

## SBSTA 48.2

### Agenda item 12(b)

## **Reorganized informal note containing draft elements of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement**

Parties agreed at SBSTA 48.1 to work at SBSTA 48.2 on the basis of the revised informal note published at the end of the session (document SBSTA48.Informal.6.v2ed. the “May informal note”). Parties also noted that the May informal note does not represent consensus or reflect views of all Parties (See FCCC/SBSTA/2018/4 at paragraphs 99 to 102).

This note is a reorganization of the content of the May informal note by the Co-Chairs (Kelley Kizzier of Ireland and Hugh Sealy of Barbados), under their own authority. It is offered purely as a possible means to accelerate the work of the SBSTA in relation to this agenda item. It has no status unless and until Parties wish to attribute status to it through conclusions of the SBSTA.

Without prejudice to the final form of the Paris Agreement outcome and the product from this SBSTA agenda item, the Co-Chairs have set up this reorganized informal note to read like draft rules, modalities and procedures, with related decision text, in order to help Parties to visualise the product resulting from the mandate set out in decision 1/CP.21 paragraph 38.

This reorganized informal note does not remove options or draft possible elements or draft further elements from the May informal note with the exception of the definitions section (see below). As per the reflections of the SBSTA Chair in the Joint Reflections Note published by the Presiding Officers of the APA, SBI and SBSTA on 18 August 2018, the reorganization seeks to help Parties focus on the essentials for Katowice, and the related follow-up technical work that could be carried out in 2019.

The draft elements from the May informal note are reorganized into the following format, pursuant to paragraph 12 of that Joint Reflections Note, without prejudice to their final placement in any final recommendation from the SBSTA on the documents to be adopted by the CMA:

- (a) A draft “adopting decision”, containing the draft elements from the May informal note that appear to belong in such a draft adopting decision (namely, the Preamble);
- (b) Draft rules, modalities and procedures, containing the draft elements from the May informal note that appear to be the rules, modalities and procedures by which the mechanism would operate and appear to be necessary to decide in 2018;
- (c) An Annex containing draft elements that appear to be suitable as follow-up technical work for 2019, described in this reorganized informal note as a “work plan”. This work plan is divided between follow up technical work that would appear to be for the SBSTA and contains a placeholder for follow up technical work by the supervisory body of the mechanism.
- (d) A further Annex containing provisions relating to activities under the Kyoto Protocol, that is presented separately as it appears to be neither part of the rules, modalities and procedures, nor be part of the work plan for 2019.

As per the May informal note, narrative from the Co-Chairs is included in *{italic text in curly brackets}*. Further, where the May informal note contains a “to” obligation, that “to” has been replaced with “[shall][should]” or, where clearly not mandatory, a “[should]”. The draft definitions have not been reproduced, for the time being, as per the understanding among Parties during SBSTA 48.1, that definitions should be reviewed only when the content of the draft rules, modalities and procedures is more settled. This reorganized informal note is not formal draft negotiating text, and therefore, is not placed in square brackets. However, it should be understood that none of it is agreed and as noted in the May informal note, it does not represent a consensus or indeed contain all the views of all Parties. Numbering of paragraphs, has changed consequentially as a result of the reorganization. Mandate wording from the CMA has been developed to help Parties to see how the work plan could be drafted.

In addition, the Co-Chairs wish to highlight to Parties that if the recommendations from the SBSTA to the CMA in respect of this mandate were to include aspects relating to the Kyoto Protocol mechanisms, the SBSTA might also wish to recommend that the CMA invite the CMP to undertake certain related activities, should it so decide.

The Co-Chairs look forward to supporting Parties in their work at this session and hope that this reorganized informal note can be useful as a means of focussing work and visualising the product of this agenda item.

# Draft CMA adopting decision containing draft elements of the decision for adoption of the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

## I. Preamble

**Option A** *{list of preambular paragraphs }*

**Option B** *{list of preambular paragraphs, including principles }*

*{see section II, Option A (Principles), below for list of potential principles }*

**Option C** *{no list of preambular paragraphs }*

*{no text is required }*

*{end of Option C }*

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

*{new draft adopting text below to indicate how the adopting decision might read }*

1. *Adopts* the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4 of the Paris Agreement (hereinafter referred to as “the rules, modalities and procedures”) contained in Annex I of this decision *{see Annex I}*;
2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the work plan for follow-up technical work as set out below *{see Annex II}* and develop recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its second session (2019);
3. *Welcomes* the election of the first members of the body that supervises the mechanism established by Article 6, paragraph 4, of the Paris Agreement (“the Article 6 mechanism”);
4. [Placeholder for any work for the Supervisory Body *{see Annex II}*];
5. [Placeholder for review of the rules, modalities and procedures at X future date];
6. *Decides*, in relation to the mechanisms under Article 6 and Article 12 of the Kyoto Protocol: *{see Annex III for issues relating to Kyoto mechanisms }*.

# Draft Annex I containing draft elements of rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

## I. Preamble *{see “adopting decision”}*

## II. Principles

### Option A *{list of principles}*

1. The following principles [shall][should] guide the implementation of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the mechanism) *{potential list below}*:

- (a) The mechanism [shall][should] contribute to the objectives of the Paris Agreement as referred to in its Article 2;
- (b) In accordance with Article 6, paragraph 4(a), the mechanism [shall][should] aim to promote the mitigation of greenhouse gas emissions while fostering sustainable development;
- (c) In accordance with Article 6, paragraph 4(b), the mechanism [shall][should] aim to incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party;
- (d) Pursuant to the aim set out in Article 6, paragraph 4(b), the mechanism [shall][should] aim to incentivize and facilitate the long-term engagement in the mechanism of Parties and public and private entities authorized by them;
- (e) In accordance with Article 6, paragraph 4(c), the mechanism [shall][should] aim to contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution (NDC);
- (f) In accordance with Article 6, paragraph 4(d), the mechanism [shall][should] aim to deliver an overall mitigation in global emissions;
- (g) Pursuant to the preamble to the Paris Agreement, the mechanism [shall][should] respect, promote and consider Parties’ respective obligations on human rights;
- (h) Pursuant to Article 3, the mechanism should support the progression of each participating Party’s efforts over time;
- (i) Pursuant to Article 4, paragraph 3, the mechanism should support progression in successive NDCs of participating Parties;
- (j) Pursuant to Article 4, paragraph 15, Parties [shall][should] take into consideration the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties, when participating in the mechanism;
- (k) The mechanism and its rules, modalities and procedures [shall][should] ensure the environmental integrity of the mechanism;
- (l) The mechanism allows for higher ambition of participating Parties in their mitigation and adaptation actions;
- (m) The mechanism [shall][should] ensure that participation by a Party, and any public or private entities authorized by it, in the mechanism is consistent with the mitigation objectives of that Party;
- (n) The mechanism [shall][should] ensure consistency with Article 3 and Article 4, paragraphs 3 and 4, including by preventing perverse incentives for not progressing towards economy-wide targets and not progressing beyond the Party’s then current NDC;
- (o) The mechanism [shall][should] prevent perverse incentives for participating Parties not to authorize mitigation activities that deliver real, measurable and long-term benefits and emission reductions that are additional;

- (p) The mechanism [shall][should] prevent perverse incentives for participating Parties not to engage in a manner that is consistent over the long term and that provides predictability and a stable investment signal for public and private entities participating in the mechanism;
- (q) Participating Parties [shall][should] avoid unilateral measures that constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade;
- (r) The implementation of the mechanism [shall][should] be transparent;
- (s) Any Party may voluntarily participate in the mechanism, notwithstanding the type of its NDC;
- (t) All types of mitigation activity may be considered for registration under the mechanism;
- (u) Host Parties [shall][should] make own benefit contribution;
- (v) The equitable geographic distribution of activities [shall][should] be ensured;
- (w) The special circumstances of least developing countries and small island developing States [shall][should] be reflected;
- (x) In accordance with Article 6, paragraph 5, emissions reductions from the mechanism [shall][should] not be used to demonstrate achievement of the host Party's NDC if used by another Party to demonstrate achievement of its NDC;
- (y) In accordance with Article 6, paragraph 6 a share of proceeds from activities under the mechanism [shall][should] be used to cover administrative expenses as well as to assist developing countries that are particularly vulnerable to the adverse effect of climate change to meet the costs of adaptation.

