

DRAFT TEXT

on

Matters relating to Article 6 of the Paris Agreement: Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

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Proposal by the President

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 the Paris Agreement, in particular its preamble,

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

Recalling further Article 4, paragraph 2 of the Paris Agreement,

Also recalling Article 6 of the Paris Agreement and decision 1/CP.21, paragraph 36, and decision 8/CMA.1

1. *Adopts* the guidance on cooperative approaches referred to in Article¹ 6, paragraph 2 (hereinafter referred to as the guidance) as contained in the annex;
2. *Requests* the Subsidiary Body for Scientific and Technological Advice to undertake the following work, on the basis of the guidance, to develop recommendations on implementation of the guidance on cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its third session (November 2020):
 - (a) Further elaboration of the special circumstances of the least developed countries and small island developing States including, in particular, a programme of work and support to assist least developed countries and small island developing States to meet the participation requirements, as set out in chapter II of the annex (Participation);
 - (b) Elaboration of further guidance for non-GHG metrics determined by participating Parties, including on methods for conversion between metrics pursuant to Chapter III of the annex (Corresponding Adjustments) and Chapter IV of the annex (Reporting) by no later than its third session;
 - (c) Elaboration of further guidance in relation to corresponding adjustments for multi-year and single-year NDCs in order to avoid double counting, in relation to other methods in addition to those set out in chapter III.B of the annex (Application of the corresponding adjustment) and elaboration of how that chapter may be applied to an approach that would apply the corresponding adjustment to the total quantity of emissions reduction and removals in sectors and GHGs covered by the NDC;
 - (d) Elaboration of any limits that may be required pursuant to chapter III.E of the annex (Limits to the transfer and use of ITMOs);
 - (e) Consideration of whether ITMOs could include emissions avoidance.
3. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop outlines for the information required pursuant to chapter IV of the guidance (Reporting), including the agreed electronic format referred to in chapter IV.B of the guidance (Annual information), on the basis of the information in those chapters, for consideration and adoption by the CMA at its third session;
4. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop recommendations for modalities, procedures and guidelines for the review pursuant to chapter V of the annex (Review),

¹ "Article" refers to an Article of the Paris Agreement, unless otherwise specified.

including in relation to the Article 6 technical expert review team, in a manner that minimizes the burden on Parties and the secretariat, and including coordination of the Article 6 technical expert review with the technical expert review referred to in chapter VII of the annex to decision 18/CMA.1 for consideration and adoption by the CMA at its fourth session;

5. *Requests* the secretariat to prepare periodically a compilation and synthesis of the results of the Article 6 technical expert review, including identification of recurring themes and lessons learned, for consideration by the CMA, including in the context of its review of the guidance;
6. *Also requests* the Subsidiary Body for Scientific and Technological Advice, for the purposes of ensuring accuracy, transparency and efficiency in the data management and exchange, to elaborate modalities and procedures to implement the provisions of chapter VI of the annex (Recording and tracking) for consideration and adoption by the CMA at its third session;
7. *Affirms* that the guidance will not infringe on the nationally determined nature of NDCs;
8. *Decides* that it shall review the guidance at its ninth session (2026) and shall complete the review by no later than at its eleventh session (2028).
9. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop recommendations in relation to the review referred to in paragraph 8 above, and *decides* that the relevant work of the Subsidiary Body for Scientific and Technological Advice shall include, but is not limited to:
 - (a) Participation responsibilities in chapter II of the annex (Participation);
 - (b) The implementation of chapter III of the annex (Corresponding adjustments);
 - (c) The implementation of chapter IV of the annex (Reporting);
 - (d) The implementation of chapter V of the annex (Review);
 - (e) Any need for further safeguards.
10. *Also requests* the secretariat to support the forum on the impact of the implementation of response measures (referred to in paragraph 33 of decision 1/CP.21) in considering way to address negative social or economic impacts, especially on developing country Parties, resulting from activities under Article 6, paragraph 2 of the Paris Agreement, as requested by the forum;
11. *Invites* the Adaptation Fund to report in its annual reports to the CMA, funding related to participation in cooperative approaches;
12. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;
13. *Requests* that the actions called for in this decision be undertaken subject to the availability of financial resources;
14. *Invites* Parties to make contributions to the Trust Fund for Supplementary Activities for operationalizing the guidance.

