SBM engagement event at the sixtieth session of the Subsidiary Body (SB60) on methodologies and removals guidance

Guiding Questions

3 June 2024, Chamber Hall, 3-6pm CEST

Background:

Discussions at this event were intended to cover the guiding questions in annex 1 to the meeting report of the Article 6.4 Supervisory Body meeting (SBM012): unfccc.int/sites/default/files/resource/a64-sbm012-a01.pdf

For further information about this event, see event page: unfccc.int/event/aA64_sbm_engagement_parties_stakeholders_requirements

Chaired by: **Ms. Maria AlJishi** of Saudi Arabia and **Mr. Martin Hession** of Ireland

- Mode of work: General → Methodological → Removals
- Single, multiple elements can be considered
- Welcomes input to A6.4mechanism-info@unfccc.int
- This is done with the view to give input to the Supervisory Body's work in July
- Speaker list: CfRN, Japan, UK, Colombia, Egypt, Zimbabwe, Switzerland, EU, Ukraine, Brazil, YOUNGO, Women & Gender, IETA, IPO, Saudi Arabia, Colombia, Honduras, China, St Kitts and Nevis, Japan, ENGO

General Questions

1. Which important elements of guidance on methodologies and removals need to be reflected in recommendation to CMA 6, and which specific elements can be left to implementation in more detailed standards, guidance, guidelines, and tools?
2. What is the relationship between guidance under Article 6.4 and Article 5.2 of the Paris Agreement, including how could requirements for monitoring of removals (or emission reductions) interact with national requirements?
3. What is the relationship between guidance under Article 6.4 and Articles 2.1(c), Article 4.5, Articles 9, 10, and 11?
4. How might the SBM work better to secure the best technical and scientific input for its methodological work?

Saint Kitts and Nevis (AOSIS)

- Q3 finance and Q4 expertise
- Q3 on finance – no relevance, beyond mandate to discuss, already extensive process
- Q4 on expertise – particular interest to members of AOSIS, best available science must be taken. SB and Secretariat must have sufficient technical expertise to address challenging scientific issues that arise from removals related to various locations and scales. Convene one or more expert panels with relevant scientific expertise. Before SB adopts guidance, panel should be convened with relevant IPCC and science expertise. Panel would be available to SB to support work. AOSIS submitted a list of expertise: systems analysis across

multiple CDR, assessment of differences between n UNFCCC accounting frameworks, sustainable development tradeoffs of multiple CDR, technical potentials, physical science (climate feedback on forests etc.) etc. could be integrated into existing processes

CfRN (Honduras)

- Q1 – important policy questions that must be addressed: national emissions rising faster than NDC. Should Article 6 be allowed? What if carbon removal activity is used to generate ITMOs but relevant sector's emissions rising and results in net increase in emissions. Should A6.4ER be allowed via Art 6.2? what if current activity is allowed alongside new coal fired plant with carbon removal – should Art 6.4ER be allowed to be transferrable via Article 6.2? Our view is that the guidance specifies all removals must follow rules decided by COP for REDD+: removals generated against national level benchmark against baseline… removals estimate consistent… following IPCC latest guidance and guidelines
- Q2 – cannot prejudge Article 5.2. no basis for 6.4 to move backwards. REDD+ can only be generated once… follow latest IPCC guidance. Comparable methodological framework for developing country parties
- Standardized baselines should be established at highest possible level of host party. 3/CMA3 para 7 of annex. National scale. LULUCF aggregation… all A6.4ERs related to forests should use national level baselines or accounting.
- Described scenarios where no basis for ITMO.
- Q3 – finance critical for NDC achievement, related to Article 13 on transparency
- Q4 – must send technical work for consideration under SBSTA. Reliance on small group of experts ineffective as in case for CDM

