|  |  |
| --- | --- |
| **CALL FOR INPUT** | |
| *Name of submitter* | Berioska Quispe Estrada, General Director of Climate Change and Desertification, (Peru’s DNA for Art. 6.4) |
| *Affiliated organization of submitter (if any)* | Ministry of Environment of Peru |
| *Email of submitter* | bquispe@minam.gob.pe; kmondonedo@minam.gob.pe; jmora@minam.gob.pe; rcampos@minam.gob.pe; dgccd6\_proy@minam.gob.pe |
| *Date of submission* | August 4, 2025 |

Instruction: Enter your input in the table below.

| **Document reference number and title: A6.4-MEP007-A04. Draft Standard: Addressing non-permanence/reversals (version 01.0)** | | | | |
| --- | --- | --- | --- | --- |
| **Item** | **Section no.** (as indicated in the document) | **Paragraph/Table/Figure no.** (as indicated in the document) | **Comment** (including justification for change) | **Proposed change**  (including proposed text) |
| 1 | **Cover Note,**  **Appendix 1,**  **Appendix 2 and**  **Appendix 3** | **General inputs for Draft Standard** | Nature-based solutions are an essential component in addressing the climate crisis, due to their contributions to mitigation, adaptation, and biodiversity conservation. In this regard, it is considered crucial to ensure that Article 6.4 is operationalized in a way that allows for the inclusion of forest credits and other nature-based credits that meet high integrity standards, particularly during these decisive decades leading up to 2050. | To move in this direction, it is important to expand the sectoral expertise of the Methodological Expert Panel (MEP), for example, through the creation of a working group with experts in nature-based solutions, with the aim of developing a proposal tailored to the sector's specific needs and ensuring its operational and economic viability.  Likewise, to ensure the effectiveness and relevance of the Article 6.4 mechanism, it is considered essential to carry out a broad, fair, and effective consultation process that guarantees the participation of all key stakeholders. In this sense, it is noted that the current deadlines for submitting inputs may limit the effective participation of some stakeholders, which would undermine the possibility of receiving representative, technically sound, and well-substantiated contributions. Therefore, a call is made to consider an extension of the established deadlines to allow for a thorough review and meaningful response from all interested parties. |
| 2 | **Key issues and proposed solutions**  **Document architecture**  **Structure and Scope of the regulatory documents to address reversals for Appendix 1, Appendix 2 and Appendix 3** | Cover note. Section 3.1, Paragraph 11-13  Cover note  Appendix 1 and 2 (Section 3.2), Paragraph 14-32  Appendix 3 (Section 3.3), Paragraph 33-39 | It is reported that the MEP did not reach a consensus on the structure and scope of the regulatory documents to address non-permanence/reversals. Therefore, the MEP is presenting three appendices as representative of two alternative proposals for the draft standard.  **Proposal A** (position held by most MEP members) involves addressing some requirements in a standard for mechanism’s methodologies (Appendix 1) and others in a standard directed at activity participants (Appendix 2).  In this regard, it is observed that Appendices 1 and 2 impose indefinite monitoring obligations that create significant barriers for land-use projects, as open-ended timelines are not viable for attracting investment. This could considerably limit or exclude the participation of nature-based solutions, as REDD+, in the Article 6.4 mechanism.  Meanwhile, **Proposal B** (position held by one MEP member) states all requirements for addressing reversals can be established in a single standard for activity participants (Appendix 3). This Appendix proposes a more manageable approach by establishing a fixed post-issuance monitoring period. However, the proposed duration (45 years) is still considered excessive.  Therefore, the adoption of Appendix 3 is viewed positively, as it promotes participation among activity types and simplifies reporting responsibilities. However, some adjustments should be considered. | Peru expresses concern that Appendices 1 and 2 propose indefinite monitoring obligations, which create significant barriers for projects in the land-use sector. Open-ended timelines or those lacking a clear time horizon are not viable for mobilizing investments, especially in contexts where clear incentives and enabling conditions are needed to foster the participation of the private sector and other local actors.  Therefore, Peru considers the adoption of Appendix 3 as a better option; however, it highlights the need for further adjustments (see further details in this table). It is also recommended to deepen collaborative work with key stakeholders to ensure that the proposal is operationally feasible and economically viable.  Nevertheless, Peru requests the MEP extend the deadline for submitting feedback and inputs, considering the complexity of both proposals (option A and option B) and considering the impact this Standard will have on countries with high potential for projects related to nature-based solutions and REDD+. |
| 3 | **Appendix 3**  **Section 3. Definitions** | Paragraph 8 (g) | While the proposed definition of net removal includes the consideration of leakage in the estimation of net removals and emission reductions, it is important to recognize that international leakage involves high levels of uncertainty and has a limited scientific basis across different geographical contexts and credit types. Requiring its precise estimation imposes a significant monitoring burden and, in the absence of accessible and reliable data, could discourage investment, limit market participation, and undermine the effectiveness of the mechanism. | As an alternative to address this limitation, the application of a fixed discount tailored to each credit category could be considered. This would conservatively reflect the risk of leakage without imposing technical and monitoring requirements that could compromise the viability of the activities. |
