

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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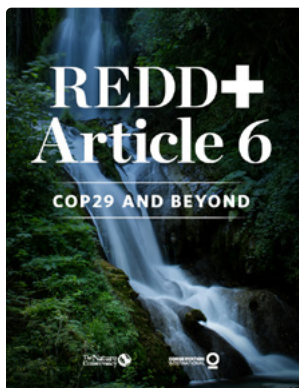
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Companion Reports



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	VCMI	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—imper-

fect as some may be—are firmly established, providing much-needed certainty for countries, investors, and stakeholders to advance their cooperative approaches.

But the real work begins now: Only one country-to-country transfer has been concluded under Article 6.2 between Switzerland and Thailand, mostly due to limited domestic regulation and uncertainty around NDC progress. However, many countries are full speed ahead in developing domestic frameworks to participate in Article 6.¹ Meanwhile, 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 meet regularly and are expected to soon approve the first methodologies accepted under Article 6.4. They will also address critical technical rules that will define what types of projects will be eligible and shape the scope and feasibility of carbon market investments in various sectors.

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 domestic 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 the VCM.



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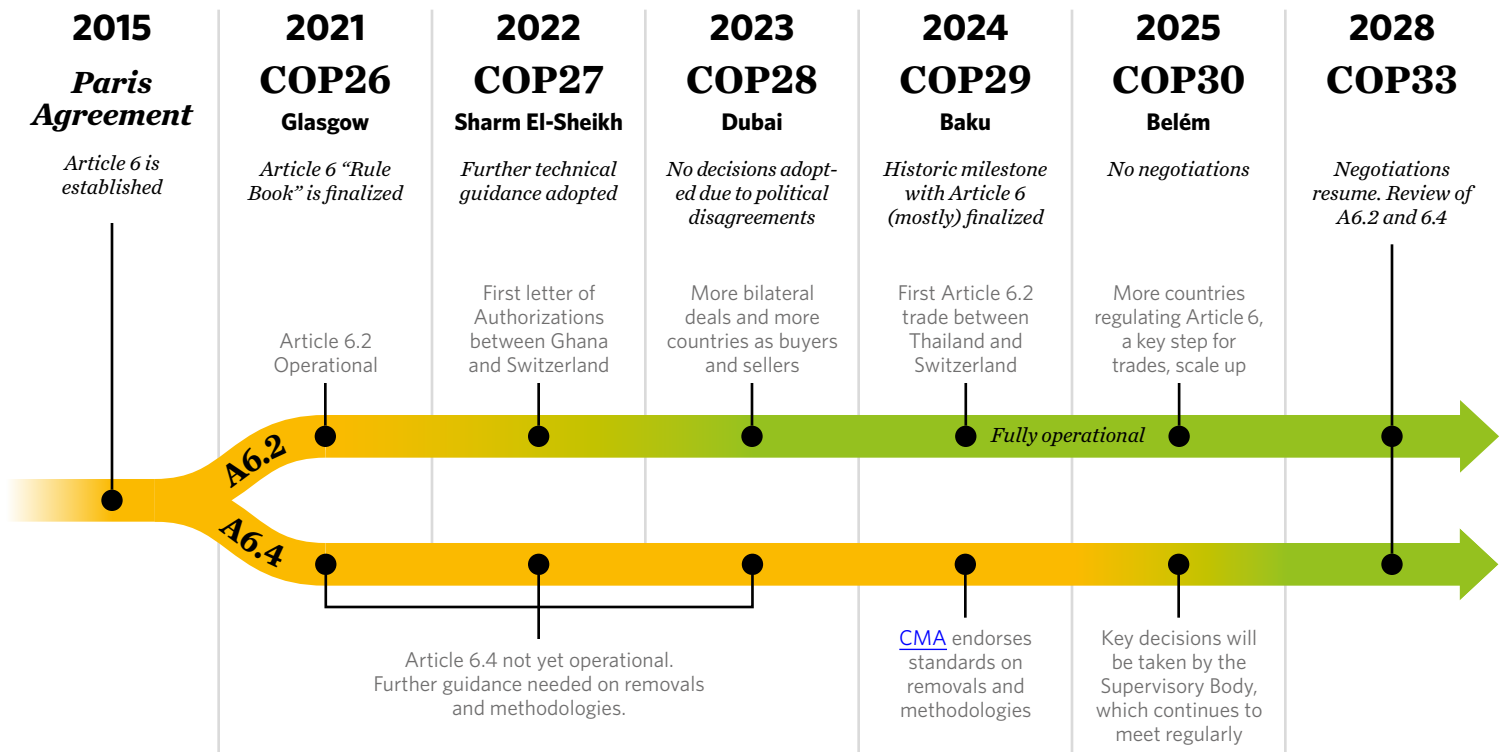
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What happened at COP29 and what's next for COP30?