**Option B {no principles}**

{no text required}

**III. Definitions** {at SBSTA 48.1 Parties agreed to return to definition section when the content of the rules, modalities and procedures is more settled}

2. {Placeholder for the definitions as per document SBSTA48.Informal.6.v2ed, the "May informal note"}

**IV. Scope and purpose**

**A. Scopes of activities**

- 3. The following mitigation is included within the scope of the mechanism: {potential list below}:
  - (a) Emission reductions;
  - (b) Emission removals;
  - (c) Emissions avoided;
  - (d) A full spectrum of mitigation activities, including mitigation co-benefits of adaptation actions and/or economic diversification plans.
- 4. The following types of mitigation activity may be registered as Article 6, paragraph 4, activities {potential list below}:
  - (a) Projects;
  - (b) Programmes of activities;
  - (c) Sectoral approaches;
  - (d) Other types approved by the Supervisory Body;
  - (e) Activities under non-UNFCCC programmes.
- 5. An A6.4ER [shall][should] be: {consolidated into options since the May informal note}:

**Option A {equal to one metric tonne}**

- (a) Equal to one metric tonne of carbon dioxide equivalent (CO<sub>2</sub>e);

**Option B {in tonnes of CO<sub>2</sub>e and other metrics}**

(b) In tonnes of CO<sub>2</sub>e and other metrics.

{end of Option B}

6. An A6.4ER [shall][should] be calculated {potential list below}:

(a) In accordance with the methodologies and common metrics assessed by the IPCC and adopted by the COP/CMA;

(b) Using global warming potentials assessed/recommended by the IPCC and adopted by the COP/CMA;

7. An A6.4ER [shall][should] be issued in respect of mitigation:

**Option A {achieved on or after 1 January 2020/2021}**

(a) Achieved on or after 1 January 2020/2021.

**Option B {no time limitation}**

{no text required}

**B. Scope of rules, modalities and procedures**

**Option A {special circumstances of LDCs and SIDS}**

8. In relation to the least developed countries and small island developing States, the special circumstances of the least developed countries and small island developing States as set out in Article 4, paragraph 6, [shall][should] be recognized where these rules, modalities and procedures relate to NDCs.

**Option B {no special circumstances}**

{no text is required}

**C. Purpose of rules, modalities and procedures**

9. The purpose of these rules, modalities and procedures is to set out {potential list below}:

(a) Key requirements and processes for the operation of the mechanism;

(b) How each Party may use emission reductions resulting from Article 6, paragraph 4, activities towards achievement of its NDC pursuant to Article 6, paragraphs 4(b) and 5.

**D. Purpose/aims of the mechanism {draft text needed}**

**V. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement**

10. The CMA has authority over the mechanism and may provide guidance on the mechanism.

11. The CMA [shall][should] provide guidance to the Supervisory Body by taking decisions on {potential list below}:

(a) The recommendations made by the Supervisory Body on its rules of procedure;

(b) The recommendations made by the Supervisory Body in accordance with these rules, modalities and procedures and relevant decisions of the CMA;

(c) Any matters relating to the operation of the mechanism, as appropriate.

12. The CMA [shall][should] review these rules, modalities and procedures periodically/ by no later than {X date}, on the basis of recommendations from X.

## VI. Supervisory Body

### A. Membership

13. The Supervisory Body [shall][should] comprise *X* members from Parties to the Paris Agreement, as follows, ensuring/striving to ensure gender-balanced representation and technical competence {*potential list below*}:

**Option A {CDM EB model}** {*below text is taken from decision 3/CMP.1, annex, paragraph 7*}

- (a) One member from each of the five United Nations regional groups;
- (b) Two other members from the Parties included in Annex I;
- (c) Two other members from the Parties not included in Annex I;
- (d) One representative of the small island developing States.

**Option B {JISC model}** {*below text is taken from decision 9/CMP.1, annex, paragraph 4*}

- (a) Three members from Parties included in Annex I that are undergoing the process of transition to a market economy;
- (b) Three members from Parties included in Annex I not referred to in subparagraph (a) above;
- (c) Three members from Parties not included in Annex I;
- (d) One member from the small island developing States.

**Option C {new/other model}** {*potential list below*}

- (a) Ensuring balanced representation of Parties {*potential list below*}:
  - (i) *X* members from each of the five United Nations regional groups;
  - (ii) *X* members from developed country Parties;
  - (iii) *X* members from developing country Parties;
  - (iv) Equal representation of developing country Parties and developed country Parties;
  - (v) *X* members from the least developed country Parties;
  - (vi) *X* members from small island developing States.

**Option D {Paris model}**

- (b) Ensuring broad and equitable geographic representation
  - (i) 2 members from each UN regional group
  - (ii) 1 member from least developed Countries
  - (iii) 1 member from small island developing States

{*end of Option D*}

14. *X* members from private sector organizations or non-governmental organizations.

15. The CMA [shall][should] elect, on the basis of nominations by the relevant UN regional groups and other constituency groups:

**Option A {members only}**

- (a) members of the Supervisory Body;

**Option B {members and alternate members}**

- (b) members and an alternate for each member of the Supervisory Body.

### B. Rules of procedure {*see also work plan for 2019*}

16. The CMA [shall][should] adopt rules of procedure for the Supervisory Body addressing, inter alia, the following areas {*potential list below*}:

- (a) Membership issues, including nomination, election, acting in personal capacity, duration, resignation, suspension and termination of membership, filling vacant seats, and covering costs;
- (b) Safeguarding against conflicts of interest and ensuring confidentiality;
- (c) Quorum and voting rules;
- (d) Transparency of meetings and their documentation;
- (e) Ensuring consistency in decision-making;
- (f) Grievance and redress processes;
- (g) A process for referring to the Article 15 mechanism.

## **C. Governance and functions**

### **Option A {centralized system} {see work plan for 2019}**

17. In accordance with Article 6, paragraph 4, the Supervisory Body [shall][should] supervise the mechanism, under the authority and guidance of the CMA, and be accountable to the CMA. In this context, the Supervisory Body [shall][should], in accordance with decisions of the CMA *{potential list below}*:

- (a) Develop the requirements and processes necessary to operationalize the mechanism;
- (b) Operate the mechanism;
- (c) Support the implementation of the mechanism and its transparency.

### **Option B {host Party led system} and**

### **Option C {dual system (both centralized and host Party led)} {See the work plan for 2019}**

## **D. Role of the secretariat**

23. Pursuant to Article 17 and in accordance with decisions of the CMA, the secretariat [shall][should] serve the Supervisory Body.

*{See the work plan for 2019}*

## **VII. The mechanism registry**

24. The Supervisory Body [shall][should] establish and maintain a registry for the mechanism (hereinafter referred to as the mechanism registry), in accordance with decisions of the CMA, containing *{potential list below}*:

- (a) A pending account, a holding account, forwarding account, retirement account, cancellation account and share of proceeds account;
- (b) A cancellation account for overall mitigation in global emissions.

25. The secretariat [shall][should] serve as the registry administrator to maintain the mechanism registry under the authority of the Supervisory Body, in accordance with decisions of the CMA.

