

Paris Agreement 6 Implementation Partnership Center

2nd Authorization WG Meeting (Sep 26, 2023)

Article 6 Authorization Capacity Building Material

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Paris Agreement **Article 6**
Implementation Partnership
Towards high integrity carbon markets

IGES
公益財団法人
地球環境戦略研究機関

Overall Outlines



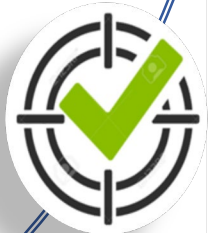
Material type: Deepen understanding and step-by-step guidance



Focus: Authorization related aspects in Art. 6 rules; Art. 6.2 Guidance; and Art. 6.4 Rules, Modalities, and Procedures (RMP).



Targets: Primarily, Government officials involved in the authorization process.

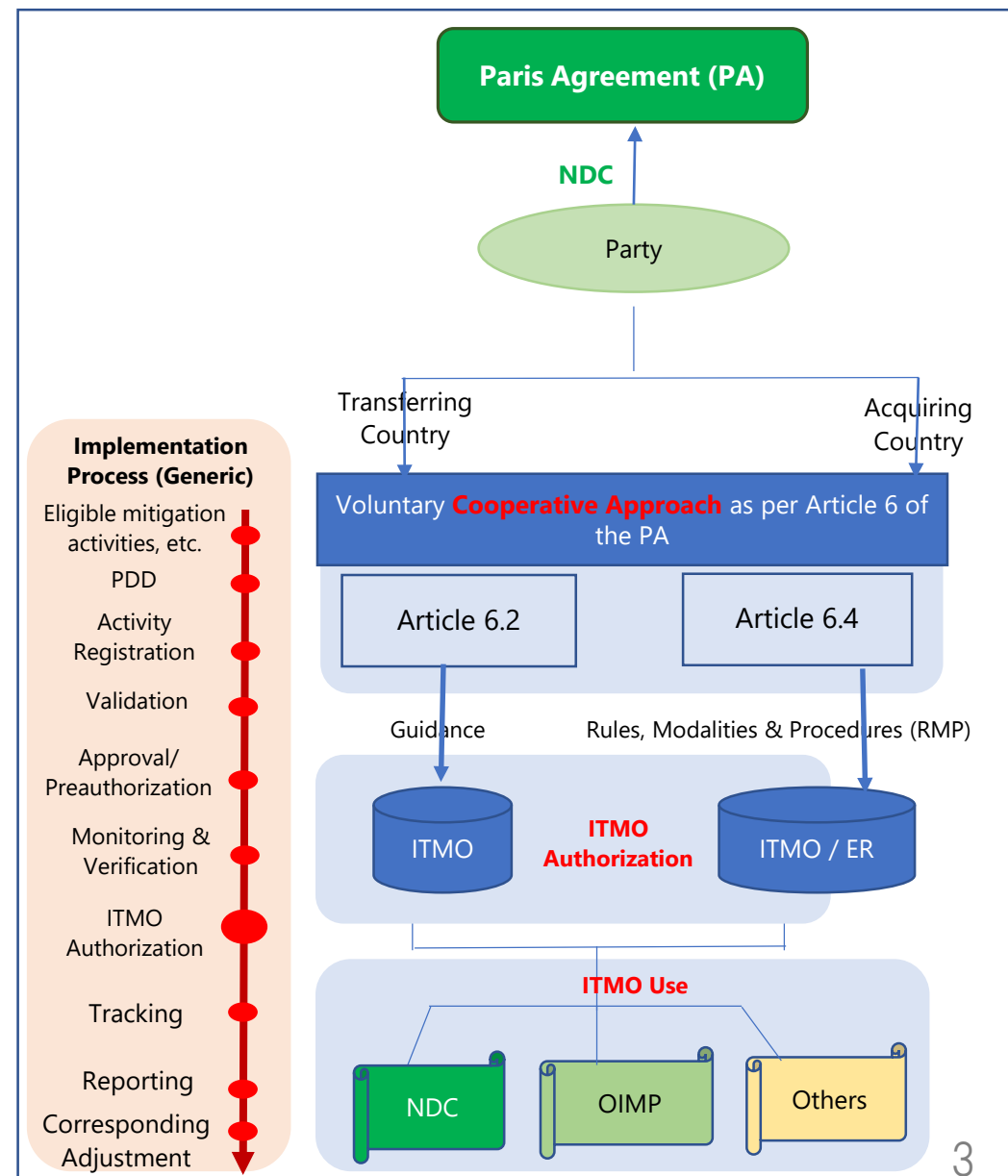


Objectives:

- i) Understanding the relevance and practicality of Article 6;
- ii) Understanding the authorization related aspects;
- iii) Step-by-step guidance on addressing those aspects.

