

The United Kingdom of Great Britain and Northern Ireland's submission to the United Nations Framework Convention on Climate Change on the Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement and in decision 2/CMA.3

Views on the matters referred to in paragraphs 16(a), 17 and 22 of decision 6/CMA.4

As invited to in paragraph 5 of FCCC/SBSTA/2023/L.6¹



October 2023

¹ [FCCC/SBSTA/2023/L.6](#)

Matters relating to cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

The United Kingdom of Great Britain and Northern Ireland (UK) is pleased to submit its views on matters referred to in paragraphs 16(a), 17 and 22 of decision 6/CMA.4, to be taken into account where timing permits in preparing the technical paper and hybrid workshop referred to in FCCC/SBSTA/2023/L.6, for consideration at SBSTA 59.

This submission focuses on the elements referred to in paragraph 6(a–d) in FCCC/SBSTA/2023/L.6 to facilitate preparation of the technical paper, in addition to the UK’s views on the elements and processes pertaining to inconsistencies and modalities for reviewing information that is confidential.

SBSTA 58 provided an opportunity for Parties to share views that are relevant to the technical paper the Secretariat is tasked with preparing, many of which were captured in the Informal note by the co-facilitators². The UK would like to encourage the Secretariat to draw on this Informal note as well as the UK’s views expressed in this submission, when preparing the technical paper.

1. Authorisation

Scope of changes to authorisation of internationally transferred mitigation outcomes towards use(s)

The UK believes further agreement and clarity is needed on the following topics related to authorisation: i) content and minimum information elements required, ii) default timing, and iii) authorisation types. This should be agreed prior to decision-making on the scope of changes to authorisation.

Furthermore, **the UK notes significant concern with respect to authorisation changes, particularly in relation to revocations, regarding the use of Internationally Transferred Mitigation Outcomes (ITMOs) for Nationally Determined Contributions (NDCs) or Other International Mitigation Purposes (OIMP)**. This is driven by the UK’s concerns around the ramifications of changes and/or revocation. For example, changes (incl. authorisation use revocation) could have multiple negative impacts. These include:

- i) **Unforeseen shortfalls in critical emissions reduction or removals in the case of unexpected revocations**, which may pose challenges if a Party is then required to unexpectedly source emissions reductions or removals to fill a shortfall to continue meeting their NDC.
- ii) **Reporting handling challenges, including around managing the reporting of corresponding adjustments, in a manner which avoids risks related to double counting and/or environmental integrity**. The UK considers that revocations, especially after first international transfer of the ITMO for use towards NDC achievement or cancellation/use for OIMP, would constitute a significant degree of uncertainty around the foundation of a co-operative approach. This is because first transfer triggers the requirement to apply corresponding adjustments, and if authorisation is revoked after first transfer has occurred, accounting and reporting amendments would subsequently be required. The risk of inconsistencies may then materialise if changes are not effectively managed. This may inhibit the transparency of a Party’s reported progress against their NDC and increase the risk of double counting.
- iii) **Reduced confidence in the market and higher risks for investors due to uncertainty around the use of ITMOs**, which could undermine private sector investment, as well as potentially reduce appetite from Party buyers, if there are concerns about the longevity and certainty of authorisations.

² [Informal note by the co-facilitators on SBSTA 58 agenda item 13 Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement and in decision 2/CMA.3](#)

- iv) **If the encouraged Share of Proceeds (SoP) for adaptation and Overall Mitigation in Global Emissions (OMGE)** have been applied, it is also unclear what the impact of the authorisation change would be, and how this would be feasibly managed retroactively remains unknown.

We therefore have concerns about designing a system that opens the door to complete revocations at this stage, with limited analysis having been undertaken on the reasons for revocations and their impacts on Parties involved. We believe a blanket flexibility, especially allowing for revocations of ITMOs after first transfer, risks damaging the credibility and transparency of Article 6, and stifling participation.

