

A6.4-SB004

Meeting report

Fourth meeting of the Article 6.4 mechanism Supervisory Body

Version 01.0

Date of meeting: 7 to 10 March 2023

Place of meeting: Bonn, Germany



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Agenda item 1. Agenda and meeting organization

Agenda item 1.1. Opening

1. Mr. James Grabert, as the secretary to the Supervisory Body, opened the meeting and asserted that the quorum requirement was met before proceeding to welcome the new member and congratulate the newly elected Chair and Vice-Chair of the Supervisory Body, covered under agenda item 2.1 “Membership issues”.
2. The Supervisory Body noted that Mr. Gebru Jember and Mr. Duan Maosheng were unable to attend this meeting and had provided proper justification for their absence.
3. The table below shows the attendance of members and alternate members at this meeting. The names of the members and alternate members present at this meeting in person are indicated in bold print; those present virtually are indicated in italics.

Table. Attendance

Members	Alternates
Mr. Benedict Chia^a	Ms. Kristin Qui^a
<i>Mr. Felipe De León Denegri^b</i>	<i>Mr. Eduardo Calvo^b</i>
Mr. El Hadji Mbaye Diagne^a	Mr. Tirivanhu Muhwati^a
Mr. Piotr Dombrowicki^b	Mr. Imre Bányász^b
Ms. Olga Gassan-zade^a	Ms. Maia Tskhvaradze^a
Mr. Charles Hamilton^a	Mr. Derrick Oderson^a
Mr. Martin Hession^a	Ms. Emily Mathias^a
Mr. Gebru Jember ^b	Mr. Manjeet Dhakal^b
Mr. Duan Maosheng ^a	Ms. Maria AlJishi^a
Mr. Daegyun Oh^b	Mr. Kazuhisa Koakutsu^b
Ms. Molly Peters-Stanley^b	Mr. Simon Fellermeier^b
<i>Mr. Mkhuthazi Steleki^b</i>	Mr. Alick Muvundika^b

(a) Term: two years, i.e. ending immediately before the first meeting in 2024.

(b) Term: three years, i.e. ending immediately before the first meeting in 2025.

Agenda item 1.2. Adoption of the agenda

4. The Supervisory Body adopted the agenda of the meeting, which was published as document A6.4-SB004-AA.¹

¹ See <https://unfccc.int/sites/default/files/resource/a64-sb004-aa.pdf>.

Agenda item 2. Governance and management matters

Agenda item 2.1. Membership issues

5. The Supervisory Body welcomed a new member, Mr. Daegyun Oh, and took note of the composition of its membership in 2023.
6. The Supervisory Body elected Ms. Olga Gassan-zade as the Chair and Mr. El Hadji Mbaye Diagne as the Vice-Chair to serve until immediately before the first meeting in 2024.
7. The Supervisory Body expressed its appreciation to the outgoing Chair, Ms. Kristin Qui, and Vice-Chair, Mr. Piotr Dombrowicki, for their leadership and dedication in chairing the meetings last year. The Supervisory Body also thanked the outgoing alternate member, Ms. Rajasree Ray, for the hard work and dedication during her tenure.
8. Members and alternate members of the Supervisory Body made available statements of actual, potential or perceived conflicts of interest with respect to the issues on the agenda of this meeting, as reflected on the UNFCCC website.²

Agenda item 2.2. Guidance by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

9. The Supervisory Body took note of decision -/CMA.4 related to the Article 6.4 mechanism by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) and other related decisions adopted at the United Nations Climate Change Conference in Sharm el-Sheikh, Egypt (November 2022).
10. The Supervisory Body approved its workplan 2023, as contained in [annex 1](#) to this report, and requested the secretariat to include any new mandates arising from meetings in future versions of the workplan, and to provide an update on the status of work on a regular basis. The workplan includes information on the work to be done by the Supervisory Body between the meetings. In addition, the Supervisory Body agreed to dedicate focused time to consider interdependent and/or cross-cutting issues as deemed necessary.
11. The Supervisory Body considered the concept note “Consideration of the special circumstances of LDCs and SIDS”, as contained in annex 2 of the annotated agenda, and requested the secretariat to include components that recognize the special circumstances of least developed countries (LDCs) and small island developing States (SIDS) where the rules, modalities and procedures for the Article 6.4 mechanism (RMPs) relate to nationally determined contributions and other aspects of their special circumstances that may be recognized in further decisions of the CMA relating to these rules, modalities and procedures. The Supervisory Body requested the secretariat to prepare a revised concept note, taking into account the discussions at this meeting, to include information on existing provisions currently available to LDCs and SIDS in other carbon market standards (including clean development mechanism), taking into account the Paris Agreement such as their level of usage (number of activities, volume of emission reductions, etc), to be considered at a future meeting.

² See <https://unfccc.int/event/Supervisory-Body-4>.

