REPORT: POST-COP30

Article 6 of the Paris Agreement

What you need to know heading into 2026

Sylvera

December 2025

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Executive summary

- For the first time in 10 years, technical negotiations on Article 6 were not on the agenda at COP30, but talks were anything but inactive. Article 6 remained a major focus, undergoing informal consultations that evolved into negotiations and decisions.
  - These decisions provided limited practical guidance to the technical bodies supporting the implementation of the guidance under Article 6.2 of the Paris Agreement, and the market mechanisms under Article 6.4. The absence of major new decisions directed at Parties themselves is viewed positively. This continuity is crucial for maintaining the regulatory certainty and stability required to scale the market.
- The UNFCCC Secretariat presented an annual synthesis of findings from Technical Expert Reviews (TERs) of the Article 6.2 cooperative approaches described in the initial reports submitted by six countries.
  - Parties did not revise existing Article 6.2 guidance based on findings from the first round of TERs, and in their underlying discussions, Parties raised important points about the need to maintain flexibility and to avoid reacting prematurely while ensuring consistent implementation, particularly regarding how to address inconsistencies flagged during the review process and to prevent issues like double-counting.
- For Article 6.4, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) recognized as a significant milestone the adoption of a nearly-complete set of standards against which methodologies and activities under the Paris Agreement Crediting Mechanism (PACM) will be approved. These standards were adopted in late 2025 by the PACM's Supervisory Body (SBM). The first PACM methodology for landfill gas projects, AMM001, adopted by the SBM immediately prior to COP30, was also noted by the CMA.
  - Crucially, the CMA's own decision to transfer funds from the Clean Development Mechanism (CDM) to the PACM is essential for its full operational launch.
- Meaningful developments influencing carbon credit markets also materialized outside of the COP negotiations, spearheaded by two major voluntary initiatives. The Coalition to Grow Carbon Markets, launched in June 2025 and releasing its Shared Principles during COP, works on the supply side, addressing barriers to high-quality project development. The Open Coalition on Compliance Carbon Markets intends to strengthen cooperation on regulated carbon markets worldwide.

1. Introduction

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Introduction

COP29, hosted in Baku in November 2024, concluded technical Article 6.2 and 6.4 negotiations, setting the stage for the implementation phase of international carbon markets. But COP30 in Brazil had a surprise in store - sessions on operational updates and informal consultations gave way to rehashing of old debates alongside novel issues, resulting in two concise decisions, one each for Articles 6.2 and 6.4.

This booklet is your essential guide to understanding Article 6 outcomes. It includes:

- The necessary context on Article 6 markets and the current state of play (sections 2 and 3)
- An expert breakdown of the COP30 discussions and their outcomes for Article 6 (section 4)
- Outstanding questions for the near future (section 5)
- Next steps for COP31 (section 6)
- Implications for carbon markets (section 7)
- Comprehensive reference material, including a glossary and an annex tracking Article 6 agreements from COP26 through COP29.

Your Essential Article 6 Guide

This resource is an essential guide for all stakeholders along the carbon credit cycle — **project developers**, **investors**, and **buyers** - navigating the dynamic landscape of Article 6:

Project Developers

Gain an understanding of the frameworks for participating in Article 6 and what it means for other markets, maximizing potential revenue streams (and possible premiums) for the sale of credits from your carbon projects.

Investors

Stay informed on the implementation of Article 6 projects and infrastructure, crucial for accurately assessing risk, projecting costs, and forecasting the delivery timeline of compliance carbon credits.

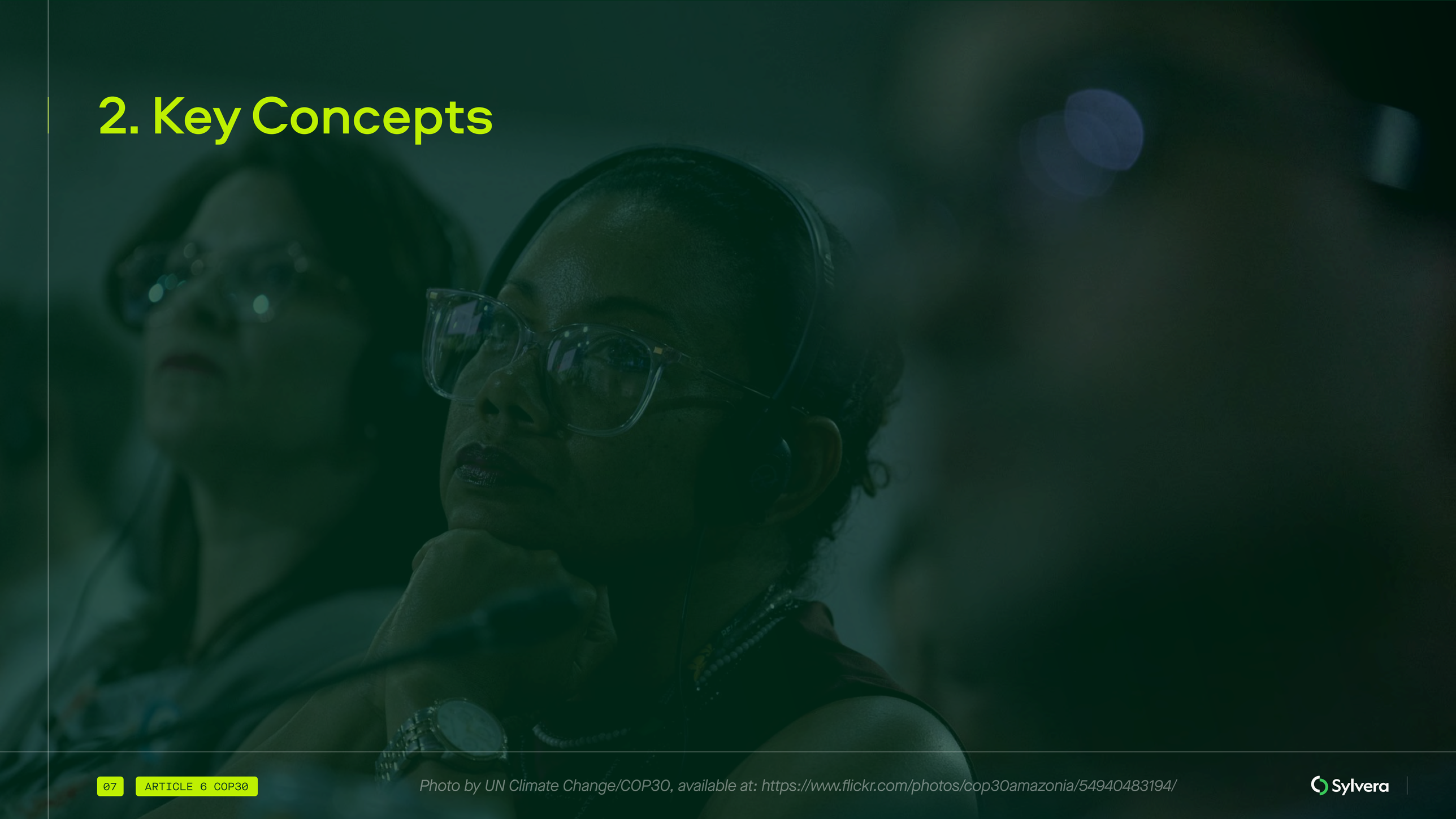
Buyers

Assess the potential risks and benefits of incorporating Article 6.4 carbon credits into your overall procurement strategy, and understand how Article 6.2 decisions influence other markets like the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and the voluntary carbon market (VCM).

If you have specific questions about climate policy and carbon markets, contact us to speak to our team of carbon market experts

Contact Us

2. Key Concepts



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Mechanisms Under Article 6

Article 6 of the Paris Agreement enables countries to cooperate to implement, achieve, and enhance their targets under the Paris Agreement (referred to as Nationally Determined Contributions or NDCs) through carbon markets (Articles 6.2 and 6.4) or non-market approaches (Article 6.8).

Article 6.2 guidance supports Parties to track, account for, and report on transfers of carbon credits between NDCs or other international markets, to avoid double-counting. The transferred reductions or removals, most of which are embodied in carbon credits, are known as Internationally Transferred Mitigation Outcomes (ITMOs).

