

Key Takeaways on

Article 6 at COP29



Executive summary

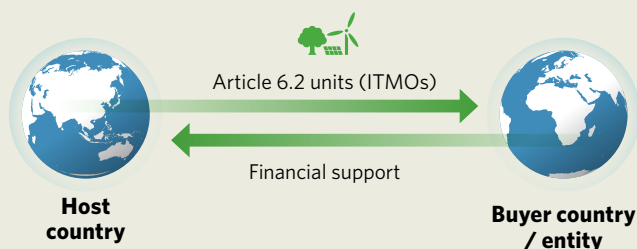
That's a wrap! COP29 marked a historic milestone for Article 6 as countries finalized (most of!) the remaining building blocks of carbon markets under the Paris Agreement. The conclusion of the Article 6 negotiations after nearly a decade sends a clear and decisive message: The rules—imperfect as some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

A fully operational Article 6 offers countries a powerful tool to scale up mitigation efforts to achieve their Nationally Determined Contributions (NDCs). If implemented right, Article 6 will help channel much-needed climate finance – both public and private – to developing countries, enabling meaningful investments in mitigation activities.

That said, the process does not end here. While there will be no further Article 6 negotiations until 2028, significant work lies ahead for the Article 6.4 Supervisory Body in 2025. They will now start to consider, and – hopefully soon – approve the first methodologies accepted under Article 6.4. They will also address critical technical rules that will shape the scope and feasibility of investments in various sectors. Key issues, such as the inclusion of jurisdictional REDD+, baseline-setting, and post-credit monitoring timelines, will be central to their discussions.

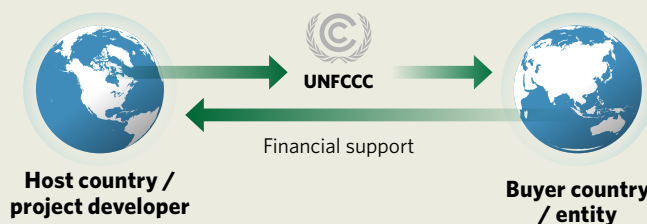
While Article 6 negotiators will not meet in Bonn in June 2025, they will meet again at COP30 in Belém, as the Supervisory Body will report on its work in 2025¹, potentially accompanied by further guidance from countries (CMA) to refine the framework.

Article 6 includes two market mechanisms:



Article 6.2

Countries can trade Article 6 units bilaterally or multilaterally. Article 6.2 enables a seller country, that is on track to exceed its NDC target, to trade units and obtain additional climate investments, support for capacity building, and access to technologies not available through domestic resources. The buyer country or entity purchases these units, known as ITMOs, to address gaps in meeting its own climate goals. Despite growing momentum and numerous bilateral agreements being signed, only one trade has been concluded to date. This is mostly due to the lack of domestic frameworks to implement Article 6.



Article 6.4

Countries can also trade units through a centralized market mechanism, overseen by the United Nations (UN). Article 6.4 is known as the Paris Agreement Crediting Mechanism and builds on lessons from the Clean Development Mechanism (CDM) under the Kyoto Protocol. The Article 6.4 UN Supervisory Body will oversee the mechanism and approve methodologies, register projects, manage the registry, etc. Article 6.4 also requires participants to contribute a percentage as Share of Proceeds (SOP) that goes to the Adaptation Fund and Overall Mitigation of Global Emissions (OMGE), which ensures that a portion of credits is canceled to reduce global emissions rather than simply offset them.

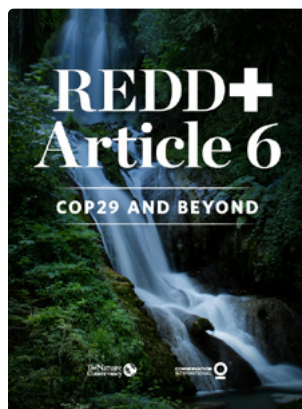
TNC's Article 6 reports



Article 6 Explainer: This paper offers straight forward guidance on what was decided at the UNFCCC COPs and dives into the complex implications of Article 6 for NDCs, nature and the VCM. https://www.nature.org/content/dam/tnc/nature/en/documents/TNC_Article_6_Explainer.pdf



Article 6 Implementation: This paper explores these 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. <https://www.nature.org/content/dam/tnc/nature/en/documents/Article-6-Implementation.pdf>



