Submission by the Republic of Mali on behalf of the African Group of Negotiators (AGN) on Guidance on Cooperative Approaches referred to in Article 6, paragraph 2, of the Paris Agreement (Agenda sub-item 10 (a))

27 March 2017

Background

Under the Paris Agreement, Parties recognized that some Parties can choose to pursue voluntary cooperation in the implementation of their nationally determined contributions (NDCs) to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.

The 21st Session of the Conference of the Parties (COP 21) requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop and recommend the guidance referred to under Article 6, paragraph 2, of the 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 first session, including guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their NDCs under the Agreement (Decision 1/CP.21 36).

SBSTA 45 invited Parties to submit, by 17 March 2017, their views on, inter alia, the elements to be addressed, including their operationalization, in the guidance referred to in Article 6, paragraph 2, of the Paris Agreement, overarching issues, and relationships between Article 6, paragraph 2, and other provisions of the Paris Agreement, the Convention and its related legal instruments, as relevant.

SBSTA 45 also requested the secretariat to organize a round-table discussion among Parties based on the submissions, in conjunction with SBSTA 46, while ensuring broad participation of developing and developed countries.

Through this submission, the African Group of Negotiators (AGN) is responding to the SBSTA 45 invitation and is expressing its views on, inter alia, the elements to be addressed, including their operationalization, in the guidance referred to in the paragraph above (SBSTA agenda sub-item 10(a)).

Context

The AGN welcomes the opportunity to provide its views on the three approaches for voluntary cooperation between Parties outlined in Article 6 of the Paris Agreement. Article 6 has a central role in the overall agreement in enhancing and achieving global ambition in both mitigation and adaptation.

By harnessing the power of cooperation and the positive dynamics of actual collaboration in mitigation activities, Article 6 should be setting incentives for all Parties to go beyond the pledges of what they can achieve on their own.
In view of the above, the AGN considers the following to be key drivers in the operationalization of market-based mechanism(s):

- A clear link to ambition raising, both in mitigation and adaptation
- An equal treatment of the approaches of Articles 6.2 and 6.4 in terms of their contribution to overall mitigation and adaptation finance
- Inclusiveness to participation by all Parties while adhering to the principles of CBDR&RC
- Timely operationalization of the approaches in relation with the work conducted on the other articles of the Paris Agreement; and
- Build on the achievements of flexible mechanisms under the Kyoto Protocol, particularly the Clean Development Mechanism (CDM), and not lose mitigation activities on the ground and their scaling up potential due to the regime change.
- The use of cooperative approaches is supplemental to own efforts.

**Cooperative approaches:**

Elements of Article 6.2 should include:

- **Scope**
  - Bilateral or plurilateral cooperation in climate change mitigation and adaptation that results in exchanges of ITMOs between Parties.
  - Cooperative approaches can take a variety of shapes, including the linkage of emission trading schemes, the operation of bilateral crediting mechanisms or government-to-government transactions of ITMOs based on other forms of cooperation

- **Eligibility:** All Parties to the Paris Agreement, all types of NDCs.

- **Governance**
  - Should involve a supervisory board – tracking of outcomes – registry.
  - The composition of such a board should be fairly representative of developing country Parties.
  - The scope of governance robustness covers both ex-ante and ex-post responsibilities so that third party verification before and after implementation is properly assessed/ monitored.
  - For the sake of consistency, all the mechanisms of Article 6 may have the same supervisory board with 3 windows having specific functions to be defined.

- **Accounting:**
  - Parties involved must demonstrate that methodologies used will meet robust accounting requirements and related safeguards for environmental integrity and sustainable development

- **Definition of ITMOs:** Should be expressed quantitatively.
• **Corresponding adjustments**
  - ITMOs should be added to or subtracted from Parties’ emissions and be subject to reporting guidelines under Article 13 and additional guidance from Article 6.2.
  - Lessons should be drawn from existing methodologies.
  - Adherence to IPCC guidelines for both emissions and sinks, where such guidelines are not adhered – Parties should disclose and allow third party independent verification.
  - NDCs adjustment on the basis of an ITMO – will require a level of commonality and/ or equivalence, both in terms of the ITMO and the NDCs.
  - Adjustment on the basis of ITMO requires a level of commonality
  - Parties should be transparent about the assumptions that informs the kind of different targets they have set and these should also be weighed against IPCC guidelines.
  - A necessary requirement for corresponding adjustments is the idea of “equivalence” or “convertibility” which also takes care of the quantified GHG and non GHG targets (energy efficiency, renewables targets, etc.).

