

UNFCCC Meeting Report Article 6.4 (Negotiating Session)

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Meeting: COP29, Baku Azerbaijan

November 13, 2024

Time	Session/Agenda/Event Title	Location
13 Nov. 2024 19:00h - 20:00h	Rules, modalities, and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement and referred to in decision 3/CMA.3 - Contact Group: CMA 15 (b)	Meeting Room 25, Area D

Relevant links or Attachments: no draft yet.

For reference, Annual Report: https://unfccc.int/sites/default/files/resource/cma2024_02a01.pdf

Key takeaways:

Transparency and Trust in the Supervisory Body (SBM)

- CfRN: Expresses concerns over a lack of transparency, warning against setting a precedent that could undermine trust across UNFCCC agreements.

Operational Standards and Methodologies

- General Agreement: Standardization is needed for emission reductions, removals, and adaptation funding, consensus is still that 6.2 needs to be finalized in order to decide on what to reflect 6.4 standardization
- EU: Emphasized transparency and professionalism in setting standards, specifically around the transfer of credits
- AILAC: Supported mandatory post-crediting monitoring and calls for shared responsibility in corrective actions between host and beneficiary countries.
- AOSIS: Pushed for science-backed standards, robust methodologies, and durability in post-credit monitoring
- USA: Advocated for periodic review of standards, stakeholder engagement, and development of sector-specific safeguards.

CDM to Article 6.4 Transition

- General Agreement: Widespread support for bridging the regulatory gap to facilitate the transition of CDM projects
- Grupo Sur: Strongly urged integration of projects (*Brazil has a large amount of CDM projects*)
- African Group: Emphasized including afforestation and reforestation activities in transition standards
- USA: Pushed careful review of CDM transition proposals to prevent crashes again

Adaptation Fund and Share of Proceeds (SOP)

- General Agreement: Broad consensus to allocate a portion of SOP to adaptation funds, prioritizing LDCs.
- LDCs: Emphasize the need for SOP funds to focus on their unique adaptation challenges and financial constraints.
- African Group: Endorsed flexibility for LDCs in SOP exemptions, contingent on their specific needs.
- EU: Supports LDC exemptions for adaptation requirements, allowing them discretion based on capacity.

Budget and Resource Allocation

- Norway: Raised concerns about a budget deficit but still called for more funding to support ongoing operations of the Article 6.4 supervisory body.
- EU: Emphasized the need for budget transparency
- Australia: Highlighted the need for continuous technical and scientific advice despite resource challenges

Notes:

Speaker	Notes
Co-chair	● The president has requested an updated text ● Mode of work ○ A - matters related to the operationalization of the mechanism ○ B - further inputs to methodologies, including baseline for emissions reductions and activities related to removals ○ C - SOP for adaptation, including supervisory recommendations ○ D - transition of CDM of afforestation and reforestation activities ○ E - SBSTA 13B - authorization and mechanism registry
CfRN	● Thinks 6.4 decision it is a horrible precedent ● Mandate for SB is to elaborate and report for further consideration ○ Instead SB adopted immediately ● The use of the term “standard” for methodologies because CMA allows SB to approve standards ○ Untrust with the body, SB has broken the trust of the party ○ Broken transparency ○ Clearly need to send a signal that this should not be repeated ● Cannot let this erode other articles that have already been agreed on ○ Need clear guidance in this regard from the SBM ○ Will come back with further thoughts
LDC	● Feel that special circumstances of [LDC] has to be taken into account otherwise this

