

Briefing · November 2024

Article 6 of the Paris Agreement at COP29: What is at stake?

Key points:

- Article 6 (A6) is a [key component of the Paris Agreement](#). It aims to [finalise the rules](#) on how countries can use UN-governed carbon markets to reduce their emissions and reach their climate targets.
- Negotiations have been drawn out over multiple years and the resulting lack of clarity means that A6 is already being misused. Competing objectives mean that instead of helping to slow climate change, A6 could in fact let countries get away with [making inadequate emissions cuts](#).
- Making progress on A6 has [been highlighted as a priority by the COP29 Presidency](#). While the topline rules have been largely agreed upon, with some progress made during 2024, several [key details are still under discussion](#).
- Sticking points for COP29 negotiations are likely to include ensuring transparency in credit trading and review processes, implementing strong methodology requirements that prevent the inclusion of low-integrity carbon credits and developing robust guidelines to prevent human rights abuse and fraud.
- There are reports that decisions on Article 6.4 will be [pushed through early in Baku](#), but countries may still be able to request changes to the mandate of the Supervisory Body, which governs A6.4 implementation, to provide more specific guidelines in how the Body operates.
- In light of the scrutiny over carbon markets, non-market approaches to financing nature may also attract more attention at COP29.
- Decisions made are also likely to influence the voluntary carbon market, particularly those regarding double counting and carbon removals.

What is Article 6?

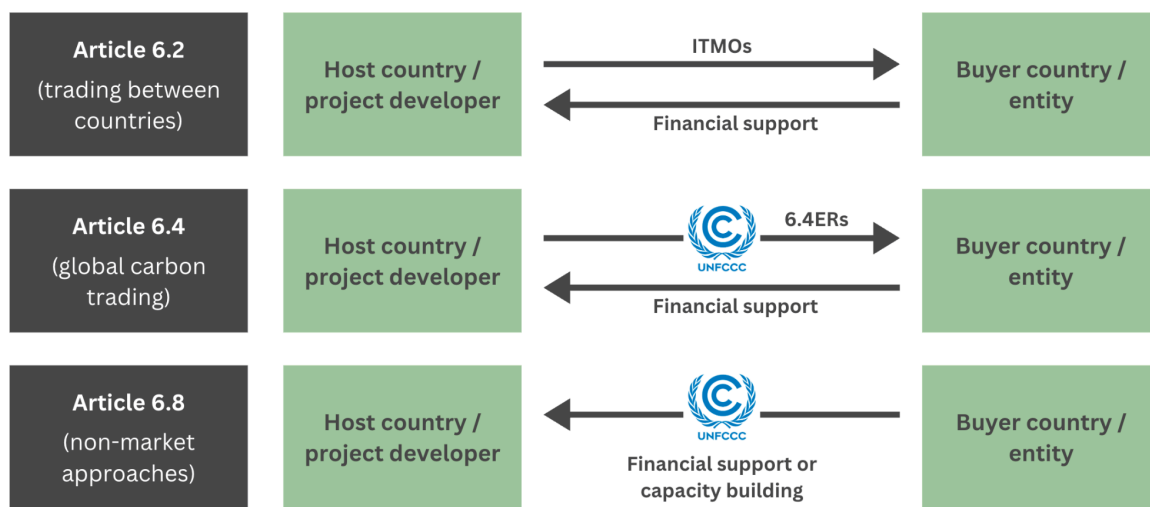
A6 is one of the [least accessible and most complex articles](#) in the whole Paris Accord. It allows countries to cooperate voluntarily with each other to achieve the emission reduction targets set out in their Nationally Determined Contributions (NDCs) via the transfer of carbon credits.

A6 sets out two market mechanisms and one non-market mechanism:

- **Article 6.2 (A6.2):** Allows for the [bilateral trading of carbon credits](#) between countries to meet NDC targets. Credits traded under A6.2 are called Internationally Transferred Mitigation Outcomes (ITMOs) and can already be traded among countries. This is a decentralised approach, as countries decide on their own guidelines for trading credits.

