

LDC Submission on Accounting under Article 6, paragraph 2 of the Paris Agreement

LDCs present their views, inter alia, on the content of the guidance under Article 6.2 of the Paris Agreement discussed under SBSTA 46 agenda item 10 (a) – Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, including some items chosen among the headings in the informal information note of the co-facilitators and provides its views accordingly.

1. Overarching Principles of the Guidance:

- Participation in cooperative approaches to achieve nationally determined contributions i.e. that involve the use of internationally transferred mitigation outcomes, (hereafter called CAITMOs) shall be voluntary and authorized by participating Parties;
- The use of CAITMOs to achieve NDCs shall allow for higher ambition in mitigation and adaptation actions and be shall be consistent with Article 2 and Article 4 of the Agreement
- Participation in CAITMOs shall promote sustainable development and ensure environmental integrity and transparency, including governance and shall apply robust accounting to ensure, inter alia, the avoidance of double accounting, consistent with the guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Agreement;

2. Definitions:

- “Cooperative approach that involves the use of internationally transferred mitigation outcome” (CAITMOs) means for the purpose of the implementation of Article 6.2, any cooperation through trading of greenhouse gas emission reduction levels that are consistent with the Paris Agreement including the associated accounting guidance.
- “NDC Limitation Quotient” (NLQs) means the total emissions reduction defined within or planned under a Party’s nationally determined contribution and shall be expressed as tonnes of carbon dioxide equivalent pursuant to the relevant provisions in the Guidance for NDC accounting.

3. Governance:

- An International Governing Body shall be established to oversee and approve the international trade in CAITMOs and to:
 - ensure the environmental integrity of the trade
 - ensure no double counting of traded CAITMOs
 - ensure appropriate cancellation of CAITMOs and corresponding adjustments are undertaken at appropriate time

- The structure and composition of the International Governing Body shall consist of equal representation of developed and developing countries Parties and shall include one representative from an LDC Party and one from an AOSIS Party.
- The International Governing Body shall develop rules of procedure that include a policy relating to conflicts of interest
- Each Party that wishes to participate in the selling or acquisition of CAITMOs must establish a centrally governed national designated authority to oversee the trade;
- Each Party that wishes to participate in the selling or acquisition of CAITMOs must establish a national registry. LDCs shall be given flexibility for the First NDC period on registry options and timelines.
- National registries must provide publicly accessible information
- The national registry must provide a calculation of the NLQ as a measure of tonnes of carbon dioxide equivalent
- The national registry must calculate a reserve amount of its NLQs
- The national registry must maintain a description of entities that are eligible to trade in CAITMOs
- The national registry shall be subject to technical assessments in accordance with Article 13 of the Paris Agreement
- The Secretariat of the UNFCCC under the guidance of a governing body shall maintain an international CAITMO registry recording all transfers of CAITMOs

4. Participation:

- Only Parties to the Paris Agreement shall be eligible to trade in CAITMOs
- Only Parties that have quantified their NDC shall be eligible to trade in CAITMOs.
- Only Parties that have quantified calculated in tonnes of carbon dioxide equivalent and calculated using approved global warming potentials shall be eligible to trade CAITMOs

- Only Parties that produce annual inventories of their NDC mitigation efforts shall be eligible to trade in CAITMOs. LDCs shall be given flexibility for the First NDC period on frequency of inventories.
- All entities engaged in trading of CAITMOs must be authorised by the national designated authority
- All trading of CAITMOs must be approved by the national designated authority

5. Accounting

- A Party selling CAITMOs must create a reference code to all CAITMOs and record this code in its national registry
- Corresponding adjustment of emissions levels shall be made by the relevant Parties. LDCs shall annually report transfers.
- A Party selling CAITMOs must subtract the equivalent CAITMO amount from their national limitation quotient and record this transaction in their national registry
- A Party buying CAITMO must add the equivalent CAITMO to their national limitation quotient and record this transaction in their national registry and in the international CAITMO registry held by the secretariat under the supervision and guidance of a governing body
- A Party buying CAITMOs must record the reference code created by the selling Party and record this code in its national registry
- The international CAITMO registry must keep a record of all reference codes traded
- CAITMOs cannot be on sold to other Parties after the first transaction or be traded in secondary markets
- Activities approved under the Kyoto Protocol shall not be carried over or used as CAITMOs

6. Requirement for Environmental Integrity and Safeguards:

- All traded CAITMOs must include a national certificate indicating that the units traded or received have not resulted in environmental harm or have not adversely affected any human rights.

- The trade in CAITMOs shall not result in the transfer of mitigation outcomes that are non-existent, unauthorised or unquantified or being used more than once.

7. Transparency:

- The Secretariat of the UNFCCC shall ensure that its international CAITMO registry is publicly accessible and easy to access

8. Linkages to other Provisions of the Paris Agreement:

- This decision shall be subject to NDC ambitions as well as accounting provisions developed under Article 4 of the Paris Agreement, transparency requirements under Article 13 and compliance procedures under Article 15

9. Share of Proceeds

- A share of proceeds from the sale of CAITMOs shall be used to support the Adaptation Fund. The share of proceeds shall be X % of issued units.

10. Period of Operation

- CAITMOs can only be issued upon commencement of the first accounting period post 2020.