12. At its fourth session, the CMA requested the Supervisory Body to consider ways to encourage participation by small and micro businesses in the Article 6.4 mechanism, in particular in LDCs and SIDS. The Supervisory Body considered the concept note "Participation by small and micro businesses in the Article 6.4 mechanism", as contained in annex 3 of the annotated agenda, and agreed to consider, on a case-by-case basis, the inclusion of provisions that specifically address small-scale and micro-scale activities as a means of supporting these businesses in the development methodologies, including inter alia, simplified additionality, baselines, monitoring, calculations and validation and verification. The Supervisory Body also agreed to undertake consultation aimed at small and micro businesses in its future communications and engagement activities. The Supervisory Body will report to the CMA on how it has addressed the mandate.

Agenda item 3. Matters relating to rules, modalities and procedures for the Article 6.4 mechanism

13. The Supervisory Body considered the information note "Removal activities under the Article 6.4 mechanism", as contained in annex 4 of the annotated agenda, and:
- (a) Took note of the request contained in decision -/CMA.4, paragraph 22, to consider broader inputs from stakeholders provided in a structured public consultation process on removals, and agreed that this process will be undertaken after identifying information gaps based on views submitted by Parties and observers in response to the call for submissions launched following decision -/CMA.4, paragraph 20;
 - (b) Agreed that an informal working group on removals will work prior to the next meeting and taking into account the submissions from Parties and observers, will convene for receiving update from the secretariat on the elaboration of the updated information note and to consider whether to prepare questions for public consultation to be considered by the Supervisory Body at SB005;
 - (c) Requested the secretariat to:
 - (i) Prepare a summary of the views submitted by Parties and observers in response to the call for submissions launched following decision -/CMA.4, paragraph 22 in relation to elaborating and further developing recommendations on activities involving removals;
 - (ii) Prepare an updated version of the document "Information note: Removal activities under the Article 6.4 mechanism", taking into account the guidance and questions contained in annex 2 to this report and views from the Parties and observers, as referred to in sub-paragraph (i) above.
14. The Supervisory Body considered the concept note "Development of activity standard, validation and verification standard and activity cycle procedure", as contained in annex 5 of the annotated agenda, and requested the secretariat to (i) draft activity standards, validation and verification standards, and activity cycle procedures, drawing on the corresponding documents developed for the clean development mechanism (CDM), with modifications to accommodate the requirements in the RMPs and their elaboration adopted at the fourth meeting of the CMA; as well as to (ii) reflect the guidance provided

by the Supervisory Body at this meeting. Such guidance includes that the secretariat should:

- (a) Start with projects and programmes of activities (PoAs) as activity types to be covered by these standards and procedures, and develop two sets of the standards and the procedures (one for projects and the other for PoAs), noting that the Supervisory Body will start considering “other types of activity” that may be registered under the Article 6.4 mechanism in accordance with paragraph 31(b) of the RMPs, such as policy, jurisdictional or sectoral programme, and may revise these standards and procedures to expand the scope or develop a new set of these standards and procedures, as appropriate;
 - (b) Cover both emission reductions and removals as mitigation types to be addressed by these standards and procedures from the outset, noting that requirements specific to removal activities are to be elaborated after the guidance on removals is provided by the CMA;
 - (c) Develop provisions on minimizing the risk of non-permanence and addressing reversals as a general requirement applicable to both emission reduction and removal activities;
 - (d) Integrate the provisions on the use of the sustainable development tool to be developed by the Supervisory Body and make the tool mandatory;
 - (e) Develop a process for host Parties to demonstrate the fulfilment of the requirements to participate in the Article 6.4 mechanism contained in paragraphs 26–27 of the RMPs, including templates for use by host Parties for that purpose;
 - (f) Develop two options for the substantive check of requests: one to be conducted by external experts, and the other to be conducted by the secretariat;
 - (g) Include provisions to ensure that double registration and double issuance under different activity types or different crediting schemes are avoided and to require that any overlapping elements such as baselines and monitoring be coordinated;
 - (h) Draft an appeals and grievances process based on the proposed approach in the concept note, learning also from the similar practices under other crediting schemes.
15. The Supervisory Body also requested the secretariat, in drafting the documents referred to in paragraph 14 above, to ensure the coherence on the following cross-cutting issues within these documents as well as with other regulatory documents for the Article 6.4 mechanism that the secretariat is requested to draft:
- (a) Roles and responsibilities of host Parties in the Article 6.4 mechanism and their implications on activities at various stages of the activity cycle;
 - (b) Roles, reliance and liability of designated operational entities in the Article 6.4 mechanism.
16. The Supervisory Body further requested the secretariat, in presenting the drafts of the documents referred to in paragraph 14 above, to highlight the differences from the corresponding documents developed for the CDM and to refer to the practices under different crediting mechanisms, where appropriate.

