

15 October 2018

Joint reflections note by the presiding officers of the Ad Hoc Working Group on the Paris Agreement, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation

Addendum 2

Matters relating to Article 6 of the Paris Agreement and paragraphs 36–40 of decision 1/CP.21

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2. Matters relating to Article 6 of the Paris Agreement and paragraphs 36–40 of decision 1/CP.21

1. The three negotiation items under Article 6 of the Paris Agreement advanced well at the second part of the forty-eighth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with Parties engaging in detailed discussions on specific substantive issues. These discussions helped further deepen the shared understanding of technical issues and the implications of the options for implementation. Parties also engaged in the exercise of determining which issues should be decided by the end of SBSTA 49 and which issues would need further follow-up work in 2019. By the end of the session, the discussions helped the agenda item co-chairs revise the informal notes produced at the start of the Bangkok session and those revised draft texts formed part of the SBSTA conclusions. Parties have already recognized that SBSTA 49 will be a busy session.

2. To complete work on these texts in the limited time available in Katowice, several further iterations of the draft texts will be necessary during the session, and Parties will need to be ready to respond quickly to them. Parties should focus their preparation on developing compromises that can build support across numerous groups and Parties, rather than developing details of options that have the support of only a single group or Party and are not likely to be the basis for consensus. Further, Parties will need to look across the options and the related ‘no text’ options in each agenda item in order to ensure that the options in different sections are combinable, so that the product of SBSTA 49 is coherent for each agenda item.

2.1. Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement

A. Progress to date and ways forward

3. During the Bangkok session, the discussions on the draft guidance for cooperative approaches were very constructive, and Parties considerably developed the options for the “story line” (the flow or sequence) of the guidance. Parties considered the detailed text options and issues around oversight, participation, reporting and review and considered the options for the timing of the corresponding adjustment, as well as some other issues. Parties now have a good understanding of the key choices that will need to be made, the key areas of divergence and emerging possible solutions. The linkages round table held on 3 September covered the linkages between cooperative approaches and the discussions under APA agenda item 3 and APA agenda item 5, and helped clarify these linkages and highlight other ones. These linkages are now well reflected in the draft text.

4. In Katowice, Parties will need to focus on the choices that must be made in 2018 by recognizing that some options do not have wide support and by concentrating their discussions on the emerging main options in the draft text. Where further elaboration or technical understanding is needed for implementation, the workplan for 2019 could set the parameters for that work. Parties should also consider the comprehensiveness of the guidance as a whole.

5. As the draft text is already well advanced, the textual proposals seek to identify ways in which Parties can focus further and deal with key choices that need to be resolved. The textual proposals try to advance the thinking of Parties by removing remaining duplication; streamlining where there are multiple options, including grouping options into suboptions where appropriate, and moving detail to the workplan where this may assist readability of the options; lightly editing the text; improving consistency of wording; and simplifying language where possible. The textual proposals also seek to strengthen the coordination between the 2019 workplan and the wording to be adopted in 2018.

B. Textual proposals

(SEE NEXT PAGE)

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

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

Option A {preamble} {potential list below}

Pp1 *Recalling* Article 2 of the Paris Agreement and decision 1/CP.21.

Pp2 *Recalling* Article 6 of the Paris Agreement and decision 1/CP.21, paragraph 36.

Option B {no preamble}

{no text required}

{end of option B}

1. *[Placeholder for adoption of Annex I to this decision {see Annex I}];*
2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the following work *{see Annex II}* and develop recommendations for a draft decision 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].*
4. *[Placeholder for date of first application of guidance, if needed].*

Annex I

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

I. Principles

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

1. In addition to Article 6, paragraph 1 and Article 6, paragraphs 2 and 3, and decision 1/CP.21, paragraph 36, each participating Party engaging in cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement¹ (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) Pursuant to Article 4, paragraph 3, cooperative approaches are consistent with the participating Parties' NDC and be designed and implemented in a manner that supports progression beyond the participating Parties' current NDC;
 - (b) The type of its NDC does not exclude any Party from participating in cooperative approaches;
 - (c) Cooperative approaches are "bottom up" and maintain national prerogatives by ensuring that such cooperative approaches are led by participating Parties;
 - (d) Cooperative approaches prioritize implementation of the participating Parties' NDC, and avoid extraneous influences;
 - (e) Cooperative approaches take into consideration/address Article 4, paragraphs 7 and 15;
 - (f) Participating Parties avoid unilateral measures and discriminatory practices in such cooperative approaches;
 - (g) Cooperative approaches are implemented through a multilateral rules-based system;
 - (h) In accordance with Article 4, paragraph 6, the special circumstances of least developing countries and small island developing States are recognised.

Option B *{no list of principles}*

{no text required}

II. Special circumstances of least developed countries and small island developing States *{see work plan for 2019}*

2. In relation to least developed countries and small island developing States, pursuant to Article 4, paragraph 6, their special circumstances shall be recognized where the guidance relates to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to this guidance.

III. Definitions *{at SBSTA 48.1 Parties agreed to return to definitions section when the content of the guidance is more settled. The definitions below are included because they have evolved since SBSTA 48.1, as result of discussions during SBSTA 48.2}*

3. "Transfer" means an international transfer that has been authorised by the transferring Party of one or more mitigation outcomes,

Option A *{additional wording}*

- (a) And includes transfer of a claim;

¹ References to "Article" are to articles of the Paris Agreement, unless otherwise specified.

Option B {no additional wording}*{no text required}*

4. **“First transfer”** means:

Option A {first international transfer}

- (a) The first international transfer of one or more mitigation outcomes that has been authorised by the transferring Party;

Option B {first and only international transfer}

- (b) The first international transfer of one or more mitigation outcomes that has been authorised by the transferring Party, being the only transfer of those mitigation outcomes.

5. **“Vintage”** means:

Option A {year mitigation outcome achieved}

- (a) The year in which the mitigation outcome took place;

Option B {year mitigation outcome used}

- (b) The year in which the mitigation outcome is used towards an NDC.

*{end of option B}**{Placeholder for further definitions required by this guidance}***IV. Internationally transferred mitigation outcomes****A. Internationally transferred mitigation outcomes that may be/are used towards achievement of a nationally determined contribution**

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

1. Responsibility

7. 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 {the Article 6 body}

- (c) The Article 6 body;

Option D {participating Parties}

- (d) Parties participating in a cooperative approach.

2. Measurement**Option A {guidance on measurement}**

8. An ITMO [shall][should] be:

Option A1 {in tonnes of carbon dioxide equivalent}

- (a) Measured in and 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 A3 {in tonnes of carbon dioxide equivalent, with other metrics approved by CMA}

- (c) Measured in and equal to one metric CO₂e;
- (d) Measured in other metrics consistent with further decisions of the CMA relating to this guidance {see work plan for 2019}

Option B {no guidance on measurement}

{no text required}

{end of option B}

9. An ITMO [shall][should] be calculated:

Option A {by CMA, in accordance with IPCC}

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

Option B {by implementing Parties}

- (b) Determined by Parties participating in a cooperative approach;
- (c) To be consistently identified and defined by the participating Parties.

3. Form

Option A {guidance on form}

10. An ITMO [shall][should] be {see options below for combinations of (a) to (d)}:

- (a) A unit with a unique serial number;
- (b) A net flow between participating Parties in a given period;
- (c) Amounts, subject to a corresponding adjustment to the NDC balance sheet of the participating Parties, to be recorded in the database referred to in section X.C (Database);
- (d) A non-freely tradable unit.

Option A1 {(a) only}

Option A2 {(a) and (b) only}

Option A3 {(a) and (c) only}

Option A4 {(a), (b) and (c)}

Option A5 {(a) and (d) only}

Option A6 {(d) only}

Option B {no guidance on form}

{no text required}

4. Scope

Option A {guidance on scope}

11. An ITMO may be created for any of the following:

Option A1 {emission reductions and removals}

- (a) Emission reductions and removals;

Option A2 {emission reductions, removals and emissions avoided}

- (b) Emission reductions, removals and emissions avoided;

Option A3 {emission reductions, removals and full spectrum}

- (c) Emission reductions, removals and the full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans;

Option A4 {all of the above}

- (d) Emission reductions, removals, emissions avoided and the full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans;

Option B {no guidance on scope}

{no text required}

B. Characteristics of internationally transferred mitigation outcomes

12. An ITMO [shall][should] be:

Option A {RPAV}

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

Option B {RPV}

- (b) Real, permanent and verifiable;

Option C {RAV}

- (c) Real, additional and verifiable;

Option D {RV}

- (d) Real and verifiable.

Option E {no guidance on characteristics}

{no text required}

C. Other internationally transferred mitigation outcomes

13. The following are also ITMOs {see options below for combinations of (a) to (c)}:

- (a) Emission reductions issued under Article 6, paragraph 4, if they are 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.

Option A {(a) only}

Option B {(a) and (b) only}

Option C {(a) and (c) only}

Option D {(a), (b) and (c)}

Option E {no other ITMOs}

V. Governance

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

14. The CMA may take further decisions in relation to this guidance.

B. Oversight

1. Arrangements

Option A {Article 6.2 body} and Option B {Article 6 body}

Option A1 and B1 {composition specified}

15. A body (hereinafter referred to as the “X body”) to ensure consistency with this guidance and further decisions of the CMA relating to this guidance [shall][should] be established with the following composition {potential list below}:
- (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.

Option A2 and B2 {alternative composition/structure}

{text required}

Option C {Article 13 technical expert review for consistency with this guidance}

16. 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.
17. Each participating Party [shall][should] undergo a technical expert review, as referred to in the modalities, procedures and guidelines for Article 13, paragraph 11, for consistency with this guidance and further decisions of the CMA relating to this guidance {the MPGs to refer to this guidance in relation to of the review of Article 6 required by Article 13}.

Option D {Article 6 technical expert review to review for consistency with this guidance}

18. The Article 6 technical expert review team [shall][should] be composed of technical experts, consistent with further decisions of the CMA relating to this guidance. {see work plan for 2019}
19. 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.
20. Each participating Party [shall][should] undergo an Article 6 technical expert review for consistency with this guidance and further decisions of the CMA relating to this guidance. {see work plan for 2019}

Option E {combination of Options A or B and C or D above}

Option F {no oversight arrangements}

{No text required}

2. Functions of oversight

Option A {Article 6.2 body} and Option B {Article 6 body}

21. The X body [shall][should] review for consistency with this guidance, the information submitted by each participating Party pursuant to the following sections {potential list below}:
- (a) Section VII.A (Ex-ante reporting);
 - (b) Section VII.B (Periodic and ex-post Party reporting);
 - (c) Section VIII.A (ITMO information);
 - (d) Section VIII.B (Operationalizing the corresponding adjustment);
 - (e) Section VIII.E (Use of ITMOs towards NDCs).
22. The X body [shall][should] also {potential list below}:
- (a) Approve creation of/issue ITMOs from cooperative approaches consistent with this guidance;
 - (b) Oversee a third-party review of the environmental integrity of ITMOs at creation;
 - (c) Develop rules and procedures that include a policy for addressing conflict of interest;

- (d) Determines whether a Party meets the participation requirements, pursuant to section VI.A (Participation requirements);
- (e) Reviews methodologies and standards, including against those approved under the mechanism established by Article 6, paragraph 4, used by participating Parties;
- (f) Undertake comparisons between the information submitted on corresponding adjustment by participating Parties and recommending corrections for any errors identified.

Option C {Article 13 technical expert review for consistency with this guidance}

Option C1 {Article 13 technical expert review}

- 23. The Article 13 technical expert review [shall][should] review for consistency with this guidance, the information submitted by each participating Party pursuant to the following sections *{potential list below}*:
 - (a) *{same potential list of sections as Option A above}*:

Option C1.1 {Article 13 technical expert review confirms participation}

- 24. A Party may participate where the review by the Article 13 technical expert review determines that it meets the participation requirements.

Option C1.2 {After review, submit review to Article 15 committee}

- 25. Following the review above, the Article 13 technical expert review [shall][should] submit its review for consideration by the committee referred to in Article 15, paragraph 2 *{text required in relation to what the committee would do with the review}*.

Option C2 {Option C1 plus further additional step, that relates to budget-based basis of corresponding adjustment}

- 26. Following the Article 13 technical expert review, a Party may issue units up to the allowable emissions.

Option D {Article 6 technical expert review to review for consistency with this guidance}

Option D1 {Article 6 technical expert review}

- 27. The Article 6 technical expert review [shall][should] review for consistency with this guidance, the information submitted by each participating Party pursuant to the following sections *{potential list below}*:
 - (a) *{same potential list of sections as Option A above}*:

Option D1.1 {Article 6 technical expert review confirms participation}

- 28. A Party may participate where the review by the Article 6 technical expert review determines that it meets the participation requirements.

Option D1.2 {After review, submit to Article 15 committee}

- 29. Following the review above, the Article 6 technical expert review [shall][should] submit its review for consideration by the committee referred to in Article 15, paragraph 2 *{text required in relation to what the committee would do with the review}*.

Option D2 {Option D1 plus further additional step, that relates to budget-based basis of corresponding adjustment}

- 30. Following the Article 6 technical expert review, a Party may issue units up to the allowable emissions.

Option E {combination of Options A or B and C or D above}

Option F {no oversight arrangements}

{No text required}

C. Role of the secretariat

- 31. Pursuant to Article 17, the secretariat shall carry out the activities relating to it that are set out in this guidance and further decisions of the CMA relating to this guidance.

32. The secretariat shall report to the CMA pursuant to this guidance and further decisions of the CMA relating to this guidance, on the following *{potential list below}*:
- (a) The overall mitigation in global emissions achieved, pursuant to section XII (Overall mitigation in global emissions in context of Article 6, paragraph 2);
 - (b) The share of proceeds collected, pursuant to section XIII (Share of proceeds for adaptation);
 - (c) Progress made by participating Parties in implementing and achieving NDCs.

VI. Participation requirements and responsibilities

A. Participation requirements

Option A *{participation requirements}*

Option A1 *{participation requirements for cooperative approaches}*

33. 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 maintaining an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA;
 - (c) It has authorized the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
 - (d) It has obtained the authorization for the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
 - (e) It has designated a national authority/focal point and has communicated that designation to the secretariat;
 - (f) It has a registry or access to a registry consistent with section X.A (Registry requirements);
 - (g) 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 in a database consistent with section X.C (Database);
 - (h) It has provided the most recently required inventory report in accordance with the modalities, procedures and guidelines for Article 13 relating to Article 13, paragraph 7;
 - (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. start date, 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;

Option A2 *{Party requirements for transferring and/or using ITMOs}*

34. A Party may transfer and/or use ITMOs towards NDCs, consistent with this guidance and further decisions of the CMA relating to this guidance, if:
- (a) *{same potential list as Option A1}*;

Option B *{no participation requirements}*

{No text required}

B. Participation responsibilities

Option A {*participation responsibilities*}

Option A1 {*participation in cooperative approaches*} {*potential list below*}

35. Each Party participating on a voluntary basis in cooperative approaches ensures that it {*potential list below*}:
- (a) Maintains an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA.
 - (b) Authorizes the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
 - (c) Obtains the authorization for the use of ITMOs pursuant to Article 6, paragraph 3 and has made that authorization public;
 - (d) Formulates and communicates an economy-wide long-term low-emission development strategy pursuant to Article 4, paragraph 19;
 - (e) Provides the most recently required inventory report in accordance with the modalities, procedures and guidelines relating to Article 13, paragraph 7;
 - (f) In relation to ITMOs, has a process to:
 - (i) Verify ITMOs created and transferred;
 - (ii) Ensure that ITMOs created and transferred and/or used do not result in environmental harm;
 - (iii) Ensure that ITMOs created and transferred and/or used do not adversely affect human rights;
 - (iv) Ensure that ITMOs created and transferred and/or used do not have negative social or economic impacts on any Party;
 - (v) Ensure that it has applied the safeguards contained in section XI (Safeguards);
 - (g) Uses towards achievement of its NDC only mitigation outcomes that are achieved within the NDC period.
36. Each participating Party ensures environmental integrity through the following:
- (a) Setting baselines in a conservative way and below business-as-usual for the emissions in relation to the activity and in a transparent manner;
 - (b) Taking into account all existing policies when setting baselines;
 - (c) Having requirements to mitigate leakage risk;
 - (d) Having a system to ensure permanence, including to address reversals;
37. Each participating Party ensures that the cooperative approach in which it participates {*potential list below*}:
- (a) Contributes to the transition in the host Party to a low carbon development economy;
 - (b) Does not lead to an increase in global emissions;
 - (c) 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;
 - (d) Does not imply risks of conflicts with other environment-related aspects. In case of environment-related conflicts, measures to mitigate any negative trade-offs [shall][should] be taken;
 - (e) Is consistent with the Sustainable Development Goals and the sustainable development objectives of the host Party;
 - (f) Is consistent with the respect of and does not represent a threat to human rights;
 - (g) Avoids causing negative social or economic impacts to any Party.

