



VIEWS OF ARGENTINA, BRAZIL, AND URUGUAY (ABU) ON THE GUIDANCE ON COOPERATIVE APPROACHES REFERRED TO IN ARTICLE 6, PARAGRAPH 2, OF THE PARIS AGREEMENT

22/11/2023

1. The governments of Argentina, Brazil and Uruguay (ABU) welcome the opportunity to express their views on the matters referred to in paragraphs 16(a), 17 and 22 of decision 6/CMA.4, to be taken into account in preparing the technical paper and the workshop referred to in paragraphs 6–7 of the draft conclusions proposed by the SBSTA Chair at its Fifty-eighth session (SBSTA 58), and as per paragraph 5¹ 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), for consideration at SBSTA 59.
2. This submission shall be read in conjunction with previous ABU submissions² on guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement, referring to the general ABU principles guiding the implementation of cooperative approaches under Article 6 of the Paris Agreement and views on Review and Recording and Tracking (infrastructure). In this regard, the implementation of all those approaches should be consistent with the UNFCCC and its Paris Agreement principles of equity and common but differentiated responsibilities 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. In this regard, ABU reaffirms that the implementation of the article 6 of the Paris Agreement should not legitimate or lead to trade protectionism and/or other type of unilateral impositions .
3. We recall the spirit of reading all ABU submissions (i.e. addressing articles 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.

¹ The SBSTA invited Parties and observer organizations to submit via the submission portal before SBSTA 59 (November–December 2023) views on the matters referred to in paragraphs 16(a), 17 and 22 of decision 6/CMA.4, to be taken into account where timing permits in preparing the technical paper and the workshop referred to in paragraphs 6–7 of the draft conclusions proposed by the SBSTA Chair at its Fifty-eighth session (SBSTA 58).

² [https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208301830---2022%2008%2026%20-%20ABU%20SUBMISSION%206.2_ARG_BR_UY_clean-rev%20\(1\).docx](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202208301830---2022%2008%2026%20-%20ABU%20SUBMISSION%206.2_ARG_BR_UY_clean-rev%20(1).docx)



FURTHER CONSIDERATION OF THE SPECIAL CIRCUMSTANCES OF DEVELOPING COUNTRIES, IN PARTICULAR THE LEAST DEVELOPED COUNTRIES AND SMALL ISLAND DEVELOPING STATES

4. ABU believes there are specific needs and special circumstances applicable to developing country Parties, due to their singular vulnerability to the adverse effects of climate change, in particular, the least developed countries (LDCs) and small island developing states (SIDS), as recognized in the Paris Agreement. The cooperative approaches under Article 6.2 shall be implemented so as to reflect these guiding principles.
5. Moreover, cooperative approaches under Article 6.2 shall be implemented in accordance with the provisions already foreseen in paragraphs 5 of Decision 2/CMA.3 and 8 of Decision 6/CMA.4, Annex II, bearing in mind the need to ensure the environmental integrity of cooperative approaches and their alignment with the objective of the Paris Agreement, as established in its Article 2.
6. Further considerations for LDCs and SIDS shall be aligned not only with the specific needs and special circumstances already recognized in the Paris Agreement, but also with the guidance agreed on for Article 6.2. In the case of the latter, such special circumstances are to be recognized where actions are needed in relation to NDCs, with a view to not limit the participation of any Parties in cooperative approaches.

REVIEWING INFORMATION THAT IS CONFIDENTIAL

7. Regarding the review and reporting of confidential information, ABU believes that the minimum standard of public information is what has been agreed in Glasgow, under Decision 2/CMA3.
8. ABU highlights the following elements regarding information deemed confidential by Parties involved in cooperative approaches:
 - a. Confidential information shall be made available to the TER Team during the relevant review process.
 - b. The Centralized Accounting and Reporting Platform (CARP) should remain the preferred platform for submitting and visualizing confidential information to be reviewed, and specific templates and private user areas should be developed to that end, with a view to facilitating the flows of information between Parties and reviewers, and in accordance with paragraph 22, Decision 6/CMA.4.

