

**Submission by the Russian Federation on guidance for specific aspects of
implementation of cooperative approaches under Article 6, paragraph 2 of the
Paris Agreement**

pursuant to paragraph 15 of 6/CMA.4

May 2023

On the modalities for reviewing information that is confidential (para 16 a) ii)

According to the *Guidelines for the Article 6 technical expert review* (6/CMA.4, Annex II) the participating Party may designate information provided to the Article 6 technical expert review team during the review as confidential with a basis for protecting the confidentiality of such information provided.

With the understanding that the information subject to the Article 6 technical expert review (A6TER) mainly refers to public commitments of a Party, a cooperative approach or quantified mitigation outcomes, there is high potential to maintain the reporting and review process highly transparent without the risks of infringement of confidentiality. Sensitive information is likely to be included in activity level reporting which is not required by the *Guidance on the cooperative approaches* (2/CMA.3) but might be relevant in terms of double issuance/counting concerns. It should be noted that based on the *Guidance relating to the registries* (6/CMA.4, Annex I) the registry that a Party has or has an access to might not include full information with regard to the activity that resulted in the mitigation outcomes tracked in those registries.

Thus, the preferable general approach would be to rely on the information reported in accordance with the *Guidance* with additional requests on the information justified as relevant to those requirements.

Building up on the experience of the inventory review process under the UNFCCC, the modalities for the reviewing of confidential information could include:

- Code of practice for the treatment of confidential information in the article 6 technical expert review and relevant procedures for its implementation, as well as
- Relevant provisions with regard to the treatment of confidential information in an Agreement for Expert Review Services for the Article 6 technical experts.

Those could include provisions on:

- Signed notification of a focal point indicating the information considered confidential and requesting its protection with documented justification for such a designation;
- Written assurance to the Party on the protection of such an information and liability of technical experts with regard to confidential information, as well as the issues of the conflict of interests;
- Form in which confidential information can be submitted and measures to ensure that only authorized staff and experts can have access to the information, as well as implications for the possible mode of the technical expert review if confidential information is reviewed;
- Assurance and relevant procedures that restrict further reproduction, communication, disclosure or use of confidential information for the purposes other than technical expert review.

On the sequencing and timing of the submission of the initial report, the completion of the Article 6 technical expert review of that report, and the submission of the agreed electronic format (para 17 a)

According to para 18 of the *Guidance on cooperative approaches*, each participating Party shall submit an Article 6, paragraph 2, initial report no later than authorization of ITMOs from a cooperative approach or where practical (in the view of the participating Party), in conjunction with the next biennial transparency report due pursuant to decision 18/CMA.1 for the period of NDC implementation.

Agreed electronic format (AEF) is to be submitted on an annual basis by no later than 15 April (para 20) and is to contain information for the preceding year.

With regards to the Article 6 technical expert review (A6TER), the *Guidelines for the Article 6 technical expert review* provide for the A6TER to consist of:

- a) A review of the consistency of the information submitted by the participating Party in its initial report with the *Guidance on cooperative approaches* (para 18);
- b) A review of the consistency of the information for each further cooperative approach submitted by the participating Party in an updated initial report with the *Guidance on cooperative approaches* (para 18g–i);
- c) A review of the consistency of the information in relation to its participation in cooperative approaches submitted by the participating Party in its regular information with the *Guidance on cooperative approaches* (para 21–23);
- d) A consideration of the results of the consistency check by the secretariat on the information submitted by the participating Party for recording in the Article 6 database, which is quantitative information submitted as part of regular information and under the AEF.

The timing and sequencing of submissions can be determined in relation to cooperative approach authorization, ITMO authorization and ITMO first transfer, noting that ITMO first transfer can be defined as ITMO authorization in some cases.

SEQUENCING

Initial report (IR)

An IR cannot be submitted before the authorization of a cooperative approach as it needs to include information on such an authorization.

An IR can be submitted prior to the authorization of ITMOs, which is clearly manifested in the *Guidance on cooperative approaches*.