38. Each participating Party may authorise non-Party actors to participate in cooperative approaches, transfer and acquire ITMOs, and use ITMOs for purposes other than towards achievement of an NDC.

Option A2 *{Parties transferring and/or using ITMOs} {potential list below}*

39. Each Party transferring and/or using ITMOs towards NDCs, ensures that it:

(a) *{same potential list as Option A1}*;

Option B *{no participation responsibilities}*

{No text required}

VII. Reporting

A. Ex-ante reporting

Option A *{ex-ante reporting requires information contained in Participation Requirements}*

Option A1 *{ex-ante reporting, prior to participation in cooperative approaches}*

40. Each participating Party [shall][should] provide a report, prior to its participation in cooperative approaches, demonstrating that it has met the requirements in section VI.A (Participation requirements) and further decisions of the CMA relating to this guidance. *{see work plan for 2019}*

Option A2 *{ex-ante reporting, prior to transferring and/or using ITMOs}*

41. Each participating Party [shall][should] provide a report, prior to transferring, acquiring, and/or using ITMOs towards NDCs, demonstrating that it has met the requirements in section VI.A (Participation requirements) and further decisions of the CMA relating to this guidance. *{see work plan for 2019}*

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

42. Each participating Party [shall][should] include in its report, pursuant to this section, the information on quantification of allowable emissions, consistent with section VIII.C (Article 6, paragraph 2, corresponding adjustment) and further decisions of the CMA relating to this guidance, in accordance with the following steps:

- (a) Quantification of allowable emissions through calculating how many tonnes of CO₂e could be emitted while achieving its NDC;
- (b) Multiplied 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}*

43. Each participating Party [shall][should] include in its report, pursuant to this section, the following information, and any further information required in further decisions of the CMA relating to this guidance, to enable the application of the emissions-based basis:

- (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 reference level of emissions and removals for the relevant year or period;
- (c) The information on the target level of emissions and removals for its’ NDC year or period.
- (d) The secretariat shall consolidate the information contained in the ex-ante report submitted by each Party consistent with this section, and further decisions of the CMA relating to this guidance, into the database referred to in section X.C (Database) *{see work plan for 2019}*.

Option D {combination of A and B or A and C}*{text from above Options A, B or C}***Option E {no ex-ante reporting}***{No text required}***B. Periodic and ex-post Party reporting** *{see work plan for 2019}***Option A {periodic: annually, biennially, matching reporting period}**

44. Each participating Party [shall][should] provide the following information at the end of the reporting period, in addition to the information on ITMOs set out in section VIII.A (ITMO information) and any further information set out in further decisions of the CMA relating to this guidance:
- (a) How it has ensured the participation responsibilities in section VI.B (Participation responsibilities) during the reporting period;
 - (b) In relation to the ITMOs reported in section VIII.A (ITMO information) *{potential list below}*:
 - (i) How it has used the quantity of ITMOs towards achievement of its 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 that the ITMOs are consistent with section IV (Internationally transferred mitigation outcomes) and further decisions of the CMA relating to this guidance;
 - (vi) How it has ensured environmental integrity of the ITMOs (including that transfers have not increased global emissions, that their use does not erode the using Party's NDC);
 - (vii) How it has ensured that the requirements set out in the definition of environmental integrity have been met;
 - (viii) How it has ensured that the ITMOs used towards achievement of its NDC will not be further transferred, acquired or used (e.g. through cancellation, retirement of such ITMOs);
 - (c) How the registry or system used by Parties for tracking ITMOs meets the requirements of section X (Infrastructure) and further decisions of the CMA relating to this guidance;
 - (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 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 the 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 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 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 transfer and use and/or transfer and acquisition of ITMOs avoided environmental harm;

- (ix) How the creation, first 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 transfer and use and/or transfer and acquisition of ITMOs avoided negative social or economic impacts on any Party.

Option B {when demonstrating achievement of NDC}

45. Each participating Party [shall][should] provide the following information at the end of the NDC implementation period, in addition to the information on ITMOs set out in section VIII.A (ITMO information) and any further information required by further decisions of the CMA relating to this guidance:

- (a) {same potential list as Option A above}.

Option C {both Option A and Option B}

VIII. Corresponding adjustment

A. ITMO information

1. Recording ITMO information

Option A {Parties record ITMO information} {see work plan for 2019}

46. Each participating Party [shall][should] record ITMO information through:

Option A1 {registries pursuant to section X (Infrastructure)}

Option A1.1 {registries connected to an ITL}

- (a) A registry system that is consistent with section X (Infrastructure) and further decisions of the CMA relating to this guidance, that is connected to an international transaction log;

Option A1.2 {registries without an ITL}

- (b) A registry system that is consistent with section X (Infrastructure) and further decisions of the CMA relating to this guidance;

Option A2 {international registry pursuant to section X (Infrastructure)}

- (c) An international registry as per section X (Infrastructure) and further decisions of the CMA relating to this guidance.

Option B {no obligation to record ITMO information}

{No text required}

2. Reporting ITMO Information

Option A {Parties periodically report ITMO data in tabular format} {see work plan for 2019}

47. Each participating Party [shall][should] provide, in agreed tabular format, information on ITMO transactions including {potential list below}:

- (a) Total cumulative emissions and removals covered by its NDC over the reporting period/NDC implementation period;
- (b) Total cumulative ITMOs created over the reporting period/NDC implementation period;
- (c) Total cumulative ITMOs transferred internationally over the reporting period/NDC implementation period;
- (d) Total cumulative ITMOs acquired from an international source over the reporting period/NDC implementation period;

- (e) Total cumulative ITMOs transferred over the reporting period/NDC implementation period, where the transfer is the first transfer of that ITMO;
 - (f) Total ITMOs held in the registry;
 - (g) Total ITMOs used towards the achievement of the NDC.
48. Each participating Party [shall][should] provide the information:

Option A1 {annually through a specific report}

- (a) Annually, consistent with this section and further decisions of the CMA related to this guidance;

Option A2 {biennially through Article 13.7(b)}

- (b) Biennially, consistent with this section as referred to in the modalities, procedures and guidelines for Article 13 relating to Article 13, paragraph 7(b) *{the MPGs to refer to this guidance in relation to the Article 6 information that has to be provided under Article 13}*.

Option A3 {both annually and biennially through Article 13.7(b)}

- (c) Annually, consistent with this guidance and further decisions of the CMA relating to this guidance; and
- (d) Biennially, consistent with this section as referred to in the modalities, procedures and guidelines for Article 13 relating to Article 13, paragraph 7(b) *{the MPGs to refer to this guidance in relation to the Article 6 information that has to be provided under Article 13}*.

Option B {ITMO transaction data provided by the ITL / International registry {see work plan for 2019}}

49. The administrator of the international transaction log/international registry shall generate and publish/provide for each participating Party, in agreed tabular format, a report that includes information on ITMO transactions and data including:

- (a) *{same potential list as in Option A}*.

50. The administrator of the international transaction log/international registry shall generate and publish/provide for each participating Party, in agreed tabular format, the above report annually and/or biennially.

Option C {no obligation to report ITMO transaction data}

{No text required}

B. Operationalizing the corresponding adjustment

Option A {corresponding adjustments consistent with basis and application, recorded in real time}

Option A1 {through the ITL}

51. Each participating Party [shall][should] record corresponding adjustments, consistent with this section, as recorded in the international transaction log at the time the ITMO transaction takes place.

Option A2 {through the international registry}

52. Each participating Party [shall][should] record corresponding adjustments consistent with this section, as recorded in the international registry at the time the ITMO transaction takes place.

Option B {corresponding adjustment consistent with basis and application recorded through periodic/ex post reporting of accounting information in agreed tabular format in Article 13.7(b) reports}

53. Each participating Party [shall][should] record corresponding adjustments consistent with this section, through the provision of information in agreed tabular format and provide that information in agreed tabular format consistent with this guidance, as referred to in the modalities, procedures and guidelines for Article 13 relating to Article 13, paragraph 7(b) *{the MPGs to refer to this guidance in relation to the Article 6 information that has to be provided under Article 13}* including *{potential list below}*:

- (a) Total cumulative/annual emissions and removals covered by its NDC as derived from the greenhouse gas emissions totals in its national inventory over the reporting period/NDC implementation period;
- (b) Total cumulative/annual ITMOs transferred over the reporting period/NDC implementation period;
- (c) Total cumulative/annual ITMOs acquired over the reporting period/NDC implementation period;
- (d) Total cumulative/annual ITMOs used towards achievement of its NDC over the reporting period/NDC implementation period;
- (e) The adjusted emissions balance after applying the corresponding adjustment for the reporting period/NDC implementation period.

Option C {information reported in Option B is consolidated by the secretariat in the database}

54. The secretariat shall consolidate the information contained in the agreed tabular format submitted by each Party into a database consistent with section X.A (Registry requirements) and further decisions of the CMA relating to this guidance. {see work plan for 2019}

Option D {corresponding adjustment consistent with basis and application recorded in buffer registry}

55. Each participating Party that is using the buffer registry basis for corresponding adjustment set out in section VIII.C (Article 6, paragraph 2, corresponding adjustment), [shall][should] record the corresponding adjustment in its buffer registry.

C. Article 6, paragraph 2, corresponding adjustment

1. General

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

56. Each participating Party [shall][should] apply the basis for corresponding adjustment set out in section VIII.C.2 (Basis for Article 6, paragraph 2, corresponding adjustment) consistently throughout the NDC implementation period.

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

57. Each participating Party [shall][should] select one of the bases for corresponding adjustment set out in section VIII.C.2 (Basis for Article 6, paragraph 2, corresponding adjustment) and apply it consistently throughout the NDC implementation period.

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

Option A {budget-based}

58. 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}

59. Emissions-based, where a Party applies the corresponding adjustment to the emissions and removals covered by its NDC as derived from the greenhouse gas emissions totals in its national inventory, with a resulting NDC balance sheet.

Option C {buffer registry based}

60. 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 towards NDCs and in accordance with NDC accounting.

Option D {emission reductions based}

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

D. Application of corresponding adjustment {see work plan for 2019}

62. Each participating Party [shall][should] make a corresponding adjustment by effecting an addition or subtraction consistent with the basis in section VIII.C.2 (Basis for Article 6, paragraph 2, corresponding adjustment) and consistent with further decisions of the CMA relating to this guidance.
63. Each participating Party [shall][should] make a corresponding adjustment for:
- Option A** {Parties record a corresponding adjustment for first transfer and for use towards achievement of NDC}
- (a) First transfer of ITMOs and use of ITMOs towards achievement of its NDC;
- Option B** {Parties record a corresponding adjustment for transfers and acquisitions}
- (b) Transfers of ITMOs and acquisitions of ITMOs towards achievement of its NDC;
- Option C** {all transactions}
- (c) Creations, first transfers, transfers, acquisitions and use of ITMOs towards an NDC.

E. Use of ITMOs towards NDCs

Option A {budget-based corresponding adjustment}

64. Each participating Party [shall][should] calculate the quantified NDC consistent with section VII.A (Ex-ante reporting) {Option B} and further decisions of the CMA relating to this guidance.
65. Each participating Party [shall][should] issue units into the registry/holding account in the international registry {where Option A or Option B of section X (Infrastructure) is applied}.
66. Each participating Party [shall][should] make a corresponding adjustment consistent with this section VIII (Corresponding adjustment).
67. At the end of the NDC implementation period, each participating Party [shall][should] retire the number of units equal to the emissions and removals covered by its NDC. Such retirement shall be made in the registry/account in the international registry established and maintained pursuant to section X (Infrastructure).

Option B {emissions-based corresponding adjustment}

68. Each participating Party [shall][should] provide quantified information on its NDC reference and target level emissions, consistent with section VII.A (Ex-ante reporting) {Option C} and further decisions of the CMA relating to this guidance.
69. Each participating Party [shall][should] make a corresponding adjustment consistent with this section VIII (Corresponding adjustment).
70. At the end of the NDC implementation period, each participating Party [shall][should] submit information on the adjusted emissions balance for each year covered by its NDC; consistent with section VIII.A (ITMO information), and, to enable comparison, the information contained in this section and consistent with further decisions of the CMA relating to this guidance {see work plan for 2019}.
71. The secretariat shall consolidate the information submitted by each Party pursuant to this section and further decisions of the CMA relating to this guidance into the database referred to in section X.C (Database) {see work plan for 2019}.

Option C {buffer registry-based corresponding adjustment}

72. Forward the amount in the buffer registry resulting from corresponding adjustments, consistent with section VIII (Corresponding adjustment), to Article 4, paragraph 13 for NDC accounting.

Option D {emissions reductions-based corresponding adjustment}

73. At the end of the NDC implementation period, each participating Party [shall][should] calculate the total quantity of emission reductions achieved within its jurisdiction during the NDC implementation period.

74. Each participating Party [shall][should] make a corresponding adjustment to the total quantity of emission reductions referred to in paragraph 63 above consistent with section VIII.C.2 (Basis for Article 6, paragraph 2, corresponding adjustment) *{Option D}*.
75. Each participating Party [shall][should] provide information on the adjusted quantity of emission reductions referred to in paragraph 64 above as part of the information necessary to track progress made in implementing and achieving its NDC as per Article 13.7(b).

F. Specific guidance for sectors/greenhouse gases/emissions and removals etc. *{see work plan for 2019}*

1. General

76. A Party may create and first transfer an ITMO that is achieved in its jurisdiction:

Option A *{only inside NDC}*

- (a) In sectors/greenhouse gases/emissions and removals covered by that Party's NDC;

Option B *{inside and outside NDC}*

- (b) In any sector/greenhouse gases/emissions and removals;

Option C *{inside NDC and may also be outside NDC if included in subsequent NDC}*

- (c) In sectors/greenhouse gases/emissions and removals covered by that Party's NDC, and
- (d) In sectors/greenhouse gases/emissions and removals not covered by its NDC if the Party will include this sector/greenhouse gas/source of emissions in its subsequent NDC.

2. Sectors/greenhouse gases/emissions and removals covered by the nationally determined contribution *{this section is dependent on Option A}*

77. For ITMOs that are created and first transferred by a Party and achieved in sectors/greenhouse gases/emissions and removals covered by that Party's NDC, each participating Party [shall][should] make a corresponding adjustment consistent with section VIII (Corresponding adjustment) further decisions of the CMA relating to this guidance.

3. Sectors/greenhouse gases not covered by the nationally determined contribution *{this section is dependent Option B and Option C}*

78. For ITMOs that are created and first transferred by a Party and achieved outside the sectors/greenhouse gases/emissions and removals covered by that Party's NDC:

- (a) The using Party [shall][should] make a corresponding adjustment consistent with section VIII (Corresponding adjustment) further decisions of the CMA relating to this guidance;

- (b) The first transferring Party [shall][should]:

Option A *{make a corresponding adjustment}*

- (i) Make a corresponding adjustment consistent with section VIII (Corresponding adjustment) further decisions of the CMA relating to this guidance;

Option B *{no corresponding adjustment, reporting only}*

- (ii) Report consistent with this guidance;

Option C *{make an addition to inventory emissions}*

- (iii) Make an addition to the inventory emissions equal to the number of ITMOs from sectors/greenhouse gases/emissions and removals outside the scope of its NDC.

Option D *{no action required}*

{no text required}

G. Specific guidance for single-year nationally determined contributions { *see work plan for 2019* }

1. General

79. A participating Party that has a single-year NDC [shall][should] apply a corresponding adjustment, consistent with this guidance and further decisions of the CMA relating to this guidance, by:

Option A { *all Parties use the same method* }

(a) Applying the method in section 2 below for the year of its single-year NDC;

Option B { *Parties choose one method and apply consistently* }

(b) Selecting one of the methods in section 2 below and applying it for the year of its single-year NDC and consistently throughout the NDC implementation period.

2. Methods of corresponding adjustment for a single-year NDC

80. A participating Party that has a single-year NDC [shall][should] apply the/one of the following method/s:

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

(a) The creating and transferring Party only creates and first transfers and/or only transfers ITMOs that are of the same vintage as the Party's single year NDC, and applies a corresponding adjustment in respect of ITMOs created and first transferred and/or transferred in that year;

(b) The acquiring or using Party applies a corresponding adjustment for ITMOs acquired and/or used that are of the same vintage as the Party's single-year NDC.