• **Registration of ITMOs**
  - Parties have to report on ITMOs at the time of the exchange, subject to conforming to accounting rules, modalities and guidelines applicable under Article 6.2 and related robust governance.
  - ITMOs need to be registered in an ITMO centralised registry that is operated by the UNFCCC Secretariat. Centralized registry shall have the minimum elements that Parties can report ITMOs on.
  - Transactions can be coordinated between two Parties via an international registry (centralized registry).

• **MRV:** Parties involved must demonstrate how the MRV safeguard environmental integrity and sustainable development.

• **Issuance**
  - Only the Article 6.4 mechanism or the Paris Agreement will result in issuance of UNFCCC fungible and tradable units.
  - Cooperative approaches may involve bilaterally or plurilaterally recognized outcomes but without globally fungible units.

• **Relationship with Parties’ NDCs (Parties involved in the transfer):** ITMOs are not globally fungible and can’t be used by Parties not involve in the primary cooperation.

**Overarching issues**
• **Ambition:** There is a need to define how the mechanisms serve to increase collective ambition.

• **Environmental integrity:** to be operationalized through UNFCCC governance and adoption of principles that both Articles 6.2 and 6.4 have to comply with.

• **Sustainable development**
  - Criteria must be defined at the national level and progress must be monitored and judged at the national level through an appropriate designated national authority.
  - A tool like the CDM sustainable development tool can be used on a voluntary basis.
  - Reporting voluntarily at the international level and definition of reporting guidelines without undue burden on developing country Parties.

• **Share of Proceeds:** shall apply to both Articles 6.2 and 6.4.

• **Overall Mitigation in Global Emissions**
  - Shall apply to both Articles 6.2 and 6.4;
  - Important to operationalize overall mitigation in a transparent manner; and
  - Usage of mechanism is supplementary to own efforts.

• **Avoidance of double counting:** There is a need to address all possibilities including double registration, double usage, double issuance, double claiming, etc.

**Relationships with other provisions of the Paris Agreement**

• **Accounting and avoidance of double counting**
  - References to accounting in Article 4;
  - References to reporting and transparency in Article 13;
  - References to compliance in Article 15;
  - Relationship to accounting in Article 6.2; and
  - Relationship to reporting in Article 6.8.

**Areas for further technical work:**
SBSTA 46 should agree on further technical work in the following areas:

• Operationalization of overall mitigation under Articles 6.2 and 6.4.
• Operationalization of share of proceeds under Articles 6.2 and 6.4.
• Options for corresponding adjustments.

**Expectations from the Roundtable Discussion**
The roundtable should make space to discuss submissions from Parties and allow Parties to explain their views to each other before the start of formal negotiations: For the efficiency of
these discussions, the Secretariat should analyse parties’ and groups’ submissions and make introductory presentations on the main areas of convergence and divergence. Parties should then be given the opportunity to further explain and discuss with each other in a fair and balanced manner. All Article 6 approaches should be reflected in a balanced and equally considered manner. The round table should be characterised by an exchange of views than just series of presentations. The Secretariat should look into collaborative models for organizing the discussions, which should include break-out groups and reports back to the plenary based on topics and questions provided by the Secretariat. This will allow for a deeper exchange between Parties than having plenary discussions only, taking advantage of the format of the roundtable. Topics of the roundtable should be selected based on their relevance for progressing on key points in the negotiations as well as suggestions made by Parties. As the African Group we expect the roundtable to provide space to discuss the issue of transition of mitigation activities registered under the CDM to the Paris Agreement. Africa has built a pipeline of Programme of Activities that are ready to scale up and constitute a key contribution from African Parties.