



TO: The International Emissions Trading Association (IETA)

FROM: Debbie Reed, Executive Director
The Coalition on Agricultural Greenhouse Gases (C-AGG)

SUBJECT: Views on Implementation and Operationalization of Article 6 of the Paris Agreement

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Background Information on C-AGG

As a US-based NGO dedicated to realizing and scaling greenhouse gas (GHG) emissions reductions and increased carbon sequestration from the agricultural sector through carbon offset markets and other market-based opportunities, we are pleased at the ability to present this submission to IETA documenting our thoughts on how best to implement and operationalize Article 6 of the UNFCCC 2015 Paris Agreement. C-AGG is the leading US multi-stakeholder organization focused on creating voluntary, market-based and incentive-based sustainable agriculture and climate change solutions for farmers, ranchers and society. Our collaborative forum has been catalyzing change since 2009, creating capacity and helping to overcome challenges and share successes to help farmers and ranchers mitigate climate change while becoming more efficient, profitable, productive and sustainable.

C-AGG believes agricultural and working lands can play a key role in reducing GHG emissions worldwide. With innovative tools and opportunities, including market-based incentives, farmers and ranchers can deliver needed climate change mitigation and environmental solutions for society. Targeted, flexible, regional and sector-specific approaches for the agricultural sector can significantly reduce GHG emissions and increase beneficial soil carbon sinks, helping to improve agricultural sustainability, ensure global food security, and enhance soil health and productivity and resilience to climate change. Societal benefits extend beyond climate change mitigation and adaptation to include enhanced water quality, improved water and input efficiency and utilization, wildlife and pollinator habitat, biodiversity and other ecosystem services. Similar environmental and agricultural benefits accrue in farm and rural communities.

As an organization deeply engaged in and supportive of the highly beneficial role of agricultural GHG emissions reductions and enhanced terrestrial carbon sinks in combatting and adapting to climate change, we believe that the role of the agricultural sector should receive significant

attention by Parties. A dedicated effort to share and scale highly efficient GHG reducing or increased sequestration practices and approaches can promote increased agricultural GHG efficiency, productivity and adaptation globally, enhancing resilience to the impacts of climate change, and improving sustainable development and food security in the process.

Agricultural mitigation and adaptation approaches deserve much-needed financial and capacity building support to promote knowledge-sharing and necessary research investments to help achieve beneficial impacts at scale. Agricultural production varies significantly by country and region, and the need to embrace and respect the many forms of agricultural production and operations and to instill greater resilience into agricultural operations is a global imperative to ensure food security and sustainable development. Many features of Article 6 of the Paris Agreement can lend themselves to achieving these goals.

C-AGG Views on Article 6 Implementation and Operationalization

Article 6: Overarching Issues

Article 6 of the Paris Agreement establishes opportunities for Parties to cooperate voluntarily to increase climate mitigation activities and to promote sustainable development and environmental integrity. It also establishes a mechanism to allow parties to transfer mitigation outcomes to help meet nationally determined contributions (NDCs), stating that robust accounting and the avoidance of double counting shall be applied.

C-AGG supports a process that will support the development of harmonized carbon pricing systems and the transfer of carbon unit-based mitigation activities which promote cost-effective emissions reductions opportunities. We believe that the development of a robust, transparent, common international accounting system that can establish and track a global GHG emissions inventory is the most likely means to ensure environmental integrity of the Paris Agreement. Such a system should ultimately link to all country's NDCs, and support and enable the transfer and use of internationally transferred mitigation outcomes (ITMOs) as desired by countries.

A centralized accounting and communication system based on the concept of carbon unit exchange that utilizes a blockchain technology can help to ensure the environmental integrity of the Paris Agreement, prevent potential double counting of ITMOs or mitigation measures, and enable helpful cooperation between countries.

We agree with many economists that market-based approaches can help to scale emissions reductions and increased sequestration in the most cost-effective and efficient manner. Bilateral or multilateral agreements involving the transfer of mitigation outcomes that may arise from the Paris Agreement can be consistently tracked and instantaneously accounted for in the proposed system. The High-Level Advisory Group on Climate Change Financing reported in 2010 that an international carbon price of USD 20-25 in developed countries could leverage developing country investments and mitigation opportunities and help drive up to USD 100-200

billion in private investments.¹ Market-based approaches can thus benefit all countries and help achieve significant GHG mitigation opportunities in a flexible but cost-efficient manner while also meeting sustainable development goals.

