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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	General comment	-	<u>MEP should consider the mitigation provided by the 'portfolio' effect of the pooled buffer</u> The MEP approach is focused on addressing reversals for the credits issued by a specific project. It should rather consider that the objective should be to address permanence of the A6.4 system, not of every single unit issued by every single project. In this sense, the MEP should consider that A6.4 will represent a large portfolio of projects with different risks levels and that risks of various projects could be hedged across the portfolio. The use of a risk strategy management will serve to alleviate many of the concerns that MEP members have, which just focus on a project-by-project basis. Standard setters, including the Bank through the FCPF, have effectively managed such risks through a large portfolio and have developed different tools, including monitoring tools to address this. We understand that there is not much time to consider the potential benefits of these approaches, but we would suggest that the MEP includes a pathway to better understand these approaches and enable these to be integrated in the future. In the meantime, MEP should also relax the stringency of certain requirements considering that risks will be alleviated with the portfolio approach. For instance, the removal of the annual reversal monitoring, which we believe is not aligned with the real level of risk.	We would suggest that the MEP includes a pathway to propose alternative approaches for any technology, and that the MEP considers that the 'portfolio approach' would alleviate many risks, making many of the burdensome requirements not needed.

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2	General comment		<u>Relation to host country's NDC accounting and GHG inventory</u> The Standard is silent regarding the alignment/impact of reversals accounting on national inventory, how these are being treated there and any consistency/inconsistency issues or if there is any potential double counting with the NDC accounting. First of all, our understanding is that national inventory rules treat avoided stock loss as potentially reversible and any future release of spared carbon stock will appear in AFOLU reporting. Therefore, if an A6.4 activity that reduces the loss of a stock in a period of time, and this carbon stock that was 'spared' is released later in the future, this could be reported in the country GHG inventory as a reversal, and it could be compensated in later periods. This would be relevant in the case of host countries where the NDC commitments are binding commitments as it happens with EU countries. Secondly, there is lack of clarity regarding the impacts regarding letter of authorizations. It is unclear if the authorization would have to be made to only the net A6.4 units, or they would have to apply to all units including those contained in the Buffer. If the latter, then the implications of reversals in the national GHG inventory and NDC accounting would be even more important.	We propose to include clarity on the impact on the host country's NDC accounting and GHG inventory regarding the treatment of reversals and authorization, especially for the units that would be set aside in the buffer.

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3	General comment	-	<u>Implications of the proposal on Natural Climate Solutions</u> Natural Climate Solutions represents the most tested approach of emissions removal technology. All forecast models show that without deploying this technology at scale it will not be possible to achieve the Paris Agreement's Long Term Temperature Goals. The requirements as shown below will represent the de-facto exclusion of many removal activities, mainly NCS. This will exclude many countries, especially in the Africa region, in their participation in Article 6 and their contribution to the objectives of the PA. Many developing countries are not able to mobilize the necessary finance to meet their NDCs which rely on NCS, and not having access to Article 6.4 will result in a substantial negative impact. Moreover, this will also impact the scalability of A6.4 and the relevance for many countries. Additionally, this will also impede access to NCS generated ERs for countries that are looking into these as a means to balancing their own sheets.	The MEP and SBM should consider the implications of the proposed approach in developing countries, especially those in Africa where NCS are a critical part of their technology mix, and where Article 6 markets are important to mobilize finance. The exclusion of NCS would put into question the scalability of Article 6.4 and its relevance.