Option B { *cumulative corresponding adjustments* }

(c) The transferring Party applies a corresponding adjustment for the same year as the single year NDC in respect of all ITMOs created and first transferred and/or transferred over the NDC implementation period;

(d) The acquiring or using Party applies a corresponding adjustment for the same year as the single year NDC in respect of all ITMOs acquired and/or used over the NDC implementation period;

Option C { *representative corresponding adjustments* }

(e) The Party applies a corresponding adjustment for the same year as the single year NDC, that is representative of the creation and first transfer, transfer, acquisition and/or use of ITMOs by that Party over the NDC implementation period by:

Option C1 { *comparison to a trend that would be consistent with NDC achievement* }

(i) Calculating a multi-year emissions trajectory for the NDC implementation period consistent with the achievement of its NDC and applying a corresponding adjustment for each year covered by this emissions trajectory;

Option C2 { *averaging, including average per cooperative approach* }

(ii) Calculating an average amount of ITMOs created and first transferred, transferred, acquired and/or used over the NDC implementation period and applying a corresponding adjustment equal to this average amount for the same year as the single year NDC;

Option C3 { *either Option C1 or Option C2 and applying consistently* }

Option D { *reporting consistent with this guidance, periodically* }

(f) The Party applies a corresponding adjustment for all ITMOs that it creates and first transfers, transfers, acquires and/or uses in the same year as the single year NDC;

(g) The Party provides information on ITMOs that it creates and first transfers, transfers, acquires and/or uses for years in the NDC implementation period other than the year of the single year NDC, consistent with section VIII.A (ITMO information) and further decisions of the CMA relating to this guidance.

Option E {*no specific guidance*}

{*no text required*}

H. Specific guidance for pre-2020/2021 units/internationally transferred mitigation outcomes {*see work plan for 2019*}

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

I. Specific guidance for 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;

{*end of Option B*}

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 VIII (Corresponding adjustment);

Option B {*only make a corresponding adjustment where covered by NDC*}

- (b) Section VIII (Corresponding adjustment), where the ITMOs are from the sectors/greenhouse gases/emissions and removals covered by the NDC.

IX. Application of this guidance to emission reductions certified under the mechanism established by Article 6, paragraph 4 {*see work plan for 2019*}

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

Option A1 {*guidance applicable to all emission reductions transferred internationally*}

85. Section VIII (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 A2 {*guidance applicable to all emission reductions reflected in inventory*}

86. Section VIII (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 B {guidance applicable to only some emission reductions, not applicable to others}**Option B1 {guidance applicable where emission reductions from sectors/greenhouse gases/emissions and removals are covered by the NDC}**

87. Section VIII (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/emissions and removals covered by the host Party's NDC, when those emission reductions are transferred internationally.
88. 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/emissions and removals covered by the host Party's NDC.

Option B2 {guidance applicable where emission reductions are covered by the NDC}

89. Section VIII (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 host Party's NDC, when those emission reductions are transferred internationally to be used in the acquiring Party's NDC.
90. 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 C {forwarding based}

91. This guidance is not applicable to the initial forwarding of certified emission reductions from the Article 6, paragraph 4, mechanism registry.
92. Section VIII (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 international registry through the international transaction log.

X. Infrastructure**A. Registry requirements {see work plan for 2019}****Option A {registries}**

93. Each participating Party [shall][should] have or have access to a registry that meets the requirements of this section and further decisions of the CMA relating to this guidance.
94. Each participating Party to ensure that its registry is capable of:
- (a) Creating and, where applicable, issuing ITMOs/units;
 - (b) Determining a unique serial number for each ITMO/unit;
 - (c) 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}**

95. Each registry [shall][should] have the following national accounts: issuance, holding, transfer, acquisition, cancellation, retirement, share of proceeds, and a maintained link to the mechanism registry.

Option A3 {Option A and A2, plus further element below}

96. Each registry [shall][should] have a cancellation account for overall mitigation in global emissions.

Option B {international registry}

Option B1 {international registry}

97. The secretariat shall maintain an international registry for Parties that do not have a registry or do not have access to a registry, that is capable of:

(a) *{(a) – (g) of paragraph 94 in Option A}*.

98. The secretariat shall ensure the international registry has the following national accounts: issuance, holding, transfer, acquisition, cancellation, retirement, and share of proceeds.

Option B2 {Option B1, plus further element below}

99. Each registry [shall][should] have a cancellation account for overall mitigation in global emissions.

Option C {both Option A and Option B above, with Parties being able to use either Option A or Option B}

Option E {no registry/registries required as reporting is the basis for tracking ITMOs/units}

{no text required}

B. International transaction log {see work plan for 2019}

Option A {international transaction log}

100. The secretariat shall establish and maintain an international transaction log capable of recording the information set out in this section X (Infrastructure) and further decisions of the CMA relating to this guidance.

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

Option B {no ITL required as reporting is the basis for tracking ITMOs/units}

{no text required}

C. Database {see work plan for 2019}

Option A {database}

102. The secretariat shall establish and maintain a database to record, consistent with this section X (Infrastructure) and further decisions of the CMA relating to this guidance, at least the following *{potential list below}*:

- (a) Transactions of ITMOs consistent with section VIII.A (ITMO information);
- (b) Information contained in the ex-ante report and agreed tabular format consistent with section VII.A (Ex-ante reporting) and section VIII.A (ITMO information);
- (c) Amounts subject to a corresponding adjustment to the NDC balance sheet of the participating Parties consistent with section IV (Internationally transferred mitigation outcomes);
- (d) Information on adjusted-emissions balance *{for emissions-based}* consistent with section VIII.E (Use of ITMOs towards NDCs).

Option B {no database required as reporting is the basis for tracking ITMOs/units}

{no text required}

XI. Safeguards

A. Limits on creation and first transfer

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

103. A Party [shall][should] create and first transfer ITMOs in a manner that avoids significant fluctuations in the prices and quantities available in the international market for ITMOs *{further text needed}*.
104. Compulsory limitation of tradable units [shall][should] be exclusively used for retirement purposes.
105. A Party [shall][should] not create or first transfer ITMOs where the ITMOs have been achieved in sectors that have a high degree of uncertainty *{further text needed}*.
106. A Party [shall][should] not first 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.
107. 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.
108. A Party [shall][should] maintain a minimum level of allowable emissions in the NDC time frame reserve.
109. 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.

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

{no text required}

B. Limits on use towards achievement of nationally determined contributions

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

110. 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.
111. 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.
112. 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.
113. 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.
114. An ITMO [shall][should] only be used by a Party towards achievement of its NDC or voluntarily cancelled.
115. A Party [shall][should] not use ITMOs from outside the scope of its NDC in order to achieve its own NDCs.;

Option B *{no limits on use}*

{no text required}

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

Option A *{overall mitigation in global emissions requirement}*

116. Overall mitigation in global emissions [shall][should] be implemented in the context of Article 6, paragraph 2 as follows:

Option A1 {automatic cancellation}

- (a) On the basis of an automatic cancellation as follows:
- (i) 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;
 - (ii) 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 consistent with section X (Infrastructure);
 - (iii) Transferring Party [shall][should] make a corresponding adjustment for the full amount of ITMOs created/issued/supplied for first transfer;
 - (iv) Acquiring/using Party [shall][should] make a corresponding adjustment for the amount of ITMOs acquired/used;
 - (v) 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}

- (b) On the basis of a discounting by Parties as follows:
- (i) 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;
 - (ii) Prior to first transfer, creating Party [shall][should] make a corresponding adjustment for the full amount of ITMOs to be first transferred;
 - (iii) Acquiring/using Party [shall][should] make a corresponding adjustment for the full amount of ITMOs acquired/used, discounted by X percent.
 - (iv) 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.
 - (v) 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}

117. 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}

XIII. Share of proceeds for adaptation

Option A {share of proceeds}

118. 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.

119. 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 A4}

120. 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 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.

{end of Option A3}

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

(a) Collected by the creating/issuing Party at the first 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}

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

122. The secretariat shall 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, by the undertaking the following actions:

(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.

Annex II

Draft work plan of follow-up work to be carried out in 2019

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

1. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the following work and develop recommendations for a draft decision 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).

II. Special circumstances of least developed countries and small island developing States

2. Requests the SBSTA to develop recommendations for the implementation of section II *{see Annex I above}*, including in relation to the matters listed below, for consideration and adoption by the CMA at its second session:
 - (a) Requirements relating to NDCs;
 - (b) Participation requirements and responsibilities, as set out in section VI (Participation requirements and responsibilities) of the guidance *{see Annex I above}*;
 - (c) Ex-ante and ex-post reporting requirements, as set out in section VII (Reporting) of the guidance *{see Annex I above}*;
 - (d) Application of corresponding adjustments, as set out in section VIII (Corresponding adjustment) of the guidance *{see Annex I above}*.

IV. Internationally transferred mitigation outcomes

3. *Requests* the SBSTA to develop recommendations on other metrics for ITMOs in section IV (Internationally transferred mitigation outcomes) of the guidance *{see Annex I above}* for consideration and adoption by the CMA at its second session.

V. Governance

B. Oversight

Option A *{review by the 6.2 body}* and Option B *{Article 6 body}*

4. *Requests* the SBSTA to develop recommendations consistent with section V.B (Oversight) of the guidance *{see Annex I above}* on the functions of the X body, for consideration and adoption by the CMA at its second session.

Option C *{review conducted by Article 13 technical expert review}*

5. *Requests* the SBSTA to develop recommendations for implementation of the functions of the Article 13 technical expert review, for consideration and adoption by the CMA at its second session.

Option D *{review conducted by Article 6 technical expert review}*

6. *Requests* the SBSTA to develop recommendations for implementation of the functions and operation of the Article 6 technical expert review, for consideration and adoption by the CMA at its second session.

VII. Reporting

7. *Requests* the SBSTA to develop recommendations for the implementation of reporting requirements set out in section VII.A (Ex-ante reporting), section VII.B (Periodic and ex-post Party reporting), Section VIII.A (ITMO information), Section VIII.B (Operationalizing the corresponding adjustment) and Section VIII.E (Use of ITMOs

towards NDCs) of the guidance *{see Annex I above}*, for consideration and adoption by the CMA at its second session.

VIII. Corresponding adjustment *{Work plan relating to section A (ITMO information), section B (Operationalizing the corresponding adjustment), and section E (Use of ITMOs towards NDCs) is included in Infrastructure below, to avoid overlap}*

D. Application of corresponding adjustment

8. *Requests* the SBSTA to develop recommendations for the operationalisation of corresponding adjustments, consistent with section VIII.D (Application of corresponding adjustment) of the guidance *{see Annex I above}*, based on 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 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 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 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 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.

F. Specific guidance for sectors/greenhouse gases etc.

9. *Requests* the SBSTA to develop recommendations for the implementation section VIII.F (Specific guidance for sectors/greenhouse gases/emissions and removals etc.) of the guidance {*see Annex I above*} relating to sectors/greenhouse gases/emissions and removals covered by the NDC of the transferring Party for consideration and adoption by the CMA at its second session.

G. Specific guidance for single-year nationally determined contributions

10. *Requests* the SBSTA to develop recommendations for the implementation of section VIII.G (Specific guidance for single-year nationally determined contributions) of the guidance {*see Annex I above*} relating to single-year NDCs for consideration and adoption by the CMA at its second session.

H. Specific guidance for pre-2020/2021 units/internationally transferred mitigation outcomes

11. *Requests* the SBSTA develop recommendations on section VIII.H (Specific guidance for pre-2020/2021 units/internationally transferred mitigation outcomes) of the guidance {*see Annex I above*} on the treatment of pre-2020/2021 units/ITMOs, taking into account the following possible elements, 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*}

- (a) Both the creating Party and the using Party make a corresponding adjustment consistent with section VIII (Corresponding adjustment) of the guidance {*see Annex I above*};

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

- (b) A Party using pre-2020/2021 units/ITMOs towards achievement of its NDC makes a corresponding adjustment consistent with section VIII (Corresponding adjustment) of the guidance {*see Annex I above*};

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

- (c) No Party may use pre-2020/2021 units/ITMOs towards achievement of its NDC;

Option D {*ITL*}

- (d) Implementation of the corresponding adjustment through the international transaction log, including recommendations relating to invitations to the CMP, where appropriate.

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

12. *Requests* the SBSTA to develop recommendations for implementation of the section IX (Application of this guidance to emission reductions certified under the mechanism established by Article 6, paragraph 4) of the guidance {*see Annex I above*} 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.

X. Infrastructure {*The work plan below includes also section VIII.A (ITMO information) and section VIII.B (Operationalizing the corresponding adjustment) in order to avoid overlap*}

13. *Requests* the SBSTA to develop recommendations for the development and implementation of the infrastructure requirements as set out in section X (Infrastructure) of the guidance {*see Annex I above*}, taking into account the following possible elements, for consideration and adoption by the CMA at its second session:

Option A {*registries*}

- (a) A system of registries;

Option B {*international registry*}

- (b) An international registry;

Option C {international transaction log}

- (c) An international transaction log, including the information to be provided by the ITL administrator annually/biennially;

Option D {agreed tabular format}

- (d) An agreed tabular format;

Option E {database}

- (e) A database.

{INTERSESSIONAL WORK FOR THE SECRETARIAT- INDICATIVE POSSIBLE LIST}

- 14. *Requests* the secretariat to undertake technical preparatory work, including technical papers and financial and technical feasibility studies, as required, for the consideration of the SBSTA at its fiftieth session, on the following {potential list below}:
 - (a) The technical aspects relating to an international registry, international transaction log, database, including consideration of the use of distributed ledger technology, as appropriate;
 - (b) The processes required to support reporting and review of participation by Parties in cooperative approaches;

END OF SECTION 2.1: GUIDANCE ON COOPERATIVE APPROACHES REFERRED TO IN ARTICLE 6, PARAGRAPH 2, OF THE PARIS AGREEMENT

2.2. Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

A. Progress to date and ways forward

6. The draft text for the rules, modalities and procedures is now advanced, with clear options identified, including for follow-up technical work for 2019. Parties worked in a focused manner in Bangkok on some important substantive issues, developing, for example, their shared understanding of issues around baselines, additionality and membership aspects of the supervisory body. Parties also discussed the transition of the Kyoto mechanisms. Parties recognized that key choices remain to be made from options in the draft text.

7. In Katowice, Parties will need to focus within the time available on the decisions that will enable the mechanism to be available to Parties as an instrument from 2020 onwards, which will require, among other things, electing the members of the supervisory body in Katowice and starting its work in 2019. Key choices will need addressing and resolving so that comprehensive rules, modalities and procedures can be agreed. Where further elaboration or technical understanding is needed for implementation, the workplan for 2019 could set the parameters for that work.

8. As the draft text is already well advanced, the textual proposals seek to identify ways in which Parties can focus further and deal with key choices that need to be resolved. The textual proposals try to advance the thinking of Parties by removing remaining duplication; streamlining where there are multiple options, including grouping options into suboptions where appropriate and moving detail to the workplan where this may assist readability of the options; lightly editing the text; improving consistency of wording; and simplifying language where possible. The textual proposals also seek to strengthen the coordination between the 2019 workplan and the wording to be adopted in 2018.

B. Textual proposals

(SEE NEXT PAGE)

Draft CMA decision containing the draft rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

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

Option A {list of preambular paragraphs}

Pp1 Recalling the aims of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the mechanism) referred to in Article 6, paragraphs 4(a)–(d);

Pp2 Recognizing the mechanism is to be operationalized in the context of the Paris Agreement, in particular its preamble, Articles 2 and 3, Article 4, paragraphs 3, 4 and 15, Articles 6, paragraphs 5 and 6, Articles 13 and 15;

Option B {no preambular paragraphs}

{no text required}

{end of Option B}

1. *[Placeholder for adoption of Annex I to this decision {see Annex I}]*;
2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the following work *{see Annex II}* and develop recommendations for a draft decision 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 welcoming election of the first members of the Supervisory Body]*;
4. *[Placeholder for start date of the Supervisory Body and any work for the Supervisory Body {see Annex II}]*;
5. *Decides* to review these rules, modalities and procedures periodically/by no later than *{X date}*, on the basis of recommendations from *X*.