Examples of Fundamental Questions

1. **Whether to be a Party of the Paris Agreement?**
2. **Whether to participate in a voluntary Cooperative Approach as per Art.6 of the PA?**
 - What are the costs, opportunities, risks?
3. **Whether to participate as per Art.6.2 Guidance?**
 - Is there an institutional arrangement?
 - Is there an implementation process framework?
 - Is there a regulatory framework?
4. **What to Authorize?**
 - Only core elements (CA, ITMO, and Entities)?
5. **When to authorize?**
 - Before or after generation of Mitigation Outcomes?
6. **For what purpose to use authorized ITMO?**
 - NDCs, and/or OIMP and/or Others?
7. **How to report on authorizations?**
 - Single document or one for each authorization?



Content

I. General Introduction

1. The Paris Agreement on Climate Change.
2. The Carbon Markets: Key means to achieve the Paris Agreement.

II. Article 6: Authorization Aspects

1. Why to participate in a Cooperative Approach as per Art. 6 of the PA?
2. Approaches (Art. 6.2 Guidance, Art.6.4 RMP).
3. Authorization aspects (Art. 6.2 Guidance, Art.6.4 RMP).
 - Core elements: Cooperative Approach (CA), Internationally Transferred Mitigation Outcomes (ITMO), Participation (Entities).
 - Reporting (Initial report, Annual information, Regular information)
 - Review
 - Tracking (Registry(ies), A6 database, centralized accounting and reporting platform)

III. Authorization: key elements

1. Institutional arrangement process.
2. Implementation process.
3. Regulatory framework.

Content

IV. Authorization Aspects: Step-by-step guidance

1. How to establish a regulatory framework?
2. How to establish an institutional arrangement framework?
3. How to process an authorization?
 - 3.1 *Timing of authorization (before/after generation of mitigation outcome, etc.)*
 - 3.2 *Format/contents of authorization*
4. How to report on authorization (instrument, element, frequency)?
5. How to address changes to authorization?
 - 5.1 *Scope of changes*
 - 5.2 *Timing of changes*
 - 5.3 *Limits and implication of changes*

Notes: Case studies will be provided from transferring and acquiring countries)

Content

V. A6 Related capacity-building opportunities

1. Directory to A6 related capacity-building opportunities

1.1 Global level / Regional level / National level

1.2 By Country / by supporting agencies

2. A6IP and A6IP Center Supports

2.1 Capacity-building tools (Authorization, reporting, and tracking)

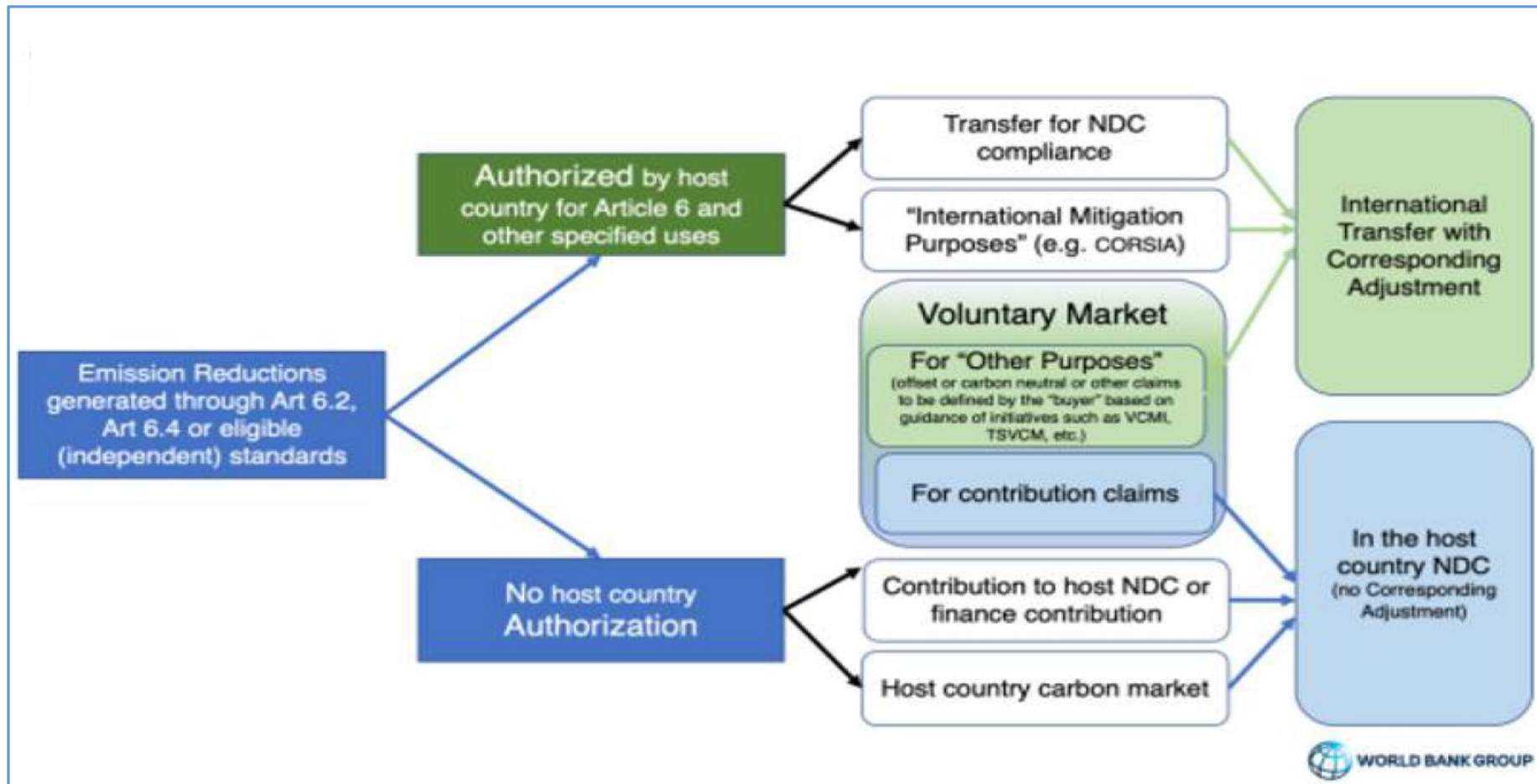
2.2 Tailored support packages responding to country needs

