



Informal report on the hybrid workshop on the draft version of the agreed electronic format

Summary

The agreed electronic format is the electronic format for the submission of annual information on actions related to and holdings of international transferred mitigation outcomes by Parties participating in cooperative approaches. At its fourth session the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement requested the Subsidiary Body for Scientific and Technological Advice to continue its work on the draft version of the agreed electronic format, taking into consideration any submissions from Parties and the outcomes of the workshop on the matter, with a view to finalizing a recommendation on the agreed electronic format for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session.

Abbreviations and acronyms

AEF	agreed electronic format
Article 6.4 mechanism	mechanism established by Article 6, paragraph 4, of the Paris Agreement
BTR	biennial transparency report
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
GHG	greenhouse gas
ID	ID
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organization for Standardization
ITMO	internationally transferred mitigation outcome
NDC	nationally determined contribution
OIMP	other international mitigation purposes
REDD+	reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks (decision 1/CP.16, para. 70)
SBSTA	Subsidiary Body for Scientific and Technological Advice

I. Introduction

A. Mandate

1. CMA 4 requested the secretariat to organize a hybrid workshop on the draft version of the AEF¹ to be held at least one month prior to SBSTA 58.²
2. CMA 4 also requested the SBSTA to continue its work on the draft AEF, taking into consideration any submissions from Parties on the matter and the outcomes of the workshop referred to in paragraph 1 above, with a view to finalizing a recommendation on the AEF for consideration and adoption at CMA 5.³

B. Background

3. The workshop was conducted from 25 to 26 April 2023 in Bonn with the possibility for virtual participation. The agenda and guiding questions for the workshop, prepared under the oversight of the SBSTA Chair, Harry Vreuls, are available on the UNFCCC website.⁴
4. The workshop was attended by 30 participants in person and around 80 participants virtually, representing around 70 countries. On the request of the SBSTA Chair, the workshop was co-facilitated by Maria AlJishi (Saudi Arabia), who did so in the virtual setting, Kate Hancock (Australia) and Peer Stiansen (Norway).
5. After a scene-setting presentation by the secretariat, the first day of the workshop comprised three sessions, which included presentations by participants followed by discussion, covering:
 - (a) Experience with the draft version of the AEF;
 - (b) Information on authorization and first transfer, changes to authorization and first transfer, and common nomenclatures;
 - (c) Structure and other reporting aspects of the AEF.
6. The second day of the workshop featured a hands-on exercise prepared by the secretariat for participants to gain practical experience with the draft AEF.
7. The workshop was organized back-to-back with another intersessional hybrid workshop on potential challenges that Parties participating in cooperative approaches may face in addressing various elements of the initial report and to support the identification of capacity-building needs.⁵

C. Approach and structure

8. This workshop report has been prepared for consideration at SBSTA 58. Chapter II below presents views expressed by workshop participants on the draft AEF according to the topics on the workshop's agenda; while chapter III below provides an overview of the hands-on exercise.
9. The report contains two annexes: annex I compiles the suggestions made during the workshop for specific changes to the draft AEF; while annex II summarizes those changes and attributes them to table 1 "Heading" and table 2 "Actions" of the draft AEF, and includes a proposed additional table to capture information on authorizations.

¹ Referred to in decision 2/CMA.3, annex, chap. IV.B, and contained in decision 6/CMA.4, annex VII.

² Decision 6/CMA.4, para. 3.

³ Decision 6/CMA.4, para. 4.

⁴ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement/cooperative-implementation/technical-workshops-article-62-of-the-paris-agreement#Hybrid-workshops-on-the-draft-agreed-electronic-format-and-on-the-initial-report>. The presentation slides from the workshop can also be found here.

⁵ See decision 6/CMA.4, para. 18.

10. Understanding the content of this workshop report requires familiarity with decisions 2/CMA.3 and 6/CMA.4 relating to the Article 6.2 guidance.

II. Experience with the draft version of the agreed electronic format

11. Participants shared general views on the elements of the guidance on cooperative approaches⁶ relevant to preparing the AEF, including the outstanding work on those elements, to provide context for further consideration relevant to finalizing the AEF.

12. They then shared their specific perspectives on elements of the draft AEF, including the types of action performed in relation to ITMOs, information on authorization and first transfer, approach to common nomenclatures, and the structure and other aspects of the AEF.

13. Some participants highlighted the lack of experience by some Parties relevant to testing the draft AEF and underscored the need for a collaborative effort by Parties and robust capacity-building for practitioners to ensure collective progress on finalizing the AEF and for reporting over time.

A. General views on the experience with the draft version of the agreed electronic format

1. Interlinkages between reporting requirements and dependence on further guidance for finalizing the agreed electronic format

14. In setting the context for the discussion, the first presenter outlined how the principles of transparency, accuracy, completeness, consistency and comparability underpin the preparation of the AEF.

15. Participants acknowledged the interlinkages between the reporting requirements for the initial report, the annual information in the AEF and the regular information in the annex to the BTR.⁷ They noted that elaborating on the interlinkages could inform the work on finalizing the AEF. It was underscored that the information provided in the initial report is relevant to understanding how the AEF should be completed. In turn, the information on ITMOs provided in the AEF serves as the basis for corresponding adjustments reported as part of the regular information and included in the structured summary,⁸ whereby the amount of ITMOs first transferred will be added to the emissions of the first-transferring Party, while the amount of ITMOs used towards its NDC will be subtracted from its emissions.⁹

16. Participants discussed that, in order for a Party to participate in voluntary cooperation under Article¹⁰ 6, paragraph 2, and be able to transfer and report on ITMOs, it has to submit an initial report first. A Party can trade ITMOs if it participates in a cooperative approach. Some participants were of the view that the initial report should be reviewed before the Party can start trading ITMOs. Others argued that after submitting the initial report the participating Party has the obligation to report annual information on ITMOs.¹¹

17. It was noted that the depth of assurance of compliance with Article 6.2 guidance delivered through the AEF will be influenced by various factors, including the timing of the Article 6 technical expert review, the outcome of the Article 6 database automated

⁶ Refers to the provisions of the annex to decision 2/CMA.3 and the annexes to decision 6/CMA.4.

⁷ See decision 2/CMA.3, annex, chap. IV.

⁸ Required pursuant to decision 18/CMA.1, annex, para. 77(d), as part of the BTR.

⁹ The reverse applies to corresponding adjustments of non-GHG indicators as per decision 2/CMA.3, annex, para. 9.

¹⁰ Articles referred to in this report are Articles of the Paris Agreement.