- **Article 6.4 (A6.4):** Creates a new [global carbon market](#) overseen by a UNFCCC entity, referred to as the Supervisory Body (SB).¹ This market [could begin operating in 2025](#) and will replace the old Clean Development Mechanism (CDM) that enabled carbon trading under the Kyoto Protocol. These credits are called A6.4ERs and can be bought by countries, companies or individuals. Unlike ITMOs, A6.4ER credits must be authorised according to UNFCCC guidelines. As well as helping countries achieve their NDCs, A6.4 is [designed to support sustainable development and mobilise the private sector](#) to participate in climate change mitigation beyond emission reductions.
- **Article 6.8 (A6.8):** Provides a formal framework for non-market approaches (NMA) for climate cooperation between countries where no trading of emissions is involved. These approaches can include [technology transfer, capacity building, development aid](#), or [taxes to discourage emissions](#). However, they are [less well-defined](#) than A6.2 and A6.4.

Fig. 1: Carbon trading mechanisms under Article 6



Source: Adapted from [The Nature Conservancy](#) (2023)

¹ The Supervisory Body consists of [12 member parties to the Paris Agreement](#) and will have met [14 times by the opening of COP29](#).

How do carbon markets work?

Carbon markets allow countries and governments to buy and sell emission reduction credits to help them reach climate targets. The underlying principle is fairly straightforward: country A can buy a credit, the money from which pays for country B to restore a rainforest or a natural carbon sink. Country B benefits from receiving funding for its efforts to restore ecosystems, while country A can count that credit towards offsetting its own hard-to-abate emissions and meeting its NDC targets. If the rules are properly defined and implemented, carbon markets can, in theory, unlock additional finance and [cut the cost of reducing emissions](#).

There are two types of carbon markets:

- **Compliance markets are regulated markets.** They are [used by companies and governments](#) to [obtain and surrender emissions permits \(allowances\) or offsets](#) in order to meet – or comply with – predetermined regulatory targets. They are regulated by regional, national or international carbon reduction regimes, and examples include the [California](#) and [Chinese markets](#). [Kyoto Protocol market-based mechanisms](#) are also part of the compliance market.² A6.2 and A6.4 are both compliance markets.
- **Voluntary markets (VCM) are unregulated.** They function [outside compliance markets](#) and enable companies and individuals to trade carbon credits on a voluntary basis. The credits generated by these markets are not allowed to fulfil [compliance market demand](#), unless they are explicitly accepted into compliance regimes. Unregulated VCMs exist because of companies making voluntary net zero and carbon neutrality claims, often for PR purposes. A6 does not apply directly to voluntary markets but is very likely to influence them (see below).

Offsetting is not the same as reducing emissions

However, the concept of offsetting carbon emissions has faced criticism for being a [distraction from emissions reductions](#). Offsetting is [at best a zero-sum game](#) and by design does not reduce emissions: done properly it merely compensates for emissions growth by a reduction elsewhere. If it lacks environmental integrity (i.e. does not result in real emission reductions where it promises to) it leads to an [overall increase](#) in emissions.

The quality of credits has come under fire, with critics pointing out that the majority of offsetting projects are [not permanent and do not actually reduce or remove emissions](#). Nature-based offsets, for example, are vulnerable to climate impacts such as extreme weather and [forest fires](#).

Credits need to be issued from projects that are ‘additional,’ meaning the reductions would not have occurred without the project. Credits issued from renewable energy projects are [no longer seen as ‘additional’ emission reductions](#), as they are already profitable without relying on revenues from selling credits.

Reports have also shone a light on the overuse of credits as a way to avoid emissions reductions. Countries and corporates are putting [unrealistic demands](#) on offsets, making assumptions that massively overestimate the amount of land available for offset projects.

² The Clean Development Mechanism (CDM), Joint Implementation (JI) and the EU Trading System (ETS).

Why will Article 6 be so important at COP29?

While the framework of A6 – the 'Article 6 Rulebook' – was agreed at COP26, slow negotiations at COP27 and COP28 have left key details undefined and open to interpretation. The longer we wait for effective carbon markets – that sell only a small number of high-quality offsets for hard-to-abate emissions – to become a reality, the further we delay essential emissions reductions. The release of the [IPCC Sixth Assessment Report](#) in 2023 confirmed that we cannot afford to invest in ineffective solutions. Straightening out the details of A6 could ensure that ineffective offsetting is not allowed.

