

Round table
on Art. 6.2 of the Paris Agreement
(cooperative approaches)

SBSTA 47, 05.11.2017

Presentation of the views contained in
the submission by Liechtenstein,
Mexico, Monaco and Switzerland

http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/201_344_13153914_5484986739-Article%206%20SBSTA%2047%20LIE%20MEX%20MON%20CH.pdf

How can we ensure that the guidance in relation to environmental integrity is sufficient? (1/2)

The **CMA** provides **guidance** to the participating Parties

Participating Parties have to:

- **be in conformity with the guidance**
- and **demonstrate their conformity in the biennial reports** under the transparency framework

Participating Parties have to demonstrate that the activities:

- assist the host Party in fostering the **transition to a low carbon development economy** (avoid the risk of **lock-in** in emission intensive technologies)
- do not erode the **environmental integrity of the NDC** of the host Party and **its implementation** (clear picture of the emission reductions that will be achieved to **meet the NDC**)
- **incentivize domestic mitigation** by the host Party, **lead to progression** of mitigation efforts over time (create **positive incentives** to extend the scope of the NDC and increase ambition over time)
 - clear picture of what is the **long-term rationale** of such cooperation
 - **transitional function for the host country** to discover further emission reduction potentials, foster the inclusion of sectors/gases in future NDCs, benefit from such long-term emission reductions for its future NDCs

How can we ensure that the guidance in relation to environmental integrity is sufficient? (2/2)

- **effectively occurred** and the **reference** to calculate emission reductions is set **well below BAU**
 - cap-and-trade system: emission caps are set well below BAU, stringent transparency principles, robust compliance measures at the national level
 - not covered by a cap-and-trade system: conservative baselines set well below conservative estimates of current efforts, account for all policies (local, regional, national) in the baselines, meet stringent transparency criteria
- **result in permanent** mitigation outcomes: irreversibility or in case of reversibility take measures to **compensate for a possible reversal**
- **result in verified** mitigation outcomes, through **independent and competent** verification

Parties have to:

- **demonstrate that leakage is avoided** and **fraud and inaccuracies** from errors are addressed
- **report** on all activities in a transparent way, record comprehensively and **publish on the internet all information related to the activities**
- **refrain** from carrying out activities when there is a **risk of conflict with other environment-related aspects** (nuclear power, conservation of biodiversity, water pollution or protection of the ozone-layer). In case of environment-related conflicts, take **measures to mitigate** any negative trade-offs

Which accounting approaches are most suitable, and why? (1/2)

- Mitigation outcomes to be **issued only once, either by the host or acquiring Party**
- Each transfer and acquisition of an ITMO has to be **recorded in a national tool** that will **enable the periodic reporting and accounting** of ITMOs
- Information provided separately from the inventory, on a biennial basis **in the transparency reports** (transfers since the last report and net transfer at the end of the period relevant for the NDC)
- For measuring progress towards the NDC:
 - The **transferring Party has to add to its reported emissions** in the inventory the quantity of tCO₂eq that have been **transferred internationally**
 - ✓ all ITMOs for which it **cedes the legal title** have to be added
 - The **acquiring Party has to subtract from its reported emissions** in the inventory the corresponding quantity **used towards its NDC**
 - ✓ all ITMOs used for the **achievement of the NDC** have to be subtracted

Which accounting approaches are most suitable, and why? (2/2)

- The transferring and acquiring Parties are to **ensure that the nature of their respective NDCs allow a corresponding adjustment** by both Parties which is transparent, consistent and comparable
- Countries that have NDCs formulated as a single-year target (no multiple-year approach) have to account for ITMOs **consistently over a NDC cycle** and in a manner that is **representative of what occurred during that period of time** (average quantity of transferred ITMOs of an activity over the duration of the activity)
- The ITMOs that are used to meet an NDC have to be **cancelled for this purpose** and are **not to be claimed for other purposes** (e.g. CORSIA)

How is mitigation outside the scope of the NDC covered by the guidance?

- **Transitional function for the host country** to discover further emission reduction potentials, foster the inclusion of sectors/gases in future NDCs, benefit from such long-term emission reductions for its future NDCs
- **Corresponding adjustments** (additions by the transferring Party and subtractions by the acquiring Party) have to be carried out **both in the case of ITMOs resulting from an activity within the scope of the NDC of the host Party and outside of its scope**
 - Creates an **incentive for the host country to extend the scope of its NDC and keep part of the emission reductions** (resulting from long-term or transformational emission reduction activities) **for itself to meet its subsequent NDCs**
- **Some requirements are needed** so that the long-term rationale of this cooperation **does not undermine the ambition of the NDC** of that Party (e.g. corresponding adjustments, guidance on environmental integrity, etc.)