



Inputs from Climate Advisers, Conservation International, Environmental Defense Fund, Forest Trends, International Emissions Trading Association and The Nature Conservancy regarding views on the guidance referred to in Article 6, paragraph 2 of the Paris Agreement

Text from Article 6, paragraph 2 of the Paris Agreement

Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

Key Recommendations

Our organizations recommend that Parties should take the following steps when considering various aspects of Article 6.2 guidance:

- Provide guidance on how to apply robust accounting, including on how to avoid double counting of emission units;
- Clarify the timing and processes for reporting on cooperative approaches, including steps for the authorization of emission reduction transfers and corresponding adjustments, in line with reporting processes to be further elaborated under the Article 13 framework;
- Facilitate the generation and robust accounting of emission reduction transfers across all sectors (including sectors with high emissions) and take advantage of the potential for removals from sinks;
- Consider how various types of nationally determined contributions may require unique consideration by Parties engaging in Article 6.2 activities, particularly those without fixed emission pathways;
- Prepare systems and registries to avoid double counting of internationally transferred mitigation outcomes used toward nationally determined contributions or market-based mechanisms outside of the United Nations Framework Convention on Climate Change (such as the International Civil Aviation Organization's market-based measure); and
- Develop Article 6.2 guidance without delay in a transparent and inclusive manner, which will allow Parties to tap extensive knowledge among countries and observers.

Introduction

Article 6 of the Paris Agreement establishes a broad framework for voluntary cooperation among Parties in the implementation of their nationally determined contributions (NDCs). The Article sets out three approaches through which Parties may voluntarily interact: 1.) “bottom up,” bilateral or regional cooperative approaches via internationally transferred mitigation outcomes (ITMOs), 2.) a centrally-governed UNFCCC mechanism to contribute to mitigation and support sustainable development, and 3.) non-market approaches (these are outlined in Article 6.2, 6.4 and 6.8, respectively). In line with the principles of the Convention, every Party can determine its preferred approach in this new architecture and choose whether to participate. As its capabilities and national circumstances evolve, a country may choose to use one or multiple approaches.

Approximately half of all current NDCs demonstrate interest in fulfilling a portion of their emission reduction targets (unconditional or conditional) using international market-based approaches,¹ which may take the form of emission trading or similar mechanisms. The effective implementation of Article 6.2 can support such approaches, stimulating efficient, bottom-up, voluntary cooperation between Parties to implement existing NDCs and strengthen the ambition of mitigation actions over time. Encouraging the transfer of high-quality emission reductions generated in all sectors, including the land sector, can drive needed flows of finance to mitigation actions addressing both sources and sinks, particularly in developing countries.

This paper, which builds upon a previous non-Party stakeholder [submission](#) from a subset of these organizations, addresses key questions and issues in the implementation of Article 6.2, with a focus on the guidance needed to appropriately account for ITMOs.

Context of market approaches for delivering climate mitigation

The Paris Agreement does not offer detailed guidance on the structure, accounting provisions or general governance of cooperative approaches under Article 6.2, except for the broad condition of avoiding double counting,² leaving many choices up to Parties. The Agreement does, however, require the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) to develop and adopt guidance on the implementation of Article 6.2, which is expected to be finalized by COP 24 in 2018. This guidance shall enable countries to consistently use robust accounting rules and reporting systems which will, in turn, help ensure high environmental integrity and facilitate increased clarity and understanding of progress toward meeting the Paris Agreement’s objectives.

As Parties continue to discuss the optimal arrangements for cooperative approaches under Article 6, they must **recognize the evolving global policy context in which policymakers are already exploring options to collaborate across borders when addressing climate change**. In some cases, certain jurisdictions and sectors have already moved ahead with cooperative market-based approaches. For example, in October 2016, the 191-member states of the International Civil Aviation Organization (ICAO) finalized and adopted a global market-based measure to assist the international aviation industry in

¹ See the IETA [INDC Tracker](#).

