

Agenda item 3.4 (a)

Paragraph 15 of the annotated agenda, Annex 9

Draft standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies

Article 6.4 Supervisory Body – Fourteenth meeting

Baku, Azerbaijan, 5 to 9 October 2024



Procedural background

- The CMA, at its third session (CMA3), requested the Supervisory Body to elaborate and further develop recommendations on the application of the requirements referred to in chapter V.B (titled Methodologies) of the RMPs, for consideration and adoption by the CMA.



Procedural background

- SBM 013 considered the information note “Options to revise the recommendation on the requirements for Article 6.4 methodologies, taking into account stakeholder inputs”.
- SBM 013 requested the secretariat to update the recommendation contained in annex 1 of the meeting report of the SBM009, taking into account stakeholder inputs and feedback from the Supervisory Body provided at its 13th meeting, in consultation with the SBM informal working group.



Procedural background

- Due to the nature of changes and feedback now included, and in order to correctly apply the document hierarchy, the document type has been amended from ‘recommendation’ to ‘draft standard’ in order to reflect its regulatory function.



Purpose

- To facilitate the SBM's consideration of requirements for Article 6.4 methodologies:
 - The document builds on and replaces the document developed by the SBM at its ninth meeting (i.e. A6.4-SB009-A01);
 - The document takes into account inputs from Parties and other stakeholders, and guidance from SBM 013;



Key issues and proposed solutions

- Secretariat paraphrased and grouped information in submissions and oral interventions. Despite best efforts, some relevant information may have been unintentionally omitted or not correctly represented;
- Text requiring the particular attention of the SBM is highlighted in **yellow**;
- The numbering of options does not represent a hierarchy (e.g. option 1 is not necessarily preferred over option 2);
- Square brackets are used to indicate sub options. Curly brackets are used to include explanatory text;



Key issues and proposed solutions

- Text without highlights indicates either the text that is unchanged compared to the previous version of the document (i.e. A6.4-SB009-A01) or text where no further disagreement among the informal working group was identified;
- Text in **gray** indicates paragraphs or sentences which pertain to further work of the SBM and is proposed for deletion in the main text body since these elements have been incorporated in the section “subsequent work and timelines” of the cover note;
- Some sentences or phrases are square-bracketed but with no alternative text proposed; the alternative in that case is “no text” on the issue.



Key issues and proposed solutions

- Detailed technical inputs are also being considered by the MEP as per SBM mandate in some cases;
- The draft standard does not include a discussion on what higher level issues and solutions need guidance at the CMA level and what operational issues/solutions could be implemented by the SBM;



Key issues and proposed solutions

- Following sections and paragraphs with multiple options for solutions may need guidance from SBM in particular:
 - a) 4.1 Encouraging ambition over time – para. 18;
 - b) 4.3 Establishing that the selected baseline is below business-as-usual – para. 29;
 - c) 4.4 Contributing to the equitable sharing of mitigation benefits between participating Parties - para 31 and 31bis;
 - d) 4.6 Approaches to set the baseline para 42;
 - e) 4.7 Addressing elements of para 33 and 36 of the RMP – para. 45-48;
 - f) 4.8 Encouraging broad participation- para. 54 (b) and (c);
 - g) 5. Additionality demonstration – para. 80;
 - h) 6. Leakages – para. 87(b) and para. 95;



Recommendations to the Supervisory Body

- The SBM may wish to consider the document, make any modifications as appropriate, and **adopt the “Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies”**.



6 Submissions received from private sector, academia, NGOs, and foundations:

- Charm Industrial
- HBAR Foundation
- New Forests
- Osservatorio Parigi
- SilviCarbon
- Women and Gender Constituency



Summary of the inputs to the SBM annotated agenda to Annex 09

- Need for digitization of methodology for ensuring the credibility, transparency, and scalability
- The stringent requirements could disincentivize investments in emission reductions and removals
- Para. 18: select option 1 – only reducing over time the number of creditable units from emission reductions (not removal)
 - Need to incentivize removals, including in context of 1.5c pathway overshoot; Also baselines for removals are less hypothetical.
- Para. 95 select option 1
 - Article 5 para. 2 activities were not intended to be credited – also concerns with this type of activities.
- Various recommendations and requests to enhance clarity and consistency

