

SBSTA 48.2

Agenda item 12 (a)

Reorganized informal note containing draft guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

Parties agreed at SBSTA 48.1 to work at SBSTA 48.2 on the basis of the revised informal note published at the end of the session (document SBSTA48.Informal.5.v2ed. the “May informal note”). Parties also noted that the May informal note does not represent consensus or reflect all the views of Parties (See FCCC/SBSTA/2018/4 at paragraphs 95 to 98).

This note is a reorganization of the content of the May informal note by the Co-Chairs (Kelley Kizzier of Ireland and Hugh Sealy of Barbados), under their own authority. It is offered purely as a possible means to accelerate the work of the SBSTA in relation to this agenda item. It has no status unless and until Parties wish to attribute status to it through conclusions of the SBSTA.

Without prejudice to the final form of the Paris Agreement outcome and the product from this SBSTA agenda item, the Co-Chairs have set up this reorganized informal note to read like guidance, with related decision text, in order to help Parties to visualise the product resulting from the mandate set out in decision 1/CP.21 paragraph 36.

This reorganized informal note does not remove options or possible elements or further elements from the May informal note with the exception of the definitions section (see below). Further, some sections have been consolidated into clearer options and limited further duplications have been identified and removed – and this is identified at the relevant place. As per the reflections of the SBSTA Chair in the Joint Reflections Note published by the Presiding Officers of the APA, SBI and SBSTA on 18 August 2018, the reorganization seeks to help Parties focus on the essentials for Katowice, and the related follow-up technical work that could be carried out in 2019.

The draft elements from the May informal note are reorganized into the following format, pursuant to paragraph 12 of that Joint Reflections Note, without prejudice to their final placement in any final recommendation from the SBSTA on the documents to be adopted by the CMA:

- (a) A draft “adopting decision”, containing the draft elements from the May informal note that appear to belong in such a draft adopting decision;
- (b) Draft guidance, containing the draft elements from the May informal note that appear to be related to guidance to Parties and appear to be necessary to decide in 2018;
- (c) An Annex containing draft elements that appear to be suitable as follow-up technical work for 2019, described in this reorganized informal note as a “work plan”.

As per the May informal note, narrative from the Co-Chairs is included in *{italic text in curly brackets}*. Further, where the May informal note contains a “to” obligation, that “to” has been replaced with “[shall][should]” or, where clearly not mandatory, a “[should]”. This revised informal note is not formal draft negotiating text, and therefore, is not placed in square brackets. However, it should be understood that none of it is agreed and as noted in the May informal note, it does not represent a consensus or indeed contain all the views of all Parties. In relation to the headings in the May informal note, the Co-Chairs have consolidated and reorganised some sections. The numbering of headings and paragraphs has changed consequentially as a result of the reorganization. Mandate wording from the CMA has been developed to help Parties to see how the work plan could be drafted.

The Co-Chairs look forward to supporting Parties in their work at this session and hope that this reorganized informal note can be useful as a means of focussing work and visualising the product of this agenda item.

Draft CMA adopting decision containing draft elements of the guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

I. Preamble

Option A {*preamble*} {*potential list below*}

Pp1 Recalling Article 2 of the Paris Agreement.

Pp2 Recalling Article 2 of the Paris Agreement and decision 1/CP.21, paragraph 1.

Pp3 Recalling Article 2 of the Paris Agreement and its paragraph 1.

Option B {*list of preambular paragraphs, including principles*} {*potential list below in section II*}

Option B1 {*principles only from Article 6, paragraphs 1-3*}

Option B2 {*principles from Article 6, paragraph 1-3 and others*} {*further development may be required*})

Option C {*no preamble*}

{*no text required*}

{*end of Option C*}

The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,

{*new draft adopting text below to indicate how the adopting decision might read*}

1. *Adopts* the guidance on cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement contained in Annex I of this decision.
2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the work plan for follow-up technical work as set out below {*see Annex II*}¹ and develop recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its second session (2019);
3. [Placeholder for review of the guidance at X future date].

{END OF DRAFT CMA ADOPTING DECISION}

¹ Ordinarily, a work plan is presented with the adoption wording. However, for ease of use of this reorganized informal note, this is presented for the time being as Annex II.

Draft Annex I containing guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

I. Preamble *{see “adopting decision”}*

II. Principles²

Option A *{list of principles}* *{potential list below}*

1. Parties engaging in cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement³ (hereinafter referred to as cooperative approaches) that involve the use of internationally transferred mitigation outcomes (ITMOs) towards achievement of nationally determined contributions (NDCs) [shall][should] be guided by the following further principles:
 - (a) In accordance with Article 6, paragraph 1, participation in cooperative approaches is voluntary;
 - (b) Pursuant to Article 6, paragraph 1, cooperative approaches allow Parties [shall][should] maintain current ambition) in their NDC and allow for higher mitigation and adaptation ambition;
 - (c) In accordance with Article 6, paragraph 2, cooperative approaches [shall][should] promote sustainable development;
 - (d) In accordance with Article 6, paragraph 2, cooperative approaches [shall][should] ensure environmental integrity. Ensuring environmental integrity includes ensuring that such cooperative approaches do not lead to an overall increase in global greenhouse gas emissions.
 - (e) In accordance with Article 6, paragraph 2, Parties [shall][should] ensure transparency, including in governance;
 - (f) In accordance with Article 6, paragraph 2, Parties [shall][should] apply robust accounting and ensure the avoidance of double counting;
 - (g) Pursuant to Article 4, paragraph 3, cooperative approaches [shall][should] be consistent with the participating Parties’ NDC and be designed and implemented in a manner that supports progression beyond the participating Parties’ current NDC;
 - (h) The type of its NDC [shall][should] not exclude any Party from participating in cooperative approaches;
 - (i) Cooperative approaches [shall][should] “be bottom up” and to maintain national prerogatives by ensuring that such cooperative approaches are led by participating Parties;
 - (j) Cooperative approaches [shall][should] prioritize implementation of the participating Parties’ NDC, and avoid extraneous influences;
 - (k) Cooperative approaches [shall][should] take into consideration/address Article 4, paragraphs 7 and 15;
 - (l) Participating Parties [shall][should] avoid unilateral measures and discriminatory practices in such cooperative approaches;
 - (m) Cooperative approaches [shall][should] be implemented through a multilateral rules-based system;
 - (n) The special circumstances of least developing countries and small island developing States [shall][should] be reflected.

Option B *{no list of principles}*

{no text required}

² As noted in the explanatory text box, the heading numbering from the May Informal Note is retained for the time being, thus making the first section in this Annex, section II.

³ References to “Article” are to articles of the Paris Agreement, unless otherwise specified.

III. Scope *{this section has been consolidated into options since the May informal note, including deletion of duplication}*

2. This guidance [shall][should] apply to:

Option A *{all steps in ITMO life cycle}*

(a) Creation, transfer, acquisition, and use of ITMOs towards achievement of an NDC;

Option B *{first transfer and use}*

(b) First transfer and use of ITMOs;

Option C *{transfer and acquisition}*

(c) Transfer and acquisition of ITMOs;

Option D *{only use of ITMOs towards NDCs}*

(d) Use of ITMOs towards an NDC;

Option E *{cooperative approaches involving transfers of ITMOs used towards NDCs}*

(e) Cooperative approaches that involve transfers of ITMOs used towards NDC by Parties.

3. This guidance [shall][should] cover:

Option A *{only cooperative approaches referred to in Article 6, paragraph 2}*

(a) Cooperative approaches referred to in Article 6, paragraph 2;

Option B *{cooperative approaches referred to in Article 6, paragraph 2 and mitigation activities under the mechanism established by Article 6, paragraph 4 from which emission reductions are internationally transferred}*

(b) Cooperative approaches referred to in Article 6, paragraph 2;

(c) Mitigation activities under the mechanism established by Article 6, paragraph 4 from which emission reductions are internationally transferred and used toward NDCs.

{end of Option B}

Option A *{special circumstances of LDCs and SIDs}*

4. In relation to least developed countries and small island developing States, the special circumstances of least developed countries and small island developing States as set out in Article 4, paragraph 6, [shall][should] be recognized where this guidance relates to NDCs. For the purpose of this guidance, references to NDC means, for least developing countries and small island developing States, strategies, plans and actions for low greenhouse gas emissions development, reflecting their special circumstances.

