



Article 6 Explainer

**QUESTIONS AND ANSWERS ABOUT THE COP DECISIONS ON
CARBON MARKETS AND WHAT THEY MEAN FOR NDCS, NATURE,
AND THE VOLUNTARY AND COMPLIANCE CARBON MARKETS**

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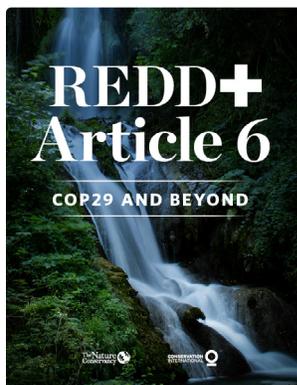
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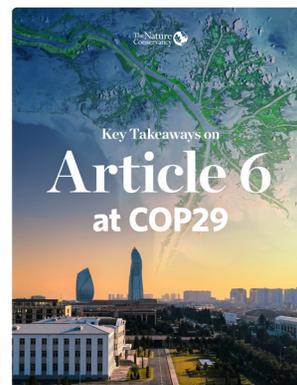
Companion Reports



Article 6 Implementation: This paper explores the tools and trends in Article 6 implementation. We use the examples of 8 seller countries - The Bahamas, Ghana, Indonesia, Kenya, Paraguay, Rwanda, Tanzania, and Zambia - as well as insights from buyer countries including Switzerland, Singapore, Sweden and Norway.



Article 6 and REDD+: The relationship between Article 6 and REDD+ has been a controversial topic and ground for heated discussions. We break down the relationship between REDD+ and Article 6, what was decided in the Article 6 negotiations.



COP29 Article 6 Key outcomes: The conclusion of the Article 6 negotiations after nearly a decade sends a clear and decisive message: The rules—imperfect as some may be—are now established, providing much-needed certainty for countries, investors, and stakeholders to advance their cooperative approaches. This paper breaks down the decisions on Article 6 taken at COP29.

Acronyms

A6.4ERs	Article 6.4 Emission Reductions	LEAF	Lowering Emissions by Accelerating Forest Finance
ART	Architecture for REDD+ Transactions	MCUs	Mitigation Contribution A6.4ERs
CARP	Centralized Accounting and Reporting Platform	MEP	Article 6.4 Methodological Expert Panel
CDM	Clean Development Mechanism	NCS	Natural Climate Solutions
CER	Certified Emissions Reductions (Kyoto Protocol)	NDC	Nationally Determined Contribution
CMA	Conference of the Parties serving as the Meeting Parties of the Paris Agreement	ODA	Official Development Assistance
CMP	Conference of the Parties serving as the Meeting Parties of the Kyoto Protocol	OMGE	Overall Mitigation in Global Emissions
CO₂eq	Carbon dioxide equivalent	OIMP	Other international mitigation purposes
COP	Conference of the Parties	PACM	Paris Agreement Crediting Mechanism
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation	PAICC	Paris Agreement Implementation and Compliance Committee
DNA	Designated National Authority	REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks
ETS	Emissions trading systems	SIDS	Small Islands Developing States
FREL	Forest Reference Emission Level	SOP	Share of Proceeds
GCF	Green Climate Fund	TER	Technical Expert Review
GHG	Greenhouse gas	TREES	The REDD+ Environmental Excellence Standard
HFLD	High Forest Low Deforestation	UAE	United Arab Emirates
IC-VCM	Integrity Council for the Voluntary Carbon Market	UNFCCC	United Nations Framework Convention on Climate Change
IPCC	Intergovernmental Panel on Climate Change	VCM	Voluntary Carbon Market
ITMOs	Internationally Transferred Mitigation Outcomes	VCFMI	Voluntary Carbon Markets Integrity Initiative
JCM	Joint Credit Mechanism		
LDC	Least Developed Countries		

Executive summary

The Paris Agreement paved the way for a new era of carbon trading. With the establishment of Article 6, countries can collaborate in achieving their Nationally Determined Contributions (NDCs) by trading carbon units. At its best, Article 6 offers countries a way to invest in actions outside their borders and raise global ambition to limit temperature rise to 1.5C. However, this is only possible with clear and transparent accounting around what is traded and how countries plan to meet their NDCs.

Countries first established the framework for international carbon trading through Article 6 in late 2021. One year later, at the 27th Conference of the Parties (COP27) in Sharm el-Sheikh, further rules were adopted on reporting, registries and governance. Despite the lack of progress at COP28 in Dubai, momentum around Article 6.2 continued to grow, with numerous bilateral agreements signed and an increasing number of countries participating as both buyers and sellers. All of that built political pressure that helped set the stage for a breakthrough at COP29 in Baku ([See Figure 1](#)).

COP29 marked a historic milestone for Article 6 as countries finalized (most of) the remaining building blocks of carbon markets under the Paris Agreement. The conclusion of the Article 6 negotiations after nearly a decade sends a clear and decisive message: the rules—imperfect as some may be—are firmly established, providing much-needed certainty for countries, investors, and stakeholders to advance their cooperative approaches.

COP30 was expected to be the first COP in a decade with no formal negotiations and only a few routine mandated

reports. However, discussions were still heated, and countries used the moment to make political statements about the future of Article 6. In the end, almost no substantial changes were made, signaling that most countries are now focused on the implementation phase of Article 6. ([See: What happened at COP30?](#))

Looking ahead, 2026 is expected to be a big year for carbon markets under the Paris Agreement. The Article 6.4 Supervisory Body, a separate technical body that oversees the operationalization of the Paris Agreement Crediting Mechanism - PACM (Article 6.4), will continue to approve methodologies and address critical technical rules that will define what types of projects are eligible and shape the scope and feasibility of carbon market investments in various sectors. ([See: Is A6.4 Operational?](#)) Meanwhile, more countries are expected to advance their cooperative approaches under Article 6.2, grappling with challenges such as limited domestic regulation and uncertainty regarding NDC progress and buyer demand. ([See: Article 6 Supply](#))

What's next for Article 6? Why have trades not yet taken off? Is nature included in Article 6? What about REDD+? How does Article 6 impact the Voluntary Carbon Markets (VCM)? What about other compliance markets? This paper offers straightforward guidance on what was decided at the United Nations Framework Convention on Climate Change (UNFCCC) COPs and dives into the complex implications of Article 6 for NDCs, nature and other voluntary and compliance markets.



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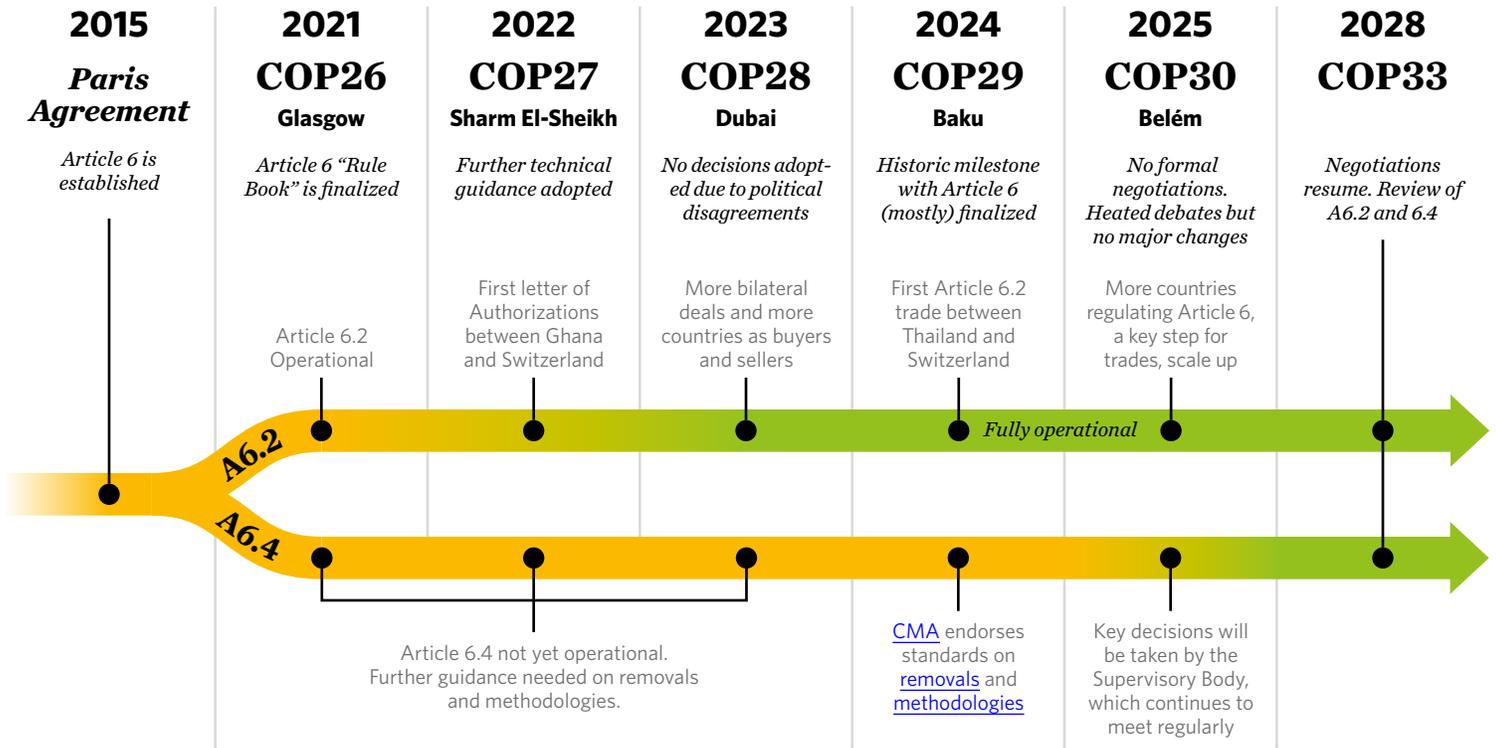
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What happened at COP30 and what's next for 2026?

Figure 1: Article 6.2 and 6.4 timeline



For the first time in a decade, there were no formal Article 6 negotiations at COP30. However, that did not mean Article 6 was on pause – far from that.

Six Article 6-related items still appeared on the agenda. While most were routine technical reports mandated by previous COP decisions, several sparked strong reactions from countries, which used the opportunity to make broader statements about the future of Article 6. The role of nature in Article 6 was especially contentious, with discussions around the technical work that the Supervisory Body developed in 2025. ([See: Is Article 6.4 Operational?](#)) In the end, however, countries adopted a largely uncontroversial decision: First, they rejected reopening the Article 6 Rulebook until 2028 – that’s when a full revision is scheduled to take place. Second, countries decided not to reopen technical rules adopted by the Supervisory Body.

Below is a breakdown of the main outcomes of COP30.

What were the main outcomes at COP30 for Article 6?

Article 6.2

Article 6.2 gives countries a lot of flexibility in how they design trades. But all activities still have to be reported, and those "initial reports" have to be reviewed. These are reviewed by a group of technical experts - **Technical Expert Review (TER)** - to check if countries are applying corresponding adjustments, using conservative baselines, upholding environmental integrity, etc.¹ ([See: Figure 11](#)) The first six [TER Review Reports](#) started to be published in May 2025, and inconsistencies were identified in **all initial reports** submitted by [Switzerland](#), [Ghana](#), [Vanuatu](#), [Thailand](#), [Guyana](#), and [Suriname](#).² ([See: What happens if trades go wrong?](#))

What happens when Article 6.2 trades are flagged with inconsistencies? At COP30, negotiations focused on whether and how to request more detail and transparency in this reporting and review process.³ A clearer hierarchy emerged for how inconsistencies should be treated: Those related to the application of corresponding adjustments must (“shall”) be addressed by countries,⁴ whereas other inconsistencies, related to environmental integrity, for example, are only “urged” to be addressed.⁵ To improve transparency and share lessons learned, countries agreed to hold a mandated dialogue at COP31, focused on the review process.

These first TER reviews followed guidance agreed at COP27, whereas the upcoming wave of reviews will incorporate guidance provided by countries at COP29.

Are ITMOs identified with inconsistencies banned from cooperative approaches? No. At COP30, there was a proposal to ban Internationally Transferred Mitigation Outcomes (ITMOs) flagged with *any* inconsistencies by the technical expert review (TER) - not only those with “significant” or “persistent” inconsistencies, as had been proposed at COP29. Since the review process has identified inconsistencies in all initial reports, countries rejected this proposal as it would have effectively halted all current cooperative approaches and given the TER reviewers a disproportionate influence over countries’ ability to engage in Article 6.2. Instead, countries recognized that the review process is still in its “early stages” and more work will be done through a mandated dialogue at COP31.

The level of centralization under Article 6.2 - specifically, how much oversight cooperative approaches should have - has been a core issue in the negotiations since before the Paris Agreement. Countries that favored a more centralized approach were those whose main reference point for carbon markets was the Kyoto Protocol. On the other hand, countries drawing on their own bilateral market initiatives and/or the voluntary carbon markets, favored an Article 6.2 without centralized governance, where transparency will rely on Article 13 of the Paris Agreement.⁶ In recent years, this issue has played out through debates on how to address inconsistencies

identified in the review process and the role of “[unilateral authorizations](#)”. Therefore, these discussions were not unique to COP30 and will continue to resurface in future negotiations.

Article 6.4

One of the most debated items was the **Article 6.4 Supervisory Body annual report**,¹⁴ following a widespread backlash—voiced by hundreds of stakeholders—over the Supervisory Body’s earlier discussions on permanence, amid concerns that Natural Climate Solutions (NCS) risked being excluded from the mechanism. ([See Article 6.4 and permanence](#))

Standards: What did COP30 decide on permanence and nature? Not much. After long negotiations, countries adopted a text that gives almost no guidance to the Supervisory Body. In practice, this means that the Supervisory Body will continue its work in 2026 following its own [workplan](#). Discussions about the role of nature in Article 6.4 will continue in 2026 and beyond, especially with the development of the Reversal Risk Tool and eventually the review of nature-related methodologies. ([See: Is Article 6.4 Operational?](#))

So, does this mean the Supervisory Body’s technical work cannot be reviewed? Yes, it can. In October of 2025, the Supervisory Body itself agreed, without much controversy, to review the [additionality](#) standard.⁷ This illustrates that the COP30 debate was less about the substance of the rules and more about keeping the Supervisory Body independent, following decisions from COP29. On the one hand, this avoids endless technical debates at COP negotiations and helps advance the development of technical rules more efficiently, which is key to operationalizing Article 6.4. On the other hand, it concentrates power in the hands of a few, making transparency and accountability critically important. ([See: Can countries change technical standards at COPs?](#))

“Term-limits”: How long can Supervisory Body Members stay? Under current rules (set at COP26), Supervisory Body members can serve a maximum of 4 years, including time spent

as alternate members. After that, they must rotate to guarantee that different views can enter the discussions. Some countries proposed to let these members stay indefinitely, but this became highly controversial and [sparked strong reactions](#) among stakeholders for two reasons: First, it would have reopened the Article 6 rules before the planned review in 2028, setting an unwanted precedent. Second, it would restrict the diversity of views and indirectly concentrate power in the hands of a few. In the end, countries decided to reconsider this issue only in 2028.⁸

Article 6 Funding: More money coming from the CDM.

Because Article 6.4 is not yet self-financing, the UNFCCC Secretariat warned that it is running out of resources to run the mechanism, which became an important discussion item. At COP30, countries decided to **transfer \$26.8M** from the CDM Trust Fund to support Article 6.4 until it becomes self-financing.⁹ Once this happens, the same amount will be transferred to the Adaptation Fund.¹⁰ Capacity-building funding will also increase by up to \$5 million.¹¹

Transparency: Closed-door MEP meetings will continue. The final text included general calls for more transparency, but it did not include language on “minimizing the number of closed sessions,” meaning that some critical meetings will continue to take place behind closed doors. This includes the Article 6.4 Methodological Expert Panel (MEP), a technical group that supports the Supervisory Body in drafting the most important rules around Article 6.4 ([See: Figure 11](#)). It is reasonable for the MEP to discuss *confidential* information in private. But broader policy discussions, such as which activities and sectors can participate in Article 6.4, should be fully transparent and open to the public.

Deadline for CDM projects to transition to Article 6.4: The deadline for seller countries to approve the transition of Clean Development Mechanism (CDM) projects to Article 6.4 was extended from the original timeline of December 2025 (set at COP26) to **June 2026**. This extension applies *only* to the seller country approval of projects that have *already* requested transition, not for project developers to request *new* CDM transitions. ([See: Article 6 and CDM](#)). Many countries [criticized](#) this extension because it reopens rules ahead of the 2028 mandated

review. It may also allow more CDM credits with mixed quality standards to move into Article 6.4. It remains to be seen how the market and Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) will treat these units.

Jurisdictional REDD+: Currently, most of the technical rules adopted by the Supervisory Body apply *only* to project-level activities. A concept note about “[large scale crediting programs](#)” is planned for 2026 and it could include guidance on the participation of jurisdictional REDD+ programs in Article 6.4. Countries discussed a proposal to prioritize this work, but in the end, decided to prioritize the revision of project-level methodologies from the CDM.¹²

This guidance is critical not only for eventually enabling jurisdictional REDD+ standards to be considered under Article 6.4, but more importantly for providing the market with clear rules on how to avoid double counting when a country already operates a jurisdictional REDD+ program and also wishes to issue Article 6.4 units. This is the second consecutive COP where Parties discussed this issue (the first being COP29), and in both cases the workstream was deprioritized in favor of other methodological issues. ([See: Is REDD+ included in A6.4?](#))

Several key Article 6.4 elements cannot be implemented without additional guidance from the Supervisory Body on large-scale crediting programs. For example, the [Activity Standard](#) requires a demonstration that double issuance will not occur. The PACM will need a standard template or method to show how this requirement is satisfied in contexts where jurisdictional programs and Article 6.4 activities operate in parallel. The need for these requirements is also implied in the methodologies and leakage standards.

An additional issue is how stakeholder expertise is incorporated. Neither the MEP nor the Supervisory Body necessarily has deep jurisdictional REDD+ experience, whereas the market has accumulated more than two decades of practice and technical knowledge. Ensuring that this expertise informs the development of large-scale crediting guidance will be important for producing workable and credible rules.

CDM

Countries agreed on a timeline to gradually close the CDM and conclude most of its operations, including issuances, by December 2026 ([See: When is the CDM end date?](#)). The relevance of the CDM had been in a long decline since 2009, due to a collapse in demand for its credits.¹³ This happened

in the context of doubts about the credibility of its activities and an unsuccessful reform effort.¹⁴ Even so, the CDM left an important legacy, as it established the procedural and methodological foundations used to build many other carbon certification systems.¹⁵ Over the past two decades, the CDM mobilized over \$350 billion in investment and over \$ 200 billion to the Adaptation Fund.