Article 6.4 allows countries and private actors to issue and transact carbon credits through a new centralized mechanism governed by the UNFCCC called the Paris Agreement Crediting Mechanism (PACM), which replaces the Kyoto Protocol's Clean Development Mechanism (CDM). Carbon credits issued under Article 6.4 are called 6.4 Emissions Reductions (ERs), and depending on whether they are authorized or not (see next section), they are designated by the mechanism as either ITMOs or Mitigation Contribution 6.4ERs (MC6.4ERs), respectively.

A third mechanism, under Article 6.8, deals with 'non-market approaches', and is likely to involve donations and sharing expertise.

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Mechanisms Under Article 6

	Article 6.2	Article 6.4
Description	A framework for Parties to track, account for, and report on international carbon markets impacting their NDCs (as a host Party or using Party)	A centralized carbon credit certification mechanism administered by the UNFCCC
Example	Switzerland buys credits from a project developer in Ghana for use towards its NDC; Ghana accounts for these emissions reductions or removals as ITMOs.	Indonesia approves registration of a domestic project to issue 6.4ERs, which can be sold to state or non-state buyers, for a number of possible uses depending on Indonesia's Article 6.2 authorization (see page 31)
Credits	Varies—units from any domestic, bilateral, or international system, including PACM, may be accounted as ITMOs	Designated as ITMOs (if authorized per Article 6.2 guidance) Designated as M6.4CERs (if not 6.2 authorized)

The ultimate decision-making body for Article 6 is known as the CMA, or Conference of the Parties serving as the meeting of the Parties to the Paris Agreement. The CMA is an annual meeting held in the context of the COP (which is the Conference of the Parties to the UN Framework Convention on Climate Change, or UNFCCC). While "COP30" refers to the 30th meeting of the COP and "CMA7" refers to the 7th meeting of the CMA, "COP30" is a common shorthand reference to the events occurring during either or both of these meetings.

Authorization & Corresponding Adjustments

Article 6.2 addresses the risk of double-counting through corresponding adjustments (CAs), an accounting measure that prevents two countries or entities from each counting the same emissions reduction or removal.

A host country transfers emission reductions or removals for use by another country or toward international compliance (such as CORSIA) only if it has authorized the use of the underlying carbon credits and committed to applying a CA.

Application of a CA consists of increasing its national emissions ledger by the same amount as the authorized credits that the country's market actors have issued or their buyers have cancelled or retired.

For a full, in depth explainer, **see our article here.**

FAQ	Short explainer
What are CAs and LoAs?	A **Corresponding Adjustment** (CA) is how host countries account for transferred emission reductions to avoid double counting. A **Letter of Authorization** (LoA) is the formal document from the host country authorizing the transfer and committing to apply the CA.
When are LoAs and CAs required?	Required for credits used toward international compliance targets (NDCs, CORSIA) or certain domestic regulations (e.g., Singapore's carbon tax). Not required for voluntary market claims.
How are they documented and reported?	LoAs are issued by the host country's Designated National Authority and submitted to the UNFCCC in Initial Reports. CAs are reported biennially through Biennial Transparency Reports (BTRs).
When is a CA considered applied?	Only when the host country reports the adjustment in its public BTR submission and reflects it in their GHG emissions balance. Timing depends on the country's chosen "first transfer" trigger (issuance, authorization, or use).
What's the current global status?	Very few LoAs have been formally reported to date. Only 3 countries (Guyana, Zimbabwe, and Malawi) have completed the full accounting cycle by reporting applied CAs to the UNFCCC.
What is revocation risk and how to mitigate it?	The risk that a host country fails to apply the CA as committed, making credits unusable for compliance buyers. New Article 6 rules limit unilateral revocation after first transfer, and insurance products, buffer pools, and limiting eligibility to already-adjusted credits provide additional protection.
What are the typical costs?	Includes potential administrative fees from host countries, opportunity costs (host country forgoing NDC credit), and carrying costs for developers holding credits during uncertain authorization timelines.
Do CAs impact credit quality?	No. CAs are purely accounting mechanisms to prevent double counting. They don't affect the underlying project quality (additionality, permanence). Credits without CAs aren't lower quality, just not usable for international compliance.
What role do national registries play?	Emerging as central infrastructure for host countries to track projects, LoAs, and CAs. They ensure transparency and may enforce eligibility requirements, signaling which projects the country will authorize for international transfer.
How are carbon standards labeling credits?	No standardized approach yet. Each standard has developed its own labeling system or attribute tags to indicate CA eligibility, authorized uses, and CA application status.

SoP & OMGE

All 6.4ERs issued through the PACM will have two levies applied in order to (i) fund adaptation in developing countries, and (ii) ensure the mechanism overall results in a net negative, rather than merely stable, impact on global emissions. These levies are applied in the form of a proportion of the 6.4ERs issued, which go into registry accounts for these distinct purposes, rather than to the project proponent.

The first, 5%, known as a Share of Proceeds (SoP), goes towards the Adaptation Fund, a scheme to finance climate adaptation in developing nations. Projects located in Least Developed Countries (LDCs) and Small Island Developing States (SIDS) will be exempt from the SoP levy.

The second, 2%, is deducted so that all PACM projects contribute to an Overall Mitigation of Global Emissions (OMGE). In other words, carbon trading is not a zero-sum game but directly reduces emissions in addition to accelerating progress through cooperation.

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SoP and OMGE

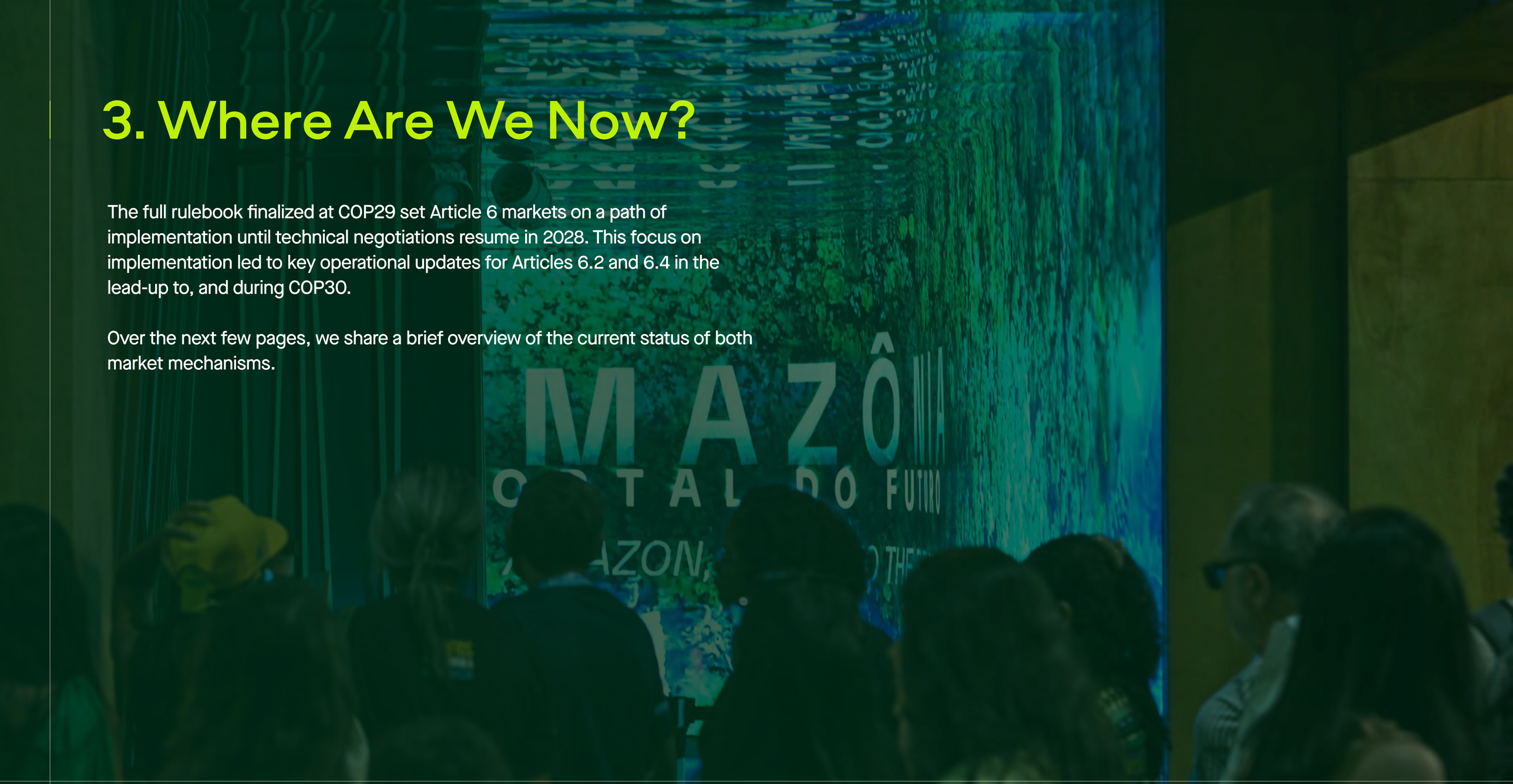
	Levy	Intent	Exemptions
Share of proceeds (SoP)	5%	Raise money for the Global Fund on Adaption.	Projects in Least Developed Countries (LDC) and Small Island Developing States (SIDS) - though they are invited to voluntarily apply to the levy.
Overall Mitigation of Global Outcomes (OMGE)	2%	Ensure that PACM results in net negative emissions overall.	None.