Option B *{no special circumstances}*

{no text required}

IV. Purpose

5. This guidance [shall][should]: *{potential list below}*

(a) Ensure consistency of cooperative approaches with Article 2;

(b) Ensure consistency of cooperative approaches with Article 6, paragraph 1;

(c) Enable Parties to apply robust accounting, including the avoidance of double counting;

(d) Address scope and purpose of Article 6, paragraph 2 activities and cooperative approaches.

V. Definitions *{at SBSTA 48.1 Parties agreed to return to definitions section when the content of the guidance is more settled.}*

6. *{Placeholder for the definitions as per document SBSTA48.Informal.5.v2ed. "May informal note"}*

VI. Internationally transferred mitigation outcomes

A. Internationally transferred mitigation outcomes that may be/are used towards achievement of a nationally determined contribution

7. An ITMO/s [shall][should] be consistent with the guidance in this section VI and decisions adopted by the CMA relating to this guidance.

1. Responsibility

8. The responsibility to elaborate what is an ITMO that is used towards achievement of an NDC [shall][should] be with:

Option A {*the CMA*}

(a) The CMA;

Option B {*the 6.2 body*}

(b) The 6.2 body;

Option C {*participating Parties*}

(c) Participating Parties implementing a cooperative approach.

2. Measurement

Option A {*guidance on measurement*}

9. An ITMO [shall][should] be any one or more of the following: {*potential list below*}:

Option A1 {*in tonnes of carbon dioxide equivalent*}

(a) Equal to one metric tonne of carbon dioxide equivalent (CO₂e);

Option A2 {*in tonnes of carbon dioxide equivalent and other metrics*}

(b) Measured in tonnes of CO₂e and other metrics;

Option B {*no guidance on measurement*}

{*no text required*}

10. An ITMO [shall][should] be calculated: {*this element has been consolidated into options as compared to the May informal note*}

Option A {*by CMA, in accordance with certain IPCC*}

(a) In accordance with the methodologies and common metrics assessed by the IPCC and adopted by the COP/CMA;

(b) Using global warming potentials assessed/recommended by the IPCC and adopted by the COP/CMA;

Option B {*by implementing Parties*}

(c) As determined by Parties implementing a cooperative approach.

(d) To be consistently identified and defined by the participating Parties {*moved from sub section B*}

3. Form

Option A {*guidance on form*}

11. An ITMO [shall][should] be any one or more of the following {*potential list below*}:

(a) A unit with a unique serial number;

(b) A net flow between participating Parties in a given period;

(c) Amounts, in CO₂e, subject to a corresponding adjustment to be recorded in the accounting balance of the Parties involved and in a centralized accounting database;

(d) Not a freely tradable unit.

Option B {no guidance on form}

{no text required}

4. Scope

Option A {guidance on scope}

12. An ITMO may be created for any of the following {potential list below}:

- (a) Emission reductions;
- (b) Emission removals;
- (c) Emissions avoided;
- (d) The full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans;
- (e) Net absolute national reductions;

Option B {no guidance on scope}

{no text required}

B. Characteristics of an internationally transferred mitigation outcome {this section has been consolidated into options since the May informal note} {see work plan for 2019}

13. ITMOs [shall][should] be:

Option A {RPAV}

- (a) Real, permanent, additional and verifiable;

Option B {RPV}

- (b) Real, permanent and verifiable.

C. Other internationally transferred mitigation outcomes

14. The following are also ITMOs {potential list below}:

- (a) Those emission reductions issued and subject to a corresponding adjustment under this guidance as per the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, if internationally transferred;
- (b) Certified emission reductions issued under Article 12 of the Kyoto Protocol that are used towards achievement of an NDC;
- (c) Emission reduction units determined under Article 6 of the Kyoto Protocol that are used towards achievement of an NDC.

VII. Governance

A. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

Option A {CMA functions, including issuance process} {this option has been restructured compared to May informal note}

15. The CMA [shall][should] {potential list below}:

- (a) Approve creation of/issue ITMOs, in accordance with this guidance;
- (b) Periodically review the participation of non-Party actors to provide further guidance, as necessary.

- (c) Ensure consistency between this guidance and the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, in relation to the use of emission reductions under that mechanism towards achievement of NDCs *{moved from Principles}*
- (d) Review this guidance periodically/by no later than *{X date}*, on the basis of recommendations from the committee referred to in Article 15, paragraph *{moved from directly below in same section}*

Option B {no CMA functions}

{no text required}

B. Oversight arrangements

Option A {Article 6.2 body}

- 16. A cooperative approaches body (hereinafter referred to as the “6.2 body”) to ensure consistency with this guidance and decisions of the CMA relating to this guidance [shall][should] be established with a composition and functions to be decided by the CMA *{see work plan for 2019}*.

Option B {Article 13 review to review for consistency with this guidance}

- 17. Each participating Party [shall][should] ensure its participation in cooperative approaches and its use of ITMOs towards achievement of its NDC is consistent with this guidance.
- 18. The expert review [shall][should] review for consistency with this guidance and consistency with the modalities, procedure and guidelines of Article 13 and decisions of the CMA relating to this guidance *{see work plan for 2019}*.

Option C {other expert review to review for consistency with this guidance}

- 19. An expert review [shall][should] review for consistency with this guidance and decisions of the CMA relating to this guidance *{see work plan for 2019}*.

Option D {combination of Options A, B and C above} {potential list above in Options A and B and C}

Option E {no oversight arrangements}

{No text required}

C. Role of the secretariat {see work plan for 2019}

- 20. Pursuant to Article 17, the secretariat [shall][should] carry out the activities set out in in this guidance and decisions of the CMA relating to this guidance.
- 21. The secretariat [shall][should] report to the CMA in accordance with decisions of the CMA relating to this guidance.

D. Role of other actors

- 22. Non-Party actors may, where applicable, subject to authorization by a participating Party *{potential list below}*:
 - (a) Participate in cooperative approaches;
 - (b) Transfer and acquire ITMOs;
 - (c) Use ITMOs for purposes other than towards achievement of an NDC.

VIII. Participation requirements and responsibilities *{At SBSTA 48.1, it was noted that a number of the requirements were not “entry” requirements but rather ongoing responsibilities, so this section has been split and Parties may wish to sort further}*

A. Participation requirements

- 23. A Party may participate on a voluntary basis in cooperative approaches if the Party meets the following requirements *{potential list below}*

- (a) It is a Party to the Paris Agreement;
- (b) It has prepared, communicated and is currently maintaining an NDC in accordance with Article 4, paragraph 2. In this context, references to NDCs means, for LDCs and SIDs, strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances;
- (c) It has obtained the authorization for the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
- (d) It has designated a national authority/focal point and has communicated that designation to the secretariat;
- (e) It has a registry or access to a registry that meets the requirements of section XIV.A (Registry) below;
- (f) It has a system or access to a system for recording the origin, creation, transfer, acquisition and use towards achievement of its NDC of ITMOs;
- (g) It has provided the most recently required inventory report in accordance with the modalities, procedures and guidelines relating to Article 13, paragraph 7, including a consistent time series of inventory emissions submitted no less than annually /biennially, taking into account flexibility for inventories for least developed country Parties and small island developing States;
- (h) It has formulated and communicated an economy-wide long-term low-emission development strategy pursuant to Article 4, paragraph 19;
- (i) In relation to quantification of its current NDC, it has done the following for the purposes of participating in cooperative approaches *{further potential list below}*:
 - (i) Quantified the mitigation into an amount of tonnes of CO₂e;
 - (ii) Quantified the NDC into a pool of quantified contribution units;
 - (iii) Identified the sectors and greenhouse gases covered by its NDC;
 - (iv) Identified the time period for its NDC (e.g. multi-year or single year);
 - (v) Calculated an absolute-emissions, multi-year, economy-wide target;
 - (vi) Identified an indicative emissions trajectory consistent with its long-term low greenhouse gas emission development strategy pursuant to Article 4, paragraph 19;
- (j) In relation to each cooperative approach *{further potential list below}*:
 - (i) It has a process to set a baseline;
 - (ii) It has requirements to mitigate leakage risk;
 - (iii) It has systems to ensure permanence, including to address reversals;
- (k) In relation to ITMOs *{further potential list below}*:
 - (i) It has a process to verify ITMOs created and first/only transferred;
 - (ii) It has a process to ensure that ITMOs created and first/only transferred and/or used do not result in environmental harm;
 - (iii) It has a process to ensure that ITMOs created and first/only transferred and/or used do not adversely affect human rights;
 - (iv) It has a process to ensure that ITMOs created and first/only transferred and/or used do not have negative social or economic impacts on any Party.

