

## **Agenda item 3.3.**

Paragraph 14 of the annotated agenda, Annex 7

# **Draft Article 6.4 Sustainable Development Tool**

**Article 6.4 Supervisory Body – Fourteenth meeting**

Baku, Azerbaijan, 5 to 9 October 2024



## Procedural background

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- **Decision 3/CMA.3, 5(c), Annex, 24(a)(x) and 24(a)(xi):**
  - Review CDM & other tools/safeguard systems in existing market-based mechanisms to develop similar tools;
  - Apply robust social and environmental (env/soc) safeguards and approaches for sustainable development (SD) assessing/reporting.
- **SBM 004, para. 17:**
  - Tool must be mandatory and reflect both positive and negative SD impacts.
- **SBM 007, para. 19(a)-(i):**
  - Clarify activity-level SD and env/soc indicators; monitoring requirements based on RMPs; validation/verification; balance between HP priorities and safeguards principles; relevant safeguards in activities involving removals.
- **SBM 008, paras. 19 & 20:**
  - Conduct a call for public inputs and present at the tenth meeting.



## Procedural background

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- **SBM 010, para. 29:**
  - Present the revised draft tool, considering comments received from the call for inputs; include both positive & negative impacts against the 17 SDGs; maintain Appendix 1 in the context of LULUCF activity; reinforce safeguards criteria and guiding questions for CDR activities.
- **SBM 011, para. 20-22:**
  - Launch a focused call for inputs on the draft tool particularly from DOE/VVBs; Work further on the draft tool in consultation with the informal working group; Agreed to consider the safeguards criteria for specific type of activities at a later stage.
- **SBM 013, para. 16 :**
  - Work further on the draft tool in consultation with the informal working group with the aim of adopting the draft tool on the first day of SBM 014.



## Purpose

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- To present the revised draft A6.4 SD Tool for adoption based on guidance from the informal working group of the Supervisory Body and a legal review.



- The A6.4 SD Tool will form the regulatory basis for the operationalization of the Article 6.4 mechanism.
- The adoption of A6.4 SD Tool will necessitate updates to the relevant Article 6.4 standards and procedures in order to ensure alignment with the new A6.4 SD Tool requirements for reporting, validation and verification.

## Major changes to the version 9 of the A6.4 SD Tool (1)

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- **Section 2 revised to refine scope and applicability**
- **New section 3 which includes:**
  1. An overview of the tool
    - Identify, evaluate, avoid, minimize, and mitigate potential risks associated with A6.4 activities;
    - Provide evidence that A6.4 activities comply with
      - ✓ environmental and social safeguarding elements and criteria;
      - ✓ the eleventh preambular paragraph of the Paris Agreement;
      - ✓ relevant and applicable national and international instruments to which the host Party is bound.
    - Identify and assess the potential positive and negative impacts of A6.4 activities on the SD of the host Party by considering the host Party's SD objectives and priorities, as well as the SDGs.



## Major changes to the version 9 of the A6.4 SD Tool (2)

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- **New section 3** (continued)
  2. Navigating the tool – introduces key sections of the tool and important processes;
  3. Stakeholder engagement with the tool.
- **Improved visual representation** – new and revised flow charts breaking down processes into steps (figures 1-3).
- **Section 5 (Definitions) revised** based on inputs received at SBM 013.
- **Section 6 revised**
  1. Consistent use of terminology;
  2. New sub-section (6.2) - monitoring procedure of activity-level environmental and social indicators;
  3. Term changes: do-no-harm risk assessment to risk assessment, principle to element;



## Major changes to the version 9 of the A6.4 SD Tool (3)

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- **Section 6 revised** (continued)
  4. Deletion of Climate from Element 1;
  5. Editorial changes in criteria:
    - “shall” to “are to” or “is to”
    - “requirement” to “provision”;
  6. Revision in description of elements and criteria.
- **Section 7 revised**
  1. Restructuring steps for demonstrating positive and negative SD impacts
  2. Editorial revision in table 3
- **Sections 8 & 9** - editorial and legal revisions
- **Appendix 1 revisions** - reflect changes to section 6, and editorial and legal revisions.