This is why the UK has previously called for further work exploring and defining types of revisions (e.g. direction, extent, timing, exceptional circumstances) as well as the reputational, accounting, environmental integrity, practical, cost and participation impacts of permitting certain authorisation changes³. For example, the UK does acknowledge that some changes may not have substantial impacts, such as an administrative change or correction of names/entities. The direction of a change must also be considered, if this is to increase the volume of ITMOs authorised for use, as opposed to decreasing the volume authorised, or absolute revocation.

Before engaging in cooperative approaches, it is important that Parties carefully consider the impacts of authorisation, including on their ability to meet their NDC and how to provide certainty and market stability for both Party and non-Party entities, to incentivise market participation. This may include the establishment of measures to mitigate the risk of overselling (e.g. retention of a proportion of results with the host Party).

Overall, the UK believes further information and clarity on other authorisation topics at COP28 are required first, to enable Parties to make informed and effective decisions about the scope of changes that may or may not be permitted under both Article 6.2 and Article 6.4.

Process for managing changes

If any changes to authorisation were to be permitted, clarifying the process for managing any changes, including revocations, would be imperative. Parties would have to at a minimum comprehensively update and detail the scope of the authorisation changes made, to provide clarity and assurance of what volume, if any, remains to be in scope of being authorised, amongst other relevant authorisation contents, and to provide a means to ensure required accounting and reporting adjustments are accurately and swiftly implemented. The work to fully define this, in our view is however secondary to the more fundamental authorisation topics noted above that still require clarity.

Process for authorisation of entities and cooperative approaches with a view to ensuring transparency and consistency

Finally, with respect to the authorisation of entities and cooperative approaches, the UK acknowledges that Parties have expressed there are potentially different authorisation formats available. **The UK recognises different approaches may be appropriate to best accommodate the authorisation of different types of co-operation in some cases.** For instance, the considerations of authorisation behind the linking of two or more Parties' emissions trading systems will likely be different to that of a bilateral project-level agreement.

³ [UK Article 6.4 mechanism submission March 2023](#)

Nonetheless, **further guidance clarifying how authorisation information is recorded and what comprises its minimum contents would be helpful, to clarify the joint understanding of parties around requirements and how to adhere to these.** Standardisation of the contents and format type of information provided (i.e. through guidance or templates developed by the Secretariat) would also i) improve transparency, consistency and completeness of authorisations; ii) support capacity building; iii) facilitate timely delivery of the Technical Expert Review (TER); and iv) provide certainty of what authorisation details are necessary to be consistent with relevant authorisation decisions.

Information provided in a common manner would make it more straightforward for the completeness check to be conducted by the Secretariat, and for reviewers to review the consistency of the information submitted by the participating Party in its initial report⁴. It would also provide more certainty for Parties and the private sector.

2. Agreed Electronic Format

The UK welcomes the progress made at the intersessional hybrid workshop on the draft version of the agreed electronic format (AEF), held from 25 to 26 April 2023, and report thereon⁵, and believes it provided a useful input to the work of the 58th session of the Subsidiary Body for Scientific and Technological Advice (SBSTA 58).

To make further progress on finalising the recommendation on the AEF for potential adoption by CMA 5, the UK would like to see the technical paper to be prepared by the Secretariat draw on i) the report on the intersessional hybrid workshop; ii) the Informal note from SBSTA 58; and iii) our views expressed on the AEF below:

- **The UK continues to seek progress on the AEF, ensuring it is designed in a manner that is user friendly, as transparent as possible, supports the avoidance of double counting and keeps track of the trigger of corresponding adjustments and whether they have been applied.**
- The AEF is important as it must contribute to the overall coherence, transparency and confidence in the Article 6.2 system and is relevant to both the reporting and infrastructure requirements of the Article 6.2 guidance.
- **The AEF could be improved through additional explanations, instructions, or examples in some places**, this could include refining the language in the proposed footnotes, and specifying where textual examples need to be overwritten, or examples in a manual. For example, the UK believes one of the functions of the Article 6 database should be to assign Article 6 database record IDs, and the CMA should clarify that Parties are not required to provide this in the AEF prior to its submission. In addition, it will be important for footnotes to clarify what is required in the column "*First transfer definition*", and how this differs to the column '*First transfer*' which is an action type. Further clarity is also needed to define how the first transfer event for ITMOs authorised for NDCs and/or OIMP is effectively recorded and tracked, if final use is not known at the point of authorisation.
- **The UK also believes that the AEF could be improved by some further information being accommodated:**
 - An administrative field could be included that links the AEF to the relevant **TER Report**, to indicate assurance obtained from TER. At a minimum, the AEF should include the

⁴ Given the initial report includes a copy of the authorisation by the participating Party, a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorised entities.

⁵ [Informal report on the hybrid workshops on the draft version of the agreed electronic format](#)

tracking of the initial report status and TER report status (as it proceeds through the reporting and review process). This could include whether the final TER report is complete, ongoing, or has been paused or delayed.

- **An additional column named “tracking registry”** to capture the national registry or underlying registry used (if a higher-tier approach is taken), and foster traceability of ITMOs (including authorised A6.4ERs). The associated footnote could indicate that a weblink to the relevant registry must be provided.
- **Information on specific metrics used to calculate CO₂e.** Currently ‘metric’ is limited to GHG or non-GHG and there is no information required on specific metrics used to calculate CO₂e. Parties could benefit from being able to specify the metric used to calculate CO₂ equivalence (e.g. AR5 GWPs), to enable comparison with metrics used for NDC accounting.
- **The UK supports SoP transfers and OMGE being identifiable in the AEF,** to reflect mandatory SoP and OMGE under the Article 6.4 mechanism, and strongly encouraged voluntary contributions under Article 6.2. However, the UK acknowledges this may require consideration of the best way to achieve this in a practical and flexible manner, given voluntary share of proceeds may take on differing forms (e.g. including a % of issuance, value, etc.)
- **Capacity building to support AEF generation will be important,** and the UK believes a manual that includes examples and use cases, could be helpful in assisting with the preparation of the AEF and informing registry design (which will be influenced by the AEF).

Furthermore, reflecting on SBSTA 58, the UK believes that views captured in the informal note and expressed by Parties to date, can be broadly categorised into five categories: (i) **additional explanations** to help clarify information required and whether this is to be provided by the Party or not, (ii) **further information to be included in the AEF**, (iii) **layout/structural changes**, (iv) **capacity building** and arrangements for Parties to complete the AEF (e.g. through an AEF manual), and (v) **further clarity and guidance relating to other elements of the CMA work programme**, such as on authorisation (including process, timing, scope of changes and type) and common nomenclatures. The UK would therefore welcome the technical paper being structured in such a manner, to help ensure AEF discussions at the workshop remain focused, particularly on (i-iii), with a view to finalising a recommendation on the AEF for consideration and adoption by CMA.

3. International registry functionalities and common nomenclatures

International registry functionalities

The UK’s views on additional functionalities and procedures for the international registry, the accounts of the international registry, and the role of the international registry administrator are captured in the UK’s recent submission (September 2023) on the international registry, the centralized accounting and report platform (CARP) and the Article 6 database⁶.

The UK has continually favoured a registry system approach that allows for the transfer of Internationally Transferred Mitigation Outcomes (ITMOs), with (i) common tracking approaches, (ii) centralised communication protocols, and (iii) connections between registries. In terms of connections between registries, the UK would like to continue to underscore the benefits to be had in general from consistency and integration across registries. To the extent possible, the UK believes that the international registry should build on this successful model.