Annex I

Draft rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

I. Principles

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

1. In addition to Article 6, paragraphs 4–6 and decision 1/CP.21, paragraph 37, the following further principles guide the implementation of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (hereinafter referred to as the mechanism) *{potential list below}*:
 - (a) The mechanism and its rules, modalities and procedures [shall][should] ensure the environmental integrity of the mechanism;
 - (b) The mechanism [shall][should] allow for higher ambition of participating Parties in their mitigation and adaptation actions;
 - (c) The mechanism [shall][should] ensure that participation by a Party, and any public or private entities authorized by it, in the mechanism is consistent with the mitigation objectives of that Party;
 - (d) The mechanism [shall][should] avoid perverse incentives for participating Parties not to authorize mitigation activities that deliver real, measurable and long-term benefits and emission reductions that are additional;
 - (e) The mechanism [shall][should] avoid perverse incentives for participating Parties not to engage in a manner that is consistent over the long term and that provides predictability and a stable investment signal for public and private entities participating in the mechanism;
 - (f) Participating Parties [shall][should] avoid unilateral measures that constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade;
 - (g) The implementation of the mechanism [shall][should] be transparent;
 - (h) The equitable geographic distribution of activities [shall][should] be ensured.

Option B *{no list of principles}*

{no text required}

II. Definitions *{at SBSTA 48.1 Parties agreed to return to definition section when the content of the rules, modalities and procedures is more settled}*

2. *{Placeholder for the definitions as per document SBSTA48.Informal.6.v2ed², the “May informal note”}*

III. Scope of activities

3. The following types of mitigation is included within the scope of the mechanism:

Option A *{emission reductions and removals}*

- (a) Emission reductions;
- (b) Emission removals;

² <https://unfccc.int/documents/181520>.

Option B {emission reductions, removals and avoidance }

- (c) Emission reductions;
- (d) Emission removals;
- (e) Emissions avoided;

Option C {emission reductions, removals and full spectrum }

- (f) Emission reductions;
- (g) Emission removals;
- (h) The full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans.

Option D {emission reductions, removals, avoidance and full spectrum }

- (i) Emission reductions;
- (j) Emission removals;
- (k) Emissions avoided;
- (l) The full spectrum of mitigation outcomes, including mitigation co-benefits of adaptation actions and/or economic diversification plans.

{end of Option D}

4. The following types of mitigation activities may be registered as Article 6, paragraph 4 activities:

Option A {projects and programmes }

- (a) Projects;
- (b) Programmes of activities;

Option B {projects, programmes, sectoral, other types approved }

- (c) Projects;
- (d) Programmes of activities;
- (e) Sectoral approaches;
- (f) Other types approved by the Supervisory Body;

Option C {Option B plus other programmes }

- (g) Projects;
- (h) Programmes of activities;
- (i) Sectoral approaches;
- (j) Other types approved by the Supervisory Body;
- (k) Activities under non-UNFCCC programmes.

{end of Option C}

5. An A6.4ER [shall][should] be:

Option A {equal to one metric tonne of carbon dioxide equivalent }

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

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

- (b) In tonnes of CO₂e and other metrics.

{end of Option B}

6. An A6.4ER [shall][should] be calculated {potential list below}:

- (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.
7. An A6.4ER [shall][should] be issued in respect of mitigation:
- Option A** {*achieved on or after 1 January 2020/2021*}
- (a) Achieved on or after 1 January 2020/2021.
- Option B** {*no time limitation*}
- {*no text required*}

IV. Special circumstances of least developed countries and small island developing States {*see also work plan for 2019*}

8. In relation to the least developed countries and small island developing States, pursuant to Article 4, paragraph 6, their special circumstances shall be recognized where these rules, modalities and procedures relate to NDCs and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to these rules, modalities and procedures.

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

9. The CMA has authority over the mechanism and may take further decisions in relation to these rules, modalities and procedures and the mechanism.
10. The CMA may provide guidance to the Supervisory Body by taking decisions on {*potential list below*}:
- (a) The rules of procedure of the Supervisory Body;
 - (b) Any recommendations made by the Supervisory Body in accordance with these rules, modalities and procedures and further decisions of the CMA;
 - (c) Grievance and redress processes;
 - (d) Any matters relating to the operation of the mechanism, as appropriate.
11. The CMA shall:
- Option A** {*CMA is the body of appeal*}
- (a) Consider appeals against decisions of the Supervisory Body in accordance with decisions of the CMA relating to these rules, modalities and procedures.
- Option B** {*CMA is not the body of appeal*}
- {*no text required*}

VI. Supervisory Body

12. The Supervisory Body supervises:
- Option A** {*the mechanism*}
- (a) The mechanism;
- Option B** {*Article 6 – and the Supervisory Body has functions as part of being the Article 6 body*}
- (b) Article 6 voluntary cooperation. Its supervision of the mechanism is set out in these rules, modalities and procedures.

A. Membership *{see also work plan for 2019}*

13. The Supervisory Body [shall][should] comprise *X* members from Parties to the Paris Agreement, as follows, ensuring/striving to ensure gender-balanced representation:

Option A {CDM EB model} *{below text is taken from decision 3/CMP.1, annex, paragraph 7}*

- (a) One member from each of the five United Nations regional groups;
- (b) Two other members from the Parties included in Annex I;
- (c) Two other members from the Parties not included in Annex I;
- (d) One representative of the small island developing States.

Option B {JISC model} *{below text is taken from decision 9/CMP.1, annex, paragraph 4}*

- (e) Three members from Parties included in Annex I that are undergoing the process of transition to a market economy;
- (f) Three members from Parties included in Annex I not referred to in subparagraph (e) above;
- (g) Three members from Parties not included in Annex I;
- (h) One member from the small island developing States.

Option C {new/compilation model}

- (i) Ensuring balanced representation of Parties *{potential list below}*:
 - (i) *X* members from each of the five United Nations regional groups;
 - (ii) *X* members from developed country Parties;
 - (iii) *X* members from developing country Parties;
 - (iv) Equal representation of developing country Parties and developed country Parties;
 - (v) *X* members from the least developed country Parties;
 - (vi) *X* members from the small island developing States.

Option D {Paris-based model³}

- (j) Ensuring broad and equitable geographic representation:
 - (i) Two members from each UN regional group;
 - (ii) One member from the least developed countries;
 - (iii) One member from the small island developing States.

Option E {additional members from private sector/NGOs as part of the membership of options A to D above}

- (k) *X* members from private sector organizations or non-governmental organizations.

{end of Option E}

Option A {election by CMA}

14. The CMA shall elect, on the basis of nominations by the relevant UN regional groups and other constituency groups:

Option A1 {members only in the Supervisory Body}

- (a) Members of the Supervisory Body;

Option A2 {members and alternate members}

- (b) Members and an alternate for each member of the Supervisory Body.

³ Note that this model for membership is called "Paris-based model" as it is the model used by the Article 15 committee as per decision 1/CP.21 paragraph 102, and by the Paris Committee on Capacity Building as per its Terms of Reference in decision 2/CP.22, Annex I paragraph 2.

Option B {Option A plus SBSTA Chair where failure to nominate}

{Option A above plus following}:

15. In the event that a regional group is unable to nominate its member and/or alternate member within a specified deadline, the SBSTA Chair shall invite a recognized regional expert to serve as member/ alternate member, as appropriate, until the regional group nominates a member or alternate, for election by the CMA.

B. Rules of procedure {see also work plan for 2019}

Option A {Rules of procedure of the Executive Board of the CDM}

{see decision 3/CMP.1, paragraphs 5–19 and decision 4/CMP.1, Annex I}

Option B {Rules of procedure of the Joint Implementation Supervisory Committee}

{see decision 9/CMP.1 paragraphs 3–19, decision 2/CMP.2, paragraph 1 and decision 3/CMP.5, paragraph 1}

Option C {Rules of procedure developed specifically for the Supervisory Body} {Note: Whether there are alternate members or not has not been decided but they are included here in order to avoid numerous options at this stage}.

16. Members and alternate members shall serve in their individual personal capacity.
 17. Members and alternate members [shall][should] possess the following skills and capacities {potential list below}:

- (a) Relevant technical expertise;
- (b) Recognized competence in relevant scientific, technical, socioeconomic or legal fields.

18. Members and alternate members shall serve for a term of:

Option C1 {two years}

- (a) Two years;

Option C2 {three years}

- (b) Three years.

{end of option C2}

19. The CMA shall elect half of the first members and alternate members for a term of $X+1$ years and the other half for a term of X years. At the expiry of the term of such members and alternate members and thereafter, the CMA shall elect half of the members and half of the alternate members for a term of X years.

20. The maximum number of terms for any individual shall be:

Option C1 {two in total including terms served as an alternate member}

- (a) Two terms, whether consecutive or not, and including any period as an alternate member.

Option C2 {two consecutive terms, including terms served as an alternate member}

- (b) Two consecutive terms, including any terms served as an alternate member.

{end of option C2}

21. If a member or alternate member resigns or is otherwise unable to continue as a member or alternate member:

Option C1 {constituency nominates replacement for remainder of term}

- (a) The relevant constituency may, bearing in mind the proximity to the next meeting of the CMA, appoint a replacement member or alternate member from the constituency to serve the remainder of the term;

Option C2 {Supervisory Body}

- (b) The Supervisory Body may, bearing in mind the proximity to the next meeting of the CMA, appoint a replacement member or alternate member from the Party representing the relevant constituency to serve the remainder of the term, based on a nomination from the Party representing the relevant constituency.

{end of option C2}

22. A member or alternate member may be suspended and/or the membership terminated by the CMA where {potential list below}:
- (a) They fail to disclose a conflict of interest;
- (b) {failure to attend X meetings}.
23. Costs for members and alternate members will be borne by the share of proceeds for administrative expenses, and prior to sufficiency of the proceeds for administrative expenses, by voluntary contributions.
24. Members and alternate members shall avoid actual, potential and perceived conflicts of interest and shall:
- (a) Declare any actual, potential or perceived conflict of interest at the start of a meeting;
- (b) Recuse themselves from any discussion where they have an actual, potential or perceived conflict of interest;
- (c) Refrain from behaviour that may be incompatible with the requirements of independence and impartiality.
25. Members and alternate members shall ensure confidentiality, in line with best practice for confidentiality.
26. Meetings of the Supervisory Body [shall][should] be held as needed but no less/more than X times per year.
27. X members, including alternate members only when they are acting as members, shall constitute a quorum.
28. A quorum of members is required for:
- (a) Meetings;
- (b) Decisions.
29. Members and alternate members shall attend meetings and alternate members shall act as members when the member is not present.
30. The Supervisory Body [shall][should] elect a Chair and a Vice Chair from among its members.
31. Dates of meetings of the Supervisory Body [shall][should] be notified to members and alternate members no later than X weeks in advance of the start of the meeting.
32. Dates of meetings of the Supervisory Body [shall][should] be made public no later than X weeks in advance of the start of the meeting.
33. Meetings of the Supervisory Body shall, unless closed for reasons of confidentiality, be open to be observed by the public.
34. Documents for meetings of the Supervisory Body [shall][should] be made public, unless they are confidential, no later than X weeks in advance of the start of the meeting.
35. The Supervisory Body shall ensure transparency of decision making and [shall][should] make public its decision-making framework, and maintain a publicly accessible list of its decisions, including standards, procedures and related documents.
36. Decisions of the Supervisory Body [shall][should] be taken by consensus whenever possible. If all efforts at reaching consensus have been exhausted, decisions [shall][should] be put to the vote and adopted by:

Option C1 {three fourths plus one}

- (a) A majority of three fourths plus one of the members present and voting;

Option C2 {simple majority}

- (b) A simple majority of the members present and voting.

{end of option C2}

37. The Supervisory Body shall adopt reports of its meetings and make the reports publicly available within X days of the end of the meetings.

Option C1 {Grievance and redress processes are part of the Rules of Procedure}

38. The Supervisory Body [shall][should] have processes to address grievances and ensure redress, that {potential list below}:

- (a) Involve independent review;
- (b) Are rights-based, independent, accessible, equitable, transparent, legitimate and efficient.

Option C2 {Grievance and redress processes are not part of the Rules of Procedure}

{no text needed}

{end of option C2}

Option C1 {A process for referring to the Article 15 committee is part of the Rules of Procedure}

39. The Supervisory Body [shall][should] have processes to make referrals to the committee established by Article 15, paragraph 2.

Option C2 {A process for referring to the Article 15 committee is not part of the Rules of Procedure}

{no text needed}

{end of Option C}

C. Governance and functions {see also work plan for 2019}

Option A {centralized system}

40. In accordance with Article 6, paragraph 4, the Supervisory Body [shall][should] supervise the mechanism, under the authority and guidance of the CMA, and be accountable to the CMA. In this context, the Supervisory Body [shall][should], in accordance with further decisions of the CMA {potential list below}:

- (a) Develop the requirements and processes necessary to operationalize the mechanism;
- (b) Operate the mechanism;
- (c) Support the implementation of the mechanism and its transparency.

Option B {dual system (both centralized and host Party led)} {see work plan for 2019}

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

41. Pursuant to Article 17 and in accordance with further decisions of the CMA, the secretariat [shall][should] serve the Supervisory Body.

VII. The mechanism registry {see also work plan for 2019}

42. The Supervisory Body [shall][should] establish and maintain a registry for the mechanism (hereinafter referred to as the mechanism registry), in accordance with further decisions of the CMA, containing {potential list below}:

- (a) A pending account, holding account, forwarding account, retirement account, cancellation account and share of proceeds account;
- (b) A cancellation account for overall mitigation in global emissions.

43. The secretariat [shall][should] serve as the registry administrator to maintain the mechanism registry under the authority of the Supervisory Body, in accordance with further decisions of the CMA.

VIII. Participation requirements and responsibilities of host Parties

A. Participation requirements for host Parties

Option A {*participation requirements*}

44. A Party may participate on a voluntary basis in the mechanism by hosting Article 6, paragraph 4 activities if it meets the following requirements {*potential list below*}:
- (a) It is a Party to the Paris Agreement;
 - (b) It has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraphs 2 and 6 and relevant decisions of the CMA;
 - (c) It has designated a national authority for the mechanism and has communicated that designation to the secretariat;
 - (d) It has a registry, access to a registry or has an account in the mechanism registry for holding A6.4ERs.

Option B {*application of Article 6.2 guidance participation requirements*}

45. A Party may participate on a voluntary basis in the mechanism by hosting Article 6, paragraph 4 activities if it meets the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6 paragraph 2.

Option C {*application of Article 6.2 guidance participation requirements if A6.4ERs are internationally transferred and used towards NDCs*}

46. A Party may participate on a voluntary basis in the mechanism by hosting Article 6, paragraph 4 activities if it meets the requirements referred to in paragraph 44 above {*see requirements in Option A*}.
47. A Party hosting an Article 6, paragraph 4 activity [shall][should] also meet the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2 if A6.4ERs generated by the activity are internationally transferred and used towards achievement of NDCs.
- {*end of Option C*}

B. Responsibilities of host Parties {*see also work plan for 2019*}

Option A {*responsibilities of host Parties*}

48. A Party hosting an Article 6, paragraph 4 activity [shall][should] fulfil the following responsibilities {*potential list below*}:
- (a) Maintain an NDC in accordance with Article 4, paragraphs 2 and 6 and relevant decisions of the CMA;
 - (b) Provide confirmation to the Supervisory Body that participation by the Party and any participants in the proposed Article 6, paragraph 4 activity is voluntary;
 - (c) Provide authorization to the Supervisory Body of the proposed Article 6, paragraph 4 activity;
 - (d) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity fosters sustainable development in the host Party;
 - (e) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity implements the United Nations Sustainable Development Goals in the host Party;
 - (f) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity relates to the NDC of the host Party;
 - (g) Demonstrate that the proposed Article 6, paragraph 4 activity will contribute to overall mitigation in global emissions;
 - (h) Ensure that its hosting of Article 6, paragraph 4 activities and generation of A6.4ERs is guided by its domestic mitigation objectives;

- (i) When authorizing the participation of public or private entities in the Article 6, paragraph 4 activity, provide authorization of that participation to the Supervisory Body;
- (j) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity conforms to the host Party's obligations on human rights;
- (k) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity avoids negative social and economic impacts on other Parties, particularly developing country Parties;
- (l) Provide an explanation to the Supervisory Body of the conditions under which it may withdraw its authorization of the proposed Article 6, paragraph 4 activity and/or withdraw its authorization of the participation of any public or private entities in the activity;
- (m) Provide confirmation to the Supervisory Body that local stakeholder consultation has been conducted for the proposed Article 6, paragraph 4 activity;
- (n) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity respects the safeguards adopted by the Supervisory Body in relation to such activities;
- (o) Submit national inventory reports in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;
- (p) Provide, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all Article 6, paragraph 4 activities hosted by the Party and all A6.4ERs that the Party has internationally transferred or used towards achievement of its NDC.