Terminology Box 1

Article 6 Units and their uses		
Mitigation Outcomes:	1 tonne of CO ₂ eq	Under Article 6, the term Mitigation Outcomes replaces most forms of international carbon credits. If Mitigation Outcomes generated in a country are transferred to another country, they become <i>Internationally Transferred Mitigation Outcomes</i> . ¹⁶
Carbon Credits:	1 tonne of CO ₂ eq	A carbon credit is a generic term for a unit representing one metric tonne of CO ₂ e. At “birth”, a carbon credit is simply a certificate stating that a project reduced or removed emissions. The same carbon credit can then take on “different identities” depending on how it is used. For example, if it is used by a company for a voluntary claim (without a corresponding adjustment), it becomes a “voluntary carbon credit”. If it is authorized by a government for use towards another country’s NDC, that carbon credit becomes an ITMO.
ITMOs:	1 tonne of CO ₂ eq	ITMOs are a specific type of carbon credit, created by Article 6 of the Paris Agreement and can be used in three ways: for NDC achievement, CORSIA, or other purposes, such as voluntary claims (See: Figure 6). An ITMO must meet specific requirements: for example, include a corresponding adjustment to avoid double counting and follow certain reporting and tracking rules. ITMOs can represent both emission reductions and removals from all sectors, and they must originate from mitigation achieved from 2021 onward. Since an ITMO requires a corresponding adjustment, its trade reduces a seller country’s available emissions reductions or removals for meeting its own NDC.
Article 6.4 ERs:	1 tonne of CO ₂ eq	“Article 6.4 ERs”¹⁷ are units issued under Article 6.4, and can follow two paths: ITMOs: Article 6.4 ERs become ITMOs when they are authorized for NDC use, CORSIA or other purposes and internationally transferred, after which they receive a corresponding adjustment . ¹⁸ They must also meet standards and follow methodologies approved by the Article 6.4 Supervisory Body (See: Is A6.4 operational?). Mitigation Contribution A6.4ER (MCUs): These are Article 6.4 ERs generated without a corresponding adjustment. ¹⁹ MCUs can be used to mobilize climate finance for domestic climate action. Differently from ITMOs, MCUs are not transferred internationally but instead stay within the seller country to help meet its own climate targets. Therefore, MCUs do not undermine a seller country’s NDC accounting. MCUs can be later converted into ITMOs if countries apply a corresponding adjustment, as long as the MCU does not leave the official Article 6.4 registry (the Mechanism Registry). ²⁰ Aside from the accounting requirements, ITMOs and MCUs are identical units.

What is Article 6?

Direct trading of ITMOs between countries and/or entities, generally through bilateral or multilateral agreements, with a high degree of flexibility to define the cooperative approach.



Figure 2: Article 6.2

Article 6.2 (market)

Countries can trade Article 6 units through **bilateral or multilateral agreements** - or even through **unilateral authorizations**. Article 6.2 enables a **seller country** that is on track to exceed its NDC target, to trade units to attract investments and access to technologies that might not be available domestically. The **buyer** purchases these units, known as Internationally Transferred Mitigation Outcomes (**ITMOs**), to help meet its climate targets in a cost-effective way (See: [Figure 5](#)).

Despite growing momentum and numerous bilateral agreements being signed, only a couple of country-to-country trade have been concluded to date. This slow uptake is mostly due to the lack of domestic frameworks to implement Article 6, and uncertainty around NDC progress and buyer demand. Beyond bilateral agreements between governments, there have been several Article 6.2 transactions between airlines and the Governments of [Guyana, Malawi and Zimbabwe](#) for CORSIA compliance, with the first [cancellation](#) in February 2025.²¹ (See: [When will trading scale up?](#))

Article 6.2 gives the buyer and the seller a lot of flexibility in how to cooperate. There are no restrictions on the sectors or methodologies that can be used, as long as Article 6.2 requirements are followed. Because of such flexibility, cooperation between countries has taken different approaches and already includes links with the private sector and some regulated carbon markets. Each country is responsible for designing its own systems to implement trades and for setting the rules that define how cooperation will work in practice.

UNFCCC-centralized market mechanism, where units are generated under standardized and pre-approved methodologies.

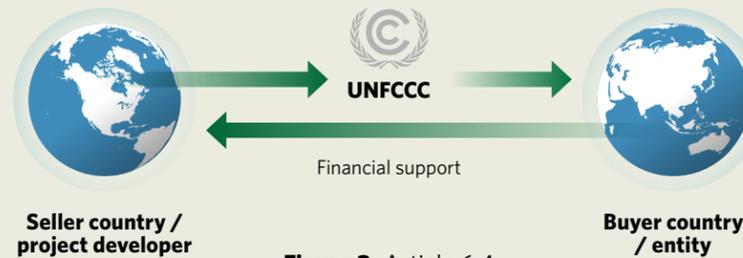


Figure 3: Article 6.4

Article 6.4

Paris Agreement Crediting Mechanism (PACM) (market)

Countries can also trade units through a **centralized mechanism** overseen by the United Nations (UN), with standardized methodologies. Article 6.4 is now called the **Paris Agreement Crediting Mechanism (PACM)** and builds on lessons from the **Clean Development Mechanism (CDM)** under the Kyoto Protocol. The Article 6.4 **Supervisory Body** is the appointed entity responsible for overseeing the mechanism, approving methodologies, registering projects, and managing the registry (See: [Figure 11](#)).

Units issued under Article 6.4, called A6.4 ERs,²² can follow two paths: if they are authorized for NDC use, CORSIA or other purposes (such as voluntary claims), they receive a corresponding adjustment and become **ITMOS**.²³ When they are not authorized (without a corresponding adjustment), they become Mitigation Contribution A6.4 ERs (**MCUs**)²⁴ and can be used to mobilize climate finance (See: [Terminology Box 1](#)). Aside from the accounting requirements, ITMOs and MCUs are identical units. Article 6.4 also includes mandatory cancellations of 5% for adaptation and 2% for OMGE (See: [A6 discounts and fees](#)).

Significant work has been done to fully operationalize the Paris Agreement Crediting Mechanism – PACM (Article 6.4). The Supervisory Body is now at a crucial phase of approving methodologies, following the adoption of key standards on [removals, methodologies](#), permanence ([1 & 2](#)), and others. The first methodology was approved in October of 2025 for [landfill methane](#). The body is also developing critical technical rules and tools that will shape the scope and feasibility of investments in various sectors. (See: [Is A6.4 operational?](#))

UNFCCC web platform could be voluntarily used to facilitate matching projects with financial and technical support available in several focus areas



Figure 4: Article 6.8

Article 6.8 (non-market)²⁵

Countries and entities may decide to support other countries, financially or technically, **without any expectation of trading carbon credits** (non-market approach). Article 6.8 established a framework for the creation of a UNFCCC centralized website where countries and other stakeholders could submit projects that are being planned and outline where support is needed. This online platform could be voluntarily used to facilitate matching projects with financial and technical support available in several focus areas. Article 6.8 is less defined than Articles 6.2 and 6.4 and there is not much clarity on how the mechanism will influence existing non-market approaches, such as philanthropic initiatives. Article 6.8 is in phase 2 of its work programme and there will be a review in 2026.

How is double counting addressed?

What is a corresponding adjustment?

Article 6 of the Paris Agreement addresses double counting through **corresponding adjustments**, an accounting measure that prevents two countries from counting the same emissions reductions twice. When an ITMO is sold to another country, the **seller country must add emissions to its accounting**, so that only the buyer can count emission reductions toward their climate goal. This ensures that emissions reductions or removals are counted only once.

What is an “authorization” under Article 6?

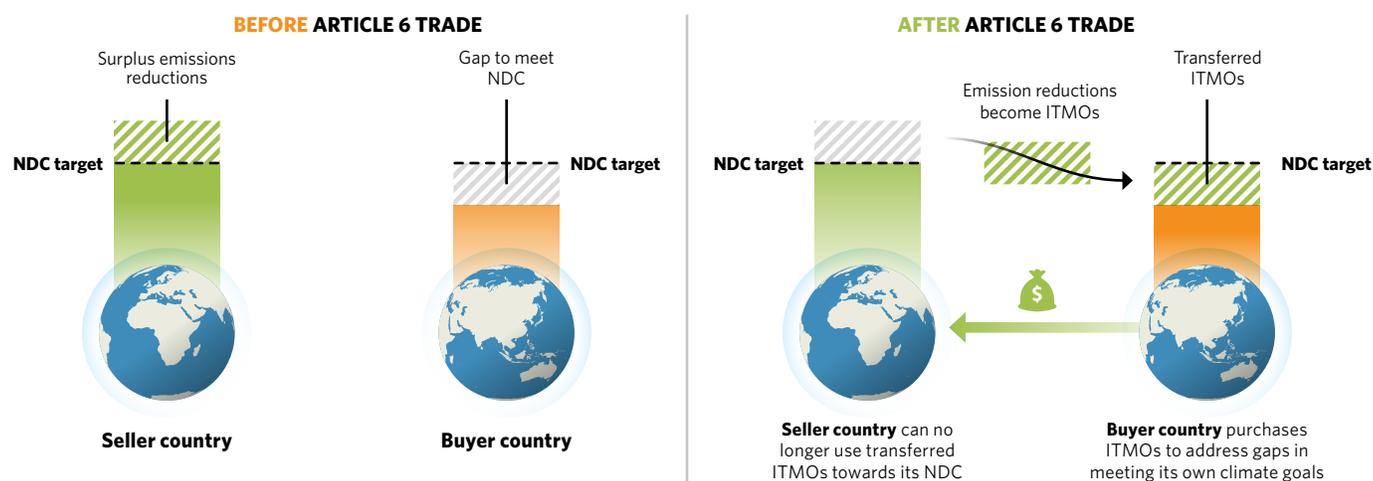
It is a concept first introduced by Article 6.3 of the Paris Agreement which requires countries to “authorize” the use of ITMOs towards NDCs. The concept was further developed at COP26 to become a key component of Article 6, as it triggers a commitment by the seller country to apply a corresponding adjustment, as well as reporting requirements.²⁶ While some elements must be included, such as how ITMOs will be used, there is no mandatory template countries need to follow when issuing authorizations. Instead, the UNFCCC has developed a [voluntary template](#) to guide countries.²⁷ Authorizations can be

changed or revoked, but only until ITMOs are first transferred internationally, unless otherwise stipulated in the bilateral agreements or letters of authorization.²⁸ Normally, when the issue of authorization comes up in the Article 6 context, it refers to the authorization of ITMOs. However, Article 6 establishes three types of authorizations, which could be consolidated into one single process:²⁹ authorization of ITMOs, authorization of cooperative approaches and authorization of entities.

What is a “unilateral authorization” under Article 6?

A unilateral authorization is used by a seller country to authorize ITMOs even before the buyer is identified, making them available for the aviation sector (CORSIA), voluntary markets, or other buyer countries. It is different from a “classic” country-to-country cooperative approach where two countries negotiate and authorize ITMOs as part of the same process. The viability of unilateral authorizations took the stage at COP28 and COP29 under agenda item “definition of cooperative approaches”. Some countries feared that “unilateral authorizations” could undermine the intention of Article 6.2 to prioritize cooperation between countries and risk complications in the reporting and accounting of ITMOs. At the same time, it allows for improved flexibility by

Figure 5: How is double-counting addressed?



* This is an illustrative example but there are other ways in which an Article 6 trade can happen

seller countries and paves the way for an expanded market of authorized ITMOs, including for use in CORSIA. Ultimately, the proposal to restrict unilateral authorizations was rejected in Baku (COP29).³⁰ A few countries have issued [unilateral authorizations](#) for airlines, aiming at CORSIA compliance, including, for example, [Guyana](#) to allow trades of REDD+ results,³¹ under the ART TREES standard³² and [Malawi and Zimbabwe](#), under Gold Standard.

When is a corresponding adjustment required?

A corresponding adjustment is required in Articles 6.2 and 6.4 for all units authorized by the seller country and transferred internationally, including from conditional targets and sectors outside an NDC.³³ Countries must apply a corresponding adjustment for units transferred to the buyer country's NDC or for CORSIA. There are a few exceptions to the application of corresponding adjustments in Article 6:

- **Pre-2020 units:** corresponding adjustments are not required for pre-2020 Certified Emissions Reductions

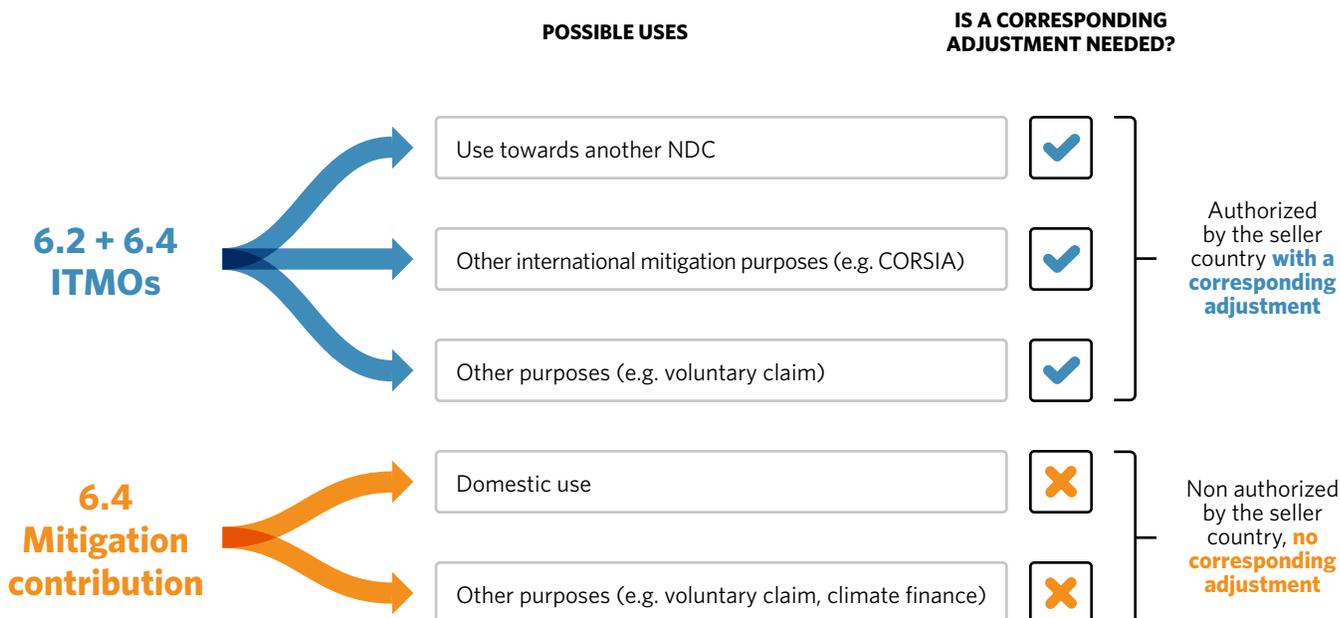
(CERs), which may be transferred to Article 6.4 but only used to meet the seller country's first NDC.³⁴

- **Mitigation Contribution Units:** In 2022, for the first time, countries introduced a new name for Article 6.4 units that do not require a corresponding adjustment, called Mitigation Contribution A6.4 ER.³⁵ These units can be used to **mobilize climate finance** for domestic climate action. ([See: Terminology Box 1](#))

What if Article 6.2 trades go wrong?

To make sure that countries follow the rules, Article 6.2 trades undergo two levels of review. **First**, there is an automated consistency check by the UNFCCC,³⁶ designed to catch formal mistakes, and **second** - and more importantly - a **technical expert review**³⁷ ([See: Figure 11](#)). The review looks at whether countries are applying corresponding adjustments, upholding environmental integrity, applying conservative baselines, etc.³⁸

Figure 6: When is a corresponding adjustment needed?



This is important because the conclusions of these early reviews are likely to shape how key Article 6.2 rules are interpreted in practice. The first six Article 6.2 review reports started to be published in May 2025, for the cooperative approaches involving [Switzerland](#), [Ghana](#), [Vanuatu](#), [Thailand](#), [Guyana](#), and Suriname – all of which have been flagged with inconsistencies. **Even if experts find inconsistencies, they cannot block trades.** At COP29, there was a lot of debate on whether trades identified with “significant” or “persistent” inconsistencies should be banned. Ultimately, the COP29 decision stopped short of making this a binding requirement and left it as a recommendation. Still, serious and repeated

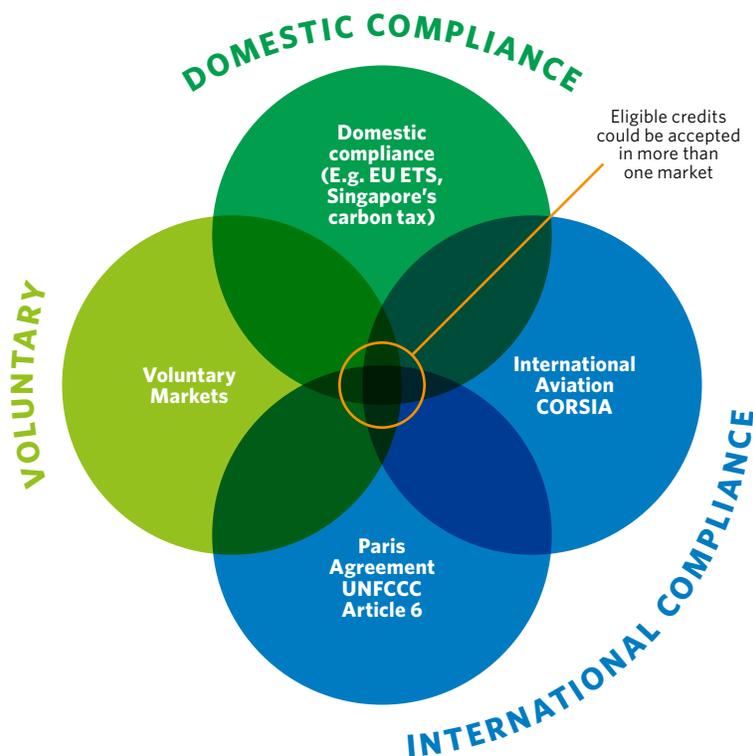
issues can trigger the Paris Agreement Implementation and Compliance Committee ([PAICC](#)), a separate UN body responsible for promoting compliance with the Paris Agreement, to take action.³⁹

At COP30, this debate came back with a proposal to ban ITMOs flagged with *any* inconsistencies by the technical expert review - not only those with “significant” or “persistent” inconsistencies, as had been proposed at COP29. Countries rejected this proposal as it would have effectively halted all current cooperative approaches and given the TER disproportionate influence over countries’ ability to engage in them.



How does Article 6 Impact the Voluntary Carbon Market and other Regulated Markets?

Figure 7: Landscape of carbon credit markets



Source: TNC's Article 6 Explainer. Adapted from [Abatable](#)

How does Article 6 impact other markets?

The landscape of carbon markets is complex. It includes the voluntary carbon market, a growing number of domestic compliance markets, and—in the international space—CORSIA and Article 6 (see Figure 7). Increasingly, these markets overlap and influence one another. Although they may continue to operate in parallel, they are no longer functioning in independently.

Some of the most important policy decisions shaping carbon markets today are emerging from highly technical spaces such as the Article 6.4 Supervisory Body. These

rules may sound technical but their impact is far-reaching: they will determine what types of activities are eligible under Article 6.4 and shape the scope and feasibility of carbon market investments across all sectors. These rules may also influence the market far beyond Article 6.4, setting expectations for what counts as "high-quality" in the voluntary carbon markets and compliance markets. Article 6 matters because it is not just another technical rulebook. It is a mechanism that sits at the center of the whole carbon market ecosystem, and it will shape how other markets evolve.

At the same time, the degree to which Article 6 will shape other markets will only become clear in the next few years as it begins operating at scale. (See: [When will trading scale up?](#)) For example, The Paris Agreement Crediting Mechanism - Article 6.4 (PACM) is designed to embody high integrity and may ultimately generate fewer credits than many existing market methodologies. This outcome reflects a deliberate choice to prioritize environmental rigor. Yet there is a balance to strike: stringency is essential, but if the rules are good on paper but unworkable in real-world implementation, this could, in practice, shift activity toward Article 6.2 approaches or strengthen the continued role of the voluntary carbon market.