Switzerland

- Thanks to SB for organizing this engagement event, and to everyone for showing up
- Learnt from Dubai that to pass guidance, need to engage Parties on guidance
- If we do not engage and prepare, we might fail
- SB did pretty good job in managing level of detail in recommendation that made it into CMA 5. We can look at your documents and see it doesn't go to last level of detail but there is plan and set up with different tools that gets us there. You should try and stay on that level. Balance right.
- On Q2, thank CfRN for very extensive intervention. Insightful. Seem to be suggesting rules under REDD+ (5.2) should be kind of semi-copied into the guidance of Art 6.4. I think one could regard this as a sensible approach and that Parties under Convention/Paris Agreement have done so in the past too but another challenge. We as CMA (SBSTA now) have given a pretty tough job to SB. Can you please write guidance on removals applicable to everything? We know that involves forest, technological removals etc. having been part of discussion last year and trying to formulate guidance, approach taken in SB with best of intentions was to write something generally applicable to all removals. If dig into sub-types, these guys (SB) will not be able to finish the guidance. Full sympathy to build on existing guidance e.g. REDD+ but process terms hard to integrate in CMA6. We don't discuss openly but we do in bilaterals. SB is kind of independent. Sent up on rules. Has to write rules that work independently for itself. For itself, it cannot copy and paste everything under REDD+ and should learn from it. 6.4 is a crediting mechanism and SB has been tasked by CMA to set it

up and to work for technological and other removals… lots of stuff. That's our understanding and our proposal for a way forward.

- Q3 – fully support AOSIS intervention. Call on parties to support. If we suggest to drag our finance colleagues into the room (busy on NCQG) doesn't make our lives easier. 6.4 – independent. Keep that separate and focused.
- Q4 – looking at the input that was received over past 2 years by SB, no lack of detail or quality. Task at hand is pretty tough one. Asking handful of people sitting over there with committed Secretariat to sort through all of this. Tough to find all the right references. Don't have a solution on how to do it best but feeling from workings having been there is that the solution probably lies in having scaled up resources and staff capabilities – hours, people etc. in the Secretariat. Parties sitting in SB have day jobs that are pretty demanding. Just look at the removal input that went into the Singapore 6.4 meeting 300 pages. One single item. No person can be expected to read it all. Key to unlocking is the preciseness and focused nature of presentation of trade offs by Secretariat. Tough for them as well. But necessary to get to good outcomes.

UK

- Given where we are, welcome call for inputs and today's opportunity
- Q1 – don't think efficient, effective to improve entire range of work and outputs. Risks micromanaging process. Regular reporting to CMA critical. Critical to have routes for parties to address this and raise to SBM. Accountable to Parties. Openly consults. Welcome constructive criticism on technical work.
- Q2 – don't see particular link with 5.2.
- Q3 – agree not sure purpose of question on how to moves process forward
- Q4 – engaging with academic researchers and experts. E.g. FAO work. Sounds like incredibly helpful work that seems helpful to SB. Tight timeline but should not hinder views to be submitted and shared with SB.

Colombia (AILAC)

- Q1 – development of methodologies. Buyer and host country important. Need baseline adjustment factors aligned with long-term goals. In line with CfRN before, need additionality tests. Identification of sectoral mitigation pathways. Mention of para 11 of SD tool in the recommendations. Has to be strong. Negative effects of mitigation activity.
- Q2 – just on national statement (Colombia). Not necessarily results based payment can be transformed into market-based system. Example given. What we have seen is that's not an easy task. Baselines. Not to copy everything that is under Art 6.2. a study to see what can be taken from 5.2 to 6.4.
- Q3 – don't see finance relevant. Everything related to finance should be discussed in finance track.

EU

- Start with Q3 – we agree with others AOSIS and Switzerland. Important to build on lessons learned. Integrity is really key to achieve objectives. We shouldn't repeat mistakes from past but learn and ensure integrity. Also think to achieve objectives important to have good sharing of mitigation benefits between host and buyer country. to ensure host can use part of mitigation outcomes to achieve own NDC and raise ambition all the time.

- Q1 – we agree with Switzerland that generally scope is really good. Guidance shouldn't go in a lot more depth. More clarity is needed in several parts in definition of non-permanence etc. in some instances more specificity more useful.
- Q2 – no direct relationship. Two different. Finance and carbon crediting mechanism. Note that decision 14/CP.19 para 15 clearly sets out results based would need additional requirements to be use das market mechanism. However, could be eligible if Art 6.4 requirements are met. Forest refence levels have been established with a different aim. Reflect BAU. 6.4 diff principles. Below BAU, in line with NDCs. Outcomes in that context cannot be used directly in 6.4.