- c. A code of practice for the treatment of confidential information shall be developed for the specific case of Article 6.2, including procedures for the accessibility, disclosure, use, review, and storage of confidential information, as well as to report the outcomes of the review performed by the TER Team.
 - d. Confidentiality of the underlying information must not be compromised in the report. Any documents related to confidential information, as defined by the Party, shall also be deemed classified and the code of practice and procedures shall also apply to them.
 - e. The TER Team shall receive appropriate training on the treatment of confidential information, including the code of practice and how to address inconsistencies found in the confidential information, ensuring that any review process for confidential information and any reporting arising from the review process does not directly or indirectly compromise the confidentiality of the information.
 - f. A statement on the review of confidential information by the TER Team shall be made in the conclusions and recommendations of the report of the reviewers. The statement shall clearly indicate how the confidential information was treated and assessed, including the results of the assessment and how transparency and environmental integrity of the cooperative approach is affected by the confidential information. The TER team shall clearly report the type of confidential information presented by the participating parties.
 - g. Regarding the reporting and the review of confidential information under the ETF, notation keys are used to indicate confidential information.
 - h. The treatment of confidential information shall be supervised by the UNFCCC, to ensure the consistent application of the code of practice by the TER Team.
 - i. Should any inconsistencies or incompleteness in the information to be reported by the participating Parties be identified, the TER Team shall notify the Secretariat.
9. The Secretariat, in these cases, shall notify the participating parties and encourage them to solve the inconsistencies. A specific time frame, similar to other UNFCCC review processes, shall be determined for the Party to respond.

INCONSISTENCIES

10. ABU would like to present its views on elements and processes pertaining to inconsistencies identified in reviews and in data on internationally transferred



mitigation outcomes in the Article 6 database as referred to in paragraphs 16(a)(iii) and 17(f) of decision 6/CMA4.

11. The issue mentioned by “16(a)(iii)” touches on a central aspect of the reviewing process and, in ABU’s view, it is inextricably connected to the credibility of the cooperative implementation approaches. Definitions regarding reviews specifying recommended action to be taken when inconsistencies are identified and a Party’s response to them will be crucial in ensuring the integrity of the system to be operationalized under Article 6.2. And as such, these definitions must be consistent with the integrity requirements in other instruments within article 6, notably article 6.4.
12. In ABU’s view, the reviews and treatment of inconsistencies must be understood as devices in the broader machinery for protecting the environmental integrity of the instrument created by Article 6.2, which include the transparency requirements. To this regard, ABU would have both general comments and specific ones, regarding elements found to be potential sources of criticism and liability in the instrument at hand.

General comments

13. ABU understands that inconsistencies identified during the review process and cases of non-responsiveness are to be made public in the conclusions and recommendations of the Article 6 TER Team, which will also be made public in the TER report and therefore subject to the Facilitative Multilateral Consideration of Progress under Article 13.
14. The annual synthesis report to be presented by the Secretariat should as well contain explicit information on the Parties that have been non-responsive to the recommendations of the Article 6 TER team and the types of inconsistencies identified in the cooperative approaches they took part in. When the same inconsistencies become recurrent and identified for more than 2 review cycles, the Article 15 Committee shall also have the possibility of being involved.
15. The synthesis report is also to serve as a basis for compiling information on recurrent inconsistencies identified throughout several review cycles during the implementation of Article 6.2. Such compilation could serve as a basis for the development of a manual containing types of inconsistencies, grouped by its severity/degree of severity of the offenses and frequently recommended/potential remedies that could be promptly considered for each case.
16. The possibility of suggesting alternative procedures for compliance should be considered in the hypothesis of persistent failure in addressing identified inconsistencies by one or more parties, which may include, among others, the financing of activities for mitigation contributions under Article 6.4.

Reviewing methodological consistency between Articles 6.2 and 6.4

17. As we recall, Paragraph 22 of the Annex of Decision 2/ CMA 3. provides a list of the pieces of information required as an annex to each of the participating parties' biennial transparency reports. Paragraph 22 (c) reads that "Where a mitigation outcome is measured and transferred in t CO₂ eq, [parties have to inform on how each cooperative approach] provides for the measurement of mitigation outcomes in accordance with the methodologies and metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the CMA".
18. Indeed, ABU believes that information on the methodology applied to accounting is an essential aspect within the regular information to be provided under article 6.2. It must also be considered in the corresponding technical expert reviews and subject to the corresponding consistency assessment, as applicable. After all, it is the information provided on methodology which will allow for the reviewers to assess consistency with such requirements, as well as others related to integrity.
19. The direct reference to IPCC metrics and methodologies provides us with a clear direction to follow in the assessment of specific situations. The metrics and criteria applied to IPCC methodologies, for instance, although conceived to establish inventories of greenhouse gas emissions, are also used in the elaboration of the methodologies to measure emissions and estimate greenhouse gases emission reductions or removals in projects, as seen both in the CDM and the Article 6.4 mechanism. Thus, whenever the cooperative implementation developed under Article 6.2 is undertaken on a project-based approach or involves project level mitigation actions, those methodologies should be equivalent or at least comparable to those accepted under article 6.4. This approach aims to ensure consistency in the design and application of methodologies across different standards (inside and outside the UNFCCC) and with the National GHG Inventories of the participating parties, to avoid over or underestimation of mitigation results and making possible the application of consistent corresponding adjustments and avoiding double counting.
20. Thus, ABU finds it crucial to add robustness to the Annex II of Decision 6/ CMA 4 by including the corresponding requirement for information on methodology to be made available and checked against the pool of accredited methodologies in the Article 6.4 mechanism, as applicable, and with the methodologies used by the participating parties to estimate their national GHG inventories and their NDCs.
21. For project-based cooperative approaches, it would not be reasonable to allow for different sets of methodologies and eligible activities in Articles 6.2 and 6.4. as this will put in risk the environmental integrity of the implementation of market-based mechanisms under Article 6 of the Paris Agreement. The presentation of information on methodology and its consistency with Article 6.4 requirements and with the methodologies used by the participating parties to estimate their national