## **VIII. Participation, benefits and responsibilities of host Parties**

### **A. Participation requirements for host Parties**

#### **Option A {participation requirements}**

26. A Party may participate on a voluntary basis in the mechanism by hosting Article 6, paragraph 4 activities if it meets the following requirements *{potential list below}*:

- (a) It is a Party to the Paris Agreement;

- (b) It has prepared, communicated and maintained successive NDCs and is currently maintaining an NDC in accordance with Article 4, paragraph 2, and relevant decisions of the CMA;
- (c) It complies with the requirements in Article 6, paragraphs 4 and 5;
- (d) It has designated a national authority for the mechanism and has communicated that designation to the secretariat;
- (e) It has a registry or has an account in the mechanism registry for holding A6.4ERs;
- (f) It submits national inventory reports in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;
- (g) It ensures that its hosting of Article 6, paragraph 4 activities and generation of A6.4ERs therefrom is guided by its domestic mitigation objectives;
- (h) It ensures that its hosting of Article 6, paragraph 4 activities and generation of A6.4ERs therefrom delivers overall mitigation in global emissions through cancellation of *X* per cent of issued A6.4ERs;
- (i) Where applicable, it has in place national processes and institutional arrangements for hosting Article 6, paragraph 4 activities that have been certified by the Supervisory Body.

**Option B {*application of Article 6.2 guidance participation requirements*}**

27. A Party may participate in Article 6, paragraph 4 activities if it meets the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6 paragraph 2.

**Option C {*application of Article 6.2 guidance participation requirements if A6.4ERs are internationally transferred and used towards NDC*}**

28. A Party hosting an Article 6, paragraph 4 activity [shall][should] meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2 if A6.4ERs generated by the activity are internationally transferred and used towards NDCs.

## **B. Responsibilities/Roles of host Parties**

**Option A {*responsibilities of hosting Parties*}**

29. A Party hosting an Article 6, paragraph 4 activity [shall][should] {*potential list below*}:

- (a) Provide confirmation to the Supervisory Body that participation by the Party and any participants in the proposed Article 6, paragraph 4 activity is voluntary;
- (b) Provide authorization to the Supervisory Body of the proposed Article 6, paragraph 4 activity;
- (c) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity fosters sustainable development in the host Party;
- (d) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity relates to the NDC of the host Party;
- (e) Demonstrate that the proposed Article 6, paragraph 4 activity will contribute to overall mitigation in global emissions;
- (f) When authorizing the participation of public or private entities in the Article 6, paragraph 4 activity, provide authorization of that participation to the Supervisory Body;
- (g) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity conforms to the implementation of the United Nations Sustainable Development Goals in the host Party;
- (h) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity conforms to the host Party's obligations on human rights;
- (i) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity avoids negative social and economic impacts on other Parties, particularly developing country Parties;



- (j) Provide an explanation to the Supervisory Body of the conditions under which it may withdraw its authorization of the proposed Article 6, paragraph 4 activity and/or withdraw its authorization of the participation of any public or private entities in the activity;
- (k) Provide confirmation to the Supervisory Body that local stakeholder consultation has been conducted for the proposed Article 6, paragraph 4 activity;
- (l) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity respects the safeguards adopted by the Supervisory Body in relation to such activities;
- (m) Have provided, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all Article 6, paragraph 4 activities hosted by the Party and all A6.4ERs that the Party has internationally transferred or used towards achievement of its NDC;

**Option B {application of Article 6.2 guidance participation requirements }**

30. A Party hosting Article 6, paragraph 4 activities [shall][should] meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**Option C {application of Article 6.2 guidance participation requirements if A6.4ERs are internationally transferred and used towards NDC }**

31. A Party hosting an Article 6, paragraph 4 activity [shall][should] meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2 if A6.4ERs generated by the activity are internationally transferred and used towards NDCs.

**C. Benefits for host Parties**

{See the work plan for 2019 }

**D. Addressing host-Party benefits**

{See the work plan for 2019 }

**IX. Participation and responsibilities for transferring, acquiring and using Parties**

**A. Participation requirements for transferring, acquiring and using Parties**

**Option A {participation requirements }**

34. A Party may transfer and/or acquire A6.4ERs, and/or use A6.4ERs towards achievement of its NDC, if it meets the following requirements {potential list below}:

- (a) It is a Party to the Paris Agreement;
- (b) It has prepared, communicated and maintained successive NDCs and is currently maintaining an NDC in accordance with Article 4, paragraph 2, and relevant decisions of the CMA;
- (c) If it has designated a national authority for the mechanism, it has communicated that designation to the secretariat;
- (d) It has a registry or has a Party account in the mechanism registry for holding A6.4ERs;
- (e) It submits national inventory reports and information relating to Article 6, paragraph 4 mechanism activities in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13.

**Option B {application of Article 6.2 guidance participation requirements}**

35. A Party may transfer or acquire A6.4ERs, and/or use A6.4ERs towards achievement of its NDC, if it meets the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**Option C {application of Article 6.2 guidance participation requirements only if A6.4ERs are internationally transferred, acquired and used towards NDC}**

36. A Party acquiring internationally transferred A6.4ERs to use towards its NDC [shall][should] meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**B. Responsibilities/Roles of transferring/acquiring Parties**

**Option A {responsibilities of transferring/acquiring Parties} {potential list below}**

37. A Party transferring or acquiring A6.4ERs [shall][should] have provided, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all Article 6, paragraph 4, activities in which the Party is participating and all A6.4ERs that the Party has transferred or acquired.

**Option B {application of Article 6.2 guidance participation requirements}**

38. A Party transferring or acquiring A6.4ERs [shall][should] meet the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**Option C {application of Article 6.2 guidance participation requirements if A6.4ERs are internationally transferred, acquired and used towards NDC}**

39. A Party acquiring internationally transferred A6.4ERs [shall][should] use towards its NDC to meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**Option D {no responsibilities of transferring/acquiring Parties}**

{no text required}

**C. Responsibilities/Roles of using Parties**

**Option A {responsibilities of using Parties}**

40. A Party using A6.4ERs towards achievement of its NDC [shall][should] {potential list below}:

- (a) Provide confirmation to the Supervisory Body that participation by the Party and the participants in the proposed Article 6, paragraph 4 activity is voluntary;
- (b) When authorizing the participation of public or private entities in the Article 6, paragraph 4 activity, provide authorization of that participation to the Supervisory Body;
- (c) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity fosters sustainable development in the participating Parties;
- (d) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity conforms to the implementation of the United Nations Sustainable Development Goals in the participating Parties;
- (e) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity and the use of A6.4ERs from the activity conforms to the Party's obligations on human rights;
- (f) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity and the use of A6.4ERs from the activity avoids negative social and economic impacts on other Parties, particularly developing country Parties.
- (g) Provide an explanation to the Supervisory Body of the conditions under which it may withdraw its authorization of the participation of any public or private entities in the activity, if such conditions exist;

- (h) Have provided, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all Article 6, paragraph 4 activities in which the Party is participating and all A6.4ERs that the Party has used towards achievement of its NDC.

**Option B {application of Article 6.2 guidance participation requirements}**

41. A Party using A6.4ERs towards achievement of its NDC [shall][should] meet the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

**Option C {application of Article 6.2 guidance participation requirements if A6.4ERs are internationally transferred, acquired and used towards its NDC}**

42. A Party using internationally transferred A6.4ERs towards its NDC [shall][should] meet the requirements for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

## **X. Participation by other actors**

### **A. Incentivizing and facilitating participation of public and private entities authorized by a Party {potential list below}**

43. Participating Parties [shall][should] incentivize public and private entities to participate in Article 6, paragraph 4, activities in accordance with the provisions relating to the authorization of such participation.