| 4 | **Appendix 3**  **Section 5.2. Reversal monitoring duration** | Paragraph 17 | Appendix 3 establishes that participants must monitor reversals for 45 years following the date of final verification. In the context of Peru, for example, there are projects with crediting periods ranging from 30 to 40 years, which would imply contractual commitments of 75 to 85 years. This requirement is operationally unfeasible, as it would be unreasonable to expect project developers to assume obligations that exceed the duration of their contracts and their long-term management capacities. | It is recommended to work with key stakeholders to assess the operational feasibility and cost implications of the post-crediting period monitoring requirements.  In this context, it is suggested to modify this requirement to a period of 40 years counted from the project start date, and to establish a periodic review every 5 years in order to incorporate potential advancements in technology and assurance mechanisms that could optimize its implementation. |
| 5 | **Appendix 3**  **Section 5.2. Reversal monitoring duration** | Paragraph 19 | The current definition of negligible risk of reversal is excessively restrictive and does not consider the inherent limitations of long-term (100-year) carbon stability projections, especially in the land-use sector. This severely limits the ability of projects to qualify for exemptions from post-crediting period monitoring, imposing disproportionate demands on participants. Therefore, this requirement could negatively impact the legitimacy and credibility of the mechanism. | It is recommended to replace the definition of “negligiblerisk” with that of “acceptable risk,” understood as a reasonable probability of carbon permanence over a 40-year period. It is also suggested that the term “reasonable probability” be interpreted in accordance with the IPCC Guidance Note on Consistent Treatment of Uncertainties, equivalent to a probability of 66% (Mastrandrea et al., 2010, AR5). |
| 6 | **Appendix 3**  **Section 5.2. Reversal monitoring duration** | Paragraph 20 | The content of the paragraph is overly generic in stating that "activity participants shall provide evidence in the form of models or other methods." | It is recommended to standardize the methods for quantifying risk to provide clear guidance to participants in assessing the risk of reversal, including, for example, the factors that should be considered and how to quantify them. This would help ensure greater consistency and comparability across different activities. |
| 7 | **Appendix 3**  **Section 5.3. Reversal reporting** | Paragraph 24 - 27 | The requirement to prepare annual reversal reports, including the estimation of their magnitude, may represent a significant burden for small scale projects, as it involves allocating limited resources that could otherwise be used directly for implementing corrective measures. In some cases, participants may be forced to choose between stopping the reversal and quantifying its impact. While rigorous monitoring is essential to ensure environmental integrity, requirements as stringent as currently proposed may discourage the participation of actors with lower technical or financial capacity, thereby reducing their engagement in the market. | It is recommended to adopt a more flexible approach to reversal reporting that balances the need for rigorous oversight with operational feasibility and the inclusion of projects of different scales. In this regard, a reversal report could be required at the time of credit issuance, as a section of the monitoring report, and, additionally, projects could be offered different reporting options depending on the magnitude of the detected reversal event. In the post-crediting monitoring periods, the reversal report could be every 3 or 5 years. |
| 8 | **Appendix 3**  **Section 5.3. Reversal reporting** | Paragraph 27 (c) | An estimate of the amount of the reversal is requested using the upper bound of a 95% confidence interval, including a description of the methodology used. This requirement is unnecessarily strict. | It is suggested to reduce the confidence level to 90% to achieve a more appropriate balance between technical rigor and operational feasibility. This modification would allow for a more realistic and practical verification without compromising the environmental integrity of the mechanism. |
| 9 | **Appendix 3**  **Section 6.1. Distinguishing between unintentional and intentional reversals** | Paragraph 37 - 46 | The distinction between intentional and unintentional reversals is a proposal that could be considered applicable at the level of land-use projects, as this differentiation is needed in that context.  However, it is noted that extending this classification to large-scale interventions, such as jurisdictional REDD+ programs, would not be appropriate, as these involve multiple actors. In such initiatives, establishing this distinction would be impractical and would entail a considerable burden in terms of monitoring and verification, undermining the principles of inclusion, equity, and operational feasibility that should guide the design and implementation of these actions. | It is recommended that, although the distinction between intentional and unintentional reversals may be useful in the context of project-level crediting, this classification should not be applied to jurisdictional REDD+ programs in the context of the MEP’s future work, as its implementation would not be practical given the scale and complexity of such programs. It is suggested to have different recommendations for land use projects, REDD+ projects and programs. |