	doesn't work • Afraid that those countries which don't have the financial capacity making that the net financial contributors unless they take the sector • [can't hear well / make out what he's saying] • One way to support LDCs is to put part of SOP towards adaptation and put adaption funds towards LDCs • Looking for national adaptation activities
EU (Martin)	• "I'm a dinosaur in the process" • I do remember a time where bodies reported to CMA in a more ordered way ○ We would have a full discussion of what was going on e.g. under CDM - im v hopeful that we will turn a page and have more workaday reports ○ I welcome the headlines you've given us for a decision on further guidelines on this matter • I think we should have scrutiny of the budget as presented ○ Express concern about the report suggestion that there's a 3 million gap ○ We want to be sure that the body is working with sufficient professionalism and support • Issues to do with recommendations mandated in glasgow - we know we have adopted rules of procedure and we'll ask for recommendations on methodologies and removals • We'd be happy to endorse the general approach but will of course ... [enter into?] the work programme • Re. recommendation for adaptation - that was to exempt LDCs at their option - I see in SBSTA text we see we have a more elaborative text • We have some questions • There needs to be clarity • The transition of the forestation project i can understand that removals and reduction guidance have some reversals to be applied ○ However we have reservations to that ○ We urge parties involved to consider the transition again [CDM to 6.4] • We would encourage early establishment of the registry • We'd like to thank both chair and vice chair for service and secretariat for hard work
Grupo Sur	• Transition of ER activities

(Bruno, Brazil)	○ Request made to close gap from CDM projects to Article 6.4 ○ Those projects were left behind because of lack of rules ○ Now that we have standard on rules, should apply them and make decision to include to ensure project participants still trust the system and won't be left behind of any kind
African Group	● For the mode of work - the adoption of the standards - application of those standards - there is already a decision of CMA in relation to that ● Reshare of proceeds, the SBM made a proposal to exempt LDCs depending on whether the LDC wanted to be exempt or not ● Clear proposal there that i support & African group supports ● If there is an alternative, we want it to also be very clear that we can discuss ● Re. afforestation and deforestation activities - we think that both were part of the mandate SBM in transition - "all CDM activities" and the SBM in its report based on lack of some standards and elements have only addressed emissions [reduction] and not afforestation and deforestation ● Wants to consider the transition of these projects from CDM again and have standards as well ● In the future, we should get a presentation made by the chair or vice chair of SBM based on the mandate they have received ● Just based on the report, we can provide guidance, but we don't have the same understanding ● Having interaction between CMA members and SB may be a better way to provide understanding
Co-Fac	●
AOSIS	● Operation of mechanism ○ Agree with points earlier with EU ● Expertise and resources ○ Need to make sure that SBM has the scientific backstopping ○ Key issues going forward: ■ Durability, post-crediting monitoring length, climate-relevant timeframes ■ Very important that the body considers science-backing ○ Welcome references to those elements ● Issue of transition of CDM ○ Time for this has run ○ There are challenges with some of the elements

	○ Know that parties will work on methodologies under 6.4 ○ Section 5 of SBSTA text on baseline methodologies ■ Already have SB guidance so don't need that option there
AILAC (Adriana)	● Further guidance for SBM standards - we were pleased that the CMA adopted the report but have lots of doubts re procedure ● AILAC believe that ● Each methodology should propose a minimum of post crediting monitoring period - right now not clear how that would work ● Also like to see if a balance between pots crediting monitoring period ● Ailac firmly believe that any remedial measures should have shared responsibility - host and beneficiary parties - we'd like to see further work on this - not only held by host party ● Re unavoidable reversals - e.g. natural disasters - this needs to be in guidelines ● Another important topic that isn't clear enough is [suppression?] - has a risk of producing rather than reducing emissions ● We must make sure that these projects are additional and that they definitely need Art 6 instead of other forms of financing ● Stress that methodology expert panels and SB on scientific expertise on [missed] ● On transition of a- and de- forestation activities - we'd like to see conditions of section 9 are made before activities are done ● We'd like to see clarification before 6.4 is going to be done ● Might be better in 6.2 but that also wasn't received in Dubai ● We'd like more info on how these processes come together
LMDC	● Reflect on recommendations by SB ○ Parties chose to take note of recommendations, this allows us to operationalize ● SB already recognized the dynamic nature, and these frameworks should be updated ○ This is exactly what is needed at this point in time ● Note that the standards are developed with other documents that will fully operationalize ● Grupo Sur -> Support statement on CDM transition ● SBSTA agenda item -> support AOSIS on baseline methodologies paragraph removal given new standards
EU (Martin)	● There's been some discussion often standards and process for their

