



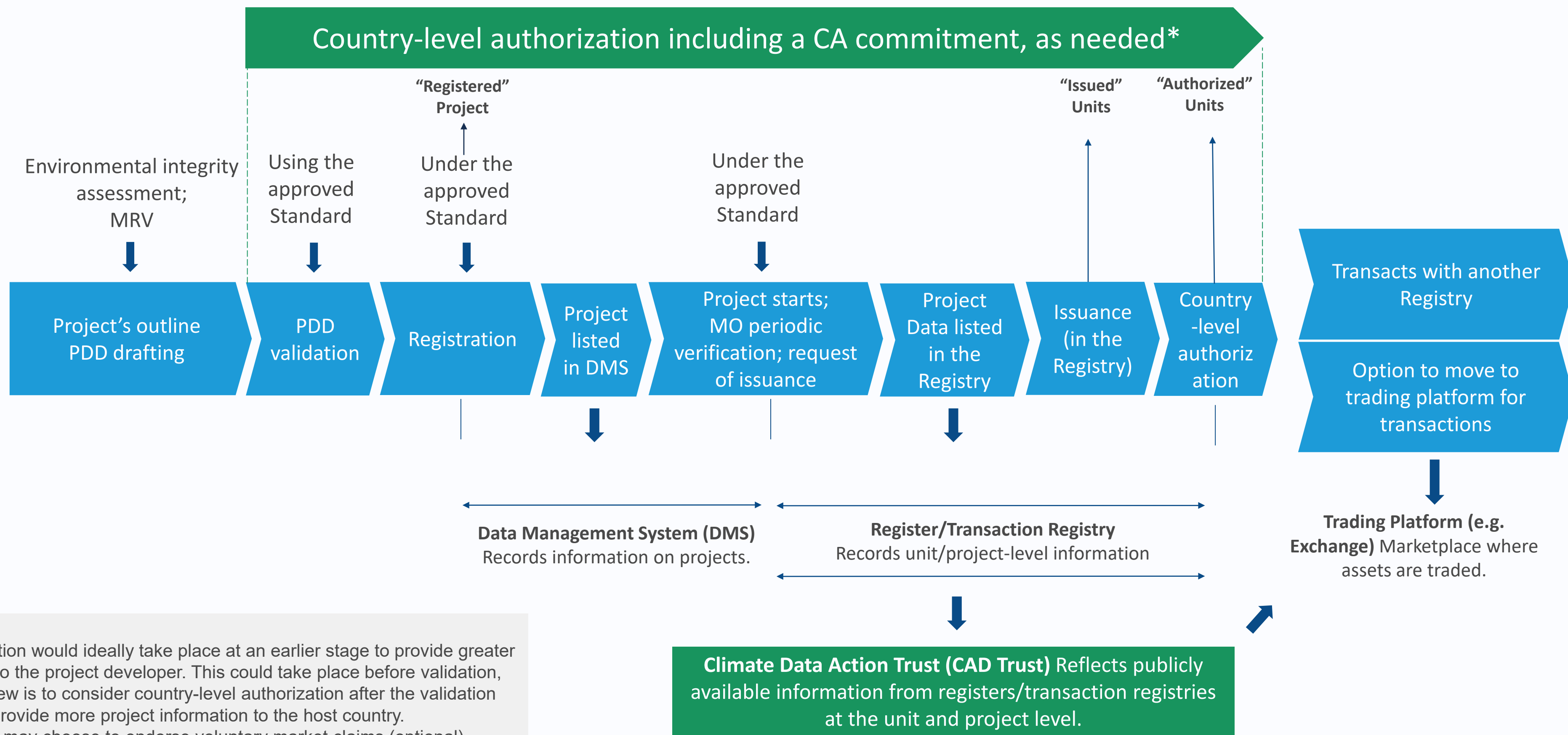
# Authorization for international transfer of emission reduction credits

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15 March 2023



# Support on carbon asset development process



## NOTES

- Authorization would ideally take place at an earlier stage to provide greater certainty to the project developer. This could take place before validation, but our view is to consider country-level authorization after the validation stage to provide more project information to the host country.
- Countries may choose to endorse voluntary market claims (optional).



