

Submission by Czech Republic and the European Commission on behalf of the European Union and its Member States

**Subject: Submission on reporting, authorisation, review and
infrastructure as per the Article 6.2 guidance**

Prague, 29th August 2022

Introduction

The EU and its Member states welcome the opportunity to submit their views on elements referred to in paragraph 3, 6, 7 and 10 of decision 2/CMA.3 for consideration by the SBSTA.

The EU would like to recall our views previously expressed in our submission on reporting¹ and on infrastructures² submitted in May 2022. The views expressed in the present submission are complementary to the views previously expressed in our two May submissions, which are still valid.

This submission addresses the following issues:

- Section 1: The review guidelines
- Section 2: The authorization
- Section 3: The reporting requirements
 - 3.1 Priorities
 - 3.2 Reporting related to Article 6.4 emission reductions (A6.4ER)
 - 2.3 Reporting related to sustainable development
- ANNEX I: Template for the initial report

¹https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202205121125---FR-2022-05-12%20EU%20Submission%20on%20A6.2_tables%20and%20outlines%20for%20reporting.pdf

²https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202205120909---FR-2022-05-12%20EU%20submission%20A6.2_Infrastructure.pdf

- ANNEX II: Template for regular reporting for elements related to sustainable development

This submission does not address the following issues for the reasons explained below:

- Special circumstances of the LDCs and SIDS: this topic is important to facilitate access to Article 6.2 for LDCs and SIDS. In this regard, we believe that capacity building is a key element to help LDC and SIDS to participate in Article 6.2. Therefore, the programme on capacity building should provide specific support for LDCs and SIDS, including by using the RCCs. Flexibilities, if needed, should aim to reduce the barriers for LDC and SIDS but not undermine environmental integrity. Once the guidance for implementation of Article 6.2 is better defined, agreed and understood, we could start considering exemptions and flexibilities for LDCs and SIDS.
- Elaboration of further guidance in relation to corresponding adjustments for multi-year and single-year NDC: since the SBSTA work programme is already very dense until CMA.4, we believe that this issue should rather be addressed after CMA.4, with a view of preparing a decision for CMA.5.
- Consideration of whether ITMOs could include emission avoidance: our views on this issue are expressed in our submission on Article 6.4.³
- Infrastructure: our views on this issue were already detailed in our May submission⁴ and are also adequately reflected in the informal note. We are therefore looking forward to the reading of the technical paper before expressing further views on this issue. We expect in particular that the technical paper will clarify how reconciliation is ensured in a decentralized system, to build trust, ensure integrity of the system and avoid any fraud.

³ Submission by Czechia and the European Commission on behalf of the European Union and its Member States from 29th August 2022 on elements of Article 6.4

⁴ https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202205120909---FR-2022-05-12%20EU%20submission%20A6.2_Infrastructure.pdf

SECTION 1: THE REVIEW GUIDELINES

The EU is looking forward to the technical paper that will include recommendations for guidelines for the review referred to in paragraph 7 of decision 2/CMA.3, and to the discussion that we will have on this issue during the technical workshops.

Robust guidelines for the review are a key element to build trust in the new international carbon market and to contribute to robust accounting, transparency and environmental integrity.

Since the SBSTA work programme is already very dense until CMA.4, we suggest that some of the issues mentioned in paragraph 7 of decision 2/CMA.3 are prioritized this year (in view of a decision on those elements by CMA.4), while other issues should rather be addressed after CMA.4, with a view to prepare a decision by CMA.5.

Issues that should be prioritized and addressed in a decision by CMA.4 include the following:

- The provision to ensure that the review assesses the consistency of the information provided with the Article 6.2 guidance;
- How reviews are conducted at regular intervals each year;
- How the reviews ensure consistency between the reporting of all of the parties participating in a cooperative approach;
- The recommended actions to be taken when inconsistencies are identified and provisions on how a Party should respond to those recommendations and the implications of non-responsiveness;
- The coordination between the Article 6 technical expert review team (A6 TERT) and the Article 13 TERT, including ensuring that the A6 technical expert reviews (TER) are completed in advance of the Article 13 TER.

Issues that could be addressed after CMA.4, in view of a decision on those issues by CMA.5, include the following:

- Whether reviews are desk or centralized reviews;
- The development of modalities for reviewing information that is confidential;
- The composition of the A6 TERT, its interactions with the participating Parties, and the composition of the A13 TERT;

- The training programmes for technical expert reviewers.

