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**Informal document containing the draft elements of the rules,
modalities and procedures for the mechanism established by
Article 6, paragraph 4, of the Paris Agreement**

Informal document by the Chair

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Introduction

A. Mandate

1. Article 6, paragraph 4, of the Paris Agreement establishes a mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development (hereinafter referred to as the mechanism). By decision 1/CP.21, paragraph 38, the Conference of the Parties requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop and recommend rules, modalities and procedures for the mechanism for adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its first session.

2. At SBSTA 47, to facilitate the deliberations at SBSTA 48, the SBSTA requested the SBSTA Chair to prepare an informal document containing draft elements of the rules, modalities and procedures for the mechanism based on prior submissions by Parties under this agenda sub-item and the third iteration of the informal note prepared by the co-chairs of the relevant agenda item¹ (hereinafter referred to as the third iteration note).

B. Scope

3. The annex to this informal document contains the draft elements of the rules, modalities and procedures prepared by the SBSTA Chair on the basis of the above mandate (hereinafter referred to as the draft elements of the RMP).

C. Approach

4. The SBSTA Chair has developed the draft elements of the RMP on the basis of the third iteration note and previous submissions by the Parties under this agenda sub-item.

5. The draft elements of the RMP have, in relation to the third iteration note, sought to:

- (a) Streamline the structure, including removing duplication, without removing elements;
- (b) Bring the aspects of each issue together to facilitate discussions at SBSTA 48;
- (c) Develop the language for the implementation of elements from the third iteration note, without developing full text;
- (d) Clarify options and the potential further elements to be considered.

6. In the draft elements of the RMP, all paragraphs and sub-paragraphs have been numbered sequentially to make it easier for Parties to identify substantive content of the options when using the informal document to facilitate discussions at SBSTA 48.

7. Generally, throughout the draft elements of the RMP, curly brackets containing italicized text, as in *{curly brackets containing italicized text}* are used to provide information about the relevant element.

8. Where the draft elements of the RMP contain options, these are labelled as “**Option A**”, “**Option B**”, etc. To assist navigation of the text, options are followed by a brief indicative narrative, in curly brackets and in bold, italicized text (“***{narrative of the option}***”). Where, within a section of the draft elements of the RMP, the end of the last option in a group of options is followed by other elements that are not part of those options, the phrase “*{end of Option X}*” is inserted for clarity. No options extend beyond a section into the next section.

9. Where an element/option has several potential sub-elements, the note “*{potential list below}*” is included just before the list begins, in order to show Parties that they need to consider each sub-element independently and not as a group of sub-elements. The note “*{further potential list below}*”

¹ http://unfccc.int/cooperation_support/cooperative_implementation/items/9644.php and http://unfccc.int/documentation/documents/advanced_search/items/6911.php?preref=600009936.

is used in a similar manner for sub-sub-elements. That note is not used where the sub-elements are a suite and are needed together.

10. Where it appears that further development of a potential element or an option would be required for implementation, the following note is made: “*{further development may be required for implementation}*”. In some cases, further possible actions or examples are provided to help Parties identify what further development might include.

11. Where alternatives or choices may be selected within a sentence, a forward slash (“/”) is used to indicate those alternatives so that the sentence remains readable as a whole. However, where there is “and/or”, this means “and” as well as “or”.

12. Where there is provision for a certain number of events to be organised, members to be appointed, etc. the draft elements of the RMP use “X”, “Y”, “Z” etc. to indicate choices that would need to be taken.

13. The selection of certain options may have implications on other options in other sections of the draft elements of the RMP. In order to keep the document manageable, not all consequential implications for other parts of the draft elements of the RMP are indicated. In certain cases, some options are incompatible with some other options in other sections and, where this is particularly acute, the draft elements of the RMP identify that in curly brackets.

14. Furthermore, the draft elements of the RMP cannot assess all the possible ways in which options found in different parts of the text might be combined.

15. There is a technical interconnection between these draft elements of the RMP and the draft elements of guidance for cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement, as set out in informal document SBSTA 48.Informal.2.