17. The Supervisory Body considered the concept note “Workplan for developing a sustainable development tool for the mechanism established by Article 6, paragraph 4, of the Paris Agreement”, as contained in annex 6 of the annotated agenda, and requested the secretariat to develop a sustainable development tool for the Article 6.4 mechanism (SD tool for the Article 6.4 mechanism), taking into account feedback provided at the meeting. The Supervisory Body agreed with the timeline for the development of the SD tool for the Article 6.4 mechanism as proposed in the concept note. The feedback provided at the meeting is that the SD tool for the Article 6.4 mechanism is to:
- (a) Make the use of the tool mandatory, and include provisions on the use of the tool in the activity standards, validation and verification standards and/or cycle procedures, as appropriate;
 - (b) Design the SD tool to allow users to take into account specific sustainable development objectives of each host Party, which are national prerogatives;
 - (c) Reflect both the positive and negative sustainable development impacts of activities using quantitative and/or qualitative indicators;
 - (d) Conduct further review of other bilateral and multilateral market-based mechanisms that currently uses sustainable development tools; and
 - (e) Connect to the Sustainable Development Goals by considering their timeframe.
18. The Supervisory Body considered the concept note “Development of Article 6.4 mechanism accreditation standards and procedures”, as contained in annex 7 of the annotated agenda, and provided the following feedback to be taken into account in the next iteration of the concept note to be considered by the Supervisory Body at its fifth meeting:
- (a) Conduct further analysis on concept of liabilities from ISO 17029 to be applied for the Article 6.4 mechanism accreditation standard;
 - (b) Include additional competence requirements to the Article 6.4 mechanism accreditation standard taking into account the relevant provisions in the rules, modalities and procedures including, among others, the validation and verification of the SD tool for the Article 6.4 mechanism;
 - (c) Provide pros and cons of and justification for the proposed amendments resulting from the different elements under the CDM and other greenhouse gas validation and verification schemes;
 - (d) Provide comparison in terms of implementation of the CDM accreditation requirement versus proposed recommendations related to Article 6.4 mechanism accreditation requirements; and
 - (e) Share the revised concept note with the Applicant Entities and Designated Operational Entities Coordination Forum in advance to seek their input.
19. The Supervisory Body considered the concept note “Process for development of methodologies, methodological tools and standardized baselines”, as contained in annex 8 of the annotated agenda, and requested the secretariat to prepare the draft procedure for the development of methodologies, methodological tools and standardized

baselines for consideration by the Supervisory Body at the next meeting. In this regard, the Supervisory Body agreed that:

- (a) The Supervisory Body will establish a methodological expert panel comprised of 10 members, drawing on the roster of methodological experts;
 - (b) The methodological expert panel will be chaired by two of the Supervisory Body members/alternates;
 - (c) The roster of methodological experts may be grouped into several working groups. The methodological expert panel may utilize the expertise of working groups as required;
 - (d) The operationalization of the methodological expert panel and working groups should be linked to a methodology-related workplan and occur on a progressive basis (e.g. the methodological expert panel and working groups are formed, but will be engaged on an 'on demand' basis, and in the interim the Supervisory Body may engage a small number of experts from the roster on a case-by –case basis;
 - (e) The secretariat will work with the methodological expert panel and working groups, and a final recommendation will be made by the methodological expert panel;
 - (f) The Supervisory Body agreed to always consider the cases at its meetings as indicated in Option A in paragraph 26 of the concept note and agreed that it may include other simplified fast-track approaches in future after more experience is gained.
20. The Supervisory Body considered the concept note “Process for transition of CDM activities to the Article 6.4 mechanism”, as contained in annex 9 of the annotated agenda, and requested the secretariat to draft a standard and procedure for the process based on the proposals contained in the concept note. The secretariat should, in drafting the standard and procedure reflect the following guidance, among other things, on specific elements of the process that the Supervisory Body provided at this meeting, for consideration at the next meeting:
- (a) Develop templates for requesting the transition of CDM activities to the Supervisory Body and to the host Party as a priority;
 - (b) Clarify the validity period of currently applied CDM methodologies and the remaining length and renewability of the PoA period and the crediting periods of transitioning PoAs and component project activities therein, respectively;
 - (c) Clarify that the compliance of transitioning activities with the additionality requirement is deemed valid only when they continue to apply the CDM methodologies in accordance with paragraph 73(d) of the RMPs;
 - (d) Keep the two options in the concept note on the sequence of fulfilling the requirements by host Parties to participate in the Article 6.4 mechanism and providing approvals for transition.
21. The Supervisory Body considered the draft recommendation “Requirements for the development and assessment of mechanism methodologies”, as contained in annex 10 of the annotated agenda, and agreed that an informal working group on this matter comprising its members and alternate members as well as the secretariat would work prior

to its next meeting to prepare an information note taking into account the guidance and questions contained in [annex 3](#) to this report for consideration by the Supervisory Body at its fifth meeting. It further requested the secretariat to launch a call for public input based on those questions, with a view to seeking further input from stakeholders.