Submission of an IR after the authorization on ITMOs can have the following implications:

- The ITMO authorization and possibly first transfer would occur before the Party has demonstrated that it has provisions in place to authorize and track ITMOs. However, it is not the case for updated initial reports (UIR) as they would include information on a cooperative approach level only.
- The ITMO authorization and possibly first transfer would occur before the Party had indicated that it had authorized the cooperative approach from which the authorized ITMOs originate.

Agreed electronic format (AEF)

The timing and sequencing of submission of the first AEF can be determined in relation to cooperative approach authorization and ITMO authorization as well as to (U)IR submission and review of the (U)IR.

Authorization of a cooperative approach as a trigger for the AEF submission could be an undesirable option as the authorization would be a domestic procedure that is difficult to trace without any immediate reporting in order to ensure compliance with the requirements.

Authorization of an ITMO is also a domestic procedure, however, it would trigger tracking of the mitigation outcome in an Article 6 registry that the Party uses, which would enable checking that reporting is submitted as required. On the other hand, the information on ITMO tracking arrangements is provided by the Party only under the IR.

Submission of an IR is a potential trigger for the AEF submission that ensures best clarity as in this case indications about the national authorization and tracking arrangements as well as the information on a cooperative approach would have been made by a Party. Possible drawbacks of such an option is a necessity to submit blank AEF if there are no ITMO authorizations by the time of AEF submission.

However, in case an IR is submitted after the ITMO authorization, it can be done only in conjunction with the next biennial transparency report (BTR). The same is relevant for UIR as well. Current version of the AEF does not allow for the submission of information with regard to any periods before or after the reporting period. That implies that if an AEF to follow a post-authorization (U)IR it would include data only for the year before and any authorizations or transfers that occurred in the year following the previous BTR due date would be omitted.

All above considered, the following options for sequencing can be derived:

OPTION 1

IR standalone, pre-authorization submission

IR1.1	CA authorization	IR submission	ITMO authorization	AEF submission	<ul style="list-style-type: none"> - Clarity on tracking arrangements - Clarity on ITMO authorization arrangements - Clarity on authorized CAs - No blank AEFs - No data gaps - Less information for cross-CA consistency checks
IR1.2	CA authorization	IR submission	AEF submission	ITMO authorization	<ul style="list-style-type: none"> - Clarity on tracking arrangements - Clarity on ITMO authorization arrangements - Clarity on authorized CAs - Blank AEFs risk - No data gaps - More information for cross-CA consistency checks

TIMING

Standalone IR submission does not follow any particular timeline, whereas AEF is to be submitted at a fixed time annually (April, 15).

Having both IR submission and ITMO authorization as prerequisites for the first AEF submission may lessen the administrative burden to submit blank AEF. However, submission of AEF triggered by the submission of an IR only would improve transparency for quantitative consistency checks among the Parties to a cooperative approach.

