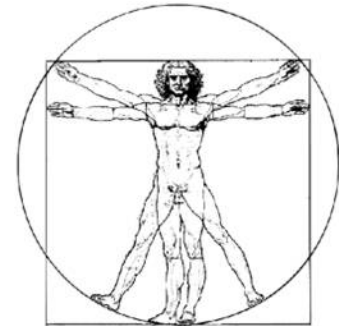


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Cooperative Approaches

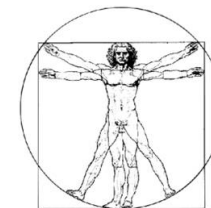
Market and non-market approaches to cooperation under Article 6 of the Paris Agreement

Benito Müller

Director ecbi

for sustained capacity building in support of international climate change negotiations
pour un renforcement durable des capacités en appui aux négociations internationales
sur les changements climatiques

Cooperation modalities under Article 6 of the PA



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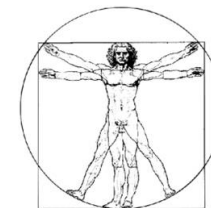
A. Opportunity for international cooperation when implementing their NDCs

1. Market-based cooperation: transfer of mitigation outcomes, through bilateral cooperation (6.2) or trading of mitigation outcomes credited by the UNFCCC (6.4)
2. Non-market based approaches: climate finance, technology transfer, capacity-building, identification of synergies, development of tools, institutional coordination

B. Key principles

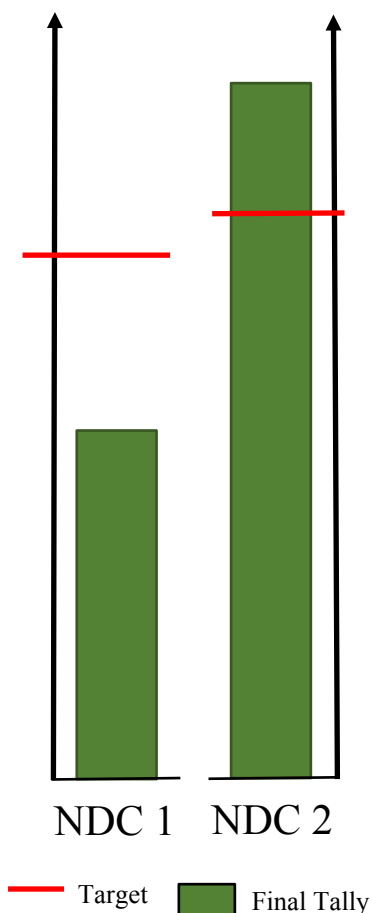
1. Protect environmental integrity (no increase in emissions)
2. Raise ambition in NDCs, not undercut it
3. Promote sustainable development

Market-based Cooperation: Basic Concepts



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- **‘originating Party’** (**‘originator’**)
[‘creating/issuing Party’]
- **‘transferring Party’** [‘transferring out’]
- **‘acquiring Party’** [‘transferring in’]
- **‘using Party’** (**‘user’**)

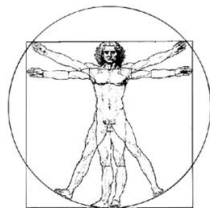


The defining feature of ITMOs is that they can be **used by an acquiring Party towards achieving its NDC**. In that context, NDCs have been associated with a **“scope”** (identifying what the NDC “covers”), and **“quantifications”** (either of the NDC as a whole, or of components thereof).

A **‘quantification’**, in this context, is given by the specification of:

- a **‘quantitative scope’**, that is a measurable, extensive quantity variable associated with the NDC, together with
- a **‘target level’**, that is the level of this quantity variable that needs to be reached for the NDC *to be achieved*.

The **‘final tally’** is the actual (measured) level of the respective quantity that determines, by its relative position to the associated target level, whether or not the NDC has been achieved, with respect to the quantitative scope in question.