Agreeing on the practical details remains one of the [main objectives of COP29](#), with countries and the private sector already gearing up for A6 implementation. The current context for the conference means there are many reasons eyes will be on A6.

The integrity of carbon markets has come under fire

A series of investigations have [raised major red flags](#) over the integrity of the voluntary carbon market. An analysis released in 2023 found that 90% of Verra's rainforest carbon credits [do not represent real emission reductions](#). Additionally, a systematic review of 90% of all carbon offsets in the VCM, estimated that "[only 12% of the total volume of existing credits constitute real emissions reductions](#)." As a result, demand and prices have fallen, particularly for nature-based offsets, and the value of the [VCM has shrunk by 61% in the past year alone](#) after peaking in 2022 at [over USD 2 billion](#).

Corporations have [distanced themselves](#) from offsets due to increased scrutiny over credit quality and accusations of greenwashing, as well as crackdowns from regulators on claims of "carbon neutrality". Developing stringent rules for the global carbon market under A6.4 could set a precedent for high standards and restore faith in carbon trading if paired with regulation to ensure that credits are only used to offset hard-to-abate emissions.

Questions are being raised as to whether, in practice, the use of [offsetting aligns with 1.5°C](#). Setting higher standards and proper review processes that exclude previously issued credits with poor integrity could ensure that a smaller number of high-quality, expensive offsets become the norm, rather than flooding the market with [poor-quality credits that undermine 1.5°C](#). However, even if done perfectly, carbon offsetting is [at best a zero-sum game](#) and should only be used to compensate for emissions in hard-to-abate sectors.

Lack of agreement on details means A6 is being misused

A6.2 has been operationalised and countries can already technically start trading A6.2 credits, despite there still being many details that need ironing out – including crucial review and transparency processes. This has resulted in the announcement of large-scale deals that potentially lack integrity and do not disclose their methodologies. Carbon markets are being pushed as a climate solution and are growing [without any regulations or laws](#), particularly in Africa.

For example, UAE company Blue Carbon has [signed MoUs with eleven countries](#) to gain rights to [massive portions of land and develop carbon credits](#), with only a small proportion of the benefits going back to the government and local communities. The UAE also announced in 2023 that it would buy [USD 450 million worth of carbon credits](#) from the African Carbon Markets Initiative, which aims to achieve a [19-fold increase in the size of the African carbon market](#) by 2030.

We are at a crunch point for land

Demand for land is increasing as high food prices put pressure on increasing production, leading to indigenous land rights abuses, pressure on farmers and unstable ecosystems. NDCs and corporate targets are drastically [over-relying on land for mitigation](#). The Land Gap Report states that to meet the nature-based mitigation pledges in NDCs alone, a land mass [almost four times the size of India](#) is needed – and that is before corporate targets are taken into consideration. Improving A6 standards and transparency could help to reduce the burden on land.

Financing for nature is becoming more urgent

As scrutiny of forest credits grows and emissions avoidance credits are no longer eligible for use under Article 6, negotiations at COP29 may turn towards alternative ways to pay for the protection and restoration of nature – especially in the lead-up to COP30 in Brazil, which is expected to focus on forestry – and alongside ongoing negotiations on financing for nature in the Convention on Biological Diversity. This is essential for adaptation and mitigation – the IPCC estimates that protecting natural forests currently contributes between [five to seven billion tonnes of CO₂ per year](#) to climate mitigation efforts.

Initiatives such as the [LEAF Coalition](#) aim to bring the public and private sectors together to mobilise funding for tropical forest protection, and similar announcements may follow. However, like other carbon offsetting schemes, these [initiatives have raised concerns](#), including over the threat to indigenous rights and enabling greenwashing. Negotiations on A6.8 – outlining non-market mechanisms for making contributions – can help to answer questions around what the Paris Agreement means for nature, and who pays.