Tuvalu

- Perspective – a lot of work already done on CDM
- 5 years RMP + 3 years RMP for afforestation and reforestation – not sure if we want to go over that process again
- Need to see linkages and signal that work is already done
- Important principles we need to incorporate e.g. env and social protection, Free Prior Informed Consent (FPIC). We would like to see these principles in decision
- A lot of work already done. Need signals for that to be incorporated
- Reversal risk is not the only issue in land, removals area. There are other issues relating to leakage that are important aspects as well.

Brazil (ABU includes Paraguay)

- Q2 and 3 – relationship with 6.4 and 5. Should be limited. 6.4 designed to operate at project scale. Some may have MO – reductions and removals. That would also be accounted for under Article 5. Important to agree on a degree of harmonization between them. Avoid double counting under different frameworks. Safeguards and other aspects. 6.4 must be accounted under… and reported under safeguard system. Or will have competition. Risk turning into race to the bottom situation. Do not see relevance of 6.2 and 2.1 finance, capacity building… compensatory nature of 6.4ERs limit their scope to cooperative approach of Paris Agreement…

Ukraine

- Submitted written submission, will not repeat
- Philanthropic finance can help address most difficult sectors and help quantify emissions not already included in NDCs, countries that find it hard to quantify. Facilitate ambitious NDCs
- Will address this more in methodological guidance section
- See the different outcomes and places of work of interaction with climate finance
- Certification…

Indonesia

- Q1 – propose a mechanism to calculate baseline; to be determined by parties…
- Q2 – relationship between 6.4 and 6.5 related to decision on REDD+. Results based payment can be carried out as market-based mechanism as long as it is compatible with Art 6.4. need to elaborate on this mechanism. Must be excluded from REDD+ and indicator assessment… indicator development must be consistent
- Q3 – not relevant 2.1c, 4.5, 9, 10, 11 as they have different functions and responsibilities.

- Q4 – propose engagement. Stakeholder workshops. Continue to ask for public input which has been done so far.

Saudi Arabia

- Express appreciation for work undertaken by SB. Brief in input. Plan to come back for other sections.
- Q1 – unfortunate that Parties failed to reach consensus at COP28. Cant afford another year without implementing 6.4 crediting mechanism.
- Q2 -respect work in REDD+ but need to ensure that SB work needs to work for tech-based removals as well

Tuvalu

- Refer to para 3. Art 11 on capacity building. Critical for LDC. There can be an encouragement to support capacity building in this area.

Chair: many stakeholders that also want to come in. hoping this to be a conversation rather than intervening type of event

ENGO

- Indigenous. CAN international. Overall general statement. Might come back on other two clusters of questions.
- Encourage more sessions in future
- Limited participation for non-party stakeholders. Only one slot. ENGOs have 2 groups.
- Reflective of SBs consultations with stakeholders.
- Consultations and timelines too short
- Limited time. Numerous questions. Representing many groups.
- Concerned
- Not convinced that SB can resolve issues in remaining time before COP29. There is considerable pressure on SB to agree on guidance on removals…
- Q2 – do not believe REDD+ should feature. To be clear REDD+ under Warsaw Framework was not meant to generate credits and not designed for this purpose. Unchecked issuances. Serious violations to rights of indigenous peoples. History of ignoring FPIC. Giving rise to human rights violations. Serious concerns that continue to go unchecked
- Appeals and grievances guidance rushed
- Carbon markets are not climate finance. Dangerous precedence.

Women & Gender

- Welcome the organization of this event. Remind everyone Parties and stakeholders keen to engaging on Art 6.4 activities that all future activities must be rooted in human rights. Including to promote gender equality and indigenous rights.
- Written submission to be submitted.
- WCG demanding that guidelines of Art 6, in particular for 6.4 ensure genuine emissions reductions… demand that processes and outcomes are gender-just and human rights based. Minimize risk. Put people at center. Support effective ecosystem-based approaches.
- Learn from shortcomings of CDM.