B. Participation responsibilities

24. Parties [shall][should] ensure environmental integrity: *{moved from definitions and reworded to be operational}*
- (a) It has set baselines in a conservative way and below the BAU for the emissions in relation to the activity and in a transparent manner;
 - (b) It has taken into account all existing policies when setting baselines;
 - (c) The cooperative approach contributes to the transition in the host Party to a low carbon development economy;

- (d) The cooperative approach does not lead to an increase in global emissions;
- (e) The cooperative approach does not impede the formulation of an NDC by the host Party that reflects the highest possible ambition and a progression over time of the NDC;
- (f) The cooperative approach does not imply risks of conflicts with other environment-related aspects. In case of environment-related conflicts, measures to mitigate any negative trade-offs to be taken;
- (g) The cooperative approach is consistent with the Sustainable Development Goals and the sustainable development objectives of the host Party;
- (h) The cooperative approach is consistent with the respect of and does not represent a threat to human rights.

IX. Corresponding adjustment

A. Article 6, paragraph 2, corresponding adjustment

1. General

Option A {all Parties use the same basis for corresponding adjustment}

25. A Party [shall][should] apply the basis for corresponding adjustment set out in section IX.2 below consistently throughout the NDC implementation period.

Option B {a Party chooses which basis for corresponding adjustment and applies it consistently}

26. A Party [shall][should] select one of the bases for corresponding adjustment set out in section IX.2 below and apply it consistently throughout the NDC implementation period.

2. Basis for Article 6, paragraph 2, corresponding adjustment

Option A {budget-based} {see Option B in section X.A (Ex ante reporting) and section XII.A (Specific guidance for budget-based)}

27. Budget-based, where a Party applies the corresponding adjustment to a quantified budget of allowable emissions based on its quantified NDC.

Option B {emissions-based}

28. Emissions-based, where a Party applies the corresponding adjustment to relevant emissions derived from greenhouse gas emissions totals in its national inventory, with a resulting balance (e.g. accounting balance/tracking and accounting balance /real-time balance).

Option C {buffer registry based}

29. A buffer registry where a Party applies the corresponding adjustment for each transfer and acquisition from a starting point of a zero balance, with a resulting balance that reflects net transfers and acquisitions.

Option D {emission reductions based}

30. Emission reductions based, where a Party applies a corresponding adjustment to the total quantity of emissions reduction achieved during the NDC implementation period.

B. Application and timing of corresponding adjustment {headings in this section have been slightly modified to improve clarity} {see work plan for 2019}

31. A Party [shall][should] make a corresponding adjustment by effecting an addition or subtraction consistent with the basis for the Article 6.2 corresponding adjustment in section IX.A above, the application and timing relevant transactions in section IX.B.1 and section IX.B.2 below, and in accordance with decisions of the CMA relating to this guidance.

1. Application of the corresponding adjustment

Option A {*Parties record a corresponding adjustment for authorised first/only transfer and for use towards achievement of NDC*}

32. A Party [shall][should] make a corresponding adjustment for authorised first/only transfer of ITMOs and for authorised use of ITMOs towards achievement of its NDC.

Option B {*Parties record a corresponding adjustment for transfers and acquisitions*}

33. A Party [shall][should] make a corresponding adjustment for authorised transfers of ITMOs and authorised acquisitions of ITMOs towards achievement of its NDC.

Option C {*All transactions*}

34. A Party [shall][should] make a corresponding adjustment for creation, authorised first/only transfer, authorised transfer, authorised acquisition and authorised use towards an NDC.

2. Timing of the corresponding adjustment

Option A {*real-time*}

35. Parties [shall][should] make the corresponding adjustment at the time of each relevant transaction in section 1 above:

Option B {*periodic, e.g. annual, biennial, matching reporting period*}

36. Parties [shall][should] make the corresponding adjustment periodically and/or reflect the corresponding adjustment in the reporting referred to in this guidance.

Option C {*when demonstrating achievement of NDC*}

37. Parties [shall][should] make the corresponding adjustment when demonstrating use of ITMOs towards achievement of its NDC.

Option D {*when recorded in the centralized accounting database*}

38. The corresponding adjustment occurs when it is duly recorded, following reporting and review, in the accounts of the relevant Parties, in a centralized accounting database.

X. Reporting

A. Ex-ante reporting {*this section has been moved from the May Version to consolidate all reporting elements*}

Option A {*ex-ante reporting contains information required in Participation requirements*}

39. Each Party intending to participate in cooperative approaches [shall][should] provide, prior to its participation in cooperative approaches, the information required in section VIII (Participation requirements and responsibilities) and decisions of the CMA relating to this guidance to demonstrate that it meets the participation requirements. {*see work plan for 2019*}

Option B {*ex-ante reporting contains all the following steps for budget-based*}

40. Each Party intending to participate in cooperative approaches [shall][should] provide information on quantification of allowable emissions, through an approved calculation method that is consistent with decisions of the CMA relating to this guidance, in order to develop their quantified NDC. {*see work plan for 2019*}

Option C {*ex-ante reporting contains all the following for emissions-based*}

41. Each Party intending to participate in cooperative approaches [shall][should] provide information to enable the application of the emissions-based basis, consistent with decisions of the CMA related to this guidance. {*see work plan for 2019*}

Option D {*no ex-ante reporting*}

{*No text required*}

B. Periodic and ex-post Party reporting

Option A {*periodic: annually, biennially, matching reporting period*}

42. Each participating Party [shall][should] provide, at the end of the reporting period, the information on ITMOs including ITMO tracking, ITMO volumes, and ITMO use towards NDCs, and information on registries and cooperative approaches, set out in decisions of the CMA relating to this guidance.

Option B {*when demonstrating achievement of NDC*}

43. Each participating Party [shall][should] provide, at the end of the NDC implementation period, the information on ITMOs including ITMO tracking, ITMO volumes, and ITMO use towards NDCs, and information on registries and cooperative approaches, set out in decisions of the CMA relating to this guidance.

Option C {*both Option A and Option B*}

{*No text required*}

Option D {*real-time reporting*}

XI. Review

A. Ex-ante review {*see work plan for 2019*} {*this section has been moved from the May Version to consolidate all review elements*}

Option A {*ex-ante review by the 6.2 body*} {*potential list below*}

44. Following submission by a Party of the information contained in section X.A above, the 6.2 body [shall][should] review the information for consistency with the participation requirements.
45. A Party may participate where the ex-ante review determines that it meets the participation requirements.

Option B {*ex ante review by expert review*} {*potential list below*}

46. Following submission by a Party of the information contained in section X.A above, the expert review [shall][should] review the information for consistency with this guidance.
47. A Party may participate where the ex-ante review determines that it meets the participation requirements.
48. Where relevant, a Party [shall][should] issue units up to the allowable emissions, following the technical expert review {*relates to budget-based below and Option B in section X.A (Ex-ante reporting)*}.

Option C {*no ex-ante review*}

{*No text required*}

B. Periodic and ex-post review {*additional review option added in A to make consistent with review options considered in section VII.B*} {*potential list below*}

Option A {*periodic and/or ex-post review*}

Option A1 {*review by the 6.2 body*}

49. Following submission by a Party of the information under section X.B (Periodic and ex-post Party reporting), the 6.2 body [shall][should] review the information for consistency with this guidance and further decisions of the CMA relating to this guidance.

Option A2 {*Article 13 review*}

50. Following submission by a Party of the information under section X.B (Periodic and ex-post Party reporting), the technical expert review [shall][should] review the information for consistency with this guidance and consistency with the modalities, procedure and guidelines of Article 13 and further decisions of the CMA relating to this guidance.

Option A3 {*review conducted by other technical expert review*}

51. An expert review [shall][should] review for consistency with this guidance and decisions of the CMA relating to this guidance {*see work plan for 2019*}.