16. The draft elements of the RMP use the phrase “**A6.4ER**” to refer to emission reductions verified and certified under the mechanism, solely for the purposes of keeping the draft elements of the RMP short and readable (and without prejudice to its definition at a later stage by the SBSTA).

D. Possible actions by the Subsidiary Body for Scientific and Technological Advice

17. The SBSTA may wish to consider this informal document, and refine and elaborate the draft elements of the RMP contained herein.

Annex

Draft elements 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, including principles}*

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

Option B *{no list of preambular paragraphs}*

{no text is required}

II. Principles

Option A *{list of principles}*

1. The following principles to guide the implementation of the mechanism established by Article 6, paragraph 4, of the Paris Agreement¹ (hereinafter referred to as the mechanism) *{potential list below}*:

- (a) The mechanism to 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 to aim to promote the mitigation of greenhouse gas emissions while fostering sustainable development;
- (c) In accordance with Article 6, paragraph 4(b), the mechanism to 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 to 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 to 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 to aim to deliver an overall mitigation in global emissions;
- (g) Pursuant to the preamble to the Paris Agreement, the mechanism to 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 to 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 to ensure the environmental integrity of the mechanism;

¹ References to "Article" are to articles of the Paris Agreement, unless otherwise specified.

- (l) The mechanism allows for higher ambition of participating Parties in their mitigation and adaptation actions;
- (m) The mechanism to 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 to 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 to 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 to 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 to 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 to be transparent;
- (s) Any Party may voluntarily participate in the mechanism, notwithstanding the nature of its NDC;
- (t) All types of mitigation activity may be considered for registration under the mechanism.

Option B {no principles}

{no text is required}

III. Definitions

2. For the purpose of the rules, modalities and procedures for the mechanism, the definitions contained in Article 1 and the provisions of Article 17 to apply. Furthermore:

- (a) A mitigation activity is “**additional**” under the mechanism if it meets the requirements in section XII.D below (Additionality);
- (b) An “**Article 6, paragraph 4, activity**” is an activity that meets the requirements in Article 6, paragraphs 4–6, these rules, modalities and procedures and any further decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);
- (c) An “**Article 6, paragraph 4, emission reduction**” (hereinafter referred to as an **A6.4ER**) is a unit that is issued pursuant to Article 6, paragraphs 4–7 and these rules, modalities and procedures;
- (d) The “**mechanism registry**” means the registry established under section VII below mechanism registry);
- (e) A “**certified emission reduction**” (**CER**) is a unit issued pursuant to Article 12 of the Kyoto Protocol and the requirements thereunder, as well as the relevant provisions in the annex to decision 3/CMP.1, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined in decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol {*further development may be required for implementation, as there are other modalities and procedures for the CDM for other project types*};
- (f) An “**emission reduction unit**” (**ERU**) is a unit issued pursuant to the relevant provisions in the annex to decision 13/CMP.1 and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined in decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol;
- (g) “**Global stakeholders**” means the public, including individuals, groups or communities, affected or likely to be affected by an Article 6, paragraph 4, activity, irrespective of their location;

- (h) “**Local stakeholders**” means the public, including individuals, groups or communities, affected or likely to be affected by an Article 6, paragraph 4, activity as a result of their vicinity to the activity;
- (i) A “**nationally determined contribution limitation quotient unit**” is a unit issued pursuant to the relevant provisions under this decision and is equal to one metric tonne of carbon dioxide equivalent, calculated using approved global warming potentials *{further development may be required for implementation}*;
- (j) A “**registry**” has the meaning given to it in the guidance for cooperative approaches referred to in Article 6, paragraph 2;
- (k) An “**overall mitigation in global emissions**” takes place when emission reductions are delivered at a level that goes beyond what would be achieved through the delivery of the host Party’s NDC and the acquiring Party’s NDC in aggregate;
- (l) “**Own mitigation benefit**” occurs when the amount of A6.4ERs issued for a mitigation activity is lower than the verified emission reductions achieved by the mitigation activity *{further development may be required for implementation}*;
- (m) The “**Supervisory Body**” is the body designated by the CMA in accordance with Article 6, paragraph 4, to supervise the mechanism under the authority and guidance of the CMA.