Annex

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

I. Internationally transferred mitigation outcomes

1. Internationally transferred mitigation outcomes (ITMOs) are:
 - (a) Real, verified, and additional;
 - (b) Emission reductions and removals, including mitigation co-benefits resulting from adaptation actions and/or economic diversification plans, or the means to achieve them, when internationally transferred;
 - (c) Measured in metric tonnes of carbon dioxide equivalent (tCO₂ eq) in accordance with the methodologies and metrics assessed by the IPCC and adopted by the CMA or in other non-greenhouse gas (GHG) metrics determined by participating Parties that are consistent with the nationally determined contributions (NDCs) of the participating Parties;
 - (d) From a cooperative approach referred to in Article² 6, paragraph 2 of the Paris Agreement, (hereinafter referred to as a cooperative approach) that involves the international transfer of mitigation outcomes authorized for use towards an NDC pursuant to Article 6, paragraph 3 of the Paris Agreement;
 - (e) Generated in respect of or representing mitigation from 2021 onwards;
 - (f) Mitigation outcomes authorized by a participating Party for use for international mitigation purposes other than achievement of its NDC or for other purposes [determined by the host Party] (hereinafter referred to as other international mitigation purposes);
 - (g) 6.4ERs under the mechanism established by Article 6, paragraph 4 when they are internationally transferred.
2. A “first transfer” is the first international transfer of a mitigation outcome authorized by a participating Party for use towards an NDC or authorized by a participating Party and used for other international mitigation purposes.

II. Participation

3. Each Party participating in a cooperative approach that involves the use of ITMOs (hereinafter referred as a participating Party) shall ensure that its participation in the cooperative approach and the authorization, transfer and use of ITMOs is consistent with this guidance and relevant decisions of the CMA.
4. 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, paragraph 2 of the Paris Agreement and decision 4/CMA.1;
 - (c) It has arrangements in place for authorizing the use of ITMOs towards NDCs pursuant to Article 6, paragraph 3 of the Paris Agreement;
 - (d) It has arrangements in place, consistent with this guidance and relevant decisions of the CMA, for tracking ITMOs;
 - (e) It has provided the most recent national inventory report required in accordance with decision 18/CMA.1.

² “Article” refers to an Article of the Paris Agreement, unless otherwise specified.

5. In relation to the least developed countries and small island developing States, pursuant to Article 4, paragraph 6 of the Paris Agreement, their special circumstances shall be recognized where this guidance relates to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to this guidance.

III. Corresponding adjustments

A. ITMO metrics

6. For ITMOs measured in a non-GHG metric determined by participating Parties, each participating Party shall apply corresponding adjustments consistent with this guidance and relevant decisions of the CMA.
7. For ITMOs measured in tCO₂ eq, each participating Party shall apply corresponding adjustments, consistent with this guidance and relevant decisions of the CMA.

B. Application of corresponding adjustments

8. Each participating Party shall apply corresponding adjustments in a manner that ensures: transparency, accuracy, completeness, comparability and consistency; [that participation in cooperative approaches does not lead to a net increase in emissions within and between NDC implementation periods]; that corresponding adjustments shall be representative and consistent with the participating Party's NDC implementation and achievement. Each participating Party shall apply one of the following methods consistently throughout the NDC implementation period:
 - (a) Where the participating Party has a single-year NDC:
 - (i) Providing a multi-year emissions trajectory, trajectories or budget for the NDC implementation period that is consistent with implementation and achievement of the NDC, and annually applying corresponding adjustments for the total amount of ITMOs first transferred and used for each year in the NDC implementation period;
 - (ii) Calculating the average annual amount of ITMOs first transferred and used over the NDC implementation period, by taking the cumulative amount of ITMOs and dividing by the number of elapsed years in the NDC implementation period and annually applying indicative corresponding adjustments equal to this average amount for each year in the NDC implementation period and applying corresponding adjustments equal to this average amount in the NDC year;
 - (b) Where the participating Party has a multi-year NDC:
 - (i) Calculating a multi-year emissions trajectory or trajectories or budget for its NDC implementation period that is consistent with the NDC, and annually applying corresponding adjustments for the total amount of ITMOs first transferred and used each year in the NDC implementation period and cumulatively at the end of the NDC implementation period;
9. Each participating Party with an NDC measured in tCO₂ eq shall apply corresponding adjustments pursuant to paragraph 8 above, resulting in an emissions balance, reported pursuant to paragraph 23 for each year, by applying corresponding adjustments in the following manner to the emissions and removals from the sectors and GHG covered by its NDC:
 - (a) Adding the quantity of ITMOs authorized and first transferred, pursuant to paragraph 8 above;
 - (b) Subtracting the quantity of ITMOs used pursuant to paragraph 8 above.
10. Each participating Party with an NDC measured in non-GHG metrics determined by the participating Parties engaging in a cooperative approach involving ITMOs traded in the same non-GHG metric shall apply corresponding adjustments by applying an addition to and subtraction from the annual level of the relevant non-GHG indicator used by the Party to track progress towards the implementation and achievement of its NDC in accordance with decision 18/CMA.1 and consistent with this chapter III, this guidance and relevant further guidance of the CMA.