¹¹ As per decision 2/CMA.3, annex, para. 20. The topic of the sequencing and timing of the submission of the initial report, the completion of the Article 6 technical expert review of that report and the submission of the AEF was discussed during a session on additional topics identified during the two back-to-back intersessional workshops; see document FCCC/TP/2023/2.

consistency check, the reliance on data from underlying cooperative approach registries, and robust common nomenclatures.

18. Regarding reporting time frame, it was pointed out that all reports for a specific period will have to be available and considered simultaneously. The importance of providing the Article 6 technical expert review teams with access to all information for that period was emphasized to enable a comprehensive and conclusive assessment of the correctness of the reported information.

19. It was highlighted that the finalization of the AEF depends on further guidance from the CMA. Key areas that will affect the AEF include:

(a) The authorization processes, specifically:

(i) The timing of ITMO authorization for use, including Article 6, paragraph 4, emission reductions and units from underlying carbon crediting programmes;

(ii) Potential changes to authorizations, including what changes are possible, their impact on ITMOs and how they are reported;

(b) The application of the first transfer in the context of ITMO authorizations for use towards NDCs and OIMP, and how changes to ITMO authorization for use may influence the specification of first transfer.

20. Participants also highlighted the need for clarification of certain implementation aspects to inform the preparation of the AEF, for example:

(a) Whether ITMOs can be traded among cooperative approaches;

(b) The status of ITMOs (units) while negotiations regarding a cooperative approach are ongoing.

2. Registries

21. Participants discussed the linkages between the Article 6, paragraph 2, infrastructure, the reporting tools under the enhanced transparency framework and the broader carbon markets infrastructure. It was mentioned that there is a relationship between the registry requirements and the AEF, and that the reporting tables of the AEF should be integrated with the registry system¹² in a streamlined manner to facilitate compliance with reporting requirements.

22. One participant highlighted the challenge of uniformly capturing the necessary information for reporting across different cooperative approaches, such as linking emissions trading schemes or the Article 6.4 mechanism, while also addressing issues such as transparency and avoidance of double counting. The participant discussed the different models for transferring emission units, namely under a centralized model like the Kyoto Protocol system or under an alternative model where all actions related to ITMOs occur within a programme registry¹³ that serves as a cooperative approach registry.

23. One participant stated that interoperability between different registries may not be needed, particularly if all actions related to ITMOs from a cooperative approach occur within a programme registry. Another participant mentioned that a Party can produce an AEF on the basis of an independent programme registry.

24. In the context of linking emissions trading schemes, one participant observed that, while ITMOs will have unique IDs, they do not directly reflect allowances tracked in underlying cooperative approach registries. There are methods for quantifying the mitigation outcomes resulting from such linking, but this differs from baseline and crediting cooperative approaches and the methods may be more complex.

25. It was stated that the initial report could facilitate establishing relationships between national and programme registries at a high level, providing clarity for future reporting.

¹² As per paragraphs 29-30 of the Article 6.2 guidance.

¹³ Programme registry should be understood as the registry systems of an independent carbon offset standard.

Furthermore, the need was identified to ensure that a participating Party has the necessary information to report all actions related to ITMOs. One presenter discussed two specific challenges in sourcing the required data in the context of tracking ITMOs:

(a) Challenges with accessing information on underlying units, which raises the question of whether the ITMO registry (i.e. the Party registry) reflects information from underlying carbon crediting programme registries. If so, how does a Party know if an underlying unit has been issued, transferred, cancelled or used? Would the Party need to engage in formal agreements with the carbon crediting programme to receive necessary information on unit transactions, including cancellation and use? Alternatively, could the Party request carbon crediting programmes to provide the information in the authorization statement? A related question arises: if a programme fails to provide the information or the information is incorrect, what would be the potential ramifications and how should they be addressed?

(b) Challenges related to knowing whether an ITMO has been cancelled or used towards OIMP when cancellation or use occurs within the registry of another Party. It was noted that there should be an automated notification from the using Party's registry to that of the first-transferring Party as part of interoperability arrangements between the transferring registries to ensure that each Party has the necessary information to prepare the AEF.

26. In relation to those challenges, clarifications were sought regarding:

(a) Which Party reports in the AEF on the cancellation or use of ITMOs towards OIMP – the host Party, the Party in whose registry the cancellation or use occurs, or both Parties (see section II.B.3 below);

(b) Whether two participating Parties engaged in a transaction have to report on the transaction in the same year. It was acknowledged that the obvious answer is yes, but there may be implications for information-sharing between the Parties.

27. Some participants discussed that the Article 6.2 international registry and the Article 6.4 mechanism registry could generate the AEF using the information available within them. The secretariat confirmed that registries can be designed to generate the AEF and submit it through an machine-to machine interface in the submission portal of the centralized accounting and reporting platform, but the Party has to check and confirm what is submitted.

28. The advantage of involving registry administrators, including drawing on their experience under the Kyoto Protocol, was underscored.

29. During the session on other reporting aspects of the AEF, one participant presented a registry solution for a REDD+, noting that:

(a) It is suitable for all sectors and can function as a national registry;

(b) It may require modifications to comply with the AEF;

(c) It was developed to track information in line with the principles of environmental integrity and transparency, accuracy, completeness, consistency and comparability.

3. Considerations related to the Carbon Offsetting and Reduction Scheme for International Aviation

30. In the context of discussing reporting of ITMOs authorized for OIMP and used for compliance with CORSIA, one participant suggested that the CORSIA reporting tables can serve as a helpful reference. Additionally, it was mentioned that the CORSIA's established procedures have proven beneficial.

31. It was clarified that, for the purpose of CORSIA, emission unit programmes and their registry administrators must adhere to a binding registry attestation and commit to terms of eligibility, which involve maintaining the registry in the evaluated and approved state. Additionally, emission reductions should be labelled as CORSIA-eligible only after they are authorized, including in accordance with additional CORSIA requirements for administering authorizations. Furthermore:

(a) Airline operators must cancel emission reductions for use towards CORSIA. Those cancellations and, in some cases, their underlying contracts must be third-party verified and the relevant data published;

(b) Administering States compile and submit compliance information to the International Civil Aviation Organization, including all relevant details down to the serial number batch,¹⁴ which is published in a downloadable, searchable and sortable electronic format.

32. One participant indicated the need for information reported under Article 6 to be reconciled with the information reported by Parties under CORSIA and to establish consistency between the regimes despite them being under separate treaties. It was suggested that the Article 6 technical expert review should include examining the CORSIA reports to check whether the information is consistent with that reported under Article 6, paragraph 2.

33. One participant questioned whether the use of ITMOs for compliance with targets for the maritime sector is being considered.

