 6, paragraph 2, by the undertaking the following actions:

- (a) Assessing and identifying the negative social and economic impacts resulting from activities related to Article 6, paragraph 2, including the cumulative impact of these activities;
  - (b) Developing, implementing and regularly updating measures to address the negative social and economic impacts resulting from activities related to Article 6, paragraph 2, including the cumulative impact of these activities;
  - (c) Regular sharing of information with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to support the above activities.]
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## DRAFT TEXT

on

### SBSTA 49 agenda item 11(b) Matters relating to Article 6 of the Paris Agreement: Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

Version 2 of 8 December 10:00 hrs

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#### **Draft CMA decision containing the 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 paragraphs 4(a)–(d) of that Article,<sup>1</sup>

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

1. *Establishes* the body that will supervise the mechanism established by Article 6, paragraph 4 (hereinafter referred to as the mechanism) with its membership and [initial] rules of procedure as set out in the annex;
2. *Designates* the body referred to in paragraph 1 above as the supervisory body of the mechanism and names it the [Supervisory Body][XXXX];
3. *Welcomes* the election of the first members [and alternate members] of the [Supervisory Body][XXXX];
4. *Requests* the secretariat to organize the first and subsequent meetings of the [Supervisory Body][XXXX];
5. *Also requests* the [Supervisory Body][XXXX] to meet at least once during 2019 in order to develop recommendations on [the further elaboration of its rules of procedure] for consideration by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its fiftieth (June 2019) and/or fifty-first session (November 2019);
6. *Adopts* the [initial] provisions of the rules, modalities and procedures for the mechanism, as contained in the annex;
7. *Requests* the SBSTA to undertake further work to develop the [remaining] provisions of the rules, modalities and procedures for the mechanism on the basis of the following elements, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its second session (November 2019) as an integral part of the rules, modalities and procedures for the mechanism:
  - (a) Further provisions on the special circumstances of the least developed countries and small island developing States as set out in section III (Special circumstances of least developed countries and small island developing States) of the annex, in particular with regard to baseline setting and additionality of Article 6, paragraph 4 activities hosted by such Parties;
  - (b) Further membership provisions for the [Supervisory Body][XXXX] that may be required in addition to those set out in section V.A (Supervisory Body – Membership) of the annex;
  - (c) Further requirements for the rules of procedure of the [Supervisory Body][XXXX] that may be required in addition to those set out in section V.B (Supervisory Body – Rules of procedure) of the annex, including potential processes for addressing grievance and ensuring redress, and for referral to the committee established by Article 15, paragraph 2;
  - (d) Further responsibilities of the [Supervisory Body][XXXX] relating to the establishment of requirements and processes for operationalizing the mechanism, the operation of the mechanism, and supporting the implementation of the mechanism and its transparency, that may be required in addition to those set out in section V.C (Supervisory Body – Governance and functions) of the annex;

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

- (e) Further responsibilities of the [Supervisory Body][XXXX] and the host Parties that would allow for the mechanism to also operate with a more host Party-led/decentralized model;
- (f) Potential provisions on how the [Supervisory Body][XXXX] should exercise its functions set out in section V.C (Supervisory Body – Governance and functions) of the annex;
- (g) Further provisions on the role of the secretariat that may be required in addition to those as set out in section V.D (Role of the secretariat) of the annex;
- (h) Further responsibilities of host Parties of activities under Article 6, paragraph 4 (hereinafter referred to as Article 6, paragraph 4, activities) that may be required in addition to those set out in section VI (Participation responsibilities) of the annex, including their potential roles in the development of methodologies that are applied to the Article 6, paragraph 4 activities;
- (i) Further general requirements for Article 6, paragraph 4, activities that may be required in addition to those set out in section VII.A (Activity design) of the annex;
- (j) Further requirements regarding methodologies to be applied to Article 6, paragraph 4, activities that may be required in addition to those set out in section VII.A (Activity design) of the annex[, including the development of regional best available technology benchmarks];
- (k) Further provisions on the share of proceeds for administrative expenses in addition to those set out in sections VII.E (Registration) and VII.H (Issuance)
- (l) [Potential provisions on the role of the CMA that may be required in addition to those set out in section IV (Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement) concerning its potential role of considering appeals against decisions of the [Supervisory Body][XXXX];]
- (m) [Further provisions on the grievance process and right to appeal that may be required in addition to those set out in section VII.K.1 (Grievance process and right to appeal) of the annex;]
- (n) [Further provisions on processes to ensure the protection of human rights that may be required in addition to those set out in section VII.K.2 (Protection of human rights) of the annex;]
- (o) [Potential provisions on referrals to the committee referred to in Article 15, paragraph 2, in accordance with its modalities and procedures;]
- (p) [Potential provisions on the information to be provided by each participating Party on its registered Article 6, paragraph 4, activities and on the issuance, transfer and acquisition of Article 6, paragraph 4, emission reductions (A6.4ERs) and their use towards its nationally determined contribution (NDC) in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;]
- (q) Potential provisions that may be required on limits to the issuance, transfer, acquire and/or use of A6.4ERs, including measures to:
  - (i) Avoid significant fluctuations in prices, quantities and speculative transfers of A6.4ERs in the international market;
  - (ii) Address A6.4ERs issued for emission reductions achieved in sectors where there is a high degree of uncertainty in emission estimates;
  - (iii) Restrict secondary transfers of A6.4ERs;
  - (iv) Restrict the quantity of A6.4ERs for transfer;
  - (v) Ensure that the use of A6.4ERs towards NDCs is supplemental to domestic action;
  - (vi) Restrict the use of A6.4ERs towards NDCs by their vintage;
  - (vii) Restrict the carry-over of A6.4ERs to the subsequent period of NDC implementation;