Figure 1: Article 6.2 and 6.4 timeline



What were the main outcomes at COP29?

Article 6.2

Authorization: One of the main outcomes of COP29 was a mandate for countries to follow a standardized authorization process for Article 6.2, a crucial step for transparency. It also brought more clarity to the fact that **countries can only change or revoke authorizations before Internationally Transferred Mitigation Outcomes (ITMOs) have been first transferred** - unless stipulated in the bilateral agreements or letters of authorization.² This decision strikes a balance, addressing concerns from buyer countries and investors who feared that changes and revocations could undermine market confidence and predictability. On the other hand, it gives flexibility

to seller countries that want to mitigate the risk that exporting ITMOs could undermine their national climate commitments. (See: [Risks for seller countries](#)) The [UNFCCC](#) and the [World Bank](#) have developed authorization templates, but these are not mandatory.³ All authorizations will be made publicly available on the UNFCCC's Centralized Accounting and Reporting Platform ([CARP](#)). (See: [What is an "authorization" under Article 6?](#))

Registries: To participate in Article 6.2, countries need access to a registry—whether through a national registry, a private third-party registry, or an alternative **UN-managed "Article 6.2 International Registry"** designed for countries with limited capacity or resources to develop their own registries.⁴ At COP29, countries decided to create a dual-tier system for the Article 6.2 International Registry: the registry's primary function is to track ITMOs, but it

Paris Agreement Crediting Mechanism – PACM (Article 6.4)

can now include an optional service, managed by the UN, for issuing and trading credits. This solution is intended to address the needs of countries requiring additional registry functionalities from the UN, while avoiding any implied UN endorsement of Article 6.2 trades.⁵ At the same time, it leaves some ambiguity about what this extra functionality will look like. In parallel, Article 6.4 uses a different registry called the **Mechanism Registry (Article 6.4)**, which is not yet fully operational as it currently relies upon an interim registry approved in February of 2025. (See: [Is Article 6.4 operational?](#)) At COP29, countries decided that the 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 Mitigation Contribution A6.4ERs.⁶ (See: [Terminology Box 2](#))

Reporting: Countries adopted the [draft of a reporting table](#) to submit information about trades and fulfill their reporting requirements, called the **Agreed Electronic Format**. Standardized reporting is crucial to bring transparency to trades, but the decision fell short of making this table mandatory.⁷ Still, it brings a solid common ground for trades to be reported.

Inconsistencies: At COP29, there was a lot of debate on what should happen if a trade was identified with inconsistencies. Specifically, should these trades be restricted so that ITMOs flagged with inconsistencies could not be used for NDCs, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), or the Voluntary Carbon Market? Ultimately, the COP29 decision stopped short of making this a binding requirement and the final text instead only “requests” countries to refrain from using such flagged ITMOs, leaving it as a recommendation rather than an obligation. (See: [What if a country fails to apply a corresponding adjustment or report inconsistencies?](#))

