



CALL FOR INPUT

<i>Name of submitter</i>	World Bank
<i>Affiliated organization of submitter (if any)</i>	World Bank
<i>Email of submitter</i>	hgadde@worldbank.org
<i>Date of submission</i>	30 September 2025

General Observations/suggestions:

1. Additionality assessment under the CDM has been a pass/fail (yes/no) approach (wherein the intent of the project participant has always been to pass this test and at times leading to gaming). What about having a greyscale (instead of black/white) of such presentation under Article 6.4 mechanism?
2. Alternately, in case of standalone projects, the financial returns from the project may be presented. However, this step being not a pass/fail step with respect to a benchmark or investment comparison. The financial narrative may be for the buyer to perceive the risk of sustainability of ex-post-delivery of mitigation outcomes.
3. In context of investment analysis presentation, could the benchmark (setting) also be provided by the host country authority rather than being determined by project participants, apart from the default cost of equity?
4. It would also be useful to clarify if this tool applies to projects with dominant public investment where the drivers, incentives and challenges are different require other complementary approaches.
5. Sectoral differentiation of discount rates and reliable beta/market return inputs are often missing in low-income markets, undermining CAPM usage. The draft limits CAPM applicability to countries with mature markets, but many projects are in jurisdictions where CAPM is infeasible. Having and allowing the use of sectoral differentiated values is essential.

Instruction: Enter your input in the table below.

Document reference number and title: A6.4-MEP008-A01. Draft methodological tool: Investment analysis (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	3	6	It is stated that: “This version of the tool is applicable to Article 6.4 activities implemented at the project level. The tool may be amended in the future to also cover activities implemented at other scales (e.g. programmes of activities, policies, sectoral approaches, etc).”	The investment analysis tool has explicit reference for use in case of projects and not for programmes of activities or large-scale crediting programmes or sectoral approaches. Noting that the same methodology(ies) may get applied at project and PoA level, the need for such distinction should be clarified or the clause for interim till the PoA specific tool emerges may be excluded.
2	5.2.1	13	It is stated that: “Where the project design document (PDD) is submitted for validation prior to the start date of the Article 6.4 activity, the analysis shall be updated through the submission of a request for approval of post-registration changes in ...”	Instead of such a requirement and also noting that the values considered in the investment analysis still get validated, it would be better to indicate some time period (1 or 2 years) that may be allowed for such early start activities without the need to redo the investment analysis as PRC or at first verification.
3	5.2.3	18	It is stated that: “For transparency purposes, activity participants may specify in the PDD: (a) The abatement costs of the Article 6.4 activity (e.g., as USD per tCO2e); and (b) Any monetary and non-monetary benefits”	As a market mechanism, stating the abatement cost might limit the market creation for the price that the A6.4 activity is seeking and also noting that the benchmark need not define the lower/upper limit. Further, also noting that the over the years the default cost of equity has lot of variation too. Furthermore, the indication of non-monetary benefits in context of investment analysis tool may be removed too.
4	6.3	Footnote 11	It is stated that: “...revenues from carbon credits have, in principle, the ability to increase the financial indicator above the financial benchmark.”	The interpretation of the indicated clause should not be interpreted as if the incentives from the mechanism resulting in the activity becoming financially attractive.
5	6.3	28	It is indicated under Option 2 that: “...public funding, expressed in grant equivalents, is larger than the expected revenues from A6.4ERs (e.g., based on common market prices for A6.4ERs for the type of Article 6.4 activity), ...”	The limited dataset may hinder a thorough assessment, so this clause should be reconsidered.
6	7.1	35	It is stated that: “Where an activity does not have an end date of expected operation, a minimum assessment period of [30] years shall be used.”	The uncertainty associated with such a long term perspective might be difficult to validate.

Document reference number and title:

A6.4-MEP008-A01. Draft methodological tool: Investment analysis (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)										
7	7.6.3	53	The stated default values are provided in the Appendix of the tool for cost of equity for the period 2021 – 2024. However, therein lot of variation in the data is observed over the years.	Noting the COVID years and representation issues associated with same, the data set should be revisited. Also, if yearly data is intended to be published then the tool update frequency should also be cited.										
8	7.8	67	It is stated in context of sensitivity analysis that: “...where the applied variation results in the financial indicator reaching the level of the financial benchmark and/or the proposed Article 6.4 activity becoming the most financially attractive alternative, the proposed Article 6.4 activity shall not be deemed additional.”	Noting the variation in the underlying dataset (default cost of equity) itself being more than 10% in several instances, such a statement regarding activity not being additional may not be appropriate stance.										
9	Appendix	Table 1	The stated default values are provided in the Appendix of the tool for cost of equity for the period 2021 – 2024. However, therein lot of variation in the data is observed over the years (for e.g., <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Country</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Korea (Democratic People's Republic of)</td> <td>20.32</td> <td>20.37</td> <td>28.41</td> <td>31.49</td> </tr> </tbody> </table>).).	Country	2021	2022	2023	2024	Korea (Democratic People's Republic of)	20.32	20.37	28.41	31.49	Noting the COVID years and representation issues associated with same, the data set should be revisited. Also, if yearly data is intended to be published then the tool update frequency should also be cited.
Country	2021	2022	2023	2024										
Korea (Democratic People's Republic of)	20.32	20.37	28.41	31.49										

-- (Please add rows as required) -