



AUTHORISATION AND AUTHORISATION SAFEGUARDS

With authorisation, the Parties to the Paris Agreement commit to ensuring environmental integrity (according to the criteria specified in the PA and other national criteria), promoting sustainable development and applying sound accounting: authorising the use of ITMOs triggers the obligation to apply the corresponding adjustments¹ to the country's emissions balance, which means for a host country that the authorised mitigation results cannot count towards the NDC target.

To date, practical experience of the authorisation process is limited. This information note aims to highlight the essential requirements and considerations for Article 6 authorisation procedures, and to share knowledge on the practical application of Article 6.2 guidance on authorisation.

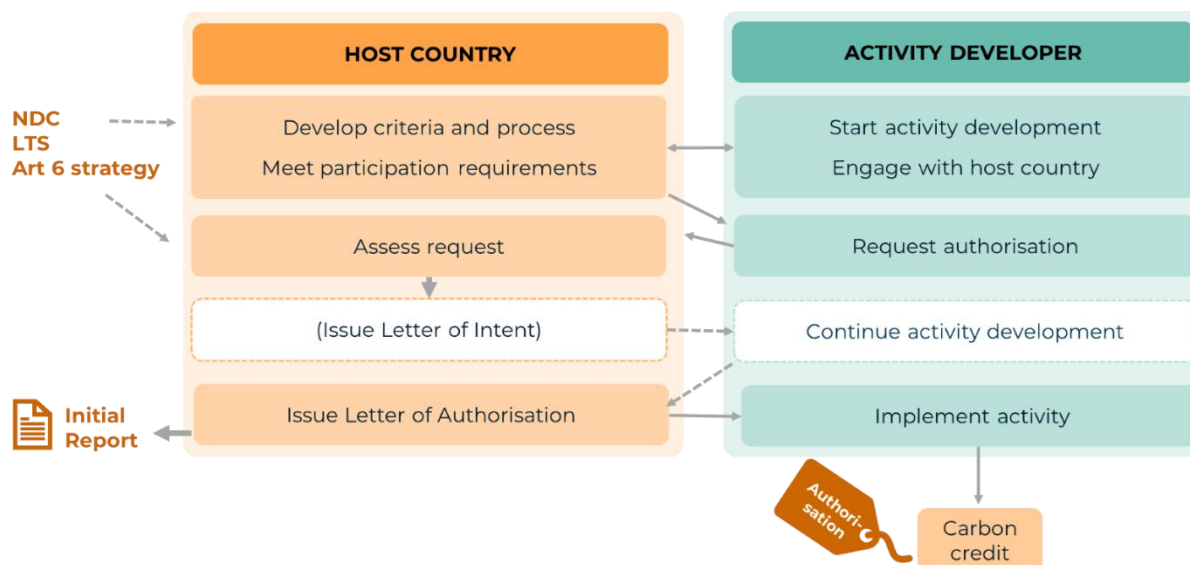
Generic steps in the authorisation process

The rules of Article 6.2 do not prescribe specific criteria or processes for authorisation, leaving many aspects of authorisation to be decided by the participating parties at national level.

The Figure 1 below illustrates the main possible stages in the authorisation process for host country authorities and activity developers, which are summarised in this section.

¹ This strategic orientation is further detailed the Information Note *Applying Corresponding Adjustments on the Article 6 page What is needed for national implementation?*

Figure 1. Illustrative authorisation process



Source: Perspectives Climate Group

For the host country, authorisation of mitigation outcomes means that the resulting mitigation equivalent is not accounted for in its NDC and the underlying activity complies with the rules of the Paris Agreement. Authorisation is therefore an important procedure. In order to make informed decisions about the authorization of activities and mitigation outcomes, the following elements are important to consider:

1. **Article 6.2 definitions and criteria:** The key concepts and criteria (e.g., eligibility criteria for types of activity) related to Article 6.2 should be established by the most appropriate instrument (e.g., a new legal framework²) for national application. The instrument should designate national authorities (e.g. Article 6 Focal Points) to apply these definitions and criteria.
2. **An Article 6 strategy:** Adopting and implementing a comprehensive strategy in the context of the NDC and the long-term low-emission development strategy (LT-LEDS)³
3. **Institutional arrangements under Article 6:** A well-coordinated Article 6 readiness process should begin with the mapping of key national, sub-national, local and international stakeholders⁴ involved in the identification, design, financing, implementation and management of potential Article 6 activities. To put in place effective institutional and national arrangements