4	Appendix 1, Section 3	Para. 6 and Para 13	<u>The standard should include additional flexibility for projects that avoid the loss of carbon stocks, more specifically jurisdictional approaches that are managing large carbon stocks or projects (e.g. cookstove) that reduce a driver of emissions, but the stock is not under their control</u> The Standard includes the following activity: (a) Activities increasing carbon stocks or avoiding the loss of carbon stocks, relative to the baseline, in any of the greenhouse gas reservoirs of the biosphere And it excludes the following set of activities: (a) Activities reducing the combustion of fossil fuels that, in their natural deposits or during storage after extraction, do not interact with the atmosphere It is important to note that conceptually activities that avoid the loss of carbon stocks, are not different from any activity that reduces emissions. Reducing the loss of carbon stock means that we have used less of the carbon stock compared with the counterfactual for the same service. This difference has happened, and it was a benefit that should be accounted. Whether it is about oil, gas, coal or forest, reducing the rate of “stock decrease” (for the same service) only means that we are postponing the emissions from the non-renewable resource: the emission will happen one day, but that future emission would not be related to the project and should not negate the project effort. We understand that one key difference between oil, coal or gas and carbon stocks is that the former could be considered as an infinite resource since even if reserves are depleted in one region or country, it is possible to access to other reserves, since consumers are integrated in global markets. The case of forest might not be the case in forest loss is about small project areas, but when it is about jurisdictional scale, such resource could also be considered infinite. For instance, according to JRC’s Tropical Moist Forest data, in the world there is a total of 10 billion hectares, and the deforestation per year has been of 34 million per year. This would be a 0.32% of deforestation per year, which would require more than 500 years to deplete if rates	The standard should moderate the requirements for activities that avoid the loss of carbon stocks. In particular, jurisdictional scale approaches or other approaches where carbon stocks are significant and the risk of depletion is not significant, and projects, such as cookstoves where the carbon stock is not under the control of the activity. There is no difference between these activities and other activities that reduce the consumption of fossil fuels.
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			continue at this level forever. Across 72 tropical moist forest countries it would take in average 312 years to deplete 50% of carbon stocks at the current rates, which is unlikely considering the efforts to address emissions. Therefore, special consideration should be made to jurisdictional-scale programs. Espejo et al, 2020 provides a discussion on how jurisdictional approaches have benefits over other activities that do not account at the project level. Cookstove projects represent another example that shows there is no difference with other technologies. If we reduce the consumption of gas or petrol in transport because of energy efficiency, we are not checking if other users may extract the spared resource for other uses. Similarly, if we have a more efficient use of the biomass, and reduce the use of the non-renewable biomass, this “saving” of the carbon stock (compared to the counterfactual) has already happened, and whether someone else would use the spared resource in the future is irrelevant for the calculation of the emission reduction of the project. If a user uses less gas for transport, for example, the rate of consumption of a non-renewable resource would have been slowed – yet, the gas will be used later, and the user is not responsible for any additional consumption that may arise from other users. Similarly, if the user reduces its use of non-renewable biomass, the user should not be responsible for any additional consumption that might arise from other users. Reducing the consumption of any resource – whether it is petroleum or forest - should be treated the same. Moving the “reduced loss of carbon stock” out of the “non-permanence and reversal” Standard or including additional flexibility would also clarify how we are considering the “rebound effect” and “suppressed demand”. The same way many energy efficiency methodologies (reduction of gas, coal or kerosene) do not require the monitoring (as “reversal”) of increased consumption from other sectors, cookstove projects should not be liable if the spared biomass is consumed by new uses – nor should “intensification” farmers be responsible to	
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			monitor whether the actual rate of deforestation goes down.	

5	Appendix 1, Section 3	Para. 6 and Para. 13	<u>Suggest clarifying whether cookstove projects are included in the context of the standard</u> The list of activities that would be subject to the standard suggests that cookstove projects that seek to reduce the consumption of non-renewable biomass through replacement of technology or through more efficient combustion, would be subject to the provisions of the Standard. If a user uses less gas for transport, for example, the rate of consumption of a non-renewable resource would have been slowed – yet, the gas will be used later, and the user is not responsible for any additional consumption that may arise from other users. Similarly, if the user reduces its use of non-renewable biomass, the user should not be responsible for any additional consumption that might arise from other users. Reducing the consumption of any resource – whether it is petroleum or forest - should be treated the same. The same way many energy efficiency methodologies (reduction of gas, coal or kerosene) do not require the monitoring (as “reversal”) of increased consumption from other sectors, cookstove projects should not be liable if the spared biomass is consumed by new uses – nor should “intensification” farmers be responsible to monitor whether the actual rate of deforestation goes down. Footnote 14 in paragraph 13 makes a reference to cookstove projects, and that these might be subject to the provisions of the Standard, yet they could potentially be excluded if alternative approaches are proposed as per paragraph 13. The Standard should be transparent on whether this technology, which is critical for African countries to reach their NDCs and access carbon finance will be accepted under the Standard.	Please refer to the previous comment. We would suggest excluding cookstove projects. Provide more clarity in footnote on whether certain cookstove projects would be included or not.
6	Appendix 1, Section 5	Para 13	<u>Suggest providing a pathway to provide other alternative approaches</u>	Suggest that paragraph 13 is widened, allowing a clear pathway for methodologies to propose

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			Paragraph 13 provides a pathway for methodologies to propose alternative approaches to address reversals. However, these are limited to a set of activities that shall comply with all the conditions. As noted previously, there are portfolio approaches that enable an acceptable approach to manage risks of reversals across the portfolio. This could be combined with a multilayered approach to manage risks, which could include program management, portfolio management and insurance mechanism (to cover residual risk, but it will never be able to replace the use of buffers). We would suggest that paragraph 13 is open to other proposals that do not comply with those conditions, and it opens a procedural 'door' to propose other options based on science.	innovative approaches to address reversals regardless of the activity.