2.3 Collection and dissemination of information on capacity-building support

Elaboration

III. Authorization: Key elements

- Article 6.2 Guidance: Authorization is necessary for use of ITMOs toward NDC achievement or for OIMPs (decision 2/CMA.3 Annex).



Source: UNDP, <https://www.learningfornature.org/en/courses/operationalizing-article-6-2-of-the-paris-agreement-achieving-ambitious-climate-action-through-cooperative-approaches/>

III. Authorization: Key elements

- Article 6.2 Guidance: Participation elements
 - ✓ **Institutional arrangement** for operationalization
 - ✓ **Implementation processes**, including:
 - Infrastructure for registration;
 - ITMO tracking toward NDC achievement;
 - Reporting obligations.
 - ✓ **Regulatory framework**

III. Authorization: Key elements

1. Regulatory framework for authorization

Depending on the local circumstances and starting conditions, countries may decide to:

- ✓ **Establish a new legal framework** for Article 6 authorization;
- ✓ **Incorporate the authorization process within a general Article 6 framework** or
- ✓ **Amend any existing laws** to incorporate processes related to authorization under Article 6 (for those with laws on the international transfer of emission reductions).

The legal framework on authorization could cover:

- ✓ **Eligibility criteria of mitigation activities** generating MOs that could be authorized;
- ✓ **The authorizing entities** (governmental agencies or (multi-)ministerial institutions;
- ✓ **The format and content of authorization** letter;
- ✓ **The timing authorization process**, including the documentation to be submitted by applicants at the different stages of the authorization process;

III. Authorization: Key elements

2. Institutional framework

○ Article 6 institutional arrangement

-Comprised of representatives from more than one ministry and/or other stakeholders.

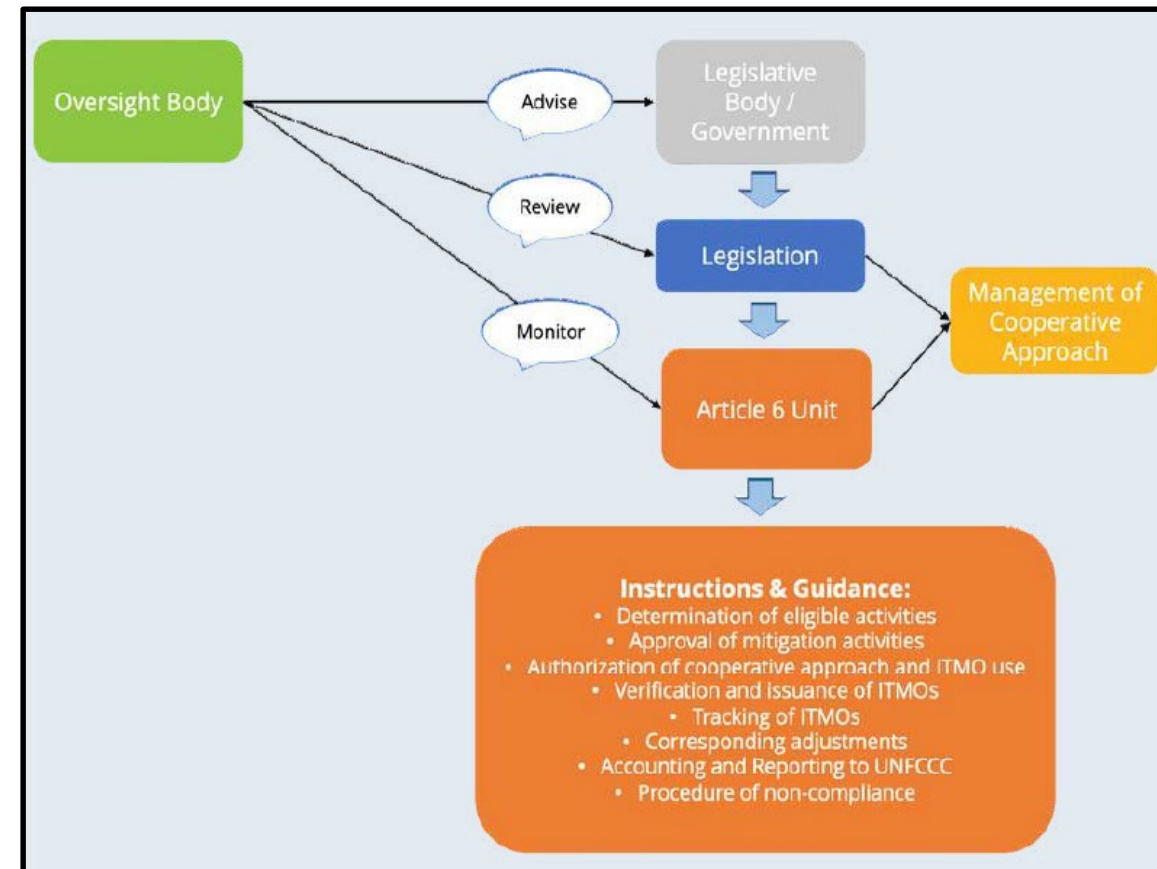
- ✓ Advise on Article 6 participation strategy
- ✓ Monitor the implementation of the Article 6 framework.
- ✓ Ensure coordination/harmonization with other national initiatives.
- ✓ Ensure sustainability of Article 6 institutional arrangements.