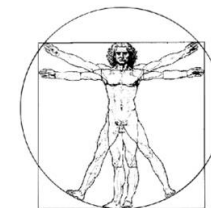


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Article 6.2

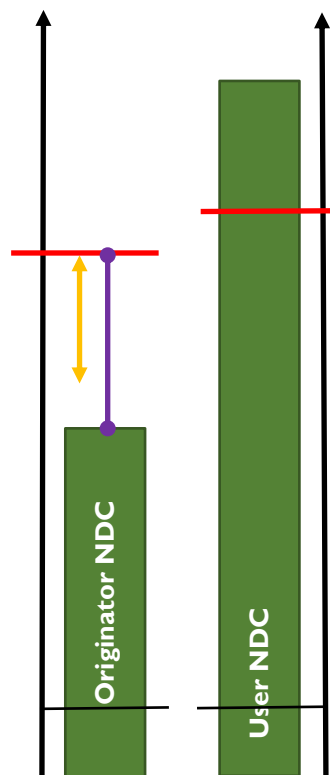
“Parties shall, where engaging on a voluntary basis in cooperative approaches **that involve the use of internationally transferred mitigation outcomes [ITMOs] towards nationally determined contributions**, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the CMA.”

Art. 6.2: 'Using ITMOs towards achieving an NDC'

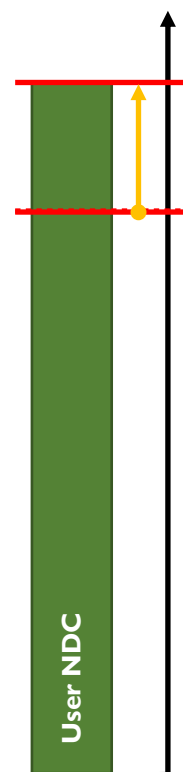


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(a) *Status quo ante*



(b) *Target-based approach*



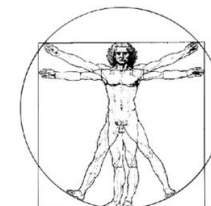
(c) *Tally-based approach*



— Target ■ Final Tally ●—● NDC Total Transferrable Mitigation Outcome
↔ MO to be transferred ↔ ITMO used

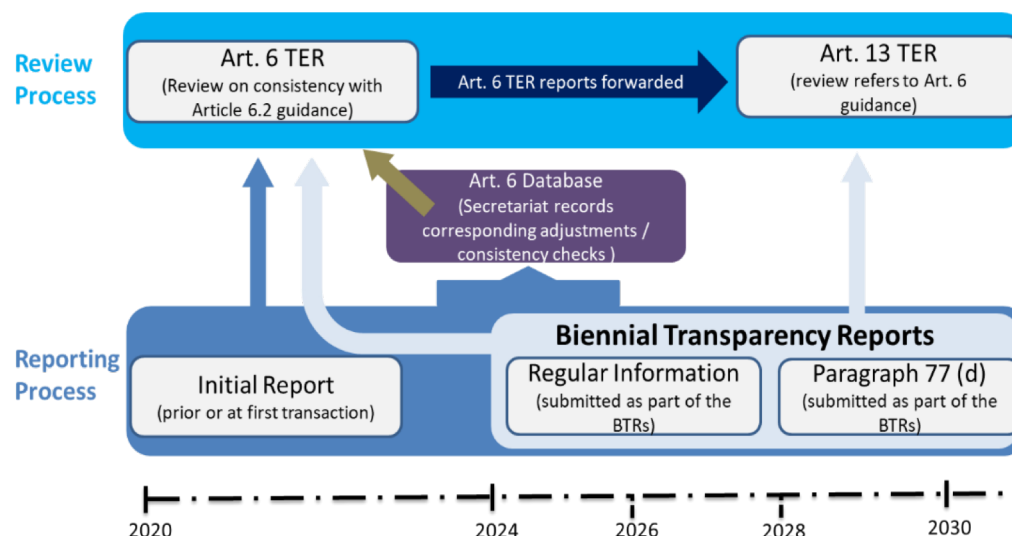
Article 6.2: Guidance for cooperative approaches

Cooperative approaches are designed and implemented in direct cooperation by the Parties

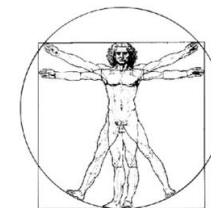


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- Guidance on the accounting of *internationally transferred mitigation outcomes (ITMOs)*.
- Main objective: Prevent double counting of mitigation outcomes through a *corresponding adjustment*
- Reporting & review cycle on the accounting for the ITMOs (and the underlying quality of the mitigation activities?)



