



VIEWS OF ARGENTINA, BRAZIL AND URUGUAY (ABU) ON THE GUIDANCE ON COOPERATIVE APPROACHES REFERRED TO IN ARTICLE 6, PARAGRAPH 4, OF THE PARIS AGREEMENT

25/09/2023

1. The governments of Argentina, Brazil and Uruguay (ABU) welcome the opportunity to express their views on matters referred to in paragraph 9 of decision 7/CMA.4 for consideration at SBSTA 59, as per paragraph 8¹ of the draft conclusions proposed by the Chair of the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its Fifty-eighth session (SBSTA 58).
2. This submission shall be read in conjunction with previous ABU submissions on the rules, modalities and procedures for the mechanism established by article 6, paragraph 4, of the Paris Agreement², referring to further responsibilities for host parties, the mechanism registry and linkages with 6.2 . reporting by host countries on 6.4 and on activities involving removals³, including appropriate monitoring, reporting, accounting for removals and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social impacts, in addition to the activities referred to in chapter V of the rules, modalities and procedures.
3. ABU recalls the spirit of reading all 3 submissions (i.e. 6.2., 6.4. and 6.8) as a whole package to ensure a balanced implementation and progress on all three approaches referred under Article 6 of the Paris Agreement. In this regard, the implementation of all those approaches should be consistent with the UNFCCC principles of equity and common but differentiated responsibilities, in the context of sustainable development and efforts to eradicate poverty, and that measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.
4. In addition, ABU reaffirms that there are major requirements in terms of development and implementation of national arrangements for accounting, tracking units (in cases when they are ITMOs) and reporting. The main gaps for developing

¹ The SBSTA invited Parties and observer organizations to submit via the submission portal by 15 September 2023 views on the matters referred to in paragraph 9 of decision 7/CMA.4 for consideration at SBSTA 59.

² [https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208301828---2022%2008%2026%20-%20ABU%20SUBMISSION%206.4_ARG_BR_UY_clean%20\(1\).docx](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208301828---2022%2008%2026%20-%20ABU%20SUBMISSION%206.4_ARG_BR_UY_clean%20(1).docx)

³ <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202306011232---ABU%20-%20Art.%206%20-%20Removals.pdf>



countries are in those three areas and the efforts should focus on bridging these gaps, including through substantial capacity building to developing countries related to the design and implementation of the article 6.4 mechanism. Moreover, ABU reiterates that the implementation of the article 6.4 mechanism should not legitimate or lead to unjustifiable or arbitrary discrimination, trade protectionism and/or other types of unilateral impositions.

5. As per par Para. 9 de la Decisión 7/CMA.4, ABU further expresses views on:
 - a. Emission avoidance and conservation enhancement activities;
 - b. Connection of the mechanism registry to the international registry, including the nature and extent of interoperable features;
 - c. Provision of a statement by the host Party to the Supervisory Body, in accordance with paragraph 42 of the rules, modalities and procedures, including its timing, relevant information on the authorization and any revisions;

EMISSION AVOIDANCE AND CONSERVATION ENHANCEMENT ACTIVITIES

6. Regarding the inclusion of emission avoidance and conservation enhancement activities, ABU believes that emissions avoidance does not fit into the mechanism referred to in Article 6, paragraph 4 of the Paris Agreement. In ABU's view, this issue has been sufficiently treated at the SBSTA58 and ABU hopes for a conclusion at COP28.
7. The eligibility of emissions avoidance under this mechanism poses several technical challenges. Among the challenges foreseen are the availability of robust methodological tools to ensure environmental integrity and transparency, the assessment of additionality, ways to address leakage and non-permanence and the risk that these activities will most likely provide incentives to projects on forest conservation or management.
8. Other anticipated effects of such activities would be possible negative pressure on the price of A6.4ERs in circulation, since avoidance tends to be significantly less costly than other modalities of mitigation. It is debatable whether a mechanism trading on abundant potential low-priced units would fulfil its purpose of contributing to the mitigation of greenhouse gas emissions and support sustainable development, in an economically efficient manner.
9. Other set of decisions would require organizing the available instruments for the different types of activities to be supported. In ABU's view, some of the activities described as pertaining to the category under scrutiny ("emission avoidance") would be more adequately fostered through the jurisdictional approach established by the Warsaw Framework for REDD+ and Article 5 of the Paris Agreement.



Differentiation with regards to activities involving removals and further views

10. The previous comments do not apply to activities involving removals, and the scope must be adequately defined. Previous ABU submission on activities involving removals included sufficient detail and proposals on appropriate monitoring, reporting, accounting for removals and crediting periods, addressing reversals, avoidance of leakage, and avoidance of other negative environmental and social impacts, in addition to the activities referred to in chapter V of the rules, modalities and procedures.