#### **Option A**

- (r) Further provisions on the transition of activities from the Kyoto Protocol to Article 6, paragraph 4, that may be required in addition to those set out in section XIII (Transition from the Kyoto Protocol to Article 6, paragraph 4) of the annex, including on:
  - (i) Having the same requirements for joint implementation and clean development mechanism activities as for Article 6, paragraph 4, activities;

- (ii) Conditions that may be necessary for the transition of activities, in addition to those set out in section XIII.A (Activities under the Kyoto Protocol) of the annex and/or in subparagraph (i) above;
- (iii) Necessary steps for the implementation of such transition;
- (s) Further provisions on the transition of units issued under the Kyoto Protocol that may be required in addition to those set out in section XIII.B (Transition of joint implementation emission reduction units) and section XIII.C (Transition of clean development mechanism certified emission reductions) of the annex;
- (t) Potential provisions on the transition from the Kyoto Protocol to Article 6, paragraph 4, that may be required pursuant to section XIII (Transition from the Kyoto Protocol to Article 6, paragraph 4) of the annex;

**Option B**

*{no text required} {end of option B}*

8. *Also requests* the SBSTA to develop recommendations on the implementation of the following [initial] provisions of the rules, modalities and procedures for the mechanism in relation to the following, for a draft decision for consideration and adoption by the CMA at its second session:

- (a) The Article 6, paragraph 4, activity cycle, as set out in section VII (Article 6, paragraph 4, activity cycle) of the annex;
- (b) Eligible activities under the mechanism in the context of the host Party's NDC as set out in section VII.A (Activity design) of the annex;
- (c) Baseline approaches for Article 6, paragraph 4, activities as set out in section VII.A (Activity design) of the annex;
- (d) Additionality, as set out in section VII.A (Activity design) of the annex;
- (e) The mechanism registry, as set out in section VII.G (Issuance) of the annex;
- (f) The [forwarding][transfer] of A6.4ERs from the mechanism registry, as set out in section VII.H ([Forwarding][transfer] from the mechanism registry) of the annex;
- (g) [Voluntary cancellation, as set out in section VII.I (Voluntary cancellation) of the annex;]
- (h) The share of proceeds for adaptation, as set out in section VIII (Levy of share of proceeds for adaptation) of the annex;
- (i) Delivery of overall mitigation in global emissions, as set out in section IX (Delivering overall mitigation in global emissions) of the annex;
- (j) Addressing negative social and economic impacts under Article 4, paragraph 15, as set out in section XII (Addressing negative social and economic impacts under Article 4, paragraph 15) of the annex;

9. *Further requests* the secretariat to undertake preparatory technical work, including preparing technical papers and conducting financial and technical feasibility studies as required, for consideration by the SBSTA at its fiftieth session implementation of the rules, modalities and procedures for the mechanism, in particular with regard to the elements listed in paragraph 8 above;

10. [*Invitation for voluntary contributions for administrative expenses*]

11. *Further decides* to review these rules, modalities and procedures for the mechanism [periodically] [by no later than 2025], on the basis of recommendations from X.]



## Annex

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

#### I. **[Principles** *{this section to be considered when the content of this annex is more settled}*

#### II. **Definitions** *{at SBSTA 48.1 Parties agreed to return to definition section when the content of the rules, modalities and procedures is more settled}*

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<sup>1</sup> paragraphs 4–6, 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 [a unit] issued in respect of mitigation achieved [on or after 1 January [2020][2021]] pursuant to Article 6, paragraphs 4–7 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 may be proposed by Parties to the CMA for its consideration and adoption];
- (c) [“**Overall mitigation in global emissions**” is achieved when, through the operation of Article 6, a fixed percentage of emission reductions, duly reported, are not used by any Party or entity to implement or achieve its nationally determined contribution (NDC) or used for any other compliance purposes outside Article 6.]

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

2. 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 nationally determined contributions (NDCs), and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to these rules, modalities and procedures.

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

3. The CMA has authority over the mechanism and may take further decisions in relation to these rules, modalities and procedures and the mechanism.
4. 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.

#### V. **Supervisory Body**

5. The Supervisory Body supervises:

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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.

**Option A**

- (a) The mechanism;

**Option B**

- (b) Voluntary cooperation under Article 6. Its supervision of the mechanism is as set out in these rules, modalities and procedures.

**A. Membership**

- 6. The Supervisory Body shall comprise *X* members from Parties to the Paris Agreement, ensuring/striving to ensure gender-balanced representation, as follows:

**Option A**

- (a) [One member from each of the five United Nations regional groups;
- (b) Two other members from the Parties included in Annex I;
- (c) Two other members from the Parties not included in Annex I;
- (d) One representative of the small island developing States.]

**Option B**

- (e) [Three members from Parties included in Annex I that are undergoing the process of transition to a market economy;
- (f) Three members from Parties included in Annex I not referred to in subparagraph (e) above;
- (g) Three members from Parties not included in Annex I;
- (h) One member from the small island developing States.]