Option B {application of Article 6.2 guidance participation responsibilities}

49. A Party hosting Article 6, paragraph 4 activities [shall][should] fulfil the responsibilities for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

Option C {application of Article 6.2 guidance participation responsibilities if A6.4ERs are internationally transferred and used towards NDCs}

50. A Party hosting an Article 6, paragraph 4 activity [shall][should] fulfil the responsibilities referred to in paragraph 48 above {see responsibilities in Option A above}.
51. A Party hosting an Article 6, paragraph 4 activity [shall][should] also fulfil the responsibilities for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2 if A6.4ERs generated by the activity are internationally transferred and used towards achievement of NDCs.

{end of Option C}

IX. Participation requirements and responsibilities for transferring, acquiring and using Parties

A. Participation requirements for transferring, acquiring and using Parties

Option A {participation requirements}

52. A Party may transfer and/or acquire A6.4ERs, and/or use A6.4ERs towards achievement of its NDC, if it meets the following requirements {potential list below}:
- (a) It is a Party to the Paris Agreement;
 - (b) It has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA;
 - (c) If it has designated a national authority for the mechanism, it has communicated that designation to the secretariat;
 - (d) It has a registry, access to a registry or has an account in the mechanism registry for holding A6.4ERs.

Option B {application of Article 6.2 guidance participation requirements}

53. A Party may transfer and/or acquire A6.4ERs, and/or use A6.4ERs towards achievement of its NDC, if it meets the requirements for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

B. Responsibilities of transferring/acquiring Parties**Option A {responsibilities of transferring/acquiring Parties}**

54. A Party transferring or acquiring A6.4ERs [shall][should] *{potential list below}*:
- (a) Maintain an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA;
 - (b) Submit national inventory reports in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;
 - (c) Provide, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all A6.4ERs that the Party has internationally transferred or acquired.

Option B {application of Article 6.2 guidance participation responsibilities}

55. A Party transferring or acquiring A6.4ERs [shall][should] fulfil the responsibilities for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

Option C {no responsibilities of transferring/acquiring Parties}

{no text required}

C. Responsibilities of using Parties**Option A {responsibilities of using Parties}**

56. A Party using A6.4ERs towards achievement of its NDC [shall][should] fulfil the following responsibilities *{potential list below}*:
- (a) Maintain an NDC in accordance with Article 4, paragraphs 2 and 6, and relevant decisions of the CMA;
 - (b) Provide confirmation to the Supervisory Body that participation by the Party and the participants in the proposed Article 6, paragraph 4 activity is voluntary;
 - (c) When authorizing the participation of public or private entities in the Article 6, paragraph 4 activity, provide authorization of that participation to the Supervisory Body;
 - (d) Provide confirmation to the Supervisory Body that the proposed Article 6, paragraph 4 activity fosters sustainable development in the participating Parties;
 - (e) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity conforms to the implementation of the United Nations Sustainable Development Goals in the participating Parties;
 - (f) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity and the use of A6.4ERs from the activity conforms to the Party's obligations on human rights;
 - (g) Provide an explanation to the Supervisory Body as to how the proposed Article 6, paragraph 4 activity and the use of A6.4ERs from the activity avoids negative social and economic impacts on other Parties, particularly developing country Parties.
 - (h) Provide an explanation to the Supervisory Body of the conditions under which it may withdraw its authorization of the participation of any public or private entities in the proposed Article 6, paragraph 4 activity, if such conditions exist;
 - (i) Submit national inventory reports in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13;

- (j) Provide, in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, information on all A6.4ERs that the Party has used towards achievement of its NDC.

Option B {application of Article 6.2 guidance participation responsibilities}

- 57. A Party using A6.4ERs towards achievement of its NDC [shall][should] fulfil the responsibilities for participating in cooperative approaches as set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

Option C {application of Article 6.2 guidance participation responsibilities if A6.4ERs are internationally transferred, acquired and used towards its NDC}

- 58. A Party using A6.4ERs achieved in that Party, that have not been internationally transferred, towards achievement of its NDC [shall][should] fulfil the responsibilities referred to in paragraph 56 above {see responsibilities in Option A above}.
- 59. A Party using internationally transferred A6.4ERs towards achievement of its NDC [shall][should] also fulfil the responsibilities for participating in cooperative approaches set out in the guidance for cooperative approaches referred to in Article 6, paragraph 2.

{end of Option C}

X. Participation by other actors

- 60. Participating Parties [shall][should] incentivize public and private entities to participate in Article 6, paragraph 4 activities in accordance with the provisions relating to the authorization of such participation.
- 61. Participation in Article 6, paragraph 4 activities by public and private entities and other non-State actors may include acquiring and transferring A6.4ERs and using A6.4ERs:

Option A {for purposes other than towards NDC}

- (a) For purposes other than towards achievement of the NDC of a Party;

Option B {for purposes towards NDC}

- (b) For purposes towards achievement of the NDC of a Party;

Option C {no limitation to purposes}

- (c) For any purposes.

XI. Designated operational entities {see also work plan for 2019}

A. Validation of mitigation activities

- 62. A designated operational entity [shall][should] independently evaluate a mitigation activity against the requirements set out in these rules, modalities and procedures, further decisions of the CMA and relevant requirements developed by the Supervisory Body (hereinafter referred to as validation) for:
 - (a) Registration of the mitigation activity as an Article 6, paragraph 4 activity;
 - (b) Other purposes as may be defined by the Supervisory Body.

B. Verification and certification of emission reductions

- 63. A designated operational entity [shall][should] independently review and determine emission reductions/emission removals/emissions avoided/full spectrum that have occurred as a result of the implementation of an Article 6, paragraph 4 activity during the monitoring period (hereinafter referred to as verification) and provide written assurance of the emission reductions/emission removals/emissions avoided/full spectrum verified, for the issuance of A6.4ERs for the Article 6, paragraph 4 activity (hereinafter referred to as certification).

C. Regional availability

64. A designated operational entity [shall][should] strive to ensure regional availability with local sources and presence.

XII. Eligible mitigation activities

A. Mitigation activities in the context of the host Party's nationally determined contribution {see also work plan for 2019}

Option A {mitigation activities may only be inside the host Party's NDC}

65. Only mitigation activities that are in the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and further decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

Option B {mitigation activities may be inside or outside the host Party's NDC}

66. Mitigation activities that are in or outside the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and further decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

Option C {may be outside current NDC so long as within the subsequent NDC}

67. Mitigation activities that are outside the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and further decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities, on the condition that the sectors/greenhouse gases/period in which the activity operates is included in the subsequent NDC of the host Party.

68. Mitigation activities that are in the sectors/greenhouse gases/period covered by the NDC of the host Party and meet the requirements of these rules, modalities and procedures and further decisions of the CMA and the Supervisory Body may be registered as Article 6, paragraph 4 activities.

Option D {no specification on whether they may be within or outside the host Party's NDC}

{no text required}

B. General requirements for mitigation activities {see also work plan for 2019}

69. In accordance with decision 1/CP.21, paragraph 37(b), an Article 6, paragraph 4 activity [shall][should] deliver real, measurable and long-term benefits related to the mitigation of climate change.

70. In addition to specific requirements in these rules, modalities and procedures, an Article 6, paragraph 4 activity [shall][should] {potential list below}:

- (a) Deliver permanent emission reductions/ensure permanence and avoid, and/or require correction of, reversals;
- (b) Avoid incentivizing the use of technologies in a manner that disincentivizes the uptake of newer, more environmentally friendly and/or less greenhouse gas intensive technologies;
- (c) Avoid activities that "lock in" an emission level inconsistent with the long-term goal of the Paris Agreement;
- (d) Foster sustainable development in accordance with Article 6, paragraph 4(a);
- (e) Be consistent with the United Nations Sustainable Development Goals and the sustainable development objectives of the host Party;
- (f) Conduct local stakeholder consultation;
- (g) Not cause negative environmental impacts;

- (h) Foster transition towards a low-carbon economy, in accordance with the long-term low greenhouse gas emission development strategies of the participating Parties communicated in accordance with Article 4, paragraph 19;
 - (i) Not lead to an increase in global emissions;
 - (j) Not impede the progression of the NDC of the host Party;
 - (k) Be consistent with, and not pose a threat to, human rights;
 - (l) Not include actions referred to in Article 5.
71. An Article 6, paragraph 4 activity shall apply a crediting period *{potential list below}*:
- (a) Approved by the Supervisory Body;
 - (b) Appropriate to the activity in the relevant host Party and consistent with that Party's long-term and short-term mitigation objectives.

C. Baseline approach *{see also work plan for 2019}*

Option A *{principles for baselines}*

72. Baselines [shall][should] be set in accordance with the following principles:

Option A1 *{historic or business as usual baseline}*

- (a) Historic emissions or business-as-usual baseline approach;

Option A2 *{conservative baseline including the use of best available technology}*

- (b) Conservative baseline approach including the use of best available technology;

Option A3 *{dynamic baseline}*

- (c) Dynamic baseline approach;

Option A4 *{standardized baseline}*

- (d) Standardized baseline approach;

Option A5 *{combination of Options A2, A3 and A4}*

- (e) *{text from (b), (c), (d), as appropriate}*

{end of Option A5}

73. An Article 6, paragraph 4 activity [shall][should] apply the principles referred to in paragraph 72 above when setting the baseline and calculating emission reductions achieved by the activity, in accordance with the methodology approved by the Supervisory Body.

Option B *{no principles for baselines}*

{No text required}

D. Additionality *{see also work plan for 2019}*

74. An Article 6, paragraph 4 activity [shall][should] be additional where it demonstrates:

Option A *{reference to what would otherwise have occurred}*

- (a) Reductions in emissions that are additional to any that would otherwise occur:

Option A1 *{in absence of activity}* *{potential list below}*

- (i) In the absence of the activity;

Option A2 *{in absence of mechanism}*

- (ii) In the absence of the mechanism;

Option A3 {in absence of the Paris Agreement}

(iii) In the absence of the Paris Agreement;

Option B {reference to the NDC}

(b) Reductions in emissions that go beyond what would be achieved through the delivery of the NDC of the host Party;

Option C {takes into account national policies}

(c) That it takes into account all relevant national policies, including legislation;

Option D {positive lists}

(d) That the activity is included on a positive list adopted by the Supervisory Body.

Option E {no text on additionality requirement}

{no text required}

XIII. Mitigation activity cycle**A. Design** {see also work plan for 2019}

75. To develop a mitigation activity as an Article 6, paragraph 4 activity, the activity [shall][should] be designed to meet the requirements in these rules, modalities and procedures and any other relevant requirements defined by the CMA and the Supervisory Body, and a design document demonstrating the compliance with the requirements [shall][should] be developed for approval by the host Party.

B. Authorization by Party {see also work plan for 2019}

76. Participants of the proposed mitigation activity [shall][should] be authorized by a participating Party.

C. Validation {see also work plan for 2019}

77. The proposed mitigation activity [shall][should] be validated by a designated operational entity in accordance with the relevant validation requirements developed by the Supervisory Body.

D. Registration {see also work plan for 2019}

78. After a positive validation, the design of the proposed mitigation activity and the validation outcome [shall][should] be submitted to the Supervisory Body, in accordance with the relevant requirements developed by the Supervisory Body.

79. The proposed mitigation activity [shall][should] be registered as an Article 6, paragraph 4 activity if the Supervisory Body decides that the design of the mitigation activity and the validation meet the relevant requirements developed by the Supervisory Body.

E. Monitoring {see also work plan for 2019}

80. Monitoring of emission reductions achieved by a registered Article 6, paragraph 4 activity [shall][should] be in accordance with the relevant requirements developed by the Supervisory Body.

F. Verification and certification {see also work plan for 2019}

81. The monitoring of the emission reductions [shall][should] be verified and certified by a designated operational entity in accordance with the relevant requirements developed by the Supervisory Body.

G. Issuance {see also work plan for 2019}

82. For the issuance of A6.4ERs, the verification and certification [shall][should] be submitted to the Supervisory Body and be in accordance with the relevant requirements developed by the Supervisory Body.
83. The Supervisory Body [shall][should] approve the issuance of A6.4ERs if it decides that the verification and certification meet the relevant requirements developed by the Supervisory Body.
84. The registry administrator [shall][should], in accordance with section VII above (The mechanism registry) and the relevant requirements developed by the Supervisory Body, issue the A6.4ERs into:

Option A {issuance into the mechanism registry}

- (a) the mechanism registry;

Option B {issuance into a registry}

- (b) the relevant registry.

H. Forwarding/transfer from the mechanism/a registry {see also work plan for 2019}

85. The registry administrator [shall][should], in respect of share of proceeds:

Option A {unspecified destination of share of proceeds}

- (a) Forward/transfer *X* per cent of the issued A6.4ERs to an account for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;

Option B {specified destination of share of proceeds to Adaptation Fund}

- (b) Forward/transfer *X* per cent of the issued A6.4ERs to an account held by the Adaptation Fund for assisting developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

{end of Option B}

Option A {OMGE implemented through cancellation, OMGE cancellation step}

86. The registry administrator [shall][should], in respect of overall mitigation in global emissions, cancel *X* per cent of the issued A6.4ERs to a cancellation account for implementing overall mitigation in global emissions.

Option B {Where OMGE not implemented through cancellation, no OMGE cancellation step}

{no text required}

{end of Option B}

87. The registry administrator [shall][should], for the remaining issued A6.4ERs, forward/transfer the specified amount of A6.4ERs in accordance with the instructions of the participants in the Article 6, paragraph 4 activity, in accordance with the relevant requirements developed by the Supervisory Body.

I. Voluntary cancellation {see also work plan for 2019}

88. The registry administrator [shall][should] cancel the specified amount of A6.4ERs in accordance with further decisions of the CMA.

J. Other processes associated with mitigation activities

1. Grievance process/appeal rights {see also work plan for 2019}

89. Stakeholders, participants in Article 6, paragraph 4 activities and participating Parties may appeal decisions of the Supervisory Body or request that a grievance be addressed by the Supervisory Body.

2. **Protection of human rights** *{see also work plan for 2019}*
90. Stakeholders, participants in Article 6, paragraph 4 activities and participating Parties may inform the Supervisory Body of alleged violations of human rights resulting from an Article 6, paragraph 4 activity.
3. **Referral of matters to the committee to facilitate implementation and promote compliance referred to in Article 15, paragraph 2**
{see work plan for 2019}
4. **Reporting**
{see work plan for 2019}

XIV. Levy of share of proceeds towards administration and adaptation *{see also work plan for 2019}*

A. Share of proceeds for adaptation (level and timing)

Option A *{unspecified destination of share of proceeds}*

91. The share of proceeds from an Article 6, paragraph 4 activity that is levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation [shall][should] be delivered to the relevant mechanism registry account.

Option B *{specified destination of share of proceeds to Adaptation Fund}*

92. The share of proceeds from an Article 6, paragraph 4 activity that is levied to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation [shall][should] be delivered to the Adaptation Fund.

{end of Option B}

93. The share of proceeds [shall][should] be set and levied at:

Option A *{percentage at issuance}*

- (a) X per cent/5 per cent at issuance;

Option B *{percentage at forwarding/first transfer}*

- (b) X per cent/5 per cent at forwarding/first transfer;

Option C *{increasing rate over time at transfer}*

- (c) X per cent/5 per cent at forwarding/first transfer, increasing by Y per cent at each subsequent transfer.

B. Share of proceeds for administrative expenses (level and timing)

94. Until the share of proceeds is sufficient to cover administrative expenses, administrative expenses [shall][should] be covered by voluntary contributions.
95. The share of proceeds from an Article 6, paragraph 4 activity that is levied to cover administrative expenses [shall][should] be:
- (a) USD X payable at the time of the request for registration;
- (b) USD X per A6.4ER issued for the activity, payable at the time of the request for issuance of A6.4ERs.

XV. Delivering overall mitigation in global emissions *{see also work plan for 2019}*

96. The mechanism [shall][should] deliver an overall mitigation in global emissions in accordance with this section.

Option A {automatic cancellation}

97. Overall mitigation in global emissions [shall][should] be implemented as follows:
- (a) After emission reductions are verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
 - (b) At issuance/first transfer of A6.4ERs, the registry [shall][should] transfer *X* per cent of total amount of A6.4ERs to the cancellation account for overall mitigation in accordance with section XIII above (Mitigation activity cycle);
 - (c) The cancelled A6.4ERs [shall][should] not be used for any transfer or purpose, including by any Party towards achievement of its NDC or for voluntary cancellation;
 - (d) The host Party [shall][should] use the remaining A6.4ERs in its account either towards achievement of its own NDC or transfer them to another Party's registry or to another Party's account in the mechanism registry.

