

DRAFT TEXT

on

CMA 5 agenda item 14(a)

Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement and in decision 2/CMA.3

Version 9/12/2023 18:00

Draft decision -/CMA.5

[Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

Recalling decision 2/CMA.3 and its annex,

Also recalling decision 6/CMA.4 and its annexes,

I. Process for managing common nomenclatures

1. *Recalls* decision 6/CMA.4, annex I, chapter II.B (Common nomenclatures);
2. *Requests* the secretariat to establish common nomenclatures for all specific information attributes pertaining to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement for which there is an international standard or established practice under the UNFCCC process, taking into account existing decisions of the CMA;
3. *Notes* that the secretariat, as the administrator of the CARP, will assign a unique identifier using the naming convention “CA{NNNN}” to each cooperative approach sequentially in order of submission to the CARP of each initial report or updated initial report in respect of a new cooperative approach;
4. *Also notes* that the secretariat, as the administrator of the CARP, will assign the identifier “CA0001” to the mechanism established by Article 6, paragraph 4, of the Paris Agreement;
5. *Requests* the secretariat, as the administrator of the CARP, to implement the following process for requesting the establishment of and changes to common nomenclatures, pursuant to decision 6/CMA.4, annex I, paragraph 29:
 - (a) At the request of a Party participating in a cooperative approach, on behalf of all Parties participating in the cooperative approach, regarding the establishment of a new common nomenclature or the extension of a common nomenclature, the secretariat shall:
 - (i) Assess whether the proposed new common nomenclature or the extension of a common nomenclature is unavoidable in accordance with decision 6/CMA.4, annex I, paragraph 31;
 - (ii) Subsequently establish the proposed new common nomenclature or extend the existing common nomenclature in the CARP;
 - (b) The secretariat may initiate the process for requesting the establishment of a new common nomenclature or the extension of a common nomenclature if needed;

II. Authorization

6. *Notes* that the participating Party arrangements for authorizing the use of ITMOs referred to in decision 2/CMA.3, annex, paragraph 4(c), may involve a single process and/or

result in a consolidated authorization that addresses all elements referred to in decision 2/CMA.3, annex, paragraph 18 and 18(g);

7. *Takes note* that a participating Party in a cooperative approach may submit the copy of authorization in a standardized form, which:

(a) Should contain, at a minimum, the following details:

(i) Unique identifier of the cooperative approach, as obtained from the CARP, where available;

(ii) Name and parameters of the cooperative approach;

(iii) Participating Parties;

(iv) Registries involved in tracking ITMOs from the cooperative approach;

(b) May also contain, *inter alia*, the following details, to be included at the discretion of the Party as appropriate to the cooperative approach:

(i) Description of the cooperative approach, to include:

a. Duration of the cooperative approach;

b. Whether the cooperative approach entails the linking of cap-and-trade schemes, baseline crediting approaches or other types of cooperative approach;

c. How the approach contributes to implementation of the NDC and the LT-LEDS (if any) and to the achievement of the long-term goals of the Paris Agreement;

d. How the cooperative approach minimizes the risk of non-permanence and ensures that reversals are addressed in full;

e. How the cooperative approach addresses reversal risks in full, if it involves mitigation outcomes that are subject to reversal risks;

f. Methodologies and baselines, including their alignment with methodologies under the Article 6, paragraph 4, mechanism;

g. The procedures and standards applied in the implementation of the cooperative approach;

(ii) Description of how the cooperative approach, pursuant to decision 2/CMA.3:

a. Minimizes and, where possible, avoids negative environmental, economic and social impacts;

b. Reflects the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, and that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of Indigenous Peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;

c. Is consistent with the sustainable development objectives of the Party, noting national prerogatives;

d. Applies any safeguards and limits set out in further guidance from the CMA pursuant to decision 2/CMA.3, annex, chapter III.D;

e. Contributes resources for adaptation pursuant to decision 2/CMA.3, annex, chapter VII, if applicable;

f. Delivers overall mitigation in global emissions pursuant to decision 2/CMA.3, annex, chapter VII, if applicable;

(iii) The greenhouse gases covered;

- (iv) Types of authorization that may be given;
- (v) Date of authorization;
- (vi) Duration of authorization;
- (vii) Definition of first transfer by the authorizing Party for the cooperative approach (in accordance with decision 2/CMA.3, annex, para. 2(b));
- (viii) Account types used in tracking ITMOs according to the respective common nomenclature;
- (ix) Actions or transaction types;
- (x) Activity types;
- (xi) Metrics and units of measurement;
- (xii) Sectors;
- (xiii) Contribution of resources for adaptation;
- (xiv) Contribution to overall mitigation in global emissions;
- (xv) Arrangements for authorizing entities, as applicable;
- (xvi) Authorized entities, as applicable;