11. Each participating Party for which the NDC metric is not the same as the metric of the ITMO shall apply corresponding adjustments [only on the portion of the NDC from which ITMOs are authorized] in accordance with relevant further guidance from the CMA.
12. A method proposed by a Party that meets the requirements of this chapter III, and this guidance, may be included in chapter III. B (Application of corresponding adjustments), in accordance with relevant further guidance of the CMA.
13. This chapter shall not require a participating Party to update its NDC.

C. Sectors and greenhouse gases

14. A participating Party that first transfers ITMOs from emission reductions and removals from sectors and GHGs covered by its NDC shall apply corresponding adjustments consistent with this guidance.
15. A participating Party that first transfers ITMOs from emission reductions and removals from sectors and GHGs that are not covered by its NDC shall apply corresponding adjustments consistent with this guidance.

D. Other international mitigation purposes

16. Where a participating Party authorizes mitigation outcomes for other international mitigation purposes, it shall apply a corresponding adjustment, consistent with this guidance, for first transfer, whether or not the mitigation outcomes have been internationally transferred.

E. Limits to the transfer and use of ITMOs

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

IV. Reporting

A. Initial report

18. Each participating Party shall submit an Article 6, paragraph 2 initial report (initial report) no later than the time of providing or receiving authorisation or initial first transfer of ITMOs from a cooperative approach and where practical, in conjunction with the next due biennial transparency report pursuant to decision 18/CMA.1 for the period of NDC implementation. The initial report shall contain comprehensive information to:
 - (a) Demonstrate that the participating Party fulfils the participation responsibilities referred to in chapter II (Participation) above;
 - (b) Provide, where the participating Party has not yet submitted a biennial transparency report, the information referred to in paragraph 64 of the annex to decision 18/CMA.1;
 - (c) Communicate the ITMO metrics and the method for corresponding adjustments for multi-year/single year NDCs that will be applied consistently throughout the period of NDC implementation;
 - (d) Quantify the Party's mitigation information in its NDC in tCO₂ eq, including the sectors, sources, GHGs and time periods covered by the NDC, the reference level of emissions and removals for the relevant year or period, and the target level for its NDC; or where this is not possible, provide the methodology for the quantification of the NDC in tCO₂ eq;

- (e) Quantify the participating Party’s NDC, or that portion of its NDC, in a non-GHG metric determined by each participating Party;
 - (f) Provide, for each cooperative approach, a description of the approach, the expected mitigation and the participating Parties involved;
19. Each participating Party shall submit the information in paragraph 18 (f) above, for each further cooperative approach for inclusion in the centralized accounting and reporting platform in chapter VI.C below (Centralized accounting and reporting platform).