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 and what's on the table for COP29. <https://nature4climate.org/natures-solutions/latest-scientific-papers/redd-article-6-cop29-and-beyond/>

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The decisions at COP29

Article 6.2

1. INCONSISTENCIES:

- **What happens if trades go wrong?** Article 6.2 leaves a lot of flexibility to the buyer and seller, but this flexibility might open the door to potential inconsistencies in how trades are reported. At COP29, there was a lot of debate on what should happen if a trade was identified with **“significant”** and/or **“persistent” inconsistencies**. Specifically: should these trades be restricted, so that ITMOs could not be used for NDCs, CORSIA, or the Voluntary Carbon Market (VCM)? Ultimately, the COP29 decision stopped short of making this a binding requirement: the final text instead only “requests” countries to refrain from using such flagged ITMOs, leaving it as a recommendation rather than an obligation.
- **Who defines “significant” and “persistent” inconsistencies?** Article 6 trades will undergo two levels of review: An initial automated consistency check² and a technical expert review (TER)³. **It will be up to these experts to define what significant and persistent inconsistencies are.**⁴ The reviewers’ primary role is to check if countries are applying corresponding adjustments consistently but it has a limited mandate when it comes to reviewing Article 6.2 trades. For example, the experts will not review the environmental integrity of the projects, evaluate whether a country is on track to meet its NDC, or review the terms of the bilateral agreement.⁵
- **PAICC:** There is also an important link to the [Paris Agreement Implementation and Compliance Committee](#) (PAICC), a separate UN body responsible for promoting compliance with the Paris Agreement. If inconsistencies are deemed significant and persistent, they can “trigger” the PAICC to take action.⁶
- **Sunshine effect:** Much of the information on inconsistencies will be made publicly available, enhancing

transparency and creating space for accountability. This public visibility can serve as a strong incentive for countries to address inconsistencies proactively, helping them preserve their reputation and credibility within the market.⁷

2. REGISTRIES:

- **What was the controversy around registries?** To participate in Article 6.2, countries need access to a registry to transact and track ITMOs—whether through a national registry, a private third-party registry, or an alternative **UN-managed International Registry** designed for countries with limited capacity or resources to develop their own national registries⁸. Negotiations on the role of the registry had been stalled by two opposing views: some countries wanted a transactional registry capable of issuing and trading ITMOs, while others preferred a simpler registry solely for tracking ITMOs. The latter group raised concerns over costs and the potential misconception that the UN was endorsing or approving trades under Article 6.2.
- **What was the compromise on registries?** The solution at COP29 was a dual-tier system. The primary function of the registry would be to track ITMOs, but it would also include an optional service, managed by the UN, for issuing and trading credits. This is no longer referred to as the “International Registry” which was mandated at COP26⁹, but this solution meets the needs of countries requiring additional functionality while addressing concerns about avoiding any implied UN endorsement of Article 6.2 trades.¹⁰

3. AUTHORIZATION:

- **What if a country changes its mind about trading ITMOs?** Countries can change or revoke authorizations until **ITMOs have been transferred** - unless specifically stipulated in their bilateral agreements or letters of authorization.¹¹ This decision at COP29 was key to addressing concerns from buyer countries and investors, as changes and revocations could undermine market confidence and predictability. On the other hand, seller countries may seek greater flexibility in these transactions to mitigate the [risk of overselling](#) against the NDC target.

The decision is a positive outcome as it ended uncertainty around revocations, while still allowing some flexibility for countries that need it.

One thing to highlight here is that we are talking about **authorization of ITMOs**, but there are three types of authorizations under Article 6:

- **Authorization of ITMOs**
- **Authorization of cooperative approaches** and
- **Authorization of entities**

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 technical issue.¹² The decision also introduces the potential that these three authorizations could be consolidated in one process.

- **Optional authorization template:** The UNFCCC will develop an authorization template that countries could choose to use but it is not mandatory.
- **Good news for transparency:** All authorizations will be made publicly available on the UNFCCC's Centralized Accounting and Reporting Platform – the Centralized Accounting and Reporting Platform ([CARP](#)).
- **“Sequencing” discussion resolved:** At COP29, countries decided that the authorization of ITMOs is not subjected to the review of the initial report. This discussion was known as “sequencing”, and it was pushed by countries that wanted to condition the authorization of ITMOS until the initial report was reviewed, which did not happen.