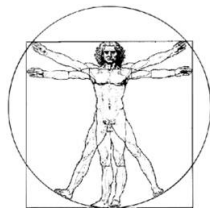
Article 6.2: Guidance for cooperative approaches



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A. Key political unresolved issues are:

1. What are ITMOs? Do they have internationally defined characteristics?
 - Are they *credits* or pure *accounting units*?
 - Can they be generated from outside the NDC sector?
 - Can they be created for any form of mitigation? Or are some sectors and activities (REDD+) excluded?
2. Can ITMOs be used by private companies and other compliance schemes? (e.g. CORSIA)
3. Do cooperating Parties have to *cancel* part of the ITMOs for OMGE?
4. Do cooperating Parties have to pay the levy for administration and adaptation finance (share of proceeds)?

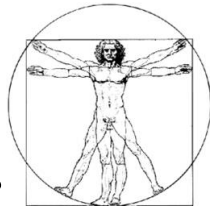


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Article 6.4

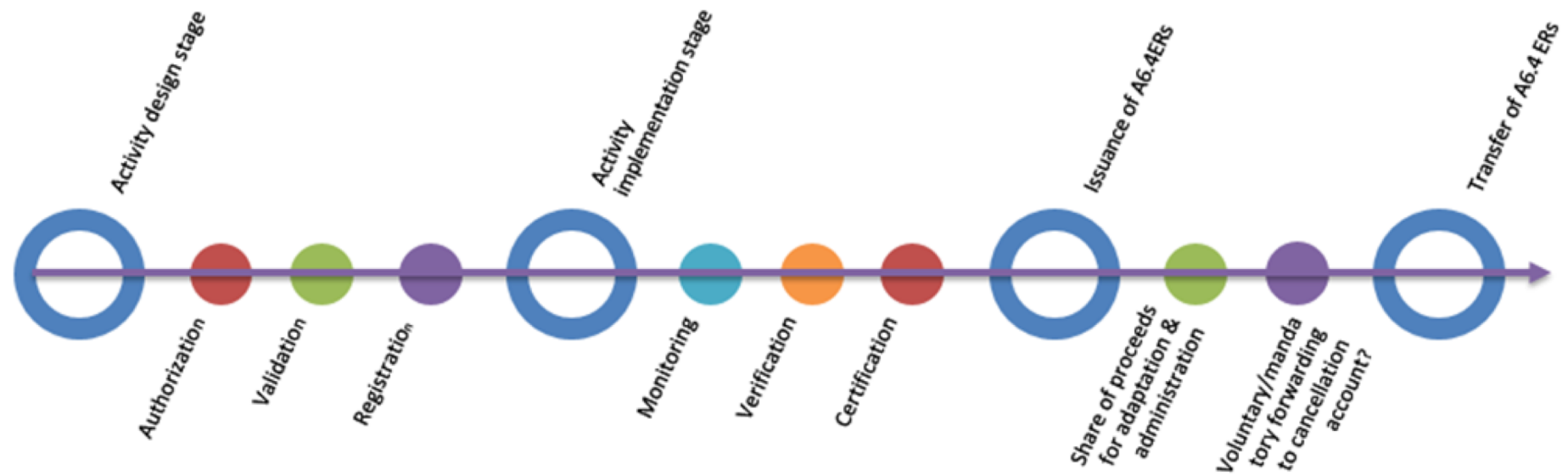
“A **mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development is hereby established** under the authority and guidance of the CMA for use by Parties on a voluntary basis. It shall be supervised by a body designated by the CMA, ...”

Article 6.4: A market-based mechanism



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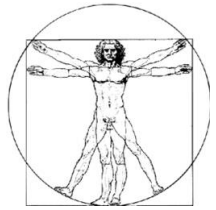
- UNFCCC market-based mechanism with a Supervisory Board that oversees and approves the issuance of A6.4ERs. (Successor of the CDM).
- Activities must prove they are additional
- Activities shall promote sustainable development
- Emission reductions are calculated and verified against crediting baselines
- The host country must approve the activity and authorize the international transfer of the A6.4ERs
- The mechanism generates finance for adaptation through the share of proceeds



