

Regional Climate Week

Middle East and North Africa

Riyadh, Saudi Arabia – 8-12 October 2023



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Authorization of ITMOs



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Authorization (What, who and how)

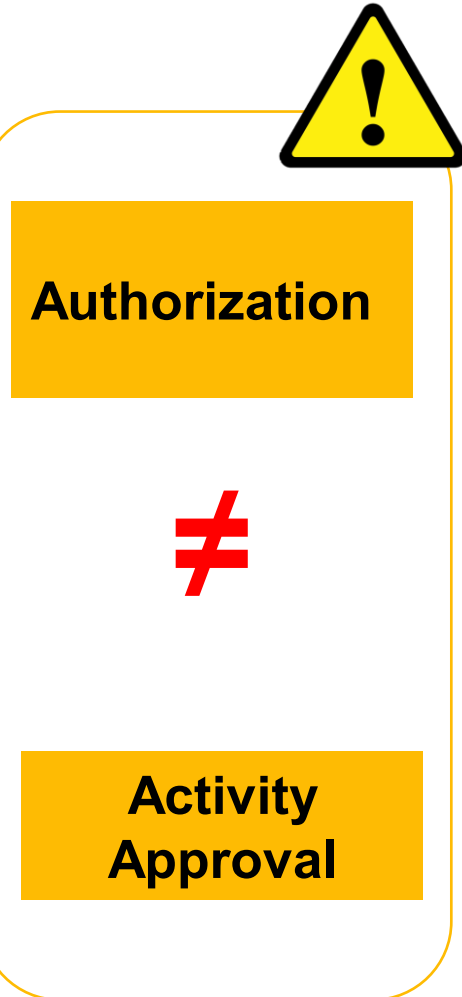
Article 6.3 provides the concept of authorization, whereby “the **use of internationally transferred mitigation outcomes** to achieve nationally determined contributions [...] shall be voluntary and **authorized by participating Parties**.”

- Article 6.2 – Para 4 (c) of the Annex of Decision 2/CMA.3 states that each participating Party “shall ensure that it has arrangements in place for authorizing the use of ITMOs towards the achievement of NDCs”.
- Article 6.4 Mechanism – Annex of Decision 3/CMA.3 refers that authorized Article 6.4 Emission Reductions (A6.4ERs) are subject to Article 6.2 guidance on cooperative approaches for authorized ITMOs.

Authorization is, therefore, a **country-driven process**, and countries can establish their own **legal and institutional frameworks** for the authorization process.

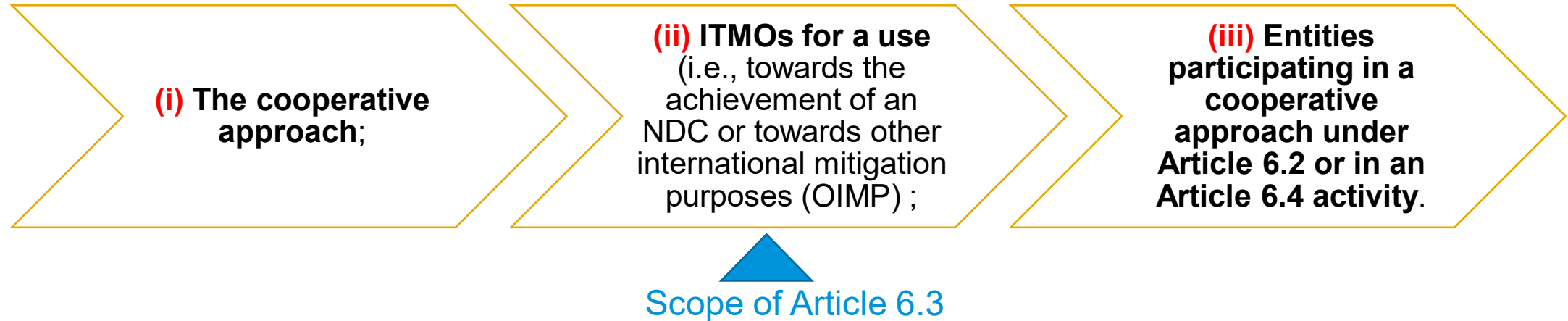


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Authorization (what)

- Decisions 2/CMA.3 & 3/CMA.3, authorization is applied to at least the following three elements:



- Implications - authorization triggers:

(i) Commitment by the first transferring Party to apply a corresponding adjustment to their emissions balance.