B. Information on authorization and first transfer, changes to authorization and first transfer, and common nomenclatures

1. Authorization

34. Participants agreed on the relevance and critical importance of the CMA clarifying the authorization process so that the AEF can be finalized.¹⁵

35. One presenter outlined the three types of authorization envisaged in the guidance on cooperative approaches: authorization of a cooperative approach, of ITMOs towards use and of entities, with the latter two being connected to the AEF. It was pointed out that the vague distinction in the Article 6.2 guidance between the elements of authorization of ITMOs towards use and of authorization of a cooperative approach requires clarification. Furthermore, it was noted that the authorization of ITMOs towards use should include the authorized uses only and not the entities authorized to hold the ITMOs.

36. Participants discussed that ITMOs could be authorized from a unilateral cooperative approach,¹⁶ considering that it is possible for other participating Parties to join at a later stage of implementation of the cooperative approach.

(a) Authorization of internationally transferred mitigation outcomes for use

37. One participant defined authorization of ITMOs as a stand-alone reporting element pertaining to specific batches of issued units or as a prospective authorization for a particular use. A distinction was made between the general authorization of credits from a carbon crediting programme for use under CORSIA (e.g. units issued by the Verified Carbon Standard) and the specific authorization of individual ITMOs (such as Article 6, paragraph 4, emission reductions). It was clarified that general authorizations for CORSIA may include a maximum volume of ITMOs authorized and parameters describing the ITMOs.

38. Regarding the timing of authorization, some participants expressed the view that an authorization should take place prior to, or no later than, the first transfer. With regard to how much earlier an authorization could be issued before first transfer, it was noted that the authorizing Party needs to ensure that what is authorized will materialize; otherwise the authorization process could introduce excessive uncertainty into the market.

¹⁴ For each batch of cancelled units (emission reductions), airlines report quantity of units cancelled; start and end of serial number range; date of cancellation; eligible emission unit programme; unit type; host country; methodology (reference number); demonstration of unit date eligibility (vintage, crediting period start date); programme registry name; initiating registry account ID; registry cancellation account ID; name of operator cancelling units.

¹⁵ See decision 6/CMA.4, para. 17(b).

¹⁶ Understood as a cooperative approach with one participating Party.

39. It was pointed out that the specific purpose of authorization for use towards OIMP (for CORSIA or other purposes) should be explicitly outlined at the time of authorization and made public online.

40. One participant clarified that an ITMO authorized for use towards OIMP linked to a unit in an underlying cooperative approach registry and authorized at the time of use would be reported upon authorization and would subsequently appear in the AEF.

41. It was highlighted that the ID of the authorization has to provide for access to all related documentation of that authorization.

42. It was suggested that adopting a universal approach for unique IDs of authorizations, similar to the approach for unique IDs of ITMOs, could help to prevent mixing up information and errors related to authorization. One participant mentioned that the authorizations issued by their Party do not have IDs.

(b) Authorization of entities

43. It was observed that the scope of the authorization of entities should be clarified, that is what the entities are authorized for.

44. One participant suggested that the first-transferring Party and the using Party should agree on the authorized entities. However, it was acknowledged that this approach may be challenging to implement in some cooperative approaches. In contrast, other participants expressed the view that the acquiring Party should authorize the entities, allowing for flexibility in arrangements within cooperative approaches.

45. On the topic of when and where authorizations of entities should be provided, one participant suggested that including them in the initial report along with all information related to the cooperative approach may be sufficient in some cases. Another participant noted that describing entities in the initial report implies agreement on those entities by both Parties (and potentially more Parties depending on the participation in the cooperative approach).

46. There were differing views regarding the reporting of entities in the annual information. Some participants expressed the view that it is necessary;¹⁷ however, other participants questioned the reporting of all authorized entities in the AEF, especially considering the potential challenges this may pose for large cooperative approaches or for CORSIA authorizations, where the final user may even be unknown.

2. Changes to authorization

47. Participants discussed that changes to authorization (including revocation) could be challenging, primarily referring to changes to the authorization of ITMOs for use. A few noted that it could be particularly problematic when changes to authorization:

(a) Affect ITMOs that have already been transferred for share of proceeds or overall mitigation in global emissions;

(b) Result in ITMOs being deauthorized (and no longer recognized as ITMOs).

48. Most participants recognized the implications that changes in authorization could have in various scenarios. Even in the most straightforward cases, where an ITMO has been transferred once, these changes can significantly affect accountability.

49. Regarding reducing the scope of authorization, one participant highlighted the need for the authorizing Party to agree on the change with the Party holding the ITMOs before implementing it.

50. It was suggested that changes to authorization be reported in the next AEF, and that, for an increase in the scope of authorization of ITMOs for use, the Party update the authorization record in its next AEF and create a record in the table for actions. Since first-

¹⁷ As per decision 2/CMA.3, annex, para. 20(b).

transferring Parties report on a vintage basis, previously reported AEF data would be continuously updated through relevant entries in subsequent AEFs.

3. First transfer

51. Participants recalled that CMA 4 requested the SBSTA to develop recommendations on the application of the first transfer of ITMOs authorized for use towards both NDCs and OIMP with a view to CMA 5 clarifying the approach.¹⁸ Additional guidance is required because it is not clear how to apply the first transfer when the use is not yet known.

52. It was elaborated that, if a Party authorizes ITMOs for either purpose and specifies a first transfer for use towards OIMP, the first transfer should be the earlier of the possible first transfers that may occur under such authorization, irrespective of the final use. For example, if an ITMO is authorized for use towards both NDCs and OIMP and the first transfer for use towards OIMP is specified as use or cancellation, the first transfer will be the earlier of:

(a) The first international transfer to a relevant cooperative approach registry account of a participating Party;

(b) The use or cancellation towards OIMP.

53. This approach was supported by other participants and no alternative solutions were presented.

54. In relation to the specification of first transfer, the exact meaning of “issuance” of a “mitigation outcome”¹⁹ and how it can be reported in the AEF was questioned.

55. The situation of ITMOs authorized for use towards OIMP, with the first transfer specified as use or cancellation, being moved to external registries for cancellation was discussed by participants, and it was noted that the interoperability arrangements for the transfer between registries would enable feedback loops to inform the first-transferring Party of the first transfer taking place at the time of cancellation. Furthermore, it was suggested that both the first-transferring Party and the using Party (in whose registry the cancellation occurs) report the action in their AEF.

56. The need to clarify where the specification of first transfer for OIMP is provided was noted and two suggestions were made:

(a) The specification could be included in the initial report and applied consistently to all ITMOs from the cooperative approach for simplicity;

(b) The specification could be included in the authorization of ITMOs towards use.