Option A4 {*combination of Option A1 and Option A2*} {*potential list above in Option A1 and Option A2*}

Option B {*no review*}

{*No text required*}

XII. Specific guidance

A. Budget-based corresponding adjustment

Option A {*specific multilateral rules-based guidance for budget based*}

52. Party [shall][should] calculate calculation of the quantified NDC in accordance with section X.A (Ex-ante reporting) {requires Option B of that section}.
53. Party [shall][should] issuance of units in accordance with section XI.B (Ex-ante review) {requires Option B of that section}.
54. Party [shall][should] make making a corresponding adjustment in accordance with section IX above (Corresponding adjustment).
55. Party [shall][should] identify the difference between allowable emissions and average actual reported emissions in the three years preceding the NDC period and any positive difference to be transferred into an NDC time frame reserve and used only for meeting its own NDC.
56. At end of NDC implementation period, the Party [shall][should] retire the number of units equal to NDC relevant emissions

Option B {*no specific guidance*}

{*no text required*}

B. Sectors/greenhouse gases etc.

1. General

57. A creating Party may create and first /only transfer an ITMO that is achieved in its jurisdiction:

Option A {*only inside NDC*}

- (a) in sectors/greenhouse gases covered by that Party's NDC;

Option B {*sectors inside and outside NDC*}

- (b) in any sector/greenhouse gases, whether or not they are covered by that Party's NDC.

2. Sectors/greenhouse gases covered by the nationally determined contribution

58. For ITMOs that are created and first/only transferred by a Party and achieved in sectors/greenhouse gases covered by that Party's NDC, each participating Party [shall][should] make a corresponding adjustment in accordance with section IX (Corresponding adjustment)
59. Least developed country Parties and small island developing States [shall][should] report their transfers annually.

3. Sectors/greenhouse gases not covered by the nationally determined contribution {*this section is dependent on section XII.B.1 above and applies only for Option B*}

60. For ITMOs that are created and first/only transferred by a Party and achieved outside the sectors/greenhouse gases covered by that Party's NDC:
 - (a) The using Party [shall][should] make a corresponding adjustment in accordance with section IX (Corresponding adjustment);
 - (b) The creating Party [shall][should]:

Option A {*make a corresponding adjustment*}

- (i) make a corresponding adjustment in accordance with section IX (Corresponding adjustment);

Option B {no corresponding adjustment, reporting only}

- (ii) report in accordance with this guidance;

Option C {not use ITMOS from outside the sectors/greenhouse gases covered by the NDC}

- (iii) not use ITMOs from outside the scope of its NDC in order to achieve its own NDCs;

Option D {can use ITMOS from outside the sectors/greenhouse gases covered by the NDC}

- (iv) use ITMOs from outside the scope of its NDC towards achievement of its NDCs only if the Party will bring this sector/gas in the scope of its next NDC and if it makes a corresponding adjustment (as an addition to the inventory emissions).

Option E {no action required}

{no text required}

C. Single-year nationally determined contributions {see work plan for 2019}

61. A Party that has a single-year NDC that participates in cooperative approaches [shall][should] ensure that, it applies the basis below, consistent with decisions of the CMA relating to this guidance:

Option A {single-year vintage creation and transfer only}

- (a) Applies a single vintage basis

Option B {cumulative corresponding adjustments}

- (b) Applies a cumulative corresponding adjustment basis

Option C {comparison to a trend that would be consistent with NDC achievement}

- (c) Applies a comparison to a consistent-with-NDC-achievement basis

Option D {averaging, including average per cooperative approach}

- (d) Applies an averaging basis

Option E {representative corresponding adjustments}

- (e) Applies a representative corresponding adjustment basis

Option F {reporting in accordance with this guidance, periodically}

- (f) Reports periodically consistent with this guidance

Option G {no specific guidance}

{no text required}

D. Multi-year nationally determined contributions {see work plan for 2019}

Option A {specific guidance on multi-year NDC}

62. A Party with a multi-year NDC to make a corresponding adjustment consistent with decisions of the CMA relating to this guidance.

Option B {no specific guidance}

{no text required}

E. Pre-2020/2021 units/internationally transferred mitigation outcomes {see work plan for 2019}

63. In respect of pre-2020/2021 units/ITMOs Parties [shall][should] make a corresponding adjustment and use such ITMOs consistent with decisions of the CMA relating to this guidance.

F. Buffer registry *{see work plan for 2019}*

64. Forward the amount in the buffer registry resulting from corresponding adjustments to Article 4, paragraph 13 for NDC accounting.

{end of section F}

XIII. Application of this guidance to emission reductions certified under the mechanism established by Article 6, paragraph 4

Option A *{guidance applicable to all emission reductions transferred internationally}*

65. Section IX (Corresponding adjustment) of this guidance/this guidance applies to all emissions reductions under the mechanism established by Article 6, paragraph 4, when transferred internationally and used towards the achievement of an NDC.

Option B *{guidance applicable where emission reductions from sectors/greenhouse gases are covered by the NDC}*

66. Section IX (Corresponding adjustment) of this guidance/this guidance applies to emission reductions under the mechanism established by Article 6, paragraph 4, that result from a mitigation activity that is included in the sectors/greenhouse gases covered by the host Party's NDC, when those emission reductions are transferred internationally.
67. This guidance does not apply to emission reductions under the mechanism established by Article 6, paragraph 4, if the mitigation activity is not included in the sectors/greenhouse gases covered by the host Party's NDC.

Option C *{guidance applicable where emission reductions are covered by the NDC}*

68. Section IX (Corresponding adjustment) of this guidance/this guidance applies to emission reductions under the mechanism established by 6.4, that result from a mitigation activity that is included in the host Party's NDC, when those emission reductions are transferred internationally to be used in the acquiring Party's NDC.
69. This guidance does not apply to emission reductions under the mechanism established by the article 6 paragraph 4, if the mitigation activity is not included in the host Party's NDC.

Option D *{forwarding based}*

70. This guidance is not applicable to the initial forwarding of certified emission reductions from the Article 6, paragraph 4, mechanism registry.
71. Section IX (Corresponding adjustment) of this guidance/this guidance [shall][should] apply to any subsequent international transfer of certified emission reductions between registries/national accounts in the multilateral registry through the international transaction log.

Option E *{underlying emission reduction based}*

72. Section IX (Corresponding adjustment) of this guidance/this guidance applies to the use by one Party of an emission reduction from the mechanism established in Article 6, paragraph 4 for the achievement of its NDC and the use of the underlying emission reduction by the host Party reflected in the calculation of its GHG inventory.

Option F *{national allowances-based}*

73. This guidance [shall][should] apply to emission reductions issued under the mechanism established by Article 6, paragraph 4. A Party with an absolute emission limitation or reduction target in its NDC may then transfer an equivalent quantity of national allowances.

XIV. Infrastructure

A. Registry requirements *{see work plan for 2019}*

Option A *{registries}*

74. Each participating Party [shall][should] have or have access to a registry that meets the requirements of decisions of the CMA relating to this guidance.

Option B {distributed ledger}

75. Each participating Party [shall][should] have or have access to a distributed ledger that meets the requirements of the decisions of the CMA relating to this guidance.

Option C {no guidance required as no registry/registries or distributed ledger required as reporting is the basis for tracking ITMOs/units}

{no text required}

B. International transaction log/centralized accounting database/distributed ledger {see work plan for 2019}

Option A {international transaction log}

76. The secretariat [shall][should] establish and maintain an international transaction log capable of recording the information set out in decisions of the CMA relating to this guidance.

77. Each participating Party [shall][should] ensure that its registry is capable of connection to the international transaction log.

Option B {centralized accounting database}

78. The secretariat [shall][should] establish and maintain a centralized accounting database to record summaries of transfers, acquisitions and holdings consistent with decisions of the CMA relating to this guidance.

Option C {distributed ledger}

79. The secretariat/X [shall][should] establish and maintain a distributed ledger that is accessible to all participating Parties, consistent with decisions of the CMA relating to this guidance.

