Methods of corresponding adjustments

Paris Agreement Article 6
Implementation Partnership Center

IGES
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Concepts of corresponding adjustments (CAs)

WHY	To avoid double counting (Use towards NDC and OIMPs)
HOW	Article 6.2 guidance provides description on how to apply CAs, including applicable CA methods for each NDC target type
WHEN	CAs are reported as part of the regular information (every 2 years)
WHERE	CAs are shown in the structured summary as part of the BTR

Key principles

Each participating Party shall apply corresponding adjustments in a manner that:

- Ensures **transparency, accuracy, completeness, comparability and consistency (TACCC)**;
- Participation in cooperative approaches **does not lead to a net increase in emissions** across participating parties within and between NDC implementation periods;
- Corresponding adjustments shall be **representative and consistent** with the participating Party's NDC implementation and achievement.

Ref: Decision 2/CMA.3, annex, para. 7

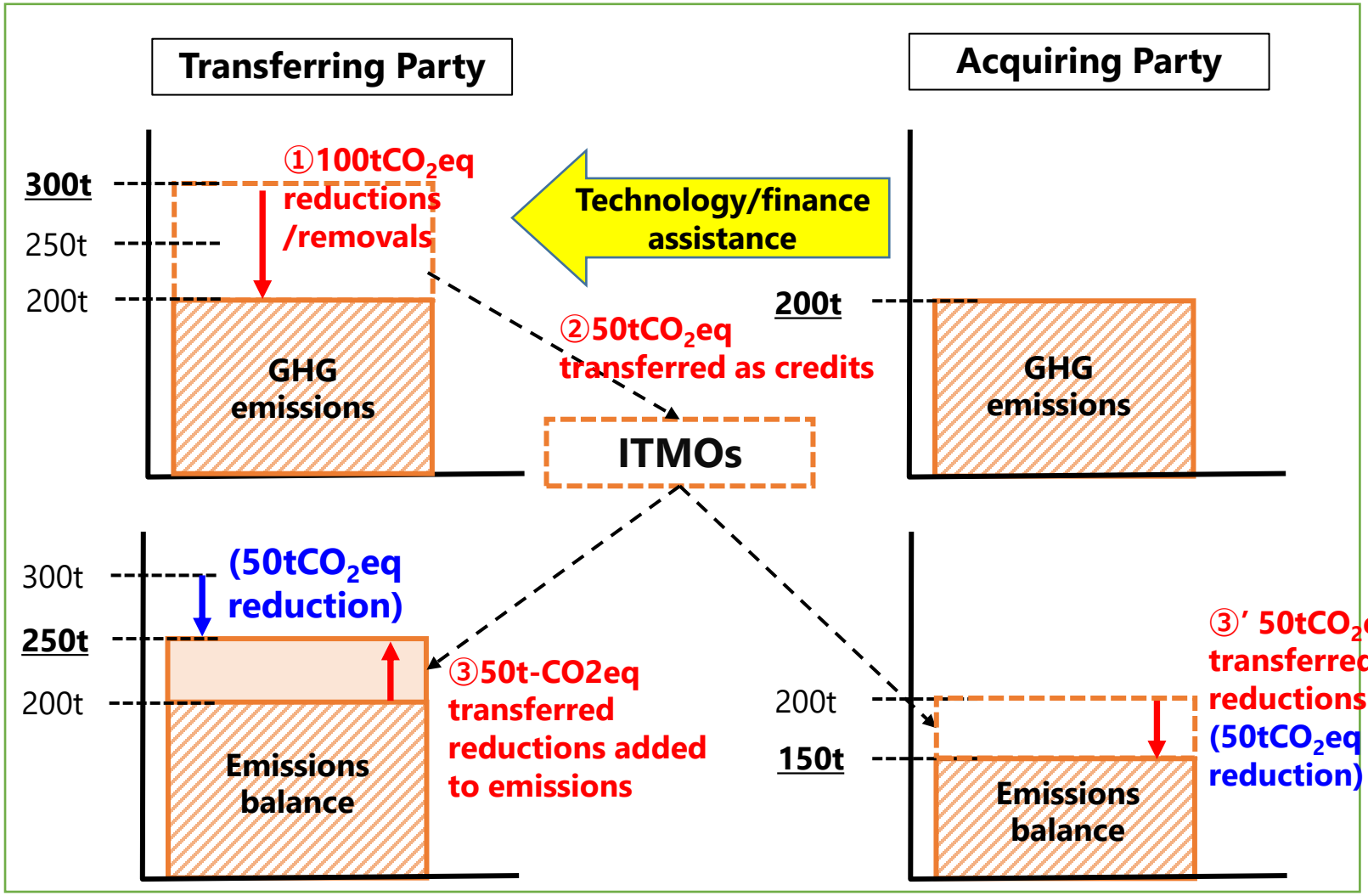
How to apply corresponding adjustments

For ITMOs measured in tCO_2eq:

CAs are applied to the **emissions and removals covered by the NDC**, resulting in **an emissions balance.**

