

**SUBMISSION BY COSTA RICA ON BEHALF OF THE AILAC GROUP OF COUNTRIES  
COMPOSED BY CHILE, COLOMBIA, COSTA RICA, HONDURAS, GUATEMALA,  
PANAMA, PARAGUAY AND PERU**

**Subject:**

- **Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement.**
- **Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement.**
- **Work programme under the framework for non-market approaches referred to in Article 6, paragraph 8, of the Paris Agreement**

**References:**

**FCCC/SBSTA/2016/L.11  
FCCC/SBSTA/2016/L.12  
FCCC/SBSTA/2016/L.13**

**Introductory Remarks**

1. AILAC welcomes the opportunity to submit its views in relation to Article 6, paragraphs 2, 4 and 8 and considers it fundamental to promote ambition, both by creating additional financial resources for developing countries and by providing tools to facilitate Parties achievement of their Nationally Determined Contributions (NDCs) under the Paris Agreement.
2. As stated in Article 6.1, all three elements of voluntary cooperation in the implementation of NDCs identified in Article 6 must be implemented in the context of sustainable development and environmental integrity. Thus, progress in the negotiations on all three elements is important.
3. At the outset, AILAC would like to emphasize that transparency and overall ambition are key for the implementation of Article 6. Hence, robust guidance for Article 6.2 as well as robust rules, modalities and procedures for Article 6.4 need to be delineated in order to ensure that mitigation outcomes are real, measurable and verifiable. Likewise, results achieved through the implementation of activities under Article 6.8 should also be transparently shared including on how these results support the implementation and achievement of NDCs. These requirements for the implementation of Article 6 are additional and complementary to the application of Articles 4, 13 and 15.

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

4. Reaffirming the text of the Paris Agreement, for AILAC, cooperative approaches include any approach that involves two or more Parties (or subnational units thereof, with the appropriate national authorization) and seeks to internationally transfer mitigation outcomes to be counted towards NDC goals. Clear robust guidance which provide a core common framework to guarantee transparency, environmental integrity, governance, robust accounting and the avoidance of double counting will be provided by the

Conference of the Parties serving as the Meeting of the Parties of the Agreement (CMA) whenever the ITMOs are to be used for the achievement of Parties' NDCs.

5. According to the understanding of AILAC, and based on what is included in the Paris Agreement, an ITMO transferred under cooperative approaches is a mitigation outcome that seeks to be internationally transferred to be counted towards NDC goals and should be expressed in terms of tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e). For AILAC, using a common unit that has already been utilised as part of the Convention process would add up to consolidating a transparency framework that is to be enhanced over time.
6. In terms of the accounting of ITMOs, it is important for AILAC that the international transfer of ITMOs between Parties involved in cooperative approaches be reflected in the accounting of the emissions and emissions reductions of those Parties. These transfers need to be reported in biennial communications.
7. Regarding corresponding adjustments that should be done by Parties in order to avoid double counting, AILAC considers that guidance needs to ensure that adjustments are done in a transparent, consistent and comparable way. This guidance should be developed for the different types of NDCs.
8. Furthermore, AILAC considers important that for the effective implementation of cooperative approaches under Article 6.2, further guidance on the core requirements that will guide the participation on these approaches needs to be provided.

#### **Views on Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement**

9. For AILAC, a primary definition of the mechanism to contribute to mitigation of greenhouse gas emissions and support sustainable development is already provided under Article 6 paragraph 4 a), b), c) and d), and paragraphs 5 and 6 of the Agreement.
10. The scoping of activities to be eligible under this mechanism should be inclusive, provided the nationally determined nature of Parties' contributions. Noting however the relevance of the need for robust methodologies that ensure that these activities are implemented in a transparent manner.
11. It is pertinent to underline an additional consideration with regards to the fact that currently most Parties have NDCs that include some level of quantification of their emission reduction objectives. This will need to be taken into account in the adequate use of this mechanism.
12. In addition, AILAC considers relevant to bear in mind previous experiences under the Convention and its Kyoto Protocol when defining the rules, modalities and procedures of the mechanism. Specifically, we see an added value in bringing on board useful experiences in the implementation of Kyoto Mechanisms to the new mechanism under Article 6.4, including:
  - a) Existence of Designated National Authorities (DNAs),
  - b) Creation of a centralised registry of mitigation actions and transfers,

c) Design and use of baseline and other methodologies to calculate emission reductions from different types of activities.

**13.** Similarly, AILAC would like to highlight a series of lessons learned that could be drawn from the implementation of Kyoto Mechanisms in our countries and that could be taken into account as part of the modalities and procedures of this new mechanism:

a) Processing time. The mechanism defined in Article 6.4 of the Paris Agreement should be more expedite than the Kyoto Mechanisms.

b) A clear differentiation of roles and responsibilities among the different actors involved in the process (e.g. regulators, DOEs, DNAs, participants, etc.) needs to be clearly drawn in order to avoid duplication of efforts that will result in delays and unnecessary transaction costs of the process.

c) Review the concept of additionality according to the different types of NDCs. The concept needs further simplification in order to reduce the times and barriers to access the mechanism.

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

**14.** With a view to pursue the design of the work programme for non-market approaches to sustainable development as per Article 6, paragraph 8 of the Paris Agreement, AILAC would like to state its understanding that non-market approaches are those cooperative approaches, involving two or more parties, where no transfer of ITMOs occurs in the implementation of NDCs.

**15.** For AILAC this work programme should be circumscribed to international collaborative initiatives that are not developed anywhere else under the UNFCCC process and that align to the principles and conceptual framework of Article 6. Some specific examples in this sense could relate to the continuous development of NAMAs insofar that they do not seek to generate credits, the reduction of black carbon and, joint initiatives for the conservation of oceans and other ecosystems, in the context of the implementation of NDCs.

**16.** Results achieved through non-market approaches should also be transparently shared. Concretely, this means that Parties should report on them through the transparency framework thus emission reductions would be reflected in the biennial communications, as appropriate.