57. In summary, participants converged around the following key issues in the area of authorization and first transfer that require clarification before the AEF can be finalized:

(a) What is being authorized;

(b) Where authorization is reported, including the authorization of ITMOs with corresponding unit IDs from underlying cooperative approach registries, if relevant;

(c) What needs to be reported in the AEF, noting the importance of providing sufficient detail to ensure clarity and understanding of the reported information;

(d) How to apply first transfer for ITMOs authorized for use towards both NDCs and OIMP;

(e) What changes to authorizations are possible and how to report them in the AEF.

4. Common nomenclatures

58. Some participants agreed that it is essential to establish precise nomenclatures and to define principles and terms within the AEF to ensure common understanding of the terminology among Parties.

¹⁸ Decision 6/CMA.4, para. 17(c).

¹⁹ As per decision 2/CMA.3, annex, para. 2(b)).

59. Options for common nomenclatures should draw on recognized standards and methodologies, such as from ISO, the IPCC and the Article 13 common reporting tables.

60. One participant suggested using IPCC or clean development mechanism definitions for sectors and activity types. Another noted that there are missing elements regarding categories and subcategories for dealing with policies and measures,²⁰ and that this issue needs to be addressed in the next version of the AEF. It was also noted that activity type is relevant to crediting but not necessarily to all types of cooperation.

61. Some participants remarked that the definitions of first transfer and the actions related to ITMOs should be included in the common nomenclatures, along with clear definitions for the possible values.²¹ The columns of tables 2 and 3 of the draft AEF, for which it was suggested to be part of the common nomenclatures, are listed in paragraph 31 of annex I to this report.

62. It was also suggested that it would be helpful to have drop-down lists when there is a limited number of discrete values. In cases where there are no limitations, free text entry should be supported. This would assist in guiding the completion of the AEF, ensuring consistency of reporting and reducing reporting burden.

B. Structure and other reporting aspects of the agreed electronic format

1. Structure

63. Regarding the structure of the AEF tables, two approaches were put forward:

- (a) Add a table for information on authorizations;
- (b) Add separate tables for each action type.

64. The participant proposing an AEF with three tables suggested that this approach would enable the Article 6 database to track all participants in a cooperative approach by authorization, which can simplify the aggregation of information and its review. For specific batches of units to which the authorization pertains, the details can be captured in the authorization table. The current proposal for the AEF tables is about 90 per cent complete, and some refinements, including the addition of an authorization table, may be helpful. However, significant structural changes may not be necessary, or helpful according to some other participants.

65. Other comments regarding the structure of the AEF include that:

(a) It is necessary to clarify whether, in the multiple tables approach, separate tables will be created for each cooperative approach;

(b) The decision on the number of tables required for reporting is primarily a presentational issue. Separate tables with relevant columns might prove more user-friendly than one large table where different columns are used for each entry;

(c) The connection between the tables could be facilitated using IDs, such as in relation to authorization, cooperative approach or ITMOs.

66. Some participants supported enhancing table 1, which contains the submission details, to incorporate more detailed information.

67. One participant noted the importance of designing the tables to be simple and practical for users to fill in the required data.

68. The need to consider a summary table was mentioned. A table with aggregated data on ITMOs was proposed (for details see para. 2(c) of annex I to this report).

²⁰ As per decision 2/CMA.3, annex, para. 10.

²¹ As per decision 6/CMA.4, annex I, paragraph 31.

2. Other reporting aspects

(a) Identifiers

69. Participants discussed the need to clarify whether and which IDs are provided by the Article 6 database, particularly with regard to the column “Article 6 database record ID”. It was noted that this record ID is unknown to Parties at the time of submitting the AEF.

70. It was noted that the difference between “First/last unique identifier” and “Underlying unit block start/last ID” under heading “ITMO” needs to be clarified. In relation to information on underlying unit block IDs, it was mentioned that the AEF should accommodate the provision of weblinks to the relevant cooperative approach registries.

71. One participant suggested the use of additional IDs, such as for actions or transactions, which may be helpful for tracking, particularly in relation to changes to records.

(b) Share of proceeds for adaptation and overall mitigation in global emissions

72. Some participants noted that contributions to the Adaptation Fund and voluntary overall mitigation in global emissions need to be quantified and reported as specific actions, highlighting that the draft AEF is missing this specification.

(c) Non-greenhouse-gas metrics

73. The following issues in relation to non-GHG metrics were noted:

(a) The type of global warming potential value to be used (e.g. 100-year, from the IPCC Fifth Assessment Report) where non-carbon-dioxide gases are involved needs to be considered;

(b) Conversion of non-GHG metrics, including how conversion is to be reported in the AEF and whether this matter could be dealt with at a later stage, after initial adoption of the AEF;

(c) That the AEF should reflect options for categories and subcategories of policies and measures.

(d) Holdings

74. Discussion among participants revealed that the concept of holdings was not equally clear to them all, and it was suggested that the AEF would benefit from clarification on holdings in the notes or in the user manual²² to be prepared.

(e) Aggregation and disaggregation of reported data

75. The issue of the level of disaggregation in the AEF was discussed with participants generally favouring the approach of disaggregation of reporting.

76. Participants also discussed the need for aggregated data, and that aggregated data are relevant to the regular information submitted as part of the BTR. A table with aggregated information was proposed to be included in the AEF (see chap. II.B.1 above).

(f) Public information

77. One participant noted that certain information in the AEF must be made public, while some may remain confidential. It was suggested that, while the AEF tables need to be submitted with disaggregated information, only a summary of those tables can be made public.

78. Some participants highlighted that the Paris Agreement is based on transparency, which provides confidence in the way that Parties cooperate to meet their NDCs. Hence, the highest degree of transparency is required if Parties wish to participate in cooperative approaches.

²² As per decision 6/CMA.4, paragraph 30.

79. It was pointed out that the AEF can differ between what is submitted and what is shown when the information is published.

(g) Exceptions to reporting

80. Regarding which units need to be reported, most participants agreed that unauthorized units do not require reporting, including those in the underlying cooperative approach registries that are not yet authorized.

81. It was noted that issuance does not need to be reported in the AEF. When ITMOs are issued, they are recorded under authorization.

82. A participant argued that there is no need to report ITMOs that have not been transferred outside the registry of the first-transferring Party and the ITMOs used towards OIMP, as they are irrelevant to double counting since they are not being used towards NDCs. For example, in the context of CORSIA, Parties whose airline operators cancel ITMOs should not be obligated to report those cancellations because they are not being used towards NDCs, and there is an option to verify this information through the International Civil Aviation Organization.