While these percentages are small, they do set a precedent for scaling further ambition. Although these contributions are not mandatory under Article 6.2, countries are encouraged to make them, and many already plan to do so in their Article 6 frameworks.

3. Where Are We Now?

The full rulebook finalized at COP29 set Article 6 markets on a path of implementation until technical negotiations resume in 2028. This focus on implementation led to key operational updates for Articles 6.2 and 6.4 in the lead-up to, and during COP30.

Over the next few pages, we share a brief overview of the current status of both market mechanisms.



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Article 6.2

Sylvera estimates a cumulative demand of **756M ITMOs till 2030.** One-third of this is expected to stem from Article 6.2 buyers, with the largest volumes likely to be purchased by Japan, New Zealand, South Korea, and Singapore. The remaining two-thirds of this demand is projected to come from international airlines operating under the CORSIA scheme. See chart on the following page for this demand visualization.

Authorizations and CAs: In 2025, five Letters of Authorization (LoAs) for projects were issued and submitted to the UNFCCC by Guyana, Zimbabwe, Tanzania, Honduras, and Thailand. Two additional LoAs from Togo and Ethiopia have been recorded in the Gold Standard and Verra registries, respectively, for the underlying projects, but not yet submitted to the UNFCCC.

Palau, Maldives, and Tunisia have submitted authorizations to the UNFCCC recognizing Japan's Joint Crediting Mechanism (JCM) as the source of ITMO supply, but have not issued LoAs for specific projects or activities. The period also witnessed two Parties—Zimbabwe and Malawi—submit regular information to the UNFCCC, either as an Article 6.2 Regular Information Report or a Biennial Transparency Report (BTR).

The reports contain some information on CAs, which will next undergo technical expert review.

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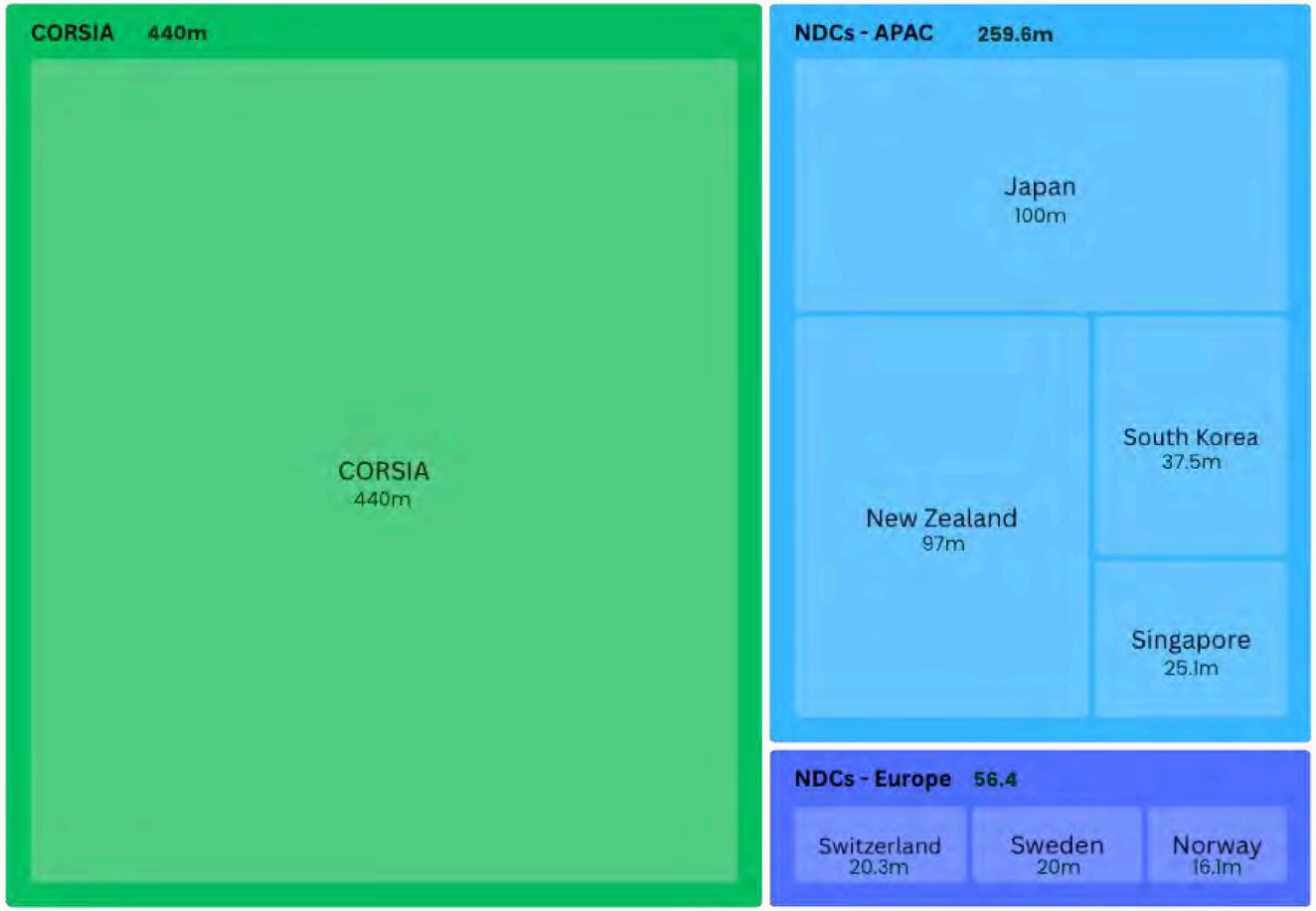
ITMO Demand & Supply

Cumulative expected demand to 2030: ~756 million ITMOs



Demand could be *higher* because

- New buying countries could enter the picture
- Aviation sector emissions could rise faster than expected

Demand could be *lower* because

- Prospective buying countries do better than expected against their NDCs
- Prospective buying countries opt to fall short on their NDCs
- A shortage of corresponding adjustments means supply cannot meet demand

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Article 6.2

ITMO procurement and transfers: Marking the first real move toward purchasing Nature-based solutions (NbS) credits under Article 6.2, Singapore's National Climate Change Secretariat (NCCS) announced the selection of four Verra projects to procure 2.175M NbS carbon credits within the Paris Agreement framework. This commitment was quickly followed by a joint action with Peru, where the two governments launched a call for projects. Also, COP30 witnessed the second-ever transfer of ITMOs between Japan and Thailand, following the first one between Switzerland and Thailand in January 2024.