⁶ [UK Article 6.2 Submission \(IR, CARP, A6 DB requirements\) September 2023](#)

That said, some Parties to the Paris Agreement have expressed a preference for higher-tier approaches which involve ‘pulling and viewing’ functionality that track transactions with units that occur in underlying transactional registries. The UK welcomes the work from the UNFCCC Secretariat’s technical document on the functional requirements and associated cost estimates for the international registry⁷ which to an extent reconciles these views by setting out how the international registry could accommodate both transactional and higher-tier uses. Including this transactional function is important, not only for the UNFCCC Article 6.2 international registry but Article 6.2 participating Party national registries, given transactional systems have been successful and are the basis of the existing national registries of some Parties. **The UK therefore can currently support this dual functionality.**

Ensuring accounts in the international registry support co-operative approaches with Parties using national transactional registries (as well as with Parties that have international registry accounts) is also important for the UK. The UK would also like to see more detail on authorisation and corresponding adjustments (including labelling) in the international registry functionalities. In addition, the UK continues to support retention of the option of authorised A6.4ERs being able to be transferred to national registries. That said, in general, the UK would like to see more disaggregated costs regarding different implementation options and estimates of expected usage of the international registry. Final considerations and further UK views will hinge on costs and expected use.

Common nomenclature

Regarding common nomenclature referred to in decision 6/CMA.4, annex I, chapter II.B, the UK notes that it has already been decided that the common list of values for specific information attributes (the common nomenclature) will be established upon request, held in the CARP, and that any changes or further common nomenclatures may also be requested.

Harmonisation and standardisation of terminology is important in ensuring transparency and ease of use of common nomenclature. Whilst the Article 6 system should be able to remain dynamic and up to date, it will be critical that it provides a level of stability to complement capacity building efforts and foster joint understanding of terminology. The UK therefore welcomed the establishment and management processes relating to common nomenclature agreed at COP27, and the UK supports the elaboration of this in the Secretariat’s technical document on the functional requirements of the CARP⁸.

Given common nomenclatures will facilitate the review process and provide clarity on content required in the AEF, the UK would like to see the establishment of the initial common list of values for specific information attributes. **The UK believes further progress in this area is needed ahead of COP28, and would like to request that the Secretariat includes an initial list of proposed common nomenclature elements in the technical paper**, including at a minimum, but not limited to, terms such as: Participating Party (i.e. ISO 3166 standard code), first transferring Party (i.e. also ISO 3166 standard code), sectors (i.e. Intergovernmental Panel on Climate Change guideline aligned), activity types, types of registries that track ITMOs (i.e. transactional or higher-tier), purposes towards which use of internationally transferred mitigation outcomes is authorised (i.e. NDC, OIMP, NDC/OIMP) and first transfer specifications.

⁷ [Functional requirements and associated cost estimates for the international registry \(Version 01.0\)](#)

⁸ [Functional requirements for the centralized accounting and reporting platform and the Article 6 database \(Version 01.0\)](#)

When preparing this initial list, the UK would like the Secretariat to draw on i) the glossary in the technical document prepared by the Secretariat ‘Functional requirements and associated cost estimates for the international registry’, ii) ISO 3166 standard published by the International Organization for Standardization (ISO) and iii) IPCC sector classifications. The UK believes this could prove helpful in working towards establishing the initial common list of values for specific information attributes, with a view to requesting their establishment on the CARP at COP28, which would help build common understanding around certain AEF contents.

Then, if necessary, Parties and the Secretariat may over time identify the need for, and request the establishment of further common nomenclatures, as decided in paragraph 30 in chapter II.B of Annex I of Decision 3/CMA.4.

4. Reporting and the Technical Expert Review

Regarding the sequencing and timing of the submission of the initial report (IR), the completion of the Article 6 Technical Expert Review (TER) of that report and the submission of the agreed electronic format, **the UK has a preference for the TER of the initial report to be completed prior to the automatic prefilling of the Agreed Electronic Format by the international registry.** This is because the IR is the first step in the Article 6.2 reporting cycle.