○ Article 6 Unit

-Could be part of a ministry, responsible for:

- ✓ Day-to-day operation of Article 6 related issues
- ✓ Definition and implementation of the Art.6 framework
- ✓ Managing bilateral agreements

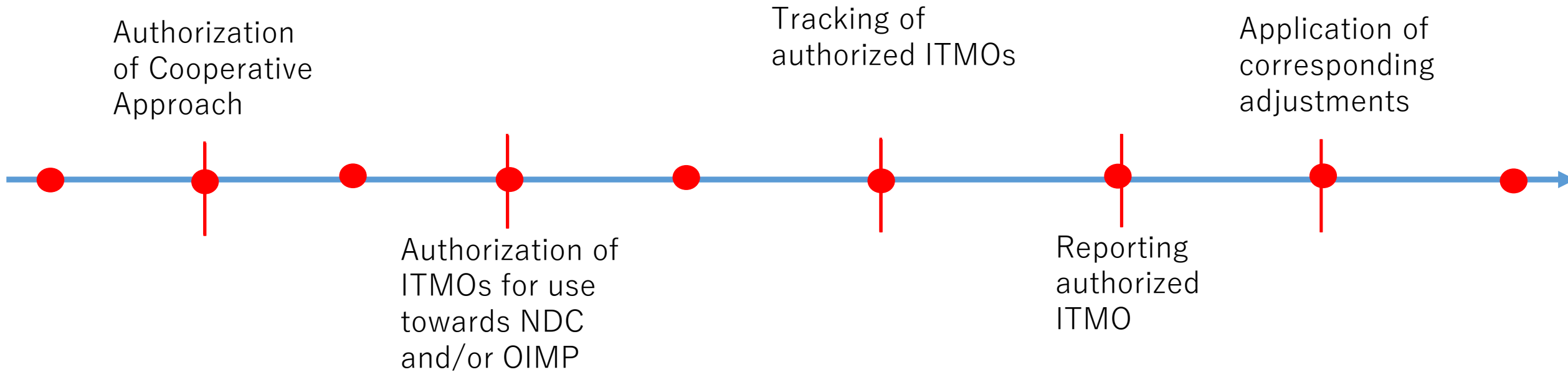
Schematic diagram of Article 6 institutional framework



Source: UNDP, <https://www.learningfornature.org/en/courses/operationalizing-article-6-2-of-the-paris-agreement-achieving-ambitious-climate-action-through-cooperative-approaches/>

