

Agenda item 3.3.

Paragraph 21 of the annotated agenda, Annexes 11–15

Revision of activity standard and validation and verification standard for projects and programmes of activities

Article 6.4 Supervisory Body – Sixteenth meeting

Bonn, Germany, 12 to 16 May 2025



Procedural background

- SBM014: adoption of the following documents:
 - “*Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies*” (methodologies standard);
 - “*Standard: Requirements for activities involving removals under the Article 6.4 mechanism*” (removals standard);
 - “*Article 6.4 sustainable development tool*” (A6.4 SD tool).
- SBM015: adoption of the “*Standard: Demonstration of additionality in mechanism methodologies*” (additionality standard);
- SBM010: secretariat to undertake an initial structured legal and editorial review of the regulations and procedures approved by the SBM;
- These documents outline requirements for activity participants when developing and monitoring projects and PoAs and outline the validation and verification requirements by DOEs.



Purpose

Reflect the applicable requirements from the adopted standards and tool that are to be:

- Addressed by activity participants in the activity standard for projects (AS-P) and activity standard for programmes of activities (AS-PoA)
- Validated or verified by DOEs in the validation and verification standard for projects (VVS-P) and validation and verification standard for programmes of activities (AS-PoAs);
 - Changes to reflect the additionality standard are proposed only to the AS-P and to the VVS-P as the current additionality standard is applicable only to projects.
- Reflect in the AS-P and AS-PoA the outcome of the legal and editorial review carried by the secretariat.



1) Design of projects, PoAs and CPs and preparation of PDDs, PoA-DDs and CP-DDs

- Host Parties may determine a **more ambitious baseline requirement** and specify it to the Supervisory Body for approval (Paragraph 42 of the methodologies standard);
- Activity participants shall **identify and describe the business-as-usual scenario or reference a benchmark** (Paragraph 28 of the methodologies standard);
- Additionality shall be **demonstrated for the project in its entirety** and not separately for different parts of an A6.4 project (Paragraph 13 of the additionality standard);
- Methodologies may apply **different approaches for demonstrating additionality** at different levels (Paragraph 23 of the additionality standard);



1) Design of projects, PoAs and CPs and preparation of PDDs, PoA-DDs and CP-DDs

- Activity participants shall **identify and assess the risks of reversals**, to **conduct a risk assessment** based on specific mandatory elements, and to **review and revise the risk assessment** under predefined intervals or under specific circumstances (Section 4.6.1 of the removals standard)
- Activity participants shall **account removals and emission reductions separately** in the monitoring report when activities involving removals also result in emission reductions (Paragraph 34 of the removals standard);
- Activity participants shall **calculate the difference between the baseline emissions and BAU emissions** as an annual and total amount with respect to the crediting period (Paragraph 28 of the methodologies standard);

1) Design of projects, PoAs and CPs and preparation of PDDs, PoA-DDs and CP-DDs

- Guidance on **whether and how to adjust the baseline downwards** (section 4.7 of the methodologies standard);
- Activity participants shall identify **leakage sources** associated with the methodology, explain how leakage is avoided or minimized and how they will be accounted, including by taking into account relevant information from the DNA of the host Party on leakage (section 6 of the methodologies standard);
- Activity participants shall monitor activities involving **removals based on specific requirements** (Paragraph 11 of the removals standard);

1) Design of projects, PoAs and CPs and preparation of PDDs, PoA-DDs and CP-DDs

- Activity participants shall **review and update the monitoring plan of activities involving** removals at specific intervals or under specific circumstances (Paragraph 17 of the removals standard);
- Activity participants shall **apply conditions specified by the DNA** to ensure that the project contributes to the **equitable sharing of mitigation benefits** such as a length of crediting period(s) that is shorter than the lifetime of the technology deployed by the project – including any replacements (Paragraph 31(a) of the methodologies standard);
- Activity participants must follow requirements from the A6.4 SD tool to **carry out the analysis of environmental, social and sustainable development impacts**, which include the submission of **specific forms**;



- 1) **Design of projects, PoAs and CPs and preparation of PDDs, PoA-DDs and CP-DDs**
 - The DOE shall either issue a **negative validation opinion or submit a request for deviation** in case unavoidable negative impacts are observed that cannot be remediated by consultation or mitigation (Paragraph 101 of the A6.4 SD tool)
 - Two additional changes proposed:
 - Projects and CPs must have a **start date on or after 01 January 2021**;
 - Requirement for the **notification of intention to include component projects** in registered programme of activities was added in the AS-PoA (aligned with the activity cycle procedure for PoAs).