| 10 | **Appendix 3**  **Section 6.1.1. Unintentional reversals** | Paragraph 42 | The classification between intentional and unintentional reversals could be questionable, given that even reversals caused by third parties unrelated to the project, such as illegal logging, can be considered avoidable. | It is recommended to provide more guidance on avoidable reversal and to establish a rule that assigns strict liability to activity participants in cases of willful misconduct, fraud, or illegal acts. |
| 11 | **Appendix 3**  **Section 6.2. Mitigation unintentional reversals** | Paragraph 48 - 49 | It is specified that a Reversal Risk (Buffer Pool) will be established, but other options are also being considered, such as insurance or monetary reserves that would allow for the purchase and cancellation of low-risk credits. | While the use of alternative measures to remedy reversals is anticipated, it is considered that all projects should contribute to the buffer pool. It is essential that the management of non-permanence risk be carried out through a coherent and consistent strategy across the entire portfolio of removal activities under the Article 6.4 mechanism. |
| 12 | **Appendix 3**  **Section 6.2.1 Reversals risk assessment** | Paragraph 54 - 56 | All participants in mitigation activities are required to undergo a suitability and integrity assessment to ensure their ethical, legal, and financial capacity to fulfill the project's commitments. This assessment must be updated with each renewal of the crediting period, and failure to comply disqualifies the project. In addition, the reversal risk of an activity under Article 6.4 will be determined by summing various risk factors: insolvency, type of activity, primary risks, and the quality of the reversal management plan.  This requirement could create barriers for communities and small project developers, limiting their participation in the mechanism. | It is recommended to review this requirement considering the circumstances of Indigenous Peoples and small project developers, given that insolvency risks can be adequately addressed through the reversal risk assessment of the activity. |
| 13 | **Appendix 3**  **Section 6.3. Mitigating intentional reversals** | Paragraph 68 | Activity participants are required to obtain and maintain sufficient coverage through an insurance policy or comparable guarantee products to cover the risk of intentional reversals, which poses a limitation for communities and small project developers. | It is recommended to modify the requirement for an insurance policy or comparable guarantee products to cover intentional reversals, considering alternative mechanisms that do not pose an access barrier for communities and small project developers. This would help maintain environmental integrity without compromising the inclusiveness and fairness of the mechanism. |
| 14 | **Appendix 3**  **Section 7.1. Post reversals actions** | Paragraph 81 | It is proposed that, in the case of a recoverable reversal, participants must report whether they will choose to terminate the activity and return the verified reductions, or continue the activity by undertaking recovery actions to restore the previous mitigation levels. | It is recommended to further develop the option of adopting recovery measures in response to potentially recoverable reversal events, prioritizing the continuation of the activity over its cancellation. |
| 15 | **Appendix 3**  **Section 7.3. Reversals that fall below baseline** | Paragraph 95 | It is proposed that if a reversal (loss of emission reductions) occurs in activities other than those related to terrestrial carbon stocks, and this loss exceeds what had been verified plus the expected emissions from GHG storage, the project participant must compensate for the difference.  However, it is not specified what is meant by the different types of activities. | It is recommended to more precisely define the different types of activities included in the mechanism and to establish specific criteria for each regarding the amount that must be remedied in the event of a reversal. This is particularly relevant considering that, in the case of activities not related to terrestrial carbon stocks, compensation is required for the difference when the reversal exceeds the verified reductions plus the emissions associated with GHG storage, without clearly specifying which types of activities this provision refers to. |
| 16 | **Appendix 3**  **Section 7.3. Reversals that fall below baseline** | Paragraph 97 - 98 | The participant must demonstrate that site remediation has been completed within 24 months following the reversal event. If more time is needed, a justified extension may be requested, which will be evaluated and either approved or rejected by the Secretariat.  However, it is unclear what is meant by “remediation completion date.” | It is recommended to provide a clear definition of “remediation completion date,” specifying whether it refers to the actual remediation of the lost removals or the completion of actions that will enable such remediation in the future, considering that in many cases this process may extend beyond the 24-month period established. |
| 17 | **Appendix 3**  **Section 7.4. Termination of activities** | Paragraph 101 -103 | It is proposed that if a participant decides to terminate a registered activity, they must cancel the verified A6.4ERs issued up to that point, using the credits available in their account. The amount to be canceled will be determined based on a declining liability.  However, there does not appear to be an option for the Supervisory Body to terminate a registered activity. | It would be advisable for the Supervisory Body to have the authority to terminate a registered activity, as well as to clearly define the conditions under which it would be empowered to do so.  Additionally, it would be important to assess the establishment of a minimum retention percentage based on overall risk and the capitalization needs of the buffer.  Both measures would contribute to strengthening the integrity of the mechanism and ensuring an appropriate response to high risks or potential non-compliance. |

-- (*Please add rows as required*) -