8. *Requests* the secretariat, as the administrator of the CARP, to develop and publish a voluntary, standardized and user-friendly cooperative approach authorization form for a participating Party to use at its discretion to provide the information on the cooperative approach referred to in paragraph 7 above;

9. *Also requests* the secretariat to revise the manual for the accounting, reporting and review of cooperative approaches¹ in order to assist Parties, specifically developing country Parties, to ease the reporting burden and to clarify the sequencing and timing of reporting and review pursuant to decisions 2/CMA.3 and 6/CMA.4;

10. *Further requests* the secretariat, in cooperation with RSAs through the voluntary forum of Article 6 registry system administrators and technical experts of participating Parties, to develop the standardized data structure for ITMO authorizations, implement this structure in the international registry and include the specification of the data structure in the standards and recommended practices for recording of data and information related to internationally transferred mitigation outcomes referred to in decision 6/CMA.4, paragraph 32, for use by registries that connect to the international registry;

11. *Decides* that any changes to an authorization of a cooperative approach should not apply to or affect ITMOs that have already been first transferred, unless otherwise agreed by the participating Parties;

III. Agreed electronic format

12. *Takes note* of the progress of Parties in technical discussions on the agreed electronic format;

Option 1: {Updated draft AEF}

13. *Also takes note* of the updated draft version of the AEF referred to in decision 2/CMA.3, annex, chapter IV.B (Annual information), as contained in annex;

14. *Requests* the secretariat, in consultation with RSAs through the voluntary forum of Article 6 registry system administrators and technical experts of participating Parties, to recommend possible revisions to the draft AEF for consideration and adoption by the CMA at its sixth session (November 2024);

¹ Available at https://unfccc.int/sites/default/files/resource/Article_6.2_Reference_Manual.pdf.

15. *Encourages* participating Parties to submit the annual information referred to in decision 2/CMA.3, annex, chapter IV.B (Annual information), using the draft version of the AEF as contained in annex I;

Option 2: {AEF based on technical work undertaken by the secretariat and the RSA forum based on 2/CMA.3 guidance}

16. *Encourages* participating Parties to submit the annual information referred to in decision 2/CMA.3, annex, chapter IV.B (Annual information), using the draft version of the AEF contained in decision 6/CMA.4, annex VII;

17. *Requests* the secretariat, in consultation with the voluntary forum of Article 6 registry system administrators and technical experts of participating Parties, to undertake further technical work on the agreed electronic format, considering the requirements for ensuring that the information required by decision 2/CMA.3, annex, paragraph 20, is reported in line with the principles of transparency, accuracy, completeness, comparability and consistency and facilitates the consistency check established in decision 2/CMA.3, annex, paragraph 33(a);

18. *Also requests* the secretariat to make a recommendation on the finalization of the agreed electronic format, taking into account the technical work referred to in paragraph 17 above, for the consideration by the CMA with a view to it adopting the final agreed electronic format at its sixth session (November 2024);

IV. Tables for submitting annual information as part of the regular information

19. *Decides* that participating Parties shall include the information set out in decision 2/CMA.3, annex, paragraph 23(j), in annex 4 to the biennial transparency report in accordance with the outline contained in decision 6/CMA.4, annex VI, in a format to be determined by the participating Party;

V. Process of identifying, notifying and correcting inconsistencies

20. *Decides* that, should inconsistencies in respect of ITMOs be identified during the consistency check in the individual agreed electronic format of a participating Party or between the agreed electronic formats of Parties participating in the same cooperative approach, those ITMOs will be marked in accordance with the consistency check procedure developed by the secretariat pursuant to decision 2/CMA.3, annex, paragraph 33(a);

VI. Modalities for reviewing information that is confidential

21. *Recalls* the provisions for participating Parties to designate information provided to the Article 6 technical expert review team during the review as confidential and the provisions relating to the review of such information contained in decision 6/CMA.4, annex II, chapter VII;

22. *Requests* the secretariat to develop, publish and implement the necessary administrative procedures, including a specific code of conduct for Article 6 technical expert review teams, for treating information identified as confidential by participating Parties in their submissions pursuant to the information required to be reported under Article 6, paragraph 2, of the Paris Agreement and taking into account decision 18/CMA.1;