B. Annual information

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

C. Regular information

21. Each participating Party shall include in its biennial transparency reports the following information in relation to its participation in cooperative approaches:
- (a) How it is fulfilling the participation responsibilities referred to in chapter II above (Participation);
 - (b) Updates to the information provided in its initial report, referred to in paragraphs 18 and 19 above, and any previous biennial transparency reports;
 - (c) Information on its authorization(s) of the first transfer and use of ITMOs towards NDCs and other international mitigation purposes including any changes to earlier authorizations, pursuant to Article 6, paragraph 3 of the Paris Agreement;
 - (d) How corresponding adjustments undertaken in the latest reporting period, pursuant to chapter III (Corresponding adjustments) are representative of progress towards implementation and achievement of its NDC and ensure that participation in cooperative approaches does not lead to a net increase in emissions within and between NDC implementation periods;
 - (e) How it has ensured that ITMOs acquired and used towards achievement of its NDC and those authorized mitigation outcome(s) used for other international mitigation purposes, will not be further transferred, cancelled or otherwise used.
22. Each participating Party shall also include, in its biennial transparency reports submitted in accordance with decision 18/CMA.1, the following information on how each cooperative approach in which it participates:
- (a) Contributes to the mitigation of greenhouse gas emissions and the implementation of its NDC;
 - (b) Ensures environmental integrity, including that there is no net increase in global emissions, through robust, transparent governance and the quality of mitigation outcomes, including through stringent reference levels, baselines set in a conservative way and below ‘business-as-usual’ emission projections (including by taking into account all existing policies and addressing potential leakage) and minimizing the risk of non-permanence of mitigation and when reversals of emissions removals occur, ensuring that these are addressed in full;
 - (c) Where a mitigation outcome is measured and transferred in tCO₂ eq, provides for the measurement of mitigation outcomes in accordance with the methodologies and metrics assessed by the IPCC and adopted by the CMA;
 - (d) Where a mitigation outcome is measured and transferred in a non-greenhouse gas metric determined by the participating Parties, the information required by relevant future decisions of the CMA;

- (e) Provides for, as applicable, the measurement of mitigation co-benefits resulting from adaptation actions and/or economic diversification plans;
 - (f) Applies any limits set out in further guidance from the CMA pursuant to chapter III.E above (Limits to the transfer and use of ITMOs);
 - (g) Is consistent with the sustainable development objectives of the host Party, noting national prerogatives;
 - (h) Results in a contribution to adaptation financing pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable;
 - (i) Contributes to overall mitigation in global emissions pursuant to chapter VII (Ambition in mitigation and adaptation actions), if applicable.
23. Each participating Party shall include the following annual information report, consistent with chapter III.B above (Application of corresponding adjustments), in each biennial transparency report submitted pursuant to decision 18/CMA.1, and in the Article 6 database pursuant to chapter VI.B (Article 6 database) and shall include any updates to information submitted for previous years in the NDC implementation period:
- (a) Annual and cumulative emissions and removals from the sectors and greenhouse gases covered by its NDC;
 - (b) Annual and cumulative quantity of ITMOs first transferred;
 - (c) Annual and cumulative quantity of mitigation outcomes authorized for use, for other international mitigation purposes;
 - (d) Annual and cumulative quantity of ITMOs used towards its NDC;
 - (e) For the information in (b) to (d) above, the cooperative approach, sector, transferring Party, using Party and vintage of the ITMO);
 - (f) For tCO₂ eq metrics, an annual emissions balance, as applicable, consistent with Chapter III. B (Application of corresponding adjustment);
 - (g) For non-greenhouse gas metrics determined by participating Parties, annual adjustments, consistent with chapter III above (Corresponding adjustments) and further guidance to be adopted by the CMA;
 - (h) Each participating Party shall, in each biennial transparency report that contains information on the end year of the NDC implementation period, include in its assessment of whether it has achieved the target(s) for its NDC pursuant to decision 18/CMA.1, paragraph 70, the application of the necessary corresponding adjustments consistent with chapter III above (Corresponding adjustments).
24. Non-confidential information submitted by participating Parties pursuant to this chapter shall be made public on the centralized accounting and reporting platform.

