

Article 6 of the Paris Agreement

1st Authorization Working Group of
the Paris Agreement Article 6 Implementation Partnership

AUTHORIZATION

March 2023



Overview

- Context
- Authorization provisions
 - Authorization types
 - Article 6.4 authorizations
- Evolution in the discussions
 - Authorization lifecycle
 - Authorization elements
- Work-programme on authorization



Context

- The authorization is the **gateway** to Article 6 market-based instruments and represents:
 - A decision to be a Party participating in a cooperative approach;
 - The “birth” of an ITMO;
 - The ticket for entities to the system.
- Authorization delivers **clarity, stability and predictability** for the system
- It carries obligations for **corresponding adjustments** by the host Party and thus underpins the accounting integrity of the system
- The first ITMO/s authorized set the **deadline for initial report** submission
- An authorization has a timeframe, maybe subject to changes and so it has a **lifecycle** with possible changes having varied and wide **implications** for the operationalization of the guidance and the RMPs but also on domestic processes and the markets overall



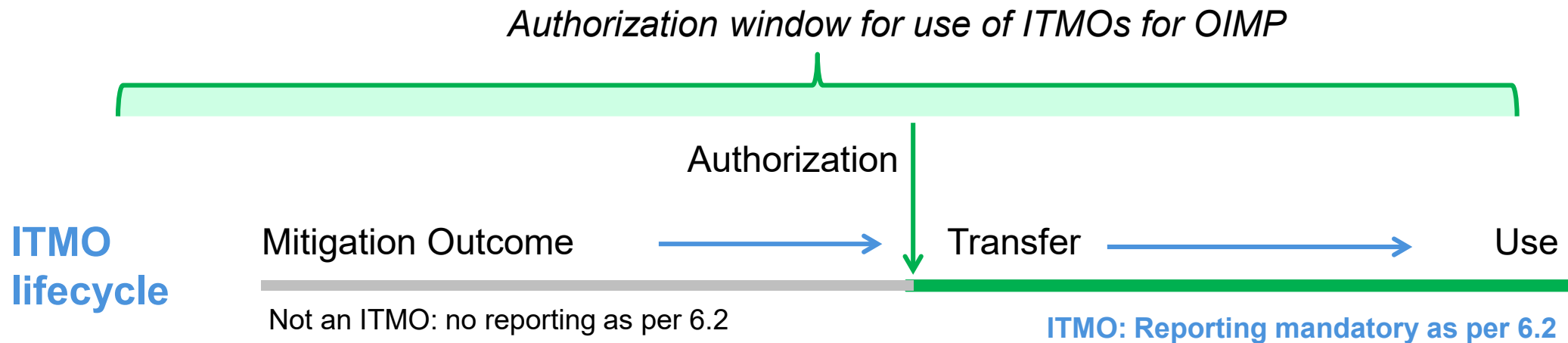
Authorization types

- **Three authorization types** for:
 - A cooperative approach (*2/CMA.3, annex, para 18(g)*)
 - ITMOs from a cooperative approach for use/s (*2/CMA.3, annex, para 1(d) and 1(f)*)
 - Entities (*2/CMA.3, annex, para 18(g)*)
- In addition, many provisions include references to authorization, include how to report it, track and review it.
 - **Participation requirements** include arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3
- The **Article 6.4 mechanism** has a distinct approval and authorization process, aligned with Article 6.2 guidance (*3/CMA.3, annex, para 40, 41, 42 and 45; 7/CMA.4 , annex I, para 26*)



Discussions on aspects relevant to authorization

- Authorization broadly has two phases – in relation to use/s of ITMOs, each stage may involve:
 - **Decision to authorize** – considerations, among others, of pathways towards meeting NDC targets in the context of long-term low-emission development strategy and Paris alignment (domestic focus)
 - **Managing an authorization** – considerations, among others, all of the above and implications for counterparts and market participants (domestic and international focus)



Discussions on aspects relevant to authorization

Theme	Issue
Issuer	<ul style="list-style-type: none">• The first-transferring Party authorized use/s of ITMOs (explicit in Article 6.4)
Timing	<ul style="list-style-type: none">• At what point of the ITMO life use towards NDC can be authorized?
Authorization scope and information elements	<ul style="list-style-type: none">• Does an authorization apply to all ITMOs from a cooperative approach equally?• Can a Party issue multiple authorizations for ITMOs and if yes, how are the ITMOs identified?• What authorized entities are enabled to do, e.g. can an authorized entities handle any ITMOs?• Does Article 6.4 activity approval serve as an Article 6.2 authorization of a cooperative approach?
Method of authorization	<ul style="list-style-type: none">• How is authorization information recorded in a registry?• What tools can support authorization?
Possible changes	<ul style="list-style-type: none">• What can be changed about an authorization?• Can authorization of use/s be issued/changed/revoked after international transfer?
Reporting	<ul style="list-style-type: none">• How information on authorization is reflected in reports and made public?



Work-programme on authorization in 2023

Reference	Mandate
Article 6.2: decision 6/CMA.4, para 17(b) – SBSTA recommendations	The process of authorization pursuant to decision 2/CMA.3, annex, paragraphs 2, 18(g) and 21(c), notably the scope of changes to authorization of <u>ITMOs towards use(s)</u> , and the process for managing them and for authorization of <u>entities</u> and <u>cooperative approaches</u> with a view to ensuring transparency and consistency;
Article 6.2: decision 6/CMA.4, para 4 – SBSTA recommendations	Finalizing the agreed electronic format which includes information on authorization, including changes to authorization
Article 6.4: decision 7/CMA.4, para 9(c) – SBSTA recommendations	Provision of a statement by the host Party to the Supervisory Body specifying whether it authorizes <u>A6.4ERs for use towards NDCs</u> and/or for OIMP, including its timing, relevant information on the authorization and any revisions (pursuant to paragraph 42 of the RMPs)
Article 6.4: decision 7/CMA.4, Annex I, para 26 – Supervisory Body	Modalities for host Parties and other participating Parties providing <u>authorization of activity participants</u> (pursuant to paragraphs 41 and 45 of the RMPs)