General objectives of the review

As said, the review is a key element to contribute to credibility and trust in the new international carbon market. In addition, it should support transparency, contribute to environmental integrity and sustainable development, and ensure robust accounting, including avoidance of double counting.

Furthermore, over time, the review process should result in improved reporting and transparency, minimised burden and no duplication of work.

The review process should be unbiased and transparent. Information sharing should be systematic so that recommendations to one Party could benefit other Parties as well, ensuring avoidance of inconsistencies.

Scope and information to be reviewed

As decided in Glasgow, the scope of the review is to assess the consistency of the information provided on each cooperative approach with that in the annex of decision 2/CMA.3.

The elements that must be reviewed were also decided in Glasgow, but there is a need to define more clearly what needs to be reviewed, how information will be reviewed, the timing, as well as the specific outcomes at every stage of the review cycle.

To increase the efficiency of the reviews, the secretariat should organize the reviews of participating Parties in the same cooperative approach either simultaneously or in close sequence.

Timing of review

The guidelines for the review should clarify the timing of the review for each report (i.e. the initial report, the annual information and the regular information), which should include the beginning and end of each review.

The A6 TERT should complete the review of the initial report within a given time period and this timing should be agreed at CMA.4.

Once the review is completed, the A6 TERT's report should be published by the UNFCCC secretariat at the earliest possible time, and be also easily available in the centralised accounting and reporting platform (CARP).

An important element, to be further assessed, is whether the review of the initial report should be finalised before quantified numbers are uploaded in the Article 6 database. This could avoid inconsistencies at an early stage of the process and ensure that only reviewed information is uploaded in the Article 6 database.

After participating Parties submit their annual and regular reports, and after the relevant information from these reports is included in the Article 6 database, the secretariat shall check for any inconsistencies within a given time period (which should be agreed this year), including among all Parties participating in the same cooperative approach.

If the secretariat detects any inconsistencies, participating Parties should update relevant information in their annual or regular report and update the information included in the Article 6 database within a given time period (which should be agreed this year) after receiving the notification.

With regard to the timing of the A6 review, we suggest that the review of the annual and regular information commences shortly after the completion of the consistency check by the secretariat and the timeframe for Parties to respond to any inconsistencies has elapsed. We further suggest that the review of:

- Annual information be completed within a given time period (to be agreed this year);
- Regular information be conducted biennially, through a centralized or desk review, and be completed within one year, before completion of the A13 review.

Preparation of review reports

The participating Party shall have the opportunity to reply to the questions of the A6 TERT already during the review.

After receiving additional information from participating Parties, the A6 TERT should identify and describe any observed inconsistencies with the Article 6.2 guidance and any other relevant CMA decisions and provide recommendations to address such inconsistencies in their draft review report.

The Party under review shall have the possibility to comment on the draft review report before the A6 TERT finalizes and publishes it.

Any cases of non-responsiveness from the relevant Party shall be noted in the review report.

Party's response to recommended actions and the case of non-responsiveness

The review guidelines should also include provisions that specify that Parties should describe in their subsequent report how they have addressed any inconsistencies and recommended actions as described in the final review report. The following technical expert review shall therefore assess whether identified inconsistencies and recommended actions were considered by the relevant Parties.

Consideration under Article 13 and Article 15

The findings from the Article 6 technical expert review constitute an important input to the technical expert review under Article 13, namely to the review of information necessary to track progress in implementing and achieving the NDC. Hence, the Article 6 review reports should be finalised in time for the Article 13 review. However, a delay in the availability of an Article 6 review report should not delay an Article 13 review.

Any continuing inconsistencies with Article 6.2 guidance and relevant CMA decisions should be addressed by the Article 15 Implementation and Compliance Committee. This process should be further discussed after CMA.4, with a view to prepare a decision by

CMA.5, including for example to define how to address situations where a Party is unresponsive to recommendations.

SECTION 2: THE AUTHORISATION

Decision 2/CMA.3 clearly indicates that:

- The trigger for submitting the initial report is (at the latest) the authorisation;
- The trigger for applying corresponding adjustments for the transferring party is the 'first transfer'.

However, decision 2/CMA.3 also offers considerable flexibility:

- on the timing of the authorisation, since a Party can defer authorisation by several years after the mitigation outcome occurred, which in turn could delay the submission of the initial report;
- on the purpose of the authorisation, since mitigation outcomes can be authorised for use towards NDC or for other international mitigation purposes (OIMP);
- on the definition of 'first transfer' for mitigation outcomes authorised for OIMP, which could be (1) the authorisation, (2) the issuance, or (3) the use or cancellation of the mitigation outcome.