GHG inventories and their NDCs would be considered requirements for complying with Paragraph 18 (h)(ii) in the Annex of decision 2/ CMA 3.

22. Specific review processes, safeguards and limits shall be implemented to ensure methodological consistency and that the application of the methodologies does not result in an over or underestimation of mitigation results between project level and country level approaches.

SEQUENCING AND TIME OF THE SUBMISSION OF THE INITIAL REPORT

23. Regarding the sequencing and timing of the submission of the initial report, its review and submission of the AEF, ABU sees the process in this exact sequence, with the additional step to have the A6 TER report published by the Secretariat before submission of the AEF.
24. However, Decision 2/CMA3 also allows for the initial report to be submitted together with the BTR. It is the view of ABU that, although provided for in paragraph 18 (Decision 2/CMA.3), this option could pose risks to the review process, such as introducing potential delays. To minimize such risks, a sequence that involves the submission of an initial report, independently from the BTR, should be preferred by Parties, whenever possible.
25. ABU believes that the Warsaw Framework for REDD+ mechanism provides a reference for good practice that should be taken into consideration in implementing a stepwise approach to the reporting and review process under Article 6.2.
26. To avoid delays, other parts of the process can be streamlined, and specific infrastructure can be developed to facilitate the reporting and review process, notably within the CARP. Indeed, this issue need to be addressed together with the implications of submitting the IR with the BTR.
27. Finally, ABU believes there is a need for clarification and agreement at COP28 on the definition of “cooperative approach”, as this has multiple potential implications, including on the authorization, tracking, reporting and review processes.

PROCESS OF AUTHORIZATION

28. ABU believes the process of authorization, including the scope of potential changes to the authorization of ITMOs towards use(s) and the process for managing them, as well as for authorizing entities and cooperative approaches themselves is at the core of the full and proper implementation of Article 6.2.

29. Symmetrical and comparable treatment of authorized units generated under the different instruments in Article 6 are paramount to safeguard the objectives of the Paris Agreement. Taking this into account the same level of transparency and stringency in the application of the guidance shall be sought by Parties.
30. Given the nature of cooperative approaches under Article 6.2., ABU also believes that minimum requirements for authorizations shall be multilaterally defined, while other elements shall be defined between the Participating Parties in the Cooperative approach. In this sense, it will be appreciated if the link between both processes is duly considered.
31. Decision 2/CMA.3 indicates, as a minimum set of requirements, information on:
 - 1) the cooperative approach that generates the ITMOs being transferred, 2) participating Parties and entities involved in the cooperative approach, 3) uses associated with the authorized ITMOs, 4) triggers for corresponding adjustment (in cases of an ITMO being transferred for OIMP, as per paragraph 2, Decision 2/CMA.3) and 5) any applicable terms and conditions from host Parties, in the cases of ITMOs to be generated by cooperative approaches under Article 6.4 (as per paragraph 42, Decision 3/CMA.3).
32. Other elements may also be useful to have in a standard template for authorization and could also be included, to provide as much upfront information on the ITMOs to be traded, according to the preference of Parties.
33. ABU is willing to consider different options to structure the authorization process, including the format of authorizations. However, two guiding principles must be observed in this regard:
 - a. Information on the minimum requirements mentioned in paragraph 28 above is to be public and easily accessible. Further information can be added to the list, but no less information is to be required.
 - b. The development of specific formats containing elements associated with authorizations shall not limit the capacity of Parties to authorize. To authorize ITMOs for different uses and to be able to change the status of such authorizations are national prerogatives. In this regard, authorizations are to reflect different national circumstances in each cooperative approach.
34. ABU understands cooperative approaches are to be part of bilateral agreements, which may include specific clauses to address changing circumstances and possible solutions for that, including for violations of its terms, by any of the Parties within that agreement.
35. ABU understands that no provisions exist to limit potential changes to the elements of authorization during the lifecycle of an ITMO, given the national prerogative of the authorization process and the bilateral nature of cooperative approaches. Consequently, ways to address potential changes of circumstances