Option B {discounting}

98. Overall mitigation in global emissions [shall][should] be implemented as follows:
- (a) After emission reductions have been verified and certified, the host Party [shall][should] make a corresponding adjustment under the guidance for cooperative approaches referred to in Article 6, paragraph 2 for the full amount of issued A6.4ERs to be first transferred;
 - (b) The acquiring/using Party [shall][should] discount by *X* per cent the acquired A6.4ERs at acquisition/use towards achievement of its NDC;
 - (c) The discounted volume of A6.4ERs [shall][should] be transferred to the cancellation account for the overall mitigation of global emissions by the acquiring/using Party;
 - (d) The volume of discounted A6.4ERs [shall][should] not be used by any Party towards achievement of its NDC or for voluntary cancellation;
 - (e) The host Party [shall][should] use the remaining A6.4ERs in its account either towards achievement of its own NDC or transfer them to another Party's registry or another Party's account in the mechanism registry.

Option C {mechanism itself ensures overall mitigation in global emissions}

99. Use of the mechanism itself ensures overall mitigation in global emissions.

Option D {approaches from the list below}

100. Overall mitigation in global emissions [shall][should] be implemented through {potential list below}:
- (a) Meeting the requirements for Article 6, paragraph 4 activities referred to in section XII above (Eligible mitigation activities), including on baseline approaches, crediting period and additionality;
 - (b) Voluntary cancellation of A6.4ERs by Parties and stakeholders, including non-State actors;
 - (c) Any other measures selected by participating Parties voluntarily;
 - (d) Discounting *X* per cent of the total quantity of A6.4ERs acquired by the using Party prior to use towards achievement of its NDC.

Option E {conservative baselines}

101. Overall mitigation in global emissions [shall][should] be implemented through {potential list below}:
- (a) Applying conservative baselines/baselines that are below business-as-usual to the calculation of emission reductions for Article 6, paragraph 4 activities;
 - (b) Applying conservative/higher default emission factors to the calculation of emissions from Article 6, paragraph 4 activities.

Option F {voluntary approaches} {extracted from Option D}

102. Overall mitigation in global emissions [shall][should] be implemented through {potential list below}:

- (a) Any other measures selected by participating Parties voluntarily.

Option G {combination of Options D-F}

103. Overall mitigation in global emissions [shall][should] be implemented through one or a combination of means referred to in paragraphs 100–102 above.

XVI. Avoiding the use of emission reductions by more than one Party

104. Avoiding the use of emission reductions from the mechanism towards achievement of its NDC by more than one Party, in accordance with Article 6, paragraph 5, [shall][should] be ensured in accordance with this section.

Option A {guidance applicable to all emission reductions}

105. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement applies to all emission reductions under the mechanism, when transferred internationally.

Option B {guidance applicable to only some emission reductions, not applicable to others}

Option B1 {guidance applicable to emission reductions from sectors/greenhouse gases/emissions and removals covered by the NDC}

106. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, applies to emission reductions under the mechanism, 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.

107. The guidance for cooperative approaches referred to in Article 6, paragraph 2 does not apply to emission reductions under the mechanism, if the mitigation activity is not included in the sectors/greenhouse gases/emissions and removals covered by the host Party's NDC.

Option B2 {guidance applicable to emission reductions covered by the NDC}

108. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2, applies to emission reductions under the mechanism, that result from a mitigation activity that is covered by the host Party's NDC, when those emission reductions are transferred internationally.

109. The guidance for cooperative approaches referred to in Article 6, paragraph 2 does not apply to emission reductions under the mechanism, if the mitigation activity is not covered by the host Party's NDC.

Option C {forwarding based}

110. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 is not applicable to the initial forwarding of certified emission reductions from the mechanism registry.

111. The guidance relating to corresponding adjustments in the guidance for cooperative approaches referred to in Article 6, paragraph 2 applies to any subsequent international transfer of certified emission reductions between registries/national accounts in the international registry through the international transaction log.

XVII. Safeguards/Other

A. Uses for purposes other than towards achievement of nationally determined contributions {potential list below}

Option A {use for purposes other than towards NDCs}

112. An A6.4ER may be used as a means of demonstrating climate finance provided pursuant to Article 9.
113. An A6.4ER [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.
114. A6.4ERs used for purposes other than towards achievement of NDCs [shall][should] be subject to a corresponding adjustment in accordance with:

Option A1 {*all accounted for*}

- (a) The guidance for cooperative approaches referred to in Article 6, paragraph 2.

Option A2 {*only where from within NDC*}

- (b) The guidance for cooperative approaches referred to in Article 6, paragraph 2, if the A6.4ERs were issued from sectors/greenhouse gases/periods covered by an NDC.

{*end of Option A2*}

Option B {*no use for purposes other than towards an NDC*}

{*no text required*}

B. Limits

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

- 115. The Supervisory Body [shall][should] issue A6.4ERs in a manner that avoids significant fluctuations in the prices and quantities available on the international market for A6.4ERs.
- 116. A Party [shall][should] not transfer/acquire/use A6.4ERs issued for emission reductions achieved in sectors where there is a high degree of uncertainty in emission estimates.
- 117. After the initial transfer from the host Party to the acquiring Party, the acquiring Party [shall][should] not further transfer A6.4ERs to the host Party or to another Party.
- 118. A Party [shall][should] ensure that speculative transfers of A6.4ERs are avoided.
- 119. A Party [shall][should] not transfer any quantity of A6.4ERs greater than X.
- 120. A Party's use of A6.4ERs 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.
- 121. A Party [shall][should] not use towards achievement of its NDC any A6.4ERs issued for emission reductions that were achieved in the period X.
- 122. A Party [shall][should] not carry over A6.4ERs exceeding X.

Option B {*no limits*}

{*no text required*}

XVIII. Transition from the Kyoto Protocol to Article 6, paragraph 4 {*see also work plan for 2019*}

A. Mitigation activities under the Kyoto Protocol

Option A {*existing JI/CDM activities may become Article 6.4 activities without further conditions*}

- 123. The following may be registered as Article 6, paragraph 4 activities {*potential list below*}:

Option A1 {*only JI activities*}

- (a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;

Option A2 {only CDM activities}

- (b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

Option A3 {both JI and CDM, as in Option A1 and Option A2}

{text from (a) and (b) above}

Option B {existing JI/CDM activities may become Article 6.4 activities if they meet certain conditions}

124. The following may be registered as Article 6, paragraph 4 activities subject to paragraph 125 below {potential list below}:

Option B1 {only JI activities}

- (a) Projects and programmes of activities registered under joint implementation under Article 6 of the Kyoto Protocol;

Option B2 {only CDM activities}

- (b) Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

Option B3 {both JI and CDM activities, as in Option B1 and Option B2}

{text from (a) and (b) above}

{end of Option B3}

125. To be registered as an Article 6, paragraph 4 activity, the above projects/project activities/programmes of activities [shall][should] meet all the conditions adopted by the Supervisory Body and/or the CMA and/or the following conditions {potential list below} and any further conditions as set out in decisions of the CMA:

- (a) The relevant host Party authorizes such registration;

{end of Option B}

Option C {no additional special transitional provisions}

126. Project activities and programmes of activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered, if they meet the requirements under the rules, modalities and procedures to be an activity under Article 6, paragraph 4.

Option D {no existing CDM and JI activities may become Article 6.4 activities}

127. No activities registered under joint implementation under Article 6 of the Kyoto Protocol or under the clean development mechanism under Article 12 of the Kyoto Protocol may be registered as Article 6, paragraph 4 activities.

Option E {deal with transition in the work plan}

{no text required}

B. Transition of joint implementation emission reduction units {potential list below}

128. In relation to ERUs,

Option A {use of ERUs towards achievement of NDCs}

- (a) ERUs may be used by a Party towards achievement of its NDC;

Option B {use of ERUs for emission reductions achieved prior to 2020/2021}

- (b) ERUs issued in relation to emission reductions achieved prior to 1 January 2020/2021 may be used by a Party towards achievement of its NDC;

Option C {use of ERUs for emission reductions achieved after 2020/2021}

- (c) ERUs issued in relation to emission reductions achieved after 1 January 2020/2021 may be used by a Party towards achievement of its NDC;

Option D {no use of ERUs towards achievement of NDCs}

(d) ERUs may not be used by a Party towards achievement of its NDC.

Option E {deal with transition in the work plan}

{no text required}

Option F {deal with this under guidance for cooperative approaches}

{no text required}

{end of Option F}

Option A {issuance of A6.4ERs for JI activities}

129. A6.4ERs may be issued for activities registered under joint implementation under Article 6 of the Kyoto Protocol.

Option B {no issuance of A6.4ERs for JI activities}

{no text required}

C. Transition of clean development mechanism certified emission reductions {potential list below}

130. In relation to CERs,

Option A {use of CERs towards achievement of NDCs}

(a) CERs may be used by any Party towards achievement of its NDC;

Option A1 {and for purposes other than towards achievement of NDCs}

(b) CERs may also be used for purposes other than towards achievement of NDCs;

Option A2 {no use for other purposes}

{no text required}

Option B {use of CERs for emission reductions achieved prior to 2020/2021}

(c) CERs issued in relation to emission reductions achieved prior to 1 January 2020/2021 may be used by a Party towards achievement of its NDC;

Option C {use of CERs for emission reductions achieved after 2020/2021}

(d) CERs issued in relation to emission reductions achieved after 1 January 2020/2021 may be used by any Party towards achievement of its NDC and for purposes other than its NDCs;

Option D {no use of CERs towards achievement of NDCs}

(e) CERs may not be used by a Party towards achievement of its NDC.

Option E {deal with transition in the work plan}

{no text required}

Option F {deal with this under guidance for cooperative approaches}

{no text required}

{end of Option F}

Option A {issuance of A6.4ERs for CDM activities}

131. A6.4ERs may be issued for activities registered under the clean development mechanism under Article 12 of the Kyoto Protocol.

Option B {no issuance of A6.4ERs for CDM activities}

{no text required}

{end of Option B}

Option A {*additional wording relating to CERs and the mechanism registry*}

132. CERs that have not been cancelled or retired under the Kyoto Protocol may be transferred to the mechanism registry.

Option B {*no additional wording relating to CERs and the mechanism registry*}

{*no text required*}

D. Transition of methodologies

133. In relation to methodologies under joint implementation under Article 6 of the Kyoto Protocol,

Option A {*use of JI methodologies by Article 6, paragraph 4 activities*}

- (a) Baseline and monitoring methodologies etc. under Article 6 of the Kyoto Protocol [shall][should] be valid for Article 6, paragraph 4 activities.

Option B {*no use of JI methodologies by Article 6, paragraph 4 activities*}

{*no text required*}

134. In relation to methodologies under the clean development mechanism under Article 12 of the Kyoto Protocol,

Option A {*use of CDM methodologies by Article 6, paragraph 4 activities*}

- (a) Baseline and monitoring methodologies etc. under the clean development mechanism under Article 12 of the Kyoto Protocol [shall][should] be valid for Article 6, paragraph 4 activities.

Option B {*no use of CDM methodologies by Article 6, paragraph 4 activities*}

{*no text required*}

Option C {*deal with transition in the work plan*}

{*no text required*}

E. Transition of accreditation standards

Option A {*transition of the accreditation system*}

135. In relation to accreditation, the standards and procedures etc. for accreditation from the following Kyoto Protocol mechanisms [shall][should] serve as the basis for the standards and procedures for the mechanism through the adoption of those standard and procedures etc. by the Supervisory Body on the basis of the elements below for consideration and adoption by the CMA at its second session {*potential list below*}:

- (a) Joint implementation under Article 6 of the Kyoto Protocol;
 (b) The clean development mechanism under Article 12 of the Kyoto Protocol.

Option B {*no transition of the accreditation system*}

{*no text required*}

Option C {*deal with transition in the work plan*}

{*no text required*}

XIX. Addressing negative social and economic impacts under Article 4, paragraph 15 {*see also work plan for 2019*}

136. The Supervisory Body shall 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 the negative social and economic impacts, especially those impacting developing countries, resulting from Article 6, paragraph 4 activities by, inter alia:

- (a) Assessing and identifying the negative social and economic impacts resulting from Article 6, paragraph 4 activities, including the cumulative impact of these activities;

- (b) Developing, implementing and regularly updating measures to address the negative social and economic impacts resulting from Article 6, paragraph 4 activities, including the cumulative impact of these activities;
- (c) Regularly sharing 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.

Annex II

Draft work plan of follow-up work to be carried in 2019

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

1. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the following and develop recommendations for a draft decision 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);

IV. Special circumstances of least developed countries and small island developing States

2. *Requests* the SBSTA to develop recommendations on the implementation of section IV *{see Annex I above}*, including in relation to the matters listed below, for consideration and adoption by the CMA at its second session:

- (a) Requirements relating to nationally determined contributions (NDCs);
- (b) Requirements relating to baseline setting for Article 6, paragraph 4 activities hosted by least developed countries (LDCs) and small island developing States (SIDS);
- (c) Requirements relating to additionality of Article 6, paragraph 4 activities hosted by LDCs and SIDS.

VI. Supervisory Body

A. Membership

3. *Requests* the SBSTA to develop recommendations on the implementation of the membership provisions set out in section VI.A *{see Annex I above}*, and any further membership provisions that may be required, for consideration and adoption by the CMA at its second session.

B. Rules of procedure

4. *Requests* the SBSTA to develop recommendations on further requirements for the rules of procedure of the Supervisory Body as set out in section VI.B *{see Annex I above}*, for consideration and adoption by the CMA at its second session.

C. Governance and functions

5. *Requests* the SBSTA to develop recommendations on responsibilities of the Supervisory Body as set out in section VI.C *{see Annex I above}*, based on the elements listed below, for consideration and adoption by the CMA at its second session *{potential list below}*:

- (a) Responsibilities relating to the development of requirements and processes relating to *{potential further list below}*:
 - (i) Accrediting operational entities;
 - (ii) The registration of mitigation activities as Article 6, paragraph 4 activities and the issuance of A6.4ERs in accordance with these rules, modalities and procedures and further decisions of the CMA;
 - (iii) Development of baseline and monitoring methodologies and standardized baselines for Article 6, paragraph 4 activities based on experience gained with and lessons learned from existing mechanisms adopted under the Convention and its related legal instruments, prioritizing the

- baseline and monitoring methodologies and standardized baselines that promote mitigation at scale;
- (iv) Developing the mechanism registry;
- (b) Responsibilities relating to the operation of the mechanism *{potential further list below}*:
- (i) Designating operational entities that meet the requirements for accreditation and managing their performance;
 - (ii) Taking appropriate measures to promote the regional availability of designated operational entities/and their location in all regions;
 - (iii) Registering mitigation activities as Article 6, paragraph 4 activities if they meet the requirements for registration;
 - (iv) Approving the issuance of A6.4ERs for registered Article 6, paragraph 4 activities if the requirements for issuance have been met;
 - (v) Forwarding/transferring A6.4ERs from the mechanism registry;
 - (vi) Maintaining the mechanism registry;
 - (vii) Certifying and periodically reviewing non-UNFCCC programmes to support the mechanism, including national accreditation systems.
- (c) Responsibilities relating to supporting the implementation of the mechanism and its transparency, *{further potential list below}*:
- (i) Developing and maintaining a public registry of information related to proposed and registered Article 6, paragraph 4 activities, subject to confidentiality;
 - (ii) Promoting public awareness of the mechanism, including on its role in implementing the Paris Agreement and NDCs;
 - (iii) Promoting public awareness of the mechanism, including by addressing negative perceptions of the mechanism;
 - (iv) Making publicly available all requirements and related documentation for/related to the mechanism;
 - (v) Facilitating the dialogue with host Parties of Article 6, paragraph 4 activities.

6. *Requests* the SBSTA to develop recommendations on how the Supervisory Body should exercise its functions set out in section VI.C *{see Annex I above}*, based on the elements listed below, for consideration and adoption by the CMA at its second session *{potential list below}*:

- (a) Operating in an executive and supervisory manner, defining and developing the governance rules of the support structure, including panels and groups of technical experts as needed, delegating work to, and considering recommendations from, them;
- (b) Drawing on experience gained with and lessons learned from joint implementation and the clean development mechanism under Articles 6 and 12, respectively, of the Kyoto Protocol.
- (c) Reporting on its activities to the CMA at each of its sessions;
- (d) Making recommendations to the CMA on any amendments to the rules, modalities and procedures for the mechanism;
- (e) Seeking guidance from the CMA on any matters relating to the operation of the mechanism;
- (f) Reviewing Article 6, paragraph 4 activities and report on the findings to the CMA;
- (g) Reporting on overall mitigation in global emissions delivered by the mechanism.