III. Authorization: Key elements

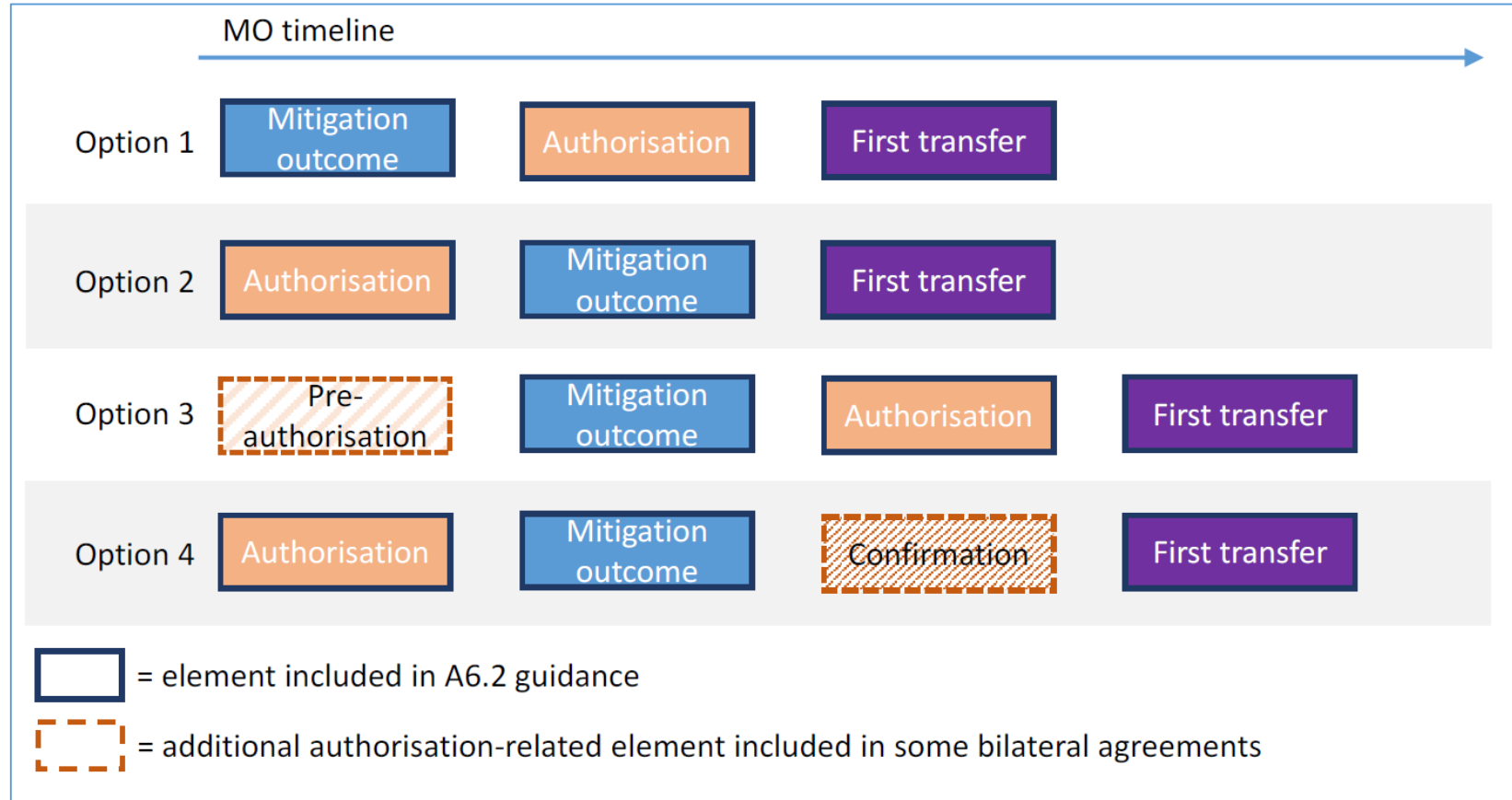
3. Authorization processes: General flow



III. Authorization: Key elements

3. Authorization process: When to authorize?

Timing of authorization (before/after generation of mitigation outcome, etc.)