Those flexibilities make the tracking and reconciliation of corresponding adjustments quite complex, and also allow for late reporting and late application of corresponding adjustments, which should be avoided.

We therefore believe that some guidance on authorisation should be included in a CMA.4 decision, in order to clarify the elements mentioned below.

Regarding the minimum information that should be provided in the authorisation, we suggest that at minimum, the authorisation indicates:

- The purpose of the authorisation (i.e. if the mitigation outcomes are authorised for use for NDC and/or for OIMP),
- The cooperative approach and the specific mitigation outcomes that are authorized (e.g. from which specific mitigation activity or activities),
- The duration or end date of the authorisation,

- The amount of mitigation outcomes authorized for each calendar year (e.g. 50,000 tCO₂e in 2026; 60,000 tCO₂e in 2027),
- Possibly: the conditions at which the authorisation was provided and whether the authorisation could be revoked prior to the first transfer of the mitigation outcomes, if some conditions are not fulfilled.

It is important that this information is clearly described in the authorisation, to allow the tracking of the reporting requirements and the tracking of the corresponding adjustments.

It is also key that the design of the infrastructure will ensure the tracking of this information, in particular through the CARP and the Article 6 database (where some information should be extracted and all relevant information should be easily available), as well as through an agreement on unique identifiers (which should allow a clear identification of this information for all mitigation outcomes).

We further note that for mitigation outcomes authorised for OIMP, the transferring Party needs to define 'first transfer' consistent with paragraph 2b of decision 2/CMA.3. In the current Article 6.2 guidance, it is not clear when and how Parties would provide this information. We suggest that:

- (1) the definition of 'first transfer' for OIMP is indicated in the authorisation and is reported as part of the initial report;
- (2) the host party applies the same definition of 'first transfer' to all ITMOs authorized for OIMP, since this makes accounting and reconciliation of corresponding adjustments simpler than if different definitions of 'first transfer' would apply to different ITMOs.

In addition, we suggest that further guidance on Article 6.2 addresses the following questions:

- How 'issuance' in the definition of 'first transfer' in paragraph 2b of the Annex to decision 2/CMA.3 should be implemented? Does it refer only to issuance of A6.4 ERs (since ITMOs are not 'issued')?
- Whether it should be possible that mitigation outcomes generated by one cooperative approach be authorised for use towards either an NDC or OIMP?

If countries are allowed to authorize mitigation outcomes for use towards either NDCs or OIMP, we note that the trigger for corresponding adjustments needs to be further clarified. In this case, a challenge is that at the point of authorization or transfer to another country, the final use of the mitigation outcome (i.e. whether it is used towards an NDC or OIMP) may not yet be known. This can create unclarity when a corresponding adjustment has to be applied. If a country, for example, defines the 'use' of ITMOs towards OIMP as the 'first transfer' and transfers a mitigation outcome to another country, it would have to apply a corresponding adjustment following that transfer if the mitigation outcome will ultimately be used towards an NDC. However, it would not yet have to apply a corresponding adjustment if the mitigation outcome would ultimately be used towards OIMP. As the final use is not yet known, this creates unclarity when a corresponding adjustment has to be applied. This unclarity does not arise in cases where countries authorize mitigation outcomes only towards NDCs or only towards OIMP.

To resolve this matter, we propose that, in cases where a country authorizes mitigation outcomes to be used towards either an NDC or OIMP, the corresponding adjustment be applied at the earlier point in time among the two possible triggers for corresponding adjustments. This implies the following:

- (1) if the country defines 'authorization' as the 'first transfer' for OIMP, it shall apply corresponding adjustments following the authorization, irrespective of the final use of the mitigation outcomes;
- (2) if the country defines 'use' as the 'first transfer' for OIMP, it shall apply corresponding adjustments once the mitigation outcome is either transferred to another country or directly used towards OIMP (without prior transfer to another country).

We hope that the abovementioned elements will be addressed in the technical paper that they can then be discussed during our virtual technical workshop, and be addressed in the informal document that the SBSTA chair will be prepared ahead of CMA.4, in view of agreeing on some guidance on those issues. We also note that the outcome on these

matters may have implications on what information is required in annual reports in order to reconcile corresponding adjustments.

