



PERÚ

Ministerio
del Ambiente



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Office for the Environment FOEN

Summary of the foreseen cooperation under Article 6 (Paris Agreement) between Peru and Switzerland

26 November 2019

The Governments of Peru and Switzerland are preparing cooperation under Article 6 of the Paris Agreement. Signature of a bilateral Agreement on such cooperation is foreseen mid 2020. The implementation of the first cooperation activity is foreseen per 2021.

The objective of the bilateral Agreement is to establish the legal framework for cooperation under Article 6.2 of the Paris Agreement, referring to international transfers of mitigation outcomes for use towards nationally determined contribution (NDC) achievement or for other purposes, and to enable commercial agreements on the transfer of mitigation outcomes.

This summary reflects the jointly elaborated approach to the implementation of Article 6 cooperation. The outlined approach currently is under review by both Governments. It will be adjusted to the rules under the Paris Agreement, namely in relation to corresponding adjustment, shares of proceeds and overall mitigation.

The foreseen cooperation is mutually beneficial to the cooperating countries. It primarily aims to reduce additional greenhouse gas emissions in Peru and thereby implement the enhanced ambition comprised in the NDC of Switzerland. Transfers may be undertaken both ways between the participating Parties as well as transfers to third parties, including private entities.

The early cooperation provides the opportunity to identify and test approaches to Article 6 cooperation, including the necessary national institutional frameworks. The Governments of Peru and Switzerland welcome feedback on the foreseen cooperation outlined in this document.

Set-up of the foreseen cooperation under Article 6

- A bilateral Agreement is foreseen to operationalize the provisions of the Paris Agreement. It will clarify the framework conditions for cooperation under Article 6.2 of the Paris Agreement aiming to provide investment security for such cooperation.
- Commercial agreements between the seller and buyer of mitigation outcomes are foreseen to govern namely the amount of mitigation outcomes to be transferred and their price.
- National enabling conditions in both cooperating Parties are necessary for the implementation of the cooperation. These are namely national arrangements for authorizations and a database/registry for tracking the authorized mitigation outcomes and their transfer.

Bilateral Agreement (currently under review by the participating Parties)

- **Scope and general requirements**
 - The Agreement governs transfers of mitigation outcomes, including emissions reductions and removals, which are:
 - measured in metric tons of carbon dioxide equivalent (CO_{2eq}) and uniquely identifiable in relation to origin and vintage year;
 - real, verified, permanent or achieved under a system that ensures/addresses permanence and additional to any that would otherwise occur.
 - Cooperation under the Agreement is not limited in scope and may take the form of projects, programmes, sectoral or economy-wide approaches.
 - Participating Parties to the Agreement must be Parties to the Paris Agreement.
- **Overarching obligations**
 - The Agreement does not oblige any Party to authorize mitigation outcomes for transfer under the Agreement.



- Once a Party has authorized mitigation outcomes from a cooperation activity, it is obliged to recognize the transfer of the respective mitigation outcomes if requirements for transfer are met (i.a. verification).
- Each Party is obliged to undertake reporting and corresponding adjustment under the Paris Agreement for all mitigation outcomes it has first-transferred and for all mitigation outcomes it has used towards NDC achievement.
- **Environmental integrity**
 - Each Party must consider the environmental integrity of a cooperation before its authorization, including in the light of national frameworks.
 - The Agreement establishes principles for baseline setting from which mitigation outcomes may be created and principles for attribution, as relevant:
 - Conservativeness; including consideration of the lower end of projected emission development, in the concerned area/sector, without the implementation of the cooperation under this Agreement;
 - Consideration of the expected effect and foreseen level of implementation of domestic policies and measures of the Party where the mitigation outcomes originate, including those for NDC implementation in the concerned area or sector;
 - Consideration of other factors for incentivizing enhanced climate action in the Party where the mitigation outcomes originate;
 - In case mitigation outcomes cannot clearly be attributed to one source of public international climate finance attribution of the mitigation outcomes is to be undertaken.
 - The Agreement establishes minimal criteria for cooperation under this Agreement. The authorized cooperation must:
 - not lead to an increase in global emissions;
 - be in line with the low emission development strategy of each Party;
 - foster the transition to a low carbon development economy, in accordance with the global objective of net zero carbon emissions by 2050;
 - not include cooperation based on nuclear energy or coal-fired plants;
 - promote enhanced climate action and safeguard against incentives for low ambition by the Parties involved;
 - mitigate the risk of carbon leakage and take into account compensation of any material reversals before transfer;
 - only mitigation outcomes with vintage year 2021 or later will be recognized under the Agreement.
 - The vintage year, the international transfer of a mitigation outcome and its use should be in the timeframe of the same NDC implementation period;
 - The resources used for the acquisition of mitigation outcomes transferred under the Agreement will neither be reported as support provided or mobilized nor as support received under Article 9 of the Paris Agreement.
- **Sustainable development**
 - Each Party must consider promotion of sustainable development through a cooperation before authorization, including in the light of its national frameworks, as adequate. The Agreement establishes minimal criteria. The authorized cooperation must:
 - be in line with the sustainable development strategies and policies and the long-term low emission development strategies of the transferring Party;
 - respect other environmental-related aspects and national and international environmental regulations;
 - respect and/or promote the protection of human rights.
 - Each Party provides contextual information on how cooperation authorized under this Agreement is consistent with its long-term low emission development strategy and its sustainable development strategy, if available.
- **Authorization**
 - Authorization is required by both participating Parties. Authorization will be undertaken unilaterally by each Party. Authorization by the Party from which the mitigation outcomes