NDCs currently span a range of approaches that do not all lend themselves to participation in a common accounting system; to achieve the goals of the Paris Agreement all countries should strive over time to adapt their NDCs to support and participate in a harmonized system, ideally expanding to economy-wide approaches. The process to establish a central harmonized accounting system should support increased capacity-building and knowledge transfer to help all countries achieve the necessary progress to reach this goal.

We also support a focus on agricultural GHG mitigation opportunities within these approaches, in the form of market-based or ITMO-based approaches as well as non-market mechanisms.

Article 6.2 – Internationally Traded Mitigation Options (ITMOs)

By providing an opportunity for countries to cooperate in GHG mitigation approaches that can be used to help meet NDCs and that simultaneously promote sustainable development and environmental integrity and transparency, Article 6.2 provides welcome flexibility to countries. To meet the environmental integrity and transparency requirements, a robust and centralized or centrally-linked GHG accounting system is needed to ensure GHG emissions reductions are not double-counted and that continual progress is achieved across countries and globally. Particularly given the variable nature of country's NDCs, a system that provides a common and harmonized approach to tracking ITMO's and NDCs and that can also be linked to a global inventory is needed to guide countries towards a transparent, effective global effort. Transfers of mitigation outcomes from outside a host country's NDC will require specific documentation and corresponding adjustments to both Parties or country's NDCs to prevent double counting and ensure the environmental integrity of the agreement.

C-AGG believes common CO₂e metrics reported in tons should be utilized. Optimally, annual reporting of ITMOs and inventories will help to track and assess progress in reducing GHG emissions. For ease of use, a menu of accepted (but flexible) collaborative approaches towards meeting Article 6.2 opportunities should be developed and continuously updated for Parties, both to track relevant activities and to attract additional collaborators or stimulate similar actions among other Parties. The menu can highlight successful approaches for achieving Article 6.2 opportunities using commonly accepted criteria, but should remain flexible enough to allow for geographic, regional and sectoral differences in mitigation approaches.

C-AGG believes agricultural and working land-based GHG mitigation opportunities would lend themselves to ITMO-based approaches; the Paris Agreement supports cooperative approaches that include all sectors, and that include carbon sink removals.

¹ Report of the Secretary-General's High-Level Advisory Group on Climate Change Financing (5 November 2010).

Article 6.4 – Emissions Mitigation Mechanism (EMM)

Regarding a mechanism to contribute to the mitigation of GHG emissions and support sustainable development, we support language in Article 14.13 that, in accounting for emissions and removals ‘corresponding to’ Parties NDCs, Parties shall ‘promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double-counting.’ A centralized accounting and communication system based on the concept of carbon unit exchange – or commodity -- that utilizes a blockchain technology can help to ensure the environmental integrity of the Paris Agreement, prevent potential double counting of ITMOs or mitigation measures, and enable helpful cooperation between countries.

C-AGG believes agricultural and working land-based GHG mitigation opportunities would lend themselves to these credit-based or unit-based approaches. Public and private entities approved by Parties (within each country) should be authorized and encouraged to participate.

Based on our experience in US carbon offset markets, there is significant opportunity to scale agricultural GHG emissions reductions and increased sequestration through appropriate market-based policies and programs that allow for flexibility, innovation, and appropriate aggregation of land-based projects. Many science-based, peer-reviewed agricultural sector protocols and methodologies for carbon offsets have been developed and piloted and are available for use and adaptation within other geographies. Specific MRV tools and technologies and systems have been developed and are continuously being improved that enable rigorous measurements and estimations of GHG emissions and changes in emissions associated with agricultural activities, and that provide date- and time-stamped verification and other forms of verification. In short, these opportunities and the lessons learned from the US are available and can inform similar opportunities elsewhere.

Article 6.8 – Non-Market Approaches

We believe the non-market approaches referenced in Article 6.8 can and should include results-based payment opportunities to help scale GHG mitigation from all sectors, including the agricultural sector. The agricultural sector can play an important role in GHG mitigation and increased sequestration while also improving sustainable development and poverty eradication globally, including in developing countries, and can simultaneously support global food security. Agricultural GHG mitigation and adaptation approaches can increase resilience to climate change while conserving precious natural resources, including water and soil. C-AGG believes a spectrum of opportunities and programs that link market and non-market approaches to support agricultural sector GHG mitigation and adaptation should be encouraged and enabled.