SECTION 3: THE REPORTING REQUIREMENTS

Section 3.1: PRIORITIES

In order for participation Parties to start their reporting cycle in 2023, it is key that the reporting template for the initial report is agreed and adopted by CMA.4. In addition, substantive progress should be achieved this year on the main elements and the general structure of the agreed electronic format for the annual information, as well as on the template for the regular information. Those general elements and structure should be captured in a decision by CMA.4, while noting that final details and template should be adopted, at the latest, by CMA.5.

As said, our views on the format for the initial report, the annual information and the regular information are detailed in our May submission and are still valid. Therefore, in the present submission, we have only included new elements, not previously addressed, which are:

- our views on the reporting requirement related to authorized and not-authorised A6.4 ERs, in section 3.2 below;
- our views on specific reporting requirements related to impacts, sustainable development, safeguards & human rights, in section 3.3, and also in Annex I and Annex II;
- a template for the initial report, in Annex I.

We would like to flag again the importance to adopt the template for the initial report at CMA.4, and on the importance that this template includes illustrative text/example text, and ensures that disaggregated information is available, since this is key to contribute to transparency, integrity, quality and trust in the new international carbon market.

Section 3.2: REPORTING RELATED TO A6.4ERs

There should be clear reporting requirements for the host parties on authorised and unauthorised A6.4ERs, that should be clarified by a CMA.4 decision:

- For the authorised A6.4ERs: the reporting requirements should be in respect of all reporting and participation requirements in Article 6.2 (i.e. Initial report, annual report and regular report) and this should be clarified by a CMA.4 decision;
- For unauthorised A6.4ERs: the SBSTA should discuss and clarify what are the reporting requirements for unauthorised A6.4ERs and make specific recommendations for consideration by CMA.4, under the provision from para 7 (d). On this basis, a CMA.4 decision should define what must be reported by host Parties for unauthorised A6.4ERs, when and where (e.g. in the BTR).
- See also our view on what should be addressed by the technical paper in our A6.4 submission.⁵

Section 3.3: REPORTING RELATED TO SUSTAINABLE DEVELOPMENT

In addition to views already expressed in our May submission, we have prepared new illustrative text for the reporting of environmental and socio-economic impacts, human rights, sustainable development objectives, and safeguards and limits, that should be included in the initial report, and in the regular information.

The illustrative texts on those issues are now included in the template for the initial report (see sections IV D, E, F and G in Annex I below) and for the regular information (see Annex II below).

Those illustrative texts are important to collect detailed information on the integrity of the cooperative approach and of its mitigation outcomes, which in turn should contribute to improve confidence and trust in the market, as well as transparency. In this regard, the illustrative text includes information on the potential impacts of each approach, how any

⁵ Submission by Czechia and the European Commission on behalf of the European Union and its Member States from 29th August 2022 on elements of Article 6.4

negative impacts could be avoided or minimized, how they will be reported and monitored, and which methodology and indicators will be used.

ANNEX I: TEMPLATE FOR THE INITIAL REPORT

The initial report could be divided into four sections (with headings and subheadings as proposed below), while noting that for each NDC implementation period, only section I.F and section IV should be submitted separately for each new cooperative approach in which a Party decides to participate.

Section I of the initial report: Participation responsibilities

Participation responsibilities (para 4(a)–(f) of the Annex to the Article 6.2 guidance)

A. The Party is a Party to the Paris Agreement.

Illustrative text:

- *The Party has deposited its instrument of ratification of the Paris Agreement on #date# and has not withdrawn from the Paris Agreement. Further information can be found at #weblink#.*

B. The Party has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraph 2.

Illustrative text:

- *The Party provides an extract and a link to its most recent NDC in the UNFCCC NDC registry or attaches the NDC to its report. The Party also declares that it continues implementing its NDC.*

C. The Party has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3.

Illustrative text:

- *The Party describes which arrangements it has in place for authorization of ITMOs, including which authority has been charged to provide authorization and the process for providing such authorization.*

D. The Party has arrangements in place that are consistent with the Article 6.2 guidance and relevant decisions of the CMA, for tracking ITMOs.