(ii) Reporting requirements under Article 6 (next session).



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Approval and Authorization

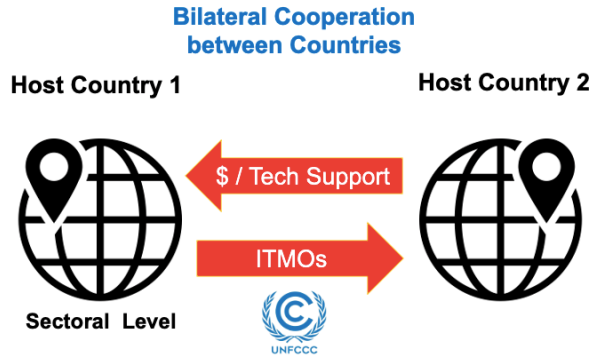


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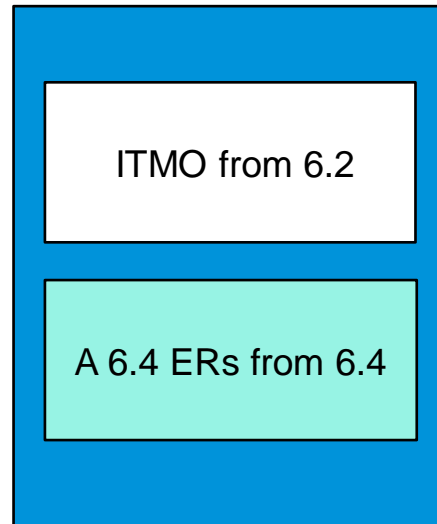
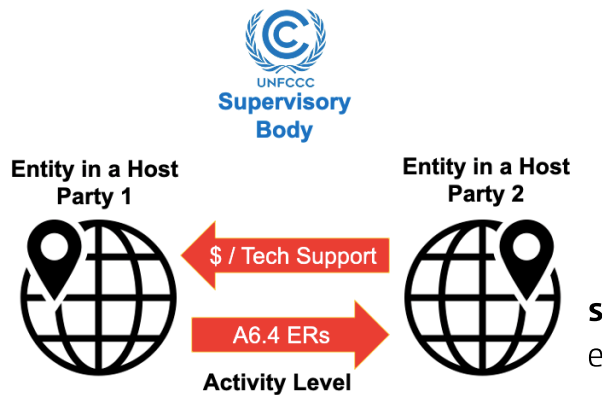
Authorisation under Article 6