44. Participation in Article 6, paragraph 4, activities by public and private entities and other non-State actors may include acquiring and transferring A6.4ERs and using A6.4ERs:

**Option A {for purposes other than towards NDC}**

- (a) For purposes other than towards achievement of the NDC of a Party;

**Option B {for purposes towards NDC}**

- (b) For purposes towards achievement of the NDC of a Party;

**Option C {no limitation to purposes}**

- (c) For any purposes.

### **B. Authorizing participation of public and private entities**

45. Participating Parties [shall][should] authorize public and private entities to participate in Article 6, paragraph 4 activities {potential list below}:

- (a) Drawing on the experience gained through the implementation of joint implementation and the clean development mechanism under the Kyoto Protocol;
- (b) In accordance with the national rules developed by each authorizing Party.

## **XI. Designated operational entities**

### **A. Validation of mitigation activities**

46. A designated operational entity [shall][should] independently evaluate a mitigation activity against the requirements set out in these rules, modalities and procedures, relevant decisions of the CMA and relevant requirements developed by the Supervisory Body (hereinafter referred to as validation) for:

- (a) Registration of the mitigation activity as an Article 6, paragraph 4 activity;
- (b) Other purposes as may be defined by the Supervisory Body.

## **B. Verification and certification of emission reductions**

47. A designated operational entity [shall][should] independently review and determine emission reductions/emission removals/emissions avoided/full spectrum that have occurred as a result of the implementation of an Article 6, paragraph 4 activity during the monitoring period (hereinafter referred to as verification) and provide written assurance of the emission reductions/emission removals/emissions avoided/full spectrum verified, for the issuance of A6.4ERs for the Article 6, paragraph 4 activity (hereinafter referred to as certification).

## **C. Regional availability**

48. A designated operational entity [shall][should] strive to ensure regional availability with local sources and presence.

# **XII. Eligible mitigation activities**

## **A. Mitigation activities in the context of the host Party's nationally determined contribution**

### **Option A {mitigation activities may be inside or outside the host Party's NDC}**

49. Mitigation activities taking place in or outside the sectors/greenhouse gases/period covered by the NDC of the host Party may be registered as Article 6, paragraph 4 activities if they meet the requirements of these rules, modalities and procedures and relevant decisions of the CMA and the Supervisory Body.

### **Option B {mitigation activities may only be inside the host Party's NDC}**

#### **Option B1 {applies to all Parties}**

50. Only mitigation activities that are in the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and other decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

#### **Option B2 {does not apply to all Parties – special circumstances of the LDCs and SIDS recognized}**

51. Only mitigation activities that are in the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and relevant decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

52. For Parties that are least developed countries or small island developing States, any mitigation activities may be registered as Article 6, paragraph 4 activities if they meet the requirements of these rules, modalities and procedures and relevant decisions of the CMA and the Supervisory Body.

### **Option C {mitigation activities may only be outside the host Party's NDC}**

53. Only mitigation activities that are outside the greenhouse gases/sectors/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and relevant decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

### **Option D {no specification on whether they may be within or outside the host Party's NDC}**

{no text is required}

## **B. General requirements for mitigation activities**

54. An Article 6, paragraph 4, activity to meet general requirements as adopted by the CMA. {see work plan for 2019}

## **C. Baseline approach**

55. An Article 6, paragraph 4 activity [shall][should] apply one or more of the following approaches to setting the baseline and calculating emission reductions achieved by the activity in accordance with the

methodology approved by the Supervisory Body that takes into account special circumstances of least developed countries and small island developing States *{potential list below}*:

- (a) Application of a historic emissions approach;
- (b) Application of a dynamic baseline that is updated upon changes to the assumptions for setting the baseline or is automatically updated;
- (c) Application of a conservative baseline that is below ‘business as usual’ and/or applies best available technologies;
- (d) Application of a baseline that reflects all relevant national and sectoral policies of the host Party and is updated at the point of changes to those national and sectoral policies;
- (e) Application of a baseline and monitoring methodology that takes into account any net leakage due to the implementation of the activity;
- (f) Application of conservative default factors and/or higher default factors for the calculation of emission reductions;
- (g) Application of a relevant standardized baseline.

#### **D. Additionality**

56. An Article 6, paragraph 4, activity [shall][should] be additional by demonstrating that:

**Option A *{reference to what would otherwise have occurred}***

- (a) Emissions are reduced below those that would have occurred in the absence of the activity.

**Option B *{definition related to activity being beyond the NDC}***

- (b) The reduction of emissions goes beyond what would be achieved through the delivery of the NDCs of the host Party.

**Option C *{definition linked to scope of NDC}***

- (c) *{draft element needed}*.

57. The requirement in paragraph 56 above [shall][should] not apply to Article 6, paragraph 4 activities hosted in least developed countries or small island developing States.

### **XIII. Mitigation activity cycle**

#### **A. Design**

58. To develop a mitigation activity as an Article 6, paragraph 4 activity, the activity [shall][should] be designed to meet the requirements in these rules, modalities and procedures and any other relevant requirements defined by the CMA and the Supervisory Body, and a design document demonstrating the compliance with the requirements [shall][should] be developed for approval by the host Party.

#### **B. Authorization by Party**

59. Participants of the proposed mitigation activity [shall][should] be authorized by a Party involved.

#### **C. Validation**

60. The proposed mitigation activity [shall][should] be validated by a designated operational entity in accordance with the relevant validation requirements developed by the Supervisory Body.

## **D. Registration**

61. After a positive validation, the design of the activity and the validation outcome [shall][should] be submitted to the Supervisory Body, in accordance with the relevant requirements developed by the Supervisory Body.

62. The mitigation activity [shall][should] be registered as an Article 6, paragraph 4, activity if the Supervisory Body decides that the design of the mitigation activity and the validation meet the relevant requirements developed by the Supervisory Body.

## **E. Monitoring**

63. Monitoring of emission reductions achieved by a registered Article 6, paragraph 4, activity [shall][should] be in accordance with the relevant requirements developed by the Supervisory Body.

## **F. Verification and certification**

64. The monitoring of the emission reductions [shall][should] be verified and certified by a designated operational entity in accordance with the relevant requirements developed by the Supervisory Body.

## **G. Issuance** *{potential list below}*

65. For the issuance of A6.4ERs, the verification and certification [shall][should] be submitted to the Supervisory Body and be in accordance with the relevant requirements developed by the Supervisory Body.

66. The Supervisory Body [shall][should] approve the issuance of A6.4ERs if it decides that the verification and certification meet the relevant requirements developed by the Supervisory Body.

67. The registry administrator [shall][should], in accordance with section VII (The mechanism registry) and the relevant requirements developed by the Supervisory Body, issue the A6.4ERs into:

### **Option A** *{issuance into the mechanism registry}*

(a) the mechanism registry;

### **Option B** *{issuance into a registry}*

(b) the relevant registry.

## **H. Forwarding/transfer from the mechanism/a registry**

68. The registry administrator [shall][should] in respect of share of proceeds:

### **Option A** *{unspecified destination of share of proceeds}*

(a) Forward/transfer *X* per cent of the issued A6.4ERs to an account for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;

### **Option B** *{specified destination of share of proceeds to Adaptation Fund}*

(b) Forward/transfer *X* per cent of the issued A6.4ERs to an account held by the Adaptation Fund for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;

*{end of Option B}*

69. The registry administrator, in respect of overall mitigation in global emissions, [shall][should] cancel *X* per cent of the issued A6.4ERs to a cancellation account for implementing overall mitigation in global emissions.

70. The registry administrator [shall][should] for the remaining issued A6.4ERs, forward/transfer the specified amount of A6.4ERs in accordance with the instructions of the participants in the Article 6, paragraph 4, activity, in accordance with the relevant requirements developed by the Supervisory Body.

