United Nations Framework Convention on Climate Change

Article 6 of the Paris Agreement

2nd Authorization WG of the Paris Agreement Article 6 Implementation Partnership

September 2023



Overview

- Context
- > Authorization types
 - > Authorization types
 - > Article 6.4 authorizations
- ➤ Work programme on authorization
- > Open issues in authorization
 - Authorization types
 - > Content of authorization
 - Changes and Revocation of Authorizations
- > Expected outcomes for CMA 5



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



Context

- > The first authorization made by a Party sets the deadline for initial report submission
- ➤ An authorization has a **timeframe**, may be 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 international market 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))
- ➤ 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)



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 ITMOs towards use(s), 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 infromation 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</u> for use towards NDCs 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 authorization of <u>activity participants</u> (pursuant to paragraphs 41 and 45 of the RMPs)



Open issues in authorization

> Authorization Type:

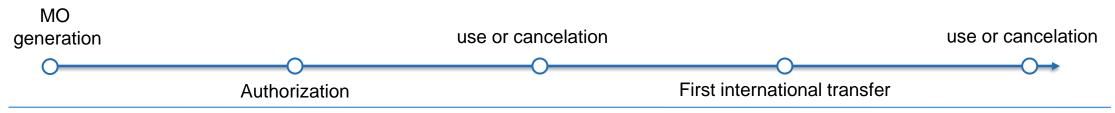
- ➤ **General authorization**: Pertains to the cooperative approach level, outlining the terms under which ITMOs or entities are to be authorized within that cooperative approach.
- Specific authorization: Required for individual cooperative approaches, ITMOs, and entities.

Content of Authorization:

> Either meet minimum requirements as set by guidelines or no minimum requirements at all.

Changes and Revocation of Authorizations:

- > Can authorizations be **revoked**, or changed based on specific scopes and circumstances?
- Are there constraints, if any, regarding the extent of possible changes.
- Who needs to agree on the change or revocation?
- > **Timing** of authorizations is important.





Expectations for CMA 5

- > Process of Authorization: Clarity on how authorizations are granted.
- Content of Authorization: Clarity on the requirement of the minimum content, if any.
- > Changes: Clarity on the changes of authorizations, considering how, when, which, and under what assumptions they can be changed.
- Revocation: Clarity on the conditions and circumstances under which authorizations can be revoked, if any.