	endorsement here - important for transparency purposes for the EU to express that last year we felt there were significant problems particularly with removals standard ● Removals standard we welcome particularly the treatment of avoided emissions which last year was inadequate ● Questions about residual liability ● V important that permanence of credits is maintained and we see an effort from the body to ensure this ● I think we've seen a vast improvement on last year and have a decent set of standards to be applied ● One more concern re. transition of additionality projects
Japan	● Regarding recommendations to body ○ Agree with EU on successful adoption on methodology and removals ○ Good progress we have seen with adoption of standard ■ A project could now be proposed ○ Also mentioned by EU - need ○ Accelerating process would be good to mention ● 6.4 registry operational procedure is not finalized and needed in addition to operationalization of registry ● CDM methodology - transition request has been made ○ Upon approval, will need to see how to be included ○ Need more review by the SB ● Prioritizing the guidelines + CDM transfer
Norway	● Welcome work of the supervisory body? ○ Revised decision - what you're dealing with in the SBSTA ○ On the substance, want the CMA to recognize the work that has been done on the grievance mechanism ■ Brilliant and remarkable to tackle those things ■ Mechanism will likely not be activated soon ○ 60 page document, so a little bit nervous ○ Important that body can adapt it to be as practical as possible to verify what is required ○ Similar clause on further development of 6.4 ● When it comes to budget ○ The budget is higher than the current balance ○ No representation of the work - there is a deficit ○ Source is supposed to dry sometime next year

	○ Need for further funds for SBM ● Would be good to encourage same body to allocate the money for the operation
UK (Helen)	● On recommendation provided by SBM we supported approach ● Like to add voice to AILAC, AOSIS And Cfrn ● For UK continuous improvement is a key principal ● Re removals and methodological requirements standards - in many instances these are much improved from last year which is why we supported this approach ● E.g. additionality and leakage were strengthened ● Removals - many changes as well ○ ... new insurance products may become available ● Thank and congratulate co facs and SB ● We support intervention from Norway in referencing other key milestones
USA	● Lend voice of support to the work of the SBM over the last year ● See the content of 2 standards as critical to operationalize the mechanism ○ These are oriented towards project-scale credit and SBM has worked on this in the work programme ● New standards are needed for necessary implementation ● Encourage them to create standards on further revisions to support sustainability ● Want stakeholder input and periodic reviews ● Sector agnostic but wants to develop specific sector safeguards as set out in work programme ● On SOP and OMGE ○ Like to request that the proposal in the draft SBSTA60 text is difficult to support ● Transition to CDM activities ○ A -> want to crosscheck with earlier decision ■ Not very sure about the change and want to hear rationale ○ B -> Strike further text in Annex 2 and rest of the sentence
Australia	● Echo gratitude to SBM for work to develop standards ● We recognise this is critical ● Pleased to see its accompanied by broader package of work and not importance of subsequent work that will elaborate on these standards ● Note importance of best tech scientific advice
AOSIS	● In a revolving field and there is need for flexibility so curious to what is

	intended by encouraging procedures for limiting changes
CfRN	• P. 87 still not clear how it will work • We need clear guidance • [didn't catch most of it]
ENGO (Climate Action Network International)	• Agrees with Tuvalu on concern • Sets a bad precedent and should never happen again • Must establish a post-crediting monitoring period • Risk assessment must be science-based • Buffer pool must be of the same durability of the credits used it • All activities must comply with [RMPs?] • CMA should instruct SBM that all standards are in line with science, human rights, and international law
Women and Gender	• For buffer pool ◦ Do not agree that MCUs should be used for buffer pool[?] ◦ Will it be used as dumping ground for non-authorized • CDM transition ◦ SB does not have section on afforestation and reforestation, was in previous text but not anymore ◦ Do not think transition until section is fully developed
YOUNGO	• Concerned that rushed decision can become a recurring process • There are not clear procedures for monitoring reversal risk
TUNGO	• Express disappointment with sidelined decision-making • Doubtful of emissions trading guidelines