Illustrative text:

- *The Party describes which arrangements it has in place, including which registry it has access to (which could be its own national registry, an account in the international registry as per para 30 of the Annex to the 6.2 guidance or an account in another registry).*
- *The Party also explains that its registry or the registry it has access to can record through unique identifiers (as applicable): authorization, first transfer, transfer, acquisition, use towards NDCs, authorization for use towards other international mitigation purposes, voluntary cancellation (including for overall mitigation in global emissions, if applicable).*

E. The Party has provided the most recent national inventory report required in accordance with decision 18/CMA.1.

Illustrative text:

- *The Party provides an extract and a link to its most recent national inventory report on the UNFCCC website or attaches the NIR to its report.*

F. The Party's participation contributes to the implementation of its NDC and long-term low-emission development strategy (LT-LEDS), if it has submitted one, and the long-term goals of the Paris Agreement.

Illustrative text:

- *The Party provides an extract and a link to its LT-LEDS if it has submitted one.*
- *Regarding the NDC implementation, the Party describes the expected mitigation to be generated by each cooperative approach and by the sum of all cooperative approaches in which it participates, and an explanation how the mitigation outcomes from each cooperative approach are shared between the Parties involved.*
- *Regarding its LT-LEDS, the Party describes how the participation in each cooperative approach and in the sum of all cooperative approaches ensures a reduction in covered emissions over time consistent with its LT-LEDS and with the LT-LEDS of participating parties, where they have submitted one.*
- *Regarding the long term goals of the Paris Agreement, the Party describes how the participation in each cooperative approach and in the sum of all cooperative approaches in which it participates ensures a reduction in covered emissions over time and contributes to limiting global warming to 1.5 °C (including by reducing global carbon dioxide emissions by 45 per cent by 2030 relative to the 2010 level and to net zero around midcentury), to increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emission development, and to making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.*

Section II of the initial report: Description of the Party's NDC

Description of the Party's NDC as referred to in paragraph 64 of the annex to decision 18/CMA.1 where a participating Party has not yet submitted a biennial transparency report (para 18 (b)).

Illustrative table (taken from Appendix to decision 5/CMA.3). To be noted: the last two lines, on the intention to use cooperative approaches and any updates, are irrelevant given that a Party would submit an initial report when it intends to use cooperative approaches and other elements of the outline cover this information.

Description of a Party's nationally determined contribution under Article 4 of the Paris Agreement, including updates^a

<i>Description</i>
Target(s) and description, including target type(s), as applicable ^{b c}
Target year(s) or period(s), and whether they are single-year or multi-year target(s), as applicable
Reference point(s), level(s), baseline(s), base year(s) or starting point(s), and their respective value(s), as applicable
Time frame(s) and/or periods for implementation, as applicable
Scope and coverage, including, as relevant, sectors, categories, activities, sources and sinks, pools and gases, as applicable
Intention to use cooperative approaches that involve the use of ITMOs under Article 6 towards NDCs under Article 4 of the Paris Agreement, as applicable
Any updates or clarifications of previously reported information, as applicable ^d

^a Each Party shall provide a description of its NDC under Article 4, against which progress will be tracked. The information provided shall include required information, as applicable, including any updates to information previously provided (para. 64 of the MPGs).

^b For example: economy-wide absolute emission reduction, emission intensity reduction, emission reduction below a projected baseline, mitigation co-benefits of adaptation actions or economic diversification plans, policies and measures, and other (para. 64(a) of the MPGs).

^c Parties with both unconditional and conditional targets in their NDC may add a row to the table to describe conditional targets.

^d For example: recalculation of previously reported inventory data, or greater detail on methodologies or use of cooperative approaches (para. 64(g) of the MPGs).

Section III of the initial report: ITMO metrics, methods for corresponding adjustments and quantification of NDC

ITMO metrics, methods for corresponding adjustments and quantification of the NDC (paras 18 (c) – (f)).

A. Communicate the ITMO metric used for each cooperative approach

Illustrative text:

- *The Party provides information on ITMO metric for each cooperative approach (GHG or non-GHG, and if non-GHG: which non-GHG metric).*
- *The Party provides information on how consistency of the ITMO metric with its NDC is ensured for each cooperative approach, such as consistency in the global warming potential values used to account for the NDC, through the application of corresponding adjustments, and the global warming potential values used to quantify ITMOs*

B. Communicate the method for applying corresponding adjustments as per chapter III.B of the Article 6.2 guidance for multi- or single-year NDCs that will be applied consistently throughout the period of NDC implementation, and, where the method is a multi-year emissions trajectory, trajectories, or budget, provide a description.