What is REDD+ and how does it relate to Article 6?

REDD+ is a UN financing mechanism, outlined in [Article 5](#) of the Paris Agreement. ‘REDD’ stands for [Reducing Emissions from Deforestation and Forest Degradation](#), while the ‘+’ encompasses additional activities of conservation, sustainable management of forests and enhancement of forest carbon stocks. Under the REDD+ framework, developing countries can receive results-based payments for emissions reductions when they reduce deforestation.

However, emissions reductions from REDD+ projects [should not be treated as carbon credits or be used for offsetting purposes](#). Reductions are [verified under the UNFCCC’s REDD+ Measuring, Reporting and Verification process](#) and are known as REDD+ Result Units or RRUs. To verify RRUs, the UNFCCC requires national-scale accounting and reporting to address leakage and permanence. RRUs are also subject to [safeguards](#).

Ultimately, UN REDD+ projects are only designed to enable the transfer of money to countries engaging in forest-related activities, so the REDD+ framework [misses some essential criteria to qualify as a carbon standard](#). For example, there is no fixed methodology, with countries given freedom in how they measure results.

REDD in the VCM

RRUs under the REDD+ programme have never been implemented in the UN carbon trading system. However, the accounting methodologies of the VCM standard Verra enable credits from REDD projects to be traded in the VCM. In the VCM, REDD is used to describe the category of projects related to avoided deforestation.

Verra is the leading provider of REDD credits and had certified over [97 REDD projects, generating 445 million credits](#) as of 2023. Verra provides carbon credit project developers with a large amount of flexibility when estimating emissions reductions, enabling them to [choose among several different methodologies](#) to calculate the amount of credits their projects would create. As a result, [emissions reductions are often overstated](#), among other issues, and REDD credits have drawn [increasing criticism](#) in recent years. Other major carbon registries, such as the Gold Standard, [do not allow the inclusion of REDD activities](#).

Eligibility of REDD+ credits under Article 6

Some REDD+ activities can be considered for inclusion under A6.4 if they meet the relevant criteria and involve [emission reduction and removal](#) – as opposed to emissions avoidance, which are not eligible for use under A6.2 or A6.4. For use under A6.4, the UN’s A6.4 Supervisory Body would have to [approve REDD+ related methodologies](#). However, to be traded as ITMOs under A6.2, countries only need to decide that REDD+ activities [meet the criteria under A6.2 – which can be decided nationally](#).

Some submissions from countries and organisations have already called for REDD+ activities to be included in A6. For example, the [Coalition for Rainforest Nations \(CfRN\)](#), a non-profit and single-issue negotiating block of 50 countries, led by Papua New Guinea and Costa Rica, helped establish the concept of REDD+ in 2005 and is a major proponent of its use. CfRN claims that there are [“no legal reasons”](#) that RRUs cannot be used like other carbon credits and traded in global carbon markets.

The CfRN has promoted the idea of [REDD+ “sovereign” credits](#), where countries are able to sell their UN-verified RRUs from REDD+ projects. The CfRN has already set up a platform where host countries can sell UN-verified RRUs to businesses and individuals on the VCM, called [REDD.plus](#). The platform is completely separate from UN infrastructure.

In 2022, Gabon said it planned to issue 90 million RRU, citing its right to do so under Article 5 of the Paris Agreement. However, the country failed to find buyers for its credits. Additionally, Xpansiv, the world's biggest VCM platform, [reversed plans to host trading of RRUs](#) in 2023 due to technical reasons and lack of demand.

In September 2023, Cfrn launched a [for-profit spin-off, called ITMO Ltd.](#), which sells post-2020 RRU. It has renamed these RRU as ITMO, therefore classing them as equivalent to credits traded under A6.2. Cfrn has signed MoUs with countries including the Democratic Republic of the Congo, Honduras and Belize to sell their credits through this platform. In August 2024, it supported [Suriname in the development of 1.5 million ITMOs](#), which were back-issued from 2021 through improvements in addressing deforestation and forest degradation. ITMO Ltd. claimed, "These are the [world's first carbon credits from the new Paris Agreement Carbon Markets where countries are allowed to issue and trade their Sovereign Carbon with other countries and the private sector.](#)"

There is not much that can be done to prevent the creation of ITMOs from REDD+ activities, as this is up to countries under A6.2. However, it is possible that there will be no buyers for these low-quality credits, preventing this approach from being used widely.