- could be part of a bilateral agreement that introduces a cooperative approach. A list of possible changes can also be included by participating Parties, to cover the whole range of hypothetical situations that may occur in the implementation of a certain cooperative approach.
36. Regardless of the type and scope of these changes, they shall be clearly reported in accordance with the guidance of Article 6.2, bearing in mind the need to allow reviewers to assess the consistency of the information on the cooperative approach and the Secretariat to perform the consistency checks to ensure that changes in authorizations are duly reflected in the tracking, accounting and reporting processes. There is also the possibility that the review process trigger ex-post changes to authorizations, when recommending action to address certain types of inconsistencies.
 37. Cognizant of the potential impacts of changes to authorizations on both the expectations of market agents and the capacity of Parties to achieve their own contributions under the Paris Agreement, a balance must be struck between managing potential risks to the system, while ensuring the environmental integrity of operations to occur under Article 6.2. Therefore, changes to authorizations/uses authorized are to be used exceptionally.
 38. The type and significance of those impacts, however, will depend on the timing of the authorization and the type of changes in the minimum elements:
 - a. If any changes occur after the ITMO is authorized and before its transfer, there seems to be no major impact – at least none that could not be dealt with corrections and rectifications in reporting requirements.
 - b. If any changes occur after the transfer, however, it is more likely that they will entail additional steps to address their impacts. This possibility requires further discussion to address the consequences of changes after the transfer and possible solutions.
 39. ABU is of the view that market-based approaches for cooperative implementation, both Articles 6.2 and 6.4, should have comparable market incentives, as well as devices for the protection of environmental integrity. This logic would apply to the possibility to revoke or withdraw authorization to transferred ITMOs. Such an extreme remedy, allowed only under exceptional circumstances, should also be strictly limited, including:
 - a. The violation of the terms agreed by the Participating Parties and Entities participating in the voluntary cooperation under Article 6.2. That should be seen as a protection device to host countries.
 - b. The application of the safeguards as per paragraph 17 of Decision 2/CMA.3, while implementing the cooperative approach.



- c. The violation of the eleventh preambular paragraph of the Paris Agreement during the implementation of the cooperative approach.
40. ABU recommends all of the following steps and concepts to be considered as ways to address the matter:
- a. The provision of upfront information on the terms, provisions, and other conditions on the authorization, as early as possible.
 - b. The confirmation of the authorization according to the information provided in step (a) above, before the transfer of the ITMOs, if the Parties in a cooperative approach so decide.
 - c. The avoidance of changes to authorization of ITMOs already transferred, to the extent possible, especially in the case of revocations of authorizations.
 - d. The multilateral definition of specific conditions under which revocations or withdrawals of authorizations could occur, with a view to providing a predictable and transparent framework for Parties and market agents to operate under Article 6.2. This discussion is strongly encouraged to occur under the auspices of the SBSTA.
 - e. The possibility of having Parties authorize ITMOs retroactively (changing the status from non-authorized to authorized), so as to avoid disruptive changes to authorizations that could pose systemic risks, i.e., revocations and/or withdrawals of authorization (in the case of authorized ITMOs), as well as perverse incentives for moral hazard on the part of transferring Parties.

AGREED ELECTRONIC FORMATS

41. Regarding AEFs, ABU believes substantial capacity building will be required to allow all Parties to understand, complete and report these tables to the UNFCCC.
42. ABU also understands that further work is required prior to agreeing on the AEFs, given that some elements under negotiation may affect the design of the AEFs and additional elements may arise as we move forward and have a better understanding on how cooperative approaches can be implemented.
43. ABU has also raised the concern on how changes in the AEF will be tracked-back to the Article 6.2 Tracking and Reporting Infrastructure. The AEF must be built in a way that allows for flexibility that will be required as more is learned as Article 6 is implemented.
44. ABU also suggests that all information to be submitted in the AEF be facilitated by the Article 6.2 infrastructure, to ensure consistency of information across



reporting tables, and facilitate the reporting by participating Parties and the work of reviewers, as well as to avoid unnecessary burden and duplication of work.

45. Finally, cross checking between Registries sections under Article 6.2 and 6.4 will be required for consistent reporting under cooperative approaches and the mechanism.

