

Overview of Authorization under Article 6.2



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Authorization under Article 6.2

“Authorization” is one of the key elements of Article 6 implementation. Authorization are provided by participating parties/countries to the cooperative approach. **Authorization enables mitigation outcomes to be used towards NDCs or other international mitigation purposes (OIMPs).**

Article 6 Rulebook on authorization

Paris Agreement Article 6.3

The use of ITMOs to achieve NDCs shall be voluntary and **“authorized”** by participating Parties (to the Paris Agreement).

Article 6.2 Guidance (Decision 2/CMA.3)

Authorization arrangements

Reporting on authorization

Further guidance (under discussion)

Authorization process
and timing

Format of
authorization

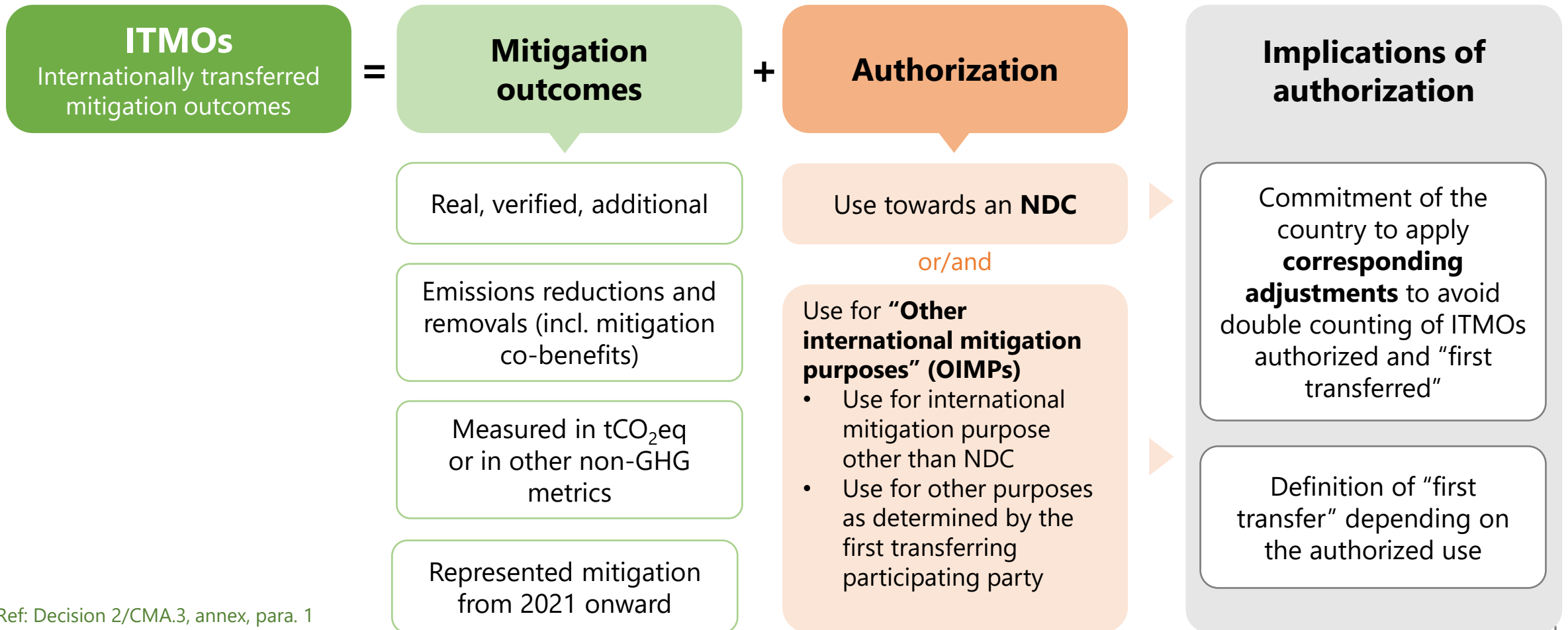
Content of authorization

Transparency /
Reporting in AEF

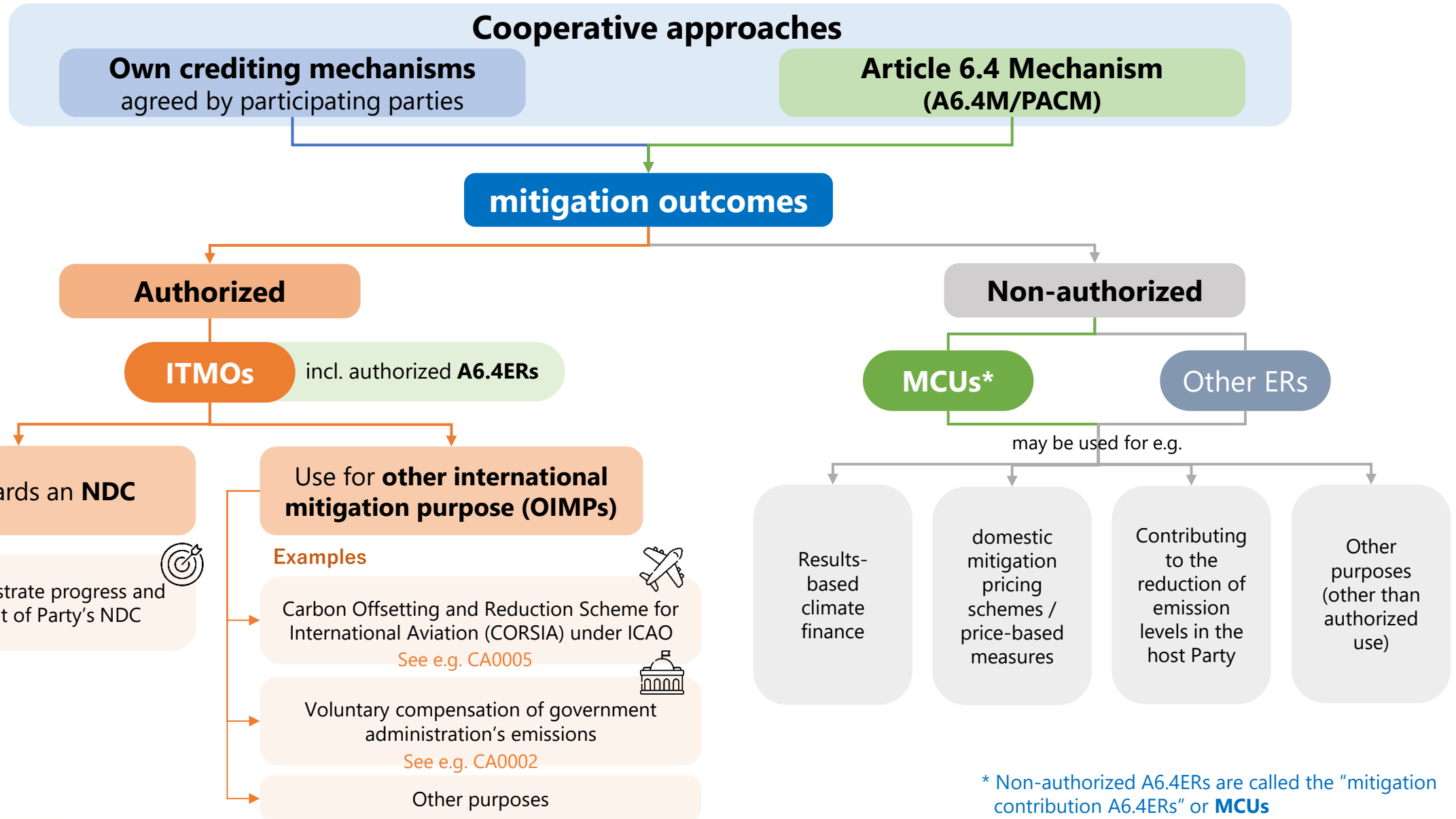
Change to authorization

Authorization defines ITMOs

Decision 2/CMA.3, annex, para. 1 provides description of “**internationally transferred mitigation outcomes**” (ITMOs), in which authorization is an essential element which defines ITMOs and their use cases.



Authorized and non-authorized use cases of mitigation outcomes

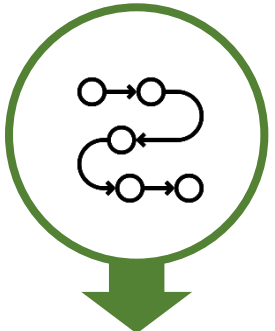


Authorization arrangements



Article 6.2 participation responsibilities (Decision 2/CMA.3, annex, para. 4(c))

Each participating party shall ensure that has **arrangements in place for authorizing the use of ITMOs** towards achievement of NDCs pursuant to Article 6.3 of the Paris Agreement.