Option A *{further work plan for dual system (both centralized and host Party led)}*

7. *Requests* the SBSTA to develop recommendations in relation to other functions of the Supervisory Body, that would allow for the Supervisory Body to provide oversight for the host Party-led system based on the elements listed below, for consideration and adoption by the CMA at its second session *{potential list below}*:

- (a) Appropriate international requirements and conformity assessment processes for Article 6, paragraph 4 activities;
- (b) Processes for review of the implementation of national processes of each host Party for conformity with international requirements and periodic certification of them;
- (c) Processes to ensure that each Party applies the centralized or the host Party-led system consistently.

Option B {no further work plan for dual system as no dual system}

{no text required}

D. Role of the secretariat

8. *Requests* the SBSTA to develop recommendations on the role of the secretariat as set out in section VI.D {see Annex I above}, based on the elements listed below, for consideration and adoption by the CMA at its second session {potential list below}:

- (a) Support to the operation of the mechanism, the Supervisory Body and its support structure;
- (b) Collection of fees to cover the administrative costs of the Supervisory Body and its support structure;
- (c) Reporting to the CMA, at each of its sessions, on overall mitigation in global emissions delivered through the mechanism;
- (d) Reporting to the CMA, at each of its sessions, on the collection of the share of proceeds levied in accordance with section XIV (Levy of share of proceeds towards administration and adaptation) {see Annex I above};
- (e) Reporting of other information, as appropriate.

VII. The mechanism registry

9. *Requests* the SBSTA to develop recommendations on the implementation of the mechanism registry set out in section VII {see Annex I above} for consideration and adoption by the CMA at its second session.

VIII. Participation requirements and responsibilities of host Parties

B. Responsibilities of host Parties

{Applies only where Option B {dual system (both centralized and host Party led)} of section VI.C (Supervisory Body – Governance and functions) applies}

10. *Requests* the SBSTA to develop recommendations for the responsibilities of host Parties in a host-Party led system, based on the elements listed below, for consideration and adoption by the CMA at its second session.

- (a) To have national processes that conform to the international requirements developed by the Supervisory Body to operationalize the mechanism in its own jurisdiction and, following certification of those national processes by the Supervisory Body, have implemented them in accordance with these rules, modalities and procedures and further decisions of the CMA and/or the Supervisory Body;
- (b) To have notified the Supervisory Body of national processes for the implementation of the mechanism in its jurisdiction, including authorization of and participation in mitigation activities, registration of mitigation activities as Article 6, paragraph 4 activities and enforcement of requirements;
- (c) To provide a notification to the Supervisory Body of the registration of Article 6, paragraph 4 activities and the verification and certification of emission reductions.

XI. Designated operational entities

11. *Requests* the SBSTA to develop recommendations for the implementation of section XI {see Annex I above} on designated operational entities, for consideration and adoption by the CMA at its second session.

XII. Eligible mitigation activities

A. Mitigation activities in the context of the host Party's nationally determined contribution

12. *Requests* the SBSTA to develop recommendations for the implementation of section XII.A {see Annex I above} for consideration and adoption by the CMA at its second session.

B. General requirements for mitigation activities

13. *Requests* the SBSTA to develop recommendations for the implementation of general requirements for Article 6, paragraph 4 activities as set out in section XII.B {see Annex I above}, taking into consideration the elements listed below, for consideration and adoption by the CMA at its second session {potential list below}:

- (a) Crediting periods that, unless otherwise provided for by the host Party, are five years long, and extendable for a further five years if appropriate.

C. Baseline approach

14. *Requests* the SBSTA to develop recommendations for the implementation of baseline approaches set out in section XII.C {see Annex I above} for Article 6, paragraph 4 activities, including taking into account the following elements, for consideration and adoption by the CMA at its second session:

Option A1 {historic or business-as-usual baseline} {potential list below}

- (a) Application of a historic emissions approach;
- (b) Application of a business as usual baseline;

Option A2 {conservative baseline including the use of best available technology} {potential list below}

- (c) Application of a conservative baseline that is below 'business as usual' and/or applies best available technologies and ensures transparency;
- (d) Application of a baseline and monitoring methodology that takes into account any net leakage due to the implementation of the mitigation activity;
- (e) Application of conservative default factors and/or higher default factors for the calculation of emission reductions;
- (f) A baseline shall be lower than the relevant current emission intensity levels;
- (g) A baseline shall comprise a level of GHG emissions representing a defined benchmark, where appropriate benchmarks are based on best available technology, including regional;
- (h) Any requirements regarding the establishment of a baseline shall be conservative and ensure transparency with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors;
- (i) Avoiding a baseline that allows issuance of A6.4ERs for decreases in activity levels outside the mitigation activity or due to force majeure;
- (j) Provisions requiring that when setting baselines, data sources and assumptions are clearly set out;
- (k) Application of a baseline that takes into account uncertainties;
- (l) Regional BAT benchmarks should be developed to facilitate uptake of this approach;

Option A3 {dynamic baseline} {potential list below}

- (m) Application of a dynamic baseline that is updated upon changes to the assumptions for setting the baseline or is automatically updated at the date of policy adoption;
- (n) Application of a baseline that reflects all relevant national and sectoral policies of the host Party and is updated at the point of changes to those national and sectoral policies;

Option A4 {standardized baseline} {potential list below}

- (o) Application of a relevant standardized baseline that is {potential list below};
 - (i) Contextualised to related concepts;
 - (ii) Subject to national discretion;
- (p) Baselines shall be established at the greatest level of aggregation possible, avoiding project specific baselines.

D. Additionality

15. *Requests* the SBSTA to develop recommendations for the implementation of additionality set out in section XII.D {see Annex I above} taking into account the elements below for consideration and adoption by the CMA at its second session {potential list below}:

- (a) A prior consideration requirement;
- (b) Activities [shall][should] only be credited as additional as far as they fully account for relevant existing national and/or sectoral policies, in particular those implementing the NDC and long-term low greenhouse gas emission development strategies and shall enable:
 - (i) The use and regular update of positive lists, while ensuring that positive lists are applied only in areas where there is low risk of non-additionality of individual activities;
 - (ii) The use of benchmarks, including performance benchmarks and financial return benchmarks – country specific approvals, subject to approval by host Parties;
- (c) Application of additionality requirements should encourage increase in ambition over time.
- (d) Additionality criteria [shall][should] be established for all activities that may be under the mechanism. Criteria shall ensure that emissions are reduced below those that would have occurred in the absence of the mechanism.

XIII. Mitigation activity cycle**A to G**

16. *Requests* the SBSTA to develop recommendations for the implementation of the mitigation activity cycle set out in sections XIII.A–G {see Annex I above}, for consideration and adoption by the CMA at its second session.

H. Forwarding/transfer from the mechanism/a registry

17. *Requests* the SBSTA to develop recommendations for the implementation of the forwarding/transfer of A6.4ERs from the mechanism registry as set out in section XIII.H {see Annex I above}, for consideration and adoption by the CMA at its second session.

I. Voluntary cancellation

18. *Requests* the SBSTA to develop recommendations for the implementation of voluntary cancellation set out in section XIII.I {see Annex I above} for consideration and adoption by the CMA at its second session.

J. Other processes associated with mitigation activities

1. Grievance process/appeal rights

19. *Requests* the SBSTA to develop recommendations for a grievance process/appeal rights that would be implemented by the Supervisory Body and/or the CMA as set out in section XIII.J.1 {*see Annex I above*}, for consideration and adoption by the CMA at its second session.

2. Protection of human rights

20. *Requests* the SBSTA to develop recommendations for processes to ensure protection of human rights that would be implemented by the Supervisory Body as set out in section XIII.J.2 {*see Annex I above*}, for consideration and adoption by the CMA at its second session.

3. Referral of matters to the committee to facilitate implementation and promote compliance referred to in Article 15, paragraph 2

21. *Requests* the SBSTA to develop recommendations for referral to the committee referred to in Article 15, paragraph 2, in accordance with its modalities and procedures, for consideration and adoption by the CMA at its second session.

4. Reporting

22. *Requests* the SBSTA to develop recommendations on the information to be provided by each participating Party on its registered Article 6, paragraph 4 activities and on issuance, transfer, acquisition of A6.4ERs and use of A6.4ERs towards achievement of its NDC in accordance with the modalities, procedures and guidelines adopted by the CMA pursuant to Article 13, paragraph 13, for consideration and adoption at its second session.

XIV. Levy of share of proceeds towards administration and adaptation

23. *Requests* the SBSTA to develop recommendations for the implementation of the share of proceeds as set out in section XIV {*see Annex I above*}, for consideration and adoption by the CMA at its second session.

XV. Delivering overall mitigation in global emissions

24. *Requests* the SBSTA to develop recommendations for the implementation of the mechanism to deliver overall mitigation in global emissions as set out in section XV {*see Annex I above*}, for consideration and adoption by the CMA at its second session.

XVIII. Transition from the Kyoto Protocol to Article 6, paragraph 4

25. *Requests* the SBSTA to develop recommendations in relation to the transition as set out in section XVIII {*see Annex I above*}, including on the elements listed below, for consideration and adoption by the CMA at its second session {*potential list below*}:

- (a) {*all substantive elements from sections XVIII.A, B and C, as per Option E, and section XVIII.D, as per Option C, in Annex I*};
- (b) Authorization from the host Party;
- (c) The same requirements for CDM/JI activities as for Article 6, paragraph 4 activities;
- (d) Necessary steps for implementation of the transition.

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

26. *Requests* the SBSTA to develop recommendations for the implementation of addressing negative social and economic impacts under Article 4, paragraph 15 as set out in section XIX {*see Annex I above*}, for consideration and adoption by the CMA at its second session.

{END OF WORK PLAN FOR SBSTA}

{START OF WORK PLAN FOR THE SUPERVISORY BODY}

27. *Requests* the Supervisory Body to develop recommendations on the following matters for a draft decision for consideration and adoption by the CMA at its second session *{list of possible elements}*:

- (a) [...]

{END OF WORK PLAN FOR SUPERVISORY BODY}

{INTERSESSIONAL WORK FOR SECRETARIAT – INDICATIVE POSSIBLE LIST}

28. *Requests* the secretariat to undertake technical preparatory work, including technical papers and financial and technical feasibility studies as required, for the consideration of the SBSTA at its fiftieth session on the following *{potential list below}*:

- (a) Implementation of special circumstances of LDCs and SIDS set out in section IV *{see Annex I above}*;
- (b) Further requirements for the rules of procedure of the Supervisory Body as set out in section VI.B *{see Annex I above}*;
- (c) Responsibilities and functions of the Supervisory Body referred to in paragraphs 5–7 above;
- (d) Implementation of the mechanism registry set out in section VII *{see Annex I above}*;
- (e) Implementation of general requirements for mitigation activities as set out in section XII.B *{see Annex I above}*;
- (f) Implementation of baseline approaches set out in section XII.C *{see Annex I above}*;
- (g) Implementation of additionality set out in section XII.D *{see Annex I above}*;
- (h) Further requirements of the mitigation activity cycle set out in section XIII *{see Annex I above}*;
- (i) Implementation of share of proceeds towards administration and adaptation as set out in section XIV *{see Annex I above}*;
- (j) Implementation of overall mitigation in global emissions set out in section XV *{see Annex I above}*;
- (k) Implementation of transition from the Kyoto Protocol to Article 6, paragraph 4, as set out in section XVIII *{see Annex I above}*.

**END OF SECTION 2.2. RULES, MODALITIES AND PROCEDURES FOR THE MECHANISM ESTABLISHED BY
ARTICLE 6, PARAGRAPH 4, OF THE PARIS AGREEMENT**

2.3. Work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement

A. Progress to date and ways forward

9. During Bangkok, Parties focussed their discussions on the key substantive aspects of work programme modalities and activities and on options for organizational arrangements. In respect of these matters, Parties had very useful discussions on the numerous options. Some options for organizational arrangements have more support than others, and Parties now need to focus on the emerging main options in Katowice. In relation to the work programme modalities, the numerous options for steps, stages or phases need simplifying into an implementable work programme that can begin in earnest in 2019.

10. As the draft text is already well advanced, the textual proposals seek to identify ways in which Parties can focus further and deal with key choices that need to be resolved. The textual proposals try to advance the thinking of Parties by removing remaining duplication; streamlining where there are multiple options, by grouping and consolidating options, including into suboptions where appropriate and moving detail to the workplan where this may assist readability of the options; lightly editing the text; improving consistency of wording; and simplifying language where possible. The textual proposals also seek to strengthen the coordination between the 2019 workplan and the wording to be adopted in 2018.

B. Textual proposals

(SEE NEXT PAGE)

Draft CMA decision containing the draft work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement

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

Option A {preambular paragraphs}

Pp1 Recalling Article 6, paragraphs 1, 8 and 9, of the Paris Agreement and decision 1/CP.21, paragraphs 39 and 40,

Pp2 Also recalling the preamble, Article 2 and Article 4, paragraph 3, of the Paris Agreement,

Pp3 Further recalling Article 4, paragraphs 7 and 15, of the Paris Agreement,

Option B {no preambular paragraphs}

{no text required}

1. *Adopts* the work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement (hereinafter referred to as the work programme), as contained in Annex I to this decision;

2. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the following work *{see Annex II}* and develop recommendations for a further draft decision to implement the work programme, 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. *Decides* to:

(a) Review annual reports from the governance of the framework referred to in section IV of Annex I (hereinafter referred to as the A6.8 governance) and provide guidance, where appropriate; *{this applies only when Option A or C of section VII in Annex I is chosen}*

(b) Review the work programme:

Option A {periodic review and recommendations}

(i) and provide guidance to the A6.8 governance every five years, beginning at its sixth session (2023), taking into account recommendations received through the annual reporting and the outcomes of the global stocktake;

Option B {review in 2023 in order to improve effectiveness with a view to adopting a decision on the outcome of the review}

(ii) to improve the effectiveness by no later than its sixth session (2023) with a view to adopting a decision on the outcome of the review by at the end of that session.

Annex I

Draft work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement

I. Principles

Option A *{a list of principles}*

1. In addition to Article 6, paragraphs 8 and 9, of the Paris Agreement, and decision 1/CP.21, paragraph 39, the following further principles guide the implementation of the framework for non-market approaches referred to in Article 6, paragraph 9, of the Paris Agreement⁴ (hereinafter referred to as the framework) and the work programme under the framework for non-market approaches referred to in decision 1/CP.21, paragraph 39 (hereinafter referred to as the work programme):

- (a) The framework *{potential list below}*:
 - (i) Preserves national prerogatives in relation to sustainable development in the implementation of non-market approaches (NMAs);
 - (ii) Provides enhanced support to developing countries through finance, technology transfer and capacity-building for the implementation of NMAs;
 - (iii) Operates within the context of Article 6 as a whole;
- (b) NMAs under the framework *{potential list below}*:
 - (i) Are not reliant on market-based approaches but may provide incentives for domestic mitigation actions in the form of payments without transfer of units;
 - (ii) Ensure manageable sustainable development transition for all Parties;
 - (iii) Avoid unilateral measures and employ non-discriminatory practices;
 - (iv) Provide a basis for collective action instead of transactional or quid pro quo arrangements.

Option B *{no principles}*

{no text required}

II. Definitions *{at SBSTA 48.1 Parties agreed to return to definition section when the content of the work programme is more settled}*

{Placeholder for the potential list of definitions referred to in document SBSTA48.Informal.7.v2ed. 5 the “May informal note”}

III. Scope of the non-market approaches under the framework

Option A *{reference to the aims referred to in Article 6, paragraph 8(a), (b) and (c)}*

2. Each NMA under the framework:

Option A1 *{all the aims}*

- (a) Aims to achieve all of the aims of NMAs referred to in Article 6, paragraph 8(a), (b) and (c).

⁴ References to “Article” are to articles of the Paris Agreement, unless otherwise specified.

⁵ <https://unfccc.int/documents/181521>.

Option A2 {at least one of the aims}

- (b) Aims to achieve at least one of the aims of NMAs referred to in Article 6, paragraph 8 (a), (b) and (c).

Option B {no reference to the aims}

{no text required}

{end of Option B}

3. Each NMA under the framework also:

Option A {a list of what NMAs do and do not do}{potential list below}

- (a) Involves more than one participating Party:

Option A1 {Parties only}

- (i) {no text required};

Option A2 {Parties and public and private sector participant(s)}

- (ii) and public and private sector participant(s);

{end of Option A2}

- (b) Assists in the implementation of nationally determined contributions (NDCs) of the participating Parties;
(c) Does not:

Option A1 {does not create or issue ITMOs}

- (i) create or issue any ITMOs;

Option A2{does not transfer ITMOs}

- (ii) involve transfer of any ITMOs;

Option A3{does not involve markets}

- (iii) involve any market-based approaches.