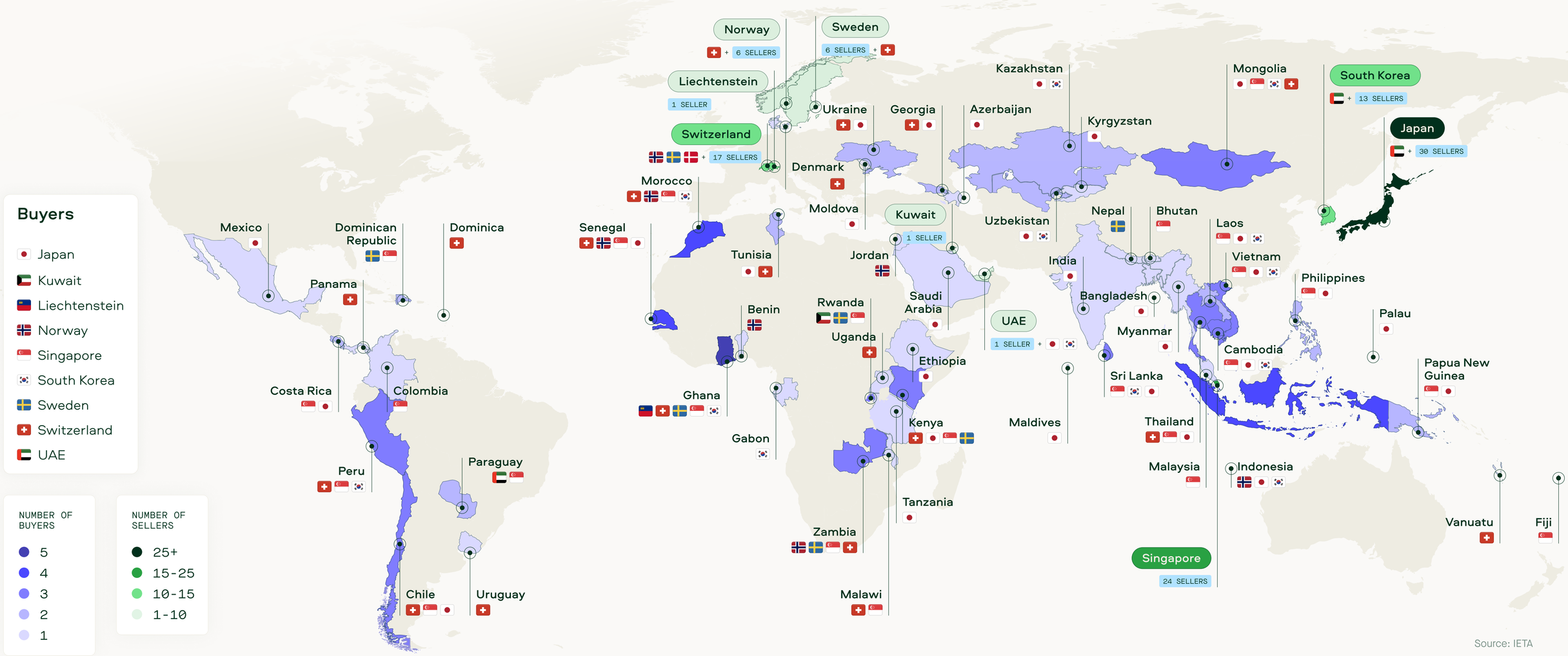
Deal progression: Between COP29 and COP30, 15 Article 6.2 deals progressed, either as early-stage Memoranda of Understanding (MoUs) or final Implementation Agreements (IAs). Switzerland and Singapore accounted for the highest number of these deals on the buyer side. Nonetheless, Japan maintains the lead for the highest number of finalised agreements overall, which have been signed through the JCM, which was established in 2013.

At least five additional cooperative approaches were negotiated at COP30, with Switzerland signing IAs with Zambia, Mongolia, and Uganda, Norway signing a final agreement with Senegal, and a Singapore-Malawi MoU.

At the time of writing, there are over 100 Article 6.2 bilateral agreements (see map infographic on the following page).

The implementation of these agreements depends heavily on evolving Article 6 strategies.

Article 6.2 Government-to-Government IAs and MOUs Around the World



Source: IETA

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Article 6.2

Strategic Initiatives: Three key coalitions were launched at COP30, of relevance to carbon markets.

- COP30 host Brazil launched the **Open Coalition for Compliance Carbon Markets** with 18 members, aiming to establish a common accounting standard and link different national carbon credit trading systems to enhance the liquidity and transparency of their compliance mechanisms. The Open Coalition will also consider the role of high-integrity carbon credits that are aligned with standards and guidance under Article 6, potentially strengthening avenues for carbon credit usage in domestic compliance schemes.
- The **Article 6 Ambition Alliance (AAA6)** was launched by Switzerland and eight other countries at COP30 to bridge the ambition gap by encouraging governments to buy ITMOs for uses other than NDCs. This is likely to impact host countries' Article 6 strategies and, in turn, influence ITMO supply.
- The **Coalition to Grow Carbon Markets,** launched at London Climate Action Week in June 2025, published six shared principles for the voluntary use of carbon credits with high environmental integrity and strong co-benefits, together with transparent disclosure and claims. The Coalition also grew in membership at COP30, with Canada, Luxembourg, New Zealand, Peru, Switzerland, and Zambia joining the founding members Kenya, Singapore, the UK, France, and Panama.

New players: The latest round of NDCs 3.0 features renewed commitments from several countries regarding engagement with Article 6. Bolivia's updated NDC is noteworthy given its historical stance; the country has traditionally rejected carbon markets—most notably by proposing an Article 6 moratorium at COP28—in favor of non-market mechanisms as outlined in Article 6.8.

Article 6.4

Although the core standards for methodologies and removals under PACM were adopted by the Supervisory Body (SBM) ahead of COP29 (2024), those standards could not be fully operationalized in practice because all the requisite operational details still needed to be defined. The SBM continued its crucial work in 2025:

Core standards adopted: The SBM adopted standards for additionality, leakage, baseline setting, and permanence, completing the core carbon-related criteria for PACM methodologies.

Permanence standard outcome: The latest permanence standard (adopted in October 2025) was highly contentious. Earlier drafts, which imposed 'indefinite' monitoring and liability to compensate for reversals, alongside impractical conditions intended to ease these requirements, would have effectively ruled out NbS.

The final version adopted by the SBM moves away from restrictive blanket rules, which could enhance the viability of NbS under the PACM, depending on how these rules are applied in practice.

For example, the new standard allows for permanence timeframes and appropriate risk mitigation measures to be determined at the level of individual PACM methodologies, a decentralized approach without precedence in existing carbon credit certification mechanisms. Implementation also remains contingent upon a reversal risk tool being developed and adopted by the SBM in 2026.

First PACM methodology: In the week before COP30, the SBM approved the first PACM methodology, AMM001 for landfill gas projects, signaling that landfill gas projects are positioned to be the first to transition from the former CDM to the PACM.

Sylvera's blog offers a deeper dive into the CDM to PACM transition **- read it here.**

4. In Depth: What Did COP30 Discuss on Article 6?

Though COP30 was not set up for technical Article 6 negotiations, key agenda items included a) the Article 6.2 Annual Report from the UNFCCC Secretariat, including a synthesis of outcomes of the Technical Expert Reviews (TER) of Parties' Article 6.2 reports, and b) the Annual Report of the Article 6.4 SBM on the implementation of the PACM.

Discussion on these topics surprisingly progressed into countries proposing to revisit conversations that had been definitively closed following intense debates at the previous COP. Fortunately,the final texts agreed upon do not introduce technical guidance, and new issues were scheduled for future discussion in 2028.

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Key Outcomes On Article 6.2

- **Ambition dialogue:** COP30 hosted the second Article 6.2 ambition dialogue—a discussion forum for Parties and observers to share experiences with Article 6.2 implementation and opportunities to enhance ambition in the implementation and achievement of NDCs.

  These discussions touched on experiences and observations ranging from early Party reporting and review efforts to capacity-building to possible areas of improvement for Article 6.2 guidance itself. Some ideas floated in this dialogue surfaced later in CMA7 consultations; it is likely to continue to offer clues as to Parties' thinking and priorities ahead of the 2028-2030 review of CMA's Article 6 technical decisions.

- **New guidance:** Despite not being a technical negotiation, attempts were made to introduce more detailed guidance to govern Article 6.2 trades. This included, for instance, efforts to introduce more explicit sequencing in the Article 6.2 reporting and review process. However, no new rules for or guidance to Parties were included in the final Article 6.2 decision, preserving confidence in existing guidance on voluntary cooperation.

- **First round of TERs:** The Article 6.2 Annual Report summarised the first set of TERs completed by TER teams (TERTs) in coordination with the UNFCCC Secretariat. It assessed the initial reports submitted by six Parties: Ghana, Guyana, Suriname, Switzerland, Thailand, and Vanuatu. Inconsistencies were identified across all six reports (please note the Secretariat is in the process of publishing the updated TER for Suriname).

  Common inconsistencies: All six Parties' reports were found to contain inconsistencies in four main areas:
  - Arrangements for authorizing ITMOs
  - Arrangements for tracking ITMOs.
  - Detailing how the Article 6.2 cooperative approach contributes to the Party's NDC implementation.
  - Specifying the Party's chosen method for applying CAs consistent with Article 6.2 guidance.

  Debate on 'persistent inconsistencies': Some Parties proposed that 'persistent inconsistencies' identified by the TER should be a basis for blocking the transfer of ITMOs. This proposal did not reach consensus.