**Option C**

- (i) [Ensuring balanced representation of Parties, including equal representation of developing and developed country Parties:
  - (i) *X* members from each of the five United Nations regional groups;
  - (ii) *X* members from developed country Parties;
  - (iii) *X* members from developing country Parties;
  - (iv) *X* members from the least developed country Parties;
  - (v) *X* members from small island developing States.]

**Option D**

- (j) [Ensuring broad and equitable geographical representation:
  - (i) Two members from each of the five United Nations regional groups;
  - (ii) One member from the least developed countries;
  - (iii) One member from small island developing States.]

- 7. The CMA shall elect, on the basis of nominations by the relevant United Nations regional groups and other constituency groups, members [and an alternate for each member] of the Supervisory Body.
- 8. [In the event that a regional group is unable to nominate its member [and/or alternate member] by a specified deadline, the Subsidiary Body for Science and Technological Advice (SBSTA) Chair shall invite a recognized regional expert to serve as that member [or alternate member, as appropriate], until the regional group nominates a member [or alternate member,] for election by the CMA.]

**B. Rules of procedure**

- 9. Members [and alternate members] shall serve in their individual personal capacity.

10. Members [and alternate members] shall possess relevant scientific, technical, socioeconomic or legal expertise.
11. Members [and alternate members] shall serve for a term of two years.
12. The CMA shall elect half of the first members [and their alternate 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 their alternate members] and thereafter, the CMA shall elect half of the members [and their alternate members] for a term of two years.
13. The maximum number of terms of any individual shall be two terms, whether consecutive or not[, and including any period as an alternate member].
14. If a member [or alternate member] resigns or is otherwise unable to continue as a member [or alternate member], the [relevant constituency][Supervisory Body] may, bearing in mind the proximity to the next meeting of the CMA, appoint a replacement member [or alternate member] from the [constituency][Party representing the relevant constituency] to serve the remainder of the term [based on a nomination from the Party representing the relevant constituency].
15. A member [or alternate member] 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.
16. Costs for members [and alternate members] will be covered by the share of proceeds for administrative expenses.
17. Members [and alternate 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.
18. Members [and alternate members] shall ensure confidentiality, in line with best practice for confidentiality.
19. X members[, including alternate members only when they are acting as members,] shall constitute a quorum.
20. A quorum of members is required for meetings of, and making decisions by, the Supervisory Body.
21. Members [and alternate members] shall attend meetings [and the alternate members shall act as members if the respective member is not present].
22. The Supervisory Body shall elect a Chair and a Vice-Chair from among its members.
23. Meetings of the Supervisory Body shall, unless closed for reasons of confidentiality, be open to the public.
24. Documents for meetings of the Supervisory Body shall be made publicly available unless they are confidential.
25. 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.
26. 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 vote and adopted by [a three-fourth majority plus one][a majority of two-thirds][a simple majority plus one] of the members present and voting.
27. The Supervisory Body shall adopt reports on its meetings and make the reports publicly available.

### **C. Governance and functions**

28. In accordance with Article 6, paragraph 4, the Supervisory Body shall supervise the mechanism, under the authority and guidance of the CMA, and be accountable to the CMA. In this context, the Supervisory Body shall, in accordance with further relevant decisions of the CMA:
  - (a) Develop the requirements and processes necessary to operationalize the mechanism relating to, inter alia:
    - (i) 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 mechanism registry;
- (b) Operate the mechanism by, inter alia:
  - (i) Designating 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) [Forwarding][transferring] A6.4ERs from the mechanism registry;
  - (vi) 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[, including on its role in implementing the Paris Agreement and NDCs];
  - (iii) Facilitating the dialogue with host Parties of Article 6, paragraph 4 activities.

#### **D. Role of the secretariat**

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

### **VI. Participation responsibilities**

30. 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 section VII below, 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 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 submits national inventory reports referred to in Article 13, paragraph 7(a) in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;]
  - (e) [It provides, in its biennial transparency reports prepared pursuant to Article 13, information on all Article 6, paragraph 4, activities hosted by it, [including how it has taken into account [the long-term low greenhouse gas emission development strategies, if available, communicated in accordance with Article 4, paragraph 19 when authorizing these activities], and all A6.4ERs that it has transferred internationally or used towards its NDC;]
  - (f) [It indicates the contribution of the mechanism to its NDC.]

## VII. Article 6, paragraph 4, activity cycle

### A. Activity design

31. 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 types of mitigation, the activity shall achieve emission reductions, emission removals, [emission avoidance] [the full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans] (hereinafter collectively referred to as emission reductions) [and shall not include actions referred to in Article 5];
- (b) With regard to the activity types, the activity shall be a project, programme of activities, or other type approved by the Supervisory Body;
- (c) The activity shall be an activity that achieves emission reductions:

#### Option A

- (i) In sectors and greenhouse gases covered by the NDC of the host Party;

#### Option B

- (ii) In sectors and greenhouse gases covered and not covered by the NDC of the host Party;

*{end of Option B}*

- (d) 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 non-permanence of emission reductions and, in case of reversals, require correction;
  - (iii) Avoid negative environmental impacts;
  - (iv) Not lead to an increase in global emissions;
  - (v) [Not impede the progression of the NDC of the host Party;]
  - (vi) [Be consistent with, and not pose a threat to, human rights;]
- (e) The activity shall undergo a local [and sub-national] stakeholder consultation;
- (f) The activity shall apply a crediting period for the issuance of A6.4ERs, that is [appropriate to the activity in the host Party and approved by the Supervisory Body][a maximum of *X* years, renewable a maximum *Y* times [or a maximum of *Z* years with no option of renewal]].