² This strategic orientation is further detailed the Information Note *Mandate and legal foundation on the Article 6 page What is needed for national implementation?*

³ This strategic orientation is further detailed the Information Note *Aligning Article 6 strategy with a country's NDC on the Article 6 page How to engage strategically?*

⁴ This strategic orientation is further detailed the Information Note *Mapping stakeholders on the Article 6 page How to engage strategically?*



to carry out the specific tasks of Article 6, it is important to understand the needs and expected volume of mitigation outcomes⁵ to avoid under- or over-allocation of resources, and to understand the key tasks to be undertaken by the host party. These tasks should be assigned to specific institutions and personnel at national level⁶. The division of tasks and responsibilities must be clarified and formalized in a regulation. For the authorisation process, relevant roles should also be defined, including who oversees the review of the Letter of Authorisation (LoA) request, who signs the LoA, who performs a technical review, who oversees the receipt of the request (including by what means), and who ensures follow-up, among others.

4. **Corresponding adjustment methods and processes**⁷: Parties involved in cooperation based on ITMOs are required to apply corresponding adjustments (CAs) for all ITMOs authorised and transferred for the first time, in accordance with the rules of Article 6(2).
5. **Registry infrastructure**⁸: Participating countries must establish or have access to a registry for tracking ITMOs and must ensure that this registry records, including through unique identifiers, the authorisation, first transfer, transfer, acquisition and use of ITMO for various purposes.

Typical actors involved in the authorisation process

Different actors need to cooperate to implement the rules set out in Article 6.2 and determine the arrangements required for the ITMO authorisation process as identified in Figure 2.

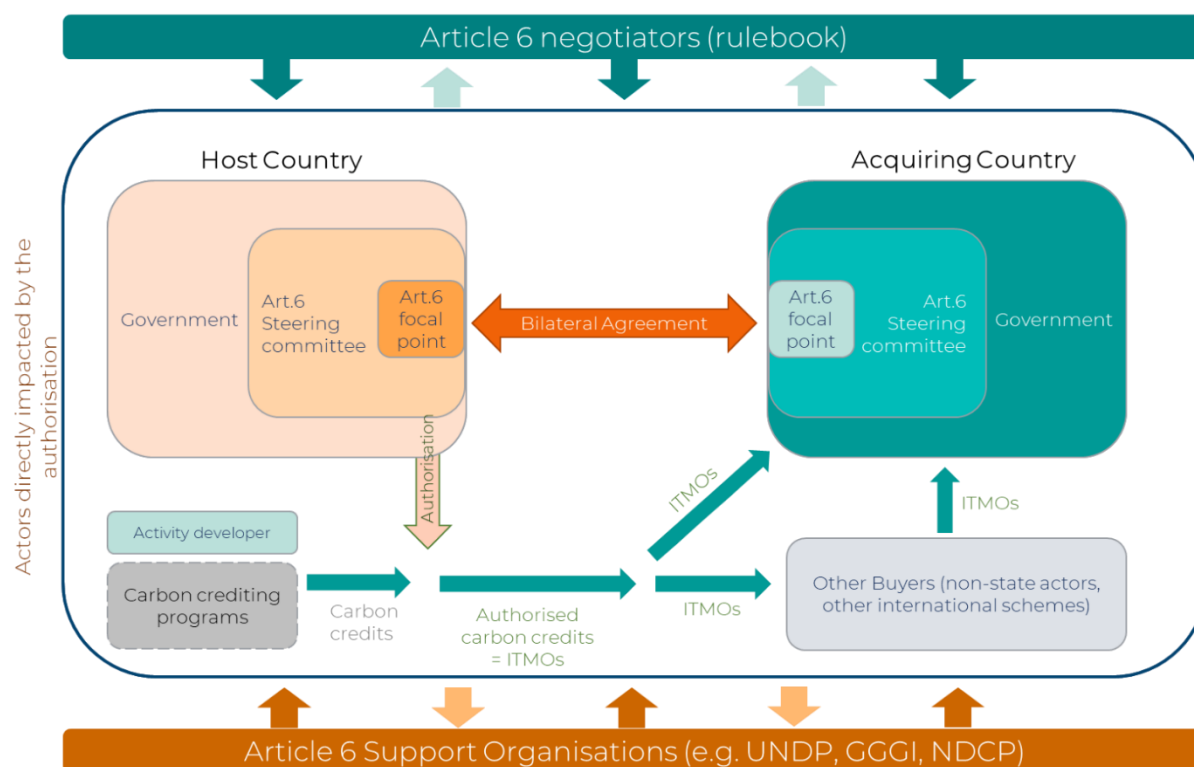
⁵ This strategic orientation is further detailed the Information Note *Aligning Article 6 strategy with a country's NDC* on the Article 6 page *How to engage strategically?*