# Support on establishing policy framework

## Contents - Framework

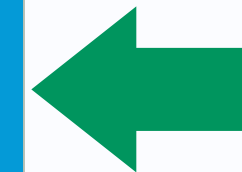
Guiding principles	<ul style="list-style-type: none"> <li>• Scope and obligations</li> <li>• Environmental integrity</li> <li>• Sustainable Development</li> <li>• Alignment with Art 6.2 Guidance and CMA Guidance</li> </ul>
Framework for eligible mitigation outcome activities	<ul style="list-style-type: none"> <li>• MO development process</li> <li>• Validation and registration</li> <li>• Monitoring and reporting</li> <li>• Verification and issuance</li> <li>• Eligible entities for independent assessment</li> </ul>
Framework for approval and authorization	<ul style="list-style-type: none"> <li>• Approval of activities</li> <li>• Activity participants</li> <li>• Authorization for the purposes of Art 6.3 of the PA</li> </ul>
Issuance of mitigation outcomes	<ul style="list-style-type: none"> <li>• Prerequisites for creation of MOs</li> <li>• Creation of MOs</li> <li>• Registry and tracking</li> </ul>
Corresponding adjustments	<ul style="list-style-type: none"> <li>• Corresponding adjustments and reporting of ITMOs</li> </ul>
DNA, penalties, and appeals	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Penalties</li> <li>• Appeals committee</li> </ul>

## Schedules - Specifics

1. Definitions
2. EI requirements
3. SD criteria
4. Eligible activity types and sectoral scopes
5. Eligible methodologies and standards for ex-ante estimation & the process for approval of new methodologies
6. MO development process
7. Validation, MRV
8. Requirements for activity participants
9. Issuance
10. Eligibility criteria and/or approval/accreditation process for independent entities
11. Authorization requirements
12. Prerequisites for MOs (vintage, metrics, etc.)
13. Registry procedures
14. Reporting procedures
15. Functions of the DNA and relevant ministry

## Inputs for Schedules

- Approach Papers and associated discussions with the Climate Market Club
- Experience with pilots, PMR, etc.
- National circumstances
- Domestic requirements
- National climate strategies
- Final Article 6.2 Guidance
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# Support on authorization process

*The policy framework provides a basis for participation by domestic entities*

## Authorization of Mitigation Outcomes for NDC or International Transfer

1

### Identify CA requirements

- Depending on the Paris Agreement, country and underlying standard's requirements and buyer preferences, the project owner will identify whether a project's associated MOs need CA.
- Unless there is a policy that defines the type and scope of mitigation activities that are eligible for NDC or international transfer, project developers may have to individually request for host country approval and authorization.

2

### Country issues a letter of Approval/ Authorization

- The host government would provide authorization based on its own institutional and/ or policy framework.
- The host country may choose to grant authorization for the issuance of a specific volume of MOs from a project or sector.
- Authorization would ideally take place at an earlier stage to provide greater certainty to the project developer.
- Authorization must be obtained before first transfer.

3

### Record the need for CA and apply CA

- The country's registry will publish information on how carbon assets are used, once carbon assets are issued, authorized (if needed) and transferred to another party.
- Countries need an initial report indicating the method chosen for CAs, annual reporting of (indicative) CAs and biennial reporting of (indicative) CAs within the Biennial Transparency Reports (BTRs).



# Questions that countries should consider

## Timing Issue

- structuring the authorization process and timing of approval/ authorization (after validation/ verification/ flexible timelines)
- Should we establish process requirements for all markets? How to align the process with different market requirements, if the case be?
- Should authorization happen with each transfer or can there be 'thresholds' on volumes and time period?

## Contents of the Authorization

- What are the minimum elements to be authorized? Cooperative approach, specific use, and participants?

## Revocation of the Authorization

- The Article 6.2 guidance indicates that any “changes to earlier authorizations” would need to be reported under the Regular Information reporting. What would such changes be and what would be the implications?
- Revocation vs Not implementing Corresponding adjustment

## Others

- Would period of authorization be the same as NDC period? How would the in-between vintages be treated?
- Reflections on the development of positive lists and whether it is intended that these sectors/ technologies would be approved automatically
- Suggestions on incorporating progress with NDC implementation in the authorization process
- Any issues with the terminology and the approach suggested?