RECOMMENDATIONS TO INFORM THE PREPARATION OF THE MANUAL TO SUPPORT THE SUBMISSION OF INITIAL REPORTS

46. Regarding the Manual to support the submission of initial reports, ABU is of the view that it must be clear that the manual is for voluntary use, to guide Parties on how to better fill the initial report template and it shall not be used by reviewers to assess how information has been reported.
47. Furthermore, ABU believes the experience with existing manuals under the UNFCCC, including those on how to prepare the Biennial Update Reports and others, is to be taken as a reference. Keeping the voluntary nature of the manuals is to ensure that the reviewers' assessment on the information reported by Parties will not be affected.
48. It is also of ABU's view that some best practices should be included and strongly recommended. In this sense, it should be noted, regardless of any amendment to the reviewing process and requirements, that project-based cooperative approaches should include information on methodology in their initial reports and that the methodological approach should be consistent with those eligible under article 6.4, as applicable and with the National GHG Inventories and NDC accounting methods of the Participating Parties.
49. Finally, the manual shall not include country examples, as this may introduce bias in the reviewers understanding on how to submit the initial report.

CONNECTION OF THE MECHANISM REGISTRY TO THE INTERNATIONAL REGISTRY

50. The issue of registries and their connection is central to Article 6.2, but also challenging, given the diversity of transactions that are likely to occur and the differences in capacities, experience and contributions of Parties to participate in cooperative approaches under Article 6.2.
51. In this regard and considering paragraphs 29 and 30 of Decision 2/CMA.3, focus shall be put in developing an international registry that can serve the purposes of Article 6.2 without the need for national registries to be implemented, considering, in particular, the limited capacities of developing countries and the particularities of the Article 6.2 review process.

52. Regarding the interoperability between the mechanism and the international registries, ABU understands both systems can operate independently, as both can work properly and perform their functions without the need for connection between them. The point of contact between the two should be limited to pulling and viewing information reported under each one, the same applying for other registries referred to in decision 2/CMA.3, annex, paragraph 29.
53. ABU is also of the view that A6.4ER units, both authorized and non-authorized, shall remain in the mechanism registry. The centralized nature of the A6.4. mechanism provides a more robust system where to keep A6.ERs, thus ensuring the traceability and transparency of operations involving them.
54. Equally important to consider is that the international registry shall only have Party accounts, as this is a mechanism based on bilateral cooperation between Parties. Should non-governmental entities wish to have accounts, they could either choose to do so indirectly, through a Party, in the international registry, or to pursue cooperative approaches directly under the mechanism established by Article 6.4 and request to open holding accounts in that registry, in accordance with the requirements and procedures to be adopted by the Supervisory Body, as per paragraph 33 (Decision 7/CMA.4).

TABLES FOR SUBMITTING ANNUAL INFORMATION

55. Regarding the submission of annual information as part of the regular information, ABU understands that Article 6.2 infrastructure shall provide all the necessary elements for the reporting process.
56. Information shall be consistent with the information provided in the AEFs.
57. In this regard, Article 6.2 and Article 13 reviews need to synchronize the process, to allow for an efficient review that avoids unnecessary delays as much as possible.

CONSIDERATION OF POSSIBLE IMPLICATIONS FOR THE REPORTING OF ANNUAL INFORMATION

58. Regarding the consideration of possible implications for the reporting of annual information pursuant to decision 2/CMA.3, annex, paragraphs 20 and 23, from the application of methods for converting the non-greenhouse gas metric into tonnes of carbon dioxide equivalent (CO₂e) in accordance with decision 2/CMA.3, annex, paragraph 22(d), with a view to ensuring that the amount of ITMOs in a non-greenhouse gas metric acquired by a participating Party does not exceed the amount of ITMOs in the non-greenhouse gas metric of the participating Party initiating the transfer, ABU believes that, to ensure proper accounting, both



participating parties shall apply the same methods to convert non-greenhouse gas metrics into tonnes of CO₂e.

59. Moreover, specific training shall be provided to reviewers on how to treat this issue.
60. Finally, the process shall ensure consistency between ITMOs unique identifiers and serial numbers associated with credits generated under specific programs that may be eligible under Article 6.2. Also, on the need to harmonize reporting methods for greenhouse gas and non-greenhouse gas metrics.

FINAL CONSIDERATIONS

61. ABU remains open and flexible to discuss these matters at COP28, keeping in mind the need to ensure a balanced treatment between cooperative approaches under Article 6.2 and the Article 6.4 mechanism, transparency, environmental integrity and balanced guidelines, rules, modalities and procedures that allow all Parties to participate.