

**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 11 (a))
October 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, paragraph 36).

The SBSTA invited Parties to submit, by 2 October 2017, their views, inter alia, on the **content of the guidance**, including the **structure and areas, issues and elements to be addressed**, including those raised by Parties at SBSTA 46.

The AGN welcomes the opportunity to provide its views on the guidance for Article 6.2, referred to henceforth as the Cooperative Approaches. Recalling its prior submission dated 27 March 2017 in which the AGN has provided its views on the full range of elements of the mechanism, it wishes to take this opportunity to elaborate more deeply on foundational issues. By offering further explanations to its positions, the AGN hopes to contribute to advancing the discussions on key issues during SBSTA 47.

Scope of the guidance for Cooperative Approaches

Guidance for cooperative approaches involving internationally transferred mitigation outcomes must include:

- Accounting rules for the international transfer of mitigation outcomes;
- Rules underlying the generation of mitigation outcomes, if these do not follow the rules, modalities and procedures of the Article 6.4 mechanism.

Areas, issues and elements to be addressed:

Scope: Cooperative approaches can take a variety of shapes, including the linkage of emission trading schemes, the operation of bilateral crediting mechanisms or other forms of government-to-government cooperation through which a mitigation outcome is generated.

Eligibility: All Parties to the Paris Agreement (with all types of NDCs) can engage on a voluntary basis in cooperative approaches involving the use of ITMOs towards their NDCs.

Definition of ITMOs: ITMOs are a bookkeeping unit to keep track of the exchange of mitigation outcomes between two Parties. They result as the net balance of trades in mitigation outcomes that have occurred between two Parties during the reporting period. Parties involved in a bilateral scheme must agree on the amount of ITMOs each of them reports because corresponding adjustments must be equal. ITMOs must be tied to an underlying cooperation between two or more Parties that has given rise to the mitigation outcome, for example the linking of emission trading schemes, direct cooperation of Parties in investment activities or cooperation in activities related to the Article 6.4 mechanism. ITMOs do not constitute carbon credits or a type of commodity. They are neither issued, nor can they be held, traded, cancelled or banked. Because of their bookkeeping nature, ITMOs cannot be used by private entities to fulfil commitments, for example under CORSIA. This is because ITMOs lack sufficient qualifications to be considered a commodity.

Environmental integrity: Noting that cooperative approaches shall ensure environmental integrity, it is imperative that they are scrutinized to result in an increase in ambition. Mitigation outcomes can only be traded under the condition that the cooperation has resulted in a greater level of mitigation than would have occurred in the absence of the cooperation. Furthermore, cooperative approaches must not lead to perverse incentives. This includes that activities carried out under cooperative approaches are held to the same rigorous standard (quality of approaches and accounting methodologies) as activities carried out under Article 6.4, if they are similar in nature.

Governance: Parties involved must demonstrate how they safeguard environmental integrity and sustainable development. The substance of what Parties are reporting is subject to **expert review**. How the expert review will be conducted is subject to the Article 6.2 guidance. Parties are only allowed to use ITMOs towards their NDCs at the end of the compliance period in the case of positive expert reviews. The CMA is the supreme body overseeing cooperative approaches. It shall decide once a year on additional guidance, being informed by the experiences with cooperative approaches. Governance also consists of a technical check to ensure that corresponding adjustments reported by the participating Parties (i.e. transferring and acquiring Parties) are the same. This can be ensured through a registry infrastructure operated by the Secretariat and in which each Party has a national registry.

Accounting: Parties involved must demonstrate that methodologies used will meet robust accounting requirements and related safeguards for environmental integrity and sustainable development. Accounting must be based on the principle that cooperation must not lead to an inflation of emissions under existing NDC targets. This could be the case if countries with a

single target only subtracted exported ITMOs in the target year while the acquiring Party would add ITMOs every single year. The guidance must define how the diversity of NDCs (economy wide absolute - single or multiple years - targets, deviation from a BaU target, sectoral target, conditional target, etc.) are taken into account when accounting and transferring mitigation outcomes between Parties.

Corresponding adjustments: ITMOs should be added or subtracted from Parties' NDCs if emissions reductions are inside the transferring Party's NDC and be subject to reporting guidelines under Article 13 and additional guidance from Article 6.2.

Reporting 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. To track the ITMOs, Parties involved must have domestic registries and transactions must be coordinated between Parties via an international registry.

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 is needed.

Share of Proceeds: As not to kill the mechanism for mitigation and sustainable development (Article 6.4 – SDM) a share of proceeds from **similar activities in nature** conducted under cooperative approaches (generation of mitigation outcomes) is used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.