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**Legend for Columns**

- 1 = Section Number in the document
- 2= Paragraph number
- 3 = Comment – the actual feedback or observation, including justification for what needs changing
- 4 = Proposed change – suggest the text if possible

A6.4-MEP002-A01 (v.01.0)			
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Section no.	Para. no.	Comment	Proposed change (Include proposed text)
3.2	11	The approach should also enable that mechanism incentives support sustainability of the operations involved, without which the activity will either be discontinued or suspended operation or level of activity will be reduced (leading to less emission reductions)	The approach shall ensure that eligible mitigation activities would not be implemented without the incentives from the mechanism and that the incentives from the mechanism enable the implementation of the mitigation activity or support sustainability of its operation to ensure same emission reduction levels.
3.2	12	When the mitigation activity demonstrates that its baseline setting is highly conservative and well below the BAU scenario either at the sector or economy level (as also indicated in the NDC), such activity should be considered additional without any need for further assessment. Given also that such activities most likely fall under the positive list category in the country.  To be aspirational and where feasible, the baseline setting could consider the path to net-zero targets as set out by the country or its relevant authorities, but alignment with NDC baseline to start with, at minimum.	
3.2	15	A paragraph on monitoring, reporting, and verification (MRV) should be added at the end of the draft to ensure ongoing compliance with additionality requirements as well as maintaining transparency and accountability.	
4.1	16 (a)	With increasing challenges with enforceability of regulations/policies in majority of countries, it might be worth specifying the regulatory analysis only in cases of 'mandatory' legal requirements and in other cases, a requirement to demonstrate the barriers for enforceability can be specified.	Regulatory analysis: Mechanism methodologies shall include provisions to demonstrate that the emission reductions or removals caused by eligible mitigation activities would not occur as a result of any mandatory legal requirements that imposes penalties of non-conformance.
4.1	16(c)	A lot of lessons learned from the past on the common practice analysis and its usability. Given this, and due to the relative effectiveness of the positive lists (which in a way also considers common practice aspects), this could be replaced and encourage development of positive/negative lists by countries	

Call for public input	A6.4-MEP002-A01: Draft Standard: Demonstration of additionality in mechanism methodologies (v. 01.0)
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4.1	17	<p>With countries performing very careful assessment of eligibility of projects for their participation in carbon markets, including the costs associated with performing corresponding adjustments (where needed), such analysis and approval of projects should be considered as part of the project's eligibility and as an alternative approach to the standard additionality demonstration assessments proposed here. A guidance on this can be provided to countries by the SBM.</p> <p>Also, additionality assessment approaches should go beyond to consider the developmental/welfare objectives that the project aims to achieve, especially in low-income countries and such projects should be incentivized more. A guidance to demonstrate such can be provided by the SBM.</p>	
4.2	20	As some methodologies also demonstrate this through stringent baseline approach (that already combined additionality considerations), it should also be highlighted. Also, the assessment that countries do to approve the projects for their participation in markets, considering their impacts on their NDCs.	
4.2	20c	Allow for standardized baseline to include additionality positive lists	Standardized baselines can include positive lists of activities deemed additional
5.1	25 (c)	<p>A separate guidance is needed for projects that are implemented in countries with domestic carbon pricing instruments, such as ETS, especially to consider the projects implemented in sectors that are already covered under such instruments (and their eligibility requirements) vis-à-vis that are outside the coverage.</p> <p>Other scenarios include the monetization of renewable energy certificates and their eligibility to participate in carbon markets.</p> <p>Box 2: while this is a plausible scenario, demonstrating such impacts is highly difficult as the considerations for bidding is multi-dimensional and potential revenue from emission reductions is just one of them.</p>	
5.1	27	<p>Assuming that all legal requirements are enforced ignores the reality in many countries.</p> <p>Also for something to be considered enforced, it may also be tied to the existence of heavy penalties for non-compliance.</p>	Drop option 1 and extend option 2 to all countries

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5.1	29a	<p>Requiring regulatory additionality testing at each verification ignores that the investment decision has been already taken and that at that time additionality has been demonstrated. It can also set perverse incentives to artificially extend verification periods.</p> <p>Even the requirement to verify at each renewal of the crediting period, the assessment can only be limited to check the regulatory assessment or if this becomes a part of the negative list that country establishes, if any.</p>	Drop option 1, i.e., regulatory additionality testing at each verification.
5.2	30 (a)	Just limit to 'incompatible with achieving the country NDC and/or impacts the enhancement of ambition of the NDC'.	
5.2	30 (b)	Suggest adding consistency with the sectoral low-carbon pathways	Are consistent with the host country's long-term low-emission development strategy (where the host country has submitted one) and/or credible sectoral low-carbon pathways (if available);
5.3		Any mitigation activity that is supported by any facility/mechanism that the country establishes and/or has access to and is designed to address specific barriers in the sector/country (higher cost of capital, foreign currency risk, working capital risk, political risk etc), should be considered differently and exempt from performing additional financial assessment. A detailed guidance on such scenarios is also warranted.	
5.3.1	36	Subsidies are also relevant for baseline technologies, e.g., fossil fuel subsidies. A project activity might only be financially inviable because of such subsidies, a rather common situation.	Require in investment comparison analysis to abstract from all subsidies (both subsidies benefiting the project as well as subsidies benefiting the baseline technology.
5.3.3	42a,c	Carbon revenues being sufficient or not to enable the project to reach a financial benchmark critically depends on the carbon credit price which will in many (most) cases still be unknown in the early decision-making phase relevant for additionality testing making this requirement impractical.	Drop requirements a and c.
5.4		See above comment on common practice analysis	
5.5.1	46	Requirement for the barrier analysis can be linked to the point made above against 5.3 and a requirement of elaboration of such can be specified.	
5.6		Given the objectivity of the performance-based approaches, use of such should be prioritized and encouraged.	
General Comment	0	For Article 6 to be meaningful and deliver scaled-up investment activities it is important that additionality is being considered from a systemic-change point of view instead of looking at additionality from a project basis. In short, additionality test is preferably done by the level of the programme instead of the level of the project.	

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