² Double counting is a key issue associated with cooperative approaches and ITMO transfer which can pose a risk to the environmental integrity of mitigation outcomes. Double counting could come in the form of:

- Double issuance, if more than one unit is issued for the same emissions or emission reduction;
- Double use, if the same issued unit is used twice (for example, if the same unit is duplicated within a registry and used twice by the same country, or transferred to two different countries); and
- Double claiming, if the same emission reduction is counted by both ITMO parties toward an international commitment.

achieving its goal of carbon-neutral growth from 2020. ICAO is developing the criteria and rules related to offset types and accounting in ICAO's Carbon Offsetting and Reduction Scheme for International Aviation (CORSA), which will require coordinated greenhouse gas accounting beyond the international aviation sector, including substantial future policy linkages on accounting and unit tracking between ICAO and UNFCCC. Meanwhile, national and sub-national emission trading efforts are also underway across the globe—from the linked emission trading systems in California and Quebec (and soon Ontario) and between the EU ETS and Switzerland, to Japan's Joint Crediting Mechanism, engaging over 17 countries in future emission reduction transfers with Japan. While some of these initiatives, such as CORSA, may fall outside of UNFCCC guidance under Article 6.2 (where the transferred reductions are not used toward an NDC), all have implications for ITMO (and NDC) accounting and will offer lessons for market mechanisms that function across borders.

Scope and application of guidance under Article 6.2

Parties should focus their Article 6.2 work plan on developing robust accounting guidance necessary to instill confidence in countries, investors and the public that the mitigation outcomes claimed represent high-quality emission reductions which have only been counted once toward a mitigation commitment. Parties should also **consider the necessary reporting and review requirements needed to ensure Parties provide accurate, timely information for activities under Article 6.2**. In the preparation of this guidance, it will be important for Parties to **consider what steps will best support—and not impede—existing and future high-integrity cooperative approaches**. These steps will not only reassure actors of the value of ongoing efforts, but also provide mutual assurance to actors as Parties raise their own ambition.

Notably, to satisfy Article 6.2's requirements, which apply to NDCs upon entry into force of the Paris Agreement, any guidance agreed by Parties under Article 6.2 must apply to the first NDC period of any Party that engages in ITMO transfers.³

Key considerations in the preparation of Article 6.2 accounting guidance

Parties should consider several key questions when developing accounting guidance on Article 6.2:

1. How should “mitigation outcomes” be measured for use in international transfers?

Parties should **prioritize clear guidance on robust accounting for international transfers in tons of CO_{2e}**, since these are the most direct and relevant “mitigation outcomes” for purposes of achieving the mitigation goal of the Paris Agreement. A common metric measured in tons of CO_{2e} will facilitate transparent and comparable accounting frameworks for transferred mitigation outcomes. This will also simplify the development of the guidance. Considering the limited time available to Parties and Party interest in CO_{2e} trading, a focus on robust accounting for transfers in CO_{2e} is appropriate.

2. When should a transfer be reported? When should a corresponding adjustment be made? Must they happen at the same time?

³ For example, the requirement to avoid double counting applies to the first and subsequent NDC periods, via application of Article 6 and Article 13 upon entry into force of the Paris Agreement. By contrast, Art 4.13 accounting guidance is optional for the first NDC period, under para 32, CP.21.

Reporting of transfers, and entry of “corresponding adjustments” in respective emissions accounts, could be made at various points in time, including:

- 1.) When transferred;
- 2.) When used toward NDC fulfillment; and/or
- 3.) At time of authorization, under Article 6.3.

Parties should explore the optimal timing for both reporting transfers and adjusting emissions levels, keeping in mind that they need not be done at the same time, and considering each option’s impact on transparency, as well as the consistency of each option with existing trading arrangements. For transparency purposes, **Parties should report at least every two years all information needed to allow calculation of net transfers, in line with reporting processes to be further elaborated under the Article 13 framework.**

Authorization may be an appropriate trigger for demonstration by participating Parties of how the cooperative approach meets the relevant requirements of Article 6.2, e.g., how the approach ensures environmental integrity and transparency, including in governance, and promotes sustainable development. Authorization could, for example, take the form of two Parties concluding an agreement for an ITMO with a clear, publicly-available description of how the relevant requirements of Article 6.2 will be met.