Article 6.2

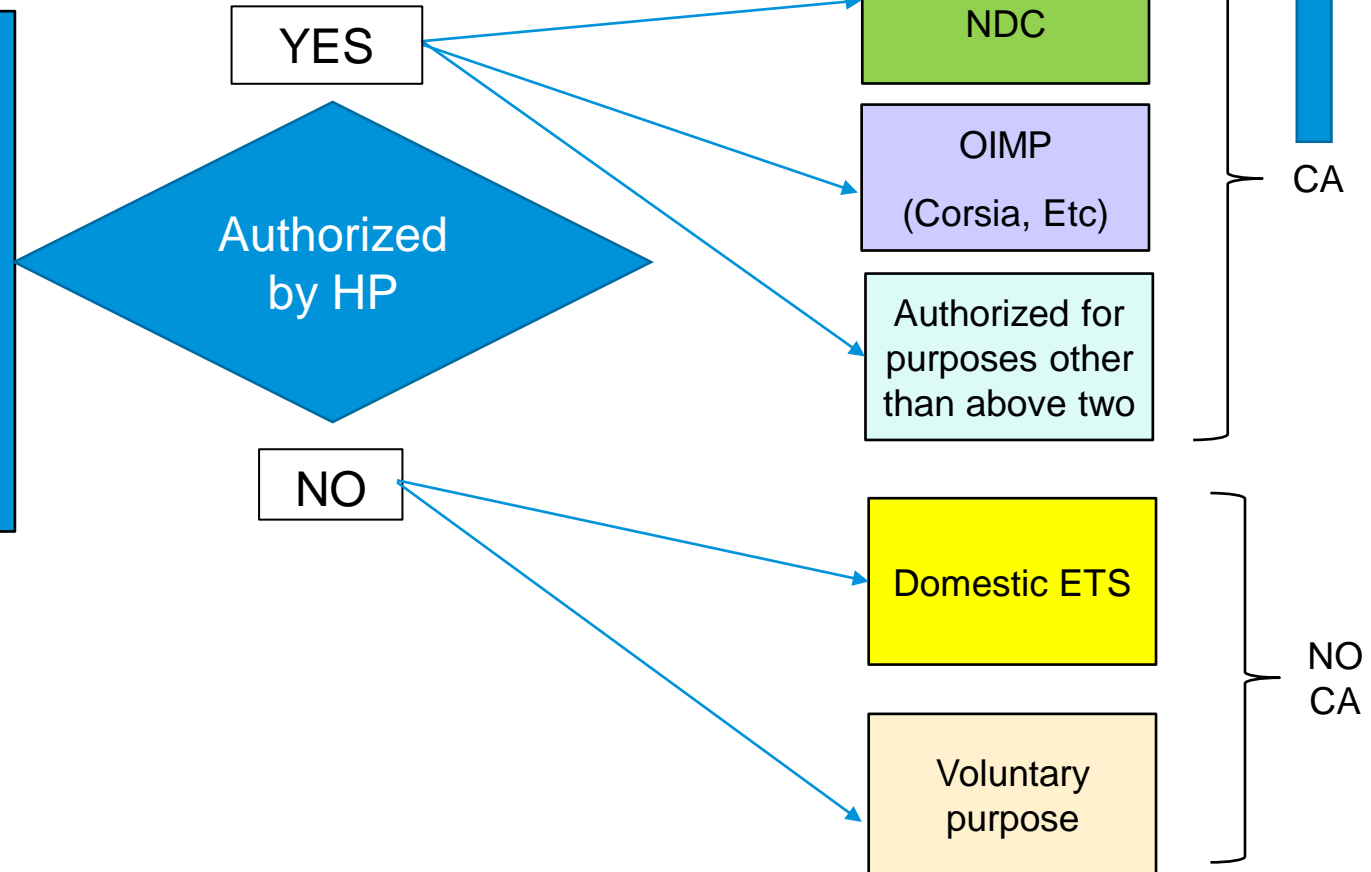


Mitigation Outcomes

Article 6.4



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Activity Approval under Article 6.2



Parties may establish as part of the Activity cycle a step for an Art. 6.2 activity approval, also called pre-authorization or ex-ante authorization.



Parties may require an internal review of design documentation before approval or even an independent validation of the design by an independent entity.



Different from activity approval, the ITMO transfer authorization can only happen when the emission reduction unit or mitigation outcome has already happened and has been verified i.e., after project implementation.



Authorization



**Activity
Approval**



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Authorization under Article 6.2 (Who and How)

- Article 6.2 Cooperative Approaches** - Cooperation scenarios (who cooperates with whom?): **(i)** Party vs Party **(ii)** Party vs Non-Party **(iii)** Multilateral cooperation.
- Participating Parties** need to **authorize** the cooperative approach
- Parties need to have **domestic arrangements** to **authorize** the use of ITMOs towards the achievement of NDCs or OIMP;

Transferring	Acquiring	Who authorizes which elements		Application of CA on authorized ITMOs
		Cooperative Approach	Entities	
Party A (First Transfer)	Party B (First Transfer)	Both	Both	Both
Party A (First Transfer)	Non-Party	Party A	Party A	Party A
Party A (First Transfer)	Two (or more) Parties	Both	Both	Both

Source: OECD (2022), The birth of an ITMO Authorization under Article 6 of the Paris Agreement. ADAPTED



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Activity Approval under Article 6.2

Party A
(Transferring)



