

**Submission by Bhutan on behalf of Least Developed Countries Group on Reporting and accounting for GHGs and non-GHGs under Article 6.2 of the Paris Agreement**  
**11 June 2021**

The LDCs welcome the opportunity to provide to share views in response to the invitation extended by the Chair of the SBSTA, relating to **Reporting and accounting for GHGs and non-GHGs under Article 6.2 of the Paris Agreement** and to the guiding questions presented as follows:

**Reporting and accounting for GHGs and non-GHGs under Article 6.2 LDC Response**  
**Guiding Questions:**

- **Will the reporting, review and accounting cycle for Article 6 be implementable or are further elements needed?**

While we have made some progress in providing guidance with respect to reporting review and accounting cycle, there are a number of issues that need to be resolved before they can be implemented:

**Reporting**

With respect to reporting there are some key aspects that require elaboration.

In the initial report, there needs to be a parallel approach applied to Art 6.2 and Art 6.4. Those Parties participating in Art 6.4 should provide an initial report using the same criteria applied mutatis mutandis for Art 6.2 (with the necessary modifications which we shall suggest).

- We need to define when initial and subsequent reports will be provided and a process for their review.
- We need to stipulate that Parties are required to report on their accounting for Share of Proceeds and Overall Mitigation in Global Emission in both Art 6.2 and Art 6.4
- We need to specify how Parties have fulfilled their obligation on safeguards in the initial and subsequent reports
- With respect to safeguards, there are key elements on safeguards that need to be returned from earlier versions of the Art 6.2 text. These include:
  - i. The limit on the amount of ITMOs that can be transferred
  - ii. How the use of ITMOs is supplemental to domestic action
  - iii. How the creation and first transfer of ITMOs is avoided from sectors with a high degree of uncertainty
  - iv. How the creation and transfer of ITMOs addresses reversals, leakage and difficulties with measurement of mitigation outcomes
  - v. How the use of Article 6 respects human rights
  - vi. How the use of Article 6 does not lead to negative social and environmental effects

- vii. How the use of Article 6 does not lead to an increase in emissions
- We need to stipulate when Parties will report on further cooperative approaches they undertake that were not reported in their initial report
  - We need to better define the concept of “other mitigation purposes”. This opened ended definition infers those transfers can be made from outside of NDCs. As we have stated previously, we do not agree with this notion.

If this concept is to imply sources such as international aviation and perhaps international maritime transport, then we should say so. It should not be too difficult for Parties to identify the ownership of these emissions and that these emissions should be included in NDCs where countries have economy wide NDCs. For countries that do not have international transport in their NDCs they should not be able trade offsets from these sources.

Once we have a better definition of “other mitigation purposes” we need to stipulate when and how they will be reported and how double counting will be avoided.

- **What further work under Article 6 is needed for GHG and non-GHG ITMOs to be reported and accounted for?**
  - With respect to non-GHG ITMOs we believe that such ITMOs should be quantified and they should only be used if an acquiring country has indicated the same non-GHG ITMOs in their NDC. Therefore, there is a need to indicate like for like trade.

#### **Review**

- With respect to review procedures, we need to ensure that Article 6 expert review teams have a process whereby they can report to the Article 15 Committee.
- We need a process to compile information gathered through national reporting requirements to inform the global stocktake