7	Appendix 1, Section 6	<u>Suggest removing equations since they are complex, affect transparency and are not needed</u> We believe that equations in section 6 are complex (not transparent) and are not necessary. Emission Reductions and removals can be estimated with common equations of other project types, i.e. baseline minus emissions minus leakage emissions, as demonstrated in CDM methodologies that accounted for changes in carbon stocks. These equations might generate confusion with those in the IPCC guidelines and guidance countries already use for their GHG inventories. For instance in LULUCF estimations, there are two methods, carbon stock and gain-loss method. The carbon stock approach is rarely used (as it relies of continuous forest inventories), and countries use the gain-loss. The equations only consider the use of carbon stocks. These equations also exclude the situation where projects could include emission reductions and removals from activities that are subject to the standard or not. For instance, you could have agriculture land management projects could have activities for soil organic carbon stocks and the use of fertilizer. Another example is the crediting deficit, which can be replaced by just explaining that methodologies shall account for any crediting deficit generated in previous monitoring periods to avoid over-crediting. We would suggest the equations to be replaced, just by written requirements noting what methodologies should address. <u>Equations would lead to reversals in the case of activities with cyclical changes in carbon stocks. Would suggest to cap issuance to the long-term average carbon stocks</u> Natural climate solutions activities that involve certain level of harvesting, would see a variation of carbon stocks without this being a reversal necessarily. Moreover, in activities that reduce	We would suggest the equations to be replaced, just by written requirements noting what methodologies should address. We would suggest including a paragraph addressing this issue.
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			the loss of stocks, it is often the case that carbon stocks are not measured directly but instead emission factors representing the long-term average in carbon stocks are used. The proposed equations do not consider this reality and it could result in over-crediting in these projects and the existence of reversals which are not correct. The way this has been addressed in the past has been through the limit of crediting to the long-term average carbon stocks as determined ex-ante. We would suggest including a paragraph addressing this issue.	
8	Appendix 1, Section 7.3	Para 43	<u>Suggest giving more flexibility to methodologies to determine the list of avoidable and unavoidable reversals</u> Paragraph 43 requires methodologies to include provisions to classify reversals as avoidable or unavoidable. However, paragraph 44 and 45 already provide a list of activities that are considered to be avoidable or unavoidable, and it introduces concepts that are not defined such as 'risk mitigation plans' or 'force majeure'. This introduces rigidity and lack of flexibility. We would suggest just keeping a definition and replacing 'shall' by 'should' in paragraphs 44 and 45.	We would suggest just keeping a definition and replacing 'shall' by 'should' in paragraphs 44 and 45.

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9	Appendix 1, Section 7.4	Para 49	<u>Suggest aligning how negligible risk is demonstrated and post-crediting monitoring, giving more flexibility to methodologies</u> Paragraph 49 notes that methodologies shall define the set of conditions or criteria to demonstrate the negligible risk of reversal. However, Appendix 2 Paragraph 47 already includes provisions for demonstrating the negligible risk of reversals, which would constrain the approaches that methodologies can put forward and propose. The same applies to post-crediting monitoring, where paragraph 47 notes that methodologies shall define these provisions, but then Appendix 2 constrains these options. We would suggest aligning both parts of the text, and we would suggest that the text of Paragraph 47 becomes a 'should' rather than a 'shall' to give more flexibility to methodologies.	We would suggest aligning both parts of the text, and we would suggest that the text of Appendix 2 Paragraph 47 becomes a 'should' rather than a 'shall' so as to give more flexibility to methodologies.

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10	Appendix 2, Section 1.3	-	<u>Suggest removing annual reversal monitoring and include more flexibility in frequency</u> While Appendix 1 Paragraph 42 shows flexibility in defining the frequency of submitting monitoring reports which are more aligned to realities of projects and risks, Appendix 2 includes very burdensome requirements in terms of reporting, especially in terms of frequency and timelines. This will require such a high of bureaucracy from the activity proponent and the secretariat side, that it will represent substantial transaction costs and time, putting into question the scalability and the success of Article 6.4. For instance, activity participants have to provide every year an annual reversal report, which is not necessary if there is a monitoring report that will be generated periodically. We would suggest that the secretariat provides a more flexible approach that is addressed in the reversal risk tool. The frequency of reporting will also influence the risk of reporting, so it could result in higher discounts. Activity participants could decide to report annually and receiving lower discounts, or they could decide to report every 5 years, or as determined by the methodology and incur in larger discounts. For instance, under different standards, if a monitoring report is not provided in the defined frequency of the methodology, then it should be assumed that there is an avoidable reversal.	We would suggest removing annual reversal reports and that the system relies on the regular monitoring reports.

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11	Appendix 2, Section 3	40	Suggest removing indefinite monitoring Paragraph 40 requires post-crediting monitoring to continue indefinitely or until certain conditions are set. Such conditions include the replacement by other A6.4 units, or demonstrating that the risk of reversals is negligible (proposed between 0.5-2.5% calculated over at least a 100-year timeframe starting from the year of submission of the request). We wonder whether such provisions are required considering the commitments made by countries under the Paris Agreements that are for a much shorter period, and that the implications this would have for the eligibility of carbon capture solutions. There are also implications regarding the NDC commitments, NDC accounting, GHG inventory and accounting cycle. It is unclear how indefinite monitoring would fit into this. It is important to note that every project, especially natural climate solutions ones, will have it very difficult to meet such benchmark making the standard not applicable, putting into question the relevance of Article 6.4 as a market mechanism.	We suggest removing the indefinite monitoring and setting specific periods for post-crediting monitoring which align to country current policies and commitments. For instance, monitoring until 2050, which aligns to most net-zero proposals, would be wise. These requirements could be revised as advance in the implementation of NDCs and Article 6, and as we get more experience with methodologies and new emerging technologies become mature.

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