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Document reference number and title: A6.4-MEP007-A04. Draft Standard: Addressing non-permanence/reversals (version 01.0)				
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1	Appendix 1 & Appendix 2	N/A	The document seeks input on two different proposals: a) A majority opinion that supports Appendix 1 and Appendix 2, referred to as Proposal a) in our comments.. b) A minority opinion that supports Appendix 3, referred to as proposal b) in our comments. In principle, the differences are presented as a structural difference, where proposal a) presents requirements for mechanism methodologies and requirements directed to activity participants, and proposal b) presents solely requirements directed to activity participants. However, there are stark differences between both proposals that go beyond the structure of the requirements. **<u>Development Process</u>** Proposal a) shows a clear sectoral bias which has probably resulted from lack of enough sectoral experts in the MEP. A clear indicator of this is Footnote 11 and 12 that shows the lack of understanding of MEP members of the latest methodologies and agreement on emissions that are considered to be de-minimis. Another example is the lack of an inclusion of a cap to issuances to the long-term average carbon stocks for activities with harvesting. It would have been preferable for the MEP to try to seek sectoral expertise elsewhere, prior to showing this dissent in the consultation process, and addressing the dissent by asking stakeholders to indicate their preferred option. The World Bank through its different carbon funds, including the Forest Carbon Partnership Facility and the Initiative for Sustainable Forest Landscapes, has supported the generation of over 20 years of experience and expertise on natural climate solutions. This expertise, in great part created in the global south, should be leveraged. In order to address this, we would suggest: - More diverse expertise into the MEP to include enough expertise on natural climate solutions. - Further consultative processes to ensure that the process is enrichen by the	- **Revise consultation process** so as to strengthen the expertise of the MEP and enable more meaningful discussions with experts and policy-makers. - **Use Appendix 3 as a starting point for further discussions** as Appendix 1 and 2 does not clearly consider the lessons learned generated in +20 years in Natural Climate Solutions.

			wealth of experience and expertise generated in the last 30 years with natural climate solutions. **<u>Addressing durability in Natural Climate Solutions (NCS)</u>** As noted earlier, Appendix 1 and 2 denotes a clear sectoral bias, which does not consider the lessons learned in Natural Climate Solutions or its particularity. The proposal as it stands deviates significantly from the current know-how and praxis in Natural Climate Solutions, and it makes it unimplementable. More inputs are provided further below. 20 years of experience by The World Bank in its carbon funds, but also market experience, has shown that it is possible to create the necessary safeguards to address the durability of emission reductions and removals in the Natural Climate Solutions sector. The MEP should consider that the A6.4 will be managing a large portfolio of projects with different risks levels and that this will serve to mitigate many of the risks. The use of a risk strategy management will serve to alleviate many of the concerns that MEP members have, which just focus on a project-by-project basis. Standard setters have effectively manage such risks through a large portfolio and have developed different tools, including monitoring tools to address this. Focusing on a project-by-project basis does not consider the power that a portfolio of projects of various risks levels bring to risk mitigation. **<u>Role of Natural Climate Solutions</u>** Natural Climate Solutions represents the most tested approach of emissions removal technology, and any forecast model shows that without deploying this technology at scale it will not be possible to achieve the Paris Agreement's Long Term Temperature Goals (LTTG). We would like to note that contrary to other technologies, NCS generates multiple co-benefits (Water, biodiversity,…) that serve the purpose of supporting a livable planet.	

