

# DETERMINING STRATEGIC OBJECTIVES

Various priorities and objectives can guide strategic decisions on engaging in Article 6. These priorities and objectives should regularly be re-assessed, and the strategy for engaging in Article 6 adjusted as necessary.

- **Maximising revenues from credit sales**
  - Are net revenues for all stakeholders or net government revenues the primary focus of the credit sales?
    - The latter depend on whether private sector participants can directly sell ITMOs or if all sales must go through government which might then retain (part of) the revenues. Even if private sector entities can sell ITMOs, the government may still impose taxes on ITMO sales (SOP).
    - In cases where private sector entities retain revenues, government revenues would be limited to government-led mitigation activities and the involvement of state-owned enterprises.
  - For what purpose would the revenues retained by government be used? Contributing to NDC implementation and raising ambition can be achieved by reinvesting the revenues into further mitigation action.
  - Are there considerations for domestic carbon pricing? What carbon price levels are anticipated domestically? What implications would that have for the prices sought for ITMO sales?
- **Maximising amount of mitigation remaining in the host country** through sharing arrangements.
- **Mobilising investment into strategic sectors** of the economy to finance the 'high hanging fruits'.
  - Different options are available to identify the most relevant sectors: contribution to (conditional) NDC targets, increase of MRV capacities, importance for socio-economic development of the country, etc.
- **Receiving technology transfer** for technologies that play an important role in long-term development strategies or decarbonisation opportunities.



- **Signalling readiness to receive international climate finance** (e.g., get ready for robust MRV of mitigation activities).
- **Reaching specific conditional NDC targets** (depending on definition of conditionality adopted by the host country).
- **Preparing measures to update the NDC**, e.g., specifying floor prices in line with planned domestic carbon price levels for specific sectors or allowing private sector entities to finance the introduction of more efficient technologies that will be mandated for the next NDC implementation period.
- **Maximising sustainable development co-benefits**, e.g., adaptation benefits, biodiversity benefits, air pollution benefits, in line with national priorities.

Objectives can vary across the short-, medium-, and long-term timelines and also across different sectors of the economy, depending on the specific role they play in the NDC implementation strategy. For instance, a government may set short-term goal to mobilise investment in strategic sectors until 2026. In addition, it may establish as a medium-term objective for 2030, focusing its Article 6 engagement on specific technologies or know-how to raise its ambition for the second NDC implementation period. The Article 6 strategy working group should take these considerations under account, aligning them with the mitigation opportunities and involving relevant stakeholders.

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