Below are several examples of how Article 6 may drive market dynamics and how different markets have been influencing each other.

How does Article 6 impact the VCM?

The Paris Agreement does not have the mandate to regulate the voluntary carbon market. However, the rules and quality expectations emerging from Article 6 are slowly reshaping the broader environment in which the voluntary carbon markets operate (See: [Figure 8](#)). Although it is expected that voluntary transactions continue to exist in parallel, Article 6 is influencing them in **three main ways**:

- **Seller country requirements:** Ultimately, it will be up to the seller country to determine if Article 6 rules will apply to voluntary credits. As countries regulate Article 6 domestically, they often also introduce rules that affect all carbon projects, including those intended for voluntary purposes. Even if these projects are never used in an Article 6 trade, they may still have to navigate a new regulatory context. For example, some countries now require project developers to have government registration, approval, authorization, or non-objection/notification for any carbon project. Governments have also regulated the scope of activities that can be implemented under a voluntary program or set minimum

requirements for social and environmental safeguards and benefit-sharing. For example, [Kenya](#) requires at least 25% of the benefits from a project to be allocated to local communities. In some cases, countries are going further. The [Bahamas](#), requires a corresponding adjustment for all voluntary credits sold internationally, though most countries have not gone in this direction.

- **Market signals and expectations for quality:** Even if some countries do not regulate the voluntary carbon markets, independent initiatives could drive the market towards Article 6 as the benchmark for “high-quality” credits. Today, the main “quality expectation setters” for carbon credits are the Integrity Council for the Voluntary Carbon Market (IC-VCM), CORSIA (Aviation), and the emerging rules under Article 6.4 (See: [Figure 8](#)). Together, these three systems increasingly define what the market considers high-integrity credits. For example, the Voluntary Carbon Markets Integrity Initiative ([VCMI announced in August 2025](#)) a requirement that companies retire high-quality carbon credits that are aligned with Article 6.4 credits and IC-VCM. In addition, Government-led coalitions could reinforce these expectations: [The Coalition to Grow Carbon Markets](#), aimed at strengthening high-integrity corporate demand for carbon credits, supports companies to prioritize credits aligned with Article 6.4, IC-VCM, and/or CORSIA. As per December 2025, the initiative is endorsed by France, Kenya, Singapore, the United Kingdom, Panama, Canada, Luxembourg, New Zealand, Peru, Switzerland, and Zambia.
- **Carbon standards requirements:** Standards that have typically served the voluntary carbon market could evolve in response to Article 6. Some are already revising their own rules to align with the emerging expectations under the Paris Agreement. [Gold Standard](#), for example, announced in October 2025 that it will make all its methodologies “Paris aligned”- that is, adopting similar approaches to Article 6.4, for example, including downward adjustment of baselines. Beyond updating quality criteria, Article 6 could influence the role those standards play across markets. Several standards are now eligible to certify units in different markets, includ-

ing the voluntary, domestic regulated and CORSIA (See: [Figure 7](#)). For example, for cooperative approaches under Article 6.2, Singapore, Verra and Gold Standard have developed a [protocol](#) with streamlined procedures to help countries use independent crediting standards to implement Article 6.2 deals. In 2024, [Chile](#) approved the use of credits from Verra and Gold Standard to facilitate compliance with the national carbon tax. Similarly, Singapore's carbon tax system allows companies to meet obligations with Article 6 units (ITMOs) that may be based on voluntary methodologies. ART/TREES also offers a pathway aligned with UNFCCC guidance for seller countries to monetize the results of their jurisdictional REDD+ programs and has requirements for providing eligible units to CORSIA. In addition, the [IETA Article 6 tracker](#) shows numerous examples of countries having authorized Article 6 projects based on methodologies normally used for voluntary purposes.

How does Article 6 impact domestic compliance markets?

Domestic compliance markets: There are currently around 80 direct carbon pricing instruments in operation across the world, of which 37 are ETS and 43 are carbon taxes.⁴⁰ Article 6 can influence domestic carbon markets in several ways. It is up to countries to define how Article 6 rules interact with national compliance markets, but a country could, for example, allow Article 6 units to be used to meet domestic obligations, which is the case for [Switzerland](#) and [Singapore](#). Meanwhile, India has announced it will prioritize Article 6.4 aligned methodologies for its domestic market strategy. Finally, the [EU's Task Force for International Carbon Pricing and Markets Diplomacy](#) is promoting the development of carbon pricing and carbon markets worldwide, including high integrity in **voluntary carbon markets** aligned with Article 6.4 standards.

How does Article 6 impact CORSIA?

Similarly, CORSIA—the aviation sector's global compliance scheme—can source [eligible credits](#) from standards

traditionally used in the voluntary space and aligned with Article 6. There have been several Article 6.2 transactions between airlines and the Governments of [Guyana](#), [Malawi](#) and [Zimbabwe](#) for CORSIA compliance, using methodologies eligible under CORSIA. While CORSIA has its own criteria for selecting eligible methodologies, there's an expectation that Article 6.4 aligned methodologies will eventually qualify for CORSIA. In addition, the broader rules around Article 6.4 could influence the criteria through which CORSIA selects eligible methodologies. For example, in a [letter](#) from September of 2025, the Article 6.4 Supervisory Body invites ICAO to consider innovations the Article 6.4 has adopted to the CORSIA process.

Will corresponding adjustments be required for all voluntary carbon credits?

No. Corresponding adjustments are not universally required for voluntary uses. Since the UNFCCC does not have authority over the voluntary market, the decision is left to national governments, independent carbon standards, and the buyers themselves. While some countries like the [Bahamas](#) have mandated corresponding adjustments for all international trades, including for voluntary purposes, most governments have not yet taken a position on this. Whether corresponding adjustments become a common market requirement remains an open question—and much depends on how the private sector, especially major voluntary buyers, and standards such as the Science-Based Targets Initiative (SBTi), chooses to approach this issue.

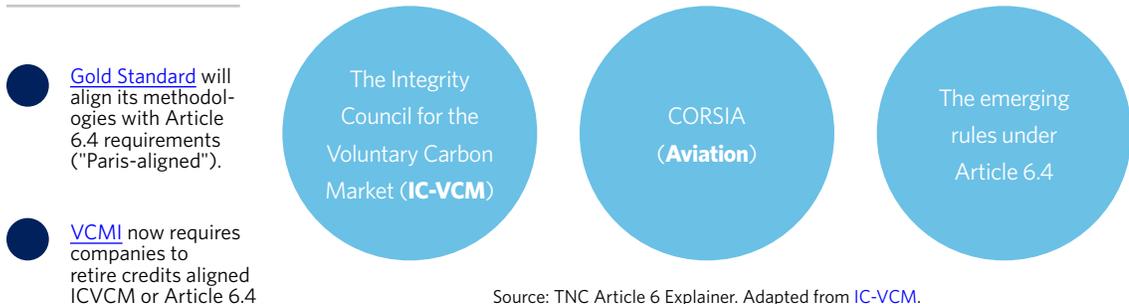
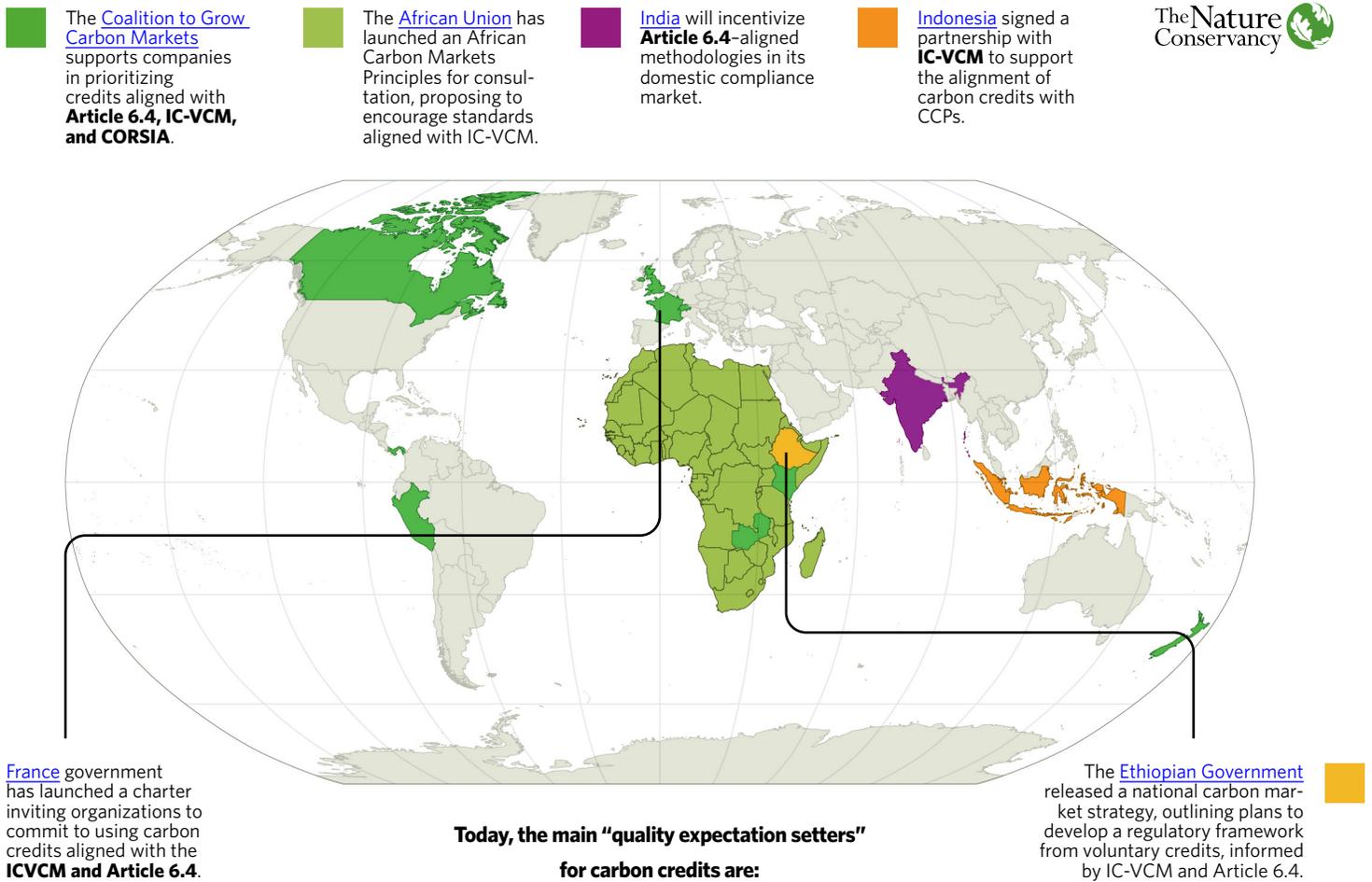
Are carbon credits with a corresponding adjustment higher quality than a credit without it?

Not necessarily. There's a difference between accounting rules and quality criteria: A corresponding adjustment determines how a carbon credit will be *accounted* for. But the quality of a carbon credit depends on the integrity of the underlying project—how emissions are measured, verified, and monitored—not the market in which it is transacted. Project quality varies between and across sectors and there

have been both high- and low-quality credits issued in every type of carbon market - including the CDM, where double counting was not even an issue (See: [Article 6 supply](#)). A single project could generate units that are used for voluntary purposes, domestic compliance schemes, or authorized for use under Article 6. In each case, the credit is exactly the same, but the surrounding rules and

claims differ. This is why standards, compliance systems, and initiatives like CORSIA and Article 6 all develop their own rules to define what counts as a valid carbon unit. As these systems evolve, they have been increasingly converging—but for now, the pathways remain parallel, with overlaps in infrastructure and methodology, but variation in demand, use and governance.

Figure 8: Examples of how carbon markets are increasingly overlapping



Source: TNC Article 6 Explainer. Adapted from [IC-VCM](#).



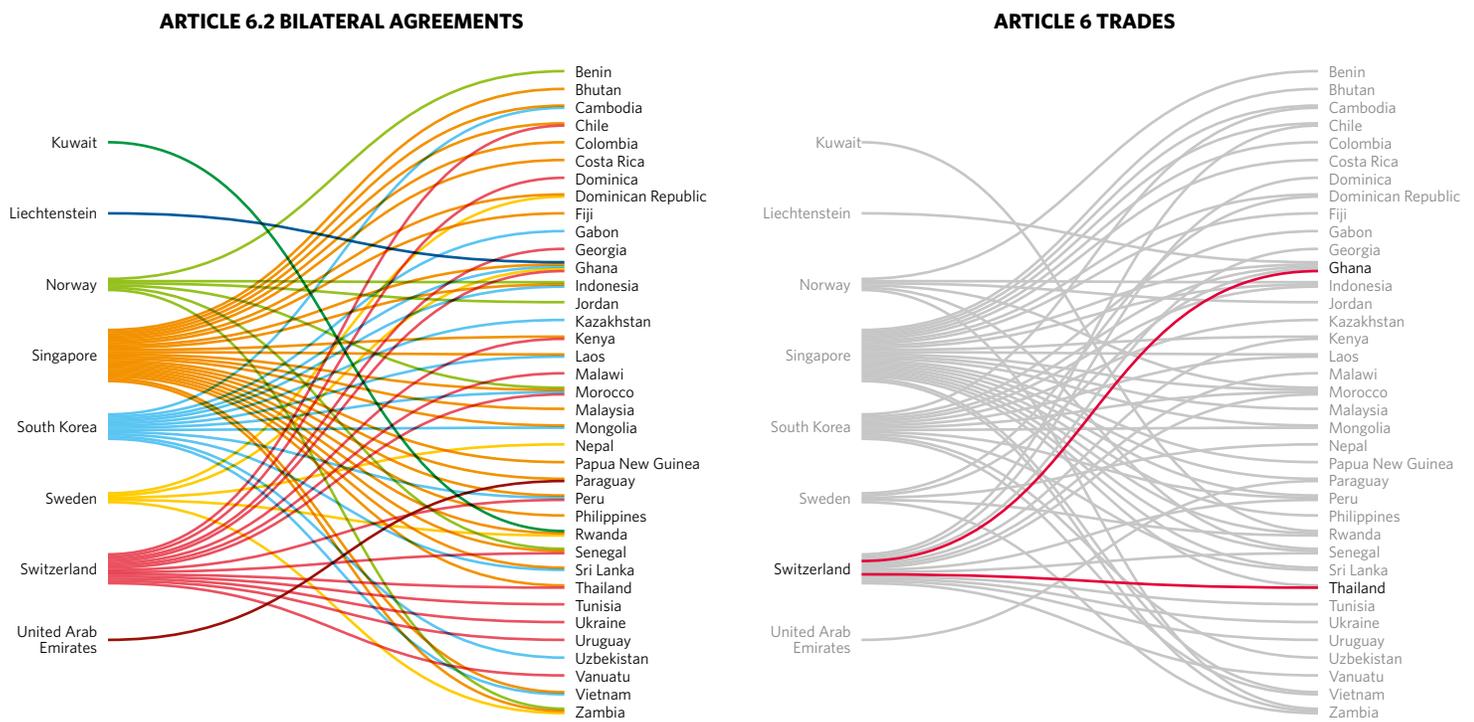
We got a deal on Article 6 - when will trading scale up?

When will Article 6.2 trades scale up?

Article 6.2 has been operational since 2021, and over 80 bilateral agreements have been signed, but only a couple of country-to-country trades were completed as of December 2025, between Switzerland and [Ghana](#) and Switzerland and [Thailand](#). (See: [Figure 9](#)) This slow uptake is mostly due to the lack of domestic frameworks to implement Article 6, uncertainty around NDC progress, and fragmented buyer demand. Beyond bilateral agreements between governments, there have been several Article 6.2 transactions between airlines and the governments of [Guyana](#), [Malawi and Zimbabwe](#) for CORSIA compliance, with the first [cancellation](#) in February 2025.⁴¹

While COP29 finalized key rules, real scaling up of Article 6.2 trades depends on demand signals and a mix of political, technical and institutional readiness. Most decisions around implementation are left to national governments. Key decisions —such as what will be traded, how trades will be operationalized, and who will oversee the markets— need to be addressed domestically before trading starts to take off. Developing these frameworks takes time and even when they are in place, a more complex issue will arise as **seller countries** define how to participate in Article 6 without undermining the achievement of their NDCs. Since an ITMO requires a corresponding adjustment, its trade reduces a seller country's available emissions reductions or removals for meeting its own NDC. (See: [Article 6 Supply](#)).

Figure 9: Examples of Article 6.2 bilateral agreements and Article 6 trades as of December 2025



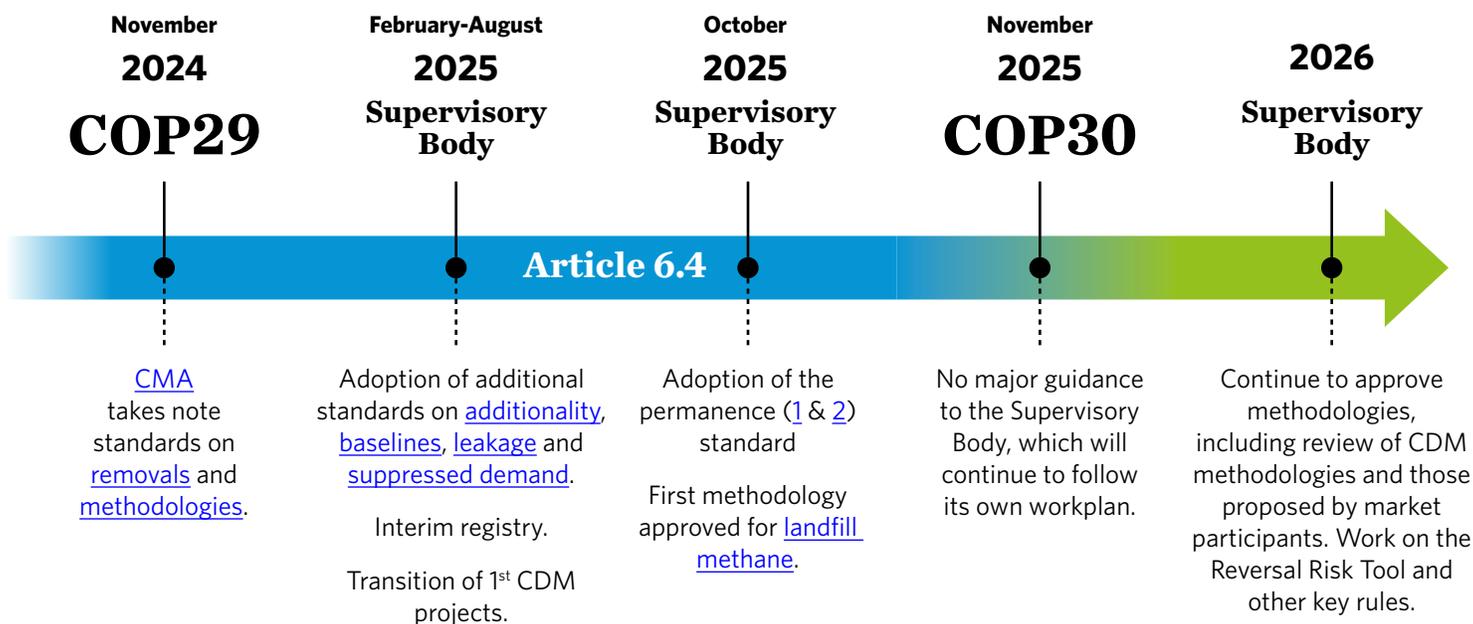
*This graph was adapted from IETA's Article 6 Tracker and does not include cooperation under Japan's JCM, which can be seen [here](#).