Standards on methodologies and activities involving

removals: Day 1 of COP29 concluded with the endorsement of new standards for [removals](#) and [methodologies](#), resolving a key bottleneck for the Paris Agreement Crediting Mechanism – PACM (Article 6.4) – to become operational. Previously, at COP27 and COP28, these documents failed to be approved by the CMA (See: [Terminology Box 1](#)). However, in October 2024, the Supervisory Body reclassified these documents from “recommendations” to “standards” – a strategic move that eliminated the need for further approval at COP29. Now, the Supervisory Body has some of the main guidelines it needs to start considering and eventually approving methodologies that will be eligible under Article 6.4. The first methodologies to be considered are adaptations from the Clean Development Mechanism (CDM), but new methodologies will also be assessed in the future. Only after methodologies are approved can projects be registered under Article 6.4. While the Supervisory Body will make the final decision on what methodologies will be approved, it will be assisted by the Methodological Expert Panel ([MEP](#)), a separate structure that was created to support the Supervisory Body in the development of methodologies and will provide key technical guidance on the rules that will govern the Paris Agreement Crediting Mechanism – PACM (Article 6.4).

More flexibility to attract climate finance through

Mitigation Contribution A6.4 ERs (MCUs): MCUs are Article 6.4 units with no corresponding adjustments (See: [Terminology Box 2](#)). The COP29 decision clarified that countries can issue MCUs first, and then later convert

them into ITMOs, by authorizing them and applying a corresponding adjustment - as long as the MCU does not leave the official Article 6.4 registry (the Mechanism Registry).⁸ This decision lets countries raise climate finance without locking themselves too early into deals that might undermine their climate targets in the future (See: [Article 6 supply](#)). The Article 6.4 Supervisory Body will decide if there should be a time limit for making this conversion and report its decision to countries at COP30.⁹ It is important to note that aside from the accounting requirements, ITMOs and MCUs are identical units.

CDM Transition of afforestation and reforestation projects: Under Article 6.4, most CDM projects could request transition until December 2023. However, the Supervisory Body had [postponed decisions on afforestation and reforestation](#) projects, leaving their transition in need of explicit approval by the Conference of the Parties serving as the Meeting Parties of the Paris Agreement ([CMA](#)).¹⁰ At COP29, CDM afforestation and reforestation projects were allowed to transition - if they submit a request by the end of 2025¹¹ and comply with the new standards on [removals](#) and [methodologies](#), ensuring alignment with updated rules.¹² As with all CDM projects, the seller country must approve the transition. In practice, afforestation and reforestation projects represent only around 1% of the projects that requested transitions to Article 6.4.¹³ (See: [CDM Transition](#))

What is next for Article 6?

The Article 6 process does not end here. While there will be no **formal** Article 6 negotiations until 2028, significant work lies ahead to fully operationalize the Paris Agreement Crediting Mechanism - PACM (Article 6.4)

and scale up high-quality cooperative approaches under Article 6.2. Most importantly, the Article 6.4 **Supervisory Body will now start to consider and approve the first methodologies** accepted under Article 6.4, following the adoption of key standards on [methodologies](#), [removals](#), [additionality](#), [baselines](#) and [leakage](#). It will also address critical technical rules that will shape the scope and feasibility of market investments in various sectors. Meanwhile, work is also progressing at the UNFCCC to build the **Article 6 infrastructure**, including the 6.4 Mechanism Registry, the 6.2 International Registry and the related platforms.

At COP30 in Belém, there will be no formal Article 6 negotiations, but countries are expected to react to the **Article 6.4 Supervisory Body annual report** and may offer new guidance and considerations that could shape its future work.¹⁴ Countries are also expected to weigh in on the Article 6.2 **Initial Reports**, which detail information about trades and authorizations and it is a pre-condition for participating in cooperative approaches. These reports are undergoing expert reviews and identified inconsistencies could become a significant topic of debate at COP30.¹⁵ (See: [What if a country fails to apply a corresponding adjustment or report inconsistencies](#)). Additionally, the deadline for transitioning CDM projects to continue to use CDM methodologies goes until December of 2025.¹⁶ Without approved new Article 6.4 methodologies, transitioning projects risk being stranded - an issue that is also expected to surface at COP30. (See: [CDM Transition](#))¹⁷

What will be negotiated in 2028?