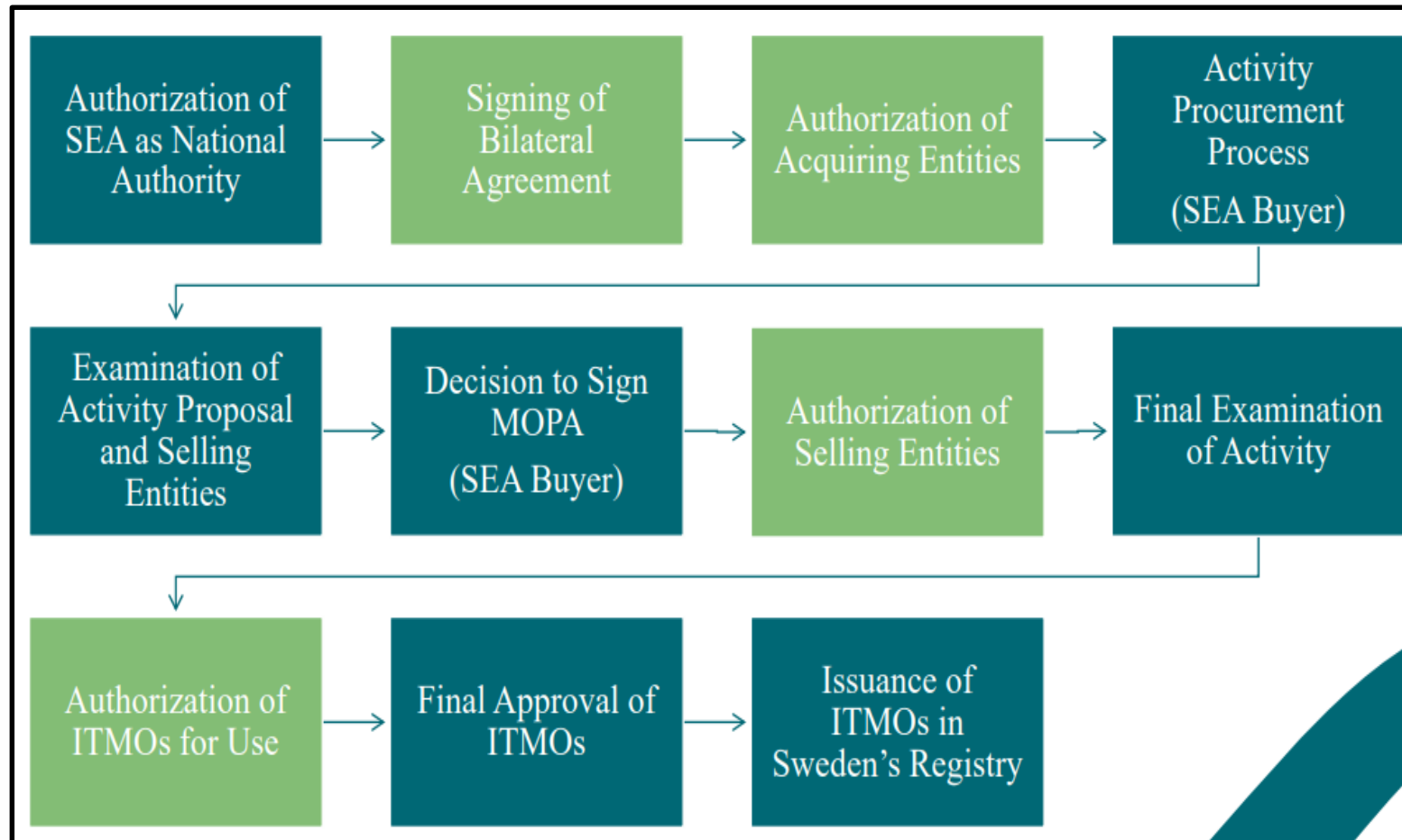


Source: Luca Lo Re, Jane Ellis, and Sandra Greiner (<https://www.oecd.org/publications/the-birth-of-an-itmo-authorisation-under-article-6-of-the-paris-agreement-3d175652-en.htm>)