In the case of ITMOs used toward other mitigation obligations, such as under ICAO’s CORSIA, the timing of the adjustment to the host country’s emission accounts may be different: for example, any units used toward CORSIA compliance should be reported at time of surrender to provide timely information and help avoid double counting. In any case, **double counting must be prevented whether ITMOs are used toward NDCs or other compliance obligations like CORSIA, which may entail an authorization and adjustment by the ITMO host Party.** (See Question #6, below, for a discussion on avoiding double counting between UNFCCC and non-UNFCCC market-based measures.)

3. How should guidance address different NDC types?

Recognizing that participating Parties bear the primary responsibility for ensuring the environmental integrity and transparency of their chosen cooperative approaches, how should “robust accounting” guidance address different NDC types? NDCs represent a future emissions trajectory, typically five to ten years. This is equally true for countries that have submitted a series of actions that comprise their NDC as it is for countries that have specified an emissions target from which a carbon emissions trajectory can be derived.

In the context of emissions trajectories, there are three archetype NDCs that could be considered:

- **Type 1: Fixed Emissions Pathway** (e.g. NDCs expressed in terms of absolute emission reductions compared to a historical base year);
- **Type 2: Anticipated Emissions Pathway** (e.g. NDCs expressed in terms of an emissions intensity at some future date or a deviation from a projected business-as-usual trajectory or peak year); and
- **Type 3: Other kinds of NDCs** (e.g., NDCs based on a set of actions that are not linked to a quantified emissions trajectory).

These three NDC types are further articulated and defined in the box below:

Box 1: Definitions and Examples of NDC types

Type 1: Fixed Emissions Pathway

This is an NDC based on a specific emissions target compared to a historical base year. **Type 1 NDCs are readily compatible with cap-and-trade architecture, such as inventories and registries.** This architecture, if it exists between ITMO partners, can support the robust governance of any transfers of ITMOs between Type 1 NDCs, including through adjustments to allowance accounting in a GHG registry.

Brazil's NDC, for example, aims to reduce emissions economy-wide to 1.3 GtCO_{2e} by 2025 and maintains an indicative contribution of 1.2 GtCO_{2e} in reductions by 2030, which is equivalent to a 37% reduction and 43% reduction below 2005 emission levels, respectively.

Type 2: Anticipated Emissions Pathway

This is an NDC based on a desired emissions trajectory, which may be expressed as a.) an emissions intensity at some future date, or b.) a deviation from projected business as usual levels or a peaking year. **Carbon trading involving a Type 2 NDC requires additional and careful consideration as the emissions trajectory that the host country is operating against is less defined than for a Type 1 NDC.**

Type 2a: Emissions intensity – This is an NDC based on a relative measure, rather than based on absolute emissions levels. This is typically emissions intensity derived from emissions per unit of gross domestic product (GDP). Some NDCs instead use a per-capita target. In these instances, assessing the target relies on reconciling an absolute emissions level with additional datasets; such reliance on various datasets presents potential time lags or additional steps in assessing progress.

India's NDC, for example, commits to (among other elements) a reduction in emissions intensity of GDP by 33%-35% by 2030 below 2005 levels.

Type 2b: This is an NDC based on deviation from projected business-as-usual level or emissions in a peak year. For example, an economy may be expecting a certain rise in emissions, but anticipates a different outcome subject to the full implementation of its NDC. There are two emission estimates to address; the first is related to the projected or business-as-usual estimated emissions trajectory. The second is the limit associated with the anticipated or target outcome itself and can be converted into an absolute emissions limit over the period which is quantified in tCO_{2e}. This estimate would need to be converted, for quantification purposes, into an absolute emissions target over the period in tCO_{2e}, assuming that relevant and robust data is available.

Korea's NDC, for example, commits to an economy-wide target to reduce emissions by 37% below business-as-usual emissions of 850.6 MtCO_{2e} by 2030.