83. It was noted that, if a first transfer of ITMOs never occurs, it is not a reporting problem.

(h) Minimizing the reporting burden on Parties

84. All participants agreed on the importance of minimizing the burden on Parties of completing the AEF.

85. The question of how to maintain simplicity without compromising transparency was raised, noting that the level of information required for reporting has been determined by the Article 6.2 guidance. It was also noted that the AEF needs to accommodate all the options already decided, and that, if more flexibility is introduced, the AEF will become more complex.

86. Regarding the difficulty of filling out the AEF, one participant mentioned that registries could generate the AEF. However, highly sophisticated reports may pose challenges for the registry systems, and there is a need to consider the technical and cost implications of such reporting.

87. Concerning the user-friendliness of the AEF, it was pointed out that the footnotes should be refined for clarity and specificity. Further discussion is necessary to ensure alignment of the footnotes with the columns and common nomenclatures. Additionally, the column headings in the tables could be clarified and refined.

C. Capacity-building needs

88. Participants agreed on the importance of capacity-building for preparing the AEF, particularly for developing countries. Some participants stated that this support should be provided by the secretariat and developed countries. Participants from developing countries stressed that many such countries have little or no experience that they can draw on for preparing the AEF.

89. One participant highlighted the importance of considering and respecting the national sovereignty of host countries. They emphasized that developing countries need to receive adequate capacity-building support to effectively navigate the AEF preparation process. Capacity-building interventions should be tailored to support developing countries that are in the process of developing their infrastructure to meet the quantitative reporting requirements.

90. Some participants suggested that the secretariat should develop an AEF manual that includes comprehensive examples and suggestions on how to fill in the information in the AEF correctly to facilitate capturing data and submitting the annual information.

III. Hands-on exercise

A. Format

91. The hands-on exercise provided participants with the opportunity to gain practical experience with the draft AEF and discuss the changes necessary to better capture data on ITMOs.

92. Participants were divided into three breakout groups: two groups for in-person participants (group A and group B) and one group for those participating virtually. Three hypothetical scenarios involving cooperation between several Parties, including actions related to ITMOs such as generation of mitigation outcomes, authorization, transfer and/or use of ITMOs, were distributed to the groups, and participants were asked to complete entries for the actions on the basis of one of the hypothetical scenarios in an empty version of the draft AEF.

93. All three groups engaged in active discussion and requested more time for the exercise, using the entire morning to work through the tables. The session revealed significant variation in the interpretation of how individual AEF columns should be completed. This highlighted the need to examine and clarify the basis for the information to be entered into the AEF, such as determining which Parties authorize ITMOs for use (the host Party only, the host and using Party, or the host and any acquiring Party).

94. Overall, the hands-on exercise received positive feedback thanks to the informal setting in small groups. Participants benefitted from better understanding the tables, identifying areas that require attention and exchanging views on their understanding of the reporting requirements and possible approaches to meeting them.

B. Summary of findings

95. After the breakout groups, all participants convened to hear the feedback from each group.

96. The findings of group A were as follows:

- (a) A date is needed in table 1 to show when the AEF was completed;
- (b) The role of the Article 6 database record ID needs to be clarified;
- (c) The “Action type” column of table 2 should be at the beginning of the table since it is a key element, which could help to organize the information better and avoid repetition;
- (d) Some information will remain the same over time (e.g. metrics, sector, vintage, activity type) and should not have to be repeated;
- (e) It is necessary to clarify how to handle revisions of authorizations, especially in cases of double-use authorization (i.e. towards NDCs and OIMP);
- (f) Different rows should be used per vintage year for simplicity;
- (g) It needs to be clarified that the holdings table is meant to be a snapshot of the holdings at one point in time, with holdings calculated using the formula “holdings = previous holdings + authorized units + acquired units – first transferred units – used units”;
- (h) Participants initially felt frustrated that the holdings table does not include the amounts for corresponding adjustments but eventually realized that the corresponding adjustment amounts are derived from the actions table.

97. The findings of the group of those participating virtually were as follows:

- (a) Standardization is important, particularly in the context of IDs. Some formulations are more useful for authorization IDs (e.g. labelling versions as 0.12) and in some cases drop-down lists for entries would be beneficial. Guidance would be useful on dealing with blank fields in the tables and the footnotes in the draft AEF need to be refined;

(b) That first transfer, acquisition and use should all be reported separately in the actions table or if acquisitions should be recorded only in the holdings table. The group agreed on reporting each as a discrete action in the actions table and resulting holdings in the holdings table, and that the AEF template would preferably be less sophisticated;

(c) Capturing authorization information in a separate table to avoid repeating information would be useful. The need for first-transferring Parties to report authorized volumes of ITMOs that have not yet been first transferred was questioned;

(d) A standardized list of activity types is needed and dealing with cooperative approaches involving multiple sectors or activities is challenging. Allowing multiple items in one field or adding options for larger-scale approach types in the list of sectors was discussed, as was the starting point for a list of activity types. A redundancy in the columns for first transfer was noted.

98. The findings of group B were as follows:

(a) Regarding the underlying block unit ID, the data entry under this part depends on the work of the national and programme registries and more information may be needed to clarify how this data is generated;

(b) More discussion is needed regarding non-GHG metrics in general, and specifically on the relevant conversion factors and their reporting;

(c) Guidance is needed on stating the sector that the emission reduction comes from or where the main impact occurs;

(d) Clarification might be necessary for dividing the column for international mitigation purposes and other purposes. The challenge of reporting an authorization ID if no such ID is assigned at authorization and the host Party's role in providing it were discussed;

(e) In terms of usability, a functionality in the tables to enable or disable specific cells depending on the chosen options in related fields might be useful;

(f) Action types need to be clarified and different tables and nomenclature might be needed in this regard;

(g) The column "Using participating Party or authorized entity or entities" could be separated for Parties and authorized entities to avoid confusion;

(h) Certain ITMO parameters might change depending on the operation, such as when changing the authorization from NDC to NDC and OIMP and this need to be accommodated in the tables;

(i) The process could be simplified by filling out the table with separate entries according to vintages.

C. Discussion

99. Participants agreed on the usefulness of the exercise and the potential to improve the AEF. However, they acknowledged the limitations of the exercise, which involved hypothetical cases, and emphasized the need to exercise caution when drawing conclusions.

100. Participants recognized the objective of the finalized AEF being adopted at CAM 5. One participant noted that certain parts of the AEF are already in good shape, while others expressed the view that significant work still needs to be done before the AEF can be finalized.

101. One participant expressed the view that the interventions during the workshop clearly indicate the required changes to the draft AEF. It was suggested that the workshop report should include a revised version of the draft AEF based on the workshop findings, allowing the SBSTA to go through another cycle of revisions to the draft AEF at SBSTA 58. However, some participants expressed concerns about this proposed approach.

