

From: Herrick, Moon <[REDACTED]>
Sent: Tuesday, 12 May, 2026 20:40
To: A6.4mechanism-info <A6.4mechanism-info@unfccc.int>
Cc: [REDACTED]
Subject: Technical note on SBM021 Para 22

Dear UNFCCC Secretariat Colleagues,

The ART Secretariat is pleased to provide a concise technical note to assist the Secretariat and the MEP in adapting existing standards and tools to support large-scale crediting approaches. Please do not hesitate to reach out if you have any questions or concerns.

Best regards,

Moon



ART
Architecture for
REDD+ Transactions

Moon Herrick
Senior Manager,
Policy

ARCHITECTURE
FOR REDD+
TRANSACTIONS

[ART WEBSITE](#) |
[LINKEDIN](#)

EMAIL: [REDACTED]

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Technical Note on Annotated Agenda for Twenty-first Meeting of the Supervisory Body of the Mechanism (SBM 021, Paragraph 22)

Scope and framing

This note is provided in response to the annotated agenda for the twenty-first meeting of the Article 6.4 Supervisory Body ([SBM021 Agenda](#)), specifically focusing on **paragraph 22**, which proposes providing a mandate to the Methodological Expert Panel (MEP) to (a) Prepare the “Concept note: Revision of methodological standards and tools for application to programmes of activities”, noting the Supervisory Body’s [earlier mandate to address large-scale crediting programmes](#); and (b) Revise any relevant methodological standards and tools to make them applicable to programmes of activities, including, inter alia, the seven standards and tools listed and discussed in the text below.

While the annotated agenda and proposed mandate are framed around PoAs, the concept note on large-scale crediting presented at MEP012 concerned large-scale crediting more broadly, with PoAs identified as an initial application case. Accordingly, several of the observations and recommendations below are intentionally framed to support a more inclusive approach, including future jurisdictional applications, without pre-judging future decisions by the Supervisory Body. Particular emphasis is placed on **activities involving removals and the treatment of non-permanence and reversals**, given ART’s focus on **jurisdictional REDD+, which is a large-scale crediting approach that has significantly different characteristics than PoAs**. References are to the currently approved **Article 6.4 standards and tools** available on the UNFCCC website.

The annotated agenda for SBM021 includes **seven items (five standards and two tools)** for adaptation:

- (i) Standard: Setting the baseline in mechanism methodologies (A6.4-STANMETH-004);**
- (ii) Standard: Demonstration of additionality in mechanism methodologies (A6.4-STAN-METH-003);**
- (iii) Standard: Addressing leakage in mechanism methodologies (A6.4-STANMETH-005);**
- (iv) Standard: Addressing suppressed demand in mechanism methodologies (A6.4-STAN-METH-006);**
- (v) Standard: Addressing non-permanence and reversals in mechanism methodologies (A6.4-STAN-METH-007);**

(vi) Methodological tool: Common practice analysis (A6.4-AMT-001);

(vii) Methodological tool: Investment analysis (A6.4-AMT-002)

Procedural clarity and sequencing of mandates

We wish to raise a procedural consideration regarding mandate clarity, sequencing, and stakeholder engagement.

The Supervisory Body previously requested the MEP to address methodological requirements for large-scale crediting programmes. Consistent with this, the MEP's previously adopted 2026 workplan originally included a concept note on large-scale crediting programmes, with plans to open a call for input at MEP 13, and the MEP presented initial considerations on this topic at the MEP 12 opening plenary.

However, no call for input was subsequently issued on the draft concept note. More recently, the annotated agenda for SBM021 introduces a proposed mandate to the MEP that appears narrower in scope, focusing primarily on the application of existing methodological standards and tools to PoAs, while only noting the earlier mandate on large-scale crediting. In parallel, the revised 2026 MEP workplan to be considered at SBM021 indicates that the original body of work on large-scale crediting programmes [has been struck through](#). The [revised MEP Workplan](#) includes a proposal to postpone that work until 2027.