22. The Supervisory Body agreed to the decision and documentation framework, as contained in [annex 4](#) this report. The secretariat will make the decision and documentation framework publicly available on the UNFCCC website.

Agenda item 4. Interaction with stakeholders

23. The Supervisory Body met with registered observers for an informal interaction on the last day of the meeting. The observers presented views in relation to items on the agenda of this meeting. The Supervisory Body took note of the inputs and thanked the observers for the interaction.
24. The Supervisory Body thanked all other registered observers for following the proceedings of this meeting. The list of the registered observers to this meeting is contained in [annex 5](#) to this report.
25. Observers to the fifth meeting of the Supervisory Body shall register with the secretariat by 10 May 2023. Any change to this date will be communicated as appropriate.
26. The Supervisory Body considered public comments on the documentation of this meeting, which were made publicly available on the UNFCCC website.³
27. The Supervisory Body considered the concept note “Consideration of unsolicited letters to the Supervisory Body” and agreed to the modalities for the treatment of unsolicited letters sent to the Supervisory Body, as contained in [annex 6](#) to this report.

Agenda item 5. Other matters

28. The Supervisory Body selected experts to be in the Article 6.4 mechanism roster of experts and requested the secretariat to inform all applicants about their status. While considering the selection, the Supervisory Body requested that, for the next call, the secretariat make an additional effort to reach out to a wider audience, such as academia, underrepresented regions, and women. The Supervisory Body also requested the secretariat to identify relevant gaps in expertise and on that basis the Supervisory Body may solicit targeted applications to the Article 6.4 mechanism roster. Finally, the Supervisory Body agreed that the selection of experts for specific ad-hoc assignments would be done by the secretariat, following a mandate from the Supervisory Body about the need for external expertise.
29. The Supervisory Body held its strategy session on 5–6 March 2023 to address issues of a strategic nature in the operationalization of the Article 6.4 mechanism. The Supervisory Body appreciated the open and constructive discussion among its members in the retreat setting. The Supervisory Body agreed to undertake further work on the development of a strategic vision that will help to guide the Supervisory Body in the implementation of, and communication on the Article 6.4 mechanism. The Supervisory Body also considered the

³ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.

modalities of work for the Supervisory Body to identify more effective methods of working during 2023 and beyond in order to meet its mandates on time.

30. The Supervisory Body considered the concept note “Capacity-building programme to support the transition of eligible CDM project activities and programmes of activities to the Article 6.4 mechanism”, as contained in annex 12 of the annotated agenda. The Supervisory Body requested the secretariat to start implementing the capacity-building programme proposed in the concept note to support the transition based on the guidance provided by the Supervisory Body and to report back on the status of its implementation on a regular basis, twice a year.
31. The Supervisory Body took note of the status of the implementation of the Article 6.4 mechanism resource allocation plan.
32. The Supervisory Body confirmed to host a side-event at the fifty-eighth sessions of the subsidiary Bodies and provided inputs on possible topics and format. The secretariat, in consultation with identified members and alternate members, would finalize the work.
33. The Supervisory Body agreed to its calendar of meetings for 2023, as contained in [annex 7](#) to this report.
34. The Supervisory Body took note that 32 designated national authorities were established as of 28 February 2023.
35. The Supervisory Body welcomed Mr. Simon Stiell, the UNFCCC Executive Secretary, who congratulated the Supervisory Body on the progress made on the work of the Supervisory Body.
36. The Supervisory Body agreed to the provisional agenda for its fifth meeting, to be held in Bonn, Germany, from 31 May to 3 June 2023, as contained in [annex 8](#) to this report.

Agenda item 6. Conclusion of the meeting

37. The Chair summarized the main conclusions and closed the meeting.
38. The proceedings of the open sessions of the meeting can be accessed via on-demand broadcast.⁴

⁴ <https://unfccc-events.azureedge.net/Article64fourthmeeting>.

Annexes to the report

- Annex 1 - Workplan of the Supervisory Body 2023 (version 01.0)
- Annex 2 - Guidance and questions for further work on removals (version 01.0)
- Annex 3 - Guidance and questions for further work on methodologies (version 01.0)
- Annex 4 - Decision and documentation framework (version 01.0)
- Annex 5 - List of registered observers at the fourth meeting of the Supervisory Body (version 01.0)
- Annex 6 - Consideration of unsolicited letters to the Supervisory Body (version 01.0)
- Annex 7 - Calendar of meetings for 2023 (version 01.0)
- Annex 8 - Provisional agenda: Supervisory Body fifth meeting (version 01.0)

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