

**Submission by the Republic of Mali on behalf of the African Group of Negotiators
(AGN)
on
Rules, Modalities and Procedures for the Mechanism Established by Article 6,
paragraph 4, of the Paris Agreement (Agenda sub-item 10(b))
27 March 2017**

Background

The Paris Agreement established a **mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development** under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement (CMA) for use by Parties on a voluntary basis.

COP 21 requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop and recommend rules, modalities and procedures for the mechanism referred above for consideration and adoption by the CMA at its first session (Decision 1/CP.21 38).

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 rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement, overarching issues, and relationships between Article 6, paragraphs 4–6, and other provisions of the Paris Agreement, the Convention and its related legal instruments, as relevant.

The SBSTA 45 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 rules, modalities and procedures for the mechanism referred to in the paragraphs above (SBSTA agenda sub-item 10(b)).

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 of the Paris Agreement 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.

Mechanism for Mitigation and Sustainable Development (MMSD – Article 6.4)

Elements for Article 6.4 and their operationalization

The modalities and procedures of the CDM offer a solid starting point for building out the elements of Article 6.4. These, as well as CDM reforms introduced through the CMP decisions and the work of the CDM Executive Board should be reviewed and taken as a blueprint where appropriate, while making necessary adjustments to fit the architectural structure of the Paris Agreement.

Elements of Article 6.4 should include:

- **Purpose**
 - A certification mechanism to foster voluntary collaboration in implementing the NDCs. enhancing ambition in mitigation and adaptation and promoting sustainable development;
 - The mechanism shall serve both climate finance and the generation of fungible and tradeable units that can be used for compliance against Party's NDC.
 - Units generated by the mechanism and transferred internationally for compliance use shall be guided by the provisions of Article 6.2 of the Paris Agreement.
 - A key purpose of the mechanism is to enable participation of public and private sectors, NGOs and local governments authorized by a Party.
- **Scope**
 - The mechanism should be applicable for mitigation activities in all sectors.
 - Specific scopes of activities should be project-based and PoAs in all sectors as a starting point; more scopes could be assessed by the CMA in future for inclusion under the mechanism such as REDD+ or policy crediting.
- **Eligibility:** Be a Party of the Paris Agreement
- **Governance**
 - Robust governance: a new UNFCCC supervisory board and an adjusted Designated National Authorities (DNA) in accordance with the new requirements provided by the Paris Agreement.

- The supervisory board may also vet elements from crediting mechanisms developed by Parties (Article 6.2).
- The governance processes, procedures, rules and infrastructure can be built upon existing experience from the existing mechanisms under the Kyoto Protocol, and must be developed in a timely manner that allows to the MSSD to start with the implementation of the Paris Agreement. .
- **MRV**
 - MRV should build on the CDM appraisal/assessment project cycle process and third party verification system.
 - Care should be given to not overregulate the MRV at the level of the M&P. Only principles should be defined, giving space to the supervisory body and its technical panels to gradually develop and improve operational procedures.
 - Reporting should be at the international level and there should be a definition of reporting guidelines.
- **Accounting**
 - Methodologies have to be developed that will ensure that emission reductions are real and additional to the BAU scenario, taking into account the policies and measures implemented by the host country in order to achieve its NDC and sustainable development.
 - Standardized baselines are an important tool.
 - Supplemental to own efforts
- **Issuance:** The mechanism will issue Certified Emission Reductions measured in tCO₂e.
- **Registry:** There should be a registry that builds on the existing International Transaction Log (ITL); an analysis should be made of the functionalities required by developing countries.

Overarching issues

- **Ambition:** How can the mechanism serve an enhanced global ambition=
- **Environmental integrity:** to be operationalized through UNFCCC 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 assessed at the national level through an appropriate/adjusted designated national authority.
 - Reporting voluntarily at the international level and definition of reporting guidelines without undue burden on developing country Parties.
 - An instrument like the CDM sustainable development tool can be used on a voluntary basis.

- **Share of Proceeds:** Shall apply to both Articles 6.2 and 6.4 and fund adaptation and sustainable development for developing country Parties of the Paris Agreement.
- **Overall Mitigation in Global Emissions**
 - Shall apply to both Articles 6.2 and 6.4;
 - Important to operationalize overall mitigation in a transparent manner.
 - Usage of the mechanism is supplementary to own efforts.
- **Avoidance of double counting :** Need to address all possibilities, including double registration, double usage, double issuance, double claiming, etc.

Relationships with other provisions of the Paris Agreement

- **Accounting 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
 - 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;
- Transition of activities registered under the CDM into the Article 6 regime;
- Design options for a MMSD registry; and
- Transition of the governance of flexible mechanisms under UNFCCC to the Paris Agreement as well as at national level (DNAs).

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 of Parties' 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.