2) Post-registration activities

- For projects that demonstrated additionality through investment analysis, activity participants shall **update the investment analysis** by submitting a request for approval of a post-registration change **if the project start date is after the submission of the PDD for validation** (Paragraph 42(b) of the additionality standard);
- AS-P and AS-PoA were **revised to cover new or additional environmental, social or sustainable development impacts** that may happen due to **changes to the design of a project**;
- The removals standard has a section dedicated to describing **actions to be undertaken by activity participants in case of reversals events** (Section 4.6.2 of the removals standard).



2) Post-registration activities

- Additional issues identified with the A6.4 SD tool:
 - DOE may submit a **deviation request prior to submitting a request for issuance** in case of unavoidable environmental impacts → requirement added under the post-registration changes section of the AS-P and AS-PoA;
 - DOE is the sole responsible for identifying impacts that can't be remediated → allow **activity participants to identify and engage with the DOE to request a deviation as applicable.;**
 - Activity participants can **propose alternative monitoring** of environmental, social and sustainable development impacts if they permanently deviate from the A6.4 SD tool forms.

3) Implementation and monitoring

- Specific requirements shall be employed to **monitor activities involving removals** (Paragraph 19 of the removals standard);
- Activity participants shall **monitor and report** the outcome of monitoring **A6.4 activity-level environmental and social indicators** (if required) and the outcome of monitoring **A6.4 activity-level SD indicators** in the monitoring report (Paragraphs 27 and 96 of the A6.4 SD tool);
- Monitoring reports for projects involving removals to be submitted within the **frequency specified in the methodologies**, or in case of an **observed event of GHG release** (Paragraph 21 of the removals standard);



3) Implementation and monitoring

- Project participants that transitioned an activity from the CDM applying the “Sustainable development co-benefits tool” developed under the CDM shall **develop a document describing how the sustainable development co-benefits will be monitored** (Paragraph 35 of the ‘Standard: Transition of CDM activities to the Article 6.4 mechanism’).
- The DOE shall verify the **appropriateness, relevance, and sufficiency of information** provided in the **monitoring of the environmental and social indicators** in the A6.4 SD tool forms (Paragraph 102 of the A6.4 SD tool).



4) Update of the project design document and renewal of crediting period

- Factors or quantitative methods for **downward adjustment of baselines must be updated** at each renewal of the crediting period (Paragraph 46 of the methodologies standard);
- Activity participants shall **update the baseline and BAU emissions and calculate the difference** at each renewal of the crediting period (Paragraph 29 of the methodologies standard);
- Activity participants shall **update the regulatory analysis** at the latest at each renewal of the crediting period (Paragraph 27(a) of the additionality standard);
- Activity participants **shall review and revise the risk assessment** every five years from the start of the first crediting period (Paragraph 41 of the removals standard);



5) Post-crediting period

- The removals standard (section 4.3) contains the requirements for **post-crediting monitoring**.



- The revised AS-P and VVS-P **reflect all standards and tools currently adopted by the Supervisory Body** and improve clarity and consistency;
- The revised AS-PoA and VVS-PoA reflect **the methodologies standard, the removals standard and the A6.4 SD tool** and improve clarity and consistency.
- The AS-P and VVS-P reflect the **outcome of the legal and editorial review** carried by the secretariat.

Recommendations to the Supervisory Body

- The secretariat recommends that the Supervisory Body considers and adopts the revised AS-P and AS-PoA and the revised VVS-P and VVS-PoA as presented, with modifications as appropriate.
- The secretariat also recommends the Supervisory Body **to request the Methodologies Expert Panel to expedite the work to develop the additionality requirements for programmes of activities.**



Subsequent work and timelines

The ‘Procedure: Article 6.4 Activity cycle procedure for projects’ and the ‘Procedure: Article 6.4 mechanism registry’ will be revised to reflect the relevant requirements from the removals standard, the additionality standard, the SD tool and the related to post-crediting monitoring, reversals-related notification actions and remediation of reversals.