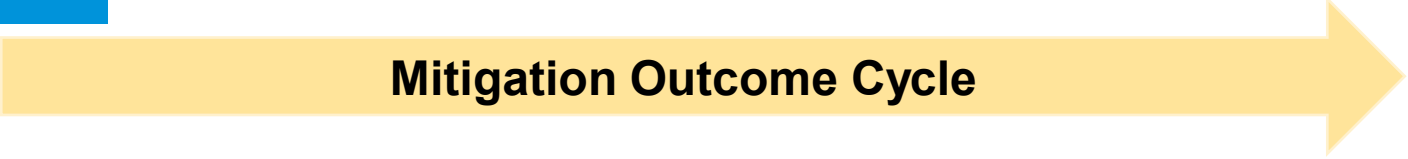
Party B
(Acquiring)

Approval

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Authorization

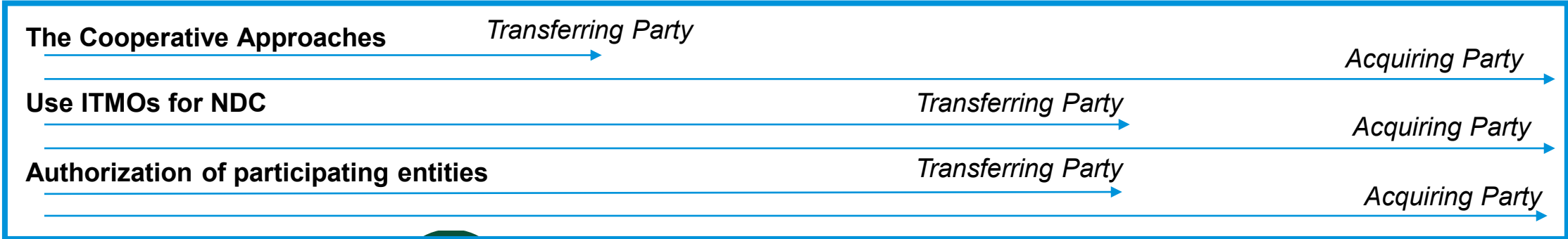
Activity Cycle



Occurrence of MO

ITMO Transfer

ITMO Use



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Source: OECD (2022), The birth of an ITMO Authorization under Article 6 of the Paris Agreement. ADAPTED

Approval under Article 6.4 (what, who?)

- Under A6.4 Mechanism **approval** occurs at activity level.
 - The **Host Party** shall provide to the Supervisory Body an **approval** of the activity, prior to the **request of registration**.
- The **approval** should contain:

1) Confirmation and information on how the activity fosters **sustainable development**.

2) Approval of potential renewal of the **crediting period**.

3) Explanation on how the project relates to the implementation of the **host Party NDC**.

4) Authorization of the **activity participants**



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Authorization under Article 6.4. Use of A6.4 ERs