  Final decision on TERs: The final Article 6.2 decision instead encourages country Parties to rectify the inconsistencies flagged in the TERs. It also requests the TERs to provide both an explanation and recommendations for how to address these inconsistencies.

Key Outcomes On Article 6.2

- **Registry infrastructure:** The UNFCCC Secretariat released procedures for an international registry under Article 6.2 in June 2025, with an interim version anticipated by late 2025 or in 2026. While 61 country Parties have expressed interest in using this registry instead of setting up their own national infrastructure, the Article 6.2 Annual Report notes that the Secretariat faces capacity and resource gaps. Parties requested that the Registry Administrators Forum be given the opportunity to provide input on the registry procedures.

- **Capacity building:** The CMA directed the Secretariat to develop a capacity-building program intended to help developing countries build the necessary infrastructure to participate in Article 6.2 and aid in achieving their NDCs. A significant challenge for the supply of ITMOs is the readiness of host Parties; Sylvera's Country Profiles indicate that only seven Parties are assessed as having high to very high readiness to authorize, track, and adjust ITMOs. Capacity-building support could be critical to addressing this challenge.

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Key Outcomes On Article 6.4

- **CDM transition approval extension:** Host country Designated National Authorities (DNAs) must approve the transition of projects from the CDM to the Article 6.4 PACM. Given that only 101 projects or 6% of projects that requested transition have received this DNA approval to date, the CMA extended the original approval deadline by six months to 30 June 2026 to allow more projects to secure this necessary sign-off.

- **CDM wind-up and fund transfer:** The Article 6.4 decision welcomed the agreement by the CMP20 (the body of Parties to the Kyoto Protocol) to close the CDM by the end of 2026, and transfer USD 26.8M from the CDM Trust Fund to the PACM to address the latter's critical funding shortages, which are critical for its implementation.

- **PACM methodology advancements:** The Article 6.4 decision 'took note' of the first PACM methodology developed for landfill gas projects and published in the week prior to COP30. It also 'took note' of the standards for additionality, leakage, baseline setting, and permanence, adopted by the SBM earlier in the year.

- **Role of NbS:** During CMA.7, some Parties attempted to explicitly address the role of NbS projects under PACM, particularly forestry, following frustrations with the development of the permanence standard (details in section 3). However, these proposals did not materialize; rather, the CMA maintained focus on providing guidance to the SBM rather than directly tweaking PACM rules and requirements.

- **PACM prioritization:** Though not featured in the final decision, the CMA considered the need for guidance on large-scale crediting approaches, referring specifically to jurisdictional REDD+ and jurisdictional energy transition activities within PACM. However, Parties identified that these approaches are already slated for the 2026 work program, so the Article 6.4 decision focused instead on urging the SBM and MEP to prioritize the revision of CDM methodologies to facilitate the transition of CDM projects to PACM.

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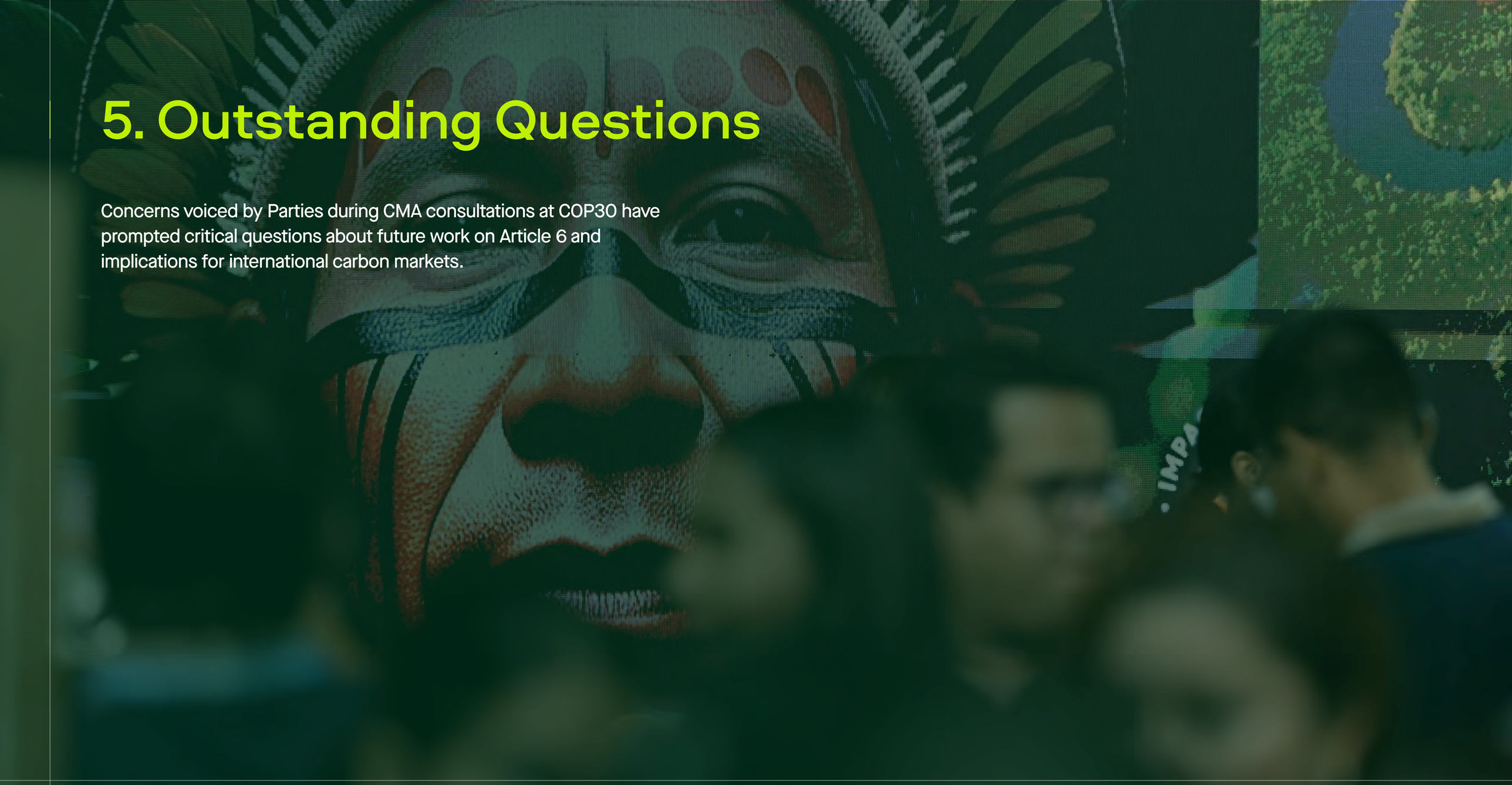
5. Outstanding Questions

Concerns voiced by Parties during CMA consultations at COP30 have prompted critical questions about future work on Article 6 and implications for international carbon markets.



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PACM Governance

While PACM has crossed key milestones in the past year, questions persist regarding the SBM's governance arrangements and its accountability to Parties and public stakeholders. Chief among these concerns is the SBM's approach to the adoption of standards for PACM activities.

CMA3 at COP26 (Glasgow, 2021) originally requested the SBM to recommend, for CMA's adoption, two core PACM standards supporting methodology development and activities involving removals. However, in 2022-2023, CMA proved unable to negotiate the technical details of and adopt the removals standard recommended by the SBM.

At COP29 (Baku, 2024), a novel approach evolved—adopting the standards first at the SBM level, then recommending that the CMA "take note" of this SBM decision rather than adopting the standards directly.

CMA consented to this approach, based on SBM rationales regarding the need to maintain the PACM's implementation timeline and for a more responsive decision-making approach to future revisions, to take account of lessons learned.

What began last year has sustained through COP30, with the CMA again 'taking note' of PACM standards adopted by the SBM.

The CMA's choice of language again avoided outright approval of PACM standards—which means that the standards are open to future renegotiation and revision based on a simple majority vote of SBM members and with minimal accountability to Parties for PACM's core technical requirements.

This procedural ambiguity renders PACM's foundational standards more responsive to near-term market developments, but also vulnerable to arbitrary revision and instability for investors and project developers. To date, PACM has offered no effective safeguards against unprompted changes to the core requirements for methodologies and removal projects.

Adding to the instability are questions surrounding the composition of PACM bodies, such as the MEP. Specific concerns include a lack of clearly defined conditions to prevent or even confidently isolate conflicts of interest, or whether procedures are needed for the SBM to indicate how public inputs were considered.