The UK would prefer to see the TER completed, the final TER report published, and inconsistencies identified and addressed, as early as possible in the process. This is because we see value in underlying quality across Article 6.2 layers, including in reporting to verify the consistency of the cooperative approach with Article 6.2 guidance on matters such as NDC interactions and participant responsibilities. We strongly believe the A6 database consistency check is not a substitute for the TER, with both processes playing complementary and necessary roles, and we see the IR and its review as a logical first step ahead of annual reporting. Addressing identified inconsistencies as early as possible will prove less complex and cumbersome, and would provide further confidence and assurance of Article 6.2 agreements.

In addition, regardless of the interrelation of the AEF with the TER process, the UK wants to see further transparency around the status and results of the TER via both the AEF and the CARP.

The UK would like to see a CMA decision on the status of the TER process (including report preparation) being made public. For example, the UK would welcome information on status, such as has the completeness check been undertaken, has the draft TER report been prepared, has the Party provided comments on the draft TER report, is the final report published, and have inconsistencies been resolved, being disclosed via the public interface of the CARP. The UK would also welcome the following elements being made public: any delays resulting from the TER team or due to logistical challenges, results of the completeness check and preliminary questions which have not been communicated to the participating Party prior to the A6 TER week, or if the TER report is not published by the start of the TER week. This transparency would act as a means to incentivise a swift review process, and the minimisation of inconsistencies. The UK therefore proposes the following list of illustrative elements for tagging/labelling for each co-operative approach in the CARP related to the TER:

- **Status of TER process:** not initiated / initiated / complete / delayed
- **TER week confirmed:** yes/no
- **Results of the consistency check:** pending/available
- **Results of the completeness check:** pending/available
- **Status of TER report:** not initiated / draft report pending / comments on draft report received / final report completed
- **Party response received:** pending/yes/no

- **Status of inconsistencies:** reporting confirmed consistent / inconsistencies pending resolution / clear persistence of inconsistencies / consistent - resolved
- **Final TER report:** hyperlink / not yet available
- **AEF:** hyperlink / not yet available
- **Initial report / Updated initial report:** hyperlink

The UK remains open to the format and means for best achieving an approach that would enhance transparency and provide incentives for a timely TER, and for Parties to reduce and resolve any inconsistencies identified by the TER.

5. Managing inconsistencies

Decision 6/CMA.4 describes how inconsistencies in quantified information are identified (including via the Article 6 database), as well as the fact that it is the participating Party's responsibility to make every reasonable effort to resolve any inconsistencies in its reporting, in accordance with the findings of the consistency checks and recommendations. The UK welcomes this detail but believes some of the provisions should be bolstered to improve transparency, accountability, and the accuracy of information held in the Article 6 database.

Firstly, Parties should consider how they can provide greater clarity around a 'clear persistence of inconsistencies', for instance by defining what this constitutes through the CMA (e.g. considering whether Parties have failed to take appropriate action to resolve the inconsistency, the severity of the inconsistency, for how long the inconsistency has remained, and if multiple inconsistencies have persisted). **It would be helpful to define a timeframe by which no response is deemed "non responsiveness"**. For the UK, we believe that a year without a response or update, would clearly indicate 'non responsiveness'.

Secondly, in the recommended actions to be taken by the participating Party on "how to improve consistency with the requirements of the annex to decision 2/CMA.3" and "how to address identified inconsistencies in quantified information", **the UK believes it will be important for the actions to differentiate between qualitative and quantitative inconsistencies and provide disaggregated descriptions of these inconsistencies**. These recommended actions should be public, to provide transparency, as a range of inconsistencies may arise, with varying levels of impacts on environmental integrity. **Recommended actions to be taken should always correspond to each specific inconsistency identified and should provide guidance and practical steps to best support the Party or Parties in resolving the inconsistency.**