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2	Appendix 1, Section 2, Section 7.3 Appendix 3, Section 3	Definition of Reversal	**Definition of Reversals** Appendix 1 has used the definition provided by the Standard "Requirements for activities involving removals under the Article 6.4 mechanism" which defines reversals as a net negative change in GHG storage in relation to the relevant verification period. It seems that any negative change would be considered as a reversal so it is unclear when this should be reported. Section 7.3 provides good information on what an avoidable or unavoidable reversal is, and should be echoed in the definition section and used in Appendix 3. However, certain definitions in paragraph 42 might not be appropriate for government-led programs. Appendix 2 does not include a definition of reversals, but definitions of intentional or unintentional reversals. Moreover, the definition of unintentional reversal is not clear (c.f. It results from external factors beyond the control of the activity participant) since it could include events that are not under the control of the activity proponent, but that their mitigation are clearly under the control. For instance, a wildfire or a pest is created by nature, and although it is not under control, it could still be mitigated.	Include a clear definition of Reversals, which clarifies that it pertains the reversal of previously issued A6.4 credits, and which includes a level of significance (e.g. 5%) and qualitative criteria that clarifies when a loss is not considered to be a Reversal. In Section 7.3, certain definitions of paragraph 42 are not appropriate for government-led programs, as governments are in charge of policies and third-parties are driving emissions. Would suggest removing "It results from external factors beyond the control of the activity participant" in Appendix 3 as it leads to confusion.

3	Appendix 1, Section 3	Applicability to emission reductions in NCS	**Application to reduced emissions from deforestation and forest degradation** The Standard includes the following activity: (a) Activities increasing carbon stocks or avoiding the loss of carbon stocks, relative to the baseline, in any of the greenhouse gas reservoirs of the biosphere And it excludes the following set of activities: (a) Activities reducing the combustion of fossil fuels that, in their natural deposits or during storage after extraction, do not interact with the atmosphere It is important to note that conceptually reducing emissions from deforestation and forest degradation, is not different from reducing emissions due to use of combustion of fossil fuels. For instance, when the wind is blowing, and the turbines of a wind farm are operational, carbon stocks in the form of fossil fuels will remain in the ground and fewer emissions will be generated; but if the project is not in operation (for example, when the wind is not blowing or the wind farm's turbines are not operational), carbon stocks in the form of fossil fuels will be extracted, and more emissions will be generated. It could be said that projects and programs that reduce emissions, such as both renewable energy projects and REDD programs, are only delaying their release, since fossil fuels or biomass stocks will remain unused only until someone finds it convenient to use them (Federici et al., 2017). We are seeing this globally where reversal of policies or increases in demand for fossil fuels, is reverting the decision to keep certain fossil fuels in the ground. Due to the accounting used by renewable electricity methodologies, it seems that there are no reversals because emissions reductions cannot be negative, but looking at a sectoral level or jurisdictional level, the picture is different, and you could have situations in which the at sectorial level extraction of fossil fuels has increased, reverting previous reductions (Espejo et al, 2020) Perhaps one difference is that carbon stocks can be considered as 'finite', whereas fossil fuels,	The MEP should consider additional flexibility for emission reduction activities in natural climate solutions, which are similar to other emission reductions activities and differ from emission removals activities.

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			they can be considered infinite, but conceptually there is no difference.	
4	Appendix 1, Section 6.1 – 6.8	Equations	**Unnecessary equations** Equations in Section 6.1 and 6.2 are unnecessary and unnecessarily complex. Methodologies will already provide the needed equations and since net removals are calculated in the same way as emission reductions, baseline minus project minus leakage, where removals have a negative notation. For instance, the text could just include a requirement on how reversals is actually estimated. Another example is the Crediting Deficit, which is not needed since it could be made implicitly in the equations of baseline and project emissions. **Requirements missing** No requirements are included regarding activities that might include regular harvesting. Methodologies for improved forest management or afforestation/reforestation activities cap removals to the long-term carbon stocks considering the length of the management plan. This ensures that there are no credits generated in excess and that no reversals might actually occur. **Buffer ERs** The parameter Fbuffer,t shall only apply to the portion of $A6.4ERtotal,t$ that could be subject to potential reversals.	Remove equations and just include specific guidance on what needs to be addressed. Requirements capping the removals to the long-term average carbon stocks. Buffer ERs should be estimated considering the portion of ERs that could be subject to reversals.