Type 3: Other NDC Types

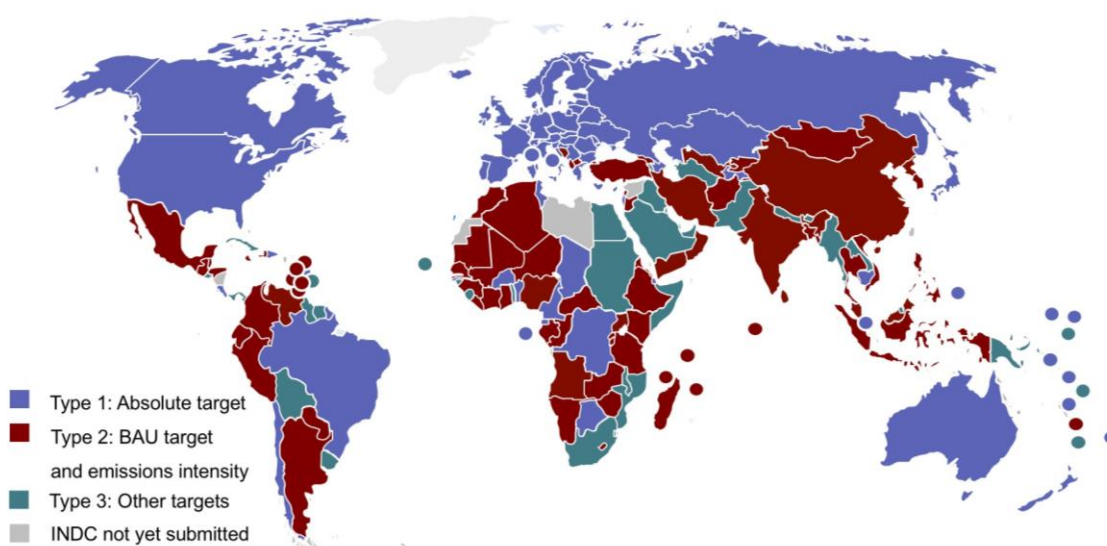
There are a wide variety of NDCs based on a set of actions within the economy that are expected to give rise to a notional emissions trajectory. The effort is focused on implementing the actions, such as energy efficiency projects, forest sequestration, or renewable energy deployment, rather than on managing carbon dioxide and other greenhouse gas emissions. No emissions limit is immediately attributable to such an NDC, and therefore **an ITMO cannot be immediately executed under such a system without additional consideration and some form of carbon accounting that would underpin the ITMO.** However, if a sector within a Type 3 NDC operated against a robust,

quantified baseline with sufficient MRV, robust GHG accounting could facilitate trading opportunities.

Nepal, for example, committed to a list of 14 action-related targets with various target dates in its NDC, such as an 80% electrification through renewables by 2050; a reduction of 14 MtCO₂e from REDD+ efforts by 2020; and a decrease in its dependency on fossil fuels in transport by 50% by 2050.

The map below shows the INDCs submitted to date, organized by NDC type.

Figure 1: Map depicting countries by NDC type



Source: IETA.

The nature of transfers between NDCs will be influenced by the NDC type, and, therefore, guidance needs to account for and reflect the key elements of different NDC types.

The fact that nearly all NDCs are expressed as single-year targets presents an accounting challenge that should be considered. The achievement of NDCs should represent real progress towards the Paris Agreement’s mitigation goals, not a single-year “snapshot” of emissions that is unrepresentative of actual trends in a Party’s emissions. Multi-year targets (or conversions to budgets) avoid the risk that emissions in a single target year are unrepresentative of a general trend. Given that reconfiguring or redefining NDCs is beyond the scope of Article 6.2’s guidance (and beyond the scope of this paper’s recommendations), **Parties should consider guidance to minimize or mitigate such risk for single-year targets.** Otherwise, there will be uncertainty over total emissions, complicating market transactions and reducing confidence in the integrity of units from vintages outside the target year.

Various options exist to account for pre-NDC year transfers, including a variety of default “budget” assumptions that could be used, or the application of averaging formulas. In any event, Parties will need to develop accounting guidance agreed under Article 6.2 and Article 4.13 that does not prejudice or penalize Parties who wish to account towards their emissions target via, for example, an emissions budget.

