



New context: All Parties put forward NDCs

- **Clarity is needed on how activities and resulting emission reductions relate to the NDC**
 - Information needed on activity approval and whether activities are inside or outside NDC
 - Should be reflected through the host Parties' approval process
 - May include authorization of volumes to be transferred
 - Time frames need to fit with host Parties' NDCs, authorisation may be time limited or possible to revoke
 - Activities outside NDC may build capacity and enable inclusion later in line with the progression principle
 - Assumption: Information on NDC through provisions under mitigation and transparency (APA 3 and 5), ia. on reference points, time frames, assumptions/methods (*Dec 1 CP21 para 27*)

What should be the overall approach of the Article 6.4 mechanism?

- The UN supervisory body itself approves individual activities and issuance, like the CDM registration and issuance
- The UN supervisory body approves frameworks for market-based cooperation, like the ICAO CORSIA approach
- Possibility for both?

- Overall mitigation: Parties' ambitions can be higher since the mechanism exists, conservative baselines may add to this



Allow evolution

- Facilitate a movement from project based to broader approaches over time
- Possibly also cover market-based cooperation in the land sector, including on reducing forest based emissions

Broader concepts may need special attention. Key questions include:

- How are sector level baselines/reference levels set?
- How should baselines/reference levels and emission reductions be reviewed/verified?
- To what extent could methodologies, approaches and tools be used across countries and programmes?



Transitional issues - clarity is warranted for project participants and host Parties

- Registered CDM activities may generate CERs for many years after 2020
- Host Party to approve activities and transfers in a PA context, including CDM activities started before 2020
 - authorisation would reflect PA cycle
- Rules and institutional set-up of the CDM (and JI) should be studied and possibly adapted to the PA context
 - would CDM (and JI) tools/methodologies for baselines and additionality work in a PA/NDC context and provide real, additional, verifiable and long term benefits?
- Several useful studies, including the *CDM Transition Initiative*

Process towards COP 24

- Allowing for non-Party stakeholder submissions.
- Additional technical work needed, including:
 - Technical work by the secretariat;
 - Technical workshops; and
 - Targeted submissions.
- Text with options to emerge following COP 23 - SBSTA Chair responsibility
- Draw on experience from CDM, JI and IET and learn from ia. TCAF, CPF, FCPF and REDD+ initiatives.