What the authorization arrangements may contain (A6.2 manual/Illustrative elements)

- Which authorized authority has been charged with providing authorization
- The process for providing such authorization
- Any relevant procedural, legislative, infrastructural or other arrangements, as applicable



Reporting obligations (Decision 2/CMA.3, annex, para. 18(a))

Report on authorization arrangements in the Article 6.2 initial report (Fulfilment of participation responsibilities)



Key consideration on authorization

	Description	Key consideration
1	Determine the scope of use of Article 6 (Article 6 Strategy)	<ul style="list-style-type: none"><input type="checkbox"/> How does the country intend to use Article 6 in the context of their NDCs?<input type="checkbox"/> What mitigation objectives will the country authorize ITMOs for?
2	Develop national authorization process	<ul style="list-style-type: none"><input type="checkbox"/> Which body should be tasked with providing authorization? What legal, policy or institutional arrangement is needed for this purpose?<input type="checkbox"/> How should the authorization process look like in the country?
3	Develop authorization criteria/terms and provisions	<ul style="list-style-type: none"><input type="checkbox"/> What should be the criteria to decide whether to authorize ITMOs or not?<input type="checkbox"/> What should be the authorization terms and provisions?
4	Determine the accounting approach	<ul style="list-style-type: none"><input type="checkbox"/> Which corresponding adjustment method should the country apply?<input type="checkbox"/> Defining application of "first transfer" under Article 6.2
5	Track and report on authorization (Link with tracking/reporting tools)	<ul style="list-style-type: none"><input type="checkbox"/> How should authorization of ITMOs be tracked?<input type="checkbox"/> What are the reporting requirements under Article 6 relating to authorization

Key elements in an authorization framework

An authorization framework generally cover the following key elements which are operationalized through different legal instruments and types of documents, based on the national legal system, delegation of powers, and other national contexts.

Primary legislation / Regulations	Subordinate legislation / Operational guidelines	Other documents
Matters relating to authorization		
<ul style="list-style-type: none"> - Legal mandate and authority relating to authorization - High-level principles guiding authorization (Optional) 	Procedures for request and review/approval of authorization	<ul style="list-style-type: none"> - Operational manual for officials - Manual/guidance for mitigation activity developers
	Authorization criteria, terms and provisions	<ul style="list-style-type: none"> - Authorization request form - Authorization statement/ LoA template - Other forms and templates, as needed
	Other relevant procedures	
Related matters		
Mandate to put in place/manage ITMOs tracking arrangements	Functional requirements of a registry	Terms of reference for a registry
	Registry operational procedures	User manual
Reporting mandate, including avoidance of double counting	Procedures for reporting and performing corresponding adjustments	Explanatory documents

Consideration of authorization arrangements (Institutions)

Article 6 implementation usually involves various bodies based on national context and arrangements. Roles and responsibilities relating to Article 6 implementation may be generally categorized into:

Examples of roles and responsibilities

Oversight, advisory and/or rule-making

- Provide policy advice and recommendations
- Approve Article 6 policy and implementation framework
- Monitor/review Article 6 implementation

Operation role

- Processes authorization requests and provides/issues authorization
- Implement necessary arrangements for tracking and reporting
- Prepare relevant reports under Article 6