IV. Scope and purpose

A. Scopes of activities

3. The following mitigation is included within the scope of the mechanism: *{potential list below}* *{further development may be required for implementation}*:
 - (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}* *{further development may be required for implementation}*:
 - (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 issued to be *{potential list below}*:
 - (a) Equal to one metric tonne of carbon dioxide equivalent;
 - (b) Measured in a metric other than tonnes of carbon dioxide equivalent;
6. An A6.4ER to 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 to be issued in respect of mitigation:

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

- (a) Achieved on or after 1 January 2020

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, to be recognized where these rules, modalities and procedures relate to NDCs {*further development may be required for implementation*}.

Option B {*no special circumstances*}

{*no text is required*}

C. Purpose of rules, modalities and procedures {*further development may be required for implementation*}

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.

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

10. The CMA to have authority over and provide guidance on the mechanism.

11. The CMA to 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 to review these rules, modalities and procedures periodically/ by no later than {*X date*}, on the basis of recommendations from X {*further development may be required for implementation*}.

VI. Supervisory Body**A. Membership**

13. The Supervisory Body to comprise X members from Parties to the Paris Agreement, as follows, ensuring gender-balanced representation and technical competence:

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 model} {potential list below}

- (a) Ensuring balanced representation of Parties:
- (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, including X members from the least developed country Parties and X members from small island developing States;
- (b) X members from private sector organizations or non-governmental organizations.

{end of Option C}

14. The CMA to 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

15. The Supervisory Body to develop its draft rules of procedure addressing, inter alia, the following areas, for consideration and adoption at CMA X {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.

16. The Supervisory Body to develop its draft rules of procedure drawing on:

Option A {draw from CDM EB}

- (a) the rules of procedure of the Executive Board of the clean development mechanism.

Option B {draw from JISC}

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

Option C {new body}

{no text is required}

C. Governance and functions

Option A {*centralized system*}

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

- (a) Develop the requirements and processes necessary to operationalize the mechanism, including by:
 - (i) Developing requirements for accrediting operational entities;
 - (ii) Developing requirements that ensure that the registration of mitigation activities as Article 6, paragraph 4, activities and the issuance of A6.4ERs are in accordance with these rules, modalities and procedures and relevant decisions of the CMA and the Supervisory Body;
 - (iii) Developing 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) Operate the mechanism, including by:
 - (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;
 - (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 in accordance with procedures adopted by the Supervisory Body;
 - (vi) Maintaining the mechanism registry;
- (c) Support the implementation of the mechanism and its transparency, including by:
 - (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) Making publicly available all requirements and related documentation for the mechanism.

18. In exercising the functions referred to in paragraph 17 above, the Supervisory Body to {*potential list below*}:

- (a) Operate 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) Draw 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.

19. In exercising the functions referred to in paragraph 17 above, the Supervisory Body to also {*potential list below*}:

- (a) Report on its activities to the CMA at each of its sessions;

- (b) Make recommendations to the CMA on any amendments to the rules, modalities and procedures for the mechanism;
- (c) Seek guidance from the CMA on any matters relating to the operation of the mechanism;
- (d) Review Article 6, paragraph 4, activities and how the mechanism delivers an overall mitigation in global emissions, and report on the findings to the CMA.

Option B {host Party led system} and

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

20. In accordance with Article 6, paragraph 4, the Supervisory Body to supervise the mechanism. In this context, the Supervisory Body to *{potential list below}*:

- (a) Carry out the functions and modalities referred to in paragraphs 17-19 above *{further development may be required for implementation to specify which of potential elements in Option A would apply}*;
- (b) Develop international requirements and conformity assessment processes for Article 6, paragraph 4, activities;
- (c) Review the implementation of the national processes of each host Party for conformity with international requirements and periodically certify them *{further development may be required for implementation}*;
- (d) Ensure that each Party applies the centralized or Party-led system consistently *{further development may be required for implementation}*.