32. The activity shall apply a methodology that is developed in accordance with subsection 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. Methodological principles

33. A mechanism methodology may be developed by [the activity participants][the host Party][stakeholders][the Supervisory Body].

34. The Supervisory Body shall[, following a technical assessment,] approve a mechanism methodology.

35. A mechanism methodology shall:

- (a) [Be transparent, conservative and take into account uncertainties in parameters and data;]
- (b) [Take into account any net leakage due to the implementation of the Article 6, paragraph 4, activity;]

- (c) [Not take into account decreases in economic activity levels;]
- (d) [Take into account relevant policy and provide for updates of baselines to reflect changes to policy;]
- (e) [Be on a project-specific basis, unless the application of a standardized baseline is requested by the host Party.]
- (f) Applies [one of][Any of] the following approaches to setting a baseline for the calculation of emission reductions:

**Option A**

- (i) [Historic emissions or] the ‘business-as-usual’ baseline approach;

**Option B**

- (ii) The conservative baseline approach, including the use of best available technology that takes into account relevant national circumstances;

**Option C**

- (iii) The benchmark baseline approach, where a baseline is based on an ambitious benchmark representing a level of GHG emissions for activities within a defined scope and boundary, reflecting best available technology (BAT), and taking into account relevant national circumstances or an alternative approach, proposed by the host Party, with an alternative benchmark that comprises a level of GHG emissions for activities within a defined scope and boundary representing a contribution to the reduction of its emission levels and mitigation objectives;

**Option D**

- (iv) The standardized baseline approach [that establishes a baseline at the highest level of aggregation and avoids a project specific baseline [based on the request from the host Party of the activity]];

**Option E**

- (v) Historic emissions or the ‘business-as-usual’ baseline approach;
- (vi) Conservative baseline approach, including technology that represents an economically attractive course of action, taking into account barriers to investment;
- (vii) The average emissions of similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances;

*{end of Option E}*

- (g) Applies the approach to demonstrating the additionality of the activity. The activity is additional where:

**Option A**

- (i) Emission reductions achieved by the activity are additional to any that would otherwise occur in the absence of [the activity][the mechanism][, taking into account all relevant national policies, including legislation][, as approved by the host Party][, where the activity type is included on a positive list adopted by the Supervisory Body];

**Option B**

- (ii) Emission reductions achieved by the activity go beyond what would be achieved through the delivery of the NDC of the host Party.

**Option C**

*{no text required/restatement of 1/CP.21}*

## **C. Authorization by Party**

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

- (b) The confirmation that the activity fosters sustainable development in the host Party based on its national prerogative consideration;

(c) An explanation as to how the activity relates to its NDC.

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

#### **D. Validation**

38. 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**

39. 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.
40. The activity participants shall pay a share of proceeds to cover administrative expenses for registration of the activity when submitting a request for registration, at the level determined by the Supervisory Body.
41. 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**

42. 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**

43. 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**

44. 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.
45. The activity participants shall pay a share of proceeds to cover administrative expenses for issuance of A6.4ERs when submitting a request for issuance of A6.4ERs at the level of USD *X* per A6.4ER to be issued.
46. The Supervisory Body shall approve the issuance of A6.4ERs if it decides that the verification and certification meet the relevant requirements developed by the Supervisory Body.
47. The mechanism registry administrator shall, in accordance with the relevant requirements developed by the Supervisory Body, issue the A6.4ERs into the registry established by the Supervisory Body (hereinafter referred to as the mechanism registry).
48. The mechanism registry shall contain at least a pending account, holding account, forwarding account, retirement account, cancellation account [cancellation account for overall mitigation in global emissions], share of proceeds account and a holding account for each Party requesting an account.
49. 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**

50. The mechanism registry administrator shall [forward][transfer]  $X$  per cent of the issued A6.4ERs to [an account held by the Adaptation Fund][the relevant mechanism registry account] 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 section VIII below.

### **Option A**

51. The mechanism registry administrator shall, in respect of overall mitigation in global emissions, cancel  $X$  per cent of the issued A6.4ERs to a cancellation account for delivering overall mitigation in global emissions in accordance with section IX below.

### **Option B**

*{no text required} {end of Option B}*

52. The mechanism registry administrator shall, for the remaining issued A6.4ERs, [forward][transfer] 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]**

53. The mechanism registry administrator shall cancel the specified amount of A6.4ERs in accordance with the instructions of the participants in the activity.]

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

### **2. Grievance process and right to appeal**

54. Stakeholders, participants in Article 6, paragraph 4, activities and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.

### **3. [Protection of human rights]**

55. Stakeholders, participants in Article 6, paragraph 4, activities and participating Parties may inform the Supervisory Body of alleged violations of human rights resulting from an Article 6, paragraph 4, activity.]

## **VIII. 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][the relevant mechanism registry account].

57. The share of proceeds for adaptation shall be set and levied at:

### **Option A**

- (a) [ $X/5$ ] per cent at issuance;

### **Option B**

- (b) [ $X5$ ] per cent at [forwarding][first transfer];

### **Option C**

- (c) [ $X/5$ ] per cent at [forwarding][first transfer], increasing by  $Y$  per cent at each subsequent transfer.