## **I. Voluntary cancellation**

71. The registry administrator [shall][should] cancel the specified amount of A6.4ERs in accordance with decisions of the CMA. *{see work plan for 2019}*

## **J. Other processes associated with mitigation activities**

### **1. Grievance process/appeal rights**

72. Stakeholders, participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body. *{see also work plan for 2019}*

### **2. Protection of human rights**

73. Stakeholders, participants and participating Parties may inform the Supervisory Body of alleged violations of human rights resulting from an Article 6, paragraph 4 activity. *{see also work plan for 2019}*

### **3. Referral of matters to the committee referred to in Article 15**

*{see work plan for 2019}*

### **4. Reporting**

*{see work plan for 2019}*

## **XIV. Levy of share of proceeds towards administration and adaptation**

### **A. Share of proceeds for adaptation (level and timing)**

#### **Option A *{unspecified destination of share of proceeds}***

76. The share of proceeds from an Article 6, paragraph 4 activity that is levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation [shall][should] be delivered to the relevant mechanism registry account.

#### **Option B *{specified destination of share of proceeds to Adaptation Fund}***

77. The share of proceeds from an Article 6, paragraph 4 activity that is levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation [shall][should] be delivered to the Adaptation Fund.

*{end of Option B}*

78. The share of proceeds [shall][should] be set and levied at:

#### **Option A *{percentage at issuance}***

(a) X per cent/5 per cent at issuance.

#### **Option B *{percentage at forwarding/first transfer}***

(b) X per cent/5 per cent at forwarding/first transfer.

#### **Option C *{increasing rate over time at transfer}***

(c) X per cent/5 per cent at forwarding/first transfer, increasing by Y per cent at each subsequent transfer.

#### **Option D *{linked with an overall mitigation in global emissions}***

*{draft element needed}*

### **B. Share of proceeds for administrative expenses (level and timing)**

79. Until the share of proceeds is sufficient to cover administrative expenses, administrative expenses [shall][should] be covered by *{draft element needed}*.

80. The share of proceeds from an Article 6, paragraph 4, activity that is levied to cover administrative expenses [shall][should] be:

- (a) USD  $X$ , payable at the time of the request for registration;
- (b) USD  $X$  per A6.4ER issued for the activity, payable at the time of the request for issuance of A6.4ERs.

## **XV. Delivering overall mitigation in global emissions**

81. The mechanism [shall][should] deliver an overall mitigation in global emissions in accordance with this section.

### **Option A {automatic cancellation}**

82. Overall mitigation [shall][should] be implemented as follows:

- (a) After emission reductions are verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
- (b) At issuance/first transfer of A6.4ERs, the registry [shall][should] transfer  $X$  per cent of total amount of A6.4ERs to the cancellation account for overall mitigation in accordance with section XIII above;
- (c) The cancelled A6.4ERs [shall][should] not be used for any transfer or purpose, including by any Party towards achievement of its NDC or for voluntary cancellation;
- (d) The host Party [shall][should] use the remaining A6.4ERs in its account either towards its own NDC or transfer them to another Party's registry or to another Party's account in the mechanism registry.

### **Option B {discounting}**

83. Overall mitigation [shall][should] be implemented as follows:

- (k) After emission reductions have been verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
- (l) The acquiring/using Party [shall][should] discount by  $X$  per cent the acquired A6.4ERs at acquisition/use towards achievement of its NDC;
- (m) The discounted volume of A6.4ERs [shall][should] be transferred to the cancellation account for the overall mitigation of global emissions by the acquiring/using Party;
- (n) The volume of discounted A6.4ERs [shall][should] not be used by any Party towards achievement of its NDC or for voluntary cancellation;
- (o) The host Party [shall][should] use the remaining A6.4ERs in its account either towards its own NDC or transfer them to another Party's registry or another Party's account in the mechanism registry.

### **Option C {mechanism itself ensures overall mitigation in global emissions}**

84. Use of the mechanism itself ensures overall mitigation in global emissions.

{end of Option C}

### **Option D {approaches from the list below}**

85. Overall mitigation in global emissions [shall][should] implemented through {potential list below}:

- (a) Determining that emission reductions achieved by Article 6, paragraph 4, activities are additional to any that would otherwise occur;
- (b) Applying conservative baselines/baselines that are below business-as-usual to the calculation of emission reductions for Article 6, paragraph 4 activities;
- (c) Applying conservative/higher default emission factors to the calculation of project emissions from Article 6, paragraph 4 activities;
- (d) Limiting the crediting period for an Article 6, paragraph 4 activity to a period shorter than the operational lifetime of the relevant technology or activity, in accordance with the relevant requirements developed by the Supervisory Body.



- (e) Voluntary cancellation of A6.4ERs by Parties and stakeholders, including non-State actors;
- (f) Any other measures selected by participating Parties voluntarily;
- (g) The using Party [shall][should] discount *X* per cent of the total quantity of A6.4ERs acquired prior to use towards achievement of its NDC.

## **XVI. Avoiding the use of emission reductions by more than one Party**

86. Avoiding the use of emission reductions from the mechanism towards achievement of its NDC by more than one Party, in accordance with Article 6, paragraph 5, [shall][should] be ensured in accordance with this section.

### **Option A {guidance applicable to all emission reductions transferred internationally}**

87. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement [shall][should] apply to all emission reductions under the mechanism, when transferred internationally.

### **Option B {guidance applicable to emission reductions from sectors/greenhouse gases covered by the NDC}**

88. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, [shall][should] apply to emission reductions under the mechanism, that result from a mitigation activity that is included in the sectors/greenhouse gases covered by the host Party's NDC, when those emission reductions are transferred internationally.

89. The guidance for cooperative approaches referred to in Article 6, paragraph 2 [shall][should] not apply to emission reductions under the mechanism, if the mitigation activity is not included in the sectors/greenhouse gases covered by the host Party's NDC.

### **Option C {guidance applicable to emission reductions covered by the NDC}**

90. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, [shall][should] apply to emission reductions under the mechanism, that result from a mitigation activity that is covered by the host Party's NDC, when those emission reductions are transferred internationally.

91. The guidance for cooperative approaches referred to in Article 6, paragraph 2 [shall][should] not apply to emission reductions under the mechanism, if the mitigation activity is not covered by the host Party's NDC.

### **Option D {forwarding based}**

92. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 is not applicable to the initial forwarding of certified emission reductions from the mechanism registry.

93. The guidance relating to corresponding adjustments in the guidance for cooperative approaches set out in Article 6, paragraph 2 [shall][should] apply to any subsequent international transfer of certified emission reductions between registries/national accounts in the multilateral registry through the international transaction log.

### **Option E {national allowances based}**

94. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, [shall][should] apply to emission reductions issued under the mechanism. A Party with an absolute emission limitation or reduction target in its NDC may then transfer an equivalent quantity of national allowances.

### **Option F {accounting for cancellations for overall mitigation in global emissions}**

95. Cancellations for overall mitigation in global emissions [shall][should] be accounted for in accordance with section XV (Overall mitigation in global emissions) above.

## **XVII. Safeguards/Other**

### **A. Uses for purposes other than towards achievement of nationally determined contributions** *{potential list below}*

#### **Option A** *{use for purposes other than towards NDCs}*

96. An A6.4ER may be used as a means of demonstrating climate finance provided pursuant to Article 9.

97. An A6.4ER [shall][should] not be used towards achievement of an NDC where it has been or is intended to be used *{potential list below}*:

- (a) Towards international mitigation action outside the UNFCCC;
- (b) Towards voluntary climate actions that are not mandatory in the relevant jurisdiction;
- (c) As a means of demonstrating climate finance provided pursuant to Article 9.