4. FIRST TRANSFER:

- **When does a “first transfer” take place?** A “first transfer” **does not** necessarily take place when an ITMO is actually transferred internationally. This is very technical but it is important to **determine when a corresponding adjustment is necessary**. Here's the breakdown of what was decided in Baku and in previous COPs.

- **ITMOs can be authorized for three uses:** NDCs, CORSIA or VCM.¹³
- **If ITMOs are authorized for NDCs:** The first transfer is considered the first international transfer. This was already clear from the COP26 decision, so nothing new here.¹⁴
- **If ITMOs are authorized for CORSIA or the VCM (OIMP):** The “first transfer” can be determined in different moments and it will be up to the seller country to make this decision: At the time of authorization, at issuance, or at the use or cancellation of the ITMO.¹⁵ This was also already decided at COP26 and it was confirmed in Baku.¹⁶ One thing to note is that waiting to set the first transfer until very late in the process (e.g. when ITMOS are used) may disincentivize buyers who might seek greater predictability from these trades.

5. INITIAL REPORT:

- **What additional information will countries need to provide in the initial report?** Some countries initially pushed for the inclusion of additional information in their initial reports. While this was originally part of the main text, it was later moved to the annex as part of the reporting tables for the Agreed Electronic Format (AEF), which is the annual information that countries need to submit. Some countries felt this had already been agreed upon at COP26 and requiring additional information would bring unnecessary burden to certain countries. The final text now “requests” countries to “incorporate” (instead of “consider”) elements contained in the annex, which is a win for countries that originally requested additional information.

6. DEFINITION OF COOPERATIVE APPROACHES:

- **Can countries issue an unilateral authorization?** The final text does not bring a definition of cooperative approach. Many countries felt these concepts were already addressed in the Glasgow text and that revisiting them would go beyond the CMA's mandate.

A lot of these discussions were around the possibility of countries issuing **unilateral authorizations**. To explain: When two countries enter into a cooperative approach, units must be authorized by both the seller country and the buyer country (**bilateral authorization**). However, the Article 6 rule book also allows a seller country to authorize ITMOs for an international transfer to another entity even if the buyer has not yet been identified or does not participate in the initial stages of the project. Unilateral authorizations will be used for ITMOs sold into the CORSIA market, for example.

Article 6.4

WHICH IS NOW CALLED THE PARIS AGREEMENT CREDITING MECHANISM - PACM

7. CDM TRANSITION:

- **Why was there a specific decision on afforestation and reforestation?** Under Article 6.4, CDM projects can transition within specified timeframes. However, during its [5th meeting](#), the Supervisory Body postponed decisions on afforestation and reforestation projects, leaving their transition in need of explicit approval by the CMA. At COP29, countries decided that CDM afforestation and reforestation projects could indeed transition to Article 6.4 if they submit a request by the end of 2025. These projects will require seller country approval and must comply with the new standards for removals, ensuring alignment with updated rules. There was significant debate over whether some CDM activities should be required to meet **additional criteria for demonstrating additionality** to transition to Article 6.4. However, parties ultimately rejected this proposal, adhering to the original Glasgow decision.¹⁷

8. MCU vs. ITMOs

- **Can Mitigation Contribution Units (MCUs) later become ITMOs?** Yes. Countries can issue MCUs to be used domestically or for the VCM, for example, and later decide to convert them into ITMOs by applying a corresponding adjustment.¹⁸ This can happen as long as the MCU has not been transferred out of the Article 6.4 registry. This decision is important because it gives countries more flexibility to manage their NDC strategies. For example, a country uncertain about meeting its NDC can issue MCUs to mitigate the risk of overselling. If it later determines it will exceed its NDC, it can convert the MCU into an ITMO, potentially securing a higher price. The Supervisory Body will provide further guidance on the timeframes and conditions for such conversions.¹⁹

“Mitigation contribution” refers to units that are not authorized for use towards NDCs and for which the host country will not apply a corresponding adjustment. Although the Article 6 text mentions specific uses for these units, like results-based climate finance and domestic pricing schemes, it leaves the door open for other applications. The definition of “mitigation contribution” generally refers to the finance of activities to support the host country achieve its NDC, without the expectation of trading carbon credits. In the Article 6 context, it emerged as a compromise among countries with divergent views on the role of Article 6: Some countries were against the idea of using non-adjusted credits for offsets due to integrity concerns. Others wanted more flexibility, seeing the potential for enhanced financial flow into their territories. The future eligibility of “mitigation contribution” towards offsets will likely be shaped by domestic policies and market demand.²⁰