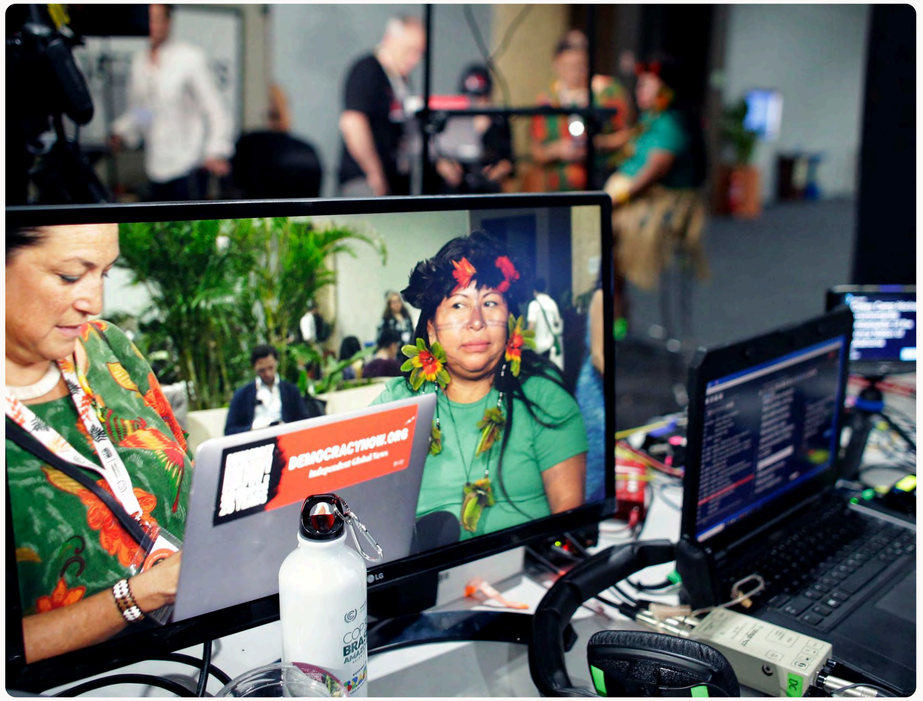
The CMA has requested or encouraged the SBM to consider these aspects in its 2026 work. The outcome of this work may be critical to PACM's approval for the First and Second Phases of CORSIA, as transparency in governance and procedures for the consideration of public comments are core eligibility criteria.

What Can Be Authorized Under Article 6.2?

COP30 once again battled attempts to define the scope of Article 6.2 trades, with proposals seeking to both restrict it and expand it. One suggestion aimed to disqualify ITMOs from Article 6.2 approaches for which 'persistent inconsistencies' were identified. Other Parties argued that with only a few TERs completed, which may not be representative of all Article 6.2 approaches, it was premature to introduce punitive measures.

Elsewhere, proposals to recognize REDD+ results reported under Article 5.2 of the Paris Agreement as a formal Paris Agreement crediting “mechanism” resurged, a move that could compromise the integrity of the system absent additional certification provisions. Neither of these proposals ultimately prevailed, leaving a delicate balance to be struck between maintaining the integrity of ITMOs and avoiding overly restrictive rules.

Additionally, a question arose as to whether yet-to-be-issued carbon credits can be authorized as ITMOs. Most Article 6.2 authorizations provided to date have been for emissions reductions or removals that will occur and be issued as credits in the future; it is these verified outcomes that can only be transferred upon issuance. Ultimately, this flexibility was maintained. It allows for authorizations to incentivize the development of new mitigation activities and limits off-take risk due to LoAs that are only issued last-minute or ex-post.



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Article 6 Resource Crunch

The final decisions for both Article 6.2 and 6.4 note funding gaps in the implementation and advancement of centralized resources to support these systems. For Article 6.2, the CMA notes a USD 8M shortfall in the required budget for 2026-2027, which covers the international registry, TERs, and global and regional capacity-building by the secretariat.

The Subsidiary Body for Implementation (SBI) is now tasked with considering how to provide for the long-term funding for Article 6.2. SBI will restart these technical negotiations in June 2026, starting from a paper to be refined by the UNFCCC secretariat, and is expected to make recommendations for the CMA's consideration during COP31.

Article 6.4 also faces a critical funding gap for its 2026-2027 work program, but the deficit has not been quantified in the relevant decision. The SBM is requested to explore additional funding sources with the support of the UNFCCC secretariat, while taking note of the resources being transferred from the CDM Trust Fund.

A previously considered, though dismissed, solution for funding Article 6.2's operational costs—such as the international registry and the database—was to implement administrative fees for the use of these centralized systems. While these fees are a typical way to fund crediting mechanisms (like those already applied under the PACM for functions like project registration and issuance), their implementation under Article 6.2 risks increasing costs for carbon market participants. Many of the carbon credits authorized and accounted for under Article 6.2 will have already incurred similar administrative fees in their underlying crediting mechanism or registry, and also for the Host Party's authorization process.

6. What’s Next For COP31?

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What's Next For COP31?

In the lead-up to COP31 in **Antalya, Türkiye** will serve as the official host country and hold the COP Presidency. However, in a unique arrangement, Australia's Climate Change Minister is expected to assume the role of President for Negotiations—a move intended to keep the interests of Australia and the Pacific Islands central to the talks.

The following items remain for consideration:

It is also anticipated that more host countries will accelerate their implementation of Article 6 in 2026, resulting in the issuance of more LoA and reporting of more CAs, and the approval of more projects transitioning from the CDM to the Article 6.4 PACM, or newly registering under PACM.

- Development of the reversal risk assessment tool by MEP and SBM for PACM projects with non-permanence risks
- Development of new PACM methodologies by MEP and SBM, revision of CDM methodologies, and approval of methodologies submitted to them
- Detailed guidance for large-scale crediting approaches (such as jurisdictional REDD+, jurisdictional energy transition) under PACM
- Development and operation of the Article 6.2 international registry and PACM crediting registry by the UNFCCC secretariat
- SBI's development of recommendations on long-term funding for Article 6.2, for CMA consideration during COP31
- Expanded capacity-building program to engage more countries under Article 6.2, accompanied by more detailed 6.2 TER reporting
- Ambition Dialogues in June 2026 and at COP31, for Parties and observers to continue exploring how Article 6.2 participation can promote NDC ambition
- A one-off session during COP31 dedicated to unpacking the findings of Article 6.2 TERs and the secretariat's annual report on 6.2 implementation

7. What Does This All Mean For Carbon Markets?

The outcomes of COP30 impact the entire carbon market—spanning international, domestic, voluntary, and compliance regimes—reflecting the increasing links and convergence among these systems.

The immediate focus is now on operation and implementation, with atmospheric and social integrity serving as the non-negotiable common denominator for all market participants.

If you have specific questions about climate policy and carbon markets, contact us to speak to our team of carbon market experts

Contact Us

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What Does This All Mean For Project Developers?

COP30 outcomes and impact

PACM standards adoption and project type prioritization: Clarity on the requirements that will be enforced in the medium term.

Extended CDM transition deadline: Opportunity to continue to move legacy CDM activities to the PACM.

More detailed Article 6 reviews: Greater emphasis on adherence to the full suite of reporting and accounting rules in 6.2 guidance and attention to 6.2 TER findings in 2026, when Parties are again expected to submit biennial NDC reports reflecting CAs. Parties and media are less likely to excuse errors and omissions in round 2.

Common denominator: Integrity

Consider integrating into project design relevant provisions from the new PACM standards, to support market acceptance and, for transitioning CDM activities, eligibility to certify future ERs under PACM.

Developers should consider the transition opportunity in the context of 1) the global push to address the generally low quality of older CDM methodologies; 2) the limited (5-year) timeframe for issuing ERs based on CDM methodologies and baselines.

Developers and others supporting host Parties to develop LoAs must pay close attention to 6.2 requirements; promote the use of templates, complete Party reports, and accurate accounting.

What Does This All Mean For Investors?

COP30 outcomes and impact

Formal 'taking note' of Article 6.4 standards and CDM Fund transfer: Reduces operational uncertainty by signalling the standards that apply to near-term implementation; further work on PACM governance and transparency is worth following.

CDM to PACM transition priorities are clearly outlined, supporting investment decisions.

Common denominator: Integrity

Increased investor confidence due to the focus on integrity and consistency in the implementation of the mechanism.