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

58. The mechanism shall aim to deliver an overall mitigation in global emissions in accordance with this section.



### **Option A**

59. Overall mitigation in global emissions shall be implemented as follows:

- (a) After emission reductions are verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
- (b) At issuance/first transfer of A6.4ERs, the registry shall transfer [X/10/20/30] per cent of total amount of A6.4ERs to the cancellation account for overall mitigation in accordance with section VII above (Article 6, paragraph 4, activity cycle);
- (c) The cancelled A6.4ERs shall not be used for any transfer or purpose, including by any Party towards its NDC or for voluntary cancellation;
- (d) The host Party shall use the remaining A6.4ERs in its account either towards its own NDC or transfer them to another Party's registry or to another Party's account in the mechanism registry.

### **Option B**

60. Overall mitigation in global emissions shall be implemented as follows:

- (a) After emission reductions have been verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
- (b) The acquiring/using Party shall discount by [X/10/20/30] per cent the acquired A6.4ERs at acquisition/use towards its NDC;
- (c) The discounted volume of A6.4ERs shall be transferred to the cancellation account for the overall mitigation of global emissions by the acquiring/using Party;
- (d) The volume of discounted A6.4ERs shall not be used by any Party towards its NDC or for voluntary cancellation;
- (e) The host Party shall use the remaining A6.4ERs in its account either towards its own NDC or transfer them to another Party's registry or another Party's account in the mechanism registry.

### **Option C**

61. Use of the mechanism itself ensures overall mitigation in global emissions.

### **Option D**

62. Overall mitigation in global emissions shall be delivered through any one or combination of the following means:

- (a) Meeting the requirements for Article 6, paragraph 4 activities referred to in section VII above (Article 6, paragraph 4 activity cycle), including on baseline approaches, crediting period and additionality;
- (b) Voluntary cancellation of A6.4ERs by Parties and stakeholders, including non-State actors;
- (c) Voluntary measures selected by participating Parties.

### **Option E**

63. Overall mitigation in global emissions shall be delivered through any one or combination of the following means:

- (a) Applying conservative baselines, or baselines that are below business-as-usual to the calculation of emission reductions for Article 6, paragraph 4 activities;
- (b) Applying conservative default emission factors to the calculation of emissions from Article 6, paragraph 4 activities.

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

64. 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 section.

### **Option A**

65. 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 of the Paris Agreement for all emission reductions[, if those emission reductions are transferred internationally].

### **Option B**

66. 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 NDC[, if those emission reductions are transferred internationally].

### **Option C**

67. A Party hosting Article 6, paragraph 4, activities shall not be required to make a corresponding adjustment consistent with the guidance relating to corresponding adjustments provided in the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the first transfer of A6.4ERs from the mechanism registry.
68. Pursuant to Article 6, paragraph 5, a Party transferring after the first transfer or acquiring emission reductions from the Article 6, paragraph 4 mechanism shall make a corresponding adjustment, consistent with the guidance relating to corresponding adjustments provided in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

## **XI. Uses for purposes other than towards nationally determined contributions**

### **Option A**

69. An A6.4ER shall not be used towards an NDC if it has been or is intended to be used:
- (a) Towards international mitigation action outside the UNFCCC;
  - (b) Towards voluntary climate actions that are not mandatory in the relevant jurisdiction;
  - (c) As a means of demonstrating climate finance provided pursuant to Article 9;
  - (d) [For the delivery of overall mitigation in global emissions in accordance with section IX above.]
70. To avoid double use of emissions reductions achieved by Article 6, paragraph 4, activities, Parties shall make an adjustment for emission reductions used for purposes other than towards NDCs, consistent with:

#### **Option A1**

- (a) The guidance relating to corresponding adjustments provided in the guidance for cooperative approaches referred to in Article 6, paragraph 2;

#### **Option A2**

- (b) The guidance relating to corresponding adjustments provided in the guidance for cooperative approaches referred to in Article 6, paragraph 2, if the A6.4ERs were issued for emission reductions that are included in the sectors and greenhouse gases covered by the NDC.

*{end of Option A2}*

### **Option B**

*{no text required}*

## **XII. Addressing negative social and economic impacts under Article 4, paragraph 15**

71. The Supervisory Body and the secretariat shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of decision 1/CP.21) to address any negative social and economic impacts, especially on developing country Parties, resulting from Article 6, paragraph 4, activities by, inter alia:
- (c) Assessing and identifying negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;

- (d) Developing, implementing and regularly updating measures to address any negative social and economic impacts of Article 6, paragraph 4, activities, including the cumulative impact of the activities;
- (e) Regularly sharing relevant information with the forum on the impact of the implementation of response measures in order to support the above activities.

### **XIII. Transition from the Kyoto Protocol to Article 6, paragraph 4**

#### **A. Activities under the Kyoto Protocol**

##### **Option A**

- 72. [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.]
- 73. [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.]

##### **Option B**

- 74. [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.]
- 75. [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.]

##### **Option C**

- 76. Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered. Such registration shall undergo an expedited registration process.

##### **Option D**

- 77. [No activities registered under joint implementation under Article 6 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities.]
- 78. [No activities under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities.]

##### **Option E**

*{no text required, as deal with transition in the work plan}*

#### **B. Transition of joint implementation emission reduction units**

- 79. In relation to ERUs:

##### **Option A**

- (a) ERUs may be used by a Party towards its NDC;

##### **Option B**

- (b) ERUs that are issued for emission reductions that were achieved prior to 1 January [2020][2021] may be used by a Party towards its NDC;

##### **Option C**

- (c) ERUs that are issued for emission reductions that are achieved after 1 January [2020][2021] may be used by a Party towards its NDC;

##### **Option D**

- (d) ERUs may not be used by a Party towards its NDC.