IETA

- Need to identify who is responsible is what at which part of activity cycle. Level of decision that need to be made at SBM
- More details in standards and methodologies
- Operate based on technical expertise under supervision of SB without needing CMA level discussions
- …

UNHCHR

- Decisions regarding methodologies and removals should be decided by CMA.
- Encourage stakeholder engagement in future as well
- Environmental and social safeguards including FPIC of indigenous peoples
- Clear understanding of human rights obligations of states and businesses…
- Independent grievance mechanism and access to remedies; compliant with human rights
- Recommendations do not explicitly reference human rights but talk about env social considerations. Human rights obligations are legally binding and should be reflected.
- Concerned on removals. Pose challenges on measurements, accountability, etc.
- No scientific certainty on climate engineering and impact on people on the planet… known and unknown risks. May not be available or scalable to reduce harm.

Chair: pleaded with Parties and stakeholders to

Methodological Guidance

Application of Methodological and Additionality Requirements

5. How should the methodological principles stated in para 33 of the RMP be applied to baseline approaches, and in particular:
   (a) Whether application of concept of downward adjustment apply equally to the three baseline approaches?
   (b) Whether the methodological principles and their implementation apply equally to emission reductions and removals?
   (c) Whether further guidance and tools should consider the different uses of mitigation contribution units (MCUs), authorized credits ITMOs?
6. How might the principles of additionality as specified in para 36 of the RMP be implemented?
7. How should social and environmental and other protections and safeguards be reflected in the general guidance and the underlying SD-Tool?

Colombia

- We do need some kind of adjustment but for us not clear what baseline approaches will be. Maybe something that will need to be done with regard to that. Also, with additionality. Might need to be different for each country. to standardize.

Saint Kitts and Nevis (AOSIS)

- Support downward adjustment. See in RMP. Vote for yes. Adjust downward baselines.
- Q5 – clear that emissions reductions and removals need to be treated differently.

- Last bullet for ITMOS and MCUs – all activities under 6.4. equally. Status does not impact.

Ukraine

- Observation – SB seems to be pre-occupied with issue of oversupply. Do not believe that SB is the market regulation body. It is a standard. It should certify ER under 6.4
- Find it disturbing that developing countries developing own standards while challenging for them to get funding. Deprived of opportunity to attract additional finance. Find it utterly unacceptable.
- Find it hard to certify. Disappointed to say the least. Welcome parties to work with us to best reflect the need to certify climate finance and how climate finance and baselines need to be reflected in the accounting of activities under 6.4.
- When we are unable to certify mitigation… defunding mitigation of developing country parties. Not consistent with finance flows. Disappointing in activities of SB.
- Mitigation principles and application to emissions reductions and removals. Support equal.
- MCUs – identified 3 diff categories in previous intervention.

Switzerland

- On first, for you to judge. We can go into our decision on 6.4 from Glasgow and can see para 36… adjusted downwards.. doesn't just say… this is in existing and actual historical emissions sub-list. And there it's super clear. No leeway for SB not to apply. But para 33 clearly applies to everything that follows. Restated specifically. Interpretation task for SB.
- Switzerland would argue if you find something in para 33 that warrants downward adjustment e.g. alignment with temp goal etc. depends how you interpret and what countries see it comes from.
- Q2 – agree with Ukraine. Methodological principles have to apply in the same manner. Guidance from Glasgow. No subdivision. Generally applicable.
- On question of MCUs. Switzerland is proud/fan of. These have to fully respect all elements of guidance. Very final switch that is done at the switch at end of certification and issuance… whether host country decides to authorize or not. Cannot accept that MCUs treated differently. Treat them just like authorized activities.
- Additionality takes a while to go into. Not going to go into. Good luck in solving it.