9. SUPERVISORY BODY 2025:

• **What's next for the Supervisory Body in 2025?**

The Article 6.4 **Supervisory Body** is responsible for overseeing the implementation of the Article 6.4 mechanism, including developing and approving methodologies, registering projects, accrediting third-party verification bodies, and managing the registry. The Supervisory Body operates under the [CMA](#), which means that it is subordinate to its decisions.

The **Methodological Expert Panel (MEP)** is a separate structure that was created to support the Supervisory Body in the development of methodologies and they will have a key role in recommending priority areas for methodological guidance.

- **New methodologies:** The Supervisory Body will start to consider and – hopefully soon – approve the first methodologies accepted under Article 6.4. The first methodologies on their agenda will be adaptations from CDM, including grid-connected electricity generation from renewable sources, thermal energy production waste management, and clean cooking. See the full list [here](#). There's currently no plan for the Supervisory Body to analyze nature-based methodologies.
- **New projects:** The Supervisory Body will only be able to register new projects when it approves new methodologies, which may take some time. The most optimistic negotiators expect that the Supervisory Body will approve the first methodologies in 2025.

- **CDM carry over:** Projects **transitioning from the CDM** can continue using CDM methodologies until 2025, allowing these projects to begin trading under Article 6.4 sooner than newly registered ones. For more details on the transition of afforestation and reforestation activities, see the [Article 6.4 section](#).
- **New standards:** Including [Baseline setting standard](#) and an [additionality standard](#).
- **More work on the standards on removals and methodologies:** The Supervisory Body will also address critical technical rules that will shape the scope and feasibility of investments in various sectors. The Supervisory Body's workplan includes accelerating work on standards and guidelines for baselines, downward adjustments, standardized baselines, additionality, leakage, non-permanence, and reversal risks, among others.
- **COP30:** The Supervisory Body will also report to the CMA every year.

10: EXEMPTIONS:

- **What are the new exemptions for least-developed countries (LDCs) and small island developing states (SIDS)?** LDCs and SIDS are now exempt from paying Share of Proceeds (SOP), to reduce financial burdens for vulnerable nations. SOP is a levy to cover the administrative costs and provide additional funding for climate adaptation. Despite this exemption, they retain the option to contribute voluntarily if they wish. This move aims to improve market accessibility.

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

While the agreement reached at COP29 provides a framework for carbon markets under the Paris Agreement, 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.

Article 6.2: Even with some uncertainty from ongoing negotiations, Article 6.2 has been operational since 2021 and **momentum has only grown** in the past years. [Dozens of bilateral deals](#) have been signed, with increasing participation from both buyer and seller countries. However, **only one Article 6 trade has been completed so far**²¹, highlighting the challenges that remain in *implementing* Article 6.2. Specifically, the **biggest challenge** lies in countries developing their domestic frameworks to participate in Article 6: this includes defining institutional arrangements to authorize ITMOs, aligning Article 6 strategies with broader national climate targets, and establishing processes to comply with reporting requirements. Even when these frameworks are in place, countries face a more complex issue: deciding what sectors to trade from, how many units to transfer, and at what price, all while ensuring these trades do not compromise their NDCs.

See more on TNC's [Article 6 Implementation report](#).

Article 6.4: Day 1 of COP29 concluded with the endorsement of new standards for [removals](#) and [methodologies](#). It was unusual to have a decision right at the beginning of COP, but it was a “win”

needed by the COP Presidency to build momentum for the remaining two weeks of negotiations.

Quick Recap: In October 2024, the Supervisory Body adopted important guidance on methodologies and removals, critical areas still needed for the full operationalization of Article 6.4. This guidance shifted status from “recommendations” to “standards,” allowing the Supervisory Body to adopt them directly without needing further approval from countries (CMA) at COP29.