CAs are applied by:

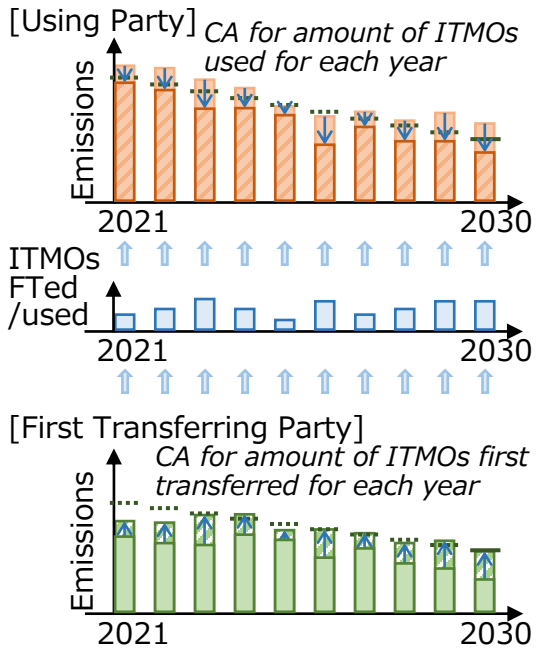
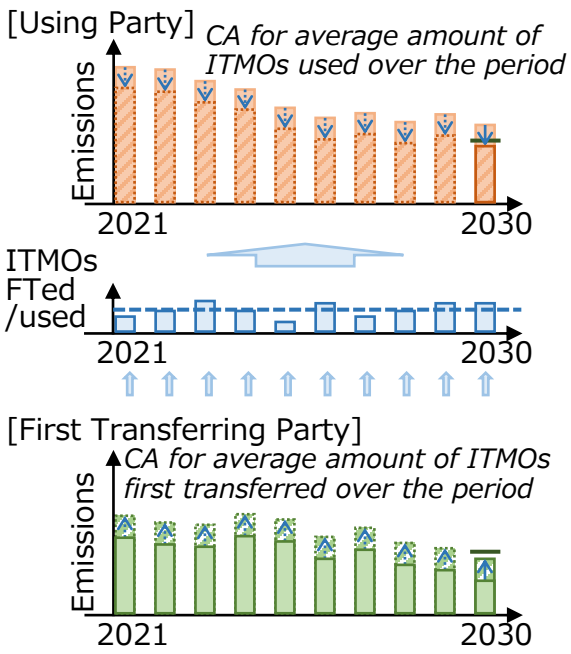
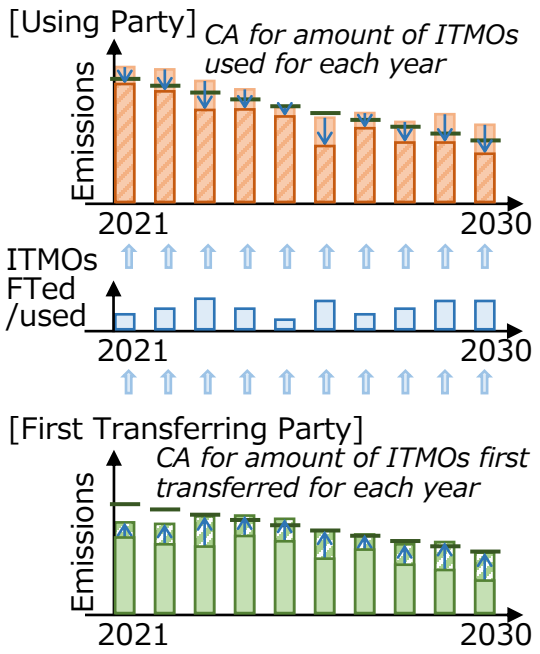
- Transferring party: **adding the quantity of ITMOs authorized and first transferred**, for the calendar year in which the mitigation outcomes occurred.
- Acquiring party: **subtracting the quantity of ITMOs used**, for the calendar year in which the mitigation outcomes are used.



Source: Image from MOEJ, Japan

Ref: Decision 2/CMA.3, annex, para. 8

Corresponding adjustment methods

NDC	Single-year NDC		Multi-year NDC
Methods	Providing **an indicative multi-year emissions trajectory, trajectories or budget** that is consistent with NDC implementation	Calculating **the average annual amount** of ITMOs first transferred/used over the NDC period (Cumulative ITMOs divided by the number of elapsed years)	Calculating **a multi-year emissions trajectory, trajectories or budget** for its NDC implementation period that is consistent with the NDC
CA amount / timing	Annually apply CAs for the total amount of ITMOs first transferred/used for each year	Apply indicative CAs equal to this average amount for each year and apply CAs equal to this average amount in the NDC year	Annually apply CAs for the total amount of ITMOs first transferred/used each year and cumulatively at the end of the NDC implementation period
Image			

Source: Image from MOEJ, Japan

Ref: Decision 2/CMA.3, annex, para. 7

Country's selection of CA methods

NDC target type	Single-year NDC		Multi-year NDC
CA methods	Indicative multi-year emissions trajectory method	Averaging method	Emissions trajectory method
Country	Switzerland[1]	Ghana[1] Japan[2] Thailand[1] Vanuatu[1]	Switzerland[1]

References:
1 confirmed in the submitted initial report
2 from official documents

Update as of March 28, 2024.