Taken together, these developments risk creating uncertainty as to:

- When the Supervisory Body intends to address the original mandate on large-scale crediting programmes to be taken forward, and how it will interact with the concept note on PoAs and accompanying revisions to methodological standards and tools;
- Whether PoAs are intended as an initial application case within a broader mandate on large-scale crediting, or as a standalone and narrower workstream; and
- At what stage, and according to what scope, stakeholders will have an opportunity to provide substantive input.

Clarifying these issues would strengthen transparency and help ensure that technical work proceeds based on a shared understanding of objectives and scope.

Clarification on paragraph 22(b) of the proposed mandate

Commented [JP1]: Christy - check this new language; it's asking about process/timeline, though it may be poking members if we want large-scale crediting to get punted

Commented [CM2R1]: It is a tough balance for sure. Moon, let's discuss when we meet today

We further note that, as currently drafted, the proposed action in **paragraph 22(b)** could be interpreted as directing the MEP solely to **edit existing standards and tools to make them applicable to PoAs**, rather than first assessing **whether, and to what extent, those standards and tools are conceptually and technically applicable at programme scale**.

While this may not reflect the intended interpretation, clarification would be valuable. In particular, we request confirmation that:

- The MEP's work will include an **evaluation of the applicability and limitations of existing standards and tools** when applied to PoAs and other large-scale approaches, and not be limited to textual revision of the documents listed in 22(b)(i)–(vii); and
- Any revisions to standards or tools undertaken under this workstream will be subject to **appropriate opportunities for stakeholder input** and consideration by the Supervisory Body prior to finalisation.

Such clarification would help ensure that subsequent technical work — including the revisions discussed below — proceeds on the basis of a shared understanding of scope and process.

Items (i), (ii), (vi), and (vii): Baseline, additionality, and related tools

Relevant standards and tools

- [*Standard on setting the baseline*](#) (A6.4-STAN-METH-004, v01.0)
- [*Standard on demonstration of additionality*](#) (A6.4-STAN-METH-003, v01.2)
- *Tool for common practice analysis* (A6.4-AMT-001)
- *Tool for investment analysis* (A6.4-AMT-002)

Across these instruments, operative provisions **assume discrete investment decisions, activity-level benchmarks, and activity-specific baseline scenarios**, including:

- Additionality demonstrations relying on **project- or activity-specific regulatory surplus and investment analysis**, rather than **performance-threshold additionality** suitable for PoAs; and
- Baseline-setting approaches requiring **activity-level selection and step-wise comparison against conservative BAU scenarios**, with no explicit provision for programme-level or jurisdiction-wide baselines.

Experience with scaled approaches suggests that such assumptions do not always translate smoothly to PoAs or other large-scale crediting approaches. At PoA scale, these standards and

tools therefore need to be **adapted to allow programme-level baseline frameworks, standardized baselines, and alternative additionality demonstrations.**

The **common practice tool** is particularly important, as it sits within the additionality logic and could become a major barrier for large-scale nature-based approaches. The expected revision may expand the tool beyond project-level activities to PoAs and other large-scale crediting programmes, making early consideration of programme-scale assumptions especially important.

Items (iii) and (iv): Leakage and suppressed demand

The current Leakage Standard applies to project-level methodologies, includes international leakage, and requires REDD+ activities to be nested, with only a temporary letter-based interim option where countries are not fully ready.

Revision to accommodate PoAs would likely move into higher-level design questions, including standardized baselines at higher aggregation levels, nesting arrangements, and the upscaling of crediting to sectoral, subnational, or national levels. This makes the leakage standard particularly important for REDD+ and J-REDD, as it is where project-level rules intersect most directly with jurisdictional architecture. Thus, it will be especially important for stakeholders to have adequate time to make detailed recommendations for how to adapt the leakage standard.