Illustrative text:

- *The Party provides a description of the method for applying corresponding adjustments, that will be used consistently throughout the NDC period, in a manner that ensures the avoidance of double counting. This should include:*
 - *Whether the Party has a multi-year or single-year NDC;*
 - *If the Party has a single-year NDC whether the method to account for the single-year NDC is a multi-year emission trajectory, multi-year trajectories, a multi-year budget, or averaging;*
 - *A specification to which relevant indicators corresponding adjustments will be applied,*
 - *The methods used to determine the relevant indicators,*
 - *Where applicable, the methods used to establish the indicative trajectory, trajectories or budgets, and the resulting trajectory, trajectories or budget for each relevant indicator*
 - *Where applicable, the methods used for averaging;*
 - *How the method for applying corresponding adjustments ensures that the cooperative approaches do not lead to a net increase in emissions across participating Parties within and between NDC implementation periods and that corresponding adjustments are representative and consistent with the participating Party's NDC implementation and achievement .*

- C. Quantify the Party's mitigation information in its NDC in tCO₂eq, including the sectors, sources, GHGs and time periods covered by the NDC, the reference level of emissions and removals for the relevant year or period, and the target level for its NDC or where this is not possible, provide the methodology for the quantification of the NDC in tCO₂eq.**

Proposed table, filled with an illustrative example:

<i>Sectors and sources covered by the NDC</i>	<i>Energy sector including all source categories according to the 2006 IPCC Guidelines</i>
<i>GHGs covered by the NDC</i>	<i>CO₂, CH₄ and N₂O</i>
<i>Time period covered by the NDC</i>	<i>2021-2030</i>
<i>Reference level of emissions and removals</i>	<i>GHG emission from the energy sector in 2005: 10 Mt CO₂eq</i>
<i>Target level for the NDC</i>	<i>8 Mt CO₂eq in 2030 (80% of the reference level)</i>

The Party either provides the information in the table above or, where this is not possible at the time of the initial report (e.g. in the case of emissions target per GDP where the absolute emissions level is determined ex-post), the methodology through which a Party will quantify its mitigation in tCO₂e as outlined above in the illustrative table, if it cannot provide quantified information at the time of the initial report.

The Party should describe how the mitigation information in its NDC has been used to quantify the NDC, such as the methods to quantify the impacts of targets and actions described in the NDC in an equivalent emissions level.

- D. Quantify the NDC, or the portion in the relevant non-GHG indicator, in a non-GHG metric determined by each participating Party, if applicable.**

The Party should complete the following table for each non-GHG indicator in the NDC, as applicable:

<i>Non-GHG indicator and metric</i>	<i>Net electricity production from renewable energy sources (GWh)</i>
<i>Target level for the indicator</i>	<i>Net electricity production from renewable energy sources in 2030: 500 GWh</i>

- E. In case of a first or first updated NDC consisting of policies and measures that are not quantified, quantify the emission level resulting from the policies and measures that are relevant to the implementation of the cooperative approach and its mitigation activities for the categories of anthropogenic emissions by sources and removals by sinks as identified by the host Party pursuant to paragraph 10 of the Annex to the 6.2 guidance, and the time period covered by the NDC.**

The Party should complete the following table, as applicable:

<i>Emission or sink categories affected by the implementation of the cooperative approach and its mitigation activities and by those policies and measures that include the implementation of the cooperative approach and its mitigation activities</i>	<i>Nitric acid production (IPCC category 2.B.2)</i>
<i>The level of anthropogenic emissions by sources and removals by sinks for those emission or sink categories identified above, resulting from the implementation of the relevant policies and measures</i>	<i>2 Mt CO₂eq in 2030</i>
<i>Time period covered by the NDC</i>	<i>2021-2030</i>

The Party should describe how it has identified the relevant emission or sink categories and how it has determined the levels of anthropogenic emissions by sources and removals by sinks resulting from the implementation of the relevant policies and measures.

Section IV of the initial report: Information regarding each cooperative approach

The following information shall be reported for each cooperative approach that a Party participates in. During one NDC implementation period, if the Party has already submitted a first initial report and subsequently engages in further cooperative approach, it can only confirm that the information provided in Sections 1, 2 and 3 of its first initial report are still valid, and then provide only a new section 1.F and a new section 4. The report shall be submitted by the Party to the UNFCCC secretariat for inclusion of relevant information into the Article 6 database. In addition, the information shall be included in the next biennial transparency report due.

