

Agenda item 3.2.

Paragraph 10 of the annotated agenda

Concept note: Options for the implementation of paragraph 62 of the ‘Standard: Requirements for activities involving removals under the Article 6.4 mechanism’

Methodological Expert Panel – 12th meeting

9 to 13 March 2026

Bonn, Germany



Procedural background

1. At SBM 017, the SBM requested the MEP to **prepare a concept note on options for the implementation of paragraph 62** of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”.
2. At SBM 018, the SBM requested the MEP, **in preparing a concept note** on addressing options for implementing paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism” as mandated by SBM 017, **to make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage** as indicated in the “Elements related to non-permanence and reversals for inclusion in relevant regulatory documents”.
3. At MEP 010, the secretariat consulted the UNFCCC legal department to seek their input on the applicability of paragraph 62 of the Removals Standard and it was confirmed that that the paragraph corresponds to alternate measures to remediate reversals and to measures that can enhance the robustness of the buffer pool.
4. At MEP 010, the Reversals SG discussed and agreed the various elements/structure that will need to be addressed by the concept note.
5. At MEP 011, the SG continued to work on the concept note, and further met on 20 February 2026.



6. At MEP011, the SG requested the secretariat to:
 - **Identify the paragraphs** from the “Standard: Addressing non-permanence and reversals in mechanism methodologies” and the “Information Note: Elements related to non-permanence and reversals for inclusion in relevant regulatory documents” which may be relevant for the development of the concept note;
 - Conduct a **legal review the content of subsection relevant to enhancing resilience and robustness of the buffer pool** of the concept note and provide feedback to the small group in advance of MEP 012; and
7. During the SG meeting on 20 February 2026, the SG agreed to develop further work distributed as: monetary reserve fund, insurance, and host Party/buyer Party role.



Purpose

The purpose of this concept note is:

1. To **address the mandate provided by the Supervisory Body** to develop a concept note on addressing options for implementation of paragraph 62 of the “Standard: Requirements for activities involving removals under the Article 6.4 mechanism”.
2. To provide **options for the implementation of paragraph 62**; and
3. To **make a proposal on conditions and criteria for justification of the demonstration of sufficiency of coverage.**



Key issues and proposed solutions (1/3)

- The MEP in consultation with the Secretariat analyzed the requirements of para 62 and identified that the provisions of the paragraph relate to measures to ensure the robustness of the Reversal Risk Buffer Pool and to measures that could provide alternate methods to the Buffer Pool for remediating reversals.
- **The MEP agreed to structure the concept note into three different segments:**
 - a) Measures to ensure robustness and resilience of the Reversal Risk Buffer Pool;
 - b) Alternative measures to the Buffer Pool for remediation of reversals; and
 - c) Monetary Permanence Reserve as an alternative measure to the Buffer Pool.
- Each of the above segments will be structured as follows:
 - a) Identification of relevant instruments for each of the measures;
 - b) Discussion on each of the instrument, including its pros/cons, implications to the Buffer Pool or other regulatory requirements, and conditions for use under PACM; and
 - c) Recommendations.



Key issues and proposed solutions (2/3)

- This note is informed by the following sources:
 - a) Public input received during prior stakeholder consultations, including but not limited to, "Standard: Addressing non-permanence and reversals in mechanism methodologies" and "Information Note: Elements related to non-permanence and reversals for inclusion in relevant regulatory documents";
 - b) Rules, regulations and standards of other market-based mechanisms; and
 - c) Available academic literature and publicly available data from insurance providers.



Key issues and proposed solutions (3/3)

- **Identified paragraphs** of the “Standard: Addressing non-permanence and reversals in mechanism methodologies” and the “Information Note: Elements related to non-permanence and reversals for inclusion in relevant regulatory documents” which may be relevant to developing the concept note;
 - The secretariat’s **legal team reviewed the content of subsection relevant to enhancing resilience and robustness of the buffer pool** of the concept note; and
 - Members of the small group continued drafting of the concept note.
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Recommendations to the MEP

MEP will continue working on this agenda item at this meeting.



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WIP during MEP012:

- The SG aims **to prioritize discussions** on:
 - 1) Safeguards and criteria for approval of insurance or related products in PACM; and
 - 2) The role of Parties.
- To agree on an overview of outcomes during intersessional SG meetings between MEP012-13; and
- An outlook plan MEP12-14 (for recommendation SBM) incl. a potential CfPI to be launched out of MEP013.



End of presentation, thanks for your attention!



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