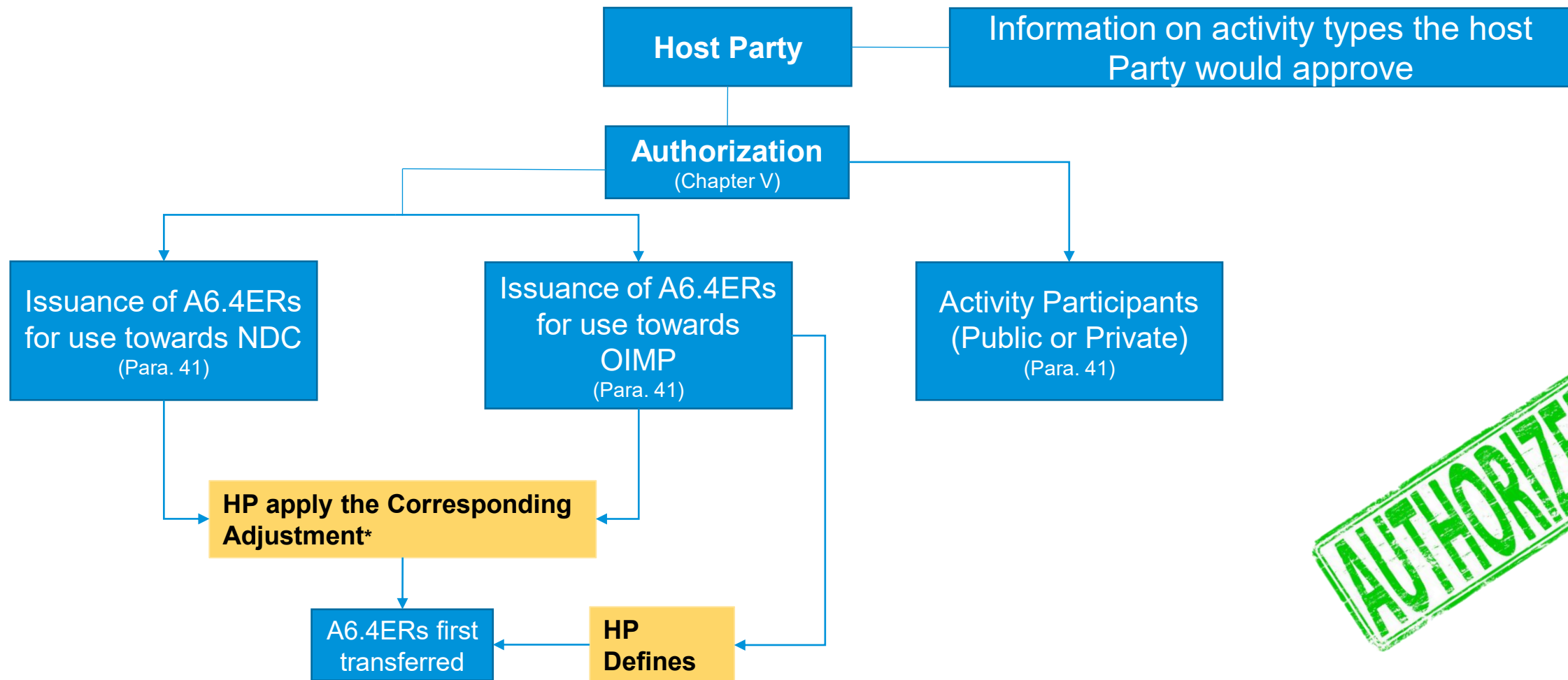
- **Authorization** is relevant for Article 6.4 Mechanism:
 - (i) A6.4ERs are also ITMOs when Parties **authorize** them for use towards NDCs and/or for OIMP.
- The Host Party shall provide to the Supervisory Body the Article 6, paragraph 4(b), **authorization:**
 - (i) of public or private entities to participate in the activity.
- Other participating Parties shall provide to the Supervisory Body the Article 6, paragraph 4(b), **authorization:**
 - (i) of public or private entities to participate in the activity.



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Authorization under Article 6.4. Use of A6.4 ERs



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**CA applies to associated A6.4ERs levied the SOP and cancellation for OMGE*

Authorization under Article 6.4 – Activity Participants

Authorization of
activity participants
by host Party

The host Party shall provide to the Supervisory Body the Article 6, paragraph 4(b), **authorization of public or private entities** to participate in the activity as activity participants under the mechanism.

Authorization of
activity participants
by non-host Party

Other participating Parties shall provide to the Supervisory Body the Article 6, paragraph 4(b), authorization for public or private entities to participate in the activity as activity participants under the mechanism prior to any first transfer of any A6.4ERs to the mechanism registry account of such Party or public or private entity.

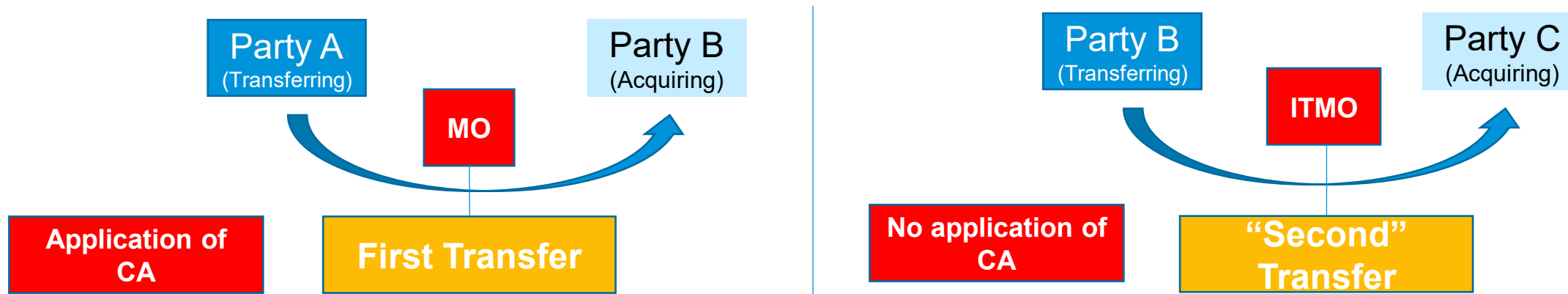


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Authorization under Article 6.4 – Use towards NDC

- The Host Party shall provide a **statement** to the Supervisory Body specifying whether it **authorizes A6.4ERs** for use towards NDC. If HP authorizes A6.4ERs for such use.
 - First Transfer is the first international transfer of the mitigation outcome. Application of CA.