UK

- Q5. Appropriate. Caveats in 4.7.
- …

Brazil

- Some questions require case-by-case, national circumstances. Downward adjustment… based on baseline
- …
- Identical

Japan

- …

Honduras

- Agree with many colleagues. Q5 – yes downward adjustment should apply to 3 baseline approaches. Consistency and comparability
- Need to reflect more explicitly env and social safeguards

EU

- Do not disagree with decisions that you quote. But any jurisdictional crediting under 6.4 would need to comply with 6.4 rules. On baselines, there are key differences. Additional Cop and CMA decisions. Need to make sure all requirements of Art 6.4 are satisfied otherwise whatever scale of activity cannot be registered.
- Support downward adjustment. If you use average historical data, not always below BAU.
- Interrelationship of two guidance… thinking about restructuring of content of these two documents. Fine if you develop one document that covers both. Specify which apply to removals – nature-based or tech based. Which categories/project types you have reversal risk.. that would be a much more use-friendly and logical structure. I know it's coming out of a mandate. I know you need to respect mandate but can also be a bit creative on how to respect the mandate.
- 3 new major elements – conservative interpretations when assessing additionality. Avoiding lock-in risk

Ukraine

- Concerned about downward adjustments. Methodological principles should be applied equally to MCUs and authorized credits but at the same time difference in guidance and tools. SB… structure work including procedurally. Facilitating climate finance and financing of countries' NDCs

IETA

- Q5 – principles stated on RMP clearly apply to all methodologies. But specific circumstances… downward adjustment applicable to some but not to others.
- 5c – agree with position expressed by many parties. MCU and ITMOs – different is use and CA. should be same. Rules around authorization… still being negotiated. May be possible to change MCU into ITMOs after issuance.. may be become problematic in the system… we think should be treated in the same way

ENGO

- Carbon Markets Watch??
- 5b…
- 5c… should not be differentiation

YOUNGO

- Environmental integrity must be at the center of implementation

IPO

- Here to contribute not to complain
- Should mandate more robust human rights
- Should explicitly require FPIC. Appreciate Tuvalu and UNHCHR comments on FPIC

- When it comes to rights of indigenous peoples, it is not a checklist. More elaborate than that. Requires a little more in-depth elaboration on how to apply FPIC… and environmental safeguards.

Removals Guidance

Scope and implementation of removal guidance

8. Should further guidance differentiate requirements for different types of nature-based and technological removals?

9. Could elements of the removal guidance apply also to emission reductions, and what are they? And how might they be applied?

10. How might the responsibility to address reversal risk be best attributed to or shared between participants, including Activity Participants, Host Party, and the acquiring Party?

11. How is reversal risk to be addressed, and which tools are most appropriate in what circumstances?

Switzerland

- On right level. Very difficult.
- Insurance…

Honduras (AILAC)

- Responsibility between host and acquiring party.

Brazil

- Cooperative. Unintended outcomes
- Responsibility of both host and acquiring parties
- Fair distribution of responsibility of risk. Reasonable approach. Context specificity.

UK

- Agree with current approach to produce tech agnostic guidance. May need to be supplemented in some cases e.g. MRV in complex cases e.g. ocean carbon removals
- Addressing non-permanence
- Q10 – no prescriptive approach. If liabilities created, rules must be very clear on liabilities. Risk and actively consenting they take on the risk as well.
- Clarity on negligible list. Unavoidable/avoidable needs to be clearly defined so as to avoid … unclear on… using buffer pools…

Saint Kitts and Nevis

- Already submitted written
- IPCC
- Tailored… Nature-based will need to be differentiated from tech

- Appreciate that guidance maybe at what level
- Time frames to develop recommendations
- Assurance from SB helpful. Element to be put up at high level.
- Types of categories of risk…. Permanently removed from atmosphere.. asymmetry in … anything less than permanent reduction will take us further away from achieving 1.5 deg C goal
- Activities that have removals over certain time frames not suitable for crediting – SB needs to make this plain
- Categories must be uncontroversial – high bar. Cannot be steeped in controversies
- 10-year accounting – Q seems quite misplaced. Rejected by scientific community. Comments in march by someone from IPCC.