Buyer countries and investors, in turn, must manage risks around supply and that sellers may fail to apply corresponding adjustments, or restrict ITMO exports due to NDC achievement concerns. As a result, buyer countries are diversifying deals across multiple countries. For example, Switzerland have signed around 17 Article 6.2 pilots, starting in 2020, even before the Article 6 rules were agreed upon at COP26. In 2022, Ghana became the first country to issue an official [authorization letter](#) for the export of ITMOs of a climate-smart rice project to [Switzerland](#), 2 years after the agreement between Ghana and Switzerland was signed in 2020. In addition,

for countries developing **a new pipeline of projects**, it may take years until these can generate carbon credits.

Finally, **buyer country demand** remains relatively small, fragmented, and uncertain. Only a handful of countries have signed bilateral agreements or begun purchasing ITMOs, often in small volumes and with different approaches to authorization, accounting, and use. This lack of consistent demand signals limits market confidence and slows the development of scalable project pipelines and trading systems ([See: Article 6 Demand](#)).

Figure 10: Operationalization of the Paris Agreement Crediting Mechanism - PACM (Article 6.4)



Is Article 6.4 operational?

2025 marked major progress for carbon markets under the Paris Agreement, with the Supervisory Body advancing on key rules and tools to make the Paris Agreement Crediting Mechanism - PACM (Article 6.4) operational. In October of 2025, the **first methodology** eligible for Article 6.4 was approved for [landfill methane](#).

The **initial supply of Article 6.4 units** started in February of 2025 from **transitioned CDM projects**, with a [cookstove project](#) in Myanmar becoming the first CDM project to officially transition into Article 6.4.⁴² While these represent important milestones, a pipeline of **new projects** will likely take a few years to materialize, once more methodologies are approved and the registry is fully operational.⁴³

Some of the most important policy decisions for carbon markets have happened at technical forums such as the Article 6.4 Supervisory Body. While these discussions might seem highly technical, their consequences are far-reaching: These rules will apply to all methodologies, thus they will determine what is eligible under Article 6.4 and shape the scope and feasibility of carbon market investments across all sectors. These decisions will also influence the market far beyond Article 6.4, setting expectations for what counts as “high-quality” in the voluntary carbon markets and compliance markets. (See: [A6 and other markets](#)).

The ultimate success of the Paris Agreement Crediting Mechanism - PACM (Article 6.4) will be measured by the volume of credible, high-quality emission reductions and removals it contributes toward global efforts to mitigate climate change and the level of financing mobilized through it for countries to meet their NDCs. Achieving this requires a mechanism that upholds environmental integrity while remaining attractive to investors. In 2025, stakeholders [strongly reacted](#) to the proposed permanence rules, warning that they would effectively exclude Natural Climate Solutions from Article 6. Although a compromise pathway was adopted—deferring several key decisions to the methodological level—the episode underscores the ongoing challenge: striking the right balance between theoretical conservativeness and a crediting system that is workable in practice and delivers mitigation at scale. (See: [A6.4 and permanence](#))

Here’s a summary of where key elements of Article 6.4 stand and what needs to happen next:⁴⁴

ALREADY OPERATIONAL

- **Standards:** *Standards* are overarching rules that are applicable to all *methodologies*.⁴⁵ In 2025, the Supervisory Body approved several new standards on [additionality](#), [baselines](#), [leakage](#), permanence (1 & 2), and [suppressed demand](#) (See: [Figure 10](#)). These followed the “noting” of the standards on [methodologies](#) and [removals](#) at COP29, which implicitly gave the Supervisory Body autonomy to

adopt technical rules (See: [Can countries change standards at COPs?](#)). While the Supervisory Body makes the final decision on what standards are approved, it is assisted by the Methodological Expert Panel (MEP), a separate, subsidiary structure that was created to support the development of standards and methodologies, which provides key technical guidance on the rules that will govern the Paris Agreement Crediting Mechanism – PACM (Article 6.4) (See: [Figure 11](#)).

The standard on [removals](#), endorsed at COP29, applies not only to carbon removal activities, but also to emission reduction activities that carry a risk of reversal — a key provision that has gone largely unnoticed.

- **Methodologies:** These are activity-specific rules that will be used to develop eligible projects for Article 6.4. They could be proposed by the Supervisory Body (top-down) or submitted by external market participants (Bottom-up). In October of 2025, the first methodology eligible for the Paris Agreement Crediting Mechanism – PACM (Article 6.4) was approved for [landfill methane](#). Methodologies are key for the operationalization of Article 6.4: without the approval of methodologies, new projects cannot be developed and registered. More methodologies are likely to be approved by the Supervisory Body in 2026. Following COP30, the first wave of methodologies will be adapted from the CDM, including grid-connected electricity generation from renewable sources, thermal energy production waste management, and clean cooking. ⁴⁶ See the full list [here](#). Non-CDM methodologies, including those from independent crediting standards, have already started to be submitted for consideration. In December 2025, the UNFCCC opened consultations for the first global methodology for [savanna fire management](#). ⁴⁷
- **Projects transitioning from the CDM:** CDM projects were allowed to transition to Article 6.4 and continue to use their original CDM methodologies until December 2025. ⁴⁸ Because of that, these projects were the first to generate Article 6.4 units, as they do not need to wait until *new* methodologies are approved by the Supervisory Body. In February

of 2025, a [cookstove project](#) in Myanmar became the first CDM project to officially transition into Article 6.4.⁴⁹

- **Safeguards and grievance mechanisms:** Safeguards and grievance mechanisms ensure the social and environmental integrity of projects, including equitable benefit-sharing with local communities and Indigenous peoples, and provide a platform for stakeholders affected by projects to voice concerns. [The Sustainable Development Tool](#) (SD Tool) was adopted in October 2024, representing a key milestone for the operationalization of Article 6.4. It is the first mandatory safeguards assessment under the UNFCCC, and it applies to all Article 6.4 projects, including transitioning CDM projects. Additionally, the Supervisory Body has adopted [grievance procedures](#), waiving fees for those wanting to make complaints.⁵⁰

NOT YET FULLY OPERATIONAL

- **Approval of new projects:** As of December 2025, only projects transitioning to the CDM had been approved. In other words, no *new* projects had been approved. This is mostly due to the fact that as of December 2025, only one methodology had been approved for [landfill methane](#).⁵¹ While more methodologies are expected to be approved in 2026, a pipeline of **new projects** will likely take some time to come online.
- **Large scale crediting programs and Jurisdictional REDD+:** Most rules approved by the Supervisory Body apply only to project-level activities. However, a [concept](#)

[note](#) for large-scale crediting programs - which could include jurisdictional REDD+, is expected to be discussed in 2026. At COP30, countries considered making this a priority, but in the end, decided to prioritize the revision of project-scale CDM methodologies.⁵² ([See: What happened at COP30?](#))

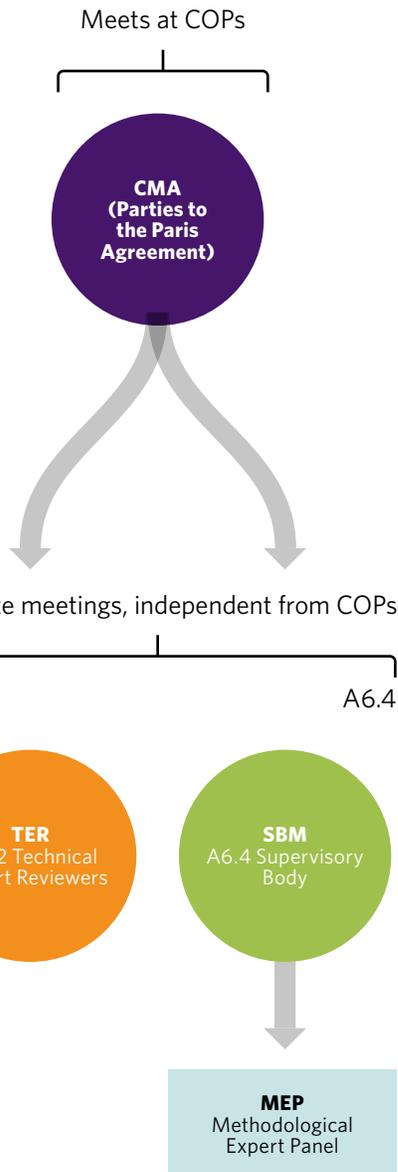
- **Additional Standards and Tools:** In 2026, the Supervisory Body will continue to work on key issues, such as the Reversal Risk Tool, to determine the percentage of credits that will go to the reversal risk buffer pool and whether an activity faces a negligible risk of reversal; and actions to mitigate future risk of reversals, such as buffer pools and insurance mechanisms. A list of all products related to methodologies can be found [here](#).
- **Mechanism Registry:** The Mechanism Registry is the official system that keeps tracks of the emission reductions and removals generated under Article 6.4. As of December 2025, the registry was not yet fully functional. An interim version was launched in February 2025 to allow limited transactions, but it lacks key features, such as distinguishing between different types of units, like MCUs and ITMOs. ([See: Terminology Box 1](#)) Full registry functionality is essential for scaling up the market. At COP29, countries decided that the Article 6.4 registry (Mechanism Registry) could connect with the Article 6.2 international registry and that countries and entities (companies, project developers, investors, etc.) can open holding accounts to receive and manage A6.4 Mitigation Contributions.⁵³



Figure 11: Who makes decisions on Article 6?



CMA:⁵⁴ Decision making in Article 6 is like a chain of responsibility. At the very top you have the CMA—that’s all the countries who are Parties to the Paris Agreement, meeting once a year at COP. They are the political decision-makers, and they set the rules of the game under Article 6.2, Article 6.4, and Article 6.8.



Supervisory Body: The Article 6.4 Supervisory Body sits one level down. It’s a group of experts chosen by countries, and its job is to translate the CMA’s political decisions into workable technical rules and procedures. Although this is called a “technical body”, it often makes important political decisions.



TER: Under Article 6.2, countries must submit detailed reports, which are reviewed through the Technical Expert Review (TER) process. The review looks at many things, including whether countries are applying corresponding adjustments and upholding environmental integrity. These reviews are likely to shape how key Article 6.2 rules are interpreted in practice.



MEP: The Supervisory Body can create smaller groups when it needs specialized input. The Methodological Expert Panel (MEP) is a group of specialists asked to look at technical issues, like how to design methodologies, how to handle permanence, or how to apply baselines.

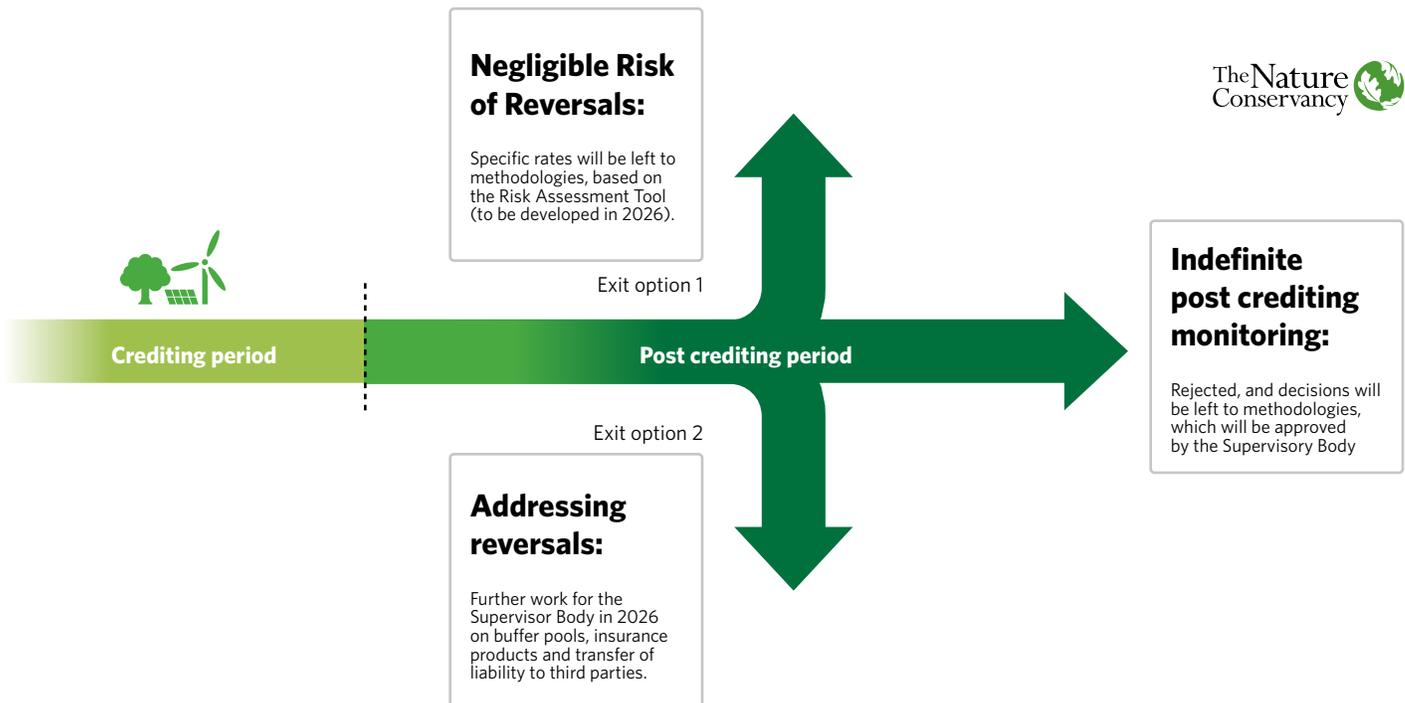
What did the Supervisory Body decide about permanence and nature in Article 6.4?

In October 2025, the Article 6.4 Supervisory Body adopted the long-awaited rules on permanence (1 & 2). In the months leading up to this decision, “permanence” moved from a niche technical topic to a visible political debate, with hundreds of stakeholders and many governments voicing concerns that these rules could effectively exclude Natural Climate Solu-

tions from Article 6.4. Although a compromise pathway was adopted—deferring several key decisions to the methodological level, while maintaining the Supervisory Body’s authority for final approval—the episode underscores the ongoing challenge: striking the right balance between theoretical conservativeness and a crediting system that works in practice.

Three aspects of the decision around permanence are noteworthy (See: Figure 12).

Figure 12: What was decided around permanence in Article 6.4?



- **No Indefinite monitoring – for now:** Earlier drafts suggested that all projects might be required to conduct post-crediting monitoring in perpetuity. The Supervisory Body explicitly rejected this approach. Instead, the length and design of post-crediting monitoring will be set at the methodology level, allowing different methodology proponents to propose requirements that reflect their specific risks and scientific characteristics. The Supervisory Body will still have to approve all methodologies, so discussions around the role of nature in Article 6 are likely to come back.
- **Removal of “negligible risk of reversals” thresholds:** The original proposal included risk thresholds between 0.5% and 2.5% for determining when projects could stop post-crediting monitoring. These values lacked a strong scientific basis, as noted by the [Methodological Expert Panel](#), and were therefore removed.⁵⁵ Risk levels will now be defined within each methodology, guided by a comprehensive risk-assessment tool to be developed in 2026.
- **Pathways for remediating reversal risk:** The Supervisory Body confirmed [previous decisions](#) that projects can cease post-crediting monitoring not only through meeting specific risk thresholds, but also by showing that future reversal risks are effectively addressed. Tools may include buffer pools, insurance products, or liability transfer arrangements. The Supervisory Body called for further work to specify and operationalize these mechanisms.

Can countries change the technical rules (standards) adopted by the Supervisory Body during COP negotiations?

In theory, yes. Countries have the authority to revise or guide the technical work of the Supervisory Body at formal COP negotiations ([See: Figure 11](#)).⁵⁶ But after several years of gridlock in getting Article 6.4 up and running, countries implicitly gave the Supervisory Body greater autonomy to adopt technical rules at COP29, a shift that was confirmed at COP30.⁵⁷

Where does this debate come from?

- At COP26, countries requested the Supervisory Body to develop recommendations on [methodologies](#) and activities involving [removals](#), for “consideration and adoption” by the CMA.⁵⁸ This ended up becoming a major bottleneck for the operationalization of Article 6.4 at COP27 and COP28, where countries were unable to agree on a package.
- To break the deadlock ahead of COP29, in October 2024, the Supervisory Body reclassified these documents from “recommendations” to “standards”. As a result, they were no longer submitted to the [CMA’s](#) “adoption” at COP29. Instead, countries simply “took note” of the change, despite the fact that, under the original COP26 mandate, they were never formally “adopted”.

While this unusual procedural shift was viewed by many as “rushed” and attracted [criticisms](#) by stakeholders and the media, it was an important move: it allowed standards to move forward more efficiently—avoiding endless technical debates under the formal COP negotiations.⁵⁹ But because the Supervisory Body ultimately reports to the CMA, countries retain the authority to provide guidance—including, in principle, to request specific changes to standards.⁶⁰ At COP30, some countries sought to mandate the Supervisory Body to revise the [baselines](#) and [permanence](#) standards, with concerns that these rules could disproportionately impact nature-related activities. Some countries saw this as “micromanaging” the Supervisory Body and undermining its autonomy. As a result, the final decision included only light, high-level guidance to the technical work of the Supervisory Body in 2026.⁶¹

So, once adopted, can the technical work of the Supervisory Body (i.e., Standards) be reviewed?

Yes, it can – and it is expected to be revised primarily through the Supervisory Body’s own technical processes, rather than through political negotiations. For example, in October 2025 the [Methodological Expert Panel](#) proposed updates to the additionality standard, and the Supervisory Body approved them without much controversy.⁶² This illustrates that the COP30 debate was less about the substance of the rules, and more about the political signals [CMA](#) decisions send regarding the Supervisory Body’s relative authority and independence.