D. Role of the secretariat

21. Pursuant to Article 17, the secretariat to serve the Supervisory Body. In this context, the secretariat to, inter alia *{further development may be required for implementation}*:

- (a) Support the operation of the mechanism, the Supervisory Body and its support structure;
- (b) Collect fees to cover the administrative costs of the Supervisory Body and its support structure;
- (c) Report to the CMA on overall mitigation in global emissions delivered through the mechanism;
- (d) Report 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) Report the following information: *{further development may be required for implementation, including possible reporting to the global stocktake under Article 14}*.

VII. The mechanism registry

22. The Supervisory Body to establish and maintain a registry for the mechanism (hereinafter referred to as the mechanism registry) *{further development may be required for implementation}*.

23. The secretariat to serve as the registry administrator to maintain the mechanism registry under the authority of the Supervisory Body.

VIII. Participation, benefits and responsibilities of host Parties

A. Participation requirements for host Parties

Option A {participation requirements}

24. 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) 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*}

25. 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.

B. Responsibilities of host Parties

Option A {*responsibilities of hosting Parties*}

26. A Party hosting an Article 6, paragraph 4, activity to {*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) 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;
 - (f) 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;
 - (g) 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;
 - (h) 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;
 - (i) Provide confirmation to the Supervisory Body that local stakeholder consultation has been conducted for the proposed Article 6, paragraph 4, activity;
 - (j) 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;
 - (k) 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;

- (l) Where applicable, 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 *{relates to Options B and C in section VI.C (Supervisory Body, Governance and functions)}*;
- (m) 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 *{relates to Options B and C in section VI.C (Supervisory Body, Governance and functions)}*;
- (n) 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 *{relates to Options B and C in section VI.C (Supervisory Body, Governance and functions)}*.

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

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

C. Benefits for host Parties

28. A Party hosting Article 6, paragraph 4, activities to receive/ to aim to ensure the following benefits *{potential list below}*:

- (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

29. A Party hosting Article 6, paragraph 4, activities to *{potential list below}*:

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

A. Participation requirements for transferring, acquiring and using Parties

Option A *{participation requirements}*

30. 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}

31. 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.

B. Responsibilities of transferring/acquiring Parties

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

32. A Party transferring or acquiring A6.4ERs to 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}

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

C. Responsibilities of using Parties

Option A {responsibilities of using Parties}

34. A Party using A6.4ERs towards achievement of its NDC to {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 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;
 - (g) 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}

35. A Party using A6.4ERs towards achievement of its NDC to meet the requirements for participating in cooperative approaches as 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}**

36. Participating Parties to 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 {further development may be required for implementation}.

37. 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 for purposes other than towards achievement of the NDC of a Party.

B. Authorizing participation of public and private entities {further development may be required for implementation}**XI. Designated operational entities****A. Validation of mitigation activities**

38. A designated operational entity to 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

39. A designated operational entity to independently review and determine emission reductions 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 verified, for the issuance of A6.4ERs for the Article 6, paragraph 4, activity (hereinafter referred to as certification).

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}**

40. 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}**

41. 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}

42. 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.

43. 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}

44. 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

45. An Article 6, paragraph 4, activity to *{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 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;
 - (i) Be authorized by the host Party pursuant to decision 1/CP.21, paragraph 37(a).

C. Baseline approach

46. An Article 6, paragraph 4, activity to 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 *{potential list below}*:

- (a) Application of a dynamic baseline that is updated upon changes to the assumptions for setting the baseline or is automatically updated;

- (b) Application of a conservative baseline that is below ‘business as usual’ and applies best available technologies;
- (c) 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;
- (d) Application of a baseline and monitoring methodology that takes into account any net leakage due to the implementation of the activity;
- (e) Application of conservative default factors and/or higher default factors for the calculation of emission reductions.

D. Additionality

47. An Article 6, paragraph 4, activity to 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 *{further development may be required for implementation}*.

Option C {definition linked to scope of NDC}

- (c) *{further development may be required for implementation}*.

XIII. Mitigation activity cycle

A. Design

48. To develop a mitigation activity as an Article 6, paragraph 4, activity, the activity to 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.