**Option E**

*{no text required, as deal with transition in the work plan} {end of Option E}*

**Option A**

80. A6.4ERs may be issued for activities registered under joint implementation under Article 6 of the Kyoto Protocol.

**Option B**

*{no text required, as no issuance of A6.4ERs for JI activities}*

**C. Transition of clean development mechanism certified emission reductions**

81. In relation to CERs:

**Option A**

(a) CERs may be used by any Party towards its NDC [or for purposes other than towards NDCs];

**Option B**

(b) CERs that are issued for emission reductions that were achieved prior to 1 January [2020][2021] may be used by a Party towards its NDC;

**Option C**

(c) CERs that are issued in relation to emission reductions that are achieved after 1 January [2020][2021] may be used by any Party towards its NDC and for purposes other than its NDCs;

**Option D**

(d) CERs may not be used by a Party towards its NDC.

**Option E**

*{no text required, as deal with transition in the work plan}*

**Option F**

*{no text required, as deal with this under guidance for cooperative approaches} {end of Option F}*

**Option A**

82. A6.4ERs may be issued for activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

**Option B**

*{no text required, as no issuance of A6.4ERs for CDM activities} {end of Option B}*

**Option A**

83. CERs that have not been cancelled or retired under the Kyoto Protocol may be transferred to the mechanism registry.

**Option B**

*{no text required}*

**D. Transition of methodologies**

**Option A**

84. Baseline and monitoring methodologies under Article 6 of the Kyoto Protocol shall be valid for Article 6, paragraph 4 activities,

**Option B**

*{no text required, as no use of JI methodologies by Article 6, paragraph 4, activities} {end of Option B}*

**Option A**

85. Baseline and monitoring methodologies under the clean development mechanism under Article 12 of the Kyoto Protocol shall be valid for Article 6, paragraph 4 activities.

**Option B**

*{no text required, as no use of CDM methodologies by Article 6, paragraph 4, activities}*

**Option C**

*{no text required, as deal with transition in the work plan}*

**E. Transition of accreditation standards**

**Option A**

86. The accreditation standards and procedures of the clean development mechanism under Article 12 of the Kyoto Protocol should serve as the basis for the standards and procedures for accreditation under the mechanism.

**Option B**

*{no text required, as no transition of the accreditation system}*

**Option C**

*{no text required, as deal with transition in the work plan}*

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**DRAFT TEXT**

**on**

**SBSTA 49 agenda item 11(c)**

**Matters relating to Article 6 of the Paris Agreement:**

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

**Version 2 of 8 December 10:00 hrs**

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**Draft CMA decision containing the 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 eleventh preamble of the Paris Agreement,

*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, including its preamble and its Article 2, Article 4, paragraphs 3, 7 and 15 and Article 6, paragraphs 1, 8 and 9.

1. *Adopts* 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 to this decision;
2. *Requests* the [Subsidiary Body for Scientific and Technological Advice (SBSTA)] [SBSTA and the Subsidiary Body for Implementation (SBI)] to undertake further work to develop and recommend a draft decision on the following elements of the work programme, on the basis of the annex, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its second session (2019)/Xth session (20XX) as an integral part of the work programme: *{potential list below}*
  - (a) [Governance arrangements for the framework for non-market approaches referred to in Article 6, paragraph 9, of the Paris Agreement (hereinafter referred to as the framework) that may be required;]
  - (b) [Rules of procedure of the task force;]
  - (c) [Reporting arrangements for the framework that may be required;]
3. *Also requests* the governance of the framework referred to in section III (Governance of the framework) of the annex (hereinafter referred to as the A6.8 governance) to develop and recommend draft guidelines for the focus areas of the work programme activities [based on the draft indicative list of the focus areas below], for consideration and adoption by the CMA at its second session (2019)/third session (2020):
  - (a) [Joint mitigation and adaptation for the integral and sustainable management of forests];
  - (b) [Social ecological resilience];
  - (c) [Avoidance of greenhouse gas emissions];
  - (d) [Ecosystem-based adaptation];
  - (e) [Integrated water management];
  - (f) [Energy-efficiency schemes];
  - (g) [Mitigation];
  - (h) [Adaptation];

- (i) [Finance];
  - (j) [Technology transfer and development];
  - (k) [Capacity-building];
4. *Invites* Parties and observers to submit to the secretariat, by 30 March 2019, views and information on:
- (a) Focus areas of the work programme activities and existing activities in the focus areas that are considered to be non-market approaches (NMAs) referred to in paragraphs 13(a)(i)a and b of the annex, respectively;
  - (b) Tools referred to in paragraph 13(b)(i) of the annex, including how to operationalize them;
  - (c) Elements of the work programme referred to in paragraph 2 above;
  - (d) Examples of potential activities that are considered to be NMAs in accordance with provisions in section II (Non-market approaches under the framework) of the annex (e.g. Adaptation Benefit Mechanism and Environmental Balance Index)
5. *Requests* the secretariat to prepare a technical paper on the matters referred to in paragraph 4(a)–(d) above, for consideration by the [SBSTA] [SBSTA and SBI] at its fiftieth session and the A6.8 governance at its first session/meeting;
6. *Also requests* the secretariat to organize a workshop on the matters referred to in paragraph 4(a)–(d) above, to be held in conjunction with the fiftieth session of the [SBSTA] [SBSTA and SBI], subject to the availability of financial resources, and to prepare a report on the workshop for consideration by the [SBSTA] [SBSTA and SBI] at its fifty-first session and the A6.8 governance at its first session/meeting;
7. *Decides* to:
- (a) Review annual reports from the A6.8 governance and provide guidance to it, where appropriate;
  - (b) Undertake a review of the work programme at its seventh session (2024) to enhance the effectiveness of the work programme in implementing the framework, taking into account relevant inputs including from the A6.8 governance and the outcomes of the global stocktake, and adopt a decision on the outcome of the review at its seventh session (2024).