98. A6.4ERs used for purposes other than towards achievement of NDCs [shall][should] be subject to a corresponding adjustment in accordance with:

#### **Option A1** *{all accounted for}*

- (a) the guidance for cooperative approaches referred to in Article 6, paragraph 2.

#### **Option A2** *{only where from within NDC}*

- (b) the guidance for cooperative approaches referred to in Article 6, paragraph 2, if the A6.4ERs were issued from sectors/greenhouse gases/periods covered by an NDC.

*{end of Option A2}*

#### **Option B** *{no use for purposes other than towards an NDC}*

*{no text required}*

### **B. Limits** *{potential list below}*

#### **Option A** *{limits}* *{potential list below}*

99. The Supervisory Body [shall][should] issue A6.4ERs in a manner that avoids fluctuations in the prices and quantities available on the international market for A6.4ERs.

100. A Party [shall][should] not transfer/acquire/use A6.4ERs issued for emission reductions achieved in sectors where there is a high degree of uncertainty in emission estimates.

101. After the initial transfer from the host Party to the acquiring Party, the acquiring Party [shall][should] not further transfer A6.4ERs to the host Party or to another Party.

102. A Party [shall][should] ensure that speculative transfers of A6.4ERs are avoided.

103. A Party [shall][should] not transfer any quantity of A6.4ERs greater than *X*.

104. A Party [shall][should] not transfer A6.4ERs in the following ways: *{draft element needed}*.

105. A Party's use of A6.4ERs towards achievement of its NDC [shall][should] be supplemental to domestic action, and domestic action [shall][should] constitute a significant element of the effort made by each Party towards achievement of its NDC.

106. A Party [shall][should] not use towards achievement of its NDC any A6.4ERs issued for emission reductions that were achieved in the period *X*.

107. A Party [shall][should] not use pre-2020 units towards achievement of its NDC.

108. A Party [shall][should] not carry over A6.4ERs exceeding *X*.

#### **Option B** *{no limits}*

*{no text is required}*

## **XVIII. Transition from the Kyoto Protocol to Article 6, paragraph 4**

*{See Annex III}*

## **XIX. Adaptation ambition**

109. Mitigation co-benefits of adaptation action, including economic diversification *{further text needed}*.

110. To allow for higher ambition in adaptation, participants are allowed to issue, transfer, acquire and use A6.4ERs resulting from the mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans.

## **XX. Addressing negative social and economic impacts under Article 4, paragraph 15**

111. The Supervisory Body shall collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to address the negative social and economic impacts, especially those impacting developing countries, resulting from Article 6, paragraph 4 activities by, inter alia:

- (a) Assessing and identifying the negative social and economic impacts resulting from Article 6, paragraph 4 activities, including the cumulative impact of these activities;
- (b) Developing, implementing and regularly updating measures to address the negative social and economic impacts resulting from Article 6, paragraph 4 activities, including the cumulative impact of these activities;
- (c) Regular sharing of information with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to support the above activities.

***{END OF ANNEX CONTAINING DRAFT ELEMENTS OF RMP}***

# Draft Annex II containing work plan of follow-up technical work to be carried in 2019

{START OF WORK PLAN FOR SBSTA}

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement:*

## I. Preamble

*{no element for work plan for 2019}*

## II. Principles

*{no element for work plan for 2019}*

## III. Definitions

*{no element for work plan for 2019}*

## IV. Scope and purpose

### B. Scope of rules, modalities and procedures

**Option A** *{special circumstances of LDCs and SIDS}*

1. *Requests* the SBSTA to develop recommendations on the implementation of the special circumstances of LDCs and SIDS in relation to NDCs in the context of the mechanism established by Article 6, paragraph 4 for consideration and adoption by the CMA at its second session.

## V. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

*{no element for work plan for 2019}*

## VI. Supervisory Body

### A. Membership

2. *Requests* the SBSTA to develop recommendations on the implementation of the membership provisions set out in section VI of the rules, modalities *{see Annex I above}*, and any further membership provisions that may be required, for consideration and adoption by the CMA at its second session.

### B. Rules of procedure *{In May informal note, this was part of development of rules of procedure that was to be developed by the supervisory body/CMA and thus this part is placed in the work plan as follow up work for 2019}*

3. *Requests* the SBSTA to further develop recommendations on the implementation on the rules of procedure, on the basis of the elements set out in section VI of the rules, modalities and procedures *{see Annex I above}* and any further rules of procedure that may be required, for consideration and adoption by the CMA at its second session, and including drawing on/drawing lessons learned from:

**Option A** *{Use the rules of procedure of CDM EB}*

(a) the rules of procedure of the Executive Board of the clean development mechanism by recommending them without changes for consideration and adoption by the CMA;

**Option B {draw from CDM EB}**

- (b) the rules of procedure of the Executive Board of the clean development mechanism and relevant CMP decisions.

**Option C {Use the rules of procedure of the JISC}**

- (c) the rules of procedure of the Joint Implementation Supervisory Committee by recommending them without changes for consideration and adoption by the CMA:

**Option D {draw from JISC}**

- (d) the rules of procedure of the Joint Implementation Supervisory Committee.

**Option E {new body}**

{no text is required}

**C. Governance and functions**

**Option A {centralized system}**

4. *Requests* the SBSTA to develop recommendations on responsibilities of the Supervisory Body, based on the elements listed below, for consideration and adoption by the CMA at its second session {potential list below}:

- (a) Responsibilities relating to development of requirements and processes relating to {potential further list below}:
  - (i) Accrediting operational entities;
  - (ii) The registration of mitigation activities as Article 6, paragraph 4, activities and the issuance of A6.4ERs in accordance with these rules, modalities and procedures and relevant decisions of the CMA;
  - (iii) Development of baseline and monitoring methodologies and standardized baselines for Article 6, paragraph 4, activities, prioritizing the baseline and monitoring methodologies and standardized baselines that promote mitigation at scale;
  - (iv) Developing the mechanism registry;
- (b) Responsibilities relating to operation of the mechanism {potential further list below}:
  - (i) Designating operational entities that meet the requirements for accreditation and managing their performance;
  - (ii) Taking appropriate measures to promote the regional availability of designated operational entities/and their location in all regions;
  - (iii) Registering mitigation activities as Article 6, paragraph 4, activities if they meet the requirements for registration;
  - (iv) Approving the issuance of A6.4ERs for registered Article 6, paragraph 4, activities if the requirements for issuance have been met;
  - (v) Forwarding/transferring A6.4ERs from the mechanism registry;
  - (vi) Maintaining the mechanism registry;
  - (vii) Certifying and periodically reviewing non-UNFCCC programmes to support the mechanism, including national accreditation systems.
- (c) Responsibilities relating to supporting implementation of the mechanism and its transparency, {further potential list below}:
  - (i) Developing and maintaining a public registry of information related to proposed and registered Article 6, paragraph 4 activities, subject to confidentiality;
  - (ii) Promoting public awareness of the mechanism, including on its role in implementing the Paris Agreement and NDCs;
  - (iii) Promoting public awareness of the mechanism, including by addressing negative perceptions of the mechanism;

- (iv) Making publicly available all requirements and related documentation for/related to the mechanism;
  - (v) Facilitating the dialogue with host Parties of Article 6, paragraph 4 activities.
5. *Requests* the SBSTA to develop recommendations on how the Supervisory Body should exercise its functions, on the basis of the elements listed below, for consideration and adoption by the CMA at its second session *{potential list}*:
- (a) Operating in an executive and supervisory manner, defining and developing the governance rules of the support structure, including panels and groups of technical experts as needed, delegating work to, and considering recommendations from, them;
  - (b) Drawing on experience gained with and lessons learned from joint implementation and the clean development mechanism under Articles 6 and 12, respectively, of the Kyoto Protocol.
  - (a) Reporting on its activities to the CMA at each of its sessions;
  - (b) Making recommendations to the CMA on any amendments to the rules, modalities and procedures for the mechanism;
  - (c) Seeking guidance from the CMA on any matters relating to the operation of the mechanism;
  - (d) Reviewing Article 6, paragraph 4 activities and report on the findings to the CMA;
  - (e) Reporting on overall mitigation in global emissions delivered by the mechanism.