B. Validation

49. The proposed mitigation activity to be validated by a designated operational entity in accordance with the relevant validation requirements adopted by the Supervisory Body.

C. Registration

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

51. The mitigation activity to 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.

D. Monitoring {further development may be required for implementation}

52. Monitoring of emission reductions achieved by a registered Article 6, paragraph 4, activity to be in accordance with the relevant requirements developed by the Supervisory Body.

E. Verification and certification *{further development may be required for implementation}*

53. The monitoring of the emission reductions to be verified and certified by a designated operational entity in accordance with the relevant requirements developed by the Supervisory Body.

F. Issuance *{further development may be required for implementation}* *{potential list below}*

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

55. The Supervisory Body to approve the issuance of A6.4ERs if it decides that the verification and certification meet the relevant requirements developed by the Supervisory Body.

56. The registry administrator to, 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 *{further development may be required for implementation}*.

G. Forwarding/transfer from the mechanism registry *{further development may be required for implementation, in coordination with section XIV (Share of proceeds)}*

57. The registry administrator to:

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}

(c) 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.

H. Voluntary cancellation

58. The registry administrator to cancel the specified amount of A6.4ERs *{further development may be required for implementation, perhaps by delegation to develop requirements to the Supervisory Body}*.

I. Grievance process/appeal rights

59. Stakeholders, participants and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body *{further development may be required for implementation, perhaps by delegation to develop requirements to the Supervisory Body to be endorsed by the CMA}*.

J. Protection of human rights

60. Stakeholders, participants and participating Parties may inform the Supervisory Body of alleged violations of human rights resulting from an Article 6, paragraph 4, activity *{further development may be required for implementation}*.

K. Referral of matters to the committee referred to in Article 15

61. Referral to the committee referred to in Article 15, paragraph 2, to be in accordance with its modalities and procedures *{further development may be required for implementation}*.

L. Reporting

62. Each participating Party to provide information 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.

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}**

63. 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 to be delivered to the relevant mechanism registry account *{further development may be required for implementation}*.

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

64. 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 to be delivered to the Adaptation Fund.

{end of Option B}

65. The share of proceeds to 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}

{further development may be required for implementation}

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

66. The share of proceeds from an Article 6, paragraph 4, activity that is levied to cover administrative expenses to 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

67. The mechanism to deliver an overall mitigation in global emissions in accordance with this section.

Option A {cancellation and/or discounting}

Option A1 {cancellation}

- (a) The host Party to make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2, for the full amount of A6.4ERs to be first transferred and the host Party to cancel X per cent of the total amount of A6.4 ERs prior to the first transfer and/or the using Party to cancel X per cent of the acquired A6.4ERs before use towards achievement of its NDC. The cancelled A6.4ERs not to be used by any Party towards achievement of its NDC.

Option A2 {discounting}

- (b) The host Party to make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of A6.4ERs to be first transferred and the host Party to discount by X per cent at the point of first transfer. The using Party to discount by X per cent the total quantity of A6.4ERs acquired prior to use towards achievement of its NDC. The discounted ITMOs not to be used by any Party towards achievement of its NDC.

Option B {any or all of a set of methodological approaches from the potential list below}

- (c) Determining that emission reductions achieved by Article 6, paragraph 4, activities are additional to any that would otherwise occur;
- (d) Applying conservative baselines to the calculation of emission reductions for Article 6, paragraph 4, activities;
- (e) Applying conservative default emission factors to the calculation of emission reductions achieved by Article 6, paragraph 4, activities;
- (f) 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.

Option C {cancellation of A6.4ERs}

- (g) Voluntary cancellation of A6.4ERs by Parties and stakeholders, including non-State actors;

Option D {voluntary actions approach}

- (h) Any other measures selected by participating Parties voluntarily.

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

68. 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, to be ensured in accordance with this section.

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

69. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement to 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}

70. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, to 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.

71. The guidance for cooperative approaches referred to in Article 6, paragraph 2 not to 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 *{further development may be needed for implementation, for example reporting on such A6.4ERs}*.

Option C {forwarding based}

72. 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.