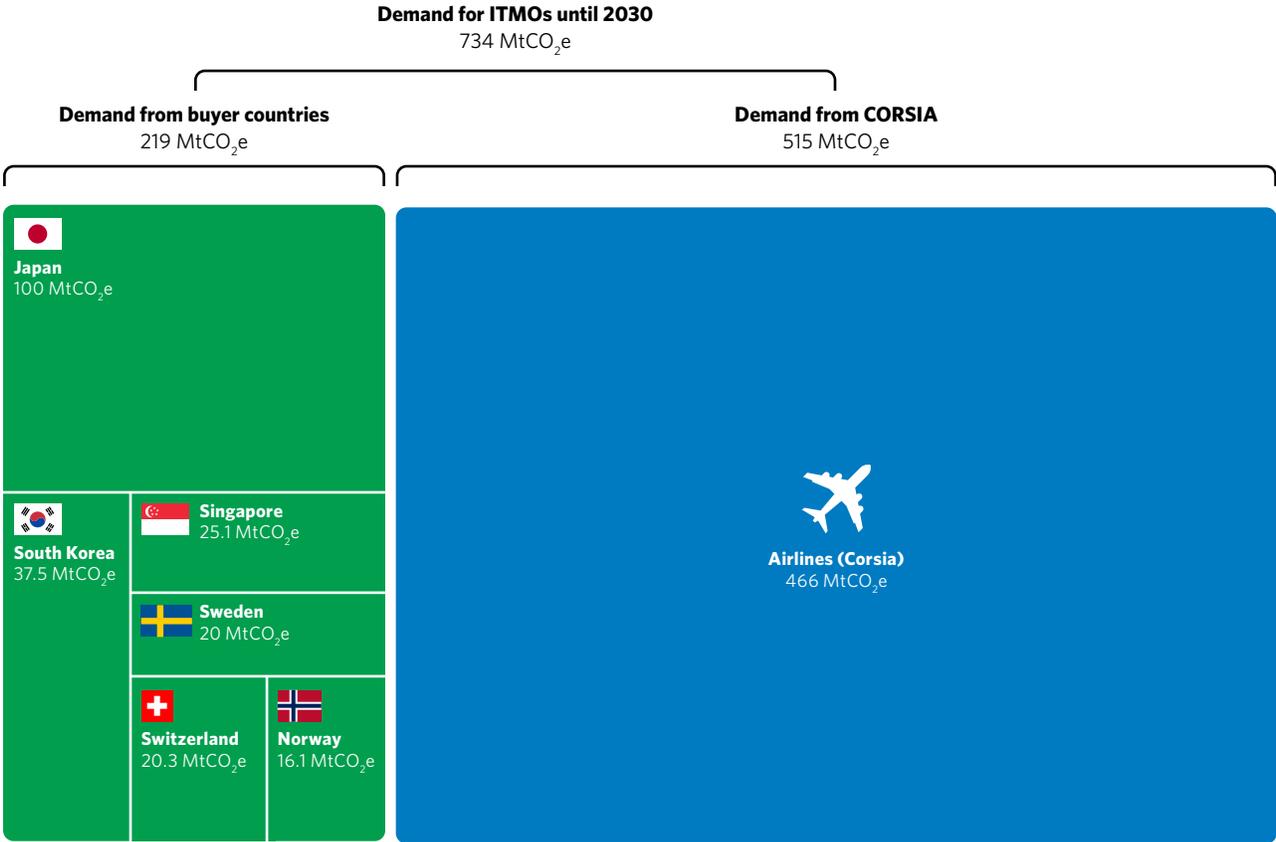
This episode ultimately underscored a deeper institutional concern. The COP30 debate highlighted that the question was not whether standards should evolve—they must, and they will—but rather who should shape those revisions. Too much direction from the [CMA](#) risks slowing progress down, while too much autonomy for the Supervisory Body risks placing decisions with broad implications for countries and carbon markets into the hands of a relatively small group of decision-makers. This is why transparency is central to maintaining trust. At COP30, discussions about the length of Supervisory Body members’ terms and the need to reduce “behind-closed-doors” [MEP](#) meetings became highly salient. Strengthening transparency and accountability is essential to balance technical independence with political legitimacy ([See: What happened at COP30?](#)).



Article 6 Demand: Who will buy ITMOs?⁶³

Figure 13: Cumulative demand for ITMOs until 2030 from airlines and buyer countries⁶⁴

Source: Demand estimates by [South Pole AG](#), and adapted by TNC



* Estimates from all buyer countries and CORSIA are detailed in [endnote 64](#)

** Countries like Liechtenstein, Kuwait, and the United Arab Emirates (UAE) have announced interest in purchasing ITMOs, but tangible demand numbers were either not announced or a relatively small, therefore, they were not included in Figure 13



Who will buy ITMOs?

Demand for ITMOs is small but emerging, even as the market remains in its early stages ([See: When will trading scale up?](#)). While there is still uncertainty around future volumes, announcements from buyer countries and CORSIA projections start to offer a picture of how the market is taking shape. [Figure 13](#) provides an estimate of potential Article 6 demand, based on what we know today:

- Government-to-government** trades under Article 6.2 are still in early stages, with only a handful of countries such as Switzerland, Singapore, Sweden, Norway, South Korea and Japan actively pursuing bilateral deals. ([See: Figure 9](#)). Country buyers represent a relatively small share of overall demand, around 200 MtCO₂e or 30%. This includes both direct purchases from countries (e.g., Sweden and Norway) and demand from companies that may buy ITMOs to meet regulatory requirements or to reduce tax liabilities – such as firms covered by Singapore’s Carbon Tax. Countries like

Liechtenstein, Kuwait, and the UAE have announced interest in purchasing ITMOs, but tangible demand numbers were either not announced or a relatively small, therefore, they were not included in Figure 13. Some other countries, such as New Zealand, are negotiating bilateral deals and keeping the door open for Article 6 but have not yet announced potential demand.

While demand from governments remains small, it could increase in the coming years as more countries are considering the use of international credits to help meet 2030 or 2040 targets. For example, the [European Union](#) announced in November 2025 its intention to use up to 5% of Article 6 credits to meet its 2040 target. Because these are high emitters, it could be a game changer for ITMO demand, with estimates varying from around 230 to 700MtCO₂e, which would effectively double the total demand estimates in Figure 13.⁶⁵ In addition, the conclusion of Article 6 negotiations at COP29 and the full operationalization of the Paris Agreement Crediting Mechanism – PACM (Article 6.4) may also encourage broader participation ([See: When will trading scale up?](#)).

- The bulk of current estimated demand comes from airlines participating in **CORSIA**, the international

aviation offsetting scheme, which is expected to drive around 500MtCO₂e or 70% of total Article 6 demand in the near term (See: [Figure 10](#)). Since CORSIA requires credits with a corresponding adjustment, airlines are expected to purchase ITMOs under Article 6.2 or 6.4, aligned with [methodologies eligible under CORSIA](#). There have already been several Article 6.2 transactions between airlines and the Government of [Guyana, Malawi and Zimbabwe](#) for CORSIA compliance, with the first [cancellation](#) in February 2025.⁶⁶

- Beyond governments and airlines, there are early signs that **private companies** are starting to look to Article 6 units for trading, or making **voluntary claims**.⁶⁷ While there is currently no robust data on how demand from corporations might evolve, and it is therefore not reflected in Figure 13, a 2025 [survey from IETA](#) found that confidence in Article 6 from private companies strengthened in 2024–2025, with 91% of respondents viewing it as a key driver of climate action. The full operationalization of the Paris Agreement Crediting Mechanism - PACM (Article 6.4) will likely increase demand for ITMOs and MCUs from the private sector ([See: Article 6 and the VCM](#)).



Examples of buyer countries' Article 6 strategies:



European Union: In late 2025, the EU adopted its 2040 climate target of a 90% reduction in emissions compared to 1990 levels, allowing up to 5% of this reduction to be met through the use of international credits generated under Article 6 of the Paris Agreement.⁶⁸ This marks a shift in EU climate policy, which had previously signaled that it did not intend to rely on Article 6 units to meet its NDC. Significant questions remain regarding what this 5% allowance could represent in practice. Early estimates vary from around 230tCO₂e to 700MtCO₂e⁶⁹ and key questions such as which sectors would be eligible, how such use would interact with the EU ETS, and the extent of participation and influence of Member States are still to be defined.⁷⁰ Regarding timing, once the EU establishes a detailed framework for the use of carbon credits, Member States will be able to purchase such credits from 2036 onward, following a pilot phase running from 2031 to 2035.

EU's expected demand:
230tCO₂e - 700MtCO₂e (2036-2040)



Norway: Norway plans to use Article 6 to help achieve its climate neutrality goal from 2030 onwards, which is distinct from its NDC.⁷¹ To date, Norway has not included the private sector in its Article 6 strategy. However, as a member of the EU ETS, future EU decisions on the use of international credits (Article 6) could also influence Norway's approach. The government's strategy focuses on policy-based emission reductions rather than project-level activities. Ahead of COP29, Norway announced a \$740 million commitment to support developing and emerging economies in transitioning to low-carbon societies through Article 6 cooperation. It has signed a Mitigation Outcome Purchase Agreement with Uzbekistan, memoranda of understanding with Jordan, Morocco, and Senegal, and bilateral agreements with

Benin, Indonesia, and Zambia — none of which include forestry. In 2025, Norway and Switzerland [signed an agreement](#) enabling the cross-border transfer of carbon dioxide removal units as ITMOs, one of the few examples of north-north cooperation under Article 6.2.

Norway's estimated demand:
16.1Mt CO₂e up to 2030.⁷²



Switzerland: Switzerland's NDC 3.0 committed to a 65% emissions reduction target by 2035⁷³ and to continue to use Article 6, which is consistent with the country's 17 existing international carbon agreements.⁷⁴ Unlike some countries that provide authorization at the first ITMO transfer, the Swiss Government is not directly involved in commercial transactions with private buyers but simply authorizes the programs to give the private sector investment security. Buyer companies are fossil motor fuel importers from the transport sector, who fulfill their obligations under the Swiss CO₂ Law through the [Klik Foundation](#).⁷⁵ Projects to date have mostly focused on solar, clean cookstoves, waste management, biogas, and energy efficiency/fuel conversion.

Switzerland's announced demand:
20.3 MtCO₂e (2025-2030)



Japan: Japan's NDC 3.0 committed to a 60% emissions reduction target by 2035.⁷⁶ Japan has pursued a long-standing bilateral approach to international carbon markets, well before Article 6 rules were finalized through its Joint Crediting Mechanism (JCM), which [now aligns with Article 6.2](#).⁷⁷ What is unique about Japan's approach is the idea of getting authorization of ITMOs from seller countries in exchange for investment. Japan's companies make an equity investment and then agree with seller country that a portion of the results

will be correspondingly adjusted as the investors' share, relative to their investment. Japan has signed agreements with 32 countries,⁷⁸ including Vietnam, Indonesia, Kenya, and Bangladesh.

Japan's [announced demand](#): 100MtCO₂e by 2030 and approximately 200 MtCO₂e by 2040⁷⁹

 **Sweden:** As an EU country, Sweden falls under the EU's NDC. Therefore, future EU decisions on the use of international credits (Article 6) could influence Sweden's approach to Article 6.⁸⁰ As per the country's latest BTR, Sweden will only use ITMOs beyond the EU NDC and towards its domestic targets or voluntary off-setting.⁸¹ Sweden has [signed bilateral agreements](#) with Ghana, Nepal, Zambia, Kenya, Rwanda and the Dominican Republic cooperating with both public and private stakeholders. It also signed a MOU with Switzerland on industrial carbon removals, with the engagement of the private sector.

Sweden's [estimated demand](#):
20 MtCO₂e⁸²

 **Singapore:** Singapore, along with Switzerland, has been a pioneer in Article 6 bilateral agreements, being one of the first countries to send demand signals for ITMOs. The country's approach combines sovereign demand – direct purchases from the Singapore government – and private sector compliance. Similar to

Switzerland's approach, companies are directly involved in purchasing and using Article 6 credits to comply with the country's Carbon Tax to offset up to 5% of their taxable emissions from 2024 onwards.⁸³ Singapore is second only to Japan in the number of international agreements signed under Article 6 ([See: Figure 9](#)). The country has also developed a [protocol](#) with Verra and Gold Standard with streamlined procedures to help countries use independent crediting standards to implement Article 6.2 deals.

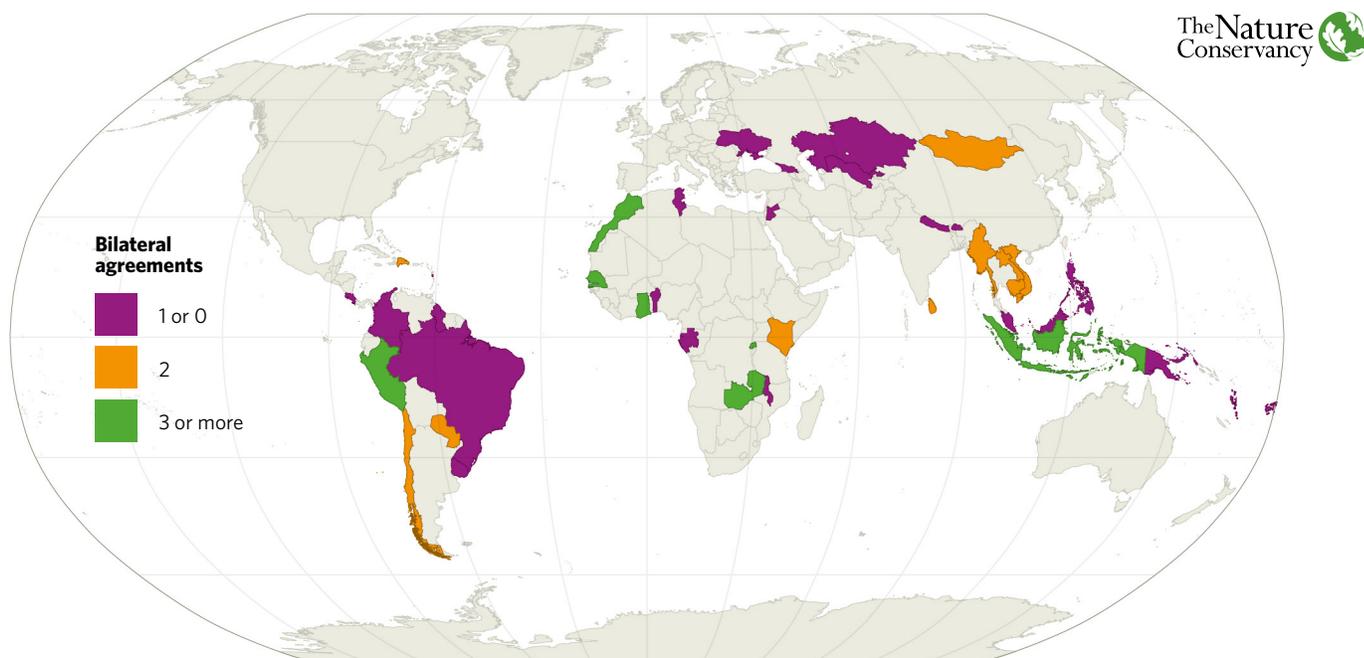
Singapore's [announced demand](#):
25.1 MtCO₂e q 2021-2030⁸⁴

 **South Korea:** The government of South Korea is likely to use Article 6 ITMOs for both its NDC and domestic ETS and has signed bilateral agreements with over [11 countries](#). The country uses official development assistance (ODA) to help partner countries build the institutional and technical capacity needed to participate in cooperative approaches. These ODA grants or concessional loans are not tied to specific mitigation activities and do not result in ITMO transfers. Through a separate mechanism, Korean government agencies run competitive calls for "potential Article 6 projects" that engage the Korean private sector. They fund pre-feasibility and full feasibility studies and—if results are promising—may offer up-front capital support. This support is conditional on public funds being matched at least 1:1 by Korean private investment.⁸⁵

South Korea's [announced demand](#): 37.5 Mt Co₂e⁸⁶

Article 6 Supply: Who will sell ITMOs?

Figure 14: Examples of seller country developing Article 6 domestic frameworks



Who will sell ITMOs?

The supply side of Article 6.2 is gradually expanding with several countries actively entering into bilateral deals under Article 6.2, developing regulatory frameworks to participate in Article 6 and building a pipeline of projects to generate ITMOs (See: [Figure 14](#)). Countries such as Indonesia, Chile, Ghana, Kenya, Paraguay, Zambia, and many others have already put in place domestic Article 6 strategies, getting closer to becoming active suppliers.

What risks should seller countries consider when trading under Article 6?

Article 6 offers seller countries an opportunity to attract international finance through carbon markets. However, it also carries risks, particularly the **risk of overselling**. To explain: under the Kyoto Protocol, developing countries had no binding targets for decarbonization and could

sell carbon credits internationally without affecting their national accounting. Because in the Kyoto Protocol only the buyer (developed countries) had mitigation targets, **double counting was not an issue**. Under the Paris Agreement, every country has committed to reducing emissions through NDCs. Now, if a country sells an ITMO internationally, it needs to apply a corresponding adjustment to avoid double counting. This creates a new challenge for seller countries: trading too many ITMOs – especially from low-cost mitigation – could leave a seller country only with more expensive options to meet its NDC. Furthermore, ITMOs require over-achievement of the seller’s NDC, to ensure the aggregate level of emissions is not increased by the transaction. Therefore, seller countries have been carefully considering which types of mitigation activities, what quantities and at what price they are willing to authorize. Within this, they might also choose to limit eligible credits to specific sectors, years, or technology types.

To manage this risk while still benefiting from climate finance, seller countries are introducing different strategies through domestic legislation and policy. Key trends include:

- **High-Hanging Fruit Approach:** Under this approach, countries authorize ITMOs only from mitigation activities that are too expensive or difficult to implement domestically. Cheaper activities (the “low-hanging fruit”) are reserved for domestic implementation to help the seller country meet its own NDC at a lower cost. This approach often involves restricting Article 6 trades to sectors or activities linked to *conditional* NDC targets (See: Figure 15).⁸⁷ For example, [Ghana](#) created a whitelist of eligible sectors covered by its conditional target and reflected in its National GHG Inventory. [Zambia](#) uses Marginal Abatement Cost Curves (MACCs) to identify low-cost mitigation options for domestic implementation. This approach tends to strengthen the case for additionality but poses practical challenges, particularly where countries lack clear data on the cost of mitigation options or

have not clearly distinguished between conditional and unconditional elements of their NDCs.

- **Corresponding Adjustment Fees:** Some countries are introducing fees or levies to apply a corresponding adjustment. [Ghana](#), for example, charges a \$5 flat fee per ITMO to raise ambition beyond the NDC and cover administrative costs. [Kenya](#)’s regulation included two types of fees: an administrative fee of 1% of expected credits and a 0-25% tax on revenue from projects. [Tanzania](#) has proposed a levy of 8% on a project’s sold credits and 1% on a project’s expected credits. While a corresponding adjustment fee alone might not prevent the risk of overselling, it helps to raise domestic revenue and compensate for some of the loss of mitigation activities needed to meet NDCs. **But this approach may also come with trade-offs** if not designed according to specific national circumstances: applying a flat fee across all activities can undermine the financial viability of higher-cost (and often more additional) mitigation efforts, potentially discouraging investment in the “high-hanging fruits” that Article 6 is meant to unlock.⁸⁸

Terminology Box 2

Article 6 fees and levies

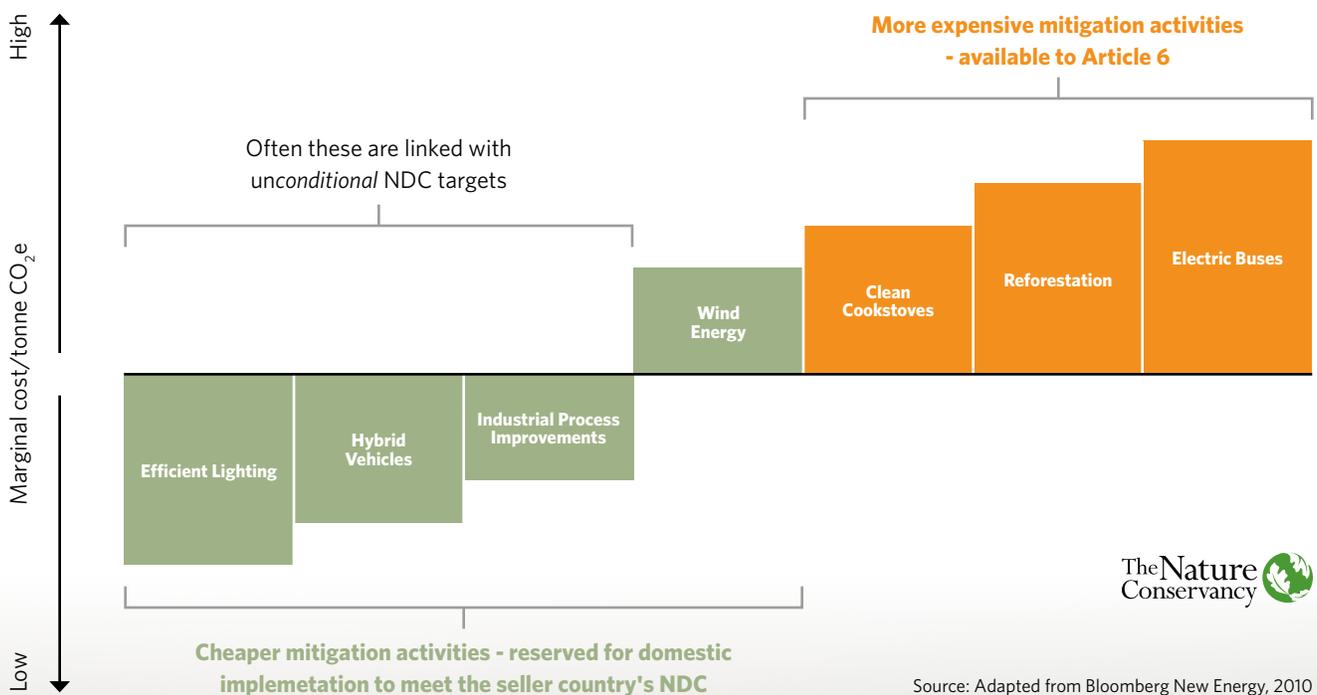
When designing Article 6 strategies, countries have often developed different types of fees. Here’s a summary:

- **Corresponding Adjustment fees:** designed to compensate for some of the loss of mitigation activities needed to meet the seller country NDC
- **Administrative fees:** designed to cover administrative costs of participating in Article 6, such as running an Article 6 focal point office and meeting reporting requirements.
- **Fees to fund adaptation and OMGE:** Although these are not required for Article 6.2, they are “encouraged on a voluntary basis” (See: [A6 discounts and fees](#))
- **Benefit Sharing (e.g. with local communities):** As countries are defining strategies to avoid the risk of overselling, a broader consideration is how the benefits from exporting ITMOs are shared among different stakeholders, such as states, provinces, municipalities, project developers and the communities that participate in the activity or are impacted by it.