4. Is sector-specific guidance needed under Article 6.2?

Any guidance Parties may provide under Article 6.2 should facilitate the generation and robust accounting of ITMOs across all sectors, including sectors with high emissions and taking advantage of the potential for removals from sinks. Accounting guidance applicable to all sectors will accomplish two important goals:

- 1.) Enable the voluntary participation of the largest number of Parties, including those in which the land sector is a significant source of emissions;
- 2.) Maximize the mitigation potential of cooperative approaches. (See Question #5, below, for a discussion of additional considerations in accounting for ITMO transfers from non-NDC sectors under Article 6.2.)

Opportunity for emission reductions from the land sector

Emission reductions and removals associated with carbon sinks such as forests and other terrestrial systems pose perhaps the greatest untapped opportunity for Parties. As emissions from land use, land use change and forestry (LULUCF) contribute approximately 25% of global anthropogenic emissions,⁴ serious attempts to limit global temperature increases to well below 2°C must include significant efforts to reduce emissions from these sectors. In addition, there is significant potential to increase terrestrial sinks in the agriculture, forestry and other land use sectors: together, halting tropical deforestation and allowing forests and other carbon rich ecosystems to regrow can provide 30% or more of the emission reductions and sequestration needed to meet global mitigation goals.⁵

Parties' NDCs suggest a widespread interest to engage in this sector: a recent paper in *Nature Climate Change*⁶ found that approximately 25% of Parties' planned emission reductions for 2030 came from the LULUCF sectors alone. In other words, a full one-fourth of planned and possible mitigation contribution between 2020 and 2030 comes from the land sector.

Given the significant role that the land sector can play in the coming years, many Parties are increasingly interested in ways to integrate this sector—proportionate to its mitigation potential—into cooperative approaches that can enhance ambition. Airlines that will be operating under ICAO's CORSIA have expressed interest in using REDD+ credits to help them offset their post-2020 emissions growth. This, in turn, could in time send a clear market demand signal to REDD+ programs, thus creating a potentially virtuous cycle of market efficiency gains, finance streams to REDD+ countries, and increased ambition amongst all participants.

Advances in the land sector can also inform cooperative approaches more broadly. Recent progress in the land sector (e.g. developing REDD+ reference levels and accounting under the Warsaw Framework as well as experience in voluntary partnerships such as the Forest Carbon Partnership Facility) can provide useful lessons for the development of accounting guidance under Article 6.2, suggesting that existing rules for REDD+ could be mainstreamed into COP guidance for Article 6.2.

⁴ Smith, P. et al., 2014. Agriculture, Forestry and Other Land Use (AFOLU). In: Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change. p. 816.

⁵ (a) McKinsey & Company. 2009. Pathways to a low-carbon economy. McKinsey & Company;

(b) Le Quere, C., et al. 2013. Global Carbon Budget 2013. *Earth Syst. Sci. Data Discuss.*, 6, 689–760 (averaged for 2003–2012);

(c) Grace, J., et al. 2014. Perturbations in the carbon budget of the tropics. *Global Change Biology* (data from 2005–2010);

(d) Houghton, R.A. 2013. The emissions of carbon from deforestation and degradation in the tropics: past trends and future potential (data from 2000–2005). *Carbon Management*.

⁶ European Commission. 2017. Key role of forests in meeting climate targets. <<https://ec.europa.eu/jrc/en/news/key-role-forests-meeting-climate-targets>>.

Given the potential of the land use sector to deliver mitigation results in the near-term, future COP guidance regarding cooperative approaches for fulfilling NDCs should emphasize strong fundamentals for transparency and accounting that ensure environmental integrity, thus enabling markets to facilitate the transfer of high-quality emission reductions generated in all sectors, including the land sector.

5. Must a “corresponding adjustment” be made for transfers from non-NDC sectors, and if so, what should be adjusted?

Transferring a mitigation outcome to another Party from a sector outside of the current scope of the host country's NDC requires specific consideration. If a country were to reduce emissions in a sector not covered by its NDC and transfer that reduction for use towards another Party's NDC, how should both Parties account for such a transfer?