⁶ This strategic orientation is further detailed the Information Note *Governance structure and institutional arrangements* on the Article 6 page *What is needed for national implementation?*

⁷ This strategic orientation is further detailed the Guide *Applying Corresponding Adjustments* on the Article 6 page *What is needed for national implementation?*

⁸ This strategic orientation is further detailed the Information Note *Article 6.2 Registries* on the Article 6 page *What is needed for national implementation?*

Figure 2. Typical stakeholders engaged in Article 6



Source: Perspectives Climate Group

For both the host and the acquiring countries, the governance structure for Article 6⁹ is contingent upon country-specific procedures and requirements. In numerous countries, it is expected that there will be an Article 6 Focal Point (for example, a department or division within the government) and some form of Article 6 steering committee or council representing different ministries and/or other key stakeholders in the host country. Carbon credits are generated by mitigation activities developed by activity developers, either independently or through carbon crediting programmes (e.g. Gold Standard). With the authorisation of carbon credits by the host country government, carbon credits would be considered as ITMOs, which could then be transferred to the acquiring country with which the host country has a bilateral agreement, or to other buyers (see blue arrows in figure 2).

Interaction between the activity developer and the host country can also be facilitated by Article 6 support organisations, which play a key role in the country and provide advice, among other things, to enable the rapid implementation of Article 6.2 initiatives through funding, technical assistance, advice on developing

⁹ This strategic orientation is further detailed the Information Note *Governance structure and institutional arrangements* on the Article 6 page 'What is needed for national implementation?'

