Understanding and Implementing Authorization

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What was decided in Baku

A.   Process and timing -> 3 components, single or sequential process

B.   Content of authorization

C.   Format -> voluntary standardized user-friendly template by Secretariat

D.   Changes to authorization -> after first transfer of ITMOs only possible if circumstances and process for changes has been specified by participating Parties upfront

E.   Transparency -> Authorizations accessible on the CARP

Table 2 on Authorizations in the AEF

Article 6.2

What were the main achievements?

- Massively shrinking the content of authorization while not losing issues [*from (a)-(ff) in SBSTA 60 to (a)-(n) in CMA 6 final text*] by:
  - Streamlining the text (e.g. combining similar issues)
  - Moving issues that require elaboration to supplementary information in the initial report
- Adopting a voluntary standardized template, which clarifies what is expected to be provided as copy of authorization in the IR
- Greater clarity with respect to upfront and ex post authorizations (information provided in IR vs AEF)
- Clarifying the rules for revocation

What to look out for

- How host Parties are going to define **first transfer** in their authorizations **in the case of OIMP**. Will countries see advantages in defining it as "issuance" or "use or cancellation" of the ITMOs given the stringent monitoring requirements adopted in Baku? Or simply define it as the instance of authorization?

- Given the requirements on upfront definition of terms and conditions, will the **revocation of authorizations after first transfer** become a real-world issue? How will countries define such circumstances and what will be the process for managing it?

What was decided in Baku

- Encouragement to provide statement of authorization as early as possible

- Statement to contain information, which may be provided at approval, whether the Party

  - Authorizes A64ERs in full

  - Does not authorize A64ERs

  - Allows A64ERs to be issued while Process and timing -> 3 components, single or sequential process

- Retroactive authorization of MCUs prior to any transfers in or out of the mechanism registry

Further mandates from Baku

- SBM to consider whether a timeframe is needed for limiting retroactive authorizations of MCUs

- Secretariat, with approval from SBM to operationalize retroactive authorization, ensuring that

  - MCUs are still held by participants and have not been transferred in / out of the registry

  - Corresponding adjustments are applied by the host Party as if it had provided the authorization no later than issuance

  - SoP for adaptation is comprised of authorized A64ERs

- Secretariat to develop a template for the authorization statement

Article 6.4

What were the main achievements / complications?

- Agreement on the very thorny issue of timing of authorization

- Flexibility for host countries to provide authorizations at a later stage

- Not everyone happy with pressure on host country governments to provide the statement early

What to look out for

- How will the Article 6.4 and Article 6.2 templates relate to each other?

- What will the SBM decide on the need for limiting the timeline for retroactive authorization of MCUs?

- How complex will the processes be and will stakeholders understand them?