- originate is a requirement for the authorization by the other Party, which references the former authorization to ensure consistency.
- Authorizations are flexible in timing and do not need to be issued immediately after each other. Authorization may be undertaken based on a description of a cooperation or refer to existing mitigation outcomes (the latest at the moment of transfer). An early authorization will enhance investment security, where necessary. Each Party may specify conditions in its authorization such as timeframe in which the authorization is valid and maximal amount of mitigation outcomes allowed for transfer. The Party in which the mitigation outcomes are created will identify in its authorization the entity authorized to sell/transfer the mitigation outcomes.
 - Requirements for authorization under this Agreement are the fulfillment of the provisions on environmental integrity and sustainable development as well as complete validation of the suggested cooperation.
 - Authorizations will be published in English and notified under the framework of the Paris Agreement.
 - Enabling conditions: each Party defines an entity entitled to issue authorizations valid under the Agreement and establishes the respective national arrangements and procedures.
- **Examination of requirements for transfer**
 - All mitigation outcomes authorized under this Agreement will be examined against the following requirements before their transfer:
 - Existence of complete monitoring and verification reports;
 - Consistency of the mitigation outcomes with conditions of the respective authorization;
 - No double claiming of the mitigation outcomes under other international systems or aims;
 - No evidence of discrepancy with the provisions on environmental integrity and sustainable development set out in the Agreement; and
 - No evidence for violation of human rights in the implementation of the cooperation.
 - Such examination will be undertaken by the Party where the mitigation outcomes originate. An examination conclusion will be issued, including approval of the verification report(s). The other Party confirms the conclusion of the examination, including its approval the verification report(s), through issuance of a confirmation statement. Mitigation outcomes with positive examination and confirmation statements fulfill all requirements for transfer.
 - **Creation of mitigation outcomes**
 - Mitigation outcomes which fulfill the requirements for transfer will be created in an updated public registry / database of the Party where the mitigation outcomes originate. That Party will ensure no double claiming of created mitigation outcomes under other international systems or aims.
 - No issuance of units is currently foreseen under the Agreement.
 - **Recognition of transfer**
 - A recognition of transfer requires:
 - Official notifications from the Party where the mitigation outcomes originate to the acquiring entity and the other Party to the Agreement;
 - Recognition of the transferred mitigation outcomes in their updated public registry / database as internationally transferred mitigation outcomes (ITMOs) by the Parties involved.
 - Transfers should be recognized one time per calendar year. They will be initiated by the entity authorized to sell the mitigation outcomes through a request to the Party where the mitigation outcomes originate.
 - The following information must accompany the transfer of each mitigation outcome:
 - Recipient of the transfer;
 - Amount of metric tons of carbon dioxide equivalent (CO_{2eq}), the origin of the mitigation outcome including reference to the respective authorization, the vintage year and the unique identifiers.
 - Mitigation outcomes may be transferred to third parties. The Party involved in such transfers will ensure the same provisions to apply to that transfer as under this Agreement.

- **Corresponding adjustment and reporting under the Paris Agreement**

- Corresponding adjustment will be applied
 - to the emission level covered by the NDC;
 - through additions for all mitigation outcomes first-transferred (independent of their use) and subtractions for mitigation outcomes used towards the NDC of a Party;
- Each Party with a single-year NDC target will add to or subtract from, respectively, its emission level covered by the NDC the sum of mitigation outcomes first-transferred or used towards its NDC over the respective NDC implementation period divided by the number of years of that NDC implementation period;
- Each Party with a multi-year NDC target will add to or subtract from, respectively, its emission level covered by the NDC cumulated over the NDC implementation period the total sum of mitigation outcomes first-transferred or used towards its NDC;
- Each Party will annually submit to the Secretariat of the Paris Agreement quantitative net-information on ITMOs first transferred, transferred, acquired, held, cancelled and/or used, accompanied by information uniquely identifying the transferred mitigation outcomes including in relation to the Party where the mitigation outcomes originate or destination, the origin and vintage year, including references to the respective monitoring and verification reports;
- Each Party will report under the Article 13 of the Paris Agreement the following information:
 - In the biennial transparency report covering the inventory information on the NDC end year, each Party will reflect corresponding adjustment in its assessment of whether it has achieved the target(s) of its NDC, pursuant to 18/CMA.1 §70¹;
 - In each of its biennial transparency reports submitted in relation to the NDC implementation period, emission balances, effecting the mitigation outcomes first-transferred or used towards its NDC, and qualitative information on the cooperation under this Agreement including information on the provisions ensuring environmental integrity and promoting sustainable development established under this Agreement.

- **Validation and verification framework**

The Parties will approve or define standards, methodologies and requirements for validation reports, for monitoring plans and reports as well as verification reports, and approve third party entities for validation or verification.

- **Infrastructure and interaction between the Parties**

- Each Party will define and use a database for creation/recognition and tracking of mitigation outcomes authorized under the Agreement.
- Requirements for such databases: publicly available, updated at least one time per year, register accompanying information for each mitigation outcome, including unique identifiers.
- Each Party will identify an entity for interaction between the Parties

- **Alignment with international rules and other amendments**

The Agreement will be amended, as adequate, in accordance with relevant decisions of the CMA.

¹ Decision of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).