- Limits on quantities, buffer pools and benefit-sharing:** Some countries are also setting caps on ITMO exports, implementing buffer pools, or developing benefit-sharing arrangements to avoid the risk of overselling. These limits can take various forms, such as limiting crediting periods (e.g., only authorizing

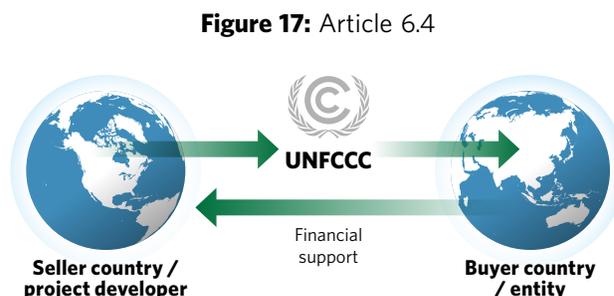
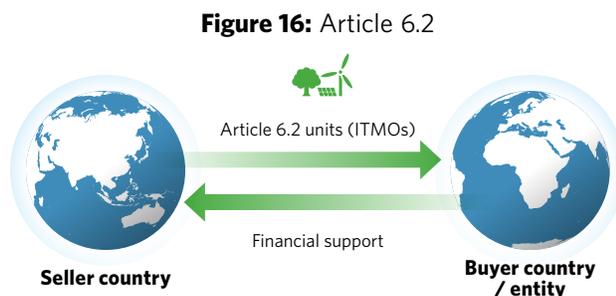
ITMOs from the first 10 years of a project) or benefit-sharing rules that may cap the share of credits that can be authorized (e.g., only 10% of credits from a given project) to ensure domestic retention. [Ghana](#), for example, has specified that all activities must reserve 1% of mitigation outcomes for domestic use.

Figure 15: Example of marginal abatement cost curve (MACC) to illustrate how countries can reduce the risk of overselling



Is nature included in Article 6? What about REDD+?

Yes, Natural Climate Solutions, including REDD+ activities, are included in Article 6. As is the case for all sectors, the land sector is not explicitly referred to in the text, however, nature activities could be eligible for Article 6 trades, provided the programs fulfill the Article 6 guidance.



Article 6.2

Is nature included in Article 6.2?

Yes. Natural Climate Solutions (NCS) include protecting, restoring and managing natural ecosystems such as forests, mangroves, croplands, grasslands, and peatlands – all of which fall under the Intergovernmental Panel on Climate Change (IPCC) definitions of emissions reductions or removals. ITMOs include both emission reductions and removals, regardless of the sector where they come from and there are no limitations on the types of units that can be traded.⁸⁹ As a result, **nature activities that lead to either emission reductions and/or removals can be eligible**, as long as Article 6 guidance is met, such as the inclusion of a corresponding adjustment and reporting requirements.⁹⁰ It will be up to countries to decide if they want to include nature activities as part of their Article 6 agreements. Given their high mitigation potential and relatively low cost, nature activities could represent a significant share of the Article 6 market. Several countries — including Indonesia, Japan, South Korea, Singapore, Guyana, and Ghana — have already expressed intent to include nature as part of their cooperative approaches.⁹¹ In 2025, [Singapore announced](#) it would contract 2 million tonnes of high-quality nature-based carbon credits from four projects in Ghana, Peru, and Paraguay as part of the country's Article 6.2 strategy.

Article 6.4

Is nature included in Article 6.4?

Yes, as long as relevant methodologies are approved by the [Article 6.4 Supervisory Body](#). Under Article 6.4, there are no limitations on the sectors or activities for which methodologies can be submitted or approved. Therefore, **emission reductions and removals from all sectors (including nature) could generate Article 6.4 units**. However, this depends on the final rules and approved methodologies under Article 6.4, which are still in flux. In 2025, the role of nature in Article 6.4 became a central issue. The consultations around permanence rules saw record participation from countries and stakeholders voicing concerns that nature activities would be effectively excluded from Article 6.4 on technical grounds. ([See: Is A6.4 operational?](#)). As of December 2025, no nature-related methodologies have been approved under Article 6.4. In addition to mitigation benefits, nature can play an important role in enhancing adaptation, resilience, and additional environmental and social benefits.

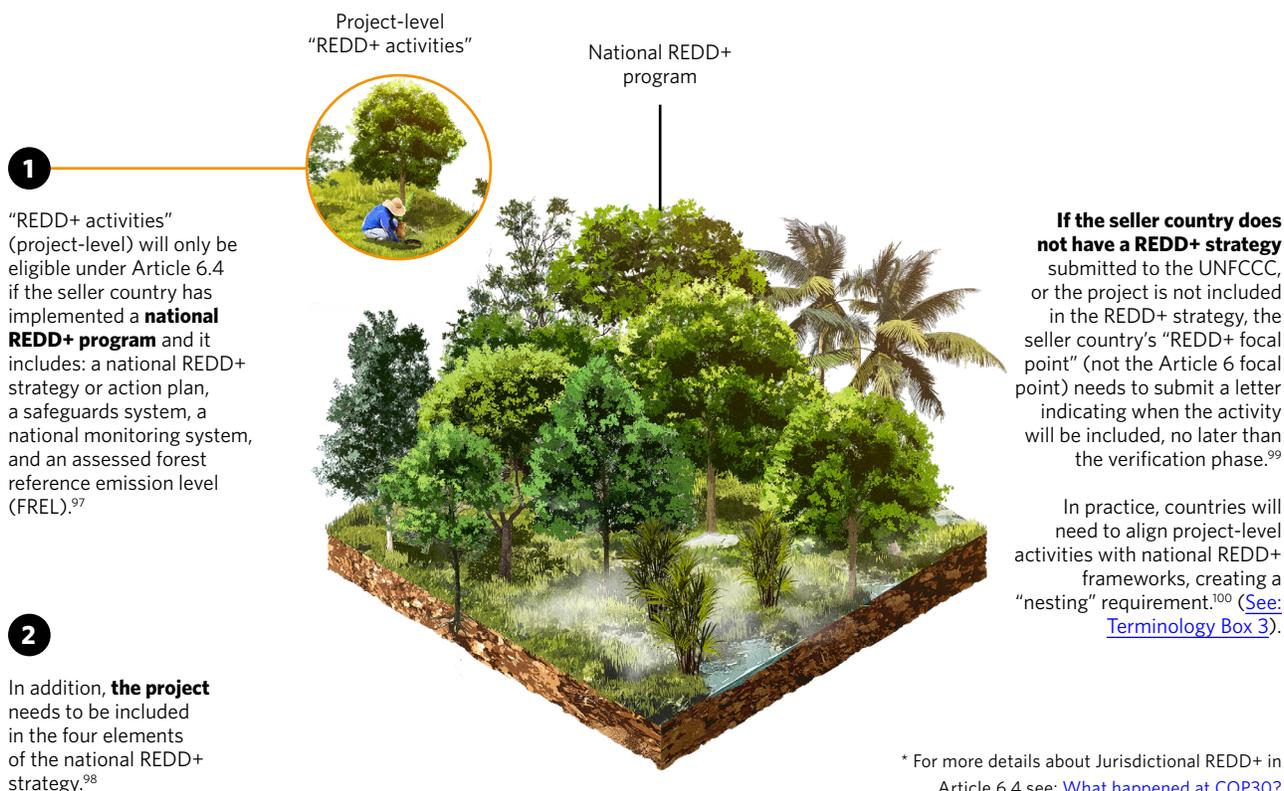
Is REDD+ included in Article 6.2?

Yes. REDD+ includes five activities: reducing emissions from deforestation, reducing emissions from forest degradation, conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stock. All activities that fall under the definition of **emission reductions or removals** (See: Fig- 19) are within the scope of an ITMO.⁹² As is the case for all sectors, seller countries will need to demonstrate how their REDD+ programs fulfill Article 6 requirements, in addition to the [Warsaw Framework](#). Recently, there have been dozens of Article 6.2 transactions of REDD+ results between [Guyana](#) and airlines for CORSIA purposes, under the ART/TREES standard, including one [cancellation](#) in February 2025.⁹³ (See: [Unilateral authorizations](#))

Is REDD+ included in Article 6.4?

REDD+ activities could be eligible under Article 6.4, should the Supervisory Body approve REDD+ related methodologies (See: [Is Article 6.4 operational](#)). In 2024 and 2025, the Supervisory Body introduced **additional conditions for project level REDD+ activities to be eligible under Article 6.4**, limiting the eligibility of “REDD+ activities” (project level) to countries that already have REDD+ requirements in place (jurisdictional scale).⁹⁴ This is the first time that there is a direct reference to REDD+ in the Article 6 text, confirming that REDD+ activities could be credited under Article 6.4. These measures aim to ensure better coordination, environmental integrity and avoid double counting, while still allowing REDD+ to benefit from much needed finance under Article 6.4.⁹⁵ **These rules apply only to project-level activities.** Specific requirements for “[large scale crediting programs](#)”, which may include jurisdictional REDD+, may be developed in 2026.⁹⁶ (See: [What happened at COP30?](#))

Figure 18: What are the rules for “REDD+ activities” in Article 6.4?



Terminology Box 3

Nesting

Under Article 6.4, **“nesting”** refers to the alignment of relevant aspects of project-level REDD+ activities within an existing higher programme, such as national or subnational REDD+ framework.¹⁰¹ For example, ensuring alignment with monitoring systems, safeguards, baselines, etc. It may vary significantly country-by-country - in some cases, it might just be an acknowledgment that project-based activities are subtracted from national results to avoid double-counting, while complying with the national or subnational REDD+ program.

But wasn't REDD+ excluded from the Article 6 text?

No. At COP26, specific text on REDD+ was proposed to allow the recognition of **pre-2021** REDD+ results to be **automatically** included under Article 6.2. ITMOs, by definition, are generated in 2021 or later. Therefore, this text was rejected to ensure that Article 6.2 has consistent rules across all sectors (including land use). As mentioned before, the Article 6.2 text does not explicitly mention any sectors, and the exclusion of specific text on REDD+ did not change the fact that all REDD+ activities fall under the concepts of emission reductions and removals, being eligible for Article 6 trades. In addition, the Article 6.4 Supervisory Body has created specific [conditions for REDD+](#), which confirms its potential future eligibility.¹⁰² (See: [Is REDD+ included in A6.4?](#))

What about Article 6.8?

Although Article 6.8 is less defined than Articles 6.2 and 6.4, nature-based activities and REDD+ programs meet the Article 6.8 requirements. Article 6.8 could serve as testing grounds for nature activities that could eventually become market-based approaches but are not yet ready for markets: for example, most historical payments for REDD+ came from non-market bilateral deals and multi-lateral funds, such as the World Bank. These non-market payments helped countries to improve their REDD+

programs and now many REDD+ countries can apply for market-based programs like [Lowering Emissions by Accelerating Forest Finance](#) (LEAF).¹⁰³ Article 6.8 could also facilitate financial flows for non-market approaches that may never transition into a market, due to a limited volume of results, but may offer higher co-benefits and strong equity components.

What is the relationship between REDD+ (Article 5.2)¹⁰⁴ and Article 6 of the Paris Agreement?

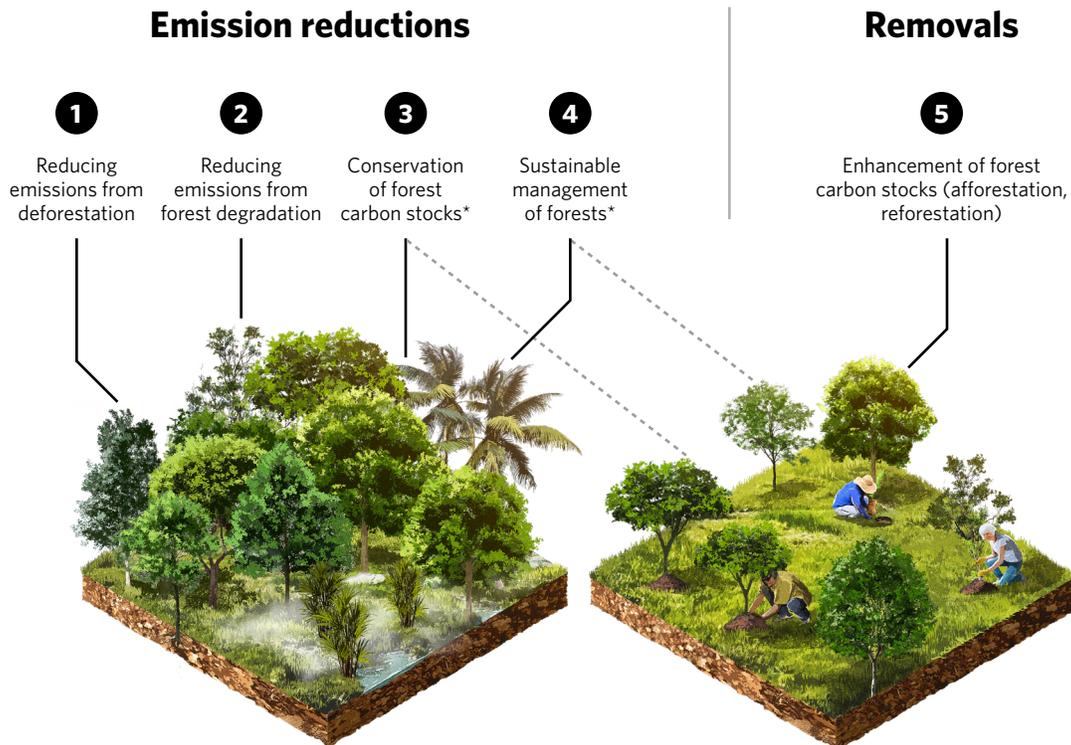
Article 5.2 of the Paris Agreement encourages countries to implement and support REDD+ policies. This recognition builds on several years of UNFCCC negotiations which resulted in the [Warsaw Framework](#) for REDD+ and the Cancun safeguards, with rules for developing countries to be financially compensated for reducing deforestation and forest degradation, through public and private sources. **While Article 5.2 of the Paris Agreement provides methodological guidance for REDD+ results-based finance, it is not a financial mechanism in itself. On the other hand, Article 6 could be one of the sources of finance for REDD+ and a way to enhance ambition in forest targets.** The Supervisory Body has provided crucial clarification on the relationship between Article 5.2 and Article 6, establishing nesting requirements for the eligibility of REDD+ in Article 6.4.¹⁰⁵ (See: [Is REDD+ included in A6.4?](#))

Terminology Box 4

Natural Climate Solutions (NCS) & REDD+

Both “natural-climate solutions” and “REDD+” are approaches that aim to mitigate climate change and promote sustainable land use practices.¹⁰⁶ While **NCS** is a broader concept that includes a range of actions to protect, restore and manage a variety of ecosystems such as forests, mangroves, croplands, grasslands, and peatlands, **REDD+** is a specific [UNFCCC framework](#) aimed at financially compensating countries and jurisdictions for reducing emissions from deforestation. To benefit for REDD+ finance, countries have to follow **all four REDD+ requirements** of the Warsaw Framework: a national REDD+ strategy or action plan, a safeguards system, a national monitoring system, and an assessed forest reference emission level (FREL).¹⁰⁷

Figure 19: The five activities of REDD+



* The Warsaw Framework does not define “conservation of forest carbon stocks” or “Sustainable management of Forests”. Countries have interpreted these categories differently: in official submissions to the UNFCCC, they have reported both emission reductions and removals from these activities. See the examples of [Chile 2016](#) and [2023](#) and [Malaysia](#). We have included dotted gray lines to reflect this ambiguity. For REDD+ activities to be eligible for Article 6, they have to fall under the categories of emission reductions or removals. Emissions avoidance is not eligible for crediting under Article 6 ([See: What is emissions avoidance?](#)).

To access finance for REDD+ via Article 6, forest countries need to, **first**, meet all the Warsaw Framework minimum [requirements](#): Develop a national REDD+ action plan, a forest monitoring system (MRV), comply with REDD+ safeguards, have an assessed Forest Reference Emission Level. The coordination between subnational jurisdictions and national governments in this phase is important to ensure policy alignment.

As a second step, countries might need to **engage in additional activities to access market payments for REDD+**.

Article 6.2 offers a more flexible approach, allowing the seller country and buyer to define specific requirements. They could, for example, choose to use independent carbon standards, such as ART/TREES or Verra's Jurisdictional and Nested REDD+ Framework (JNR), which require buffer pools for leakage and reversals, and third-party verification processes, all of which are not required by the [Warsaw Framework](#).¹⁰⁸ Under Article 6.4, specific standards are still under development, but eligible methodologies must also meet [requirements](#) that go beyond the Warsaw.

As a **third step**, countries developing REDD+ programs will need to demonstrate how their REDD+ activities comply with **Article 6 rules**. For example, generating results after 2021, providing authorizations for the application of corresponding adjustments and complying with Article 6 rules on registries, tracking, reporting, addressing inconsistencies, etc. **Ultimately, it is up to the countries to decide whether to include REDD+ in the scope of their Article 6 strategies**. Since an ITMO requires a corresponding adjustment, exporting ITMOs reduces a country's available emissions reductions for meeting its own NDC and, therefore, carries risks of overselling and potentially undermining national climate commitments. On the other hand, because ITMOs carry a corresponding adjustment, they might reach higher market prices.¹⁰⁹

What is "emission avoidance" and how is it related to nature?