73. The guidance relating to corresponding adjustments in the guidance for cooperative approaches set out in Article 6, paragraph 2 to apply to any subsequent international transfer of certified emission reductions between registries/ national accounts in the multilateral registry.

Option D {national allowances based}

74. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, to 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 *{further development may be required for implementation}*.

XVII. Safeguards**A. Uses for purposes other than towards achievement of nationally determined contributions**

75. An A6.4ER to 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.

76. A6.4ERs used for purposes other than towards achievement of NDCs to be subject to a corresponding adjustment in accordance with

Option A {all accounted for}

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

Option B {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.

{further development may be required for implementation, for example reference to double counting}

B. Limits *{potential list below}***Option A** *{limits}* *{potential list below}*

77. The Supervisory Body to issue A6.4ERs in a manner that avoids fluctuations in the prices and quantities available on the international market for A6.4ERs *{further development may be required for implementation}*.

78. A Party not to transfer/acquire/use A6.4ERs issued for emission reductions achieved in sectors where there is a high degree of uncertainty in emission estimates *{further development may be required for implementation}*.

79. After the initial transfer from the host Party to the acquiring Party, the acquiring Party not to further transfer A6.4ERs to the host Party or to another Party.

80. A Party to ensure that speculative transfers of A6.4ERs are avoided *{further development may be required for implementation}*.

81. A Party not to transfer any quantity of A6.4ERs greater than X *{further development may be required for implementation}*.

82. A Party not to transfer A6.4ERs in the following ways: *{further development may be required for implementation}*.

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

84. A Party not to use towards achievement of its NDC any A6.4ERs issued for emission reductions that were achieved in the period X *{further development may be needed for implementation, including specifying the years}*.

85. A Party not to use pre-2020 units towards achievement of its NDC *{further development may be required for implementation}*.

86. A Party not to carry over A6.4ERs exceeding X *{further development may be required for implementation}*.

Option B *{no limits}*

{no text is required}

XVIII. Transition from the Kyoto Protocol to Article 6, paragraph 4**A. Mitigation activities under the Kyoto Protocol****Option A** *{existing CDM/JI activities may become Article 6.4 activities without further conditions}*

87. The following may be registered as Article 6, paragraph 4 activities *{potential list below}*:

- (a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;
- (b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

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

88. The following may be registered as Article 6, paragraph 4 activities subject to paragraph 89 *{potential list below}*:

- (a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;
- (b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol;

89. To be registered as an Article 6, paragraph 4 activity, the above projects/project activities/programmes of activities to meet the conditions adopted by the Supervisory Body and/or the CMA and/or the following conditions *{potential list below}* *{further development may be required for implementation}*:

- (a) The relevant host Party authorizes such registration.

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

90. 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

91. 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 *{no use of ERUs towards achievement of NDCs}*

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

Option D *{issuance of A6.4ERs for JI activities}*

- (d) A6.4ERs may be issued for activities registered under joint implementation under Article 6 of the Kyoto Protocol *{further development may be required for implementation, including in relation to CMP decisions}*.

C. Transition of clean development mechanism certified emission reductions

92. 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 *{no use of CERs towards achievement of NDCs}*

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

Option D *{issuance of A6.4ERs for CDM activities}*

- (d) A6.4ERs may be issued for activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol *{further development may be required for implementation, including in relation to CMP decisions}*.

D. Transition of methodologies

93. In relation to methodologies under joint implementation under Article 6 of the Kyoto Protocol,

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 to be valid for Article 6, paragraph 4, activities *{further development may be required for implementation}*.

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

{no text required}

94. In relation to methodologies under the clean development mechanism,

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 to be valid for Article 6, paragraph 4, activities *{further development may be required for implementation}*.

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}**

95. In relation to accreditation, the standards and procedures etc. for accreditation from the following Kyoto Protocol mechanisms to 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 *{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}

XIX. Adaptation ambition *{further development may be required for implementation}*

96. Mitigation co-benefits of adaptation action, including economic diversification.

XX. Addressing negative social and economic impacts under Article 4, paragraph 15 *{further development may be required for implementation}*