Transferring units from outside of an NDC could be possible without compromising environmental integrity or creating a perverse disincentive for progressing to economy-wide targets provided that, at a minimum, the host Party demonstrates robust baselines in the non-NDC sector and accounts for the transfer of reductions by recording, in an account based on its inventory,⁷ the addition of a corresponding amount of emissions. Systems to track and account for these units would need to be in place for both NDC and relevant non-NDC sector(s) and to all originating programs under which the units were generated (which might include Article 6.4,⁸ or national/subnational programs with which compliance is mandatory, or voluntary programs). In the absence of such a requirement, the reductions could be double counted.

Parties may also wish to consider whether Parties transferring from non-NDC sectors should be encouraged – and if so, how – to include those sectors in their subsequent NDC. At minimum, Parties should not create a disincentive for expanding a NDC across all sectors. Additionally, Parties may wish to consider how Article 6.2 guidance might affect existing voluntary carbon market efforts and their relationship to NDCs.

6. How can double counting be avoided between market-based measures that fall under the scope of the UNFCCC and those that do not (such as ICAO's CORSIA)?

The provisions of the Paris Agreement account for the majority of greenhouse gas emissions generated by countries. However, emissions that are not attributable to a single Party, such as emissions from international aviation, are governed under the respective United Nations bodies. The establishment of ICAO's CORSIA will enable airlines to purchase emission reduction units to meet a portion of their mitigation obligations. The sources of many of these emission reduction units will likely come from sectors under the Paris Agreement. Work to determine eligible emission reduction unit types under ICAO is

⁷ This account would be based on the host Party's national inventory report under Paris Agreement Article 13.7(a) - or on its national inventory under the UNFCCC, if the host Party is not a Party to the Paris Agreement – and would reflect the addition described in the text.

⁸ In the case of host Party reductions achieved through the mechanism established under Article 6.4 of the Agreement, Article 6.5 of the Agreement provides that these reductions “shall not be used to demonstrate achievement of the host Party's NDC if used by another Party to demonstrate achievement of its NDC.” The Agreement contains no parallel requirement regarding CORSIA (understandably, since CORSIA was established a year after the Agreement). Article 6.5 cannot be read as implicitly allowing these reductions to be double-counted by both an airline in CORSIA and by the host Party (whether in its NDC or simply in the account based on its inventory), since such double-counting would undermine the effectiveness of CORSIA and the Agreement and run afoul of the Agreement's aim that the Article 6.4 mechanism shall “deliver an overall mitigation in global emissions” (Agreement Article 6.4(d)).

ongoing). **Therefore, transparency and proper accounting of transfers which cross the “boundary” of the Paris Agreement into CORSIA and other non-UNFCCC-related markets is essential to avoid double counting.**

Article 6.2 guidance must state clearly that emissions units must only be counted once towards any mitigation target/obligation (under the Paris Agreement or other systems), and require participating Parties to certify that an ITMO used toward a Party’s NDC has not and will not be offered to or claimed by any other system (e.g., CORSIA), with a continuing duty to publicly notify if changes occur. Any UNFCCC-related GHG registries or accounting systems must be linked or aligned in a formal way with those utilized in CORSIA. Coordination between the development of Article 6 guidance and registries under CORSIA is important to achieve a system with functional linkages where units are transferred transparently.

Oversight and Governance of Article 6.2 cooperative approaches: Articles 13 and 15

The provisions of Article 6.2—which outline high-level principles to be implemented by participating Parties via a flexible, decentralized framework—provide a roadmap for developing the oversight and governance of cooperative approaches.

Article 6.2 contains three binding obligations for Parties that voluntarily pursue cooperative approaches:

- 1.) “Promote sustainable development”;
- 2.) “Ensure environmental integrity and transparency, including in governance;” and
- 3.) “Apply robust accounting to ensure” (among other things) “the avoidance of double counting.” Parties application of robust accounting must be “consistent with” any guidance to be adopted by the CMA.