**Option B *{host Party led system}* and Option C *{dual system (both centralized and host Party led)}***

6. *Requests* the SBSTA to develop recommendations in relation to other functions of the supervisory body, that would allow for the supervisory body to provide oversight for host Party-led activities on the basis of the elements listed below, for consideration and adoption by the CMA at its second session *{potential list below}*:
- (a) Appropriate international requirements and conformity assessment processes for Article 6, paragraph 4, activities;
  - (b) Processes for review of the implementation of national processes of each host Party for conformity with international requirements and periodically certification of them;
  - (c) Processes to ensure that each Party applies the centralized or Party-led system consistently.

**D. Role of the secretariat**

7. *Requests* the SBSTA to develop recommendations on the role of the secretariat based on the elements listed below, for consideration and adoption by the CMA at its second session *{potential list below}*:
- (a) Support to the operation of the mechanism, the Supervisory Body and its support structure;
  - (b) Collection of fees to cover the administrative costs of the Supervisory Body and its support structure;
  - (c) Reporting to the CMA, at each of its sessions, on overall mitigation in global emissions delivered through the mechanism;
  - (d) Reporting to the CMA, at each of its sessions, on the collection of the share of proceeds levied in accordance with section XIV (Share of proceeds) below;
  - (e) Reporting of other information, as appropriate.

**VII. The mechanism registry**

8. *Requests* the SBSTA to develop recommendations on implementation of the mechanism registry for consideration and adoption by the CMA at its second session.

**VIII. Participation, benefits and responsibilities of host Parties**

## **A. Participation requirements for host Parties**

*{no element for work plan for 2019}*

## **B. Responsibilities/Roles of host Parties**

*{Applies only where Option B {host Party led system} or Option C {dual system (both centralized and host Party led)} of Section VI C (Supervisory Body) applies}*

9. *Requests* the SBSTA to develop recommendations for the responsibilities of host Parties in a host-Party led system, based on the elements below, for consideration and adoption by the CMA at its second session.

- (a) To have national processes that conform to the international requirements developed by the Supervisory Body to operationalize the mechanism in its own jurisdiction and, following certification of those national processes by the Supervisory Body, have implemented them in accordance with these rules, modalities and procedures and relevant decisions of the CMA and/or the Supervisory Body;
- (b) Where applicable, have notified the Supervisory Body of national processes for the implementation of the mechanism in its jurisdiction, including authorization of and participation in mitigation activities, registration of mitigation activities as Article 6, paragraph 4 activities and enforcement of requirements;
- (c) Where applicable, provide a notification to the Supervisory Body of the registration of Article 6, paragraph 4 activities and the verification and certification of emission reductions.

## **C. Benefits for host Parties**

10. *Requests* the SBSTA to develop recommendations on the benefits for host Parties based on the elements below for consideration and adoption by the CMA at its second session:

- (a) Reduction of emissions in the host Party as a result of the implementation of Article 6, paragraph 4 activities;
- (b) Fostering of sustainable development;
- (c) Achievement of permanent and long-term benefits over periods that exceed the crediting periods of the Article 6, paragraph 4 activities;
- (d) Enhancement of participation of public and private entities authorized by the host Party;
- (e) Improvements over time of the regional distribution of Article 6, paragraph 4 activities;
- (f) Capacity-building in relation to the implementation of Article 6, paragraph 4 activities.

## **D. Addressing host Party benefits**

11. *Requests* the SBSTA to develop recommendations based on the elements below for consideration and adoption by the CMA at its second session:

- (a) Ensuring coherence between its NDC and the host-Party benefits resulting from Article 6, paragraph 4 activities;
- (b) Ensuring coherence between its emissions and the host-Party benefits resulting from Article 6, paragraph 4 activities.

## **IX. Participation and responsibilities of transferring, acquiring and using Parties**

*{no element for work plan for 2019}*

## **X. Participation by other actors**

*{no element for work plan for 2019}*

## **XI. Designated operational entities**

12. *Requests* the SBSTA to develop recommendations for designated operational entities for consideration and adoption by the CMA at its second session.

## **XII. Eligible mitigation activities**

### **A. Mitigation activities in the context of the host Party's nationally determined contribution**

13. *Requests* the SBSTA to develop recommendations for implementation for consideration and adoption by the CMA at its second session.

### **B. General requirements for mitigation activities**

14. *Requests* the SBSTA to develop recommendations based on the elements below for consideration and adoption by the CMA at its second session.

15. An Article 6, paragraph 4, activity [shall][should] *{potential list below}*:

- (a) Deliver real, measurable and long-term benefits related to the mitigation of climate change;
- (b) Apply a crediting period approved by the Supervisory Body;
- (c) Deliver permanent emission reductions/ensure permanence and avoid and/or require correction of reversals;
- (d) Avoid incentivizing the use of technologies in a manner that disincentivizes the uptake of newer, more environmentally friendly and/or less greenhouse gas intensive technologies;
- (e) Foster sustainable development in accordance with Article 6, paragraph 4(a);
- (f) Include local stakeholder consultation;
- (g) Not include activity types that have negative environmental impacts;
- (h) Foster transition towards a low-carbon economy, in accordance with the long-term low-emission development strategies of the participating Parties communicated in accordance with Article 4, paragraph 19;

#### **Option A {approval pursuant to decision 1/CP.21}**

- (i) Be authorized/approved by the host Party pursuant to decision 1/CP.21, paragraph 37(a);

#### **Option B {approval without reference to decision 1/CP.21}**

- (j) Be approved by the host Party;

*{end of Option B}*

- (k) Not lead to an increase in global emissions;
- (l) Not impede the progression of the NDC of the host Party;
- (m) Be consistent with the United Nations Sustainable Development Goals and the sustainable development objectives of the host Party;
- (n) Be consistent with and not pose a threat to human rights;
- (o) Not include actions referred to in Article 5;
- (p) Be subject to the share of proceeds referred to in Article 6, paragraph 6;



- (q) Be subject to cancellation/discounting of A6.4ERs to deliver overall mitigation in global emissions.

### **C. Baseline approach**

16. *Requests* the SBSTA to develop recommendations for the implementation of baseline approaches set out in section XII of the rules, modalities and procedures *{see Annex I above}* for Article 6, paragraph 4 activities, for consideration and adoption by the CMA at its second session.

### **D. Additionality**

17. *Requests* the SBSTA to develop recommendations for the implementation of additionality set out in section XII of the rules, modalities and procedures *{see Annex I above}* for consideration and adoption by the CMA at its second session.

## **XIII. Mitigation activity cycle**

18. *Requests* the SBSTA to develop further recommendations for the requirements for the mitigation activity cycle that would be implemented by the Supervisory Body, for consideration and adoption by the CMA at its second session.

### **A. Forwarding/transfer from the mechanism/a registry**

19. *Requests* the SBSTA to develop recommendations for implementation of the forwarding/transfer, for consideration and adoption by the CMA at its second session.

### **B. Voluntary cancellation**

20. *Requests* the SBSTA to develop recommendations for the implementation of voluntary cancellation for consideration and adoption by the CMA at its second session.

### **C. Other processes associated with mitigation activities**

#### **1. Grievance process/appeal rights**

21. *Requests* the SBSTA to develop recommendations for a grievance process/appeal rights that would be implemented by the Supervisory Body, for consideration and adoption by the CMA at its second session.

