
A GUIDE FOR ASSESSING ACTIVITIES COMPARED TO THE NDC

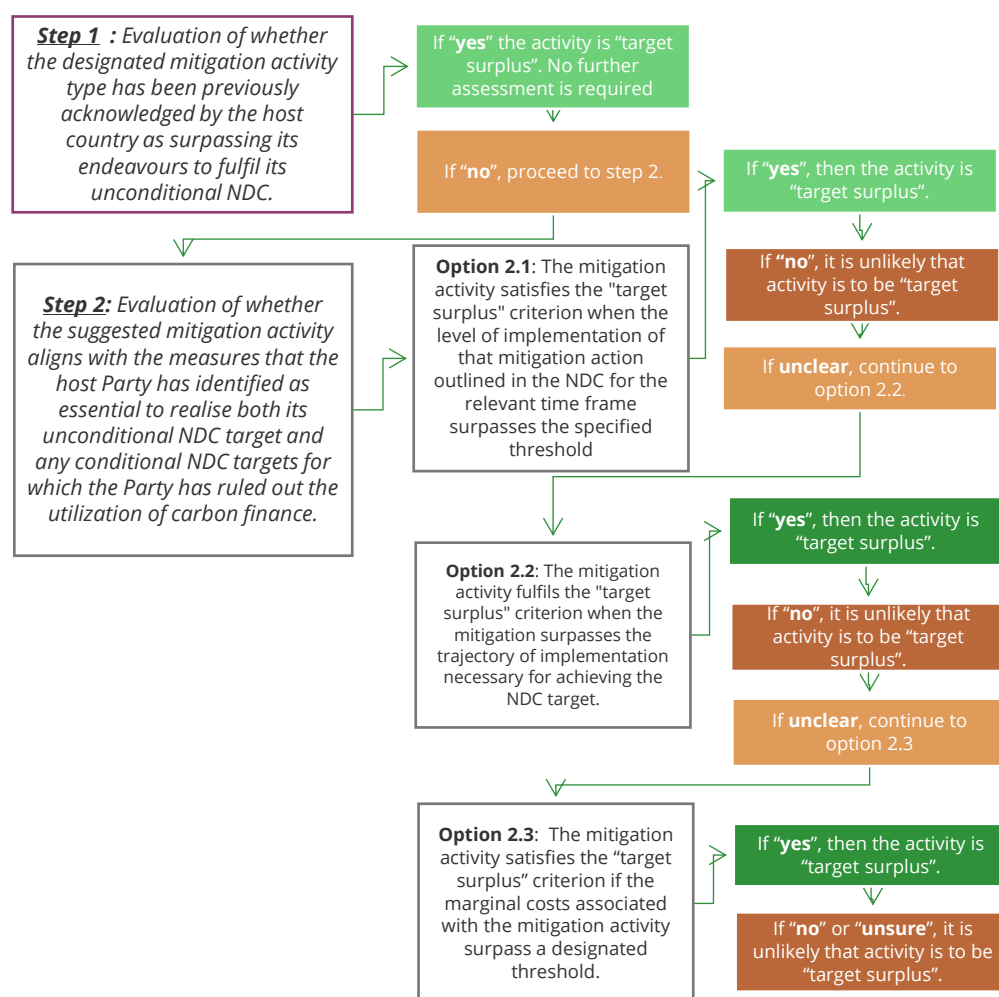
[Decision 3/CMA.3](#) requires that mitigation activities must go beyond the country's current policies in order to be additional. However, fulfilling NDC targets might necessitate the adoption of new NDC measures beyond those currently in place. Hence, a crucial consideration for developers of mitigation activities (as well as host countries) is whether a mitigation activity goes beyond what is necessary to achieve an unconditional NDC target.