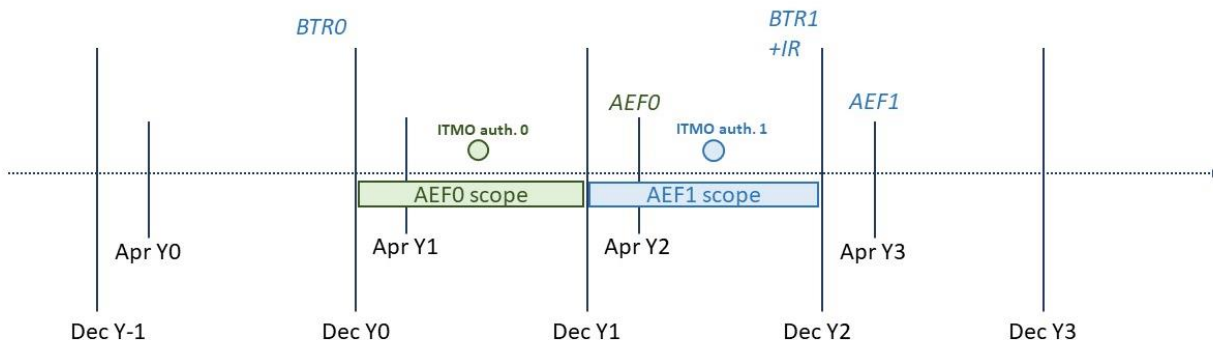
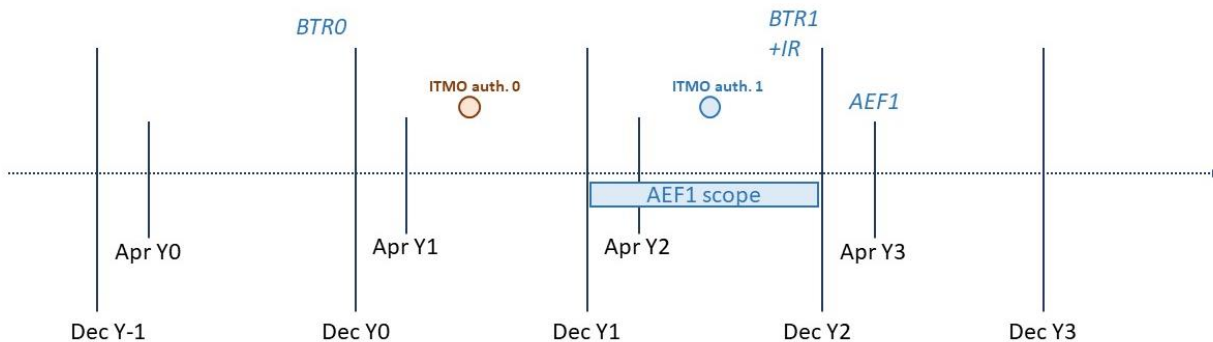
The timing and sequencing for standalone submission of an IR prior to the authorization of an ITMO and AEF submission could be formulated as follows:

The first AEF is to be submitted no later than April 15 of the year following the year in which a standalone IR was submitted.

OPTION 2

IR in conjunction with BTR

IR2.1	CA authorization	ITMO authorization	IR submission	AEF submission	<ul style="list-style-type: none"> - Tracking arrangements not indicated - ITMO authorization arrangements not indicated - Authorized CAs not indicated - No blank AEFs - Data gaps risk - Less information for cross-CA consistency checks
IR2.2	CA authorization	ITMO authorization	AEF submission	IR submission	<ul style="list-style-type: none"> - Tracking arrangements not indicated - ITMO authorization arrangements not indicated - Authorized CAs not indicated - No blank AEFs - No data gaps - More information for cross-CA consistency checks



TIMING

Post-authorization submission of an IR in conjunction with a BTR inevitably leads to a lag between the actual start of ITMO tracking and indication of relevant national arrangements in reporting.

