

**ADP 2.9 – SECTION D. MITIGATION**

**POSSIBLE STRUCTURE FOR DISCUSSIONS  
RELATED TO COOPERATIVE ARRANGEMENTS / MARKETS  
IN PARAGRAPHS 39, 153, 155-160**

GROUP 1: General provisions, including on the purpose of cooperative arrangements and principles

GROUP 2: Mandate to develop modalities/rules/procedures

GROUP 3: Provisions on the establishment of specific mechanisms

GROUP 4: No provisions on cooperative arrangements

**Note: All paragraphs under the numbers 39, 153, 155-160 in the Geneva text have been included.**

**GROUP 1: General provisions, including on the purpose of cooperative arrangements and principles**

Option 1 of para. 39:

In meeting their commitments [/ contributions / actions], Parties may make use of market mechanisms [and actions][, including] [in the land-use sector] in accordance with [X][the provisions on transparency of action and support as contained in section I, in particular in order to ensure environmental integrity and avoid double counting][accounting rules developed by the governing body][the rules and provisions adopted by the governing body of this Protocol in order to ensure environmental integrity] [by ensuring that:

- i. Transfers of mitigation outcomes or units between Parties can be used to meet their contributions/commitments/actions under the new agreement;
- ii. Units emanating from UNFCCC-approved mechanisms, including REDD-plus mechanisms, will be transferrable and can be used to meet contributions/commitments/actions of Parties under the new agreement;
- iii. Mitigation outcomes and units emanating from mechanisms outside the UNFCCC can be used to meet contributions/commitments/actions of Parties under the new agreement provided that they meet conformity requirements established by the COP].

39.1. The use of market mechanisms is to:

- a. Mobilize the widest range of potential investments for [adaptation and] mitigation;
- b. Create incentives for early action;
- c. Incentivize and coordinate effective mitigation [and adaptation] actions [including those with co-benefits for adaptation] from the broadest range of actors, including the private sector, to support the implementation of this agreement;
- d. Ensure consistency with individual commitments / contributions;
- e. [Be in accordance with the provisions on transparent accounting as contained in section I (Transparency of action and support), in particular to avoid double counting;]
- f. [Contribute to the sustainable development of the host country;]
- g. [Generate resources through a levy to enhance climate-resilient investment in developing countries;]
- h. [Supplement domestic action].

39.2. [The use of market mechanisms shall be supplementary to domestic action] [and a cap will apply to ensure that mitigation commitments are the main domestic actions.]] [Domestic action shall account for the majority of the emission reductions required to fulfil each Party's commitment.]

39.4. The governing body of this Protocol shall ensure that a share of the proceeds from the use of market mechanisms is used to assist developing country Parties that are particularly vulnerable to climate change to meet the costs of adaptation;

Option 2 of para. 39:

Parties may claim mitigation outcomes achieved in other Parties towards their commitment subject to specific rules and requirements designed to ensure that the environmental integrity and the integrity of commitments are maintained and that double counting is avoided.

39.1. The UNFCCC certification and use of mitigation outcomes by countries on a voluntary basis should be subject to specific rules and requirements designed to provide for a scaling-up of effort and entailing a net contribution to global mitigation efforts and contributing to sustainable development;

Option 3 of para. 39:

39.3. Markets accounting principles

- a. Parties shall ensure that units are not counted or claimed more than once.

Option 5 of para. 39:

39.1. Parties, when cooperating to achieve their mitigation commitments, shall ensure that cooperative arrangements deliver real, permanent, additional and verified internationally transferable mitigation outcomes in an environmentally integral way, avoid double counting of effort and achieve a net decrease and/or avoidance of emissions;

39.3. The governing body shall create and strengthen synergies between cooperative arrangements and mechanisms established or to be established under the Convention, its related legal instruments and other relevant institutions;

39.4. Parties agree to account in line with the standards adopted by the governing body the internationally transferable mitigation outcomes that they use towards their commitments/contributions.

## GROUP 2: Mandate to develop modalities/rules/procedures

Option 1 of para. 39:

39.6. The governing body shall develop accounting rules for the use of market mechanisms and the land-use sector with regard to mitigation contributions of all Parties, including for how to avoid double counting.

Option 2 of para. 39:

39.2. Those rules and requirements will be defined by 2016, and include eligibility and participation requirements.

Option 5 of para. 39:

39.2. The governing body shall develop and adopt standards for implementing paragraph 39.1 above and processes for ensuring that these standards are met;

153. The governing body shall elaborate modalities, standards and guidelines to ensure mitigation outcomes traded internationally and used against commitments are:

- a. Real: represent a decrease and/or avoidance of emissions measured against a credible reference level, do not give rise to emissions leakage, and inaccuracies from fraud and error are addressed;
- b. Permanent: irreversible or if reversible measures exist to compensate for any reversal that occurs;
- c. Additional;
- d. Verified.

*In the EIG's view, on matters of substance, paragraphs 155-160 belong to this group as they operationalize the principles and needed modalities/rules/procedures. They should be dealt with in a COP decision in Paris.*

### GROUP 3: Provisions on the establishment of specific mechanisms

Option 1 of para. 39:

- 39.3. A centrally governed market mechanism shall be created under the Convention that builds on the existing market mechanisms;

Option 4 of para. 39:

An economic mechanism is hereby defined.

- 39.1. The purpose of the economic mechanism shall be to facilitate the fulfilment of NDCs by Parties with quantified economy-wide absolute targets for the mitigation component and to incentivize developing country Parties to take on such targets over time;
- 39.2. The economic mechanism shall be comprised of:
- a. An emissions trading system (ETS);
  - b. An enhanced Clean Development Mechanism (CDM-plus).
- 39.3. Under the ETS, Parties with quantified economy-wide absolute targets for the mitigation component of their NDC may participate, on a voluntary basis, in the ETS for the purpose of fulfilling their respective NDC. Any such trading shall be supplemental to domestic actions for the purpose of meeting their targets;
- 39.4. Under CDM-plus:
- a. Parties with quantified economy-wide absolute targets for the mitigation component of their NDC may, on a voluntary basis, use the certified emission reductions accruing from such project activities for the purpose of fulfilling their respective NDC. Any such accruing shall be supplemental to domestic actions for the purpose of meeting their targets;
  - b. Developing country Parties will benefit from project activities resulting in certified emission reductions on a voluntary basis.
- 39.5. The economic mechanism shall be subject to the authority and guidance of the Conference of the Parties;
- 39.6. The CDM-plus shall be supervised by an executive board;
- 39.7. The Conference of the Parties shall define the relevant principles, modalities, procedures and guidelines, in particular for verification, reporting and accountability of the economic mechanism;
- 39.8. All Parties should actively promote the voluntary cancellation of certified emissions reductions, including by subnational entities and the private sector, with a view to fostering their engagement with mitigation actions and further enhancing the environmental integrity of the mechanism. Parties that put forward a financial pledge or target in their NDC would be entitled to use the amount of certified emissions reductions cancelled on their behalf to comply with their financial targets and pledges, but not their mitigation obligations.

### GROUP 4: No provisions on cooperative arrangements

Option 6 of para. 39:

No provisions on market mechanisms and actions in land use sector.