If a mitigation activity is reasonably anticipated to be part of the host country's efforts to attain its unconditional NDC, then even if it is entirely additional¹, the host country might be hesitant to approve the transfer of its associated mitigation outcomes. Therefore, the developer of the activity must assess whether the execution of the specific mitigation activity type might be considered an anticipated component of the host country's endeavours to fulfil the unconditional mitigation target outlined in the NDC, even if the activity or mitigation itself is not currently mandated by host country regulations.

Below, key steps are proposed as approaches that can be employed to ascertain whether an activity is "target surplus", based on the [II-AMT Guide01](#). As exemplified in the figure below, the results of these steps provide insights into whether there exists a distinct risk that the mitigation credits generated by the mitigation activity are not additional and should not receive authorisation from the host country.

¹ This strategic orientation is further detailed in the *Determining Additionality* checklist in the Article 6 page *What is needed for national implementation?*

Figure 1: Flowchart to help determine the additionality of a given activity



Source: Perspectives Climate Group

Step 1: Evaluation of whether the designated mitigation activity type has been previously acknowledged by the host country as surpassing its endeavours to fulfil its unconditional NDC. The host country may have disclosed this determination publicly via a "host country approval list" or any other formal communication from the pertinent national Article 6 authority or specified it within its NDC implementation plan (for instance, as a catalogue of conditional measures).

- If "yes" (i.e. the activity has been identified as going beyond the unconditional NDC endeavours), this means that the activity is "target surplus". No further assessment is required.
- If "no", proceed to step 2.



Step 2: *Evaluation of whether the suggested mitigation activity aligns with the measures that the host Party has identified as essential to realise both its unconditional NDC target and any conditional NDC targets for which the Party has ruled out the utilization of carbon finance.* In cases where the NDC fails to distinguish between an unconditional and conditional target or lacks explicit statements regarding the nature of the NDC target, the complete NDC target will be appraised.

- **Option 2.1:** The mitigation activity satisfies the "target surplus" criterion when the level of implementation of that mitigation action outlined in the NDC for the relevant time frame surpasses the specified threshold. This option is especially applicable for NDC targets featuring yearly or multiple interim objectives.
 - If "yes", then the activity is "target surplus".
 - If "no", it is unlikely that activity is to be "target surplus".
 - If unclear, continue to option 2.2.
- **Option 2.2:** The mitigation activity fulfils the "target surplus" criterion when the mitigation surpasses the trajectory of implementation necessary for achieving the NDC target.
 - If "yes", then the activity is "target surplus".
 - If "no", it is unlikely that activity is to be "target surplus".
 - If unclear, continue to option 2.3.
- **Option 2.3:** The mitigation activity satisfies the "target surplus" criterion if the marginal costs associated with the mitigation activity surpass a designated threshold. More economical mitigation alternatives might be prioritized for the NDC initially, only resorting to Article 6 when NDC targets have been met. A suitable method for this assessment could involve employing a cost threshold, ideally derived from NDC financing strategies and associated abatement costing analyses. If the abatement cost of the mitigation activity exceeds this threshold, the activity qualifies as "target surplus."
 - If "yes", then the activity is "target surplus".
 - If "no" or "unsure", it is unlikely that activity is to be "target surplus".

It is important to note that these steps only evaluate whether, at the time of assessment, the mitigation activity is likely to qualify as "target surplus" mitigation. If, during implementation, the host country lags behind in NDC targets or further specifications arise, the activity may no longer represent surplus mitigation. In such instances, the designation of "target surplus" may no longer be applicable. Handling such risks requires separate agreements between the host country and activity developers, potentially involving authorisation under predefined conditions or for a limited period.



Further, the described approach does not rule out authorisation for activities expected to contribute to the host country's NDC. Even with acknowledged risks, the host country may still authorise ITMO transfers, adjusting as needed and pursuing additional efforts elsewhere for NDC fulfilment.

Finally, the "target surplus" of a mitigation activity must be reassessed when the host country revises its NDC and initiates a new NDC implementation period.

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