Option D {no guidance required as no such infrastructure required, as reporting required}

{no text required}

Option E {combination of Options A, B, and/or C}

XV. Safeguards

A. Overall mitigation in global emissions in context of Article 6, paragraph 2

Option A {overall mitigation in global mitigation requirement}

80. Requests the SBSTA to develop recommendations for implementation of overall mitigation in global emissions, on the basis of the following possible elements for consideration and adoption by the CMA at its second session.

Option A1 {automatic cancellation}

- (a) Overall mitigation in global emissions [shall][should] be achieved by ensuring some ITMOs are not used by either creating or acquiring Party towards achievement of its NDC;
- (b) At the time of issuance/first transfer of ITMOs, registry [shall][should] transfer X per cent of ITMOs to the cancellation account for overall mitigation in accordance with section XIV above;
- (c) Transferring Party [shall][should] make a corresponding adjustment for the full amount of ITMOs created/issued/supplied for first transfer/only transfer;
- (d) Acquiring/using Party [shall][should] make a corresponding adjustment for the amount of ITMOs acquired/used;
- (e) The cancelled ITMOs [shall][should] not be used for any further transfer or purpose, including use by any Party towards achievement of its NDC or voluntary cancellation;

Option A2 {discounting by Parties}

- (a) Overall mitigation in global emissions [shall][should] be achieved by ensuring some ITMOs are not used by either creating or acquiring Party towards achievement of its NDC;

- (b) Prior to first international transfer, creating Party [shall][should] make a corresponding adjustment for the full amount of ITMOs to be first transferred;
- (c) Acquiring/using Party [shall][should] make a corresponding adjustment for the full amount of ITMOs acquired/used, discounted by X percent.
- (d) The discounted volume of ITMOs [shall][should] be transferred to the cancellation account for the overall mitigation of global emissions by the acquiring/using Party.
- (e) The discounted volume of ITMOs [shall][should] not be used for any further transfer or purpose, including use by any Party towards achievement of its NDC.

Option A3 {using Party to discount prior to use towards achievement of its NDCs}

81. The using Party [shall][should] discount by X per cent the total quantity of ITMOs acquired prior to use towards achievement of its NDC.

Option B {no overall mitigation in global mitigation requirement}

{no text required}

B. Uses for purposes other than towards achievement of nationally determined contributions

82. An ITMO:

Option A {allow non-NDC uses}

- (a) Can be used for purposes other than towards the towards achievement of NDCs;

Option B {not allow non-NDC uses}

- (b) Cannot be used for purposes other than towards the towards achievement of NDCs;

83. An ITMO [shall][should] not be used towards achievement of an NDC where it has been or is intended to be used {potential list below}:

- (a) Towards international mitigation action outside the UNFCCC;
- (b) Towards voluntary climate actions that are not mandatory in the relevant jurisdiction;
- (c) As a means of demonstrating climate finance provided pursuant to Article 9.

84. Parties [shall][should] make a corresponding adjustment for ITMOs used for purposes other than towards achievement of NDCs consistent with:

Option A {make a corresponding adjustment for all as per this guidance}

- (a) section IX (Corresponding adjustment);

Option B {only make a corresponding adjustment where from within NDC}

- (b) section IX (Corresponding adjustment), where the ITMOs are from the sectors/greenhouse gases covered by the NDC.

C. Limits

1. Limits on creation and first/only transfer

Option A {limits on creation, transfer and acquisition} {potential list below}

85. A Party [shall][should] create and first/only transfer ITMOs in a manner that avoids fluctuations in the prices and quantities available in the international market for ITMOs {further text needed}.
86. Compulsory limitation of tradable units [shall][should] be exclusively used for retirement purposes.
87. A Party [shall][should] not create or first/only transfer ITMOs where the ITMOs have been achieved in sectors that have a high degree of uncertainty {further text needed}.
88. A Party [shall][should] not first/only transfer any quantity of ITMOs over the reporting period/NDC implementation period that is greater than X per cent of its quantified budget of allowable emissions for that reporting period/NDC implementation period.

89. A Party [shall][should] maintain a holding balance equal to *X* per cent of its mitigation target for that reporting period/NDC implementation period throughout the reporting period/NDC implementation period.
90. A Party [shall][should] maintain a minimum level of allowable emissions in the NDC time frame reserve.
91. A Party's balance for the reporting period/NDC implementation period [shall][should] not exceed *X* per cent of its actual emissions and to not exceed emission levels for the reporting period/NDC implementation period that are consistent with NDC achievement.
92. A Party to not participate in the following types of transfers *{further text needed}*.
93. An ITMO may be transferred only once.
94. A Party [shall][should] ensure that there is no secondary trading of ITMOs and that speculative trading is avoided *{further text needed}*.

Option B {no limits on creation, transfer or acquisition}

{no text required}

2. Limits on use towards achievement of nationally determined contributions

Option A {limits on use} {potential list below}

95. A Party's use of ITMOs towards achievement of its NDC [shall][should] be supplemental to domestic action and domestic action [shall][should] constitute a significant element of the effort made by each Party towards achievement of its NDC.
96. A Party [shall][should] not use any quantity of ITMOs towards achievement of its NDC that is greater than *X* per cent of the actual emissions of that Party calculated for the reporting period/NDC implementation period.
97. A Party [shall][should] not be use towards achievement of its NDC any ITMOs that were achieved in the period *X* *{further text needed, including specifying the years}*.
98. A Party [shall][should] not use pre-2020 units/ITMOs towards achievement of its NDC.
99. A Party [shall][should] not bank/carry over ITMOs exceeding *X* from one reporting period/NDC implementation period to a subsequent reporting period/NDC implementation period.
100. A Party may carry over a quantity of ITMOs achieved in one reporting period/NDC implementation period to a subsequent reporting period/NDC implementation period equal to a maximum of *X* per cent of the actual emissions calculated for the reporting period/NDC implementation period.
101. An ITMO [shall][should] only be used by a Party towards achievement of its NDC or voluntarily cancelled.

Option B {no limits on use}

{no text required}

XVI. Share of proceeds for adaptation

Option A {share of proceeds}

102. Cooperative approaches [shall][should] deliver a share of proceeds to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.
103. The share of proceeds [shall][should] be collected in respect of:

Option A1 {where activities are similar to Article 6, paragraph 4 mitigation activities}

- (a) cooperative approaches that are baseline and crediting approaches that are similar to mitigation activities under the mechanism established by Article 6 paragraph 4;

Option A2 {crediting approaches}

- (b) crediting approaches implemented by Parties.

Option A3 {all approaches}

- (c) all cooperative approaches;

Option A4 {ITMO acquisitions}

- (d) all acquisition of ITMOs

{end of Option A3}

104. The share of proceeds [shall][should] be set at and levied at {potential list below}:

Option A1 {varying rates of SOP}

- (a) X per cent/5 per cent/an increasing per cent/a diminishing per cent of the amount of ITMOs transferred/used towards achievement of an NDC;

Option A2 {increasing rate over time at transfer}

- (b) X percent at first/only transfer, increasing by Y percent at each subsequent transfer;

Option A3 {consistent with Article 6, paragraph 6, for the mechanism established by Article 6, paragraph 4}

- (c) Consistent with the share of proceeds pursuant to Article 6, paragraph 6, for the mechanism established by Article 6, paragraph 4.

105. The share of proceeds [shall][should] be {potential list below}:

- (a) Collected by the creating/issuing Party at the first/only international transfer of ITMOs and/or collected by a Party using ITMOs towards achievement of its NDC;

- (b) Transferred by the creating/issuing Party to the Adaptation Fund;

- (c) Collected by the acquiring Party at each ITMO transfer and transferred to the Adaptation Fund.

Option B {no share of proceeds}

{no text required}

XVII. Adaptation ambition

106. Mitigation co-benefits of adaptation action, including economic diversification {further text needed}.

107. To allow for higher ambition in adaptation, participants are allowed to issue, transfer, acquire and use ITMOs resulting from the mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans consistent with decisions of the CMA.

XVIII. Addressing negative social and economic impacts, Article 4, paragraph 15

108. The secretariat [shall][should] collaborate with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to address negative social and economic impacts, especially those impacting developing countries, resulting from activities related to Article 6, paragraph 2, consistent with decisions of the CMA relating to this guidance.