Public inputs received to the annotations to the agenda

Stakeholder	Attribution
Australian Forest Products Association	AFPA
BeZero	BeZero
BioCarbon Standard	BioCarbon
Dr Annette Cowie, University of New England	AC
Global Woods	GW
International Sustainable Forestry Coalition	ISFC
Kita Earth Limited (Kita)	Kita
Manaaki Whenua – Landcare Research	MW
National Farmers Federation	NFF
New Zealand Forest Owners Association	FOA
Paper Manufacturers Association of South Africa	PAMSA
SustainCERT	SustainCERT



Public inputs received to the annotations to the agenda (cont)

- **Risk Assessment:**

- Buffer contributions should reflect unavoidable risks only (AFPA, FOA, AC, MW);
- Review of risk assessment should be aligned with the timing for monitoring and verification (PAMSA, AC, MW);
- Should be conducted by a third-party (Kita);
- AS do not refer to the risk assessment to determine the buffer pool contributions (Kita);
- “Aligned with the provisions of the Removals Standard” results in disproportionate compliance burden (NFF);
- Should be determined at methodological level (GW);

- **Post-crediting monitoring:**

- Imposes cost burden (NFF, AFPA, FOA, GW, ISFC);
- Should be placed in a dedicated standard for addressing non-permanence (AFPA, FOA, MW);
- Focus should be on identifying and reporting instances of reversals (AC).

- **Reversals monitoring**

- Should be placed in a dedicated standard for addressing non-permanence (AFPA, FOA, MW);
- Decoupled from formal crediting reports (AFDP, FOA);



Public inputs received to the annotations to the agenda (cont)

- **Project monitoring:**

- Monitoring frequency of at least 5 years (MW);
- Monitoring should also be applied to CCS projects (AC);
- Enable adoption of digital monitoring, reporting and verification (SustainCERT);
- Allow accommodating new technologies to improve measurement precision (GW);

- **Other:**

- Concerns with the exclusion of nature-based solutions (AFPA, FOA);
- Inconsistent application of terms “projects involving removals,” “GHG emission reductions,” and “net removals” creates ambiguity (AFPA, FOA);
- Integrate carbon ratings to identify and account for project performance risk (BeZero);
- No requirement to report gross removals and gross emissions or gross reversals, making challenging to calculate the gross changes or fluxes accurately in the land sector (PAMSA);
- Application of default downward adjustment factors (determined either by the methodology, the host Party or SBM) (GW);
- Section ‘6.5.6. Addressing non-permanence’ should encompass CCS projects (AC);
- SBM to take into account the operational experience of international certification standards (BioCarbon);
- Concerns with the inclusion of language from the removals standard (ISFC).



Input from SBM members received

- **Propose to put brackets in the cut-off date for project start date (01 January 2021):**
 - Rationale for proposed date:
 - Article 6.4 Activity Cycle Procedure for Projects
 - 13. *The activity participants of a proposed A6.4 project shall demonstrate that the **Article 6.4 mechanism benefits were considered necessary** in the decision to implement the project (...);*
 - Annex of Decision 2/CMA.3 (Cooperative Approaches):
 - 1. *Internationally transferred mitigation outcomes (ITMOs) from a cooperative approach are: (...)*
 - e) *Generated in respect of or representing mitigation **from 2021 onward**; (...)*
 - A6.4 ERs can be authorized to ITMOS → benefits did not exist prior to 01 January 2021.



1) Start date of an article 6.4 activity:

- Proposed cut-off date for start date of projects, start date of PoA period and start date of CPs: 01 January 2021;
- Rationale for proposed date:
 - Article 6.4 Activity Cycle Procedure for Projects

*13. The activity participants of a proposed A6.4 project shall demonstrate that the **Article 6.4 mechanism benefits were considered necessary** in the decision to implement the project (...);*
 - Annex of Decision 2/CMA.3 (Cooperative Approaches):

1. Internationally transferred mitigation outcomes (ITMOs) from a cooperative approach are: (...)

*e) Generated in respect of or representing mitigation **from 2021 onward**; (...)*
- A6.4 ERs can be authorized to ITMOS → benefits did not exist prior to 01 January 2021.

2) Requirement to notify the inclusion of a CP in a PoA

- ACP-PoA: section 6.1 contains the requirements for submitting a notification for including a CP in a PoA;
- AS-PoA: inclusion of section 7.1 aligns with the ACP-PoA



3) Identification of impacts that can't be remediated (A6.4 SD tool)

- A6.4 SD tool: DOE is the sole responsible for identifying impacts that can't be remediated and may submit a deviation request prior to submitting a request for registration (paragraphs 101);
- AS-P and AS-PoA: proposes to allow activity participants to identify and engage with the DOE to request a deviation as applicable;

4) Deviation from the A6.4 SD tool forms prior to issuance request

- A6.4 SD tool: DOE is the sole responsible for identifying impacts that cannot be remediated and may submit a deviation request prior to submitting a request for issuance (paragraph 106);
- AS-P and AS-PoA: propose to add a requirement under the post-registration changes section of the AS-P and AS-PoA where the activity participants may identify these impacts and request a deviation through the DOE;

5) Alternative monitoring arrangements due to permanent deviation

- A6.4 SD tool: does not cover how to address permanent deviation;
- AS-P and AS-PoA: activity participants can propose alternative monitoring of environmental, social and sustainable development impacts if they permanently deviate from the A6.4 SD tool forms.