#### **2. Protection of human rights**

22. *Requests* the SBSTA to develop recommendations for processes to ensure protection of human rights that would be implemented by the Supervisory Body for consideration and adoption by the CMA at its second session.

#### **3. Referral of matters to the committee referred to in Article 15**

23. *Requests* the SBSTA to develop recommendations for referral to the committee referred to in Article 15, paragraph 2, in accordance with its modalities and procedures, for consideration and adoption by the CMA at its second session.

#### **4. Reporting**

24. *Requests* the SBSTA to develop recommendations on the information to be provided by each participating Party on its registered Article 6, paragraph 4 activities and on issuance, transfer, acquisition of A6.4ERs and use of A6.4ERs towards achievement of its NDC in accordance with Article 13, paragraph 13, for consideration and adoption at its second session.

## **XIV. Levy of share of proceeds towards administration and adaptation**

25. *Requests* the SBSTA to develop recommendations for the implementation of the share of proceeds for consideration and adoption by the CMA at its second session.

## **XV. Delivering overall mitigation in global emissions**

26. *Requests* the SBSTA to develop recommendations for the implementation of overall mitigation in global emissions for consideration and adoption by the CMA at its second session.

## **XVI. Avoiding the use of emission reductions by more than one Party**

*{no element for work plan for 2019}*

## **XVII. Safeguards/Other**

*{no element for work plan for 2019}*

## **XVIII. Transition from the Kyoto Protocol to Article 6, paragraph 4**

*{See Annex III}*

## **XIX. Adaptation ambition**

27. *Requests* the SBSTA to develop recommendations for consideration and adoption by the CMA at its second session.

## **XX. Addressing negative social and economic impacts under Article 4, paragraph 15**

28. *Requests* the SBSTA to develop recommendations for consideration and adoption by the CMA at its second session.

***{END OF WORK PLAN FOR SBSTA}***

***{START OF WORK PLAN FOR FOLLOW UP TECHNICAL WORK BY THE SUPERVISORY BODY}***

29. *Requests* the Supervisory Body to develop recommendations on the following matters for consideration and adoption by the CMA at its second session, based on the provisions set out in the rules, modalities and procedures *{list of possible elements}*:

(a) [...];

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## **Draft Annex III containing draft elements relating to the mechanisms established by Articles 6 and 12 of the Kyoto Protocol**

*{This is a further Annex containing provisions relating to activities under the Kyoto Protocol, that is presented separately as it appears to be neither part of the rules, modalities and procedures, nor be part of the work plan for 2019}*

*The conference of the Parties serving as the meeting of the Parties to the Paris Agreement:*

### **A. Mitigation activities under the Kyoto Protocol**

#### **Option A {existing CDM/JI activities may become Article 6.4 activities without further conditions}**

1. *Decides* that the following may be registered as Article 6, paragraph 4 activities *{potential list below}*:

##### **Option A1 {only JI activities}**

(a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;

##### **Option A2 {only CDM activities}**

(b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

##### **Option A3 {both CDM and JI as in Option A1 and Option A2}**

*{text from (a) and (b) above}*

#### **Option B {existing CDM/JI activities may become Article 6.4 activities if they meet certain conditions}**

2. *Decides* that the following may be registered as Article 6, paragraph 4 activities subject to paragraph 119 *{potential list below}*:

##### **Option B1 {only JI activities}**

(a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;

##### **Option B2 {only CDM activities}**

(b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol;

##### **Option B3 {both CDM and JI activities, as in Option B1 and Option B2}**

3. *Decides* that to be registered as an Article 6, paragraph 4 activity, the above projects/project activities/programmes of activities [shall][should] meet the all conditions adopted by the Supervisory Body and/or the CMA and/or the following conditions *{potential list below}*:

(a) The relevant host Party authorizes such registration.

#### **Option C {no existing CDM and JI activities may become Article 6.4 activities}**

4. *Decides* that no activities registered under joint implementation under Article 6 of the Kyoto Protocol or under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4, activities.

### **B. Transition of joint implementation emission reduction units {potential list below}**

5. *Decides* that, in relation to ERUs,

#### **Option A {use of ERUs towards achievement of NDCs}**

(a) ERUs may be used by a Party towards achievement of its NDC.

**Option B {use of ERUs for emission reductions achieved prior to 2020/2021}**

- (b) ERUs issued in relation to emission reductions achieved prior to 1 January 2020/2021 may be used by a Party towards achievement of its NDC.

**Option C {use of ERUs for emission reductions achieved after 2020/2021}**

- (c) ERUs issued in relation to emission reductions achieved after 1 January 2020/2021 may be used by a Party towards achievement of its NDC.

**Option D {no use of ERUs towards achievement of NDCs}**

- (d) ERUs may not be used by a Party towards achievement of its NDC.

6. A6.4ERs may be issued for activities registered under joint implementation under Article 6 of the Kyoto Protocol.

**C. Transition of clean development mechanism certified emission reductions {potential list below}**

7. *Decides* that, in relation to CERs,

**Option A {use of CERs towards achievement of NDCs}**

- (a) CERs may be used by a Party towards achievement of its NDC.

**Option B {use of CERs for emission reductions achieved prior to 2020/2021}**

- (b) CERs issued in relation to emission reductions achieved prior to 1 January 2020/2021 may be used by a Party towards achievement of its NDC.

**Option C {use of CERs for emission reductions achieved after 2020/2021}**

- (c) CERs issued in relation to emission reductions achieved after 1 January 2020/2021 may be used by a Party towards achievement of its NDC.

**Option D {no use of CERs towards achievement of NDCs}**

- (d) CERs may not be used by a Party towards achievement of its NDC.

8. A6.4ERs may be issued for activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

**D. Transition of methodologies**

9. *Requests* the SBSTA to develop recommendations in relation to methodologies under joint implementation under Article 6 of the Kyoto Protocol, for consideration and adoption by the CMA at its second session.

**Option A {use of JI methodologies by Article 6, paragraph 4, activities}**

- (a) Baseline and monitoring methodologies etc. under Article 6 of the Kyoto Protocol [shall][should] be valid for Article 6, paragraph 4, activities.

**Option B {no use of methodologies by Article 6, paragraph 4, activities}**

{no text required}

10. *Requests* the SBSTA to develop recommendations, in relation to methodologies under the clean development mechanism, on the basis of the elements below for consideration and adoption by the CMA at its second session.

**Option A {use of CDM methodologies by Article 6, paragraph 4, activities}**

- (a) Baseline and monitoring methodologies etc. under the clean development mechanism under Article 12 of the Kyoto Protocol [shall][should] be valid for Article 6, paragraph 4, activities.

**Option B {no use of methodologies by Article 6, paragraph 4, activities}**

{no text required}

## **E. Transition of accreditation standards**

### **Option A {*transition of the accreditation system*}**

11. *Requests* the SBSTA to develop recommendations, in relation to accreditation, the standards and procedures etc. for accreditation from the following Kyoto Protocol mechanisms [shall][should] serve as the basis for the standards and procedures for the mechanism through the adoption of those standard and procedures etc. by the Supervisory Body on the basis of the elements below for consideration and adoption by the CMA at its second session {*potential list below*}:

- (a) Joint implementation under Article 6 of the Kyoto Protocol;
- (b) The clean development mechanism under Article 12 of the Kyoto Protocol.

### **Option B {*no transition of the accreditation system*}**

{*no text required*}

12. *Requests* the SBSTA to develop recommendations on the implementation of the above matters, in conjunction with the other work mandated to it in respect of the mechanism established by Article 6, paragraph 4, for consideration and adoption by the CMA at its second session.

**{END OF ANNEX III}**