Schweizerische Eidgenossenschaft
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Federal Department of the Environment, Transport, Energy and Communications

Bundesamt für Umwelt BAFU
Direktionsbereich Klima

Process description for authorization and Monitoring, Reporting and Verification of mitigation activities under Art. 6 of the Paris Agreement

Version 1.0, July 2023

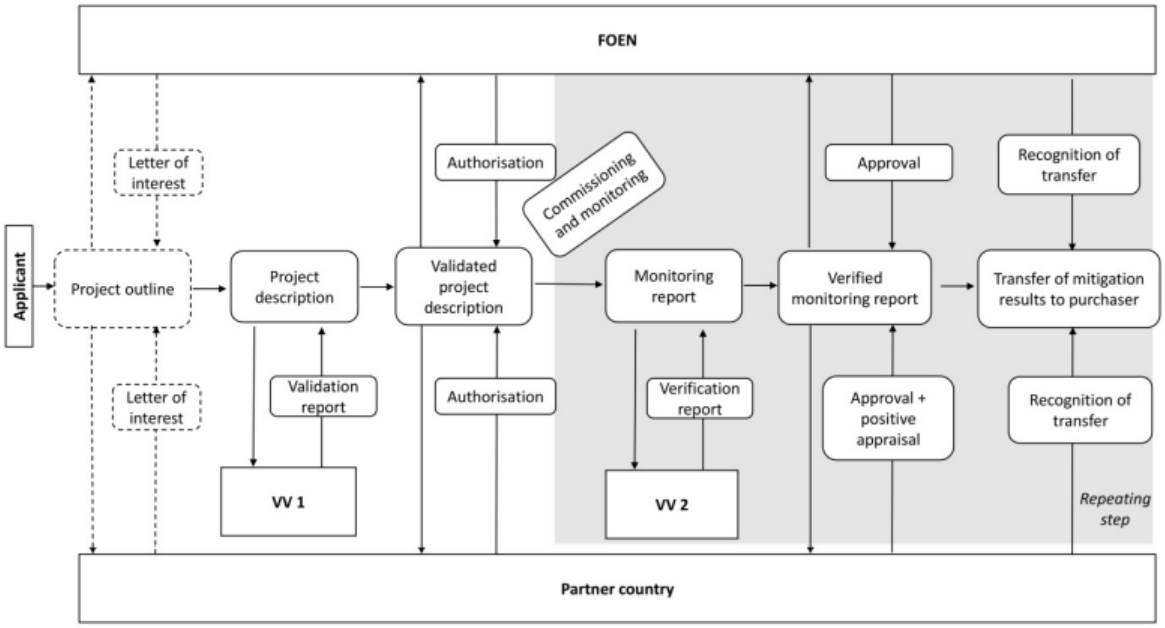
1. Introduction

The Federal office for the environment (FOEN) is the Swiss regulator for emission reduction projects in the Swiss compliance market. It is running the compensation office (CO) together with the federal office of energy (SFOE). Mitigation Activities (MA) under Art. 6.2 of the Paris Agreement (PA) have to be authorized by FOEN and the host country of the emission reduction activity.

This document describes the processes of the compensation office CO from authorization application to issuance of international attestations, as they are called in the domestic regulation, or International Transferred Mitigation Outcomes (ITMOs), in PA terminology.

A diagram of the process is shown in a Communication of FOEN for project developers, figure 5 (referenced in Section 6):

Figure 5
Diagram of the procedure for authorisation application and issuance of attestations abroad. "VV" stands for "validator and verifier".



2. General remarks

Mitigation Activity Design Documents (MADD), including the methodologies, volume of ITMOs and other restrictions are defined by the partner country. FOEN will not issue any international attestation without the consent of the partner country.

On the other hand, the CO does always specifically evaluate the MA to assure the compliance with PA, with the corresponding bilateral Agreements and with the Swiss legislation (see CO_2-ordinance under Section 6). The CO might formulate additional restrictions, require adapted methodologies or even refuse the authorization of MA or issuance of international attestations. This has various implications that differ from processes during the CDM: 1) Methodologies are not accepted/registered per se, but should be used as a starting point for project-specific adaptations. 2) The version of the MADD that has been sent to validation can differ from the MADD that is finally authorized. A feedback process to the VVBs is implemented to continuously adapt to the requirements.

3. Mitigation Activity Idea Note, MAIN (see 3.2 in Communication of FOEN)

An optional step before authorization application can be to ask the CO for an assessment of a Mitigation Activity Idea Note (MAIN) or draft MADD. As a reaction a Letter of Intent (LoI) can be issued. Also, a preliminary, informal assessment can be made. The better the MAIN (or draft MADD) is, the better the responses of the CO can be. CO will already contact other concerned offices from the Swiss administration to incorporate their feedback in the response.

LoIs will only be issued for projects implemented in partner countries with existing bilateral agreement or where negotiations about a bilateral agreement are in an advanced phase.

The LoI does not influence the subsequent evaluation of the MA.

4. Authorization (see 3.4 in Communication of FOEN)

The MADD has to be validated by an approved validation body (approved in the partner country and in Switzerland). Both MADD and validation report have to be sent to the CO by mail. The MADD also has to be signed and sent by post to the CO. The post stamp marks the date of submission. This date is important, since the implementation of the MA cannot start more than 3 months before this date. Note: for Switzerland the time when the applicant makes a significant financial commitment to a third party or itself takes organizational measures relevant to the project or programme is already deemed the start of implementation.