## Subsequent work and timelines

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- As per its 2024 workplan, the Supervisory Body plans to finalize the A6.4 SD Tool at this fourteenth meeting.
- Based upon its approval of the A6.4 SD Tool, the Supervisory Body may request the secretariat to:
  - Prepare three forms (A6.4-FORM-AC-015, A6.4-FORM-AC-016, and A6.4- FORM-AC-017) referred to in the draft A6.4 SD Tool;
- As agreed at SBM 011, the secretariat will prepare the safeguards criteria and guiding questions for specific types of activities for the consideration at the future SBM once the Supervisory Body finalizes the recommendation on activities involving removals under the Article 6.4 mechanism and requirements for Article 6.4 methodologies.



## Recommendations to the Supervisory Body

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- The Supervisory Body:
  - Adopt the draft A6.4 SD Tool based on the feedback provided by the Supervisory Body, at its thirteenth meeting, and the outcome of the meetings of the informal working group on draft A 6.4 SD Tool;
  - Request the secretariat to prepare the three forms (A6.4-FORM-AC-015, A6.4-FORM-AC-016, and A6.4- FORM-AC-017) referred to in the draft A6.4 SD Tool;
  - Request the secretariat to prepare a revision of AS-P, AS-PoA, VVS-P, VVS-PoA, ACP-P and ACP-PoA to reflect the requirements of the draft A6.4 SD Tool;
  - Agree that the application of the A6.4 SD Tool will become mandatory for the transition of CDM activities to the Article 6.4 mechanism only when the three forms referred to in the draft A6.4 SD Tool are available.



## Inputs to the SBM14 annotated agenda to A.6.4 SD tool

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- 15 Submissions and 2 unsolicited letters from UN, NGOs, private sector, academia, independent experts.
  - Carbon Market Watch (CMW)
  - Office of the United Nations High Commissioner for Human Rights (OHCHR)
  - Felice Diekel and Dr. Rosalie Arendt
  - Indigenous Environmental Network
  - Savimbo
  - VERRA
  - Mount Everest Forest Botanicals Alliance (MEFBA)
  - International Indigenous Peoples Forum on Climate Change (IIPFCC)
  - Institute for Agriculture and Trade Policy (IATP)
  - UNDP - Climate Hub - Bureau for Policy & Programme Support/Global Policy Network\*
  - Bird & McCrimmon
  - Waorani Comunitario de Titepare
  - NAMATI\*\*
  - Fastenaktion / Swiss Lenten Fund
  - Green Turtle Insights
  - Women and Gender Constituency (WGC)



## Summary of the Inputs to the SBM14 annotated agenda

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- Consideration Indigenous nations as sovereign nations.
- Recognition of Indigenous nations to trade directly or abstain from trading under Article 6 of the Paris Agreement, as the rightful owners of mitigation outcomes that occur on their territories.
- Consideration of indigenous people's laws, legal system and customs.
- Incorporate a risk screening and risk categorization methodology and consider Indigenous perspectives
- Exclusion of “potentially” and “N/A” as possible answers for risk assessment.
- Provide additional procedural guidance for SD negative impacts.
- Include criteria for addressing risks of gender-based violence, sexual harassment and sexual exploitation and abuse.
- Use of native language of those living in or near the vicinity of the activity areas for stakeholder engagement
- Inclusion of self-standing performance standard on engagement of stakeholders.
- Reinforcement of land acquisition criteria for cases with no reallocation
- Monitoring of environmental and social and SD activity level indicators over post-crediting period.



## Summary of the Inputs to the SBM14 annotated agenda (cont. 1)

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- Avoid involuntary resettlement and provide additional criteria on property rights
- The Free, Prior, and Informed consent (FPIC) for all impacted communities (currently only for IPs)
- Accreditation standard to ensure that DOE personnel have competence and technical knowledge for validating and verifying A6.4 SD Tool
- Recognize and respect Indigenous Peoples' laws and legal systems or customs regardless of any specific recognition or lack thereof under national laws, lands, territories and cultural heritage as defined by Indigenous Peoples.



Thank You