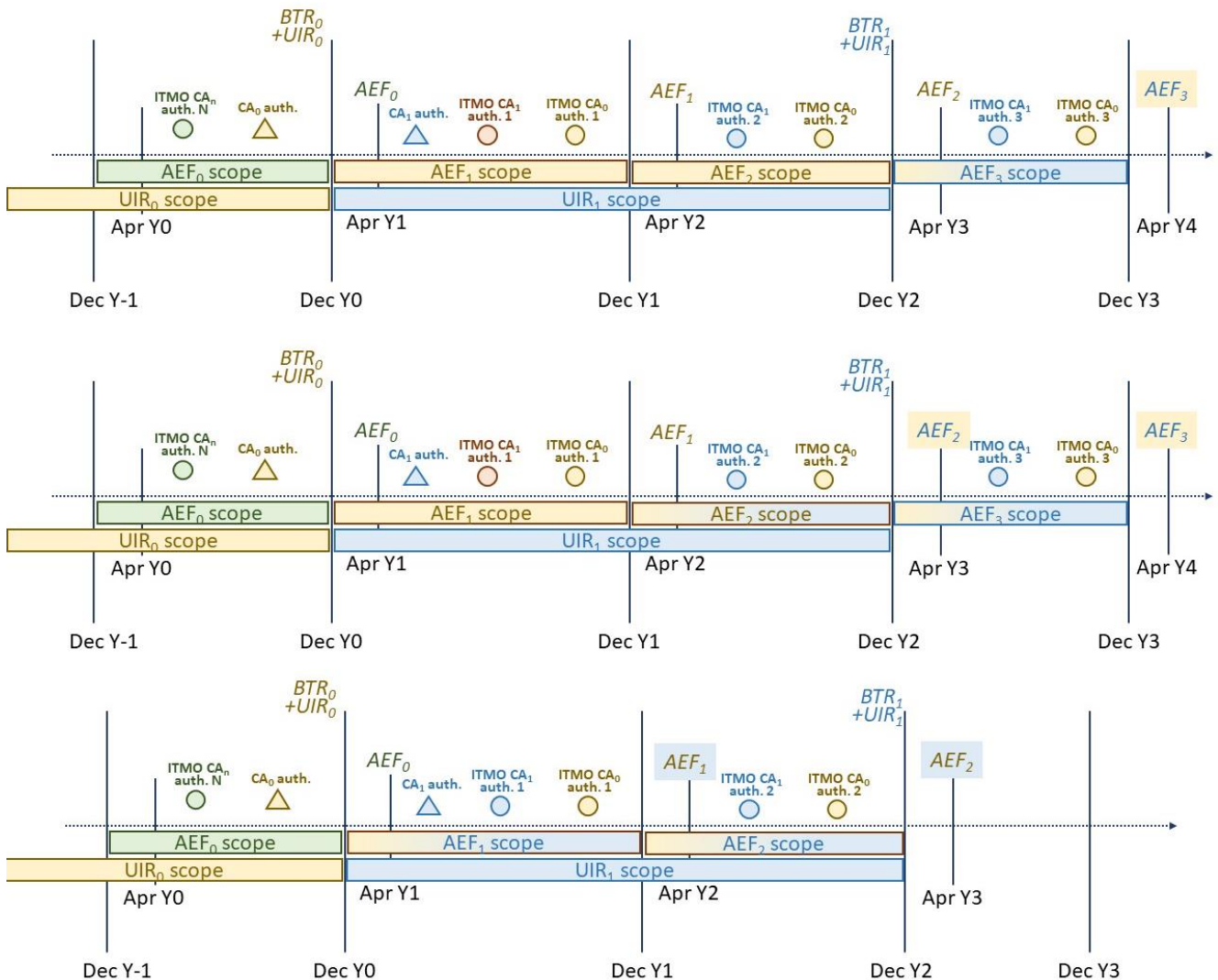
The choice of ITMO authorization as an AEF submission trigger would mitigate the lack of quantitative information, if ITMO authorization is given earlier than January, 1st of the year of the BTR submission. Nevertheless, the traceability of timely submission of an AEF remains limited as national tracking arrangements would remain unreported.

Possible formula for sequencing and timing of BTR-related IR submission and AEF submission could be as follows:

The AEF is to be submitted no later than April 15 of the year following the year of the first ITMO authorization and annually thereafter.

OPTION 3

UIR



TIMING

An UIR is likely to be submitted when annual AEF submission by a Party is already in place.

Therefore, the question remains whether AEF is to include information on authorizations of ITMOs issued under the cooperative approach that is first described in the UIR before the submission of this UIR.

Due to the implications of possible gap in annual information stemming from the submission of an UIR with the BTR, it seems preferable to trigger submission of quantitative information with respect to a cooperative approach by the authorization of ITMOs from this cooperative approach.

This approach is in line with the agreed framing of the *Guidance on cooperative approaches* that does not differentiate if the authorized ITMOs reported are to originate from a cooperative approach indicated in (U)IR submitted before the AEF submission.

A6TER in reporting sequencing

The *Guidelines for the Article 6 technical expert review* provide that the Article 6 technical expert review teams shall not: [...] (b) Review the adequacy or appropriateness of a Party's NDC under Article 4 of the Paris Agreement; (c) Review the adequacy or appropriateness of: (i) A cooperative approach in which a Party is participating and associated descriptions; (ii) The activities under the cooperative approach; (iii) The authorization of a cooperative approach or ITMOs from a cooperative approach towards use(s).