102. One participant suggested starting with clarifying the actions table to determine the necessary information to be provided. It was pointed out that the substantive issues need to be resolved before the AEF can be finalized.

103. Most participants concluded that the AEF should be user-friendly and straightforward to complete, favouring the simplest possible format.

104. One participant pointed to the difference between basic information provided by Parties and the resulting information derived from it and the possibility for the Article 6 database to generate such resulting information.

105. Participants recognized the usefulness of manuals, programmes and workshops, especially for building the capacity of developing countries, in relation to the AEF.

D. Conclusions

106. The hands-on exercise revealed the need for:

(a) More practical experience to help identify and narrow down outstanding issues before converging on options for finalizing the AEF;

(b) Resolving the substantive issues with the elements to be reported in the AEF before addressing structural issues, such as the number of tables to include;

(c) Drawing on available knowledge and experience of technical experts.

Annex I

Suggested specific changes to the draft version of the agreed electronic format

1. This annex compiles suggestions made during the workshop for specific changes to the draft AEF. The suggestions are summarized and attributed to table 1 “Heading” and table 2 “Actions” of the draft AEF in a visual representation included in annex II.

A. Format

2. Options for the tables of the AEF:
 - (a) Add an authorizations table to separate out the elements to be reported on authorization;
 - (b) Split the AEF into various tables according to action type and a table for holdings, as follows:
 - (i) Cooperative approaches:
 - a. ID of the cooperative approach;
 - b. Name;
 - c. Reference to description in initial report;
 - (ii) Mitigation activities (only for crediting approaches):
 - a. ID of the mitigation activity;
 - b. Name;
 - c. ID in any underlying system (e.g. carbon crediting programme);
 - d. Reference or weblink to information on the activity;
 - (iii) Authorizations:
 - a. ID of the authorization;
 - b. Other relevant information;
 - (iv) Authorized entities:
 - a. ID of the authorized entity;
 - b. Name;
 - c. Contact details;
 - d. Weblink (optional);
 - (v) International transfers:
 - a. ID of the international transfer;
 - b. ITMO unique IDs;
 - c. ITMO quantity;
 - d. Transferring Party;
 - e. Acquiring Party;
 - f. Whether or not it is a first transfer;
 - (vi) Transfers/forwarding to the Adaptation Fund for share of proceeds:
 - a. ID of the transfer/forward;
 - b. ITMO unique IDs;

- c. ITMO quantity;
- d. First transferring Party;
- (vii) Acquisitions:
 - a. ID of the acquisition;
 - b. Corresponding ID of the international transfer;
 - c. ITMO unique IDs;
 - d. ITMO quantity;
 - e. Transferring Party;
 - f. Acquiring Party;
- (viii) Use towards the reporting Party's NDC:
 - a. ID of the use towards the reporting Party's NDC;
 - b. ITMO unique IDs;
 - c. ITMO quantity;
 - d. Calendar year towards which the ITMOs are used;
- (ix) Use towards OIMP:
 - a. ID of the use towards OIMP;
 - b. ITMO unique IDs;
 - c. ITMO quantity;
 - d. Party where the mitigation outcomes occurred;
 - e. Purpose of the use (international mitigation purpose or other purpose);
 - f. Further specification of the purpose (e.g. CORSIA);
 - g. Whether or not the use is a first transfer for the reporting Party;
- (x) Cancellations:
 - a. ID of the cancellation;
 - b. ITMO unique IDs;
 - c. ITMO quantity;
 - d. Cancellation purpose (mandatory or voluntary overall mitigation in global emissions and administrative cancellation);
 - e. Whether or not the cancellation is a first transfer;
- (xi) Issuance of underlying units (only applicable if the Party decides to define issuance as first transfer in accordance with decision 2/CMA.3, annex, para. 2(b)):
 - a. ID of the underlying unit;
 - b. ITMO unique IDs;
 - c. ITMO quantity;
 - d. Issuance date of the underlying units;
- (c) Add a table with aggregated information as follows:
 - (i) Total number of ITMOs authorized by the reporting Party:
 - a. Use towards NDC;
 - b. Use towards OIMP;
 - c. Use towards NDC and/or OIMP;

- (ii) Total number of ITMOs held by the reporting Party:
 - a. At the beginning of the year;
 - b. At the end of the year;
 - (iii) Total number of ITMOs first transferred by the reporting Party:
 - a. International transfers;
 - b. Authorizations (as applicable);
 - c. Issuances (as applicable);
 - d. Cancellations or uses (as applicable);
 - (iv) Total number of ITMOs internationally transferred by the reporting Party (excluding first transfers);
 - (v) Total number of ITMOs transferred/forwarded to the Adaptation Fund for share of proceeds;
 - (vi) Total number of ITMOs acquired by the reporting Party;
 - (vii) Total number of ITMOs used towards the reporting Party's NDC;
 - (viii) Total number of ITMOs used towards OIMP:
 - a. Options for use towards international mitigation purposes or other purposes;
 - b. Options for own ITMOs or ITMOs from other Parties;
 - c. Number of subset of uses that constitute a first transfer;
 - (ix) Total number of ITMOs cancelled:
 - a. Options for own ITMOs or ITMOs from other Parties;
 - b. Cancellation purpose (mandatory or voluntary overall mitigation in global emissions, administrative cancellation);
 - c. Number of subset of cancellations that constitute a first transfer.
- (d) Merge tables 1 and 2 in the draft AEF into a single table 2 and replace table 1 of the draft AEF with a submission table with the following elements:
- (a) Party;
 - (b) Reported year;
 - (c) Submission year;
 - (d) Version;
 - (e) Status;
 - (f) Validity;
 - (g) Start NDC year;
 - (h) End NDC year.

3. Move column "Action type" after the columns for ITMO unique IDs for ease of reference. This suggestion can be combined with that in paragraph 2(a) above.

B. Tables

1. Table 1: Heading

- 4. Enhance the table, including by adding date of submission and version.

5. Ensure the reported period, including the relevant footnote, provides for comparability with the reporting period of regular information and the structured summary submitted with the BTR.

6. Provide an administrative field to link the AEF to the relevant Article 6 technical expert review report (the link could be appropriately placed elsewhere).

2. Table 2: Actions

(a) Article 6 database record ID

7. Clarify the purpose of the column in a footnote. Clarify if the record ID is filled prior to the submission of the Party or by the Article 6 database after the submission.

(b) ITMO unique identifiers

8. Use unique IDs (of ITMOs, authorization) or other IDs to connect different tables and avoid duplication.

9. Add a column “Tracking registry”.

Underlying unit block start/end ID

10. Clarify how and when these columns should be filled, for example in the footnotes.

11. Provide weblink to the relevant cooperative approach registry that tracks the underlying unit blocks.

(c) Metric and quantity

12. Add a column or provision that clarifies that the metric can consist of policies and measures (as per decision 2/CMA.3, annex, para. 10).