While this is a crucial milestone, the hard work for the Supervisory Body is just beginning: **There are no approved methodologies and without them, no new projects can be registered** under Article 6.4. The Supervisory Body will now start reviewing and approving methodologies, but this process can be lengthy. For example, under the Clean Development Mechanism (CDM), the first methodologies took years (like, many!) to be approved. The initial methodologies are expected to come from the CDM, which could speed up the process. However, it's unlikely that we'll see a surge in trades right away. (See section on [what's next for the Supervisory Body](#))

Projects transitioning from the CDM can continue using CDM methodologies until 2025, allowing these projects to begin trading under Article 6.4 sooner than newly registered ones. For more details on the transition of afforestation and reforestation activities, see the [Article 6.4 section](#).

What's next for Article 6 negotiations?

Not all issues related to Article 6 were resolved at COP29. Some key discussions have been postponed until 2028, leaving important gaps to be addressed. One such topic is how to apply **corresponding adjustments for single-year versus multi-year targets**. 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 exported too many ITMOs. Similarly, discussions on **emissions avoidance** were also deferred to 2028. This decision was made earlier in June 2024 during SB60 in Bonn. However, this delay does not exclude nature-based solutions such as REDD+. On the contrary, activities under nature

and REDD+ that result in emission reductions or removals are already included in Article 6 and can continue moving forward.

When it comes to **nature and REDD+**, a lot of what is at stake will be discussed in the Article 6.4 Supervisory Body in 2025. The Supervisory Body will be tasked with refining technical rules, including those related to post-crediting monitoring and downward adjustments of baselines. These decisions will directly shape the potential for nature-based methodologies to play a significant role in Article 6.4.

For more information on *what's next for the Supervisory Body in 2025*, see [section under Article 6.4](#).

Quick recap on nature and Article 6:

Under Article 6.2: At COP26, countries decided that ITMOs (internationally transferred mitigation outcomes) could include emissions reductions and removals from all sectors, including REDD+.²²

Under Article 6.4: There are no restrictions on the types of sectors or activities for which methodologies can be submitted or approved. This means that activities generating emission reductions and removals from all sectors, including REDD+, could generate Article 6.4 units once the Supervisory Body approves the relevant methodologies.

Emission avoidance: During the UNFCCC Bonn meeting (SB60) in June 2024, countries concluded that negotiations around the eligibility of emissions avoidance will resume in 2028 and, in the meantime, these activities will not be eligible under Article 6. There is no agreed definition of “emissions avoidance,” and the terms have never been conceptualized by the UNFCCC nor the IPCC. However, contrary to some interpretations, the decision to exclude emission avoidance and conservation enhancement from Article 6 does not mean that REDD+ projects cannot be eligible under Article 6. On the contrary, nature-based solutions are already eligible under Article 6.2 and Article 6.4 since they fall under the IPCC definitions of emission reductions or emission removals

For a deeper dive into the main issues impacting nature and REDD+, check our report [REDD+ & Article 6: COP29 and Beyond](#).

Notes

- 1 Decision -/CMA.7, paragraph 7.
- 2 Decision 2/CMA.3 Annex, paragraph 33
- 3 Decision 2/CMA.3 Annex, paragraph 25-28
- 4 Decision -/CMA.6, Paragraph 42
- 5 Decision 4/CMA.6, Annex II, Paragraph 10.
- 6 Decision 20/CMA.1, Annex, Paragraph 22 (b)
- 7 Decision -/CMA.6, Paragraph 38
- 8 Decision 2/CMA.3, Annex, Paragraph 30
- 9 Decision 2/CMA.3, Annex, Paragraph 30
- 10 Decision -/CMA.6, paragraph 53.
- 11 Decision -/CMA.6, Paragraph 7-9
- 12 Decision -/CMA.6, Paragraph 3
- 13 Decision 2/CMA.3, Annex, Paragraph 1(f).
- 14 Decision 2/CMA.3, Annex, Paragraph 2(a).
- 15 Decision 2/CMA.3, Annex, Paragraph 2 (b).
- 16 Decision -/CMA.6, Paragraph 13.
- 17 Decision 3/CMA.3, Annex, Paragraph 73
- 18 Decision -/CMA.6, Paragraph 12
- 19 Decision -/CMA.6, Paragraph 13
- 20 Hugh Salway, The Mitigation Contribution under Article 6: key understandings and what it means for the VCM. Available at: <https://www.goldstandard.org/news/the-mitigation-contribution-under-article-6-key-understandings>
- 21 Between Switzerland and Thailand in January of 2024.
- 22 Decision 2/CMA.3, para 1b