Option A4 {combination of Option A2, A3 and A4}

{end of Option A4}

- (d) Covers more than one of each of the following areas: mitigation, adaptation, finance, technology transfer and capacity-building;
(e) Avoids duplication with the work of subsidiary and constituted bodies under or related to the Convention, the Kyoto Protocol and the Paris Agreement and other multilateral forums;
(f) Promotes sustainable development and poverty eradication in accordance with Article 6, paragraph 8;
(g) Involves a developed country Party engaging in an activity under Article 6, paragraph 2 and/or Article 6, paragraph 4 being recognized for the finance, technology transfer and/or capacity-building support it contributes in the course of this activity, if the mitigation outcomes are not transferred and only used by the host developing country Party of this activity towards its NDC;
(h) Provides a developed country Party with a recognition of its support that is proportional to the mitigation outcomes retained by the host Party in its engagement in an activity under Article 6, paragraph 2 and/or Article 6, paragraph 4 referred to in paragraph 3(g) above.

Option B {the list in Option A, except potential elements relating to Article 6, paragraph 2 and Article 6, paragraph 4}

{potential list in Option A, paragraphs 3(a)-(f) above only}

Option C {potential elements relating to Article 6, paragraph 2 and Article 6, paragraph 4 only}

{potential list in Option A, paragraphs 3(g)-(h) above only}

IV. Governance of the framework

Option A {agenda item(s) of subsidiary body(ies) without creation of a new body}

Option A1 {SBSTA agenda item with determination of the need for governance arrangements after the completion of certain phases/steps/stages/activities of the work programme}

4. The framework and the work programme will be implemented by the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its first/second/first and second sessional period meeting each year, with its first meeting taking place at its X session.

Option A2 {SBSTA and the SBI building on the TEPs}

5. The framework and the work programme will be jointly coordinated by the SBSTA and the Subsidiary Body for Implementation (SBI) including through the technical examination process on mitigation referred to in decision 1/CP.21, paragraph 109 and that on adaptation referred to in decision 1/CP.21, paragraph 124 (herein after referred to as the TEPs).

Option A3 {NMA forum held in conjunction with the meetings of the SBSTA}

6. A forum for the framework (hereinafter referred to as the NMA forum) is hereby established to implement the framework and the work programme.

7. The NMA forum will be convened by the Chair of the SBSTA. The NMA forum will meet in conjunction with the first/second/first and second sessional period meeting of the SBSTA each year.

Option B {creation of a new body}

Option B1 {task force held in conjunction with the meetings of the SBSTA}

8. A task force for the framework (hereinafter referred to as the task force) is hereby established to maintain and operationalise the broader nature of NMAs including:

- (a) Addressing linkages between mitigation and adaptation, and matching them to the finance, technology transfer and capacity-building needs of developing countries Parties by building on existing processes and institutional arrangements, such as the Standing Committee on Finance (SCF), the Technology Executive Committee (TEC), the Climate Technology Centre and Network (CTCN) and the Paris Committee on Capacity-building (PCCB), and the Local Communities and Indigenous Peoples Platform;
- (b) Providing alternative opportunities for the voluntary cooperation of Parties beyond the scope of Article 6, paragraph 2 and Article 6, paragraph 4.

9. The task force will be convened by the Chair of the SBSTA. The task force will meet twice a year in conjunction with the sessions of the SBSTA.

Option B1.1 {composition of the task force}

10. The task force comprises X members as follows:

- (a) X members from Parties to the Paris Agreement, with balanced regional representation, appointed by the President of the Conference of the Parties (COP)/elected by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);
- (b) X members from social organizations nominated by Parties, with balanced regional representation;
- (c) X members from the Board of the Green Climate Fund (GCF), the TEC and the PCCB.

11. Two co-chairs of the task force will be appointed, one being a member from a developing country Party and one from a developed country Party.

Option B1.2 {alternative composition of the task force}

12. The task force comprises X members with equal representation of developing country Parties and developed country Parties as follows:

- (a) X members from each of the five United Nations regional groups;
- (b) X members from developed country Parties;
- (c) X members from developing country Parties;

- (d) X members from the least developed country Parties;
- (e) X members from small island developing States.

Option B2 {Article 6 body}

13. {Placeholder for Article 6 body}

V. Modalities of the work programme

Option A {decide modalities in this decision} {potential list below}

14. The modalities of the work programme may include, where appropriate:
- (a) Workshops;
 - (b) Regular meetings with public and private sector participants, including technical experts, business, civil society organizations and financial institutions, and the subsequent publication of the outcomes of the regular meetings;
 - (c) Submissions from Parties, observer organizations and public and private sector participants;
 - (d) Technical papers and synthesis reports prepared by the secretariat;
 - (e) Coordination, where needed, between the the governance of the framework referred to in section IV above (hereinafter referred to as the A6.8 governance) and:

Option A1 {Coordination not specifying the topic}

- (i) Relevant bodies and institutional arrangements, inter alia, the SCF, the TEC, the CTCN, the PCCB and the forum on the impact of the implementation of response measures;

Option A2 {Coordination on the areas of focus}

- (ii) Relevant bodies and institutional arrangements under the Paris Agreement on the focus areas under consideration {Applies to paragraph 15(a) below};
- (f) Outputs of the TEPs.

Option B {decide modalities after adoption of this decision}

{see Annex II}

VI. Work programme activities

Option A {activities for the entire period of the work programme}

15. The following activities will be implemented in the period of X-Y:

Option A1 {a list of activities} {potential list below}

- (a) Identifying areas of focus of the work programme activities for consideration and adoption by the CMA at its second session (2019) {see Annex II};
- (b) Identifying existing activities in the areas of focus that are considered to be NMAs in accordance with section III. (Scope of the non-market approaches under the framework) above;
- (c) Identifying existing linkages, synergies, coordination and implementation in relation to those NMAs, and identifying and evaluating the positive and other experience from those NMAs;
- (d) Identifying opportunities to enhance the existing linkages, create synergies, and facilitate coordination and implementation of NMAs, including in the local, national and global context;
- (e) Assessing the results of the activities referred to in paragraphs 15(a)-(d) above and developing and recommending conclusions on how to enhance existing linkages and create synergies for consideration and adoption by the CMA at its eighth {2025} session;

- (f) Taking action to enhance linkages and create synergies while avoiding duplication of its activities with those under the subsidiary and constituted bodies under or related to the Convention, the Kyoto Protocol and the Paris Agreement and other multilateral forums;
- (g) Developing and implementing tools including:
 - (i) A UNFCCC web-based platform that:
 - a. Registers, officially recognizes and exchanges information on NMAs;
 - b. Aims to match the needs of participating Parties and public and private sector participants for the development and implementation of NMAs, including finance, technology transfer and capacity-building, with the support offered by other Parties and other public and private sector participants;
 - (ii) Tools to address possible negative social and economic impacts of activities under Article 6;
 - (iii) Tools to measure and monitor the implementation of NMAs in the context of sustainable development and poverty eradication;
- (h) Identifying and sharing relevant information, best practices, lessons learned and case studies for the development and implementation of NMAs, including on:
 - (i) Opportunities for replication of successful NMAs including in the local, national and global context;
 - (ii) Enabling environments and successful policy frameworks and regulatory approaches for the development and implementation of NMAs;
 - (iii) Barriers to and incentives for:
 - a. Enhancing the engagement of and addressing the needs of the private sector, exposed and impacted sectors and communities in NMAs;
 - b. Achieving a just transition of the workforce;
 - (iv) Measures related to education, training, public awareness, public participation and public access to information to promote greater mitigation and adaptation ambition;
 - (v) Opportunities for and/or approaches to co-benefits, including:
 - a. Leveraging and generating mitigation and adaptation co-benefits;
 - b. Incorporating the mitigation co-benefits from adaptation actions and/or economic diversification as outcomes of activities under Article 6, paragraph 2 and/or Article 6, paragraph 4 that may be used towards NDCs.

Option A2 {four stepped/staged/sequenced activities (“STEP”)}

{potential list from Option A1, paragraphs 15(a)-(f) only with four STEPs: 15(a) and (b) as STEP 1; 15(c) and (d) as STEP 2; 15(e) as STEP 3; 15(f) as STEP4}

Option A3 {two streamed/tracked activities}

- (i) Stream/track 1: Activities for immediate implementation:

{potential list from Option A1 paragraphs 15(f)-(h)}

- (j) Stream/track 2: Activities for identification and making recommendations to the CMA:

{potential list from Option A1 paragraphs 15(a)-(e)}

Option A4 {activities referred to in paragraphs 15(g) and (h) only}

{potential list from Option A1 paragraphs 15(g) and (h) only}

Option B {activities for the initial phase of the work programme}

- 16. The work programme starts with an initial phase of one year (2019).
- 17. The expected outcomes for the initial phase are:
 - (a) Information on opportunities to:

- (i) Enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building;
- (ii) Facilitate the implementation and coordination of NMAs;
- (b) Draft decisions on the next steps required for the further operationalisation of the framework.
- 18. Activities for the initial phase are: *{ see Annex II }*
 - (a) Inviting submissions from the Parties;
 - (b) Preparing a technical paper for consideration by Parties at the fiftieth session of the SBSTA;
 - (c) Organizing a workshop in conjunction with fiftieth session of the SBSTA;
 - (d) Publishing a report on the workshop for consideration by Parties;
 - (e) Developing and recommending draft decisions on the second phase of the work programme in 2020 for consideration and adoption by the CMA at its second session.

{ end of Option B }

VII. Reporting

Option A *{ annual reporting by the A6.8 governance to the CMA }*

19. The progress and outcomes of the work programme will be reported by the A6.8 governance to each session of the CMA.

Option B *{ reporting by Parties on the implementation of NMAs under Article 13 }*

20. The implementation of NMAs will be reported by each implementing Party in accordance with Article 13.

Option C *{ both Options A and B }*

{ see Options A and B above }

Option D *{ decide reporting at future date }*

{ see Annex II }

Option E *{ no reporting under the framework }*

{ no text required }

Annex II

Draft work plan of follow-up work to be carried out in 2019

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

1. *Requests* the Subsidiary Body for Scientific and Technological Advice (SBSTA) to undertake the work set out below and develop recommendations for a draft decision relating to Article 6, paragraph 8, 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);

IV. Governance of the framework

Option A1 *{SBSTA agenda item with determination of the need for governance arrangements after the completion of certain phases/steps/stages/activities of the work programme}*

2. *Requests* the SBSTA, where the work programme concludes that there is a need for organizational or governance arrangements for the framework, to develop recommendations on such arrangements, for consideration and adoption by the CMA at its second session (2019);

V. Modalities of the work programme

Option B *{decide modalities after adoption of this decision}*

3. *Requests* the SBSTA to develop and recommend draft modalities of the work programme for consideration and adoption by the CMA at its second session (2019), taking into account recommendations from the A6.8 governance;

VI. Work programme activities

Option A *{activities for the entire period of the work programme}*

Option A1 *{a list of activities}* or **Option A3** *{two streamed/tracked activities}*

4. *Requests* the SBSTA, taking into account recommendations from the A6.8 governance to:

- (a) Develop and recommend draft guidelines for the focus areas of the work programme activities based on the draft indicative list of the focus areas below, for consideration and adoption by the CMA at its second session (2019), in accordance with paragraph 15(a) in Annex I:
 - (i) Joint mitigation and adaptation for the integral and sustainable management of forests;
 - (ii) Social ecological resilience;
 - (iii) Avoidance of greenhouse gas emissions;
 - (iv) Ecosystem-based adaptation;
 - (v) Integrated water management;
 - (vi) Energy efficiency schemes;
 - (vii) Mitigation;
 - (viii) Adaptation;
 - (ix) Finance;
 - (x) Technology transfer;
 - (xi) Capacity-building;

- (b) Organize a workshop in conjunction with fiftieth session of the SBSTA to consider:
 - (i) *{further text needed}*
- 5. *Invites* Parties, observer organizations and public and private sector participants to submit to the secretariat, by X, views and information on:
 - (a) Focus areas of the work programme activities and existing activities in the focus areas that are considered to be NMAs;
 - (b) Tools referred to in paragraph 15(g) in Annex I, including how to operationalize them;
- 6. *Requests* the secretariat to:
 - (a) Prepare a technical paper/ a synthesis report on the focus areas, the existing activities in the focus areas that are considered to be NMAs and the tools, taking into consideration submissions referred to in paragraph 5 above and relevant outputs of the technical examination processes on mitigation and adaptation, for consideration by Parties at the fiftieth session of the SBSTA;
 - (b) Invite representatives of relevant constituted bodies under the Convention to contribute to the work and attend the workshop.

Option A2 {four stepped/staged/sequenced activities (“STEP”)}

7. *{potential list from Option A1 paragraphs 4(a) and (b), 5(a) and 6(a) and (b) above without referring to the tools}*

Option A4 {activities referred to in paragraphs 15(g) and (h) only}

8. *{potential list from Option A1 paragraphs 4(b), 5(b) and 6(a) and (b) above without referring to the focus areas and existing activities that are considered to be NMAs}*

Option B {activities for the initial phase of the work programme}

- 9. *Requests* the SBSTA, in accordance with paragraphs 18(c) and (e) in Annex I, to:
 - (a) Organize a workshop in conjunction with fiftieth session of the SBSTA to consider:
 - (i) Submissions from Parties and the technical paper prepared by the secretariat referred to in paragraphs 10 and 11 below;
 - (ii) What decisions might be recommended on the next steps and the operationalisation of the framework;
 - (b) Develop and recommend draft decisions on the second phase of the work programme in 2020 to further operationalize the framework for consideration and adoption by the CMA at its second session.
- 10. *Invites* Parties, in accordance with paragraph 18(a) in Annex I, to submit to the secretariat, by 30 March, 2019, views and information on:
 - (a) Further operationalization of the framework;
 - (b) Opportunities to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building and to facilitate the implementation and coordination of NMAs;
 - (c) Inputs to the technical paper referred to in paragraph 11(a) below.
- 11. *Requests* the secretariat, in accordance with paragraphs 18(b) and (d) in Annex I, to prepare:
 - (a) A technical paper to identify opportunities to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building and to facilitate the implementation and coordination of NMAs, taking into consideration prior submissions from Parties and submissions from Parties referred to in paragraph 10 above, for consideration by Parties at the fiftieth session of the SBSTA;
 - (b) A report on the workshop referred to in paragraph 11(a) above for consideration by Parties prior to the fifty-first session of the SBSTA.

VII. Reporting

Option A {annual reporting by the A6.8 governance to the CMA}

12. *Requests* the SBSTA, taking into account recommendations from the A6.8 governance, to develop and recommend draft reporting items by the A6.8 governance on the progress and outcomes of the work programme based on the draft indicative list of reporting items below, for consideration and adoption by the CMA at its second session (2019):

- (a) A summary of the best practices for developing and implementing NMAs;
- (b) A summary of the support available to Parties for developing and implementing NMAs;
- (c) Recommendations to the Green Climate Fund (GCF) and other financial institutions on how to enhance support to NMAs.

Option B {reporting by Parties on the implementation of NMAs under Article 13}

13. *Requests* the SBSTA, taking into account recommendations from the A6.8 governance, to develop and recommend draft reporting items by Parties on their implementation of NMAs based on the draft indicative list of reporting items below, for consideration and adoption by the CMA at its second session (2019):

- (a) How the NMAs promoted mitigation and adaptation ambition in its nationally determined contribution (NDC), enhanced public and private sector participation in the implementation and enabled opportunities for coordination across instruments and relevant institutional arrangements;
- (b) Confirmation that implementation of the NMAs did not involve any transfer of ITMOs;
- (c) How the NMAs contributed to sustainable development and poverty eradication;
- (d) Information on support provided, received and needed on finance, technology transfer and capacity-building for implementing the NMAs.

Option C {both Option A and B}

{see Options A and B above}

Option D {decide reporting after adoption of this decision}

14. *Requests* the SBSTA to develop and recommend draft modalities for the reporting under the framework for consideration and adoption by CMA at its second session (2019), taking into account recommendations from the A6.8 governance.

***END OF SECTION 2.3: WORK PROGRAMME UNDER THE FRAMEWORK FOR NON-MARKET APPROACHES
REFERRED TO IN ARTICLE 6, PARAGRAPH 8, OF THE PARIS AGREEMENT***