This mandate does not set conditions under which the A6TER of an IR could result in the outcomes that would stall participation of a Party in a cooperative approach. On the other hand, the A6TER does imply review of consistency of quantitative information. Therefore, it seems practical to ensure that the A6TER of an IR starts as appropriate under the *Guidelines for the Article 6 technical expert review*, while the submission of the AEF are submitted in due course without interrelation with IR A6TER process.

On the process of authorization pursuant to decision 2/CMA.3, annex, paragraphs 2, 18(g) and 21(c), notably the scope of changes to authorization of internationally transferred mitigation outcomes towards use(s), and the process for managing them and for authorization of entities and cooperative approaches with a view to ensuring transparency and consistency (para 17 b)

The *Guidance on cooperative approaches* mentions:

1. authorization of a cooperative approach (CA authorization; para 18 g);
2. authorization of entities under a cooperative approach (entities authorization; para 18 g);
3. authorization of ITMOs towards uses (ITMO authorization; para 2, 21 c).

CA authorization

With regards to the CA authorization the *Guidance on cooperative approaches* provides for reporting on:

- a copy of the authorization by the participating Party;
- a description of the approach;
- its duration;
- expected mitigation for each year of its duration;
- participating Parties involved;
- authorized entities.

Therefore, with respect to a CA authorization there need to be understanding on:

- What can comprise an authorization and its copy?
- Does (a copy of) authorization need to include any specific information on the CA?
- How nationally determined nature of authorizations can be preserved?

In terms of the form of authorization, it needs to be clarified whether ‘a copy of authorization’ is expected to be a specific document addressed to the secretariat and attached to the (U)IR or it can be manifested in other forms, for instance, as a reference in national legislation or implementing acts.

The language of the reporting requirements does not differentiate CA authorizations in relation to uses of ITMOs issued under those CAs. Thus, authorization of a CA is expected for any source of ITMOs for any uses and would serve to indicate potential source through which mitigation outcomes that can be authorized as ITMOs, can be issued. It is further necessary to decide whether an authorization of a CA should specify the potential use(s) of ITMOs emerging from this CA or include any other information on a CA, namely, required under further reporting guidelines.

The approach where the form of CA authorization is determined domestically, seems to better align with the nationally determined nature of authorization and to enable more practical solutions for Parties.

Entity authorization

In terms of entity authorization the primary issue is the level of detail:

OPTION 1 – authorization with respect to specific entities (for example, Company N). It enables more stringent scrutiny of entities and is more relevant for the cases where authorization is a screening of activity participants or participants of intentionally narrow market. It is likely to increase administrative burden for CA governance or administrator and make the processes for participating entities more complicated.

OPTION 2 – categories of entities (for instance, entities regulated by an Act N, or business with annual revenue over \$ X, or companies operating in sector Y). This approach treats authorization as a process of providing access to market.

In order to simplify reporting of entity authorizations under (U)IRs as well as to promote mitigation action through large-scale, transparent and inclusive Article 6 market, OPTION 2 seems a more preferable approach in general with OPTION 1 applicable as additional dimension for offsetting CAs, especially multilateral ones where a Party specifies entities involved in activities relevant to this Party rather than in market interactions with mitigation outcomes.

ITMO authorization

It should be noted that ITMO authorization does not constitute attribution to NDC scope, thus, it serves as a trigger for tracking under Article 6 and further double counting precautions in case of first transfer. Whereas non-authorized mitigation outcomes may be covered by the NDC but do not face a risk of double counting in terms of state-level action.

SCOPE

The authorization refers to mitigation outcomes rather than activities. That implies that authorization is to be given for a specific, verified amount of mitigation outcomes in CO₂e or other non-GHG metric. The notion of pre-authorization at validation stage may be practical in some cases for better interconnection between the issuing program and its

registry and authorizing Party and the registry it uses for Article 6, however it can hardly be a requirement as it cannot provide for authorization of verified mitigation outcomes.

