

Call for input 2023 - Stakeholder Interactions: Sustainable Development Tool

Contribution for consideration by the A6.4 Supervisory Body

Dear Members of the A6.4 Supervisory Body, dear UNFCCC A6.4 Secretariat Team,

Thank you for the opportunity of making comments and suggestions to the document ***"Draft Tool - Article 6.4 sustainable development tool. Version 02.0"***.

Please consider our comments and suggestions in the attached file. We wish also to highlight three following outstanding issues for a separate discussion, if deemed appropriate.

1) National prerogative:

The Glaswegian CMA Decision on the A6.4 Rules, Modalities and Procedures (RMP), Paragraph 24, letter (a), item (xi) has requested the A6.4 Supervisory Body *"The development of tools and approaches to assess and report information about how each activity is fostering sustainable development, while acknowledging that the **consideration of sustainable development is a national prerogative**"*.

As a national prerogative, we consider the host country authorization for activity participation (previously to the validation), and for ITMOs authorization (after verification, when proceeding with the NDC corresponding adjustments) should be the forum for confirming the A6.4 activity is contributing to the sustainable development.

In our opinion, therefore...

...the tool should modulate/regulate the host country analysis and decision process, on the adequacy of the A6.4 activity with the national targets and objectives for sustainable development. The tool should set the expected level of analysis to be carried out by the host country domestically, when issuing authorizations.

The same should be sought for the environmental and social impacts assessment (EIA): the primary role of the SB (para 24(a)(x)) is *"the application of robust, social and environmental safeguards"*. The environmental impacts assessment covering biophysical (air, water, soil, ecosystem services and biodiversity) and socioeconomic attributes should be evaluated by the host countries, ensuring that...

...the evaluation of contributions to sustainable development and environmental safeguards are applied with same level of scrutiny by the host countries, not only to A6.4, but also to A6.2 and domestic NDC mitigation activities, as well as for non-climate economic activities.



Of course, there is a concern that the 196 host countries effectively or potentially hosting A6.4 activities will not attend the same level of technical and regulatory enforcement capacity.

Since the host countries do not have the same level of effectivity in their domestic regulations...

...local and global stakeholder consultation processes shall be under direct supervision by SB and its DOEs, and the SB has also the final decision on the A6.4 activities registration and A6.4ERs issuance, checking and confirming the activity contribution to sustainable development and conformity to the environmental regulations was adequately addressed by the host country authorization, observing the requirements of the tool.

In any way, the entire activity implementation cycle is subject to the resolution of appeals and grievance processes that might be raised by the stakeholders and interested parties. Finally, but not least relevant, there is a supervenient process above the A6.4 mechanism: the Katowice's Modalities and Procedures for the Enhanced Transparency Framework – ETF, with its Biannual Transparency Reports – BTRs, annual national inventories, and the expert technical review process, checking the consistency of the contribution of the A6.4 activities to the overall Paris Agreement goals.

2) Cross-Effects with Adaptation and Resilience

This is a major issue missing in the tool. It should either be part of the Environmental Safeguards, Principle 1 (Climate and Energy), Section 5.2.1, or as an independent section (Section 5.4 – Cross-Effects with Adaptation and Resilience), or even a separate Tool. The positive or negative effects to adaptation and resilience/vulnerability is within the direct attributions of the UNFCCC, and not a national or lateral prerogative. Mitigation projects based on energy infrastructure (solar, hydro, wind, etc.), do have important vulnerabilities and are subject to the impacts by the expected climate changes effects in its global and regional effects in the coming decades. Similarly, activities based on carbon dioxide removals based on A/R and Sustainable Forest Management, urban green/blue infrastructure, etc., may contribute to either increasing or decreasing the vulnerability and resilience to the expected effects¹. There should be a strong link between the mitigation and adaptation “wings” of the UNFCCC, the interaction between them has not been adequate in the historical design of financial market and non-market-based mechanisms. The SD Tool could be used to identify and quantify the positive and negative cross-effects between

¹ For example, it is well known that the CO₂ and N-deposition fertilization, combined with temperature increase, tawing, and rainfall regimes are affecting net productivity of terrestrial ecosystems. This may shift geographical boundaries of the biomes, affect seasonal oscillations (e.g. the boreal greening) or uncontrolled spreading of encroaching vegetation, increasing the availability of fuelwood and causing dramatic increases in wild fires frequency and intensity, re-injecting CO₂ back to the atmosphere. Similarly, in the aquatic ecosystems (oceans and continents) the eutrophication is causing uncontrolled blooms of algae, macrophytes and seagrasses, part of them decaying anaerobically generating methane. Activities aimed to promote the carbon capture and removal (e.g. in long live wood products and biochar/biocarbon) based on the controlled management of forestry and aquatic vegetation and solid wastes (the end-of-life of any short- and long-lived food, feed, fiber, and wood products), do have important contribution to both mitigation and adaptation, and these two effects should be quantified and accounted for.



mitigation and adaptation outcomes, both at the methodology level and at activity-by-activity level.

3) Capacity Building, Climate Finance, and Transparency Framework

The national prerogative to apply the tool extrapolates the A6.4 mechanism and shall cover all climate mitigation activities (A6.4, A6.2, and NDC activities), and non-climate related economic activities. The A6.4 RMP (e.g. paragraph 26(d)) set the host country responsibility in regard.

Therefore, it is expected that the host countries do have capacity to implement the application of the tool, and if there are gaps, they should be addressed applying other mechanisms of the Paris Agreement, like the Enhanced Transparency Framework, the Financial Assistance and Capacity-Building. The A6.4 and A6.2 mechanisms may also be bound to the generation of public income to the host country national and subnational governance, by means of taxes, tariffs, and shares, generating revenues to cover enhanced costs for the regulatory frameworks for carrying out the assessment of Sustainable Development and Socio-Environmental contributions, and to monitor their key performance indicators. The voluntary and sovereign adherence of the host countries into regional/continental cooperative arrangements for the SD and EIA assessments is also a possible way to optimize the resources allocations.

The tool could thus be seen as a minimum expected level of evaluation of the contribution of the A6.4 activities to the national targets and objectives, and the SB evaluating the host country capacity to keep and apply domestic regulations, consistent with the requirements of the tool, when issuing authorizations. The SB, when identifying shortcomings in the national authorizations, would raise the gaps and require the implementation of root cause analysis and improvement of the internal processes, addressing the systems.

Please also consider our comments and suggestions in the attached file.

With kind regards,

Sabar, Minas Gerais, Brazil, November 30, 2023

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