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5	Appendix 2, Section 1 and 2	Reversal reporting	**Reporting requirements** Requirements include multiple reports, including reversal report, preliminary assessment report and annual reversal report, and in many cases verification by a DOE. Activity participants are required to report any kind of loss, whereas the requirements should focus on losses that could represent reversals (this is why reversals, need a threshold definition). This is concerning especially since the project will be completely suspended, even if the loss is considered to be minor. This approach is not justifiable and lacks a risk based approach. Uncertainty requirements of using the lower bound, should be left to the methodology following the general standard. 90% is the common practice currently.	Simplify reporting requirements. There is no need for annual reversal reports, as this could be covered by the requirement to notify the occurrence of Reversal (as defined) and the requirement for a minimum reporting frequency which will determine this. If the activity participant does not meet the frequency requirement (does not provide a monitoring report in the frequency required), then A6.4 could decide the suspension. Use 90% as confidence level.
6	Appendix 2, Section 3	Post-crediting monitoring	**Post-crediting monitoring** The proposal requires indefinitely reporting which has been proven not to be necessary to efficiently address the risk of potential reversals. It allows to avoid this reporting if it is demonstrated that the risk is negligible, but the requirements are subject to interpretation and the approval process us burdensome and would lead to ad-hoc approvals. This lack of efficiency to address this risk and the lack of predictability in the requirements would make this unimplementable. Experience by the WB has shown that it is possible to manage effectively risks across a large portfolio of projects and that many of the risks can be mitigated in such a way.	Include a fixed period for post-crediting monitoring and consider a portfolio risk management approach whereby the A6.4 is able to adequately manage the risk across projects/programs. This will enable more flexibility in terms of the requirements for projects, and will also enable the consideration of monitoring tools to be able to adequately manage this risk. A percentage of credits could be withheld to cover part of this cost, and flexibility should be provided to cover part of the risk with insurance or guarantee mechanisms (political risk and other extreme weather related risks).

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7	Appendix 2, Section 4.2	Remediation of reversals	**Remediation of reversals** Para 54 of Appendix 2 gives just 5 days for activity participants to provide remedies which is clearly an insufficient time. Appendix 3, paragraph 80 provides 90 days which is more reasonable and implementable. Moreover, it lacks the possibility for activity participants to use further monitoring periods to recover the reversals that have been generated. The above timeline and not having flexibility to compensate in future periods is problematic as it would block any transaction activity, and in some cases part of the credits already issued might have already been purchased.	Provide more ample time for remediation and consider procedures to allow for the compensation of units. Appendix 3 is clearer.
8	Appendix 3, Section 5.1, 5.2	Reporting requirements	The proposal includes in paragraph 17 a fixed period which is welcome, and it establishes a negligible risk definition of 0.5%. It would be good to align this to the materiality level used in verification. In terms of reporting frequency, and as noted for Appendix 2, the provision of annual reports, and in this case for the post-crediting period is not efficient and commensurate to the risk that is being considered. Uncertainty requirements of using the lower bound, should be left to the methodology following the general standard. 90% is the common practice currently.	Align the % to the materiality level used for third-party verification or the definition of what represents de-minimis under the A6.4 mechanism. Simplify reporting requirements. There is no need for annual reversal reports, as this could be covered by the requirement to notify the occurrence of Reversal (as defined) and the requirement for a minimum reporting frequency which will determine this. If the activity participant does not meet the frequency requirement (does not provide a monitoring report in the frequency required), then A6.4 could decide the suspension. Use 90% as confidence level.
9	Appendix 3, Section 6.3 and Section 7.1	Remediation of reversals	Paragraph 68 and 69 requires activity participants to cover any intentional reversals. We don't believe this is feasible and it is not consistent with paragraph 79 that notes that intentional reversals would be compensated by the buffer.	Use the buffer to compensated avoidable/intentional reversals. There could be more flexibility to cover unavoidable/unintentional reversals.

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