Technical support role

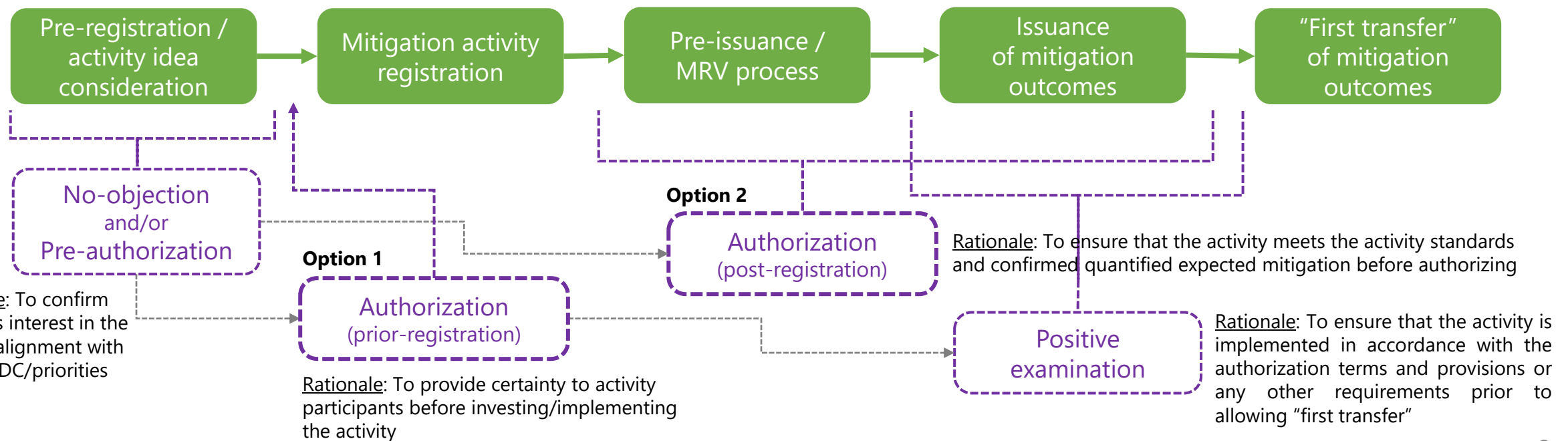
- Provide technical advice and recommendations on Article 6
- Provide technical support for Article 6 implementation. This may include technical review of authorization requests, operating tracking infrastructure, etc.

Incorporating authorization arrangements with mitigation activity cycle

Authorization and related processes (if any) may occur at different stage of mitigation activity cycle based on different authorization framework and arrangements.

The diagram below aims to illustrate how various authorization processes are incorporated into the mitigation activity cycle. (Please note the each process below is not necessarily applied by all countries).

Standard mitigation activity cycle (Simplified)



Key consideration for authorization

- ❑ How the authorization ensures that the mitigation activity contributions to the implementation of the country's NDC (Ref: Decision 2/CMA.3, annex, para. 4 (f))
- ❑ How the authorization ensures that the transfer of mitigation outcomes will not undermine the country's ability to achieve its own NDC
- ❑ How the authorization addresses elements required for Article 6 reporting, including on, among others, environmental integrity and sustainable development (Ref: Decision 2/CMA.3, annex, paras. 18-22)

Areas of ITMOs authorization criteria

Authorization consideration usually involves setting a list of eligibility criteria used in determining whether the authorization will be provided.

Examples of authorization criteria used by countries may be grouped into the following areas:

NDC and ambition	Environmental integrity	Sustainable development and related matters	Adaptation / OMGE
Relation to NDC	Environmental integrity and related requirements under Article 6.2	Contribution to sustainable development	Share of mitigation and other benefits
Technology aspects	Applied mitigation activity standards	Safeguards/no net harm	Adaptation contribution
Financial aspects		Respect of human rights	Overall mitigation in global emissions (OMGE)

Examples of ITMOs authorization criteria: NDC and ambition

Topics	Authorization criteria	Applied by (Example countries)
Relation to NDC	<input type="checkbox"/> Be an activity or technology from conditional mitigation measures in the NDC	Ghana
	<input type="checkbox"/> Be an activity that leads to GHG reduction/removal in addition to national GHG mitigation plans	Thailand
	<input type="checkbox"/> Included in 'positive list' of mitigation activities	Cambodia, Ghana, Sri Lanka, etc.
	<input type="checkbox"/> Not included in 'red list' of mitigation activities (i.e. not fall within unconditional mitigation measures)	Ghana
Technology aspects	<input type="checkbox"/> Promote development and transfer of advanced technology or innovation	Thailand
	<input type="checkbox"/> Comply with applicable technologies in the CDM positive list of technologies	Ghana
	<input type="checkbox"/> Avoid locking in carbon-intensive technologies or practices	Switzerland
Financial aspects	<input type="checkbox"/> Require a large amount of investment	Thailand

...See next slide for further criteria...

Examples of ITMOs authorization criteria:

Environmental integrity

Participating countries are required to report on how each cooperative approach ensures environmental integrity (Decision 2/CMA.3, annex, para. 18 (h), 22 (b)). Article 6.2 guidance describes key consideration on environmental integrity which countries may incorporated into the authorization criteria to ensure alignment of implementation with the Article 6.2 guidance.