Reporting CAs in the structured summary

CAs are shown in the structured summary of the BTR using a common tabular format (CTF) provided under the Enhanced Transparency Framework (ETF).

4. Structured summary: Tracking progress made in implementing and achieving the NDC under Article 4 of the Paris Agreement[a]

	Unit, as applicable	*Reference point(s), level(s), baseline(s), base year(s) or starting point(s), as appropriate (paras. 67 and 77(a)(i) of the MPGs)*	*Implementation period of the NDC covering information for previous reporting years, as applicable, and the most recent year, including the end year or end of period (paras. 68 and 77(a)(ii–iii) of the MPGs)*					*Target level[b]*	*Target year or period*	*Progress made towards the NDC, as determined by comparing the most recent information for each selected indicator, including for the end year or end of period, with the reference point(s), level(s), baseline(s), base year(s) or starting point(s) (paras. 69–70 of the MPGs)*
			Year 1	*Year 2*	...	...	... *End year*			
...										
Each Party that participates in cooperative approaches that involve the use of ITMOs towards an NDC under Article 4 of the Paris Agreement, or authorizes the use of mitigation outcomes for international mitigation purposes other than achievement of the NDC, shall provide (para. 77(d) of the MPGs):										
...										
Total quantitative corresponding adjustments used to calculate the emissions balance referred to in para. 23(k)(i), annex to decision 2/CMA.3, in accordance with the Party's method for applying corresponding adjustments consistent with section III.B, annex to decision 2/CMA.3 (Application of corresponding adjustments) (para. 23(g), annex to decision 2/CMA.3)										
The cumulative information in respect of the annual information in para. 23(f), annex to decision 2/CMA.3, as applicable (para. 23(h), annex to decision 2/CMA.3)										
For metrics in tonnes of CO_2 eq. or non-GHG, an annual emissions balance consistent with chapter III.B (Application of corresponding adjustment), annex, decision 2/CMA.3 (para.										
...										

Ref: Decision 5/CMA.3, annex II, table 4

Example of CA reporting in the structured summary

Example 1: Single-year NDC country applying an average method (ITMOs in tCO_2eq)

	NDC implementation period		
	Year 1	**Year 2**	**Year 3**
Annual emissions and removals covered by NDC	X	Y	Z
Annual quantity of ITMOs first transferred	100	150	200
Annual quantity of ITMOs used	0	0	0
Net annual quantity of ITMOs	100	150	200
The cumulative amount of ITMOs, divided by the number of elapsed years in the NDC implementation period	100 [100/1]	125 [(100+150)/2]	150 [(100+150+200)/3]
Total quantitative corresponding adjustments	100	125	150
An annual emissions balance	**X+100**	**Y+125**	**Z+150**

Remarks: This table is simplified for the purpose of building understanding of key reporting information. For the complete structured summary, please see Decision 5/CMA.3, annex II.

Example of CA reporting in the structured summary

Example 2: Single-year NDC country applying a multi-year trajectory method (ITMOs in tCO_2eq)

	NDC implementation period		
	Year 1	**Year 2**	**Year 3**
An indicative multi-year emissions trajectory	*To specify*	*To specify*	*To specify*
Annual emissions and removals covered by NDC	X	Y	Z
Annual quantity of ITMOs first transferred	100	150	200
Annual quantity of ITMOs used	0	0	0
Net annual quantity of ITMOs	100	150	200
Total quantitative corresponding adjustments	100	150	200
An annual emissions balance	**X+100**	**Y+150**	**Z+200**

Remarks: This table is simplified for the purpose of building understanding of key reporting information. For the complete structured summary, please see Decision 5/CMA.3, annex II.

Further elaboration on CAs

CMA 4 requests SBSTA to develop recommendations for consideration and adoption by CMA6 (November 2024) on elaboration of further guidance relating to CAs.

16. *Requests* the Subsidiary Body for Scientific and Technological Advice to continue its work to develop, on the basis of the guidance in the annex to decision 2/CMA.3 and the further guidance in the annexes to this decision, taking into account the submissions referred to in paragraph 15 above:

…

(b) Recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its sixth session (November 2024) on:

(i) The elaboration of further guidance in relation to corresponding adjustments for multi-year and single-year nationally determined contributions, in a manner that ensures the avoidance of double counting, on:

a. Methods for establishing an indicative trajectory, trajectories or budget and for averaging, including with respect to relevant indicators, and for calculating cumulative emissions by sources and removals by sinks;

b. Methods for demonstrating the representativeness of averaging for corresponding adjustments by quantifying how much the yearly transaction volume differs from the average for the period;

…

Ref: Decision 6/CMA.4, para. 16 (b)(i)