



Supervisory Body Art. 6.4  
UN Climate Change Secretariate  
UNFCCC

Lucerne 1st October 2024

## Public comment on agenda of the 14<sup>th</sup> meeting of the Article 6.4 Supervisory Body

### Sustainable Development Tool, Requirements for activities involving removals

Dear Sir or Madame

As per publication shared on the Supervisory Body Webpage regarding the 14th meeting of the Article 6.4 Supervisory Body, the public is invited to share comments on issues included in the annotated agenda.

Fastenaktion / Swiss Lenten Fund is happy to follow this invitation. In its 60 years of activity, Fastenaktion has acquired a longstanding experience in development work and currently implements projects in 14 countries, including a Gold Standard certified project.

Concretely, we would like to comment

- Agenda Item 3.3 "Activity Cycle" and specifically on the "*Draft Tool: Article 6.4 sustainable development tool*" (A6.4-SBM014-AA-A07) and
- Agenda Item 3.4 "Methodologies" and specifically the "*Draft standard: Requirements for activities involving removals under the Article 6.4 mechanism*" (A6.4-SBM014-AA-A08).

Given time constraints, we were not able to assess the documents provided in-depth. However, we would like to share some reflections that we consider of particular relevance.

### A) Sustainable Development Tool: strengthen reference to property rights

We welcome the new version of the SD Tool, which has considerably improved in quality and is well streamlined. We believe that the SD Tool will be crucial in ensuring highest standard and integrity of Article 6.4 projects. We would like to highlight one specific aspect, which in our view needs attention in order to allow the SD Tool to serve its role, which is the **reference to property rights**.

The current document stipulates in section 6.4.5 (para 70-74) states that "*the Article 6.4 activities avoids involuntary resettlement*".

In our view, for the integrity of the Article 6.4 mechanism it is primordial that it is rights based. Therefore, **the Article 6.4 mechanism should not leave the door open for infringements of property rights and involuntary resettlements**.

Voluntary Standards such as the Verra standard are very clear on this:<sup>1</sup>

**Property Rights**

3.19.19 The project proponent shall recognize, respect, and support IPs', LCs', and customary rights holders' property rights and where feasible, take measures to help secure rights.

3.19.20 The project shall not encroach on private, stakeholder, or government property or relocate people off their lands without prior consent and appropriate compensation.

3.19.21 The project shall not lead to forced physical or economic displacement.

From this, it is evident that the current wording in the SD Tool is not in line with the highest level of property rights protection.

**Proposal for adjustment:**

We invite the Supervisory Body to complement the paragraphs in the SD Tool as follows (added language in yellow):

Para 70: The activity participants shall recognize, respect, and support IPs', LCs', and customary rights holders' property rights and where feasible, take measures to help secure rights. The 6.4 activity shall not lead to forced physical or economic displacement. The Article 6.4 activity avoids involuntary resettlement. [...] Where involuntary resettlement is unavoidable, it is to be minimized [...]

Para 71. E8.1: In the implementation of the 6.4 activity, activity participants of the A6.4 activity are to avoid involuntary resettlement.

Para 72. E8.2: While respecting the provisions of E8.1, when physical displacement (i.e., voluntary relocation or loss of shelter) cannot be avoided, activity participants of the A6.4 activity are to mitigate the displacement impacts on, and risks for, displaced persons and host communities to, at minimum, restore their livelihoods and/or living standards to pre-project levels.

**Advantages:**

- This allows the Article 6.4 mechanism to be in line with high level of rights protection, contributing to its integrity and rights based approaches in general.
- Activity participants have clarity on what is expected from Article 6.4 and clear incentives to contribute to the fulfilment of individual and community rights.

**B) Requirements for removals activities: take into account risk of business closure**

We welcome the that the removals document overall provides more clarity and stringency on removal activities under the Art 6.4 (draft document A6.4-SBM014-AA-A08).

We would like to highlight a specific point that we feel is not well enough addressed in the current document:

As removals need to be post-monitored for a long period, potentially over hundreds of years, there is **a non-negligible risk that a considerable number of activity participants go out of business over time** and can no longer comply with their post-monitoring obligations (and reversal duty in case needed).

<sup>1</sup> <https://verra.org/wp-content/uploads/2024/04/VCS-Standard-v4.7-FINAL-4.15.24.pdf>, Section 3.19.19 and following.

This **creates a risk for the Host Party** to be left in the situation where it is obliged to take over the responsibility of the closed business, leading to an unjustified burden. Thus, it is important to establish a framework with the proper mechanisms. This risk needs to be considered on two levels:

- a) Duty to remediate reversals in case needed
- b) Duty to perform post-monitoring of activity involving removals

**a) Duty to remediate reversals in case needed**

We understand that when it comes to the duty to remediate reversals, the proposed AR 6.4 removals standard addresses the risk of business closure with the obligation for activity participants to purchase **an insurance policy** (para. 58).

**Suggestion:** We would invite the Supervisory Body to make explicit that the insurance policy needs to be **'for life'** and thus cover costs for reversal remediation even if the purchasing entity (activity participant) has gone out of business.

This way it is ensured that the cost for remediation will not be passed on to the Host Party.

**b) Duty to perform post-monitoring of activity involving removals**

When it comes to the duty to perform post-monitoring, the proposed AR 6.4 removals standard does not address the risk of business closure. This could lead to the situation where former activity participants close business operations and thus the **post-monitoring is either abandoned** (leading to potentially unobserved reversals) **or the Host Party would need to assume** the role of post-monitoring. Neither of the outcomes is desirable.

**Suggestion:** We would invite the Supervisory Body to consider a solution this issue. For example by introducing:

- i. the obligation for the activity participant to purchase an **insurance policy** for post-monitoring in case of business closure at any given time (complementary to the insurance policy under para. 58). or
- ii. the obligation for the activity participant to establish a **MoU with the Host Party containing a mechanism** that details the obligations of the Host Party in case of business closure of the activity participant and the compensation the Host Party receives from the activity participant in return (building on para 66 (b)). or
- iii. a **compensation fund** to which activity participants of applying the AR 6.4 removals standard contribute. This compensation fund would be managed by the Supervisory Body and shall be used to compensate Host Parties for their post-monitoring duty in case needed.

Adopting a such solution would avoid passing on the cost for post-monitoring to the Host Party without proper compensation.

We thank you for considering our comments and are available for any questions.

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