- **Item (iii): [Standard: Addressing leakage in mechanism methodologies](#) (A6.4-STANMETH-005)**
- **Item (iv): [Standard: Addressing suppressed demand in mechanism methodologies](#) (A6.4-STAN-METH-006)**

Item (v): Non-permanence and reversals – role of the removals standard

In addition to item (v), it is important to flag the **standard on activities involving removals**, as it contains provisions that are closely linked to, and in some cases underpin, the non-permanence and reversals standard.

Experience with removals highlights that **shared buffer pooling, contractual structuring, and monitoring arrangements**, often require reconsideration at programme scale, and that assumptions embedded in activity-level approaches are largely unworkable for large-scale crediting approaches.

Item (v): Standard: Addressing non-permanence and reversals in mechanism methodologies (A6.4-STAN-METH-007)

Context: Standard on activities involving removals

Standard: *Activities involving removals under the Article 6.4 mechanism*

Document: A6.4-SB009-A02, v01.1

Link: <https://unfccc.int/documents/633400>

To address aspects of the **Non-permanence Standard** that may require change to accommodate large-scale crediting, it is necessary to understand the provisions in the removals standard from which these challenges originate.

Key provisions requiring adaptation include:

- **Paragraph 26:** Continued monitoring after the last crediting period to assess reversals and confirm continued storage.
- **Paragraph 28:** Conditions under which post-crediting monitoring may be terminated.
- **Section 4.6.2:** An understanding of reversals that does not comport with jurisdictional REDD+, where reversal events may not be immediately detectable and where suspension of issuance could interrupt finance and itself increase reversal risk.
- **Avoidable vs. unavoidable reversals: impossible to make this distinction at jurisdictional scale, as baselines and annual emissions include all factors (avoidable and not— all factors, not a single activity).**
- **Paragraph 58:** Full liability for replenishing the Reversal Risk Buffer Pool Account in the case of avoidable reversals.

Non-permanence Standard and associated tools

Standard: *Addressing non-permanence and reversals in mechanism methodologies*

Document: A6.4-STAN-METH-007, v01.0

Link: <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-007.pdf>

Tools: Relevant methodological tools applied in conjunction with this standard

Link: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations>

Key provisions requiring adaptation include:

- Reversal risk assessment and buffer contributions specified at the **individual activity level**, with no explicit provision for **programme-level or jurisdictional risk pooling** (sections 6.1 and 6.5).
- Assumptions that activities are **statistically independent**, resulting in excessive or impractical buffer requirements for large-scale or jurisdictional programmes (sections 6.5 and 7.1).
- Monitoring and liability provisions that do not distinguish **localized reversals** from **systemic, jurisdiction-wide events**, requiring activity-level remediation during both crediting and post-crediting periods (sections 7.1–7.4).

For PoAs, these provisions would need to **recognize jurisdiction/programme-level risk pooling**, programme-wide shared buffer accounts, and **differentiated treatment of localized versus systemic (net) reversals**, aligned with national forest monitoring systems. It will be important to ensure that the Mechanism operates with a **shared buffer pool across projects and programmes** for large-scale crediting.

Conclusion

Large-scale crediting under Article 6.4 requires the **application of existing standards and tools at programme scale**. Unless removals, reversals, and associated methodological standards are explicitly adapted, large-scale crediting (currently focused on PoAs) will remain **formally permissible but practically inoperable**. The recommendations above aim to **minimize the burden on the MEP and the UNFCCC Secretariat** while enabling the **streamlined and timely accommodation of large-scale crediting** under the Mechanism.

We appreciate the substantial workload facing both the SBM and the MEP, and recognise the importance of timely progress on methodological matters. At the same time, clarification at **SBM021** regarding the **scope, sequencing, and process** for work on PoAs and other large-scale crediting approaches — including opportunities for stakeholder input — would provide a strong foundation for subsequent technical development.

Recognising potential programme-scale limitations of existing standards and tools at the **concept note stage** can help ensure that subsequent revisions preserve environmental integrity while remaining workable for large-scale mitigation programmes under the Article 6.4 mechanism.