13. Non-GHG metrics and conversion factors require further discussion. The AEF can be finalized with these elements clarified later and the AEF amended as needed.

(d) ITMO details

First-transferring participating Party

14. Use ISO 3166-2.

Sector(s) and activity type(s)

15. Align information on sector(s) with the approach for Article 13 common reporting tables.

16. Sector(s) and activity type(s) may be reported in a different table with appropriate level of accuracy.

17. Develop common nomenclatures with multiple options and combinations within the options for sector(s) and activity type(s) because mitigation outcome generating activities (e.g. projects) can be associated with several sectors and/or activity types and so the resulting ITMOs may be associated with multiple sectors and/or activity types.

18. Reflect decision 2/CMA.3, annex, paragraph 11, in the common nomenclature and footnotes for sector(s) by including options for categories and subcategories of policies and measures.

(e) Authorization

19. Add a column for the version of authorization.

20. Clarify which Party authorizes “Purpose of authorization” and which Party authorizes “Using participating Party or authorized entity or entities” and how each authorizing Party should report.

OIMP authorized by the Party

21. Clarify what needs to be filled in this column.

(f) First transfer definition

22. Clarify the difference between the columns “First transfer definition” and “First transfer” to ensure there is no redundancy of data.

23. Include first transfer definition in the common nomenclatures.

24. Add “International transfer” to the list of values.

(g) Actions

Action type

25. Add “First international transfer” as an action type.

26. Add “Change to authorization” as an action type.

Purposes for cancellation

27. Clarify how to fill in this column.

Using participating Party or authorized entity or entities

28. Clarify what needs to be filled in this column.

29. Break down into different columns to split between Parties and entities to avoid confusion.

C. Other improvements

1. Common nomenclatures

30. Develop common nomenclatures for the following columns of tables 2 and 3:

- (a) Metric;
- (b) Conversion factor;
- (c) First transferring participating Party;
- (d) Sector(s);
- (e) Activity type(s);
- (f) Purposes for authorization;
- (g) OIMP authorized by the Party;
- (h) First transfer definition;
- (i) Action type;
- (j) Transferring participating Party;
- (k) Acquiring participating Party;
- (l) Purposes for cancellation;
- (m) First transfer.

31. For the values of common nomenclatures, provide explanations of their meaning and appropriate use, as relevant. For example, describe what each action type means.

32. Support free text entry if common nomenclature does not apply.

2. Other improvements

33. Secretariat to develop a comprehensive manual on how to fill out the AEF, with example entries and detailed comments.

(a) Scope of entries

34. Clarify the scope of required entries through the common nomenclatures. For example, actions involving more than one Party have to be reported by both Parties accordingly. For example:

(a) For transfers, the transferring Party reports a transfer and the receiving Party reports an acquisition;

(b) Where the first-transferring Party has specified cancellation or use as the first transfer, and the cancellation or use occurs within the accounts of another Party, both Parties should report as follows:

(i) The first-transferring Party – the use or cancellation as a first transfer;

(ii) The using Party – the use or cancellation.

35. Report changes to authorization in the next AEF.

(b) User-friendliness

36. Clarify the headings of the tables.

37. Improve the footnotes to provide clarity in general and, in particular, when fields need to be filled in.

38. Use drop-down lists as much as possible.

39. Use validation rules to grey out columns that are no longer relevant based on values entered in related columns (depending on the relationship between the columns and their possible values).

40. Clarify which cells have to be filled and which not. Use functionality that enables and disables cells accordingly.

Annex II

Visual representation of suggested specific changes to the draft version of the agreed electronic format

In this annex the suggestions made during the workshop for specific changes to the draft AEF are attributed to table 1 “Heading” and table 2 “Actions”. A proposal for a table for reporting authorization data is included as figure 4.