Investors should remain attentive to work on SBM governance (on standard stabilization, transparency, conflicts of interest) and CDM transition, including any excessive revision of recently-adopted standards or further deadline extensions.

What Does This All Mean For Buyers?

COP30 outcomes and impact

Clarity on Article 6.2 scope: Allows for the refinement of procurement strategies.

COP30 discussions indicate that buyers involved in Article 6.2 transactions might face future uncertainty stemming from the treatment of persistent reporting inconsistencies due to Parties' heightened focus on reviews.

Common denominator: Integrity

Integrity is the central procurement criterion, and government coalitions are stressing this.

Buyers are increasingly demanding third-party assessments (e.g., ratings) and harmonization with established integrity initiatives even outside Article 6 (e.g., ICVCM).

8. Glossary

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Glossary

Corresponding adjustment - CA

The accounting mechanism built into Article 6 to avoid double counting. The amount of emissions traded are subtracted from the buyer's NDC and added to the seller's NDC.

Clean Development Mechanism - CDM

One of the mechanisms of trading carbon under the Kyoto Protocol.

Certified Emissions Reduction - CER

Credits issued under the CDM.

Carbon Offsetting and Reduction Scheme for International Aviation - CORSIA

International scheme for the aviation industry to achieve carbon neutral growth. Implemented in phases, with the compliance phase starting in 2027.

Internationally transferred mitigation outcome - ITMO

Carbon transferred between countries under Article 6.2.

Mitigation Contribution 6.4 Emissions Reductions - MC 6.4ERs

Carbon credits issued under the Article 6.4 mechanism, which have not been authorized by the host country to have a Corresponding Adjustment applied. This has implications for use, see page 9.

The Kyoto Protocol

The first major international climate-related treaty signed as part of the UNFCCC in 1997 and in force from 2005-2020.

Nationally determined contributions - NDC

Each country which is a party to the Paris Agreement must submit an NDC, which includes its emissions targets at least up to 2030 and steps to achieve it. These must be resubmitted every 5 years, with increasing ambition

Other International Mitigation Purposes - OIMP

Carbon traded between a country and another international compliance scheme, such as CORSIA.

Overall Mitigation of Global Emissions - OMGE

Every trade under Article 6.4 has an automatic cancellation of 2%, to ensure that as a whole, the mechanism contributes to global emissions falling.

The Paris Agreement

The latest UNFCCC treaty, agreed in 2015 at COP21 to replace the Kyoto protocol.

The UNFCC's Subsidiary Body for Scientific and Technological Advice - SBSTA

Body of the UNFCCC that advises countries on the implementation of Article 6, among other things.

Share of Proceeds - SoP

Every trade under Article 6.4 has an automatic cancellation of 5%, to raise funds for the Adaptation Fund, a scheme to finance climate adaptation in developing nations.

United Nations Framework on Climate Change - UNFCCC

An international treaty agreed in 1992 which underpins all global climate diplomacy, including the Paris Agreement. The UNFCCC has the ultimate aim of preventing "dangerous" human interference with the climate system.

Voluntary Carbon Market - VCM

The forum for carbon to be traded for purposes not required by national or international policies and regulations. For example, companies that want to voluntarily offset their emissions can purchase carbon credits via VCM.

Article 6.4 Emission Reduction - 6.4 ER

The carbon credits issued under Article 6.4 of the Paris Agreement.

Article 6.4 Methodology Expert Panel - MEP

The UNFCCC body supporting the development of methodological standards and guidelines under Article 6.4.

6.4 Supervisory Body - SBM

The UNFCCC body advising countries on the implementation of Article 6.4.

9. Annex - Article 6 at Previous COPs

Each year, the countries that have signed up to the Paris Agreement meet at COP, which stands for the ‘Conference of the Parties to the UNFCCC’, the framework treaty under which the Paris Agreement sits.

The first breakthrough on Article 6 was at COP26 back in 2021, with further progress made at COP27, COP28(informally), and culminating in a milestone at COP29. This Annex provides a brief history of these four COPs, which provide crucial background to what was finalised at COP30 (see section 4).

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What Happened At COP26?

Not only was Article 6 signed at COP26, but we also got some early clarity on how these mechanisms will work and how they relate to wider climate policies.

Article 6.4 is the successor to the Clean Development Mechanism (CDM)

The precursor to the Paris Agreement, the Kyoto Protocol, had its own carbon trading mechanisms, including the CDM. Although the CDM issued a huge number of credits, many of which are still available on the market today, it has been criticized by some countries for having a patchy record on environmental integrity. Specifically, it has been accused of allowing “hot air”, or poor-quality credits, to be issued and traded.

Some countries have long argued that a new mechanism should be created to replace it and learn from its successes as well as its shortcomings. The Article 6.4 mechanism will hopefully be able to achieve this.

Some CDM credits will be carried over, but they will be easily distinguishable.

The controversial question of whether credits from the CDM, known as Certified Emissions Reduction (CER) units, would be carried over into the new Article 6.4 system was finally settled in Glasgow.

A limited amount of these credits can be carried over, provided they were issued by projects registered after 1 January 2013. They will be clearly labeled and their use will be restricted. Some countries have argued that none of these credits should be carried over, due to concerns about their environmental integrity, and many of these countries have ruled out purchasing them.

What Happened At COP26?

Two bodies oversee the implementation of Article 6

Two distinct bodies make recommendations on two sets of questions to the COPs, which then make the final decisions. The two bodies are the new Supervisory Body for the Article 6.4 crediting mechanism and the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA).

The membership of the 6.4 Supervisory Body (SBM) was finally agreed in July 2022 after much wrangling, and was able to present some draft texts at COP27, but was limited by the short timeframe it had to achieve its objectives. In 2023 it was able to make more progress and presented draft texts to COP28, but these were not accepted.

The new Article 6.4 Supervisory Body (SBM) will:	The Subsidiary Body for Scientific and Technological Advice (SBSTA) will report on:
Review CDM accreditation standards and procedures.	Whether avoided emissions projects should be allowed to count towards NDCs and any other claims.
Establish new procedures and methodologies for the mechanism to replace the CDM.	How CAs should work.
Make recommendations on projects relating to greenhouse gas removals, such as afforestation and reforestation projects.	How the automatic cancellation of credits that lead to SoP, AF, and OMGE should work.
	What the special circumstances for Least Developed Countries (LDCs) and Small Island Developing States (SIDs) should be.

What Happened At COP27?

After COP26's breakthrough deal, the work on Article 6 at COP27 focused on agreeing the technical details necessary for implementation. Among the procedural decisions, there were also debates that reflected the divergence in countries' fundamental vision of what market mechanisms should look like.

Some of the outcomes most likely to affect carbon markets included:

The first transfer under Article 6.2 was authorized

Even ahead of COP26 countries such as Switzerland had started to agree specific partnerships in anticipation of a deal on Article 6. Since the details of Article 6.2 were first agreed, countries have continued to sign agreements and memoranda of understanding (MOUs). At COP27, Ghana announced they had authorized the first transfer of ITMOs to Switzerland. This reflects that although the exact details of the mechanism are still being ironed out, there are no barriers to Article 6.2 cooperation starting now.

Some rules for CDM transitions were clarified

Projects that wish to transition from the CDM to the Article 6.4 mechanism now have clarity on the process they must follow.

The standard and procedure for transition will be effective from 1 January 2024.

The issue of authorization and Corresponding Adjustments remained a hot topic for Article 6.2, and for 6.4, leading to a new category of credits.

What Happened At COP27?

Ultimately, the draft language on this was removed from the final text, as no agreement was reached.