III. Authorization: Key elements

3. Authorization process: When to authorize?

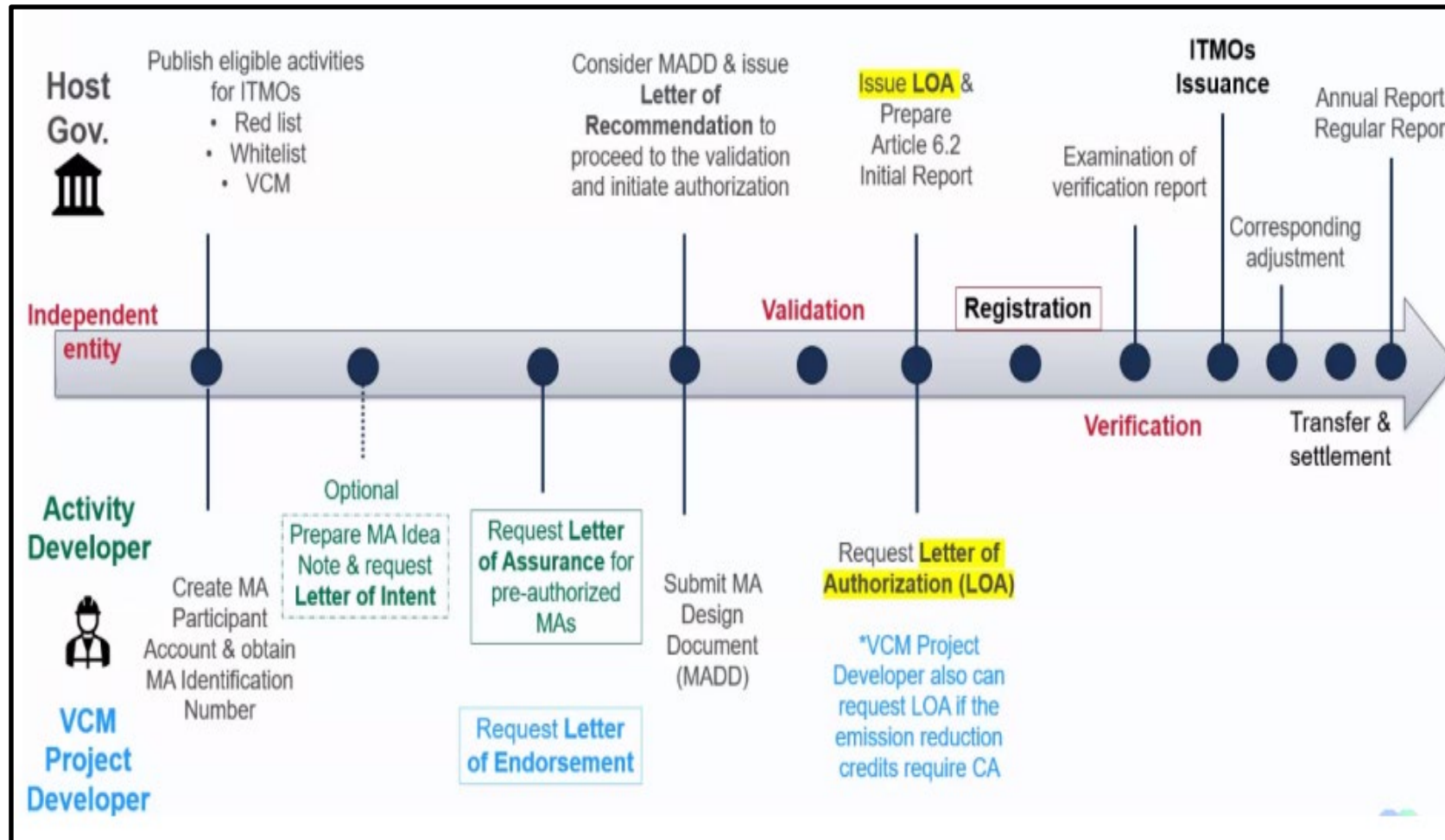
Sweden as an Acquiring Country



III. Authorization: Key elements

3. Authorization process: When to authorize?

Ghana as transferring Country



III. Authorization: Key elements

3. Authorization process: What to authorize, what and where to report?

Authorisation Core elements	Reported in		
	Initial Report (Para 18 (g) 2/ CMA.3)	Annual Information (Para 20(a), (b) 2/CMA.3)	Regular info. (Para 21 (c) 2/CMA.3)
Cooperative approach	<ul style="list-style-type: none"> A copy of the authorization A description of the approach. The duration of the approach. The expected mitigation outcome for each year. The participating Parties involved and authorized entities 	<ul style="list-style-type: none"> Annual information on authorization of ITMOs for use towards achievement of NDCs and/or OIMP First transfer, transfer, acquisition, holdings, cancellation, voluntary cancellation, voluntary cancellation of mitigation outcomes or ITMOs towards overall mitigation in global emissions, and use towards NDCs; <p>In respect of the above,</p> <ul style="list-style-type: none"> The cooperative approach The OIMP authorized by the Party The first transferring participating Party The using participating Party or authorized entity(ies) The year in which the mitigation occurred The sector(s) and activity type(s), and the unique identifiers. 	<ul style="list-style-type: none"> Authorizations and information on its authorization(s) of use of ITMOs towards achievement of NDCs and/or OIMP Any changes to earlier authorizations, pursuant to Article 6, paragraph 3;
ITMOs for use (NDC and/or OIMP)			
Entities to participate in a cooperative approach			

IV. Authorization Aspects: Step-by-step guidance

1. How to establish a regulatory framework?
2. How to establish an institutional arrangement framework?
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V. A6 Related Capacity-building Opportunities

Directory: Global Support



- Capacity Building Work Programme on Art.6.2 and Art. 6.4/ *UNFCCC*
- Hands-on trainings at Regional Climate Weeks/ *UNFCCC*
- Article 6 Action Hub/ Market Place/ *UNFCCC*
- Regional Capacity Building Virtual Workshops on Article 6/ *UNFCCC*
- Partnership for Market Implementation Facility (PMIF)/ World Bank
- Partnership for Market Implementation (PMI)/ World Bank
- Transformative Carbon Asset Facility (TCAF)/ World Bank
- Digital for Climate (D4C)/ *UNFCCC*, EBRD, UNDP and WB
- Art. 6.2 Transfer Readiness Assistance (TRA)/ UNDP
- Asian Development Bank's Art. 6 Support Facility (A6SF)/ ADB
- Initiative on Climate Action Transparency (ICAT)/ UNOPS
- CDM, Article 6 and VCM Pipeline Analysis and Database/ UNEP-CCC
- Sustainable Development Initiative for Art. 6/ UNEP-CCC & Gold Standard
- The Capacity-building Initiative for Transparency – Global Support Programme (CBIT-GSP)/ UNEP-CCC
- Integrated Assessment for Article Six (IAA6) Project/ UNEP-CCC
- Expert Group Meeting (EGM) Examining the role of carbon markets to enhance investment in carbon removal in developing and emerging markets/ UNIDO
- International Initiative for Development of Art. 6 Methodology Tools/ Perspective Climate GmbH
- Article 6 Early Movers Programme/ Gold Standard