VII. Special circumstances of the least developed countries and small island developing States

23. *Decides* to consider the special circumstances of the least developed countries and small island developing States in the context of Article 6, paragraph 2, of the Paris Agreement without prejudice to decisions already adopted on the matter, in each of the sessions of the CMA, including as part of the review of the guidance on cooperative approaches and the development of recommendations thereon² for consideration at CMA 10 (2028);

VIII. Additional functionalities and procedures for the international registry

24. *Recalls* decision 6/CMA.4, annex I, paragraphs 9, 10 and 23, regarding the interoperability of participating Party registries and the connection of the Article 6, paragraph 4, mechanism registry to the international registry;

25. *Decides* that, in addition to enabling the ability to pull and view data and information³ on holdings and the action history of authorized A6.4ERs, the connection between the international registry and the Article 6.4 mechanism registry shall enable the transfer of authorized A6.4ERs from the Article 6.4 mechanism registry accounts to accounts within the Party-specific sections of the international registry;

IX. Work programme

26. *Requests* the SBSTA to consider the need for additional guidance, if any, on the following matters with a view to making recommendations for consideration at CMA 6 (November 2024):

- (a) Application of decision 2/CMA.3, annex, paragraph 12;
- (b) Application of decision 2/CMA.3, annex, paragraph 18(h)(iii);

27. *Also requests* the SBSTA to complete consideration of the need for additional guidance, if any, on the following remaining matters that were agreed for further work pursuant to decision 2/CMA.3, paragraph 3, with a view to making recommendations for consideration at CMA 6:

(a) Elaboration of further guidance in relation to corresponding adjustments for multi-year and single-year nationally determined contributions, in a manner that ensures the avoidance of double counting, on:

- (i) Methods for establishing an indicative trajectory, trajectories or budget and for averaging, including with respect to relevant indicators, and for calculating cumulative emissions by sources and removals by sinks;
- (ii) Methods for demonstrating the representativeness of averaging for corresponding adjustments by quantifying how much the yearly transaction volume differs from the average for the period;

(b) Consideration of whether internationally transferred mitigation outcomes could include emission avoidance;

28. *Invites* Parties and observers to submit by 15 March 2024 via the submission portal⁴ views on the matters referred to in paragraphs 26–27 above;

29. *Requests* the SBSTA Chair to prepare an informal document containing possible options and recommendations on the matters referred to in paragraphs 26–27 above, including textual proposals, to facilitate deliberations on further guidance on cooperative

² As per decision 2/CMA.3, paras. 14–15.

³ Pursuant to decision 3/CMA.3, annex, para. 63, and decision 6/CMA.4, annex I, para. 24.

⁴ <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

approaches, drawing on the submissions referred to in paragraph 27 above, for consideration at SBSTA 60 (June 2024);

X. Other matters

30. *Takes note* of the resource requirements for work on mandated tasks relating to Article 6, paragraph 2, of the Paris Agreement for the biennium 2024–2025;⁵

31. *Expresses concern* about the current estimated USD 8.8 million shortfall in resources for work on mandated tasks relating to Article 6, paragraph 2, of the Paris Agreement;⁶

32. *Urgently requests* Parties to make voluntary contributions to the Trust Fund for Supplementary Activities in order to enable the full development, establishment and operation of the components of the infrastructure and technical expert reviews relating to Article 6, paragraph 2, of the Paris Agreement;⁷

33. *Requests* the Subsidiary Body for Implementation at its sixtieth session (June 2024) to consider options for the predictable and sufficient provision of resources for the full development, establishment and operation of the components of the infrastructure and technical expert reviews relating to Article 6, paragraph 2, of the Paris Agreement, for the biennium 2026–2027, with a view to making a recommendation thereon for consideration at CMA 6;

34. *Also requests* the secretariat to further specify the resources required to enable the full development, establishment and operation of the components of the infrastructure and technical expert reviews relating to Article 6, paragraph 2, of the Paris Agreement, for the biennium 2026–2027 to be considered by the Subsidiary Body for Implementation at its sixtieth session, for the predictable and sufficient provision of these resources;

35. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision;

36. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.]

⁵ The relevant budget estimates are set out in table 3 of document FCCC/TP/2023/1.

⁶ See document FCCC/TP/2023/1.

⁷ The relevant budget estimates are set out in table 2 of document FCCC/TP/2023/1.

Annex

Tables for submitting the agreed electronic format referred to in decision 2/CMA.3, annex, chapter IV.B (Annual information)

{Table to be added upon agreement of Parties}