{END OF ANNEX CONTAINING DRAFT ELEMENTS OF GUIDANCE}

Draft Annex II containing work plan of follow up technical work to be carried out in 2019

I. Preamble {no element for work plan for 2019}

II. Principles {no element for work plan for 2019}

III. Scope {no element for work plan for 2019}

IV. Purpose {no element for work plan for 2019}

V. Definitions {no element for work plan for 2019}

VI. Internationally transferred mitigation outcomes {no element for work plan for 2019}

VII. Governance

A. Role of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

B. Oversight arrangements

Option A {Article 6.2 body}

1. Requests the SBSTA to develop recommendations on the composition of the cooperative approaches body on the basis of the following possible elements, for consideration and adoption by the CMA at its second session:
 - (a) Equal representation of developing country Parties and developed country Parties;
 - (b) One member from the least developed country Parties;
 - (c) One member from the small island developing States.
2. Requests the SBSTA to develop recommendations on the role of the cooperative approaches body on the basis of the following possible functions for consideration and adoption by the CMA at its second session:
 - (a) Review the information submitted by a Party in accordance with section XI.A (Ex-ante review);
 - (b) Review the information submitted by a Party in accordance with section XI.B (Periodic and ex-post review);
 - (c) Approve creation of/issue ITMOs from cooperative approaches consistent with this guidance;
 - (d) Oversee a third-party review of the environmental integrity of ITMOs at creation;
 - (e) To develop rules and procedures that includes a policy for addressing conflict of interest.

Option B {Article 13 review to review for consistency with this guidance}

3. Requests the SBSTA to develop recommendations on the expert review on the basis of the following possible elements for its operation for consideration and adoption by the CMA at its second session:
 - (a) Review the information submitted by a Party in accordance with section XI.A (Ex-ante review);
 - (b) Review the information submitted by a Party in accordance with section XI.B (Periodic and ex-post review);
 - (c) Submit review for consideration by the committee referred to in Article 15, paragraph 2.

Option C {other expert review to review for consistency with this guidance}

4. *Requests* the SBSTA to develop recommendations on the expert review on the basis of the following possible elements for its operation for consideration and adoption by the CMA at its second session: *{list from Option B above}*

Option D *{combination of Options A, B and C above}* *{potential list above in Options A and B}*

C. Role of the secretariat *{further development may be required for implementation}*

5. *Requests* the SBSTA to develop recommendations on the functions of the secretariat on the basis of the following possible functions for consideration and adoption by the CMA at its second session,:
- (a) Maintain a centralized accounting database as outlined in section XIV (Infrastructure);
 - (b) Maintain a multilateral registry for Parties that do not wish to have their own registry;
 - (c) Administer an international transaction log to record, validate and verify transactions, including creation and first/only transfers, transfers, acquisition, and use towards achievement of an NDC of ITMOs;
 - (d) Administer an international transaction log to record, validate and verify transactions, including transfers and acquisitions;
 - (e) Compile and cross-reference information and check information submitted on corresponding adjustments;
 - (f) Make available information to the public on *{further development may be required for implementation}*;
 - (g) Provide capacity-building to Parties to facilitate their participation in cooperative approaches.
 - (h) *Requests* the SBSTA to develop recommendations on the reporting functions of the secretariat based on the following possible functions below or consideration and adoption by the CMA at its second session:
 - (i) Annually to the CMA on the share of proceeds collected pursuant to section XVI (Share of proceeds);
 - (j) Annually to the CMA on the overall mitigation in global emissions achieved pursuant to section XV.A (Overall mitigation in global emissions);
 - (k) On progress made by Parties in implementing and achieving NDCs, based on the information contained in the centralized accounting database;
 - (l) On progress made by Parties in implementing and achieving NDCs, based on the information contained in the national registries or multilateral registry and the international transaction log.

D. Role of other actors

6. *Requests* the SBSTA to develop recommendations for implementation of the role of other actors, for consideration and adoption by the CMA at its second session.

VIII. Participation requirements *{no element for work plan for 2019}*

IX. Participation responsibilities *{no element for work plan for 2019}*

X. Corresponding adjustment

7. *Request* the SBSTA to develop recommendations on the operationalisation of the basis, application and timing of corresponding adjustments, consistent with section IX of the Article 6.2 guidance and taking into account the elements set out below, for consideration and adoption by the CMA at its second session:

Option A *{Parties make a corresponding adjustment for first transfer and use}*

Option A1 *{budget-based}*

- (a) Effect a subtraction for all ITMOs/ITMOs created and transferred for the first/only time.

- (b) Effect an addition for all ITMOs/ITMOs used towards achievement of its NDC.

Option A2 {emissions-based}

- (c) Effect an addition for all ITMOs/ITMOs created and transferred for the first/only time.
- (d) Effect a subtraction for all ITMOs/ITMOs used towards achievement of its NDC.

Option A3 {buffer registry based}

- (e) Effect an addition for all ITMOs/ITMOs created and transferred for the first/only time through accounting under Article 4.13;
- (f) Effect a subtraction for all ITMOs/ITMOs used towards achievement of its NDC through accounting under Article 4.13.

Option A4 {emission reductions based}

- (g) Effect a subtraction for all ITMOs/ITMOs created and transferred for the first/only time.
- (h) Effect an addition for all ITMOs/ITMOs used towards achievement of its NDC.

Option B {Parties make a corresponding adjustment for transfers and acquisitions}

Option B1 {budget-based}

- (i) Effect a subtraction for all ITMOs/ITMOs transferred.
- (j) Effect an addition for all ITMOs/ITMOs acquired.

Option B2 {emissions-based}

- (k) Effect an addition for all ITMOs/ITMOs transferred.
- (l) Effect a subtraction for all ITMOs/ITMOs acquired.

Option B3 {buffer registry-based}

- (m) Effect an addition for all ITMOs/ITMOs transferred.
- (n) Effect a subtraction for all ITMOs/ITMOs acquired.

Option B4 {emission reductions based}

- (o) Effect a subtraction for all ITMOs/ITMOs transferred.
- (p) Effect an addition for all ITMOs/ITMOs acquired.

{end of Option B4}

XI. Reporting

A. Ex-ante reporting

Option A {ex-ante reporting contains information required in Participation requirements}

- 8. Requests the SBSTA to develop recommendations on the implementation of ex-ante reporting requirements for consideration and adoption by the CMA at its second session.

Option B {ex-ante reporting contains all the following steps for budget-based}

- 9. Requests the SBSTA to develop recommendations on the implementation of the budget based basis for corresponding adjustment, on the basis of the following steps below, for consideration and adoption by the CMA at its second session:
 - (a) Quantification of allowable emissions through calculating how many tonnes of CO₂e could be emitted while achieving its NDC;
 - (b) Multiplying by the number of years in the NDC, converted into a number of units, each corresponding to one tonne of CO₂e;
 - (c) Where that number exceeds the average annual emissions for the years preceding the NDC, as per the last three national inventories, the difference, multiplied by the number of years in the NDC to be reserved for domestic use only;

- (d) The resulting figure represents the quantified NDC.

Option C {*ex-ante reporting contains all the following for emissions-based*}

- 10. Requests the SBSTA to develop recommendations on the implementation of the emissions-based basis, taking into account the following elements below, for consideration and adoption by the CMA at its second session.
 - (a) The information on the scope and quantification of its NDC in tonnes of CO₂ equivalent (i.e. its “NDC quantity”);
 - (b) The information on the level of emissions and removals for the relevant year or period;
 - (c) The Party’s accounting balance for the relevant year or period, comprising emissions and removals also covered by its NDC;
 - (d) The information on transfers and use of ITMOs by Party and by year;
 - (e) Other relevant information (i.e. on registry systems where required).