Figure 1: Suggestions for table 1: Heading

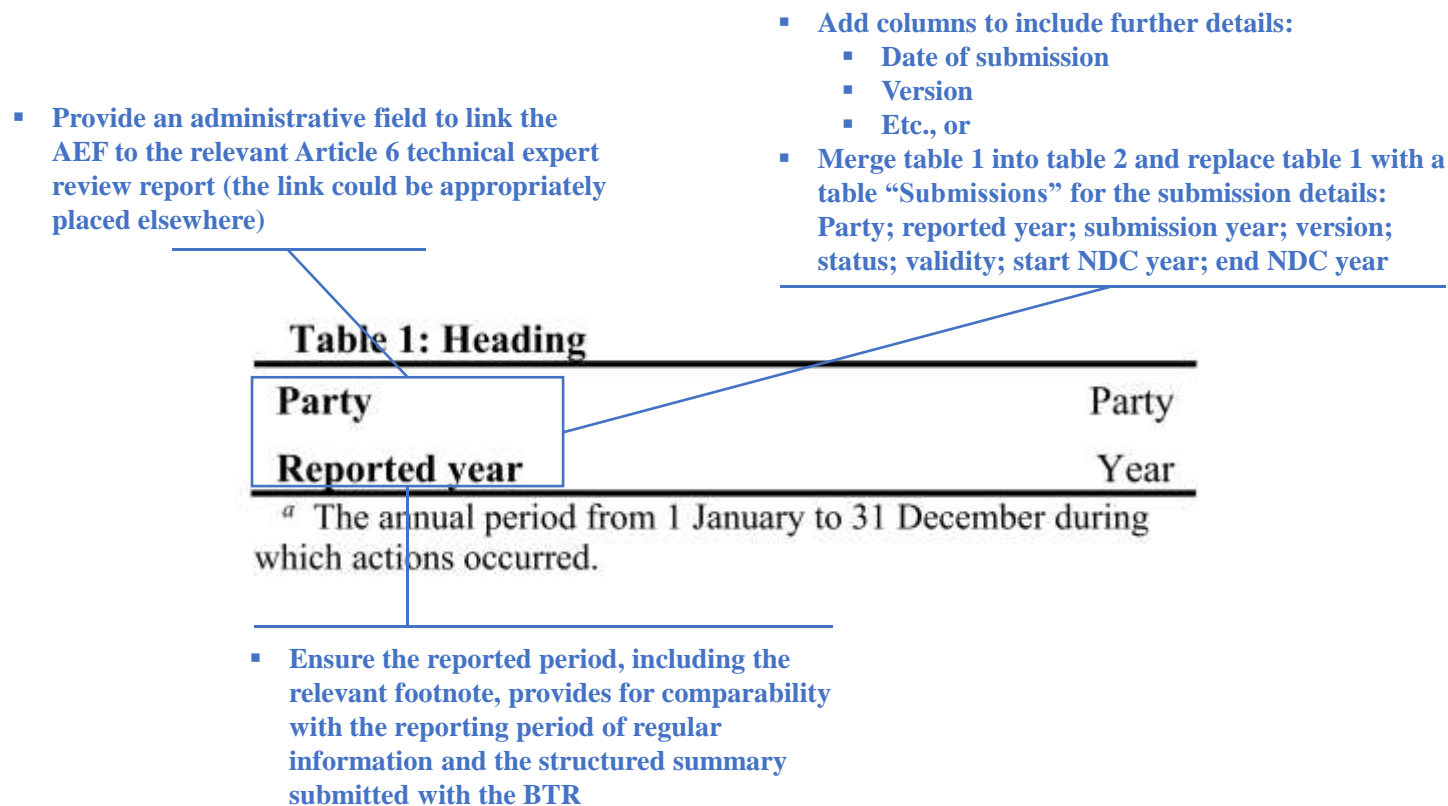


Figure 2: Suggestions for table 2: Actions

- Use unique IDs (of ITMOs, authorization) or other IDs to connect different tables and avoid duplication
- Add a column “Tracking registry”
- Clarify how and when these columns should be filled
- Provide weblink to the relevant cooperative approach registry that tracks the underlying unit blocks
- Add a column or a provision that clarifies that the metric can consist of policies and measures as per para/CMA.3, annex, paragraph 10

Table 2: Actions

Article 6 database record ID	Cooperative approach ^a	Unique identifier				ITMO			ITMO details				
		First unique identifier ^b	Last unique identifier ^c	Underlying unit block start ID ^d	Underlying unit block end ^e	Metric ^f	Quantity (expressed in metric) ^g	Quantity (t CO ₂ eq)	Conversion factor (reporting Party) ^h	First transferring participating Party ^d	Vintage ^d	Sector(s) ^h	Activity type(s) ⁱ
	Cooperative approach Article 6.4 mechanism											Energy IPPU AFOLU Waste	

- Clarify the purpose of the column in a footnote
- Clarify if the record ID is filled prior to the submission of the Party or by the Article 6 database after the submission

- Align information on sector(s) with the approach for Article 13 common reporting tables
- Sector(s)' and activity type(s) may be reported in a different table with appropriate level of accuracy
- Develop common nomenclatures with multiple options and combinations withing the options for sector(s)' and activity type(s) because mitigation outcome generating activities (e.g. projects) can be associated with several sectors and/or activity types and so the resulting ITMOs may be associated with multiple sectors and/or activity types
- Reflect 2/CMA.3, annex, paragraph 11 in the common nomenclatures and footnotes for sector(s) by including options for categories and subcategories of policies and measures

Figure 3: Suggestions for table 2: Actions (continued)

- Clarify the difference between the columns “First transfer definition” and “First transfer” to ensure there is no redundancy of data
- Include first transfer definition in the common nomenclatures
- Add “International transfer” to the list of values

- Clarify what needs to be filled in this column
- Break down into different columns, to split Parties and entities to avoid confusion

(Table continues)

Authorization					Actions						
					Action details						
Date of authorization ^a	Authorization ID ^b	Purposes for authorization	OIMP authorized by the Party ^c	First transfer definition ^d	Action date ^e	Action type ^f	Transferring participating Party ^g	Acquiring participating Party ^h	Purposes for cancellation ^a	Using participating Party or authorized entity or entities	First transfer ^g
		NDC OIMP NDC and OIMP		Authorization Issuance Use or cancellation							

- Clarify what needs to be filled in this column

- Clarify how to fill this column

- Add “First international transfer” is an action type
- Add “Change to authorization” as an action type

- Add a column for the version of authorization
- Clarify which Party authorizes “Purpose of authorization” and which Party authorizes “Using participating Party or authorized entity or entities” and how each authorizing Party should report

Figure 4: Example of proposed separate table for authorizations

Notes:

1. Actual column descriptors and sequencing would align with the relevant column descriptors in table 2 “Actions” of the draft AEF.
2. Columns in draft AEF table 2 “Actions” that describe the relevant authorization could be placed in the proposed table “Authorizations” with the content of table 2 “Actions” limited to describing the relevant action.

Table 2. Authorizations

Record Identifiers			Authorization Attributes						Authorization Information		
(Identifies the row of submitted information)			(Identifies the characteristics related to a reported ITMO block for a row of submitted information)						(Information related to discrete authorization - unique ID)		
Record ID	Reporting Party	Record Type	Cooperative Approach	Sector(s) <i>(select)</i>	Activity Type <i>(select)</i>	Purposes for Authorization <i>(select)</i>	Authorized Parties/Entities for Use	Authorized Use(s) Timeframe	Authorization Terms & Conditions <i>(specify, if any)</i>	Authorization Documentation	Authorization Unique Identifier
(Unique ID for row of information: auto-generated by A6 Database when AEF submitted)	(Party that is submitting the row of information through the AEF: auto-generated by A6 Database when AEF submitted)	(This is a default - "authorization"; auto-generated by A6 Database when AEF submitted)	(Party enters or selects from Drop Down Menu; may include prepopulated IDs generated by A6 Database for established cooperative approaches)	(Drop Down Menu: e.g., Energy, Waste, IPPU, Agriculture, Forest, etc.)	(Drop Down Menu: e.g., agricultural digester, renewable energy, afforestation, etc.)	(Drop Down Menu: NDC Use, OIMP, Cancellation, Voluntary Cancellation; input format should enable selection of multiple authorized purposes, in additional columns or check boxes)	(Identifies the Parties or other entities authorized to use the ITMOs related to an authorization, if known; may be general / categorical)	(Identifies the period to which the authorization applies, such as "for 2025-2030 NDC period")	(Any terms and conditions for authorization, such as "xx cc")	(Includes hyperlink or other reference where authorization document may be accessed)	(e.g., "2026-AA-1-CA XX"; auto-generated by A6 Database when AEF submitted; corresponds to record ID; "CA-XX" corresponds to cooperative approach ID)
2-2026-AA-1	AA	Authorization	AA-CORSIA-Forest Carbon Program 1	Forest	Afforestation	OIMP	OIMP - Aeroplane operators for use toward CORSIA offsetting obligations	Toward compliance with CORSIA's first phase (used and reported in 2028); within 2025-2030 NDC period	Mitigation occurring in vintage years 2021-2026, generated in AA, issued to CORSIA-eligible activities by 31 January 2028	Party AA Authorization document (link to PDF)	2-2026-AA-1-CORSIA F-CP1