## Annex

### 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 referred to in Article 6, paragraph 9 (hereinafter referred to as the framework) and the work programme under the framework for non-market approaches referred to in decision 1/CP.21, paragraph 39 (hereinafter referred to as the work programme):

- (a) The framework provides enhanced support to developing countries Parties through finance, technology transfer and capacity-building for the implementation of NMAs;
- (b) NMAs under the framework:
  - (i) Are not reliant on market-based approaches but may provide incentives for domestic mitigation actions in the form of payments without transfer of units;
  - (ii) Provide a basis for collective action instead of transactional or quid pro quo arrangements.

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

2. Each non-market approach (NMA) under the framework:

##### Option A

- (a) Aims to achieve all the aims of NMAs referred to in Article 6, paragraph 8(a), (b) and (c);

##### Option B

- (b) Aims to achieve at least one of the aims of NMAs referred to in Article 6, paragraph 8(a), (b) and (c);  
{end of Option B}
- (c) Assists in the implementation of nationally determined contributions (NDCs) of participating Parties;
- (d) Involves more than one participating Party;
- (e) Does not involve the creation, issue and transfer of any internationally transferred mitigation outcomes referred to in the guidance on cooperative approaches referred to in Article 6, paragraph 2;
- (f) Covers more than one of each of the following areas: mitigation, adaptation, finance, technology development and transfer and capacity-building;
- (g) Avoids duplication with the work of subsidiary and constituted bodies under the Convention, the Kyoto Protocol and the Paris Agreement [and other multilateral forums];
- (h) Promotes sustainable development and poverty eradication of a participating Party in accordance with Article 6, paragraph 8;
- (i) Involves 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 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 only used by the host developing country Party of the cooperative approach or Article 6, paragraph 4, activity towards its NDC. The

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



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.

### III. Governance of the framework

#### Option A

3. A forum for the framework (hereinafter referred to as the NMA forum) is hereby established to implement the framework and the work programme.

4. The NMA forum will be convened by the Chair[s] of the [Subsidiary Body for Scientific and Technological Advice (SBSTA)] [SBSTA and the Subsidiary Body for Implementation (SBI)] and will operate in accordance with the procedures applicable to contact groups and under the guidance of the Chair(s) of the [SBSTA] [SBSTA and SBI]. The NMA forum will meet in conjunction with the first and second sessional period meeting of the [SBSTA] [SBSTA and SBI] each year with its first meeting taking place in conjunction with the fifty-first session of the [SBSTA] [SBSTA and SBI]. Where the [SBSTA] [SBSTA and SBI] conclude[s] that there is a need for new governance arrangements for the framework, [it] [they] will make recommendations for such governance for consideration and adoption by the CMA at its second session (2019).

#### Option B

5. A task force for the framework (hereinafter referred to as the task force) is hereby established to maintain and operationalize the broader nature of NMAs, including:

- (a) Addressing linkages between mitigation and adaptation, and matching them to the finance, technology development and transfer and capacity-building needs of developing country Parties by building on existing processes and institutional arrangements, such as the Standing Committee on Finance (SCF), the Technology Executive Committee (TEC), the Climate Technology Centre and Network (CTCN), the Paris Committee on Capacity-building (PCCB) and the Local Communities and Indigenous Peoples Platform;
- (b) Providing alternative opportunities for the voluntary cooperation of Parties other than cooperative approaches and Article 6, paragraph 4, activities.

6. The task force will be convened by the Chair[s] of the [SBSTA] [SBSTA and SBI] and will operate in accordance with the rules of procedure of the task force to be set out in decisions of the CMA related to the work programme. The task force will meet twice a year in conjunction with the sessions of the [SBSTA] [SBSTA and SBI], with its first meeting taking place in conjunction with the fifty-second session of the [SBSTA] [SBSTA and SBI].

7. The task force comprises [X] members with equal representation of developing country Parties and developed country Parties as follows:

- (a) [X] member from each of the five United Nations regional groups;
- (b) [X] member from developed country Parties;
- (c) [X] member from developing country Parties;
- (d) [X] member from least developed country Parties;
- (e) [X] member from small island developing States;
- (f) [X] members from social organizations nominated by Parties;
- (g) [X] member from the Board of the Green Climate Fund (GCF), the TEC and the PCCB.

8. Two co-chairs of the task force will be appointed, with one being a member from a developing country Party and the other one from a developed country Party.

#### Option C

9. A forum for the framework (hereinafter referred to as the NMA forum) is hereby established to implement the framework and the work programme.

