

Clustering proposals for market-related issues – mitigation

Disclaimer: The following proposal has been submitted by an interested group of Parties (EU, Brazil, Panama, Peru, Colombia, Japan, New Zealand, Canada, USA, Switzerland, Norway, Kenya, Togo, Cote'd'Ivoire, Singapore, Bolivia, Senegal, RSA, Australia, Republic of Korea) with a view to present clearer options for discussions under the spin off group on article 3 and article 3 ter (in scope of the sustainable development mechanism and cooperative approaches). It represents work in progress (potential options to be discussed), does not represent agreement on any individual provision and is without prejudice to any Parties' individual positions.

'Mechanism'

Considerations for Placement of the Mechanism:

1. 'Establish' in the Agreement
2. 'Establish' through a COP 21 decision – no provision in the Agreement
3. 'Consider establishment' through a COP 21 decision – no provision in the Agreement
4. No decision/No provision

Potential Options for the Mechanism:

- **As in Article 3 ter of the draft Agreement text – establishment of the mechanism**
 1. *Establishes a mechanism to support sustainable development to be available to assist Parties in fulfilling their nationally determined mitigation [contributions][commitments][other]. This mechanism shall be under the authority and guidance of the CMA and be supervised by a body designated by the CMA, and would aim to:*
 - (a) *Enhance mitigation ambition and the mobilization of financing for climate action;*
 - (b) *Incentivise and enable participation in cost-effective mitigation action by public and private entities acting under the responsibility of a Party.*
 2. *The CMA shall adopt modalities and procedures for the mechanism referred above on its first session.] {article 3 ter}*

Additional elements to article 3 ter to be reflected in the article (these are also applicable to paragraph 34 of the decision):

- Additional element – own contribution – EU submission on paragraph 34
 - Approval by the Parties involved
 - Article 3 ter enabling creation of multiple mechanisms
 - Sustainable development criteria of the host country
- **As in paragraph 34 of the draft decision text - CMA to consider establishing (para 34)**

Recommends that the CMA at its first session consider establishing a mechanism to support sustainable development to be available to assist Parties in fulfilling their nationally determined mitigation [contributions][commitments] [other]. This mechanism would be under the authority and guidance of the CMA and be supervised by a body designated by the CMA, and would aim to:

 - (a) *Enhance mitigation ambition and the mobilization of financing for climate action;*

(b) *Incentivize and enable participation in cost-effective mitigation action by public and private entities acting under the responsibility of a Party;*

Requests the SBSTA to elaborate modalities and procedures for the mechanism for sustainable development referred to in paragraph 34 above and report to the IPC at its [X] session with a view to the IPC making recommendations, for consideration and adoption by the CMA at its first session, that inter alia:

(a) *Provide, where desired by the participating Parties, for the creation and issuance of real, permanent, additional and verified mitigation outcomes that may be used to meet nationally determined [contributions] [commitments][other] in a manner that is supplementary to domestic action, is consistent with the rules and guidance for accounting, and provides for a share of proceeds for adaptation;*

(b) *Deliver, where desired by participating Parties, a net decrease or avoidance of emissions;*

(c) *Build on the mechanism defined in Article 12 of the Kyoto Protocol and related decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol; [paragraph 34 option 1 of the decision]*

- **Reference to the New Market-based Mechanism (NMM) (defined in paragraph 83 of the Durban decision 2/CP.17)**

Article referring to NMM – reference to submission by AOSIS

- **Alternative option of the article 3 ter – reconfiguration of the mechanism towards a non-market concept**– reference to submission by Bolivia in scope of paragraph 34

‘Cooperative approaches’

1 Simple option – reference to cooperation (see the relevance of the second sentence of article 3.8 of the text of October 5th)

Parties may also cooperate in the implementation of mitigation activities. {second sentence of original 3.8}

2 Elaboration of cooperation (see relevance of article 3.8 bis (option 2) of the current draft text)

Separate or alternative option to this option 2:

3.8 ter of the compilation document of the 20th of October (not the light touch edited version):

[Parties when using cooperative approaches shall ensure that they deliver real permanent additional and verified internationally transferrable mitigation outcomes which shall only be accounted once]

[The cooperation of Parties in the implementation of mitigation activities to implement NDCs may include cooperation through the Warsaw Framework for REDD-plus, mechanisms developed under the

COP and cooperative approaches involving the international transfer of mitigation outcomes that meet standards and guidelines, to be decided upon by the CMA at its first session, that are aimed at ensuring environmental integrity and that ensure that they deliver real, permanent, additional and verified internationally transferrable mitigation outcomes that shall only be accounted once toward tracking progress toward NDCs. The CMA shall provide for a mechanism to support sustainable development, to be available to assist Parties in fulfilling their NDMCs, while respecting the NMDCs of the host Party.] {article 3.8bis option 2}

Potential elements of elaboration of the option:

- **Approval by the Parties involved**
 - **Transfer of units/outcomes**
 - **Standards for environmental integrity**
 - **Real, verified, permanent, additional**
 - **Accounted once/no double counting (also see the relevance of article 3.5 of the text of October 5th as well as 3.4 quinquies and paragraph 30(e) of the decision)**
 - **Transparency, accuracy, completeness, comparability, consistency**
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- **3.8 bis – option 1**

*Parties acknowledge the importance of cooperation instruments to enhance mitigation commitments at the **local, regional and/or international level**. {article 3.8 bis option 1}*

3 No provision