Negotiations have progressed slowly since COP28

While the adoption of the Article 6 Rulebook lays out the fundamental rules for how A6.2 and A6.4 are to operate, negotiations over the past few years have been slow, leaving a great deal of work to be done – and the [devil lies in the detail](#). At COP28, lack of consensus on many agenda points meant countries failed to adopt decisions on A6.2 and A6.4. The COP29 President has highlighted that it [will be a priority for technical issues around Article 6 to be finally resolved at COP29](#).

Parties met at negotiations in [Bonn in June 2024](#) to discuss "[crunch issues](#)" for 6.2, "including authorizations, the agreed electronic format, sequencing of reviews and addressing inconsistencies, and registries." Generally, there is a divide between countries that want to [see more regulation over carbon trading and those that want trading to occur with little oversight](#).

Few decisions were made in Bonn, with many core issues to be discussed again in Baku. However, negotiators did [approve an appeals and grievance procedure](#) under A6.4. Another positive development is the decision in Bonn that emissions avoidance will not be allowed under [either A6.2 or A6.4](#) and that this will only be reopened for discussion in 2028 – a win for [environmental integrity](#). It is [unlikely that they will be included again at this later date](#).

The [Supervisory Body](#) (SB) for A6.4 also held meetings throughout 2024. As negotiators were not able to reach an agreement on the recommendations put forward by the SB on A6.4 during COP27 and COP28, the SB has taken a different approach for COP29: instead of releasing recommendations on [methodology requirements](#) and [on activities involving removals](#) for approval by during COP, the SB has converted these into internal SB standards which "[procedurally do not require CMA approval](#)", according to Olga Gassan-zade, member of the A6.4 SB. This approach seeks to avoid the standards being [open for line-by-line edits](#) for countries' approval at COP29. However, countries must still [endorse this approach at COP29 and provide guidance if needed](#).

During pre-COP meetings, the SB agreed upon mandatory environmental and human rights safeguards, which will be enforced through a "[sustainable development tool](#)." The 'SD Tool' provides a structured approach for users to conduct a risk assessment, identify and assess

potential positive and negative impacts on sustainable development goals, and monitor and report on indicators.

As in previous years, it is essential that while parties are keen to get things up and running, rushing the negotiation process may jeopardise [transparency and proper safeguards for environmental integrity and human rights](#).

What are the key sticking points for COP29?

Article 6.2 (bilateral trading between countries)

While ITMOs are already being traded, there are still some key elements that need to be agreed upon to ensure the functioning and integrity of trading. The bottom-up approach and lack of transparency requirements under A6.2 means there is a risk it may be exploited. Negotiations in Bonn, as well as those in past years, failed to reach an agreement on many key issues, which will be discussed again at COP29.

Ensuring transparency

So far under A6.2, countries have been given a broad scope to decide whether key details of carbon trading should remain confidential, including the type and quantity of offsets traded. There are no limits on what information can be treated as confidential – while countries [“should” explain why information is confidential](#), there are no requirements to do so. This is particularly concerning as, unlike A6.4 where credits are subject to UNFCCC authorisation, under A6.2 [countries themselves decide if credits meet their standards](#). Countries do not have to provide any information before they announce the issuance and use of ITMOs.

Discussions during Bonn on what information should be disclosed, and if any of this should be compulsory, [failed to reach a consensus](#) and [will continue during COP29](#). Activists and civil society have previously [raised concerns](#) that a lack of transparency will make it hard to ensure deals struck between countries are meeting integrity standards. Carbon Market Watch suggests that in addition to the authorisation of ITMOs (which can be done at any stage of the process, including after they have been issued and even sold for use), [cooperative approaches should also be authorised, requiring upfront disclosure of information](#).