Information provided for each cooperative approach (para 18 (g), (h), (i))

A. A copy of the authorization by the participating Party.

Illustrative text:

- *Party provides an extract and a copy of the authorization(s) as an attachment to the initial report or provide a link where this information can be found, specifying the authorization purpose and any further relevant information such as terms and conditions.*

B. A description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved.

Illustrative text:

- *The Party provides a description of each cooperative approach including: which type of instrument it will use (baseline and crediting, cap and trade, or other instrument), the participating parties, the duration of the approach, the legislation and procedures in place, the methodologies and MRV used for each approach;*
- *The Party describes the expected mitigation for each year of the duration of the approach and how this mitigation contributes to its NDC implementation, to its LT-LEDS (if it has submitted one) and to the long term goals of the Paris Agreement.*

C. A description of how each cooperative approach will ensure environmental integrity, including through the following elements:

a. by ensuring no net increase in global emissions within and between NDC implementation periods.

Illustrative text:

- *The Party describes how each cooperative approach will not lead to a net increase in global emissions within and between its NDC implementation periods, including measures taken to ensure a reduction in actual emissions or, in any event, to avoid an increase in emissions over time.*

b. through robust, transparent governance and the quality of mitigation outcomes, including through conservative reference levels, baselines set in a conservative way and below 'business as usual' emission projections (including by taking into account all existing policies and addressing uncertainties in quantification and potential leakage).

Illustrative text:

- *The Party describes the governance for each cooperative approach and how the governance arrangements are robust and transparent.*
- *The Party describes how environmental integrity is ensured in generating ITMOs, including:*

- *What methodological approaches have been used for the quantification and allocation of the mitigation outcomes derived from a cooperative approach;*
- *How uncertainties in the quantification have been estimated and taken into account in a conservative manner;*
- *How any reference levels or baselines for allocation of ITMOS have been established, including how their conservativeness is ensured and what assumptions are made, taking into account uncertainty;*
- *To what degree they are below “business as usual” emissions projections;*
- *How existing targets, policies, laws and regulations have been incorporated in allocations, reference levels or baselines used in the cooperative approach;*
- *How allocations, reference levels or baseline applied by the cooperative approach are consistent with the NDC, the LT-LEDS and the long-term goals of the Paris Agreement, and how they will enable progression over time regarding scope and ambition;*
- *Potential direct, indirect and ecological leakage, how it has been minimized, and how any remaining leakage has been calculated and deducted in the quantification of emission reductions or removals, and what procedures are in place to monitor the risk of leakage and compensate for its occurrence*
- *How the mitigation activities implemented under the cooperative approach facilitate the achievement of the long-term goals of the Paris Agreement and avoid a lock in in emission levels, technologies or practices that are inconsistent with achieving these goals.*

c. How the risk of non-permanence of mitigation is minimized across several NDC periods and how, when reversals of emission reductions or removals occur, the cooperative approach will ensure that these are addressed in full.

Illustrative text:

- *The Party provides up-to-date information on:*
 - *The risk of non-permanence for the mitigation activities implemented under the cooperative approach;*
 - *What measures the Party has taken to minimize the risk of non-permanence over several NDC periods;*
 - *The approach taken to monitor, mitigate and compensate for any reversals, including the duration of monitoring for reversals, the approaches and responsibilities for monitoring and compensating for reversals, including in cases where emission or removals categories are not covered by the NDC or where reversals occur in years other than the target years of the NDC;*
 - *How the approach guarantees that reversals are addressed in full.*

d. a description of any other information on how each cooperative approach ensures environmental integrity;

Illustrative text:

- *On a voluntary basis, the Party can provide any other relevant information on how the cooperation approach ensures environmental integrity, in addition to the previous points.*

D. How the cooperative approach will minimize and, where possible, avoid negative environmental, economic and social impacts.

Illustrative text:

- *The Party provides information on:*
 - *Which potential negative environmental, economic and social impacts may be associated with the cooperative approach and how these impacts have been identified and assessed in consultation with relevant stakeholders (including, for example, on the integrity of ecosystems and resilience).*
 - *How potential negative environmental, economic and social impacts of mitigation activities implemented under the cooperative approach will be avoided or minimized, as well as monitored and reported, with reference to recognized standards and national regulation/legislation (for example safeguards systems, due diligence and grievance mechanisms). Assessment, monitoring and reporting methodologies could be informed by approaches already used by various institutions.*

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

Illustrative text:

- *The Party explains how the cooperative approach will reflect the eleventh preambular paragraph of the Paris Agreement and any policies in place (for example safeguards systems, due diligence and grievance mechanisms), including by providing extracts and links to national legislation.*

F. How the cooperative approach will be consistent with sustainable development objectives of the Party, noting national prerogatives.