2028 is a pivotal year for the future of Article 6 as countries will undertake a **full review of both Article 6.2 and 6.4** to be completed by 2030.¹⁸ How much of the framework will change remains to be seen, but the review opens the door for rediscussing critical rules shaping international carbon

markets. Additionally, not all issues related to Article 6 were resolved at COP29. Some key negotiation mandates have been postponed to 2028, leaving gaps to be further addressed. One such topic is how to apply corresponding adjustments for single-year versus multi-year NDC targets to avoid double-counting.¹⁹ This is a critical issue to reduce

the risk of overselling by countries and to prevent “surprises” in 2030, where countries might fall short of meeting their NDCs because they “oversold” ITMOs. (See: [Article 6 supply](#)) Similarly, discussions on emissions avoidance were also deferred to 2028. (See: [What is “emission avoidance” and how is it related to nature?](#))

Terminology Box 1

What are the CMA, CMP and COP and how do they relate to Article 6?

In the context of the UNFCCC negotiations, these acronyms refer to different governing bodies that oversee the implementation of specific agreements. These three bodies convene every year during the UN COPs. While most of the participating countries are the same, they cover different issues and hold discussions in parallel in different negotiation rooms.

CMA: Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement. It was established in 2016 to oversee the implementation of the Paris Agreement. The CMA meets every year at COPs and is the body in charge of making final legal decisions around **Article 6**. The Article 6.4 **Supervisory Body** operates under the CMA, so many of its decisions are subject to CMA control, endorsement or approval. Beyond Article 6, the CMA also covers the outcomes of the Global Stocktake, Global Goal on Adaptation, New Collective Quantified Goal on Climate Finance (NCQG), and others.

CMP: Conference of the Parties serving as the Meeting Parties of the Kyoto Protocol. Established in 2005 to oversee the implementation of the Kyoto Protocol. In past COPs, it has covered guidance related to the Clean Development Mechanism (CDM).

COP: Conference of the Parties. This body comprises all countries that are part of the UNFCCC. It was established when the UNFCCC was adopted during the Earth Summit in Rio in 1992. The Convention entered in force in 1994 and the first COP meeting (COP1) took place in Berlin in 1995. It covers the dates and venues of future sessions, administrative financial, institutional matters and others.

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.

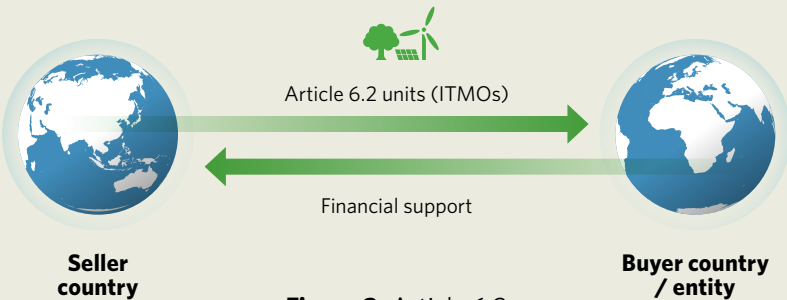


Figure 2: Article 6.2

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**), (See: [Figure 7](#)) to help meet its NDC in a cost-effective way.

Despite growing momentum and numerous bilateral agreements being signed, only one country-to-country trade has been concluded to date, between [Switzerland and Thailand](#). This slow uptake is mostly due to the lack of domestic frameworks to implement Article 6, and uncertainty around NDC progress. There have been several Article 6.2 transactions between the Government of Guyana and airlines for CORSIA compliance, including one [cancellation](#) in February 2025.²⁰ (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. (See: [When will trading scale up?](#))

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

Units issued under Article 6.4, called A6.4 ERs,²¹ 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**.²² When they are not authorized (without a corresponding adjustment), they become Mitigation Contribution A6.4 ERs (**MCUs**)²³ and can be used to mobilize climate finance. (See [Figure 7](#)) Aside from the accounting requirements, ITMOs and MCUs are identical units.

While there will be no formal Article 6 negotiations until 2028, significant work lies ahead to fully operationalize the Paris Agreement Crediting Mechanism - PACM (Article 6.4). The Supervisory Body is now moving to a crucial phase of approving the first methodologies accepted under Article 6.4, following the adoption of key standards on [removals](#), [methodologies](#), and others. It will also address critical technical rules 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)²⁴

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.