Thirdly, the UK strongly believes that inconsistencies must be reported in the CARP via tags/labels associated with each co-operative approach, and descriptions of inconsistencies should be included in Section III conclusions and recommendations of the TER report. As aforementioned in *Section 4. Reporting and review sequencing*, the UK believes information on inconsistencies should be included alongside other information (such as a hyperlink to the initial report and the AEF), in the CARP. The UK is open to hearing views from Parties and the Secretariat around how this could best be presented/facilitated in the CARP. The UK would also like to stress that **TER reports and tags/labels should be published regardless of whether there is non-responsiveness or lack of communication with the TER team, to ensure transparency and facilitate scrutiny from external stakeholders**. In addition, it will be important for detail to be made available between a complete lack of communication and no indication of reasonable effort to resolve inconsistencies, versus where steps have indeed been taken but some inconsistencies remain.

Finally, the UK believes that persistent and significant inconsistent information, such as inconsistent quantities of ITMOs, unresolved after multiple reviews with no communication, should be flagged/tagged in a specific manner, and data potentially separated from data that is

consistent in the Article 6 database. This is because significant inconsistencies could have implications on accounting and broader reporting accuracy under Article 13 of the Paris Agreement, as inconsistent data could have wider implications on the assessment of flows of ITMOs and recording of emissions balances, and whether corresponding adjustments have been correctly applied.

Overall, significant, persistent inconsistencies and Party non-responsiveness could undermine the overall goal of Article 6. Elaborating the different processes for dealing with inconsistencies will be important for guaranteeing trust in the integrity of Article 6.2 exchanges, and providing confidence to participants and broader stakeholders alike.

6. Modalities for reviewing information that is confidential

Whilst the UK acknowledges the obligation of the members of the Article 6 TER team to maintain confidentiality, including after the completion of the Article 6 TER, **the modalities of reviewing information that is confidential should be identical to reviewing non-confidential information.**

Confidentiality of information does not warrant changes to the TER process and reports should contain all information (confidential and non-confidential) but may include flagging of confidential information therein. This would not mean making confidential information public. Adherence to the rules will still need to be assessed, regardless of type of information provided (confidential or non-confidential). For example, confidential information should still be included in the review of the consistency of the information submitted by the Party. This is because the TER is one of the cornerstones of ensuring the environmental integrity of Article 6.2 is upheld in practice. Amendments to the review process risk undermining the credibility and transparency of Article 6.2, by indicating a less robust review for information a Participating Party identifies as confidential. This could create perverse incentives around reporting and transparency.

Whilst the modalities for reviewing information should be the same, and therefore we do not see a particular need for elaboration of these modalities, the UK does believe further work could be undertaken related to:

- **The reporting of the outcome of the review of confidential information.** A6 TER reports shall be made publicly available on the centralized accounting and recording platform in line with Paragraph 28 in chapter IV of the annex to Decision 2/CMA.3. When confidential information is to be reviewed, the Article 6 TER team shall report in the Article 6 TER report the inconsistencies found in the confidential information. The UK recognises that modalities for the **public reporting** of outcomes related to information deemed confidential may need clarifying. **The UK believes the reviewers must elaborate and provide detail on why something is inconsistent in the same manner as this would occur for non-confidential data**, flagging inconsistencies, and including a description of how this may be resolved, but without revealing and being sensitive to the underlying confidential data.
- **The basis of confidential information.** Paragraph 6 of Decision 6/CMA.4 stipulates that a participating Party that identified information as confidential, should provide the basis for protecting such information. At present, the UK would not expect any information required under Article 6 to be confidential and is not clear what would need to be confidential. The UK therefore believes further work may help establish categories of reasons, for Parties to set out what constitutes the basis of such information being identified as confidential. A process may also be developed for dealing with cases in which the basis of confidentiality is not clear.

The UK would welcome an exploration of these two issues by the Secretariat in future work, drawing on best practice to establish classification and reporting of outcomes involving confidential information in a way that maximises transparency. This could be progressed post-COP28.