B. Periodic and ex-post Party reporting

- 11. *Requests* the SBSTA to develop recommendations on what information each participating Party [shall][should] provide in accordance with the Section X of the guidance on the basis of the following possible elements, for consideration and adoption by the CMA at its second session {*potential list below*}:
 - (a) In relation to tracking ITMOs {*further potential list below*}:
 - (i) Total/total cumulative NDC relevant emissions over the reporting period/NDC implementation period;
 - (ii) Total/total cumulative ITMOs created and first/only transferred, transferred and acquired, held, and used towards achievement of its NDC and over the reporting period/NDC implementation period;
 - (iii) The balance for the reporting period/NDC implementation period;
 - (iv) How it has used ITMOs towards achievement of its NDC;
 - (b) In relation to the ITMOs/Alongside the volumes of ITMOs reported {*potential list below*}:
 - (i) Volume of ITMOs used towards the NDC;
 - (ii) Evidence of authorization pursuant to Article 6, paragraph 3;
 - (iii) The Party origin and the originating cooperative approach of the ITMOs;
 - (iv) The characteristics of the ITMOs (e.g. the metric, sector, vintage);
 - (v) How it has ensured the ITMOs are real, permanent, additional and verified;
 - (vi) How it has ensured the ITMOs are real, permanent and verified;
 - (vii) How it has ensured the environmental integrity of the ITMOs (including that transfers have not increased global emissions, that use does not erode the using Party’s NDC);
 - (viii) How it has ensured the requirements set out in the definition of environmental integrity have been met;
 - (ix) How it has ensured that ITMOs used towards achievement of its NDC will not be further transferred, acquired or used (e.g. through cancellation, retirement of such ITMOs);
 - (x) Provision of information in a standard reporting table/format;
 - (xi) Provision of information in a national certificate.
 - (c) How the registry in section XIV.A (Registry) meets the requirements of the guidance and decisions of the CMA;
 - (d) In relation to cooperative approaches and use of ITMOs towards achievement of the NDC of the Party {*potential list below*}:
 - (i) How it has ensured the environmental integrity of cooperative approaches;
 - (ii) How the cooperative approaches support implementation of its NDC and/or the mitigation of greenhouse gas emissions;

- (iii) How any participation by the Party in the mechanism established under Article 6, paragraph 4, supports implementation of its NDC and/or the mitigation of greenhouse gas emissions;
- (iv) How the cooperative approaches are consistent with its long-term low greenhouse gas emission development strategy pursuant to Article 4, paragraph 19 and foster transition to a low emissions economy;
- (v) How the creation, first/only transfer and use and/or the transfer and acquisition of ITMOs is consistent with Article 3 in relation to progression over time;
- (vi) How the use of ITMOs promotes sustainable development in the creating Party;
- (vii) How the creation, first/only transfer and use and/or transfer and acquisition of ITMOs promotes sustainable development within the context of the national prerogatives of that Party and/or within the context of its implementation of the Sustainable Development Goals;
- (viii) How the creation, first/only transfer and use and/or transfer and acquisition of ITMOs avoided environmental harm;
- (ix) How the creation, first/only transfer and use and/or transfer and acquisition of ITMOs avoided a violation of human rights;
- (x) Any updates to its methods for accounting for progress pursuant to the modalities, procedures and guidelines relating to Article 13, paragraph 7;
- (xi) How the creation, first/only transfer and use and/or transfer and acquisition of ITMOs avoided negative social or economic impacts on any Party.

XII. Review

A. Ex-ante review

Option A {*ex-ante review by the 6.2 body*} and

Option B {*ex ante review by expert review*}

12. *Requests* the SBSTA to develop recommendations on the implementation of the ex-ante review for consideration and adoption by the CMA at its second session.

Option C {*no ex-ante review*}

{*No text required*}

B. Periodic and ex-post review

Option A {*periodic and/or ex-post review*}

Option A1 {*review by the 6.2 body*} {*potential list below*}

13. *Requests* the SBSTA to develop recommendations on the functions of the 6.2 body in reviewing the information for consistency with this guidance, for consideration and adoption by the CMA at its second session, on the basis of the following possible elements {*potential list below*}:
- (a) Standards and methodologies used in the cooperative approach;
 - (b) Whether the Party has used approved methodologies and baseline approaches for cooperative approaches that are no less rigorous than similar methodologies and baseline approaches approved under the mechanism established by Article 6, paragraph 4;
 - (c) Review the information submitted by the Party through comparison and cross-checking of information submitted.
14. *Requests* the SBSTA to develop recommendations on the functions of the 6.2 body to oversee the correction of accounting/corresponding adjustment errors identified with regard to ITMOs used towards achievement of its NDC for consideration and adoption by the CMA at its second session.
15. *Requests* the SBSTA to develop recommendations on functions of the 6.2 body following its review, in relation to its role to determine whether the Party's participation in cooperative approaches is consistent with the guidance, for consideration and adoption by the CMA at its second session.

Option A2 {review conducted by Article 13 technical expert review} {potential list below}

16. *Requests* the SBSTA to develop recommendations on the functions of the technical expert review, in reviewing the information for consistency with this guidance and consistency with the modalities, procedure and guidelines of Article 13, for consideration and adoption by the CMA at its second session,
17. *Requests* the SBSTA develop recommendations on the functions of the technical expert review to provide assurance, for consideration and adoption by the CMA at its second session;
18. *Requests* the SBSTA to develop recommendations on the functions of the technical expert review to submit its review for consideration by the committee referred to in Article 15, paragraph 2 for consideration and adoption by CMA at its second session.

Option A3 {review conducted by other technical expert review} {potential list above in Option A2}

Option A4 {combination of Option A1 and Option A2/A3} {potential list above in Option A1 and Option A2}

Option A5 {review conducted by technical expert review, but not necessarily sent to Article 15 committee} {new option resulting from additions made into the May informal note},

19. *Requests* the SBSTA to develop recommendations on the functions of the technical expert review, in reviewing the information for consistency with the guidance for consideration and adoption by CMA 2;
20. *Requests* the SBSTA develop recommendations on the functions of the technical expert review to provide assurance, for consideration and adoption by CMA;

Option B {no review}

{No text required}

XIII. Specific guidance

A. Sectors/greenhouse gases etc.

21. *Requests* the SBSTA to develop recommendations for the implementation of the guidance relating to sectors/greenhouse gases for consideration and adoption by the CMA at its second session.

B. Single-year nationally determined contributions

22. *Requests* the SBSTA to develop recommendations for the implementation of the guidance for single year NDCs, on the basis of the following possible elements, for consideration and adoption by the CMA at its second session.

Option A {single-year vintage creation and transfer only}

Option A1 {where the corresponding adjustment is for creation, first/only transfer and use}

23. A Party [shall][should] only create, first/only transfer and use towards achievement of its NDC ITMOs that were achieved in the same year as its single-year NDC.

Option A2 {where the corresponding adjustment is for transfer and acquisition}

24. A Party [shall][should] only transfer and acquire ITMOs that were achieved in the same year as its single-year NDC.

Option B {cumulative corresponding adjustments}

Option B1 {where the corresponding adjustment is for creation, first/only transfer and use}

25. A Party that creates and first/only transfers ITMOs [shall][should] make a corresponding adjustment in the single year for the total amount of ITMOs created and first/only transferred over the NDC implementation period and a Party that uses ITMOs towards achievement of its NDC [shall][should] make corresponding adjustment in the single year for the total amount of ITMOs used over the NDC implementation period.

Option B2 {where the corresponding adjustment is for transfer and acquisition}

26. A Party that transfers and acquires ITMOs achieved in the years of its NDC implementation period [shall][should] make a corresponding adjustment in the single year of its NDC for the total amount of ITMOs transferred/acquired over the entire NDC implementation period.

Option C {comparison to a trend that would be consistent with NDC achievement}

Option C1 {where the corresponding adjustment is for creation, first/only transfer and use}

27. A Party [shall][should] calculate a trajectory in relation to emissions for the NDC implementation period that is consistent with the achievement of its NDC in the single year and to make a corresponding adjustment for each year of the NDC implementation period equal to the total amount of ITMOs that it creates and first/only transfers and/or uses towards achievement of its NDC.

Option C2 {where the corresponding adjustment is for transfer and acquisition}

28. A Party [shall][should] calculate a trajectory in relation to emissions for the NDC implementation period that is consistent with the achievement of its NDC in the single year and to make a corresponding adjustment for each year of the NDC implementation period equal to the total amount of ITMOs that it transfers and acquires in each year of the NDC implementation period.

Option D {averaging, including average per cooperative approach}

Option D1 {where the corresponding adjustment is for creation, first/only transfer and use}

29. A Party [shall][should] calculate the average quantity of ITMOs that it creates, first/only transfers and uses towards achievement of its NDC by dividing the total ITMOs by the number of years of the NDC implementation period, including after averaging per cooperative approach, if applicable. The Party [shall][should] then make a corresponding adjustment for the average amount of ITMOs in the single year of its NDC.