Topics	Authorization criteria
Environmental integrity (EI)	<input type="checkbox"/> Comply with EI and related requirements under Article 6.2
	<input type="checkbox"/> Real, verified additional (2/CMA.3, annex, para. 1 (a))
	<input type="checkbox"/> No net increase in global emissions (2/CMA.3, annex, para. 18 (h)(i))
	<input type="checkbox"/> Conservative reference levels, conservative baseline below BAU (2/CMA.3, annex, para. 18 (h)(ii))
	<input type="checkbox"/> Taking into account all existing policies (2/CMA.3, annex, para. 18 (h)(ii))
	<input type="checkbox"/> Addressing uncertainties in quantification and potential leakage (2/CMA.3, annex, para. 18 (h)(ii))
	<input type="checkbox"/> Minimizing the risk of non-permanence (2/CMA.3, annex, para. 18 (h)(iii))

Remarks: Countries may set higher standards or elaborate further on the elements addressed in Article 6.2.

Examples of ITMOs authorization criteria:

Sustainable development and related matters

Participating countries are also required to report on other information relating to environmental, economic and social impacts, human rights, and sustainable development (Decision 2/CMA.3, annex, para. 18 (i), 22 (f-h)). Below are examples of approaches countries may take to incorporate these elements into the authorization criteria.

Topics	Authorization criteria	Applied by (Example countries)
Sustainable development	<input type="checkbox"/> Apply appropriate sustainable development tools available by applicable crediting mechanism/standards	Ghana, Singapore
	<input type="checkbox"/> Apply sustainable development tools developed domestically or jointly by partner countries	Japan, Thailand
Safeguards / no net harm	<input type="checkbox"/> Refer to domestic regulations relating to environmental impact assessment	Ghana, Thailand
	<input type="checkbox"/> Must not violate any applicable laws	Most countries
	<input type="checkbox"/> Incorporate into sustainable development guideline/tools	Thailand
Respect for human rights	<input type="checkbox"/> Require specification in the mitigation activity design document	Ghana
	<input type="checkbox"/> Incorporate into sustainable development guideline/tools	Thailand

Ambition in mitigation and adaptation actions

Participating countries are strongly encouraged to commit to contribute resources for adaptation, in particular through contributions to the Adaptation Fund and to cancel ITMOs that are not counted towards any Party's NDC or for other international mitigation purposes, to deliver overall mitigation in global emissions (OMGE) (Decision 2/CMA.3, annex, paras. 37-40).

Examples of approaches applied by countries:

Topics	Approaches	Applied by (Example countries)
Adaptation contribution	<input type="checkbox"/> Voluntary contribution to the Adaptation Fund	Switzerland
	<input type="checkbox"/> Share of proceeds levied and reserved as a contribution to adaptation in the country	Cambodia, Ghana
	<input type="checkbox"/> Incorporate into sustainable development guideline/tools	Cambodia
Overall mitigation in global emissions (OMGE)	<input type="checkbox"/> Voluntary cancellation of a percentage of ITMOs acquired	Switzerland
	<input type="checkbox"/> Reserve a percentage of issued MOs which may be used for NDC or to contribute to OMGE	Ghana, Vanuatu
	<input type="checkbox"/> By applying additionality and conservative baseline to mitigation activities	Thailand

Examples of ITMOs authorization criteria: Other criteria

Topics	Authorization criteria	Applied by (Example countries)
Mitigation activity MRV standards	<input type="checkbox"/> Apply eligible crediting mechanism/standards (Eligibility criteria / list of eligible mechanism/standards provided)	Singapore, Cambodia
	<input type="checkbox"/> Apply bilateral mechanism/standards jointly developed by participating countries	Japan
	<input type="checkbox"/> Apply national/domestic crediting mechanism/standards	Thailand
Authorization period	<input type="checkbox"/> Align with Article 6.4 crediting period	Cambodia
	<input type="checkbox"/> Within the NDC time frame	Thailand
Share of mitigation benefits	<input type="checkbox"/> Share of GHG ERs reserved for domestic use	Cambodia, Ghana, Vanuatu
	<input type="checkbox"/> Set forth a fair allocation of carbon credits	Thailand

Thank you for your attention

Any questions

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