Strengthening the review process

A review team, made up of technical experts assigned by nations participating in A6.2, is mandated to check deals struck under A6.2 for inconsistencies and ensure all rules are being met. The scope and remit of this team has been [weakened considerably during previous negotiations](#). There are also questions about how confidential information will be treated in this review process. Although the review team is able to carry out checks on 'inconsistencies' that are deemed confidential, they may not be able to make their findings public or impose any sort of consequences.

At discussions in Bonn, the [development of a code of conduct for how to treat and review information identified as confidential was requested](#) for negotiation at COP29.

Recommendations on the review process and associated confidentiality will [be negotiated at COP29](#) and have the [potential to give more weight and authority to the review process](#).

This is particularly important, as there are no safeguards to prevent human rights abuse under A6.2 – which is a major concern given the [human rights abuse and land abuse cases](#) in other carbon market schemes, particularly the CDM.

Clarifying the authorisation process

The authorisation process for ITMOs, including timing and the possibility of revoking credits, was debated during talks at Bonn. Some countries want flexibility to [take back their authorisation](#) at a future date, if, for example, they are unable to meet their NDC targets, which could threaten the integrity of trading under A6.2. The authorisation process could also enable revocation of ITMOs under [“extreme circumstances”, such as fraud or human rights abuse](#). Recommendations on country authorisation requirements will be [discussed at COP29](#).

Deciding on registries

To trade ITMOs, countries either need to set up their own national registries to track the types of credits being sold by who and from where, which can involve a lot of time and capacity, or use a third-party registry or use the A6.2 international registry. The A6.2 international registry is still under negotiation and [not yet operational](#) which has stalled progress on A6.2. Some countries are in favour of [linking the A6.2 international registry with the A6.4 registry](#), while others oppose it. Decisions regarding a registry are not likely to have huge implications for the environmental integrity of A6.2, but the type of registry decided upon could help ensure countries have equal access to A6.2 regardless of national capacity and pre-existing carbon trading infrastructure.

Who has already signed deals under Article 6.2?

There are already [91 cooperative agreements](#) at various stages of implementation under A6.2, with Japan, Singapore and Switzerland having signed the most of all countries. However, most of these [only represent an intention to trade in the future and are not legally binding](#) - only [22% are at the signed bilateral phase](#).

Only deals for five projects have issued authorisation statements, Switzerland’s [agreements with Ghana, Thailand and Vanuatu](#), and only one transfer has occurred under A6.2 - [from Thailand to Switzerland for a “Bangkok E-Bus Programme”](#) at the start of 2024. However, it is typically a [lengthy multi-year process](#) for countries to authorise A6.2 agreements.

Under A6.2, governments can agree for companies to trade ITMOs within the overarching frameworks established by those governments, [enabling private sector participation in ITMO transactions](#).

The involvement of some companies has raised concerns. For example, the UAE-based private company Blue Carbon [has come under fire](#) for bilateral deals announced with eleven countries, most in Africa. One deal gives customary land rights of around [10% of the land area of Liberia](#) to Blue Carbon, which claims to be generating credits by adhering to REDD+ standards. However, key gaps arise: for example, REDD+ credits must be ‘additional’ - meaning the emissions reductions would not have occurred in the absence of the project - which is not true in the case of Liberia, as the purchased land [already includes nature reserves](#).

Article 6.4 (project-based emission trading)

The [A6.4 Supervisory Body \(SB\)](#) has been set up to establish the rules for a new global carbon market. As trading under A6.4 will be overseen by the UN, key rules need to be agreed upon before the global market for carbon trading can be set up.

Many aspects of A6.4 have already been decided by the SB, and not all outstanding items are set to be discussed at COP29. However, there is potential for countries to request the SB to set future timelines to review guidance that is not up for discussion during the conference.

Aspects of A6.4 to be discussed at COP29

Approving standards on methodologies and removals

The SB has developed standards on [methodology requirements](#) and [on activities involving removals](#). However, as the SB has its own governing power, it can make decisions without requiring approval during COP. During COP29, it will only need to seek approval on the two standards it has developed on methodologies and removals. It has only [asked the decision-making body at COP to endorse this approach and provide additional guidance](#).

