

**SUBMISSION BY SOUTH AFRICA ON COOPERATIVE APPROACHES (Article
6.2 of the Paris Agreement)**

OCTOBER 2017

REQUIRED

SBSTA 46 invited Parties to submit their views on the elements to be addressed covering: The content of the guidance, including the structure and areas, issues and elements to be addressed, including those raised by Parties at SBSTA 46.

1. Introduction

South Africa welcomes the opportunity to submit its views on Cooperative Approaches (CAs). The scope of this submission explains some of the issues that were mentioned in the previous two submissions, and as such should be read in conjunction with these. This time we elucidate on, inter alia, eligibility; additional views on avoidance of double accounting; how ITMOs be used towards accounting towards Parties' NDCs; including views on treatment of sectors inside or outside the NDCs; the nature of governance and the role of ex-ante and ex-post responsibilities; and expectations from the Roundtable discussions.

2. Eligibility

Eligibility of ***Parties*** and ***ITMOs***

Eligibility should be voluntary to Parties to the Paris Agreement and also authorised by parties involved as per para 1 of Art 6, for parties with NDCs are parties that have ratified the Paris Agreement. Our understanding is that the primary purposes is to meet Parties' NDCs – which means that the use of cooperative approaches is primarily for use towards implementation of their nationally determined contributions to allow for higher ambition. This latter point does not take away the fact that the use of cooperative approaches remain voluntary – for once a party opts to use CAs, then the primary purpose should be towards meeting a party's NDC. Regarding ITMOs, there are linkages to governance regarding approval and endorsement standards and methodologies that will lead to the generation/recognition of ITMOs to be used for compliance. The ITMOs must be quantifiable and satisfy the requirements set up by

the standards and methodologies body under governance mechanisms – at this point we shall not concern ourselves with the detailed definition of an ITMO beyond the general parameters we gave in the previous submissions. In our view, the test point for an ITMO is the criteria that will be set through the standards and methodologies body.

3. Avoidance of double counting

In the previous submission we had outlined the anchor points on avoidance of double counting in terms of Art 6 para 2 and also para 36 that states that double counting will be avoided on the basis of **corresponding adjustments** by Parties for both **anthropogenic emissions by sources and removals by sinks covered by their NDCs**. Avoidance of double counting should be viewed in relation to governance as well as the kind of methodologies and standards that are eligible. An additional dimension to this particular issue is the relationships that exist particularly between Art 6.2 and 6.4. Implicit in the language of the NDC cycles is the idea of NDC commitment period/cycle, given that an NDC represents a Party's commitment over a given time period. One of the important issues from KP mechanisms, is the importance of the limitations set for carry-overs between commitment periods/cycles geared at mitigating “hot air, in essence safeguard for environmental integrity. In our view surplus ITMOs (units) at the end of an NDC period/cycle should not wholly be transferred or carried over to the next NDC period. Next in line on safeguards to mitigate double counting – is the idea of governance on recognition of “ITMOs”. This could be coupled with measures akin to “buyer beware” kind of measures – as this safeguard provides insulation against projects that are not sustainable beyond the point of transacting or longer term. Issuance approvals and recognition of ITMOs through governance mechanism and tracking of ITMOs then becomes paramount.

4. How ITMOs be used towards accounting towards Parties' NDCs

In our previous submission we expressed the concept of corresponding adjustments respective to registries, equivalence between GHG and non-GHG targets. We are of the view that this can be done through some technical work that requires development of matrixes, informed by the disclosure on what IPCC guidelines parties have used in

arriving at their targets. We now extend this to the current discussion of sectors that are either inside/outside the NDC – so our view is that corresponding adjustments at a broader level should be achieved through sectors that are inside the NDC – claiming progress against the NDC on ITMOs that are outside of the NDC could distort both individual accounting towards NDCs as well as on an aggregate basis. Moreover, this could distort the primary purpose of ITMOs to just mere trading which, in turn, could be a threat to environmental integrity.

There are no less than 5 simple scenarios that serve to illustrate the notion of a sector inside/outside the NDC:

- A case where a sector might be the same but the only difference be that in one case it may be inside the NDC while in another party it might be outside the NDC.
- A case where in both parties NDCs the sectors are inside the NDC but there are two different sectors.
- A case where parties want to effect corresponding adjustments to sectors that are both outside their respective NDCs.
- A case where parties want to effect corresponding adjustments to sectors that are both within the NDCs but the difference is in how targets are captured, e.g., absolute/intensity target etc.
- A case where parties want to effect corresponding adjustments to sectors that are both within the NDCs and the target is expressed in the same/similar manner* (classical case).

The above scenarios give rise to the views that South Africa puts forward, that the primary purpose of a Cooperative Approaches – that of meeting a party's NDC should be preserved. The generation of ITMOs from sectors outside of the NDCs should be avoided as it could be counterproductive as it can undermine progress against a party's NDCs as well as on an aggregate basis. Further to that, technical work as well as methodologies and standards should be prioritised issues as already mentioned earlier.

5. Governance: ex-ante and ex-post responsibilities

South Africa is of the view that certain requirements need to be fulfilled before and after the cooperative approaches interventions are used throughout the lifespan of the programme/project.

Regarding the scope of ex-ante responsibilities, there has to be approvals processes under the body designated by the CMA, especially on ITMOs to be generated/recognised, which are founded on methodologies, criteria and standards. And ex-post responsibilities, which cover continuous monitoring, MRV including of project sustainability, reporting etc. amongst the safeguards to be considered here could be where a margin of ITMOs are retained and only transferred after some time depending on the sustainability of the project/programme.

6. Roundtable discussion expectations

- One roundtable and not many little tables.
- No limits to number of participants.
- Provide guiding questions up front so that we can prepare for the session.
- All three issues should be dealt with in a balanced manner.