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Document reference number and title: (Recommendation from the MEP to SBM020) **Concept note: Options for implementing the provisions in paragraph 62 of the "Standard: Requirements for activities involving removals under the Article 6.4 mechanism (version 01.0)**				
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	-	3.2.4, Monetary Permanence Reserve; 3.4, Risks of approving alternatives; and sections 5–6.	Funga supports the concept note's recognition that a Monetary Permanence Reserve can serve as an alternative to the Reversal Risk Buffer Pool Account and can be designed to deliver the same level of assurance. We also agree that buffer pools and monetary reserves can use the same foundational reversal-risk assessment. However, the current evaluation is not sufficiently balanced. Section 3.4 focuses principally on the risks created by approving alternatives—particularly the possibility that lower-risk activities could leave the buffer pool—without applying an equivalent analysis to the risks, costs, and limitations of relying predominantly on a pooled-credit buffer. These include correlated or systemic losses, inaccurate initial capitalization, changes in portfolio composition, the opportunity cost of withholding credits, and the possibility that the pool may not contain assets appropriate to remediate future reversals. Buffer pools, insurance, guarantees, and monetary permanence reserves should be evaluated on a level playing field using common, performance-based criteria. The relevant question is not which institutional form came first, but which mechanism can provide transparent, enforceable, and sufficiently capitalized remediation over the required period at acceptable cost. Cost-effectiveness should be an explicit criterion. Costs borne by activity participants affect the number and range of mitigation activities that can participate in the mechanism. A more cost-effective mechanism that provides equal or greater assurance can improve both environmental integrity and scalability. The evaluation should also recognize evidence now being generated outside Article 6.4. Insurance and fund-based approaches are being piloted under Verra's VCS Version 5, and the Climate Action Reserve has adopted a framework that expressly recognizes insurance and permanence trusts among the available approaches. These developments provide a basis for structured learning now; Article 6.4 should not wait for years of operating history from its own buffer pool before establishing a pathway for evaluating alternatives. The Supervisory Body should establish a clear process and timeline for pilots and approval	Rename section 3.4: 3.4. Comparative evaluation of the Reversal Risk Buffer Pool Account and alternative reversal-risk management mechanisms Replace paragraphs 89–92 with: 89. The Supervisory Body shall evaluate the Reversal Risk Buffer Pool Account and potential alternative reversal-risk management mechanisms on a comparable and performance-based basis. The evaluation shall consider, at minimum: (a) the level of confidence that verified reversals will be fully remediated within the required period; (b) the mechanism's treatment of correlated, systemic, and tail risks; (c) the sufficiency, liquidity, and quality of assets available for remediation; (d) governance, fiduciary controls, legal enforceability, and continuity of responsible entities; (e) monitoring, reporting, verification, and reversal-detection arrangements; (f) transparency regarding liabilities, assets, assumptions, and performance; (g) cost to activity participants and the resulting implications for scalability; (h) adaptability to new scientific information and changing risk conditions; and (i) compatibility with authorized and non-authorized A6.4ERs and applicable accounting requirements. 90. The assessment shall consider the risks and benefits of each mechanism, including the risks associated with exclusive or predominant reliance on the Reversal Risk Buffer Pool Account. No mechanism shall be presumed superior solely on the basis that it is already in use. 91. Potential differences in the risk profiles of activities selecting different mechanisms shall be addressed through mechanism-specific pricing, contributions, coverage requirements, diversification requirements, or other prudential controls. The potential for adverse selection shall not, by itself, preclude approval of an alternative that demonstrates sufficient coverage and environmental integrity. 92. The Supervisory Body shall consider evidence from existing carbon-crediting programmes, insurance and guarantee products, monetary permanence reserves, permanence trusts, and relevant pilots. Alternative mechanisms may be approved individually or in combination where they demonstrate assurance equivalent to or greater than that provided by the Reversal Risk Buffer Pool Account under the common criteria in paragraph 89. Add the following to section 5: 97 bis. Within 12 months of adoption of this

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			of alternative permanence mechanisms. The MEP should be requested to return within one year with common evaluation criteria and a proposed pilot or approval procedure. This would preserve environmental integrity while avoiding premature institutional lock-in.	concept note, the MEP shall recommend to the Supervisory Body: (a) common criteria and procedures for assessing proposed alternative reversal-risk management mechanisms; (b) a procedure through which proponents may submit an alternative mechanism for assessment; (c) provisions for time-bound pilots, reporting of performance, independent review, and modification or withdrawal of approval; and (d) a process for periodically reassessing approved mechanisms in light of operational evidence and the best available science. Add the following recommendation to section 6: 99 bis. The Supervisory Body should avoid institutional lock-in by maintaining a timely and transparent pathway for approving insurance, comparable guarantees, third-party guarantees, monetary permanence reserves, permanence trusts, and combinations of these approaches where they meet common requirements for environmental integrity and sufficiency of coverage. This comment directly answers the draft's asymmetry. The concept note already states that a Monetary Permanence Reserve could deliver the same assurance as the buffer and use the same foundational risk analysis, but its later recommendations emphasize risks created by alternatives. Verra is already running a three-year pilot allowing insurance or fund-based approaches instead of its pooled buffer, while the Climate Action Reserve's June 2026 framework expressly includes insurance and permanence trusts.