V. A6 Related Capacity-building Opportunities

Directory: Regional Support Support in Asia-Pacific

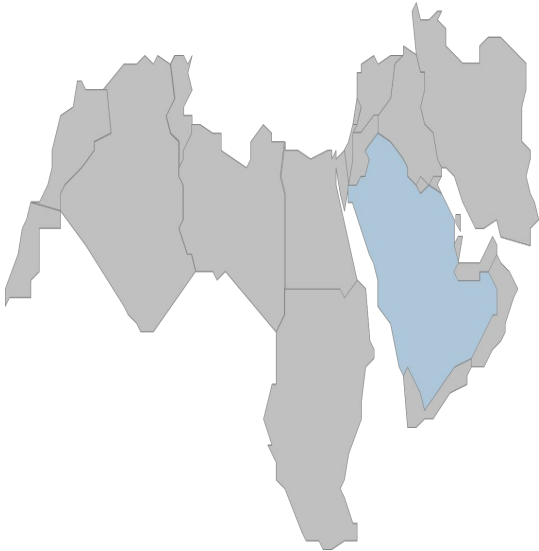


- ADB Knowledge Products related to Article 6/ *ADB*
- ADB Workshop on Carbon Pricing for V20 Countries* in AP/ *ADB*
- Mobilising Article 6 Trading Structures (MATS)/ GGGI
 - Cambodia, Nepal
- Designing Article 6 Policy Approaches (DAPA)/ GGGI
 - Indonesia, Vietnam
- Supporting Preparedness for Article 6 Cooperation (SPARC)/ GGGI
 - Thailand, Pakistan
- Global Carbon Market/ GIZ
 - India
- Support JCM Partner Countries for expanding 3rd Party Entity/ OECC
 - Cambodia, Indonesia, Maldies, Mongolia, Myanmar, Philippines, Thailand, Vietnam
- Mutual Learning Program for Enhanced Transparency (MLP)/ IGES
 - Indonesia, Mongolia, Thailand
- Carbon Market & Art. 6 Scoping Study/ EBRD
 - Uzbekistan, Georgia
- Supporting Development of Kazakhstan ETS
 - Kazakhstan

V. A6 Related Capacity-building Opportunities

Directory:

Regional Support Middle East and North Africa



- Designing Article 6 Policy Approaches (DAPA)/ GGGI
→ Morocco
- Support JCM Partner Countries for expanding 3rd Party Entity/ OECC
→ Saudi Arabia, Tunisia
- Global Carbon Market/ GIZ
→ Tunisia
- Supporting Turkey to Scale Up Domestic Carbon Market/ EBRD
→ Turkey

V. A6 Related Capacity-building Opportunities

Directory: Regional Support Africa Sub Sahara



- Eastern African Alliance on Carbon Markets/
→ Ethiopia, Kenya, Rwanda, Uganda
- West African Alliance on Carbon Markets
→ Burkina Faso, Cabo Verde, Ghana, Guinea, Guinea Bissau, Liberia, Mauritania
- Pilot Market-based Approaches in Africa (Art. 6.2 & Art. 6.4)/ AfDB
→ Côte d'Ivoire, Ghana, Nigeria
- Pilot Phase of the Adaptation Benefit Mechanism (Art. 6.8)/ AfDB
→ Nigeria
- Art. 6.2 Transfer Readiness Assistance (TRA)/ UNDP
→ Ghana, Senegal
- Designing Article 6 Policy Approaches (DAPA)/ GGGI
→ Senegal
- Supporting Preparedness for Article 6 Cooperation (SPARC)/ GGGI
→ Zambia
- NDC Assist II Article 6 Capacity Building Component/ GIZ
→ South Africa, Rwanda
- Support JCM Partner Countries for expanding 3rd Party Entity/ OECC
→ Ethiopia, Kenya, Senegal
- Climate Finance Innovators/ Perspectives
→ Ethiopia, Senegal, Uganda

V. A6 Related Capacity-building Opportunities

Directory: Regional Support Latin America



- Technical Subgroup on MRV and Climate Change (SGT-MRV)/ Pacific Alliance
- Supporting Preparedness for Article 6 Cooperation (SPARC)/ GGGI
→ Colombia
- NDC Assist II Article 6 Capacity Building Component/ GIZ
→ Peru
- Support JCM Partner Countries for expanding 3rd Party Entity/ OECC
→ Chile, Costa Rica, Mexico
- Mutual Learning Program for Enhanced Transparency (MLP)/ IGES
→ Chile

V. A6 Related Capacity-building Opportunities

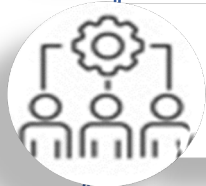
A6IP and A6IP Center Supports



Capacity Building Tools: Authorization, Reporting, Tracking



Dissemination: Webinar on private sector participation in Article 6



Support Package: Tailored support packages responding to country needs



Outreach:

- i) A6 CB Database
- ii) A6 IP Website
- iii) Newsletter

Process/Schedule to develop the 1st version of the training materials

	Aug.		Sep.			Oct.			Nov.			Dec.			Jan.		
Develop "Zero" Draft	→		→			→			→			→			→		
Share/Discuss @ the 2 nd Authorization WG Meeting					★												
Share for external input from relevant stakeholders (Partners, Experts, Gov. Officials)						→			→			→			→		
Reflect on feedback and develop the 1 st Draft									→			→			→		
Share/Discuss @COP28												★					
Reflect on feedback and develop the final draft (of 1 st Version)													→			★	