Option D2 {where the corresponding adjustment is for transfer and acquisition}

30. A Party [shall][should] calculate the average quantity of ITMOs that it transfers and acquires by dividing the total ITMOs by the number of years of the NDC implementation period, including after averaging per cooperative approach, if applicable. The Party [shall][should] then make a corresponding adjustment for the average amount of ITMOs in the single year of its NDC.

Option E {representative corresponding adjustments}

Option E1 {where the corresponding adjustment is for creation, first/only transfer and use}

31. A Party [shall][should] identify all ITMOs that it creates, first/only transfers and uses towards achievement of its NDC and make a corresponding adjustment in the single year for an amount that is representative of the amount of ITMOs created, first/only transferred and used towards achievement of its NDC.

Option E2 {where the corresponding adjustment is for transfer and acquisition}

32. A Party [shall][should] identify all ITMOs that it transfers and acquires in each year of its NDC implementation period and make a corresponding adjustment in the single year for an amount that is representative of the amount of ITMOs that it transfers and acquires in each year of its NDC implementation period.

Option F {reporting in accordance with this guidance, periodically}

Option F1 {where the corresponding adjustment is for creation, first/only transfer and use}

33. A Party [shall][should] make a corresponding adjustment for all ITMOs that it creates, first/only transfers and uses towards achievement of its NDC in accordance with the reporting requirements in this guidance.

Option F2 {where the corresponding adjustment is for transfer and acquisition}

34. A Party [shall][should] make a corresponding adjustment for all ITMOs that it transfers and acquires in accordance with the reporting requirements of this guidance.

Option G {no specific guidance}

{no text required}

C. Multi-year nationally determined contributions

35. *Requests* the SBSTA to develop recommendations on requirements for a corresponding adjustment for a Party with a multi-year NDC, on the basis of the following elements, for consideration and adoption by the CMA at its second session:

Option A {specific guidance on multi-year NDC}

36. The Party [shall][should] make a corresponding adjustment for the total amount of ITMOs:

Option A1 {where the corresponding adjustment is for creation, first/only transfer and use}

- (a) Created, first/only transferred and used towards achievement of its NDC over the NDC period;
- (b) Option A2 {where the corresponding adjustment is for transfer and acquisition}
- (c) Transferred and acquired over the NDC period.

Option B {no specific guidance}

{no text required}

D. Pre-2020/2021 units/internationally transferred mitigation outcomes

37. *Requests* the SBSTA develop recommendations on the treatment of pre-2020 units/ITMOs taking into account the following options, for consideration and adoption by the CMA at its second session:

Option A {use of pre-2020/2021 units/ITMOs, corresponding adjustment for creating and using Party}

38. Where a Party is using pre-2020/2021 units/ITMOs towards achievement of its NDC, both the creating Party and the using Party [shall][should] make a corresponding adjustment in accordance with section IX (Corresponding adjustment) {further development may be required for implementation}.

Option B {use of pre-2020/2021 units/ITMOs, corresponding adjustment only for using Party}

39. The Party using pre-2020/2021 units/ITMOs towards achievement of its NDC [shall][should] make a corresponding adjustment in accordance with section IX (Corresponding adjustment).

Option C {no use of pre-2020/2021 units}

40. No Party [shall][should] use pre-2020/2021 units/ITMOs towards achievement of its NDC.

{end of Option C}

Option D {ITL} {an option that results from the May Informal Note}

41. Implementation of the corresponding adjustment through the international transaction log, including recommendations relating to invitations to the CMP, where appropriate.

E. Buffer registry

42. *Requests* the SBSTA to develop recommendations on how the amount resulting from corresponding adjustments in the buffer registry basis could be provided to form part of the NDC accounting of the relevant Party pursuant to Article 4 paragraph 13 guidance, for consideration and adoption by the CMA at its second session.

XIV. Application of this guidance to emission reductions certified under the mechanism established by Article 6, paragraph 4

43. *Requests* the SBSTA to develop recommendations for implementation of the guidance in relation to emission reductions certified under the mechanism established by Article 6, paragraph 4, for consideration and adoption by the CMA at its second session.

XV. Infrastructure

A. Registry requirements

Option A {registries} {potential list below}

44. *Requests* the SBSTA to develop recommendations on requirements for registries on the basis of the following possible elements for consideration and adoption by the CMA at its second session.
45. Each participating Party [shall][should] ensure that its registry is capable of *{further potential list below}*:
 - (a) Creating and, where applicable, issuing ITMOs/units;
 - (b) Determining a unique serial number for each ITMO/unit;
 - (c) First/only transfer of ITMOs/units;
 - (d) Subsequent transfer of ITMOs/units;
 - (e) Acquiring ITMO/units;
 - (f) Demonstrating that ITMOs/units have been used towards achievement of an NDC (e.g. through cancelling or retiring ITMOs);
 - (g) Ensuring the avoidance of double counting.

Option A1 {no further requirements in relation to registry beyond Option A}

{no further text required}

Option A2 {all potential elements of Option A, plus all further elements below}

46. Each registry [shall][should] have the following national accounts: issuance, holding, transfer, acquisition, cancellation, retirement, and share of proceeds, and maintains a link to the A6.4 registry.
47. The secretariat [shall][should] maintain a multilateral registry for Parties that do not have a registry or do not have access to a registry, that has the functionality and range of account types listed above.
48. The secretariat [shall][should] ensure the multilateral registry is capable of providing national accounts for issuance, holding, transfer, acquisition, cancellation, retirement, and share of proceeds.

Option A3 {all potential elements of Option A and A2, plus further element below}

49. A cancellation account for overall mitigation in global emissions.

Option B {distributed ledger}

50. *Requests* the SBSTA to develop recommendations on the requirements for distributed ledgers for consideration and adoption by the CMA at its second session.

Option C {no guidance required as no registry/registries or distributed ledger required as reporting is the basis for tracking ITMOs/units}

{no text required}

B. International transaction log/centralized accounting database/distributed ledger

Option A {international transaction log}

51. *Requests* the SBSTA to develop recommendations on the development and implementation of an international transaction log for consideration and adoption by the CMA at its second session.

Option B {centralized accounting database}

52. *Requests* the SBSTA to develop recommendations on the centralized accounting database to record summaries of transfers, acquisitions and holdings, on the basis of the following possible elements for consideration and adoption by the CMA at its second session:
 - (a) The information on the scope and 'NDC quantity' in CO2 equivalent;
 - (b) The information on its current level of emissions and removals covered by its NDC;

- (c) The accounting balance determined in accordance with guidance on the basis of reported emission and removals covered by each participating Parties NDC;
- (d) The corresponding adjustments to the accounting balances of participating Parties in accordance with guidance on corresponding adjustment, in respect of emissions and removals covered by the NDCs of the participating Parties, and based on reported ITMOs by those Parties.

Option C {distributed ledger}

53. *Requests* the SBSTA to develop recommendations on the development and implementation of a distributed ledger for consideration and adoption by the CMA at its second session.

Option D {no guidance required as no such infrastructure required, as reporting required}

{no text required}

XVI. Safeguards {no work plan elements}

XVII. Share of proceeds for adaptation {no work plan elements}

XVIII. Adaptation ambition

54. *Requests* the SBSTA to develop recommendations to implement the guidance relating to ITMOs resulting from mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans, for consideration and adoption by the CMA at its second session.

XIX. Addressing negative social and economic impacts, Article 4, paragraph 15

55. *Requests* the SBSTA to make recommendations on how the secretariat [shall][should] address the negative social and economic impacts, especially those impacting developing countries, resulting from activities related to Article 6.2, taking into account the elements below, for consideration and adoption by the CMA at its second session:
- (a) Assessing and identifying the negative social and economic impacts resulting from activities related to Article 6.2, including the cumulative impact of these activities;
 - (b) Developing, implementing and regularly updating measures to address the negative social and economic impacts resulting from activities related to Article 6.2, including the cumulative impact of these activities;
 - (c) Regular sharing of information with the forum on the impact of the implementation of response measures (referred to in paragraph 33 of Decision 1/CP.21) to support the above activities.

{END OF ANNEX I WORK PLAN ON FOLLOW UP TECHNICAL WORK}