# Delivered under Partnership for Market Implementation Facility (PMIF)



The two-fold **objective of the PMIF** is to contribute to the acceleration of global decarbonization efforts by:

- Assisting client countries design and deploy **explicit carbon pricing policies** appropriate to their domestic context and compatible with their sustainable development priorities; and
- Catalyzing the development of the next generation of **international carbon markets**.

PMIF will partner with relevant stakeholder groups to deliver assistance under four pillars:

**Advisory and Analytics at country-level:** Strengthen capacities for development and implementation of domestic carbon pricing instruments

**Knowledge services:** Develop the knowledge base on carbon pricing instruments and facilitate knowledge exchange through variety of modalities and products

**Innovation:** Assist countries to identify and implement best practice approaches and, where relevant, achieve compatibility in design to support the development of international carbon markets

**Advocacy services:** Policy discussions at various levels - with practitioners, policy-makers and other relevant stakeholders - on the role of carbon pricing as a key climate policy instrument

# Thank You!

## Program links & resources:

- Partnership for Market Implementation (PMI) - <https://pmiclimate.org/>
- Partnership for Market Readiness (PMR) – <https://thepmr.org/>
- Carbon Pricing Leadership Coalition (CPLC) - <https://www.carbonpricingleadership.org/>
- Climate Warehouse - <https://www.theclimatewarehouse.org/>
- Networked Carbon Markets - <https://www.worldbank.org/en/topic/climatechange/brief/globally-networked-carbon-markets>
- Innovate4Climate - <https://www.innovate4climate.com/>
- Pilot Auction Facility - <https://www.pilotauctionfacility.org/>



**Additional Slides**



# Letter of Authorization contents example – Ghana

## ➤ **Mandate for Authorization**

- Name of authorizing entity and institutional arrangement
- Cooperative approach

## ➤ **Pre-conditions for Authorization**

- Mitigation activity participants having satisfied all the pre-conditions and considered the technical recommendations from Ghana's Art 6.2 Committee on the mitigation activity

## ➤ **Authorization Statement**

- Grants formal Authorization of the ITMOs generated from the project
- Guarantees recognition of the ITMOs and their use

## ➤ **Implications of Authorization & Confirmations**

- Confirms the host country's participation in the cooperative approach
- Commits to transfer the amount of authorized, verified, and positively examined ITMOs
  - ITMOs generated in respect of mitigation from 2021 ~ NDC implementation period up to 2030
- Commits to apply corresponding adjustment (accounting method) and not to use ITMOs for its own NDC

## ➤ **Unforeseen Circumstances**

## ➤ **Possibility of Increasing Ambition**



# Authorization Statement – Ghana

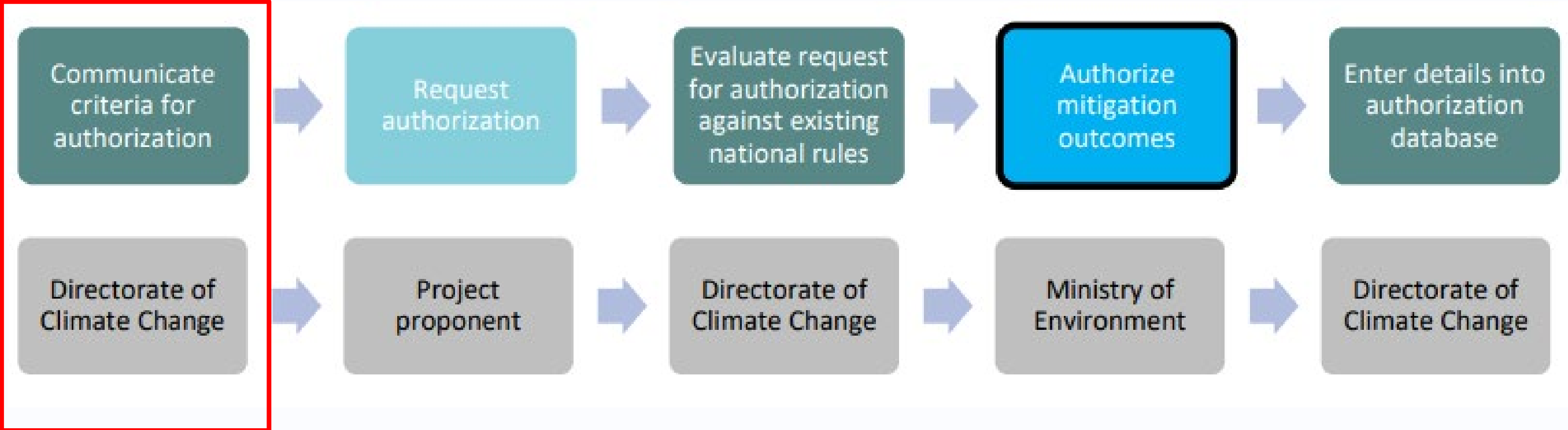
Published by Ghana through the Carbon Market Office to the UNFCCC