Although there are some shortcomings in the texts, it is [likely that these standards will be approved](#). Even if the standards are adopted, countries are able to request changes to the mandate of the SB, providing them with more specific guidelines on the guidance they are able to provide. For example, they may request that scientists will need to be involved in the development of the methodological requirements.

Development of registries

Transactions under A6.4 will be recorded in a registry, the features of which are still to be discussed at COP29. Developing an effective registry can help improve the integrity and transparency of A6.4. [Carbon Market Watch recommends](#) that the registry provides publicly available and up-to-date information on each project and a record of all transactions and holders of A6.4ERs, among other information. Some countries have raised the need for a registry [that connects both A6.2 and A6.4 transactions](#), as well as registries outside the UN system, however, [views on this were split](#) in Bonn.

Other outstanding issues on A6.4

Transfer of Clean Development Mechanism (CDM) credits

The SB has developed a [standard on methodology requirements](#), but, until new A6.4 methodologies are approved, the first 6.4 activities will likely be from transitioning CDM projects, which are likely of lower quality compared to current methods, threatening the integrity of A6.2 transfers. This will likely include large amounts of credits from reforestation and renewable energy activities from countries like Brazil and India, which issued many CDM credits. So far, [the transition has been approved for nine activities](#) which include hydropower, renewable energy and clean cookstove projects – all likely to have low additionality.

Developing clear guidelines for authorisation

Under A6.4, emission reduction credits authorised by host countries to be used towards NDCs, or other international mitigation purposes, must undergo a [corresponding adjustment](#) (CA) to ensure they are not double-counted. This means that if an emission reduction credit is authorised for sale to another country, it must be taken off the host country's balance sheets and only accounted for by the purchaser. However, it remains unclear when exactly a 6.4ER credit is required to undergo a CA. At COP27 it was suggested that if a country does not authorise the use of credits for trading, these could be used as a ["mitigation contribution 6.4ER"](#), where they do not require a CA as they will only be claimed for use by the host country. Lack of clarity means contribution credits may be double counted and could create what some observers have termed [a 'subprime market'](#)

[in carbon credits](#), which could overestimate progress towards 1.5°C.³ The issue of double counting may also be exacerbated if changes can be made after authorisation.

Human rights considerations

The [Sustainable Development Tool](#) is designed to mandate environmental and human rights safeguards and the [appeals and grievance procedure](#) are important steps in the right direction, but also [contain room for improvement](#). Given the [corruption and fraud](#) within carbon market schemes, there are concerns that the measures as-are will not go far enough to prevent this in future. According to the Institute for Agriculture and Trade Policy, the Sustainable Development Tool still lacks “[criteria that Parties could use to combat carbon market related corruption](#)”. Both the Sustainable Development Tool and the appeals and grievance procedure [have been agreed upon](#), however, it is possible that countries can ask for this to be reviewed and strengthened in future.

Will countries favour A6.2 over A6.4?

One other distinctive feature of A6.4 is a requirement that credits issued will have [2% of credits cancelled](#) for Overall Mitigation of Global Emissions (OMGE) and [5% of credits forwarded towards a global adaptation fund](#) to help Global South countries finance efforts to adapt to climate change. This means that conducting transactions under A6.2 is comparatively less costly than under A6.4, and might result in A6.2 becoming the favoured mechanism – particularly as the infrastructure to start trading already exists and it is still unclear when exactly trading under A6.4 can commence.

Trading under A6.2 still requires countries to develop their own national registries and spend time and effort signing agreements with other countries or organisations. However, transactions under A6.2 may be conducted with lower integrity, as countries can decide their own guidelines for issuing credits, whereas UN guidelines have to be used to trade credits under A6.4.

Article 6.8 (Non-market Approaches)

A6.8 remains the least well-defined and discussed approach under A6. As the ongoing scrutiny of VCM reduces confidence in market-based mechanisms and developed countries [fail to deliver their fair share of climate finance](#) to developing countries, some countries and civil society groups are likely to shift attention towards A6.8 as an alternative financing mechanism for climate action.