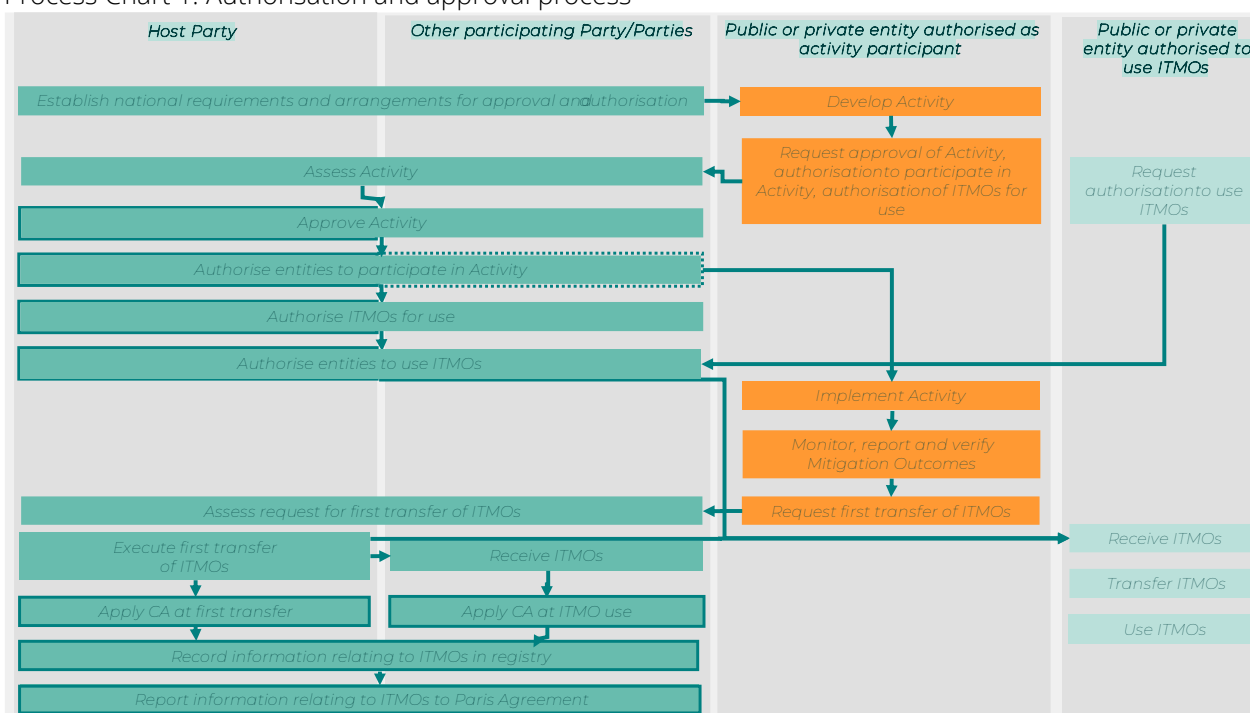


pilot activities and support for the development of national Article 6 frameworks at the request of the parties.

In addition, acquiring Parties and non-state buyers, beyond their role as potential purchasers of ITMOs can play a fundamental role in guiding activity developers and providing information and support to focal points in host countries.

Process Chart 1 outlines a model authorisation and approval process within the Article 6.4 Mechanism (A6.4M), integrating the cooperative approaches guidance for authorisation, transfer, and accounting. This process may share similarities with activities governed by a voluntary market standard. The steps at different stages are allocated between the host and other participating parties engaging with a public or private entity authorised as an activity participant, as well as the entity utilising the generated ITMO. The approval and authorisation process adheres to eligibility criteria for activities and ITMO transfers outlined in the Article 6 policy.

Process Chart 1: Authorisation and approval process



Source: Perspectives Climate Group



Authorisation safeguards

Authorisation safeguards stipulated in an Article 6 framework serve to ensure environmental integrity and the country's NDC achievement¹⁰. Before the elaboration of specific authorisation criteria and the approval of an Article 6 framework, Parties should take preliminary steps to create an enabling environment.

Preliminary steps for ensuring robust authorisation

Three key recommendations have been identified¹¹:

1. Provision of a clear mandate and guidance for the Article 6 Focal Point, that is underpinned by national legislation and regulation to facilitate authorisation.
2. Elaboration of requirements for eligible activities, possibly specifying eligible activity types to reduce uncertainties for project developers.
3. Early and regular engagement between the host country, buyers and activity developers to build trust and clarity on requirements.

Beyond, the clarity of the mandate and the eligibility requirements, it is crucial to identify the relevant stakeholders and to develop not only robust but also practical rules and procedures.

Considerations for authorisation safeguards

When setting requirements for authorisation, host countries should consider the following aspects:

- Authorisation requires sufficient information to be available to ensure the criteria set by the Article 6 rules, as well as any additional criteria set by the Parties, are met. Further, a minimum level of information (e.g. the number of ITMOs authorised, information on the unique identifier or the period of the accreditation of the activities) supports transparency, accurate tracking and reconciliation of ITMO first transfers and use. This information is crucial to ensure the proper application of corresponding adjustments and the generation of robust reporting.

¹⁰ This strategic orientation is further detailed the Information Note *Aligning the Article 6 strategy with a country's NDC* on the Article 6 page *How to engage strategically?*

¹¹ Marr et al (2023): [Supporting authorizations under Article 6 of the Paris Agreement](#), Perspectives Climate group, Final Report.



- Not all relevant information might be available and final before the implementation of the activity and the requirement for such information can pose a hurdle to project developers.

Hence, host countries should aim to strike a balance between flexibility and predictability for authorisation arrangements to safeguard NDC implementation, while enabling to adapt to new developments (e.g. guidance, experience). The provision of a conditional or provisional authorisation at an early stage can be a useful tool to achieve this balance¹².

- **A conditional authorisation** refers to an authorisation that will only become officially approved when specific criteria are fulfilled. This type of authorisation is not stipulated under the Article 6.2 guidance. Instead, it as an optional step, Parties can choose voluntarily to include in their authorisation process. Conditionality can be employed to account for restricted data availability during the early stages of an activity's development that becomes more accurate as the activity progresses and its results are observed and confirmed. For instance, this might include factors such as the quality and quantity of mitigation results and the additional benefits generated by the activity. Providing a conditional authorisation could improve the alignment of the activity with the host country's NDC and sustainable development priorities.

Authors: Ingrid Wawrzynowicz, Juliana Kessler (Perspectives Climate Group)

¹² Marr et al (2023): [Supporting authorizations under Article 6 of the Paris Agreement](#), Perspectives Climate Group, Final Report.