Ukraine

- Principles should apply equally to all activities. Including removals. Mitigation activities… etc. when it comes to their application, we encourage SB when they explore application of scientific and tech knowledge that they do so without prejudice. Body of evidence… 1.5 deg achievement that removals needed

Tuvalu

- Q8 – vast diff between nature-based and technology. Diff risks. Ocean carbon removal has significant implications. Geological removals. Water contamination risk. Tech lock-in. EU referred to. Great concerns about that.
- Q10 – each participant has a responsibility to deal with reversal risk. Because we are dealing with corresponding adjustment. Each party involved in that transaction has to be responsible for reversing that corresponding adjustment. There has to be an accounting provision also.
- Leakage risks. Measurement risk. Environmental and social risk. We are focusing only on reversal risk. Look at CDM. Buffers don't work. Have experience in bush fires that there's no buffer big enough to deal with reversal from bush fires.
- We heard 10-year accounting and issues around that methodology as well.

EU

- Q8 – answer yes and no. in principle approach is tech agnostic. Principles should be the same for all technologies but when it comes to implementation and operationalization. Practically risk assessment tool. Risk of geological reservoir diff than terrestrial reservoir.. reversals can occur over long time period. We think there should be differentiation but to what degree that that should be included in the guidance need to be decided. But further tool can be developed. Differences between diff technological solutions that may need to be developed
- Q9 – applies both. Depends on activity type. Reduction or removal
- Q10 – want to address LT climate change. Over long time periods otherwise what matters for atmosphere is cumulative… to achieve PA. if we shift reservoirs with higher reversal risk. That's a risk for the atmosphere. LT arrangement have to be in place until risk is negligible.
- Further elaboration is remediation – what does it mean? Would it mean credits would be replaced by other permanent credits to replace risk?

- To have backstop – we think its appropriate. Project developers… set the incentive right and avoid more hazard issues. What if they do bankrupt? Backstop may be needed as they may not exist forever

Honduras (CfRN)

- Engage with Simon/Switzerland. How to pick? Does 5.2 need 6.4?
- Q8 – yes must be differentiated between nature-based and tech removals. Diff scientifically and methodologically…

Canada

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ENGO

…

BINGO… IETA

- Attention to emergent nature-based removals displaying high level of removals…irrelevant distinction …
- … some how integrated at guidance or methodological level
- Q10 – responsibilities should be allocated clearly however long term monitoring unattainable for private entities. Even for short term Affect investment grade.. higher costs or potentially no investments in removals. Some type of responsibility … necessary… additional complexity and risk. Precedence of CDM…should be room for discussion for alternative remedies. On acquiring countries.. incase of bilateral transfers. Collective sovereign responsibilities. Sovereign buffer pools… should be developed.
- Q11 – buffer pools exist. Caution against risk… to determine size of buffer pool.. moral hazard and perverse effects. Low risk. May have impact on buffer pools still. Ongoing debate. Buffer swaps. Type – monetary or credits. Seek dialogue with market participants to better understand challenges and solutions.
- Finally, insurance. As emergence specialist insurance community – interesting solution cause use market-based pricing rather than ex ante resources. Encourage SBM and methodology panel to seek dialogue with emerging community that is developing specific products.

YOUNGO

- Q8 – align with many parties on tech neutrality
- Project.. level…
- Methodology by methodology basis
- Time frame for permanence should be considered accordingly. EU CRCF?
- Burden could be transferred to acquiring party. To carefully manage buffer pool or other form of insurances etc.
- Clear operational accountability while ensuring economical flexibility
- Env perspective -avoidable and unavoidable reversals should be adequately addressed – financially (to economically cover reversals)… insurance, compensation can be considered. As heard from BINGO. Environmentally there must be a guarantee… to address reversals. Buffer pools or direct replacement within or outside of project.
- 10-year accounting rejected as said by other parties and expert stakeholders. They should be avoided.

Vice Chair Martin said they have recorded input and will come back to this at 13th SB meeting in July. Will be online and can see debates etc.

Meeting ended at: 6.13pm

Notes taken by Melissa Low, Research Fellow, Centre for Nature-based Climate Solutions, National University of Singapore