Emissions avoidance activities are not eligible under Article 6, at least until 2028.^{110, 111} This decision has sparked confusion about the concept of emissions avoidance and whether this undefined term could potentially include [natural climate solutions](#). A key reason for this confusion is that the term emission avoidance **has never been officially defined by the UNFCCC nor the IPCC**, and it is not even referenced within the IPCC's definition of mitigation of climate change.¹¹² A **second source of confusion** comes from voluntary carbon market jargon, where carbon credits are either categorized as "emissions removals" or "reductions/avoidance", often used interchangeably, despite important distinctions.¹¹³

In the context of Article 6:

- **Emission reductions** are additional and would not have happened without human intervention. For example, when deforestation occurs, emissions from land use are released into the atmosphere. If a government implements REDD+ policies that successfully reduce deforestation rates (measured against a historical baseline, for example), this constitutes an emission reduction, not avoidance.
- **Emission avoidance**: In contrast, in the context of Article 6, "emissions avoidance" is not additional and not measured against a baseline. Emissions avoidance has been used informally in the context of UNFCCC negotiations to reference a proposal from the Government of Ecuador from 2012 regarding compensation for its Yasuní initiative to [keep oil reserves in the ground](#).¹¹⁴ In this context, emission avoidance refers to policies and measures that explicitly forgo the opportunity to develop fossil fuel resources.

The **Kyoto Protocol** has also characterized [methodologies](#) under emissions avoidance, defining it as “activities where the release of GHG emissions to the atmosphere is reduced or avoided”, for example, avoidance of anaerobic decay of biomass and reduction of fertilizer use”.¹¹⁵

Because of this confusion, many have assumed that all natural climate solutions are classified as emissions avoidance and are therefore excluded from Article 6. This is incorrect. In fact, natural-climate solutions include protecting, restoring and managing natural eco-

systems – all of which fall under the IPCC definitions of emissions reductions or removals. As a result, **nature activities that lead to additional emission reductions (e.g. reduced deforestation) and/or removals (e.g. reforestation) can be eligible under Article 6.2 and Article 6.4**, provided they meet Article 6 requirements.

At COP30, some countries proposed tasking the Supervisory Body with defining “emissions avoidance,” but this provision was ultimately removed from the final decision text.



CDM transition: What was decided?

The [Clean Development Mechanism](#), under the Kyoto Protocol, was one of the world's first international carbon finance schemes. It allowed developed countries to invest in emission reduction projects in developing countries to meet their reduction targets under the Kyoto Protocol. These projects generated certified emission reduction (CER) credits, equivalent to one tonne of CO₂e.

Can CDM projects transition to the Article 6.4 Mechanism?

Yes, but the deadline has already passed for most projects: projects must have requested to transition from the CDM to Article 6.4 by the end of 2023. The only exception is afforestation and reforestation projects, which were allowed to request transition until December 2025.¹¹⁶ Seller countries exert significant control over the transition of projects and must approve them by June 2026.¹¹⁷ This represents a 6-month extension of the original deadline of December 2025,¹¹⁸ which was revised at COP30. If approved by the seller country, projects may continue to use the original CDM methodology until the end of the current crediting period or until December 31, 2025 (whichever is earlier). After this date, these projects will have to follow Article 6.4 methodologies.¹¹⁹ As of December 2025, only one methodology eligible for Article 6.4 was approved for landfill methane ([See: Is A6.4 Operational?](#)).

Nearly 1,400 CDM activities requested to transition into Article 6. While this suggests a theoretical upper limit of close to 1 billion CERs and Article 6.4 credits, actual issuances will likely be much lower because project transitions need to be approved by the seller country – a process which is different from an Article 6 authorization for NDC or other purposes. ([See: What is an authorization?](#)) In February of 2025, a [cookstove project](#) in Myanmar became the first CDM project to officially transition into Article 6.4.¹²⁰

Can CERs be used towards NDCs?

Yes, although as of December 2025, no buyer country had explicitly indicated interest in use of CERs for their first NDC. CERs from projects registered (not issued) after 2013 can be used for the first NDC compliance *without* a corresponding adjustment by the seller country.¹²¹ According to the [New Climate Institute](#), between 320 and 341 million CERs could transfer from the CDM with the 2013 registration cut-off. This is a significant decrease compared to [almost 4 billion](#) units that could have been transferred without the 2013 cut-off.¹²² This was one of the negotiations' "sticking points" for years, over concerns that these pre-2020 units would "flood" the market and not be considered additional. According to the [World Bank](#) around 87 million CDM Certified Emission Reductions (CERs) could be issued for pre-2020 emission reductions, which could be used by countries to achieve their first NDCs. It is important to consider that CERs used toward the first NDC are not considered ITMOs. ITMOs by definition are generated in 2021 or later, whereas eligible CERs are from 2013-2020.

When is the CDM end-date?

At COP30, countries agreed on a timeline to gradually close the CDM and conclude most of its operations by December 2026.¹²³ After 10 years of the Paris Agreement, the CDM was steadily losing its relevance, but it remained operational. That had significant implications for the financing of Article 6. Because Article 6.4 is not yet self-financing, the UNFCCC Secretariat has warned that it is running out of resources to support it. At COP30, to address this, countries decided to transfer \$26.8M from the CDM Trust Fund to run Article 6.4 until it becomes self-financing.¹²⁴ Once Article 6.4 becomes self-financing, the same amount will then be transferred to the Adaptation Fund.¹²⁵

OMGE and SOP: What discounts and fees apply to Article 6?

What are the various discounts and fees in Article 6 and who pays for them? There are two: Share of Proceeds (SOP) and Overall Mitigation of Global Emissions (OMGE). Both SOP and OMGE are **required** for all Article 6.4 issuances but are only **encouraged** for Article 6.2 trades “on a voluntary basis”. However, some countries may require the use of OMGE and SOP as part of their Article 6.2 bilateral deals (e.g. Switzerland and Singapore). One important nuance is that both SOP and OMGE are due at issuance by the seller country, not at transfer. As a result, the burden of these fees and discounts falls on the seller country, which will likely try to pass on the cost to buyers. At COP29, it was decided that Least Developed Countries (LDC) and Small Islands Developing States (SIDS) are now exempt from paying Share of Proceeds, a move aimed at reducing financial burdens for vulnerable nations and increasing their access to markets. Despite this exemption, LDCs and SIDs retain the option to contribute voluntarily if they wish.

- **SOP is applied as both a volume of issued units and a monetary contribution (\$):** For all units issued under Article 6.4, a levy of 5% **of the volume of issued carbon units** will be transferred to a new account established in 2021

within the [Adaptation Fund](#). This requirement is similar to what happened under the Kyoto Protocol, where [2% of CERs issued for a CDM](#) project activity would go to the Adaptation Fund to [be sold](#) by the Fund’s Trust, which is the World Bank. At COP27, it was clarified that the 5% cancellation applies to all Article 6.4 units, including Article 6.4 Mitigation Contributions ([See: Terminology Box 1](#)) which are not authorized by the seller country. The **monetary contribution** was defined by the Supervisory Body and approved at COP27 as a set of 5 different fees whose level depends on the project size and other factors ([See Table 1](#)). These fees are used to pay administrative expenses.

- **OMGE is an automatic cancellation in volume (not \$):** For all Article 6.4 issuances, 2% of the units will not be eligible for sale. Instead, they will be redirected to a **cancellation account** that the Supervisory Body will set up. This is intended to increase ambition by ensuring a net reduction in emissions, rather than just 1-to-1 offsetting of CO₂. At COP27, it was clarified that the 2% cancellation applies to all Article 6.4 units, including Article 6.4 Mitigation Contributions, which are not authorized by the seller country ([See: Terminology Box 1](#)).

Table 1: OMGE and SOP

Name	Destination and purpose	Type	Values
SOP	Adaptation Fund (for all activities)*	Automatic transfer of issued volume	5% of Article 6.4 units at issuance, including MCUs ¹²⁶
	Adaptation Fund (for specific activities)	\$	3% of the issuance fee paid for each request for issuance of Article 6.4 units and transferred annually to the Adaptation Fund. ¹²⁷
	Supervisory Body for Administrative expenses	\$	Set of 5 different fees charged for registration, issuance, renewal, inclusion of CPAs, and approval of a post-registration change. ¹²⁸ The Supervisory Body defined the levels for each fee, which have been approved at COP 27. ¹²⁹
OMGE	Cancellation account to increase ambition	Automatic cancellation of issued volume	Minimum 2% of the issued Article 6.4 units. ¹³⁰

*Not mandated for those in Least Developed Countries (LDC) and Small Islands Developing States (SIDS)

Notes

- 1 [Decision 2/CMA.3](#) Annex, paragraph 25-28, [Decision 6/CMA.4, Annex II](#) and [Decision 4/CMA.6, Chapter VII](#).
- 2 As of December 2025, the TER report of Suriname was concluded but still pending publication in the UNFCCC website.
- 3 Carbon Brief, 2025. COP30: Key outcomes agreed at the UN climate talks in Belém. Available at: <https://www.carbonbrief.org/cop30-key-outcomes-agreed-at-the-un-climate-talks-in-belem/>
- 4 Decision -/CMA.7, Paragraph 6
- 5 Decision -/CMA.7, Paragraph 10
- 6 Felipe Ferreira, 2025. *O Acordo de Paris Reflexões e Perspectivas das Negociações Internacionais Sobre Mudança do Clima*. Ed. Arraes, 2025. ISBN 9786559295746
- 7 See: SBMO18, Meeting Report, Paragraph 34. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-SBMO18.pdf>
- 8 Decision -/CMA.7, Paragraph 7
- 9 Decision -/CMA.7, Paragraph 32
- 10 Decision -/CMA.7, Paragraph 35
- 11 Decision -/CMA.7, Paragraph 33
- 12 Decision -/CMA.7, Paragraph 24
- 13 European Union, 2009. Directive 2009/29/EC. Available at: <https://www.esglexicon.com/glossary/term/eu-directive-2009-29-ec-on-the-emissions-trading-system/#:~:text=A%20European%20Union%20directive%20establishing,effort%20to%20tackle%20climate%20change.>
- 14 Felipe Ferreira, 2025. *O Acordo de Paris Reflexões e Perspectivas das Negociações Internacionais Sobre Mudança do Clima*. Ed. Arraes, 2025. ISBN 9786559295746
- 15 Felipe Ferreira, 2025. *O Acordo de Paris Reflexões e Perspectivas das Negociações Internacionais Sobre Mudança do Clima*. Ed. Arraes, 2025. ISBN 9786559295746
- 16 World Bank, 2021. "Lessons from creating mitigation outcomes". Available at: <https://blogs.worldbank.org/en/climatechange/lessons-creating-mitigation-outcomes>
- 17 [Decision 2.CMA.3](#), Annex, paragraph 1 (b)
- 18 [Decision 2.CMA.3](#), Annex, paragraph 1 (g)
- 19 [Decision 7/CMA.4](#), Annex, paragraph 29 (b)
- 20 [Decision 5/CMA.6](#), Paragraph 12
- 21 Carbon Pulse, 2024. "Dozens of airlines scoop up CORSIA credits "in the low \$20s" at special auction-sources" Available at: <https://carbon-pulse.com/352689/>
- 22 [Decision 2.CMA.3](#), Annex, paragraph 1 (b)
- 23 [Decision 2.CMA.3](#), Annex, paragraph 1 (g)
- 24 [Decision 7/CMA.4](#), Annex, paragraph 29 (b)
- 25 For the purposes of this paper, we define **non-market approaches** as international cooperation between countries without the expectation of trading carbon credits.
- 26 OECD/EIA, 2022. "The birth of an ITMO: Authorisation under Article 6 of the Paris Agreement". Available at: <https://www.oecd-ilibrary.org/docserver/3d175652-en>.
- 27 [Decision 4/CMA.6](#), paragraph 6
- 28 [Decision 4/CMA.6](#), paragraph 7-9
- 29 [Decision 4/CMA.6](#), paragraph 3. This is not new and was originally agreed upon at COP26. However, the COP29 decision acknowledges these three types of authorizations, providing more clarity to this issue.
- 30 According to Article 6.2 rules, ITMOs are authorized by a participating Party (singular). Therefore, while countries are free to design cooperative approaches where eligible units must be authorized by both the selling and buying country (bilateral authorization), unilateral authorizations are permitted by the Article 6 rulebook. See [Decision 2/CMA.3](#), Annex, paragraph 1f. See also IETA's Article 6 Policy Briefs - Authorization.
- 31 REDD+ results refer to the measured and verified greenhouse gas emission reductions or removals achieved through efforts to reduce deforestation, forest degradation, and enhance forest carbon stocks.
- 32 See IETA's [Article 6 Implementation Tracker](#) for a list of countries that have issued unilateral authorizations
- 33 [Decision 2/CMA.3](#), Annex, paragraph 14
- 34 [Decision 3/CMA.3](#) Annex, paragraph 75d
- 35 [Decision 7/CMA.4](#), Annex, paragraph 29 (b)
- 36 [Decision 2/CMA.3](#) Annex, paragraph 33
- 37 [Decision 2/CMA.3](#) Annex, paragraph 25-28
- 38 [Decision 2/CMA.3](#), Annex, paragraph 18 (h)
- 39 [Decision 20/CMA.1](#), Annex, paragraph 22 (b)
- 40 World Bank. 2025. State and Trends of Carbon Pricing 2025. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-2255-1. License: Creative Commons Attribution CC BY 3.0 IGO
- 41 Carbon Pulse, 2024. "Dozens of airlines scoop up CORSIA credits "in the low \$20s" at special auction-sources". Available at: <https://carbon-pulse.com/352689/>
- 42 More information about this project is available at: https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/BQ0WHAOXJLK25SCPVF4GZ97ER6MDIN/view?_gl=1*czdkeh*_ga*NDg0OTIxODU2LjE3MDcxMzExNzE.*_ga_7ZZWT-14N79*MTc0MDEyNzA0Mi4zNjguMS4xNzQwMTI3OTg5LjAuMC4w. See also: Calyx Global. "Analyzing the first credits transitioning to the Article 6.4 Paris Agreement Crediting Mechanism". Available at: <https://calyxglobal.com/research-hub/research/analyzing-the-first-credits-transitioning-to-the-article-64-paris-agreement-crediting-mechanism/>
- 43 UNFCCC, 2025. "Key Rules Agreed for Credible Climate Project Crediting under UN Carbon Market". Available at: <https://unfccc.int/news/key-rules-agreed-for-credible-climate-project-crediting-under-un-carbon-market>
- 44 This section brings what we consider to be the key elements for Article 6.4 operationalization. For additional elements, see: Climate Focus, 2025. "Paris Agreement Crediting Mechanism after COP29". Available at: <https://climatefocus.com/wp-content/uploads/2025/05/The-Paris-Agreement-Crediting-Mechanism-After-COP29-FINAL.pdf>
- 45 See: UNFCCC, 2023. Information note Decision and documentation framework. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-005.pdf>
- 46 Decision -/CMA.7, Paragraph 24.
- 47 Decision -/CMA.7, Paragraph 24.
- 48 [Decision 3/CMA.3](#), paragraph 73(d)
- 49 More information about this project is available at: https://cdm.unfccc.int/ProgrammeOfActivities/poa_db/BQ0WHAOXJLK25SCPVF4GZ97ER6MDIN/view?_gl=1*czdkeh*_ga*NDg0OTIxODU2LjE3MDcxMzExNzE.*_ga_7ZZWT-14N79*MTc0MDEyNzA0Mi4zNjguMS4xNzQwMTI3OTg5LjAuMC4w. See also: Calyx Global. "Analyzing the first credits transitioning to the Article 6.4 Paris Agreement Crediting Mechanism". Available at: <https://calyxglobal.com/research-hub/research/analyzing-the-first-credits-transitioning-to-the-article-64-paris-agreement-crediting-mechanism/>
- 50 For more details about the SD Tool, see: UNEP, 2024. "News on the adoption of the SD Tool under Article 6.4". Available at: <https://unepccc.org/wp-content/uploads/2024/10/20241010-news-and-technical-analysis-on-adoption-of-a64-sd-tool.pdf>
- 51 [Decision 5/CMA.6](#), Paragraph 13
- 52 Decision -/CMA.7, Paragraph 24.
- 53 See [Decision 4/CMA.6](#), paragraph 49 and [Decision 6/CMA.6](#), paragraph 16.
- 54 Carbon Pulse, 2024. Dozens of airlines scoop up CORSIA credits in the low \$20s" at special auction-sources. Available at: <https://carbon-pulse.com/352689/>
- 55 The Draft Standard on addressing non permanence and removals submitted to the Supervisory Body included an explicit mention that the values for negligible risk of reversals were a "normative police decision". See: [Draft Standards non Permanence and reversals](#), Paragraph 24: "The MEP noted that the percentage chosen is a normative policy decision. The MEP recommends the Supervisory Body choose a value within the range between 0.5 to 2.5 percent."
- 56 See also: UNFCCC, 2023. Information note: Decision and documentation Framework. Paragraphs 5-7. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-005.pdf>
- 57 [Decision 6/CMA.6](#), Paragraph 6 and [Decision -/CMA.7](#), Paragraph 5.
- 58 [Decision 3/CMA.3](#), paragraph 6 (c) (d).
- 59 [Decision 6/CMA.6](#), Paragraph 6 and [Decision -/CMA.7](#), Paragraph 5.
- 60 See also: UNFCCC, 2023. Information note: Decision and documentation Framework. Paragraphs 5-7. Available at: <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-005.pdf>
- 61 Decision -/CMA.7, Paragraphs 23 and 24.
- 62 See: [SBMO18, Meeting Report](#), Paragraph 34: "The Supervisory Body mandated the MEP to revise, as necessary, the "Standard: Demonstration of additionality in mechanism methodologies", noting that some elements identified in the work of the draft methodological tool "Analysis of lock-in risk" may better fit into the standard, and to submit the revised standard for the consideration of the Supervisory Body at a future meeting."
- 63 This section was co-authored with Kendall Damon.
- 64 **Japan:** Japan has stated in its NDC that it "aims to contribute to international emission reductions and removals at the level of a cumulative total of approximately 100 million tCO₂ by fiscal year 2030 through public-private collaborations. Japan will appropriately count the acquired credits to achieve its NDC." Japan, 2025. "Nationally Determined Contribution (NDC)". Available at: <https://unfccc.int/sites/default/files/2025-02/Japans%202035-2040%20NDC.pdf>
Singapore: Singapore has stated in its BTR that the country "estimates the use of 2.51 Mt CO₂ eq per annum of ITMOs over the NDC implementation period (i.e., from 2021 to 2030)". This estimate translates to a cumulative demand of 25.1Mt CO₂ eq by 2030. Government of Singapore, 2024. Biennial Transparency Report. Available at: <https://unfccc.int/sites/default/files/2025-02/Singapore%20Second%20Nationally%20Determined%20Contribution.pdf>

South Korea: South Korea's Presidential Commission on Carbon Neutrality and Green Growth set reduction targets by sector in accordance with its 2030 NDC goal to reduce GHG emissions by 40 percent from 2018 levels. The commission clarifies the target for the "international reduction" sector is 37.5 Mt CO₂e in reductions by 2030. Available at: <https://www.2050cnc.go.kr/eng/contents/view?contentsNo=67&menuLevel=2&menuNo=119>