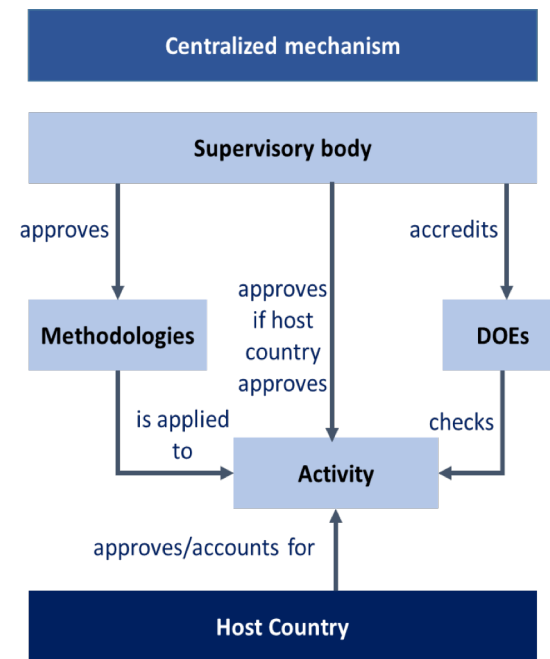
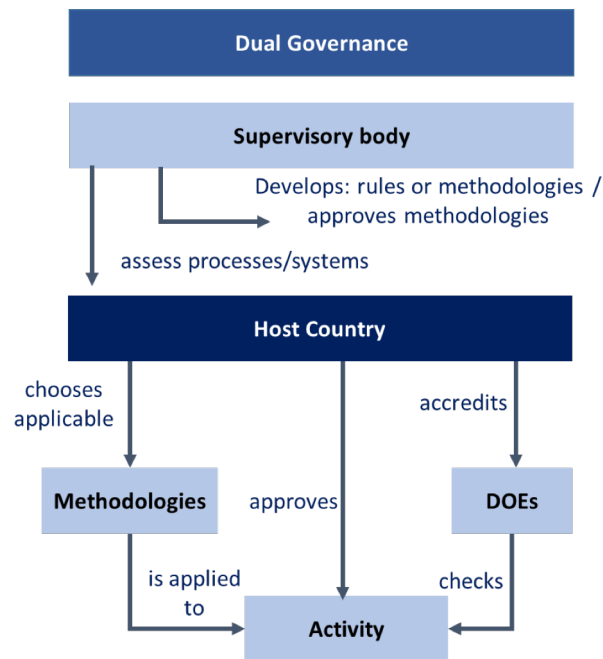
Article 6.4: A market-based mechanism

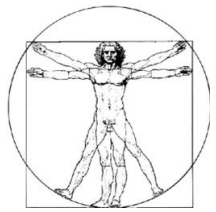
Key issues unclear are:

1. The scope of the activities (REDD+)
2. The use of A6.4ERs through private companies or in other compliance schemes (e.g. CORSIA)
3. The host country role in the mechanism
4. How to set baselines and determine additionality
5. If CDM and JI activities, units and methodologies will be transitioned into this mechanism



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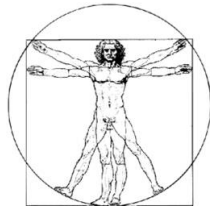


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Article 6.8

“Parties recognize the importance of **integrated, holistic and balanced non-market approaches** being available to Parties to assist in the implementation of their nationally determined contributions, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity building, as appropriate.”

Article 6.8: Promoting non-market approaches



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- Parties are negotiating a work programme to implement a framework on non-market based approaches
- NMAs can be implemented for: mitigation, adaptation, technology transfer, capacity building
- Key unresolved issues:
 - The objective of the work programme:

Framework as a mechanism

Identify **funding opportunities**, mobilize resources for the implementation of NMAs.



Instrument for the sharing of experiences

Work on **tools and platforms** that facilitate the engagement with NMAs.



VS

- The governance of the framework

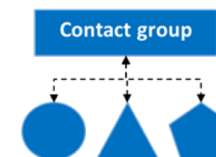
Framework as a mechanism

Centralized institutionalisation for implementation of the work programme

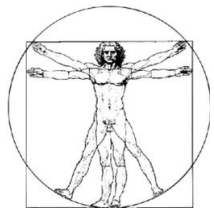


Instrument for the sharing of experiences

Decentralized and weaker institutionalisation



VS



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Thank You!