Article 6.2’s decentralized approach places primary responsibility for implementing these provisions with Parties, but this does not mean that international oversight is non-existent.

The enhanced transparency framework of Article 13 of the Paris Agreement provides a means for Parties to report on fulfillment of Article 6.2’s requirements. Each Party under Article 13.7 is required to provide both a national inventory report and “information necessary to track progress” toward implementing and achieving its NDC. These reports enable Parties and the world at large to ascertain how well the Parties and their NDCs are fulfilling the Agreement’s mitigation objectives.⁹ These reports can also act as an “early warning system” to alert Parties considering or actively participating in Article 6 cooperation to any need for a course correction. These submissions are subject both to technical expert review and multilateral review under Article 13.11.

In addition, the implementation and compliance mechanism of Article 15 provides additional opportunity for transparency and oversight of Party action, including cooperation under Article 6.2. **In developing the modalities and procedures for Articles 13 and 15, Parties may wish to consider what additional information and transparency requirements may be needed to properly assess Parties’ fulfillment of their obligations under Article 6.2.** For example, Parties are required under Article 6.2 to ensure two types of transparency: transparency in outcomes, and transparency “in governance” of their cooperative approach. **For the effective functioning of Articles 6, 13 and 15, Parties will need to ensure that the**

⁹ The UNFCCC also requires its Parties to submit national emissions inventories. (UNFCCC Arts. 4.1, 4.2, and 12)

Paris Agreement’s transparency “rulebook” contains provisions specifically designed to capture relevant information on Party governance arrangements under Article 6.2.¹⁰

Considering the provisions of Article 6.2, **Parties choosing to cooperate under Article 6.2 must themselves assume a larger role in ensuring the integrity of units entering the international carbon market.** At the same time, they can recognize and promote the useful role the CMA can continue to play in fully implementing other complementary provisions of the Paris Agreement, especially the transparency provisions of Article 13. **Article 6 negotiators should build on the progress being made under Article 13 to ensure that the two processes continue to be aligned and compatible.**

Preparing Article 6.2 Guidance

Parties have agreed to develop and adopt guidance to implement Article 6.2 by COP 24 next year. Progress in developing this guidance has been slow to date, but many other developments could encourage negotiators to move quickly. For example, outside of the UNFCCC process, the number of international market linkages will likely continue to grow by the year. With this growth comes the increasing realization that any delay to the adoption of Article 6 guidance at COP 24 will only complicate country efforts to tackle climate change. **Parties need not and should not delay cooperative action to reduce emissions until Article 6 guidance is agreed.** The need to finalize guidance in a timely manner, however, is clear, since the certainty provided could help unlock greater investment more quickly.

Finally, an increasing number of non-state actors interested in collaborative approaches are ready to provide Parties with the requisite expertise to craft appropriate guidance and recommendations for Article 6 and 13. **Ensuring that the development of Article 6 guidance is done in a transparent and inclusive manner will allow Parties to tap extensive knowledge among countries and observers.**

Conclusion

International market-based approaches will have a crucial role to play in meeting Parties near-term emissions targets and enabling greater ambition over time. Article 6.2 provides flexibility and cost-efficiency for countries as they fulfil their NDCs through a variety of cooperative approaches. Recognizing that countries are at different levels and capabilities to implement high-integrity programs, support should be made available to assist countries to improve their capacity should they choose to engage in cooperative approaches.

The development and application of accounting guidance under Article 6.2 will enable countries to consistently use robust accounting and reporting systems when transferring mitigation outcomes internationally. This will, in turn, help ensure the environmental integrity of ITMOs and facilitate increased transparency when tracking progress toward meeting the objectives of the Paris Agreement.

With over 50 jurisdictions already implementing carbon markets, and with the urgency of climate action becoming more and more evident, quick action to agree robust accounting guidance under Article 6.2 can help deliver the credible, ambitious greenhouse gas emission reductions that climate science demands.

¹⁰ We have [written previously](#) about what additional “outcome” transparency provisions may be needed under Article 13 to assess implementation of the requirements of Article 6.2, including information that should be submitted about domestic programs generating ITMOs.

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