V. Review

25. An Article 6 technical expert review consists of review of the consistency of the information submitted pursuant to chapter IV above (Reporting) with this guidance.
26. An Article 6 technical expert review team shall review the information submitted pursuant to chapter IV above (Reporting) in accordance with modalities, procedures and guidelines adopted by the CMA.
27. The Article 6 technical expert review team shall prepare a report on its review pursuant to paragraph 26 above that may include recommendations to the participating Party on how to improve consistency with this guidance and relevant decisions of the CMA, including on how to address inconsistencies in quantified information.
28. The Article 6 technical expert review team shall forward its reports for consideration by the technical expert review referred to in chapter VII of the annex to decision 18/CMA.1 in accordance with the modalities, procedures and guidelines referred to in paragraph 26 above.

VI. Recording and tracking

A. Tracking

29. Each participating Party shall have, or have access to, a registry for the purpose of tracking and shall ensure that such registry records, including unique identifiers, the following, as applicable: authorization, first transfer, transfer, acquisition, cancellation, use towards NDCs, authorizations for use towards other international mitigation purposes, voluntary cancellation, and shall have accounts as necessary.
30. The secretariat shall implement an international registry for participating Parties that do not have a registry or have access to a registry. The international registry shall be able to perform the functions set out in paragraph 29 above.
31. The international registry shall be part of the centralized accounting and reporting platform referred to in chapter VI.C below (Centralized accounting and reporting platform).

B. Article 6 database

32. For transparency in relation to cooperative approaches and to support the review referred to in chapter V above (Review), the secretariat shall implement an Article 6 database as part of the centralized accounting and reporting platform referred to in chapter VI.C below (Centralized accounting and reporting platform) to record and compile the information submitted by participating Parties pursuant to chapter IV above (Reporting). The Article 6 database shall enable the following:
 - (a) Recording of corresponding adjustments and emissions balances for and information on ITMOs first transferred, transferred, acquired, held, cancelled and/or used by participating Parties through unique identifiers that identify at the minimum, the originating participating Party, vintage of underlying mitigation, activity type and sector;
 - (b) Prefilling agreed electronic format tables pursuant to chapter IV above (Reporting);
 - (c) Identifying inconsistencies to be notified to the participating Party.
33. The secretariat shall:
 - (a) Check the consistency of information reported by a participating Party pursuant to chapter IV (Reporting), sections A, B and C;
 - (b) Notify the participating Party of inconsistencies;
 - (c) Provide information relevant to the participating Party's cooperative approach(es) to the Article 6 technical expert review team in accordance with the modalities, procedures and guidelines referred to in paragraph 26 above.
34. Any amendments to the information recorded in the Article 6 database, including in response to any inconsistencies raised by the secretariat or as a result of recommendations arising from the Article 6 technical expert review pursuant to chapter V above (Review), may be submitted by the participating Party to be recorded in the Article 6 database.

C. Centralized accounting and reporting platform

35. For transparency in relation to cooperative approaches and to support the review referred to in chapter V above (Review), the secretariat shall implement a centralized accounting and reporting platform to publish information submitted by participating Parties pursuant to chapter IV above (Reporting).
36. The secretariat shall:
 - (a) Maintain public information on ITMOs;
 - (b) Maintain links to the publicly available information submitted by participating Parties on the cooperative approaches in which they participate;

- (c) Provide an annual report to the CMA on the activities in relation to this chapter, including information on recorded ITMOs, corresponding adjustments and emissions balances.

VII. Ambition in mitigation and adaptation actions

- 37. *Recalling* Article 6, paragraph 1, participating Parties using cooperative approaches, particularly those that are baseline and crediting approaches, are strongly encouraged to contribute resources to adaptation, primarily through contributions to the Adaptation Fund, and to contribute commensurate with the scale delivered under the mechanism established by Article 6, paragraph 4, to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
 - 38. Each participating Party shall report as part of their biennial transparency reporting, in accordance with chapter IV.C (Regular information) on any contributions made pursuant to paragraph 37 above.
 - 39. Participating Parties and stakeholders are strongly encouraged to cancel ITMOs (including A6.4ERs) to deliver an overall mitigation in global emissions that is commensurate with the scale delivered under the mechanism established by Article 6, paragraph 4, and that is not counted towards any Party's NDC or for other international mitigation purposes.
 - 40. Each participating Party shall report as part of their biennial transparency reporting, in accordance with chapter IV.C (Regular information) on any delivery of overall mitigation in global emissions related to its participation in cooperative approaches.]
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