The CO will start examination, once the validated MADD and the corresponding validation report is received. After a formal examination, a comprehensive examination starts on the technical level. During this examination clarification requests (CR) and/or corrective action requests (CAR) can be formulated and the project proponent might have to adapt the MADD to assure the compliance with the Swiss legislation. The final authorized MADD might therefore vary from the validated version. This process to between 4 and 6 months for the first authorized projects. An acceleration of the process in the long-term is expected. After the CO has finished its examination, it will consult with the other concerned offices of the Swiss administration at the operational level for their agreement and inputs (so called HF6 consultation), which on average takes one week. Once all offices agreed, the strategic level (so called POL) of the offices is asked for the final decision, which on average takes another week. After this decision, Switzerland is ready to issue the authorization statement, including an updated initial report. But Switzerland will only issue the authorization once the authorization statement of the partner country has been received by the CO. Informal exchanges between Switzerland and the partner country should take place before the formal authorizations such that findings and possible issues can be clarified in advance and the issuance of the authorizations coordinated.

Note:
- CO can confirm the decision of the POL to help the partner country take their decision about the authorization statement.
- The examination of the MADD is more than a formal step of authorization. It might even result in a rejection of the MA. The use of established methodologies (CDM, GoldStandard, etc.) are no guarantee for an authorization. The CO might ask for additional requirements, if these are necessary to comply with Swiss regulation.

Submission of authorization application has to be provided with the following documents:

Document	Electronically	By post
Project or programme description, duly validated and signed (including annexes)	X	X
Redacted project or programme description, if redaction is desired	X	–
Signed validation report (including annexes)	X	–
Redacted validation report, if redaction is desired	X	–
Abroad: Project or programme authorisation granted by the partner country, duly signed[18]	X	–

5. Monitoring, reporting and verification (see 3.7 in Communication of FOEN)

The Monitoring Report (MR) has to be verified by a verification body (approved in the partner country and in Switzerland). Both MR and verification report have to be sent to the CO by mail. The MR also has to be signed and sent by post to the CO. The post stamp marks the date of submission. This date is important, as it determines whether the deadline for MR is respected. MRs can contain max. 3 years (monitoring period) and have to be sent to the CO within one year after the end of the monitoring period. The verification body needs to be different from the initial validation body.

After the submission of the verification and monitoring reports by the verifier, a non-objection period of 90 calendar days applies for both Switzerland and the partner country until the approval of the reports takes automatic effect. The approval may take earlier effect if Switzerland and the partner country confirm the reports ahead of the non-objection period of 90 calendar days through a written non-objection. Within the same 90 calendar day period, the partner country shall also examine the mitigation outcomes covered by the submitted MR against the requirements in Article 7.5 of the bilateral agreement (no double claiming, no discrepancy with authorization statement, no violation of human rights or national legislation) and shall publicly issue a statement of positive examination. The issuance of a statement of positive examination by the partner country automatically entails the approval of the underlying monitoring report.

The CO will start examination of the verified MR upon receipt by the verifier. After a formal examination, a comprehensive examination starts on the technical level. During this examination clarification requests (CR) and/or corrective action requests (CAR) can be formulated and the project proponent might have to adapt the MR to assure the compliance with the Swiss legislation. The final accepted MR might therefore vary from the verified version. This process might take 3 months or longer, depending on the MA. After the CO has finished its examination, it will consult with the other concerned offices of the Swiss administration at the operational level for their agreement and inputs, which takes typically one week. Once all offices agreed and the publicly available examination statement of the partner country is available, the strategic level of the offices is asked for the final decision, which takes typically another week.

The CO can send a confirmation of the examination status (notification of positive examination) of the MR before the final decision of the strategic level is taken, in case the final decision of the partner country needs such a confirmation. If the examination statement of the partner country has already been received, the CO has to confirm the fulfilment of the requirements for transfer within 30 calendar days, and make it publicly available.

Once positive examination statements have been issued by both Switzerland and the partner country, the mitigation outcomes may be issued within the registry of the partner country.

The Entity authorized to Transfer may request the transfer of mitigation outcomes. The transfer can occur upon issuance of recognition of transfer by the partner country, which includes the identification of the mitigation outcomes, proof of cancellation of transferred units inside the partner country registry and the commitment to undertake corresponding adjustments in line with the method chosen by the partner country pursuant to Article 10 of the bilateral agreement. Upon receipt of the recognition of transfer of the partner country, Switzerland will publish its own recognition of transfer and subsequently issue the attestations in the Swiss registry within 4 weeks.

Switzerland and the partner country shall undertake relevant reporting in accordance with the guidance adopted under Article 6 paragraph 2 of the Paris Agreement, including relevant corresponding adjustment.

Submission of MR has to be provided with the following documents:

Document	Electronically	By post
Monitoring report, duly verified and signed (including annexes)	X	X
Redacted monitoring report, if redaction is desired	X	–
Signed verification report (including annexes)	X	–
Redacted verification report, if redaction is desired	X	–
Abroad: Project or programme authorisation granted by partner state and duly signed[24]	X	–

Plus (should be part of the MR document):

- Identification of the project proponent
- Amount of ITMOs and vintage year
- Reference to the underlying authorization

The CO then accepts the MR as a request for transfer, if it contains all the beforementioned information.

6. Links

Communication of FOEN for project developers

Communication of FOEN for validation and verification bodies

Bilateral agreements under Art. 6.2 PA with Switzerland

CO2-Ordinance (requirements for offset projects Art. 5 – 12)

Emissions Trading Registry of Switzerland