For example, Souparna Lahiri from the Global Forest Coalition said in June 2023 that A6.8 is an “[opportunity for the global south to find sources of climate finance to strengthen resilience and take real climate action, instead of surrendering land, resources and rights](#) to the global north.” Peter Riggs from the Climate Land Ambition & Rights Alliance highlighted that A6.8 could be the better mechanism as it is “[not limited to a carbon metric](#)” and can [better support co-benefits](#) such as the protection of biodiversity and Indigenous rights. Additionally, leaders of eight Amazon basin countries signed the so-called [Belém Declaration](#) in 2023, which highlights A6.8 as an opportunity for establishing funds for protecting the Amazon.

³ It was also decided at COP27 that credits (known as Certified Emissions Reductions) issued under the previous carbon trading scheme (the Clean Development Mechanism) established under the Kyoto Protocol registered after 2013 can be transferred to the A6.4 for use against a first NDC [without a corresponding adjustment](#) by the host country.

A key issue is that the term non-market approaches (NMA) is [not well](#) defined. At COP26, the Glasgow Committee was established to continue work on A6.4 and has since put together a [technical report including examples of NMAs](#). Work is continuing on the [development of a “web-based platform”](#), which could potentially match countries in need of climate financing with those providing funds. However, [discussions in Bonn in June 2024 failed to highlight many concrete initiatives under A6.8](#).

To be successful in presenting a practical alternative to market mechanisms, there will need to be a larger focus from parties on operationalising A6.8 at COP29.

How will negotiations impact the voluntary carbon market?

While A6 [does not directly address](#) the interaction between voluntary and compliance carbon markets, decisions made under A6.4 are likely to indirectly influence the VCM, particularly in relation to [double-counting](#). A key concern is that ambiguity in the A6.4 text opens up the possibility of issuing credits that are [not authorised](#) by countries. These ‘non-authorised’ credits could be [traded internationally for use in the VCM](#) without requiring a Corresponding Adjustment – meaning they may be double counted and [result in greenwashing](#) if used by companies to make offsetting claims.

Increasing scrutiny over offsetting claims has pushed the VCM to consider new rules. The [Voluntary Carbon Market Integrity Initiative](#) developed a [Claims Code of Practice](#) in 2023 which addresses double counting. The [Integrity Council for the VCM](#) (ICVCM, formed by Mark Carney’s Taskforce for Scaling up the VCM) has also released a set of [Core Carbon Principles to measure the quality of carbon credits](#). However, this alone is unlikely to resolve the deep-rooted integrity issues in the VCM.

VCM standard setters have different positions on the use of authorised vs non-authorised credits. [Verra](#) and the ICVCM, for example, will [continue to sell non-authorised](#) credits – stating in 2023 that [a CA should not be obligatory in the VCM](#) – whereas [Gold Standard does not sell them](#). Regardless, both Verra and Gold Standard have [begun developing labels](#) for credits that have been authorised by host countries under A6 and [issuing guidance for projects seeking compliance under A6](#).

Although [VCMs don’t have to abide by A6 rules](#), it is unlikely that credible, standard-setting bodies will want to appear as having weaker standards than the UN under A6. Just as many VCM registries used methodologies and standards from the CDM, it is expected that A6 guidelines [will heavily shape the future guidelines of the VCM](#). For example, the [ICVCM is awaiting decisions from the A6.4 SB](#).

Decisions around authorised and non-authorised credit sales on VCMs, as well as decisions around avoidance credits (which [make up roughly 75% of all certified credits](#) and the definition of a ‘high integrity’ removal, could drastically limit the scale of VCM growth. Growth in compliance markets through more widespread implementation of A6.2 and A6.4 could reduce the significance of VCMs. While some countries, like Singapore, are investing [in growing the VCM](#), others, like Australia and Japan, are planning to trade domestic carbon credits under A6, instead of using the VCM. Many countries have put [carbon trading plans on hold](#) until the rules for carbon trading under A6 are finalised.

Actors in these markets should also note that all countries who have ratified the Paris Agreement have agreed that [simple offsetting is no longer acceptable](#) and that credits must deliver climate adaptation finance.