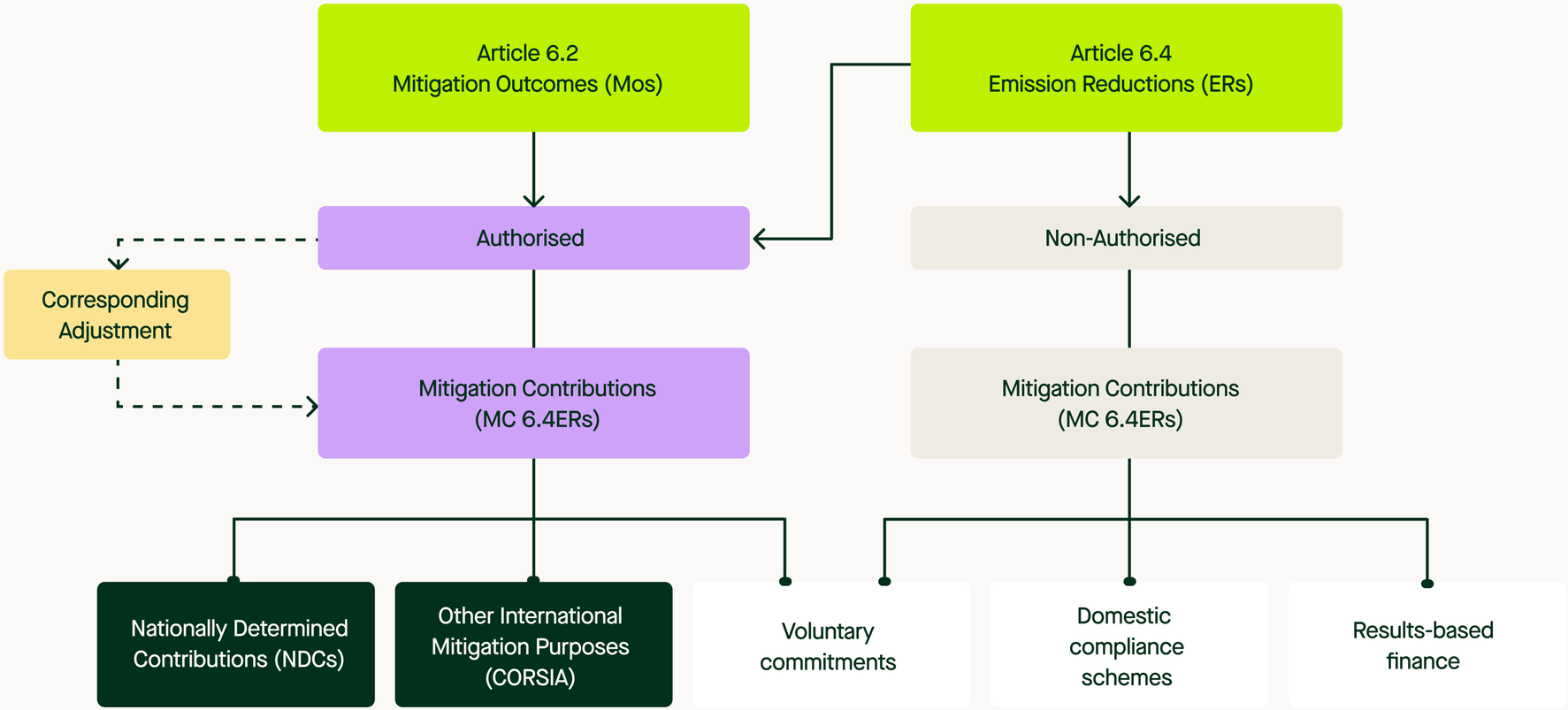
The existing 6.4 guidance did not require all credits to be authorized and have a CA applied. There was much debate about this in and around the COP27 negotiations, especially as this will have significant implications for how these credits can be used and what claims can be made. These agreements are very likely to have impacts on claims and norms in the VCM too.

It was agreed that 6.4ERs to be used towards NDCs or for OIMP must be authorized and have a CA applied. Non-authorized 6.4ERs are now also known as “mitigation contribution 6.4ERs” or 6.4 MCERs. These will still have the same fees applied, as well as SoP and OMGE cancellations, but cannot be used for mechanisms such as CORSIA or towards the buyer’s NDC.

The agreed text lists how they can be used: “inter alia, for results-based climate finance, domestic mitigation pricing scheme, or domestic price-based measures.” The key term here, which has already been poured over, is inter alia - a legal term meaning ‘among other things’. So, although the list focuses on domestic uses, it does not rule out the international transfer of 6.4 MCERs, as long as they are not used for international compliance purposes. As it stands, it is understood that 6.4 MCERs also cannot be used for offsetting purposes.

This seemingly very technical dissection of the legalese actually has fundamental implications for the future of carbon markets. The claims that buyers can make from using carbon credits are what determines the demand for them. What is ultimately decided for 6.4 is likely to be reflected in VCMs too.

International transfer of carbon credits under Article 6



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What Happened At COP28?

Compared to the low expectations before COP28, the early win for the Loss and Damage Fund and groundbreaking inclusion of language to ‘transition away from fossil fuels’ were successes.

COP28 was a good COP for the VCM

A roundtable on Finance Day that featured US climate envoy John Kerry and ministers from Singapore, the UK, Ghana and Indonesia, marked the most substantial political endorsement the VCM has yet received. In addition to John Kerry, other influential figures, including EU Commission President Ursula von der Leyen and former UK Prime Minister Tony Blair, championed efforts to revive the market as a pivotal means of driving investment toward real climate solutions that would otherwise go unfunded.

The VCM landscape saw many other promising announcements and proposals, including guidance from the CFTC, solidifying carbon credits’ position as an important emerging commodity class, and a Consultation Report from IOSCO to promote the integrity and orderly functioning of VCM, adding another level of trust and financial integrity to the market.

Crucially, prominent entities like SBTi, VCMI, GHG Protocol and ICVCM joined forces to establish an End-to-End Integrity Framework, which more clearly outlines how they collectively guide the voluntary decarbonization journey. For corporates, this will provide clarity on how carbon credits fit into their overall net zero strategies and should build confidence in investing in the market.

Other prominent VCM commitments included:

- John Kerry also shared updates on the Energy Transition Accelerator, set to be fully operational by Earth Day 2024 and mobilize up to $200 billion in energy transition finance for developing countries by 2035.
- The LEAF Coalition announced groundbreaking emissions reduction purchase agreements with Costa Rica and Ghana, amounting to over $60 million.

What Happened At COP28?

Challenges and Limited Progress in Article 6 Negotiations

Article 6 negotiations proved more fractious than anticipated, with disagreements on technical issues like the relationship between different registries and the format for declaring trades.

While the operationalization of Article 6.4 was once again delayed Article 6.2 implementation continued while waiting for consensus on key issues and a final text.

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What Happened At COP29?

After COP28's successes for the VCM, COP29 brought Article 6 markets into focus, as it saw an agreement from all parties on the final texts for Articles 6.2 and 6.4.

Article 6.2 key developments

The term cooperative approach remained undefined after much debate, allowing for flexible interpretation and the participation of actors who are not party to the Paris Agreement, such as the private sector.

The UNFCCC Secretariat agreed to publish a template for LoAs, including a list of essential elements. It was also agreed that changes to authorization, including revocation, will not be permitted once ITMOs have been transferred.

The functionality of the international registry was confirmed as a pull-and-view database that merely consolidates data from national registries, with an option for countries to request additional services, such as track and issue functions.

The text on the technical expert reviews of Article 6.2 approaches was agreed upon, laying the foundation for further advancements at COP30.

Article 6.4 milestone

On the first day of COP29, the CMA endorsed the standards for methodologies and removals as adopted by the SBM, effectively operationalizing the Paris Agreement Crediting Mechanism (PACM), despite some lingering concerns on the approval process.

The link between the to-be-established PACM registry and the international registry under Article 6.2 and other national registries was clarified.

The Article 6.4 text provided for Least Developed Countries (LDCs) and Small Island Developing States (SIDS) to be exempt from the 5% Share of Proceeds (SoP) contribution that PACM projects are subject to.

It was announced that Article 6.4 would not be on the official CMA agenda until 2028.

What Happened At COP29?

Obstacles along the way

The negotiations leading up to the adoption of the PACM standards for methodologies and removals were fraught with disagreement. While the ultimate adoption of the standard was celebrated by many, some market actors remained concerned about procedural deviations in the CMA's endorsement of the standards, in particular, anticipating new yet related challenges in the future.

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About Sylvera

Founded in January 2020, Sylvera is the global leader in bringing trust, transparency, and rigor to carbon market data. Our platform empowers governments, investors, and corporates to make high-integrity climate decisions at scale.

Sylvera plays a pivotal role in Article 6 engagement, supporting both buyers and sellers. On the demand-side, Sylvera assists entities like the government of Singapore in sourcing high-quality carbon credits for their climate targets, has developed the first Article 6.2 rating, and its Country Risk Profiles assess host countries Article 6 readiness to inform procurement strategies.

On the supply side, Sylvera's Carbon Data Access Partnership (CaDAP) with the UNDP provides African governments with free world-leading carbon credit data, fostering their readiness for Article 6.

Find out more about Sylvera.

If you have specific questions about climate policy and carbon markets, contact us to speak to our team of carbon market experts

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