



Appendix

Criteria for piloting enhanced market activities

Reference: O352-1563

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Criteria for the development of international-plurilateral market activities post-2020

On the national level, these criteria apply to the pilot activities funded by the Climate Cent Foundation (not necessarily compliant with the current requirements of the CO₂ Ordinance, 641.711) to ensure that these pilot activities are consistent with the Swiss position in the UNFCCC negotiations and contribute to the further development of activities under Article 6 of the Paris Agreement. These criteria should also guide the work done by the Federal Administration in other activities related to post-2020 international carbon market mechanisms, notably concerning the discussion on how Article 6 of the Paris Agreement will be reflected in the revised CO₂ Act and Ordinance for the post-2020 period. On the international level, these criteria should serve as a basis for the discussion with potential “like-minded” partners.

1. Must-have criteria

Thematic area	Criteria	Assessment of the criteria
Collaboration context	- To adhere to all must-have criteria.	
Multilateral context	- Signature and ratification of the Paris Agreement by the host country before 31.12.2020 or another agreed date.	Termination clause in MoU / Emission Reduction Purchase Agreement (ERPA) in case condition is not met.
National context	- Existence of a host country Nationally Determined Contribution (NDC) that is to be achieved mainly domestically, through own resources, i.e. without international climate finance or the use of Art. 6 of the Paris Agreement. - NDC is transparent, there are robust Monitoring, Reporting and Verification systems (MRV) systems in place or being developed.	Process and date for establishing the conformity of the NDC fixed in MoU.
Type of activity	- Additionality of the supported activities to the host country NDC and to the business as usual (BAU) emissions scenario - Activities must further: <ul style="list-style-type: none"> • Generate mitigation outcomes which can likely be used towards implementation of the Swiss NDC; • Contribute to the sustainable, low carbon development of the host country; • Likely be self-sustaining beyond their support; • Not imply nuclear energy; • Not result in a technology lock-in in fossil energies; • promote sustainable development and ensure environmental integrity and transparency, namely respect safeguards with regard to biodiversity; • Not violate human rights. 	Principles to be fixed in MoU. Additionality is conditional on how level of ambition of NDC is assessed, and baselines are construed.
MRV	- Determination of the mitigation outcomes so that they deliver: <ul style="list-style-type: none"> • Real mitigation outcomes, by setting credible reference levels for calculating emission reductions, avoiding leakage and addressing inaccuracies from fraud or error; • Permanent mitigation outcomes, by ensuring irreversibility, or in case of reversibility; measures to compensate for a possible reversal; • Verified mitigation outcomes, by guaranteeing independent and competent verification. - To report regularly on all activities in a transparent way and to publish in English all information related to the activities on the internet (except information related to specific companies that would go against the preservation of manufacturing and trade secrecy).	Principles to be fixed in MoU / ERPA.

Accounting and avoiding double-counting	<ul style="list-style-type: none"> - To avoid double-counting of mitigation outcomes between host and investor country; - For investing countries: Not to account as international climate finance the resources used in these activities if the emission reductions that are obtained/acquired with these resources are accounted towards its international mitigation contribution/commitment; - Determination of the percentage share of the mitigation outcomes to be attributed to the host country before the supported activities in the host country are implemented. 	Principles to be fixed in MoU. Termination clause in ERPA to cover for host country non-compliance.
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2. Optional criteria for selecting countries / activities, including without limitation:

- Quantity of mitigation outcomes achieved with the support (expected cost per tCO₂eq);
- Level of readiness of the host country, e.g. through the Partnership for Market Readiness (PMR) or other preparatory activities for market mechanisms that will facilitate the implementation of market activities;

3. Nice-to-have criteria for Switzerland:

- To work in host countries that are partner countries of the Swiss development cooperation, for using synergies with other current activities;
- To promote the involvement of Swiss project developers;
- To work in host countries that are taking in the climate change negotiations a similar position as Switzerland.

4. Modalities for payment of achieved emission reductions:

- Modalities for payment fixed in ERPA between Climate Cent Foundation and host country or the participating companies, based on the MoU;
- Price per reduced tCO₂eq;
- Schedule of payment on receipt of the mitigation outcomes by the Foundation;
- Clear definition of the stakeholder/entity to be paid (host government or participating companies);
- Termination clauses, e.g. in case the MoU between the host and investor countries is terminated; in case of violations of human rights in the context of the supported activity if the ERPAs are done with specific companies.