USE SPECIFICATION

The next issue is whether authorization should specify particular Party/Parties, to which NDC(s) it can be used and/or specific OIMP. For the sake of double counting precaution, authorization by host Party for NDCs in general is sufficient as it would enable further corresponding adjustments after the first transfer. Noting the reporting requirements, the acquiring Party can limit the incoming ITMOs through the CA authorization as it is expected first to authorize the underlying CA. Additional ITMO authorization for acquirement would create risks of inconsistencies in bilateral CAs (if ITMOs authorized and first transferred by a host Party would not be authorized by an acquiring Party at the time of transfer or in case of changes, especially revocation, of authorization) and segregate market in multilateral CAs. Tracking issues could be resolved through registry interlinkages requirements.

Particularities of authorization and includes OIMP use are covered under this submission separately.

CHANGES

The *Guidance on cooperative approaches* provides for changes in authorization. Pre-first transfer changes could follow the initial authorization procedure as it has limited impact on consistency and double counting provisions. Post-first transfer authorization by a host Party could have implications for acquiring Party, so procedures for interaction should be in place with a host Party taking measures to minimize the risk of changes in authorization of transferred ITMOs. Post-use/cancellation changes entail significant consistency risks and should be avoided.

On the application of decision 2/CMA.3, annex, paragraph 2, on mitigation outcomes authorized by a participating Party for use towards achievement of a nationally determined contribution and for other international mitigation purposes in accordance with decision 2/CMA.3, annex, paragraph 1(d) and (f) (para 17 c)

The *Guidance on cooperative approaches* defines ‘first transfer’ as follows (para 2):

- a) *For a mitigation outcome authorized by a participating Party for use towards the achievement of an NDC, the first international transfer of the mitigation outcome;*
- b) *For a mitigation outcome authorized by a participating Party for use for other international mitigation purposes, (i) the authorization, or (ii) the issuance, or (iii) the use or cancellation of the mitigation outcome, as specified by the participating Party.*

Based on the understanding that ITMO authorization refers to verified mitigation outcomes, the earliest timing form authorization would be after verification. If an ITMO is authorized for OIMP with the definition of the first transfer as ‘authorization’ and for NDC, its first transfer would need to occur immediately, which is not possible as the ITMO is not issued at the time. Therefore, in this case it would be practical to apply first transfer for OIMP at issuance prevailing over the NDC use authorization.

If an ITMO is authorized for OIMP with first transfer definition as ‘issuance’ and for NDC, its transfer for OIMP would occur immediately at issuance and prevail over the NDC authorization.

If an ITMO is authorized for NDC and OIMP with first transfer definition as ‘authorization’ with authorization occurring after the issuance, the first transfer for OIMP would prevail as happening earlier than NDC-related first transfer option.

If an ITMO is authorized for NDC and OIMP with first transfer definition as ‘use/cancellation’, the first international transfer should prevail as a primary definition. It would provide for an acquiring Party to use the ITMO for the OIMP. If by the time of use no international transfer have occurred, the OIMP use would be treated as first transfer.

		HOST	ACQUIRING
CA AUTH.	Potential tracking scope + Tracking arrangements	<ul style="list-style-type: none"> • Indication that a program (CA) can potentially issue mitigation outcomes that would need A6 tracking <ul style="list-style-type: none"> - Implies interconnection/integration of CA & Party’s A6 registries ❖ Indication of potential use of ITMOs under the CA 	
ENTITY AUTH.	Potential market participants scope	<ul style="list-style-type: none"> • Indication of categories of entities that have access to market <ul style="list-style-type: none"> - Implies interconnection/integration of CA & Party’s A6 registries 	
		<ul style="list-style-type: none"> • Indication of categories of entities that can participate in activities 	
		<ul style="list-style-type: none"> ❖ Indication of specific entities participating in specific activities 	
ITMO AUTH.	Market scope + Tracking implementation	<ul style="list-style-type: none"> • Indication that specific mitigation outcomes would need A6 tracking <ul style="list-style-type: none"> - Implies interconnection/integration of CA & Party’s A6 registries, Parties’ A6 registries • Indication of use type (NDC, OIMP, both) + specific OIMP • Definition of first transfer for OIMP usable ITMOs & arrangements for both NDC and OIMP usable ITMOs • Authorization changes arrangements 	