

Article 6 of the Paris Agreement

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

September 2023



Overview

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 - Authorization types
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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 <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</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.