EXTRA SLIDES



Public inputs received to the annotations to the agenda (responses)

- The proposed revised AS and VVS reflect the requirements from the standards and tools adopted by the SBM
- Most comments focuses on issues in the removals standard → may be considered by SBM in the future when revising the removals standard or may be considered by MEP when recommending the draft standard for addressing non-permanence/reversals and the draft tool for reversal risk assessment to the SBM
- Other comments contain recommendations to SBM (e.g. adoption of digital monitoring, reporting and verification, integration of carbon ratings, risk assessment conducted by other third-party)



Public inputs received to the annotations to the agenda

- **Kita Earth Limited**

- Risk assessment for non-permanence should be conducted by a third-party management organization (separate from DOE, SBM, secretariat, etc.);
- The revised AS-P and AS-PoA do not refer to the risk assessment as the tool to determine the buffer pool contributions;
- The risk assessment tool should account for the structure of the buffer pool.

- **SustainCERT**

- SBM to consider relevant rule changes required to enable adoption of digital monitoring, reporting and verification (D-MRV).

- **BeZero**

- PACM should integrate carbon ratings to identify and account for ongoing project performance risk.

- **National Farmers Federation**

- The use of monitoring reports for reversal reporting is unnecessary and imposes an overwhelming cost burden on the forest and land sector;
- AS requires reversal risk assessments “aligned with the provisions of the Removals Standard”, resulting in disproportionate compliance burden.



Public inputs received to the annotations to the agenda (cont)

- **Australian Forest Products Association, New Zealand Forest Owners Association**
 - Concerns regarding the effective exclusion of nature-based solutions;
 - Disproportionately high verification and post-crediting monitoring costs imposed on land-based projects;
 - Reversal monitoring to be decoupled from formal crediting reports;
 - Buffer contributions should reflect unavoidable risks only;
 - Reversals and risk management (particularly post-crediting monitoring) should be placed in a dedicated standard for addressing non-permanence;
 - Inconsistent application of terms “projects involving removals,” “GHG emission reductions,” and “net removals”.
- **Paper Manufacturers Association of South Africa**
 - No requirement to report gross removals and gross emissions or gross reversals, making challenging to calculate the gross changes or fluxes accurately in the land sector;
 - Monitoring reports (and the associated monitoring and verification costs) are not necessary for reversal reporting and would represent an overwhelming cost burden.



Public inputs received to the annotations to the agenda (cont)

- **Global Woods**

- Risk assessments conducted at the methodological level would allow for more accurate, activity-type-specific evaluation and mitigation planning;
- High verification and post-crediting monitoring costs – a differentiated, proportionate approach should be adopted;
- Application of default downward adjustment factors (determined either by the methodology, the host Party or SBM);
- AS should allow accommodating new technologies to improve measurement precision;

- **Dr Annette Cowie, University of New England**

- Section '6.5.6. Addressing non-permanence' should encompass CCS projects;
- Risk rating should not be applied to “avoidable” (i.e. intentional) reversals;
- Review of risk assessment should be aligned with the timing of monitoring and verification events;
- Focus of post-crediting should be on identifying and reporting instances of reversals;
- Revise section '7.4. Reversals related actions' for clarity;
- Monitoring should also be applied to CCS projects.



Public inputs received to the annotations to the agenda (cont)

- **International Sustainable Forestry Coalition**

- Concerns with the inclusion of language from the removals standard;
- Monitoring reports (and the associated monitoring and verification costs) are not necessary for reversal reporting and would represent an overwhelming cost burden.

- **Manaaki Whenua – Landcare Research**

- Replace ‘removals project’ by ‘projects that are subject to reversals of emissions reductions or net removals’ or similar;
- Unclear why avoidable risks need to be listed or included in the risk rating;
- Align timing of review of risk assessment with timing of monitoring and verification;
- Challenges are likely to arise when splitting projects into net removals and emissions reductions;
- Suggest a separate approach to be used to detect reversals and to quantify reductions/net removals (and add a plan to detect reversals);
- Suggests a standard (or something similar) to address non-permanence instead of monitoring reports;
- Suggests monitoring frequency of at least 5 years.



- **BioCarbon Standard**

- SBM to take into account the operational experience of international certification standards, which offer proven methods for:
 - Demonstrating additionality and permanence;
 - Avoiding double counting;
 - Ensuring robust MRV and third-party verification.
 - Incorporating their principles enhances quality, efficiency, and early access to the 6.4 Mechanism for ready projects.