Illustrative text:

- *The Party describes (including by providing extracts and links to national legislation):*
 - *What its sustainable development objectives and priorities are with reference to the United Nations 2030 Agenda for Sustainable Development;*
 - *How the cooperative approach contributes to sustainable development objectives, referring to appropriate indicators.*
 - *How contributions to sustainable development of the cooperative approach will be validated, monitored, reported, and verified, with reference to the methodology/recognized standard used, including the selection of appropriate indicators.*
 - *How the Party will ensure that the cooperative approach has no detrimental effect on sustainable development by also implementing safeguards and limits.*

G. How each cooperative approach will apply any safeguards and limits set out in further guidance from the CMA.

Illustrative text:

- *The Party provides explanations on any safeguards and limits implemented, and how these safeguards and limits follow guidance from the CMA. This can include providing extracts of national legislation, and/or additional safeguards and limits, if any in order:*
 - *To ensure that the use of each cooperative approach does not lead to a net increase in emissions of participating Parties within and between NDC implementation periods;*
 - *To ensure transparency, accuracy, consistency, completeness and comparability in tracking progress in implementation and achievement of its NDC.*

H. How the cooperative approach will contribute resources for adaptation (Chapter VI) if applicable.

Illustrative text:

- *The Party provides information on any contributions to adaptation resources through each cooperative approach or any agreements in place between participating Parties, including whether contributions will be made to the Adaptation Fund and whether the delivery of resources under Article 6.4 will be taken into account.*

I. How the cooperative approach will deliver overall mitigation in global emissions (Chapter VI), if applicable.

Illustrative text:

- *The Party provides information whether through each cooperative approach ITMOs will be cancelled to deliver overall mitigation in global emissions (OMGE) and whether the delivery of OMGE through the 6.4 mechanism will be taken into account.*

ANNEX II: TEMPLATE FOR REGULAR INFORMATION FOR INFORMATION RELATED TO SUSTAINABLE DEVELOPMENT

Our views on the format for reporting regular information are detailed in our May Submission⁶. In addition to those views previously expressed, we provide below new illustrative text that should be used for the reporting on the elements mentioned in paragraph 22(f), 22(g), 22(h) and 22(i) of decision 2/CMA.3.

Paragraph 22(f): How each cooperative approach minimizes and, where possible, avoids negative environmental, economic and social impacts.

Illustrative text:

- *The Party provides information on:*
 - *Which potential negative environmental, economic and social impacts are associated with the cooperative approach and how these impacts have been identified and assessed in consultation with relevant stakeholders.*
 - *How potential negative environmental, economic and social impacts of mitigation activities implemented under the cooperative approach are avoided or minimized, as well as monitored and reported, with reference to recognized standards and national regulation/legislation (for example safeguards systems, due diligence and grievance mechanisms). Assessment, monitoring and reporting methodologies could be informed by approaches such as those used by the Green Climate Fund.*

⁶https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202205121125---FR-2022-05-12%20EU%20Submission%20on%20A6.2_tables%20and%20outlines%20for%20reporting.pdf

Paragraph 22(g): How each cooperative approach reflects the eleventh preambular paragraph of the Paris Agreement, acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity.

Illustrative text:

- *The Party explains how the cooperative approach reflects the eleventh preambular paragraph of the Paris Agreement and any policies in place (for example safeguards systems, due diligence and grievance mechanisms), including by providing extracts and links to national legislation.*

Paragraph 22(h): How each cooperative approach is consistent with sustainable development objectives of the Party, noting national prerogatives.

Illustrative text:

- *The Party describes (including by providing extracts and links to national legislation):*
 - *What its sustainable development objectives and priorities are with reference to the United Nations 2030 Agenda for Sustainable Development;*
 - *How the cooperative approach contributes to sustainable development objectives, referring to appropriate indicators.*
 - *How contributions to sustainable development of the cooperative approach are validated, monitored, reported, and verified, with reference to the methodology/recognized standard used, including through appropriate indicators.*

Paragraph 22(i): How each cooperative approach applies any safeguards and limits set out in further guidance from the CMA.

Illustrative text:

- *The Party provides explanations on any safeguards and limits implemented, and how these safeguards and limits follow guidance from the CMA. This can include providing extracts of national legislation, and/or additional safeguards and limits, if any.*