CONNECTION OF THE MECHANISM REGISTRY TO THE INTERNATIONAL REGISTRY

11. Regarding the connection of the mechanism registry to the international registry (referred to in decision 2/CMA.3 - Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement) as per paragraph 63 of the rules, modalities and procedures for the mechanism, as well as to other registries referred to in decision 2/CMA.3, annex, paragraph 29, if applicable, including the nature and extent of interoperable features, ABU highlights the different understanding Group and Parties are having with respect to the meaning of “connection” (pulling and viewing of data vs conducting transactions) and its connection with the Article 6.2 Infrastructure. ABU is willing to engage constructively with other parties with a view to reaching a conclusion on this issue at COP28.
12. In this context, ABU would like to point out some risks stemming from this discussion. Firstly, in ABU’s view, the centralized nature of the A6.4 mechanism provides a more robust system where to keep A6.4ERs, both authorized and non-authorized. Sending authorized units to the international registry may imply a deviation of resources from the Article 6.4 mechanism to the international registry, since it will generate additional costs to be potentially covered by an underfunded mechanism. Clarifications may be required on who would pay for the built in of additional functionalities for facilitating A6.4ERs to be transferred regularly.
13. ABU also understands that registries connection shall not affect traceability and the transparency of units.
14. Finally, in ABU’s views, connection to other registries inside or outside the UNFCCC shall follow the same approach, to keep consistency across the implementation of all market-based approaches.



STATEMENT BY THE HOST PARTY

15. Regarding the provision of a statement by the host party to the SB, specifying the authorized use of A6.4ERs, ABU is of the view that the treatment of such authorized units should be strictly identical to the treatment afforded to Article 6.2 ITMOs.
16. However, different requirements may apply in the type of information to be reported, given the different nature of each mechanism. ABU is ready to discuss minimum elements associated with authorizations, as long as it does not limit the capacity and discretion of Parties to authorize.
17. Moreover, ABU understands that a statement of authorization does not imply the actual authorization of Art6.4 ERs. This substantial difference shall be reflected in further CMA rules modalities and procedures for the Article 6.4. mechanism, in consistency with the guidance for Article 6.2.
18. ABU understands that the authorization is a national prerogative, and, as such, the possibility to promote changes to authorization is also a national prerogative; as well as the reasons that will require a change in authorization as well as the timing when changes may be applied. In this sense authorizations are to reflect different national circumstances.
19. The timing for the authorization must be adjusted in a way not to limit a country's capacity of management over its own commitments towards achieving their NDCs, to ensure consistency with the Glasgow guidance. In this sense, ABU recalls that decision 2/CMA3 reads, in paragraph 4(f): "Each participating Party shall ensure that its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement".
20. ABU understands that the timing for the authorization is a national prerogative. However, several options may apply according to national preferences, including, but not limited to:
 - a. Presentation of a comprehensive statement, prior to registration, subject to confirmation of authorization prior to first transfer (the presentation of information on authorization is not the same as the authorization);
 - b. Presentation of a comprehensive statement, containing the authorization, prior to registration; not necessary for SB approval of the activity, but supports transparency and predictability;
 - c. Presentation of a letter of approval, with no authorization, with the possibility of the host Party to present the authorization immediately before first transfer.
21. Regarding the possibility for revision and/or revocation of the authorization, ABU believes the treatment to be afforded A6.4ERs should be essentially identical to that applied to ITMOs generated under Article 6.2, and guided by the premise of national

prerogative. Some of the factors that must be considered in the revision and/ or revocation included, but not limited to:

- a. the timing of authorization;
 - b. the implementation of the host party's NDCs, in line with para 4(f) of decision 2/ CMA 3.
 - c. the application of the safeguards as per paragraph 17 of the Glasgow guidance;
 - d. the need to address inconsistencies detected ex post in the reviewing process;
 - e. the need to address other issues, (such as would be to case of A6.4ERs that have been generated while violating human rights).
22. Relevant information to be presented in a "comprehensive statement" (approval and, as applicable, authorization), prior to registration, may include:
- a. Project information (para 40, Decision 3/CMA.3);
 - b. Relevant national legislation associated with authorization of A6.4ERs for transfer;
 - c. Timing when units from the cooperative approach become an ITMO;
 - d. Quantity of authorized A6.4.ERs;
 - e. Authorized use (i.e. NDCs, other international mitigation purposed, other purposes, and possible combinations of this uses);
 - f. Relevant and/or additional steps associated with the authorization;
 - g. Relevant information associated with accounting (as per para 7-14, Decision 2/CMA.3);
 - h. Confirmation required before first transfer (yes/no);
 - i. Information associated with authorization, as applicable, as per Decision 2/CMA.3:
 1. Use (NDC/OIMP/other), as per para 1, Decision 2/CMA.3;
 2. Definition of first transfer, as applicable;
 3. Parties/partners involved;
 4. Entities involved;
 5. Duration of the cooperative approach;
 6. Expected mitigation for each year;
 7. Possibility to change the authorization & remedies, if applicable:



23. Regarding how transfers of mitigation contribution A6.4ERs could affect corresponding adjustments, ABU understands that unauthorized units do not affect corresponding adjustments in any manner whatsoever.

FINAL CONSIDERATIONS

ABU remains open and flexible to discuss these issues in the next intersectional work and at COP28, keeping in mind the need to ensure that cooperative approaches under Article 6.2 and Article 6.4 mechanism have comparable and compatible requirements, being equally able to provide transparency, environmental integrity and balanced guidelines, rules, modalities and procedures that allow all Parties to participate.