Authorization element	Notes
Date of the authorisation statement	
Authorized participant	
ITMO uses authorized	
Definition of first transfer	
Authorized mitigation activity	
Authorized crediting period	
NDC period, which the ITMOs are authorized for use, as appropriate	
The total cumulative maximum amount of Mitigation Outcomes for which international transfer and use are authorized	
The following method for the corresponding adjustment will be applied by the Swiss Confederation pursuant to X/CMA.3 paragraph 7 of the Annex (Art 6.2 guidance)	
Corresponding Authorization from the Federal Office for the Environment <sup>52</sup> :	

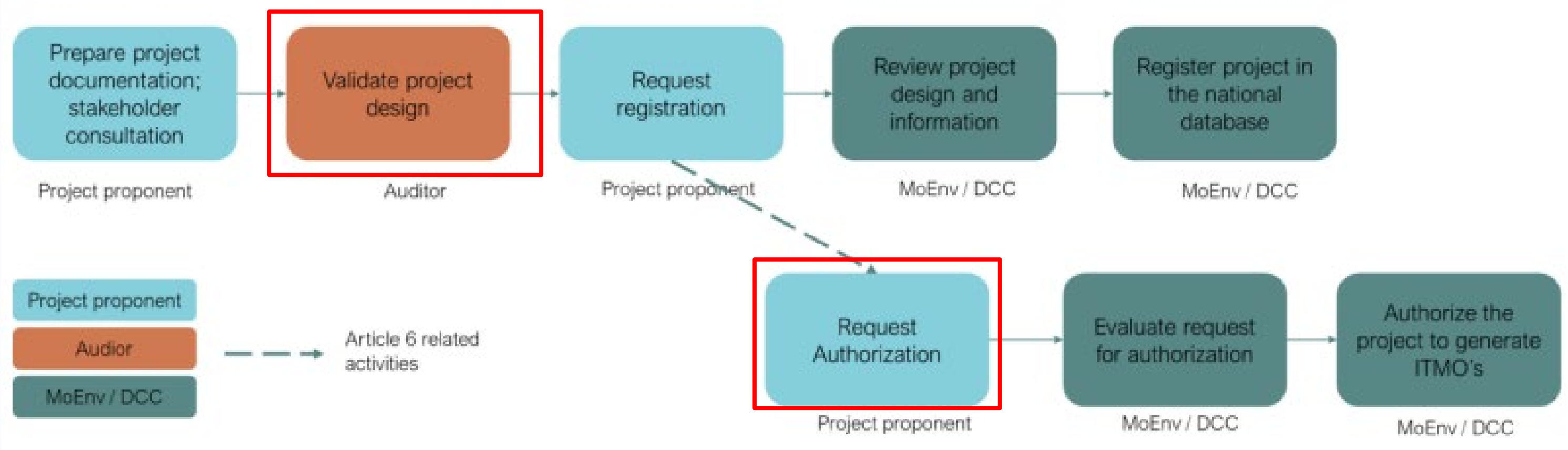


# Country process for ITMO authorization example 2 – Jordan

## Process for ITMO authorization

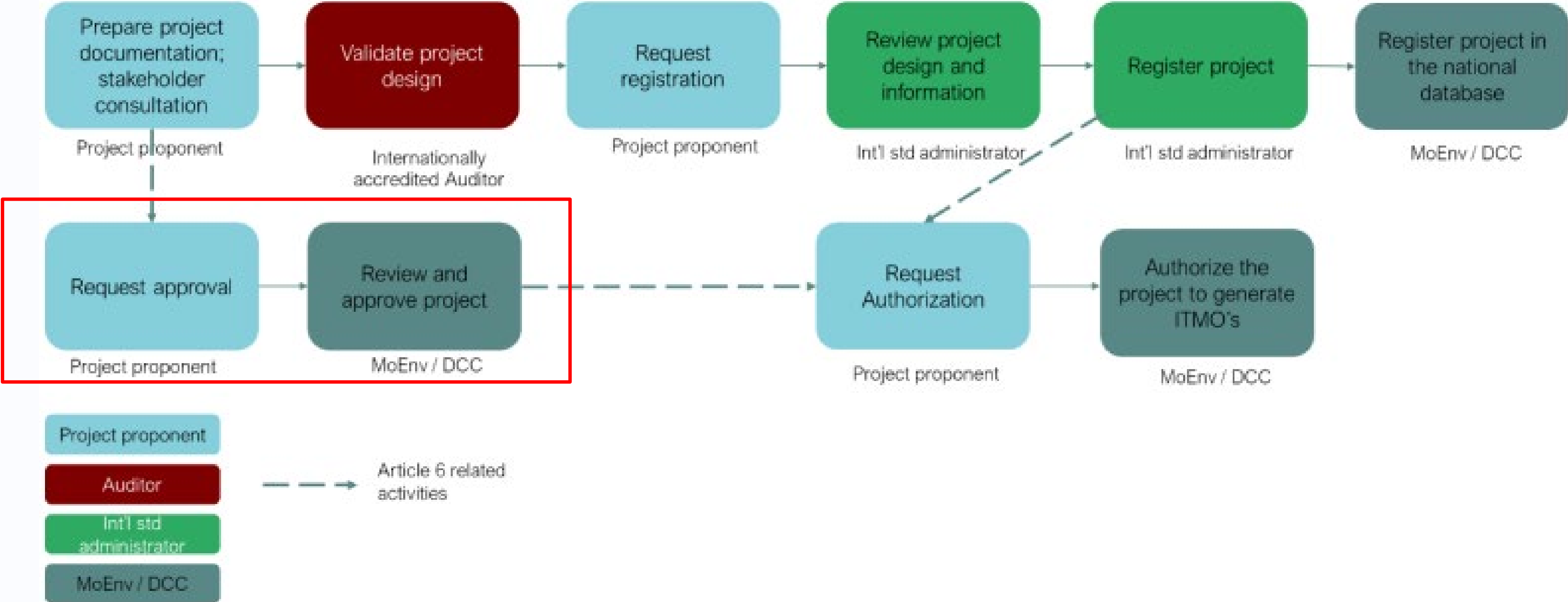


## Process for registration and authorization of Article 6.2 activities, using domestic MRV



# Country process for ITMO authorization example 2 – Jordan

Process for registration and authorization of Article 6.2 activities, using international crediting standard MRV



# Country process for ITMO authorization example 3 – India

## Publication of Positive List of mitigation activities for Article 6.2

### I. GHG Mitigation Activities:

1. Renewable energy with storage (only stored component)
2. Solar thermal power
3. Off- shore wind
4. Green Hydrogen
5. Compressed bio-gas
6. Emerging mobility solutions like fuel cells
7. High end technology for energy efficiency
8. Sustainable Aviation Fuel
9. Best available technologies for process improvement in hard to abate sectors
10. Tidal energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy and Ocean Current Energy
11. High Voltage Direct Current Transmission in conjunction with the renewal energy projects

### II. Alternate Materials:

12. Green Ammonia

### III. Removal Activities:

13. Carbon Capture Utilization and Storage

**Unknowns:** the country process for ITMO authorization that India will follow, if there will be any restrictions on vintage, volumes, etc.