Switzerland: The country has not included ITMO demand estimates in its NDC or BTR, but The KLIK Foundation estimates a "maximum of 20.3 million ITMOs in the period 2025 to 2030" for motor fuel companies to offset emissions as part of the Swiss Law. KLIK Foundation, 2023. "Annual Report 2023". Available at: https://a.storyblok.com/f/246794/x/99b0a3320c/annual-report_2023.pdf

Sweden: Sweden has not announced demand for ITMOs in its NDC nor related documents. The estimate presented in Figure 13 was taken from the report "Road to a Climate-Positive Future" (in Swedish: "Vägen till en klimatpositiv framtid"), by the Climate Policy Roadmap Commission for the Swedish Government at the beginning of the current NDC compliance period (2020). The commission's recommendations in Section 13 include the following on use of international ERs: (translated via DeepL): "The Government should establish a program to implement efforts for international emission reductions under Article 6 of the Paris Agreement during the 2020s, with the Swedish Energy Agency as the responsible authority. The program should be designed to achieve at least 20 million units from emission reduction measures implemented in other countries." Available at: <https://www.regeringen.se/rattsliga-dokument/statens-offentliga-utredningar/2020/01/sou-2020/4/>

Norway: Background: In November 2022, Norway submitted its [updated NDC](#), committing to reduce greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. Norway intends to achieve this target in cooperation with the EU, building on a 2019 agreement between Norway, Iceland, and the EU to align efforts under EU climate legislation. This cooperation involves participation in three main pillars: (1) the Effort Sharing Regulation (ESR), which sets national reduction targets for sectors like transport, agriculture, and buildings; (2) the EU Emissions Trading System (ETS), and (3) LULUCF regulations, which establish targets for net carbon removals from land use and forestry ([Norway's Climate Status and Action Plan](#), referenced in the BTR). However, compliance with these three EU pillars does not automatically ensure that Norway meets its own NDC, due to differences in baseline years (e.g., 1990 for the NDC vs. 2005 for ESR/ETS), and the way ITMO transfers are treated under EU rules versus Article 6 of the Paris Agreement. Norway's [first BTR](#) clarifies that target fulfillment will occur within the Article 6 framework and the EU cooperation structure. Final accounting of ITMOs will depend on future arrangements with the EU and Iceland, particularly in relation to Norway's participation in the ETS. Since Norwegian entities are expected to remain net purchasers of EU allowances over the NDC period, as per the BTR, this will result in a net acquisition of ITMOs that will be applied toward Norway's NDC. The BTR notes that the final accounting of Norway's NDC under Article 6.2 will depend on future arrangements with the EU and Iceland—especially as they relate to Norway's participation in the EU Emissions Trading System (EU ETS) (BTR, p. 38). The BTR further states that if EU mechanisms prove insufficient, Norway intends to use ITMOs from countries outside the EEA to close any remaining gap. The government has earmarked NOK 8.2 billion under the Global Emission Reduction Initiative for purchasing ITMOs from third countries. However, the precise conditions under which such credits would be applied remain ambiguous, particularly since Norway's NDC is framed as being fulfilled "through EU rules." The 16.1 Mt figure therefore signals a potential shortfall—but not a definitive ITMO demand—in light of unresolved regulatory and procedural uncertainties. An agreement is signed with Uzbekistan through the World Bank program Transitional Carbon Asset Facility (TCAF), and initial MoUs or agreements are developed with Benin, Indonesia, Jordan, Morocco, Senegal and Zambia for cooperation facilitated by the Global Green Growth Institute. **Estimation:** With this context, the BTR provides an estimate of a 21.9 MtCO₂e cumulative gap in the Effort Sharing Regulation (ESR) sectors between 2021–2030, under a 50% Effort Sharing target for 2030. (Table 2.5). It further mentions that Norway has access to 5.8 million EU allowances (EUAs) eligible for conversion toward ESR compliance (Box 2.1, pp. 41). Remaining shortfall if no additional transfers: »16.1 MtCO₂e. Subtracting the 5.8 Mt EUAs from the -21.9 Mt gap leaves roughly 16 MtCO₂e as the potential unmet gap for 2021–2030 if no further international credits are obtained from the EU. In other words, about 16.1 MtCO₂e would still need to be abated or offset by other means in order to hit the 2030 target, absent new transfers. This estimate provides a working estimate of Norway's anticipated emissions shortfall in ESR sectors if no additional transfers from EU countries occur. We have not found estimates of a similar quantified shortfall for ETS sectors in the BTR. Assumptions: While the 16.1 Mt figure is used as a proxy for potential ITMO demand, some aspects lack clarity from the public information we have reviewed. For once, the EU rules do not permit the use of third-country Article 6 ITMOs for ESR compliance, meaning this gap can only be closed through domestic action, banking, or transfers within the EU/EEA. Yet, Norway's BTR does reserve the option to use Article 6.2 ITMOs from outside the EU/EEA if cooperation with the EU proves insufficient to meet its overall 55% reduction target.

Liechtenstein: The country signaled intent to purchase 35 kt CO₂e.

CORSIA: The CORSIA demand estimate is based on the demand projected by ICAO in the "Technical Assessments in Support of the 2025 CORSIA Periodic Review" for the 235th ICAO Council session. The figure 515 Mt CO₂e is the cumulative demand from 2024 to 2030 from the Mid CAEP/13 scenario, calculated by adding the forecasted offsetting requirements for each year from 2024 to 2030. As of October 2025, ICAO's mid scenario forecasts 515 Mt CO₂e in offsetting requirements for airlines, which is a 49 Mt CO₂e increase from the forecast prepared for the 234th ICAO Council session that informed the 466 Mt CO₂e estimated demand figure in the previous iteration of TNC's Article 6 Explainer.

65 Oeko Institut, 2025. The EU's 2040 climate target. Available at: <https://www.oeko.de/fileadmin/oekodoc/PB-Council-2040-target.pdf>

66 Carbon Pulse, 2024. Dozens of airlines scoop up CORSIA credits in the low \$20s" at special auction-sources. Available at: <https://carbon-pulse.com/352689/>

67 IETA and A6IP, 2024. "Business Pulse Survey". Available at: https://www.ieta.org/uploads/wp-content/Resources/Reports/IETA_Resources_Report_A6-Pulse-Survey_V3.pdf#:~:text=At%20this%20point%2C%20nine%20years%20after%20the%20adoption,of%20Article%206%20in%20voluntary%20and%20compliance%20markets

68 European Council, 2025. 2040 climate target: Council agrees its position on a 90% emissions reduction. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2025/11/05/2040-climate-target-council-agrees-its-position-on-a-90-emissions-reduction/>

69 Oeko Institut, 2025. The EU's 2040 climate target. Available at: <https://www.oeko.de/fileadmin/oekodoc/PB-Council-2040-target.pdf>

70 István Bart and Pedro Martins Barata, 2025. International Credits in the EU Strategic Choices & Practical Implementation. Available at: <https://www.edf.org/international-credits-eu>

71 Defined as per decision 897 in 2015–2016 by the Norwegian Parliament. Government of Norway, 2024. "Norway Launches Initiative to Cut Emissions in Developing Countries." Available at: <https://www.regjeringen.no/en/aktuelt/norway-launches-initiative-to-cut-emissions-in-developing-countries/id3075202/?-expand=factbox3075208>

72 Data from South Pole. Norway confirms in its recent BTR that "...in the event that the cooperation with the EU does not lead to a full realization of the (NDC) target, Norway intends to use ITMOs acquired from countries outside the European Economic Area (EEA)". It further outlines that "...Norway has established a purchase program for ITMOs from developing countries that could be used in such an event. The program is allotted NOK 8.2 billion through the state budget." A volume-based demand estimate is not provided as public information. Based on the information in Norway's BTR on the anticipated emissions gap in the 2021–2030 period and an indication that Norway may resort to using foreign credits if ITMO transfers between EU and Norway are not feasible, we arrive at this demand estimate, which also keeps in mind that the BTR states that Norway may use 5.8 M existing EU Allowances (EUAs) towards reducing the mitigation gap.

73 Switzerland, 2025. "Switzerland's Nationally Determined Contribution." Available at: <https://unfccc.int/sites/default/files/2025-01/Switzerland%20second%20NDC%202031-2035.pdf>

74 Carbon Pulse, 2025. "Article 6 Portal." Available at: <https://carbon-pulse.com/article-6-portal/>

75 KLIK is an association of fossil motor fuel importers in the transport sector. Fossil fuels used for heating for example are not covered under the compensation obligation stipulated under the Swiss CO₂ law.

76 Japan, 2025. "Japan's Nationally Determined Contribution." Available at: <https://unfccc.int/sites/default/files/2025-02/Japans%202035-2040%20NDC.pdf>

77 Japan Ministry of Foreign Affairs, 2024. "Joint Crediting Mechanism." Available at: https://www.mofa.go.jp/ic/ch/page1we_000105.html

78 Carbon Pulse, 2025. "Article 6 Portal." Available at: <https://carbon-pulse.com/article-6-portal/>

79 **Japan:** Japan has stated in its NDC that it "aims to contribute to international emission reductions and removals at the level of a cumulative total of approximately 100 million tCO₂ by fiscal year 2030 through public-private collaborations. Japan will appropriately count the acquired credits to achieve its NDC." Japan, 2025. "Nationally Determined Contribution (NDC)". Available at: <https://unfccc.int/sites/default/files/2025-02/Japans%202035-2040%20NDC.pdf>

80 European Council, 2025. 2040 climate target: Council agrees its position on a 90% emissions reduction. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2025/11/05/2040-climate-target-council-agrees-its-position-on-a-90-emissions-reduction/>

81 Government of Sweden, 2024. Biennial Transparency Report. Available at: <https://unfccc.int/sites/default/files/resource/Sweden%27%20first%20Biennial%20Transparency%20Report.pdf>

- 82 Please note the estimate is taken from the report “Road to a Climate-Positive Future” (in Swedish: “Vägen till en klimatpositiv framtid”), prepared by the Climate Policy Roadmap Commission for the Swedish Government at the beginning of the current NDC compliance period (2020). The commission’s recommendations in Section 13 include the following on use of foreign ERs: (translated via DeepL): “The Government should establish a program to implement efforts for international emission reductions under Article 6 of the Paris Agreement during the 2020s, with the Swedish Energy Agency as the responsible authority. The program should be designed to achieve at least 20 million units from emission reduction measures implemented in other countries.” This is the most recent estimate of ITMO demand from the Swedish government.
- 83 Government of Singapore. “How SG supports carbon markets.” Available at: <https://www.carbonmarkets-cooperation.gov.sg/singapore-s-article-6-approach/>
- 84 Government of Singapore, 2024. Biennial Transparency Report (BTR). Available at: <https://unfccc.int/sites/default/files/resource/Singapore%20BTR1%202024.pdf>
- 85 See more details of the Korea’s model in: Republic of Korea, 2025. Biennial Transparency Report (BTR). Available at: <https://unfccc.int/sites/default/files/resource/The%20Republic%20of%20Korea%20First%20Biennial%20Transparency%20Report%20and%20Fifth%20National%20Communication.pdf#page=165>
- 86 South Korea’s Presidential Commission on Carbon Neutrality and Green Growth set reduction targets by sector in accordance with its 2030 NDC goal to reduce GHG emissions by 40 percent from 2018 levels. The commission clarifies the target for the “international reduction” sector is 37.5 Mt CO₂e in reductions by 2030. Available at: <https://www.2050cnc.go.kr/eng/contents/view?contentsNo=67&menuLevel=2&menuNo=119>
- 87 The Paris Agreement has not defined or mandated countries to classify their targets as conditional or unconditional, but many countries did so. **Conditional NDC targets** are the climate actions that a country commits to achieving only if it receives external support, such as international finance, technology transfer, or capacity-building. They usually represent more ambitious goals that go beyond what the country could achieve on its own. In contrast, **unconditional NDC targets** depend on international support. Given the lack of definition of climate finance and the usual requirement of national co-financing, it may be unclear how to distinguish conditional and unconditional targets. However, the corresponding adjustment requirement applies to both conditional and unconditional targets.
- 88 For a detailed explanation of Article 6 fees and levies, see Climate Finance Innovators, Climate Focus, Perspectives Climate Group, and AEE, 2024. “Setting an article 6 levy structure in Senegal A practical guide to administrative fees and benefit sharing levies under Article 6 of the Paris Agreement”. Available at: <https://climatefinanceinnovators.com/publication/setting-an-article-6-levy-structure-in-senegal/#:~:text=Through%20an%20exploration%20of%20levy%20structures%20and%20benefit-sharing,Authors%3A%20Anna%20Kov%20C%3A1cs%2C%20Marco%20Della%20Maggiore%2C%20Camilo%20Pardo>
- 89 [Decision 2/CMA.3](#), Annex, paragraph 1(b)
- 90 Article 6 requires that all ITMOs must have a corresponding adjustment and must be “real, verified, and additional”. They may include both emission reductions and removals, and must refer to mitigation achieved from 2021 onward. In addition, there are specific requirements around reporting and tracking.
- 91 For example, the Korea’s BTR states that the Korea’s Forest Service plans to establish a bilateral cooperation system for national and/or sub-national REDD+ under Article 6.2 and REDD+ activities under Article 6.4 based on the UNFCCC Warsaw REDD+ Framework and utilize ITMOs from REDD+ for achieving 2030 NDC. To systematically implement this, operational standards for REDD+ and a master plan (2025-2029) will be formulated. Republic of Korea, 2025. Biennial Transparency Report (BTR). Available at: <https://unfccc.int/documents/645637>
- 92 [Decision 2/CMA.3](#), Annex, paragraph 1(b)
- 93 Carbon Pulse, 2024. “Dozens of airlines scoop up CORSIA credits “in the low \$20s” at special auction-sources” Available at: <https://carbon-pulse.com/352689/>
- 94 Supervisory Body, [Methodology Standard](#), Paragraph 87: For those activities falling under the scope of Article 5, paragraph 2, of the Paris Agreement, mechanism methodologies shall require, in addition to all relevant requirements adopted by the Supervisory Body, demonstration that the activity is included in all the elements required of the host Party as per decision 1/CP.16, paragraph 71, noting this is consistent with the application of the approaches described in paragraph 85 (c) and (e). See also, the [Leakage Standard](#), paragraphs 15 and 16
- 95 The Nature Conservancy & Conservation International, 2024. “REDD+ & Article 6 – COP29 and Beyond”. Available at: <https://nature4climate.org/wp-content/uploads/2024/11/REDD-Plus-Article-6-Explainer-1.pdf>
- 96 In its 10th meeting, the Supervisory Body mandated the Methodological Expert Panel (MEP) to develop a concept note on “large scale crediting programmes”, which may include specific guidance for jurisdictional REDD+ programs. See reference on the Supervisory Body 2024 annual report: <https://unfccc.int/documents/641722>. As of May 2025, the MEP workplan indicates this will take place in 2026: <https://unfccc.int/sites/default/files/resource/A6.4-SBM015-A02.pdf>
- 97 [Decision 1/CP.16](#), paragraph 71
- 98 Supervisory Body, [Leakage Standard](#), paragraph 15.
- 99 [Leakage Standard](#), paragraph 16
- 100 “Upscaling implementation is defined as” implementing activities at a higher level (e.g. sectoral, subnational, or national). See [Methodology Standard](#), paragraph 85(e)
- 101 See Supervisory Body, [Methodology Standard](#), paragraph 85 (d)
- 102 See the Supervisory Body Standard on [Methodologies](#), paragraphs, 85 and 87 and [Leakage](#), paragraphs 15 and 16. For REDD+ requirements, see also [Decision 1/CP.16](#), paragraph 71.
- 103 See more information about international REDD+ standards and sources of finance at: <https://internationalreddstandards.org/>
- 104 Paris Agreement, Article 5.2: Parties are encouraged to take action to implement and support, including through results-based payments, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.
- 105 Supervisory Body, [Methodology Standard](#), Paragraph 87 and [Leakage Standard](#), paragraphs 15 and 16.
- 106 Nature-based Solutions (NbS) is another common term which can be used to refer to the land use sector. For some, NCS refers to only mitigation measures, while NbS refers to both mitigation and adaptation. For simplicity, we will use nature as a general term. See more information at: https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_Natural_Climate_Solutions_Handbook.pdf
- 107 [Decision 1/CP.16](#), paragraph 71
- 108 [Decision 14/CP.19](#) paragraph 15, laid out a process for countries to apply for market-based programs by meeting existing modality and verification requirements.
- 109 According to an IETA survey, 83% of respondents indicated that they would be willing to pay higher or even much higher than average market rates for correspondingly adjusted ITMOs, as well as for non-adjusted 6.4 mitigation contribution units (MCUs). See: https://www.ieta.org/uploads/wp-content/Resources/Reports/IETA_Resource_Report_A6-Pulse-Survey.V3.pdf#:~:text=At%20this%20point%2C%20nine%20years%20after%20the%20adoption,of%20Article%206%20in%20voluntary%20and%20compliance%20markets.
- 110 This decision was taken at the Bonn UNFCCC Climate Change Conference in June 2024 (SB60). See the Report of the Subsidiary Body for Scientific and Technological Advice (SBSTA), Sixtieth session, paragraphs 134 and 144. Available at: https://unfccc.int/sites/default/files/resource/sbsta2024_07E.pdf
- 111 The COP26 decisions for Articles 6.2 and 6.4 state that further work will be done to consider whether “emission avoidance” could be eligible. [Decision 2/CMA.3](#), cover text, para 3c and [Decision 3/CMA.3](#), cover text, para 7h
- 112 IPCC, 2018: Annex I: Glossary [Matthews, J.B.R. (ed.)]. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty. Cambridge University Press, Cambridge, UK and New York, NY, USA, pp. 541-562. <https://doi.org/10.1017/9781009157940.008>.
- 113 Carbon Pulse, 2025. “Feature: Avoided emissions confusion hangs over international carbon markets.” Available at: <https://carbon-pulse.com/361095/>
- 114 See related articles [here](#) and [here](#).
- 115 See also: [Table VI-2](#), Methodology Categorization Other Sectors
- 116 [Decision 5/CMA.6](#), paragraph 21
- 117 [Decision -/CMA.7](#), Paragraph 25
- 118 [Decision 3/CMA.3](#), paragraph 73
- 119 [Decision 3/CMA.3](#), paragraph 73(d)
- 120 Calyx Global, 2025. “Analyzing the first credits transitioning to the Article 6.4 Paris Agreement Crediting Mechanism”. Available at: <https://calyxglobal.com/research-hub/research/analyzing-the-first-credits-transitioning-to-the-article-64-paris-agreement-crediting-mechanism/>
- 121 [Decision 3/CMA.3](#), paragraph 75(a) and (d).
- 122 New Climate Institute, 2020. “CDM Supply Potential for Emissions Reductions up to the end of 2020”. Available at: https://newclimate.org/sites/default/files/2020/11/CDM-supply-potential-for-emission-reductions-up-to-the-end-of-2020_Nov2020.pdf
- 123 [Decision -/CMA.7](#), Paragraph 5
- 124 [Decision -/CMA.7](#), Paragraph 32
- 125 [Decision -/CMA.7](#), Paragraph 35
- 126 [Decision 3/CMA.3](#), paragraph 67(a)
- 127 [Decision 7/CMA.4](#), paragraph 15
- 128 [Decision 7/CMA.4](#), paragraph 14
- 129 [Decision 7/CMA.4](#), Annex I, Chapter V
- 130 [Decision 3/CMA.3](#), paragraph 59 and 69; [Decision 7/CMA.4](#), paragraph 40