10. The NMA forum will be convened by the Chair[s] of the [Subsidiary Body for Scientific and Technological Advice (SBSTA)] [SBSTA and SBI] and will operate in accordance with the procedures applicable to contact groups and under the guidance of the Chair(s) of the [SBSTA] [SBSTA and SBI]. The

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NMA forum will meet in conjunction with the first and second sessional period meeting of the [SBSTA] [SBSTA and SBI] each year with its first meeting taking place in conjunction with the fifty-first session of the [SBSTA] [SBSTA and SBI].

11. The [SBSTA][ SBSTA and SBI], drawing on the experience gained through the implementation of the framework and work programme by the NMA forum, will consider the need to establish permanent institutional arrangements for the framework that would supersede the NMA forum, for consideration and adoption by the CMA at its Xth session (20XX).

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

12. The modalities of the work programme may include, where appropriate:
- (a) Workshops;
  - (b) Regular meetings with public and private sector participants, including technical experts, business, civil society organizations and financial institutions, and the subsequent publication of the outcomes of the regular 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 section III (Governance of the framework) above (hereinafter referred to as the A6.8 governance) and relevant bodies and institutional arrangements under the Convention and related legal instruments, inter alia, the SCF, the operating entities of the Financial Mechanism, the TEC, the CTCN, the PCCB and the forum on the impact of the implementation of response measures;
  - (f) Consideration of the outputs of the technical examination process on mitigation referred to in decision 1/CP.21, paragraph 109, and that on adaptation referred to in decision 1/CP.21, paragraph 124.

#### **V. Work programme activities**

13. The work programme comprises two streams, each with activities that will be implemented [in the period 2019/2020–2024], avoiding duplication of its activities with those under the subsidiary and constituted bodies under the Convention, the Kyoto Protocol and the Paris Agreement, [and other multilateral forums]:

- (a) [Stream 1:] Activities for identifying opportunities to enhance the existing linkages, create synergies, and facilitate coordination and implementation of NMAs, and making recommendations to the CMA:
  - (i) [Step 1:] Identification of NMAs
    - a. Identifying areas of focus of the work programme activities for consideration and adoption by the CMA [at its second session (2019)/third session (2020)];
    - b. Identifying existing activities in the areas of focus that are considered to be NMAs in accordance with the provisions in section II (Non-market approaches under the framework) above;
  - (ii) [Step 2:] Identification of the opportunities
    - a. Identifying existing linkages, synergies, coordination and implementation in relation to the NMAs referred to in subparagraph (a)(i)b above;
    - b. Identifying and evaluating the positive and other experience from the NMAs;
    - c. Identifying opportunities to enhance the existing linkages, create synergies[, and facilitate coordination and implementation of the NMAs], including in the local, sub-national, national and global context;
  - (iii) [Step 3:] Recommendations of conclusions on the opportunities to the CMA
    - a. Assessing the results of the activities referred to in subparagraphs (a)(i) and (ii) above;
    - b. Developing and recommending conclusions on how to enhance existing linkages and create synergies [and how to facilitate coordination and implementation of the NMAs] for consideration and adoption by the CMA [at its fifth session (2022)];

- (b) [Stream 2:] Activities for implementing the opportunities:
  - (i) Developing and implementing tools, including:
    - a. A UNFCCC web-based platform that registers, officially recognizes, exchanges information on NMAs, [and aims to match the needs] of participating Parties and public and private sector participants for the development and implementation of NMAs, including finance, technology development and transfer and capacity-building, with the support offered by other Parties and other public and private sector participants;
    - b. Tools to address possible negative social and economic impacts of activities under Article 6;
    - c. Tools to measure and monitor the implementation of NMAs in terms of their contribution to sustainable development and poverty eradication;
  - (ii) Identifying and sharing relevant information, best practices, lessons learned and case studies for the development and implementation of NMAs, including on:
    - a. Opportunities for replication of successful NMAs, including in the local, sub-national, national and global context;
    - b. [Enabling environments and successful policy frameworks and regulatory approaches for the development and implementation of NMAs;]
    - c. [Barriers to and incentives for: enhancing the engagement of and addressing the needs of the private sector, and vulnerable and impacted sectors and communities in NMAs; and achieving a just transition of the workforce;]
    - d. Opportunities for leveraging and generating mitigation and adaptation co-benefits;
    - e. 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 NDCs.

## VI. Reporting

14. The progress and outcomes of the work programme will be reported, based on information including from the work programme activities and modalities of the work programme referred to in section IV (Modalities of the work programme) and V (Work programme activities) above, respectively, by the A6.8 governance to each session of the CMA, including, as relevant:

- (a) A summary of:
  - (i) Implementation of work programme activities;
  - (ii) [Actions taken and support provided and received on the finance, technology development and transfer and capacity-building for developing and implementing NMAs;]
  - (iii) [Support available and needed on the finance, technology development and transfer and capacity-building for developing and implementing NMAs;]
  - (iv) Best practices for developing and implementing NMAs;
- (b) [Recommendations in respect of [the TEC, the SCF, the PCCB,] the GCF and other operating entities of the Financial Mechanism on how to enhance support to NMAs;]
- (c) Recommendations to enhance the effectiveness of the work programme in implementing the framework;

15. Where the [SBSTA] [SBSTA and SBI] conclude[s] that there is a need for new reporting arrangements for the framework, [including biennial transparency reports in accordance with relevant sections of the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13,] [it][they] will make recommendations for such reporting for consideration and adoption by the CMA at its second session (2019).]