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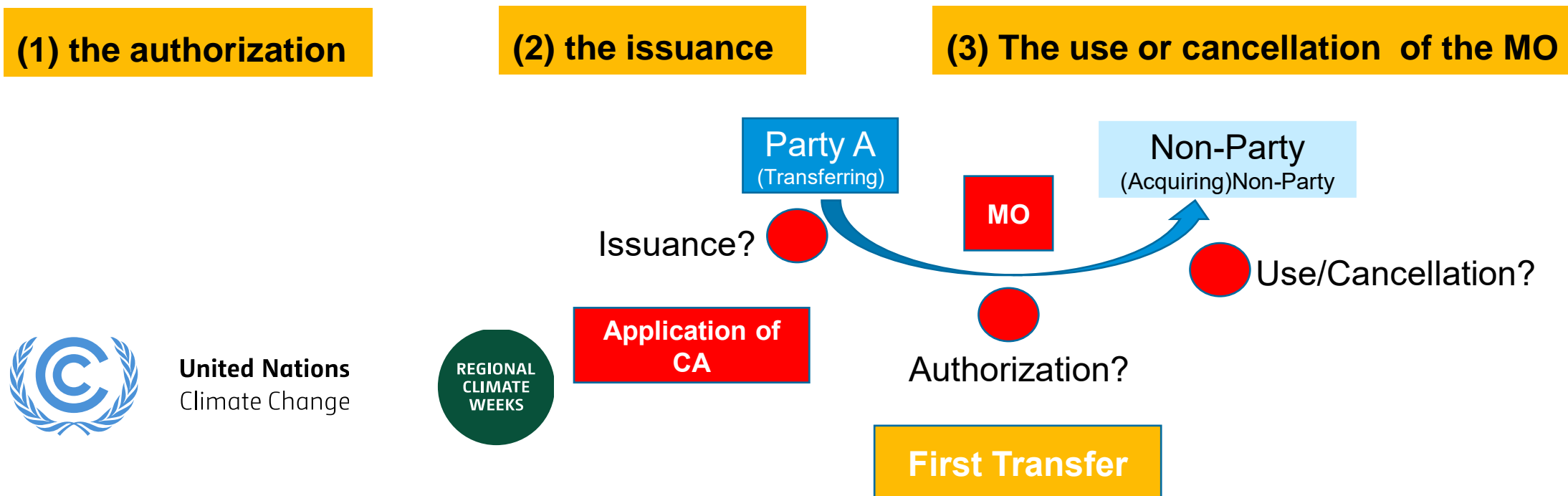


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Authorization under Article 6.4 – Use towards OIMP

- The Host Party shall provide a **statement** to the Supervisory Body specifying whether it **authorizes A6.4ERs** for use towards OIMP. If HP authorizes A6.4ERs for such use, then:

- (i) The Host Party should specify how it **defines “first transfer”** consistent with para 2(b) of the annex to decision 2/CMA.3. The first transfer can be:



Activity Approval under Article 6.4

Approval of the activity by the host Party

(prior to a request for registration)

(a) Confirmation that and information on how the activity fosters **sustainable development** in the host Party;

(b) Approval of any potential **renewal of the crediting period**, if the Party intends to allow the activity to continue beyond the first crediting period, where the Party has specified that the crediting periods of Article 6, paragraph 4, activities that it intends to host may be renewed pursuant to paragraph 27(b) above

(c) Explanation of how the activity relates to the **implementation of its NDC** and how the expected emission reductions or removals contribute to the host Party's NDC, and the purposes referred to in Article 6, paragraph 1

(d) "Authorization" of the **activity participants**



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THANK YOU FOR ATTENDING



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