CARBON MARKET WATCH

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By the book:

How effective are Article 6 carbon market rules?

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Executive summary

In November 2024, at the COP29 climate conference in Baku, countries concluded nine years of negotiations that finalised the rulebook for United Nations carbon markets under Article 6 of the Paris Agreement. This framework for international carbon trading will remain unchanged until a scheduled review in 2028.

At its core, Article 6 was designed to enhance climate ambition by enabling countries[1] to cooperate through the voluntary trading of carbon credits. In theory, such cooperation is meant to facilitate greater emissions reductions than countries can achieve independently. In practice, there are many factors at play which undermine this objective. This report examines the **STRENGTHS** and **WEAKNESSES** of the Article 6 rulebook and considers its implications for carbon markets under the Paris Agreement.

The report evaluates the effectiveness of the Article 6 rulebook against four key criteria: the quality, transparency, accountability, and equity. These interrelated categories collectively define the robustness and credibility of Article 6 carbon markets and their effectiveness as tools to drive down global emissions.

This assessment finds that the Article 6.2 rulebook sets out a weak framework, scoring poorly across most of the evaluation criteria. Article 6.4 performs better overall than Article 6.2. Nevertheless, it still scores badly on permanence and equity. As the rules stand now, the Article 6 framework is simply not robust enough to ensure the transparent trade of high-quality carbon credits, with troubling ramifications for global climate action and, given the growing reliance on the crutch of carbon markets, our collective ability to tackle the climate crisis.

It is critical that the gaps and loopholes identified in this report are eliminated and resolved. For Article 6.2, these revisions must occur when the Article 6 rulebook is up for official review in 2028, which is the next time Article 6.2 rules will be negotiated. For Article 6.4, these revisions can already take place given the Article 6.4 Supervisory Body can continually make changes to its rules. Developed countries must prioritise domestic emission reductions without using Article 6 as a means to achieve their climate targets on paper: not only because developed countries bear a significant responsibility for historical, and ongoing, emissions that require domestic action first, but also in light of how poorly Article 6 carbon markets score.

QUALITY OF CARBON CREDITS

The quality of carbon credits, also referred to as their environmental integrity, is the cornerstone of a credible carbon market. It ensures that each carbon credit represents a real, additional, and verifiable emission reduction or carbon dioxide removal with an impact at climate-relevant timescales. Under Article 6, the governance structures of its two carbon trading frameworks, Article 6.2 and Article 6.4, influence the environmental integrity of carbon credits.

Article 6.2, which focuses on emissions trading between states, operates without centralised oversight, leaving environmental integrity largely at the discretion of participating countries. As long as they agree on a carbon crediting methodology, they can define the quality criteria themselves.

Article 6.4 establishes a centralised carbon crediting market, governed by a dedicated UN entity called the “Supervisory Body”, with detailed rules on credit quality, additionality, baseline setting, and methodologies, as well as more transparent and top-down governance.

Article 6 marks an improvement compared to much of the voluntary carbon market when it comes to double-counting (two entities claiming the climate impact of the same carbon credit). Under Article 6, any carbon credits formally authorised by a country for international trading are not permitted to be counted twice. The country selling carbon credits deducts any sold carbon credits from its own greenhouse gas inventory so that the entity buying them can count them towards its own climate targets.

The additionality of credits traded under Article 6.2 remains a concern, as rules do not establish clear standards for demonstrating additionality. In contrast, Article 6.4 provides a stronger framework with more defined requirements to ensure that emissions reductions would not have occurred without carbon market incentives.

Conservative baseline setting is fundamental to guaranteeing the quality of credits. However, Article 6.2 lacks a binding requirement to set rigorous baselines or crediting period limits. Article 6.4 includes a standard for baseline setting, which defines how baselines should be quantified and requires them to be adjusted over time to decrease in line

[1] The Paris Agreement is ratified by “Parties”. In almost all cases, Parties to the Paris Agreement are in fact countries. A notable exception is the European Union, which is collectively referred to as a Party (each member state of the EU is also individually a Party to the Paris Agreement). For the sake of simplicity and readability, this report refers to “countries”, rather than “Parties”.

with rising ambition. However, this standard still falls short of aligning baselines with the long-term goals of the Paris Agreement. Article 6.4 also establishes maximum limits on crediting periods.

Regarding permanence, Article 6.2 requires only that countries publish information on how non-permanence risks are being «minimised» but fails to establish any binding safeguards. Article 6.4 provides a more structured approach through the 'Standard for activities involving removals', which is not sufficient on its own to ensure long-term integrity, since it lacks strong enough measures to manage reversal risks effectively (ongoing work on this topic will continue in 2025 and potentially beyond).

TRANSPARENCY

Transparency is key to any credible carbon crediting system. Transparency provisions must ensure that information about the quantity and quality of carbon credits is easily available, accessible, and up to date. The quality of such provisions depends on both the amount of disclosed information and the timeliness of its release, as both factors are necessary to ensure effective oversight and accountability.

The Article 6.2 rulebook leaves significant room for countries to be vague about how they collaborate under the Article 6.2 framework, allowing them to remain unclear in their reporting while still being considered compliant. Additionally, it allows countries to declare any or all information about their Article 6.2 transactions as "confidential" if they wish.

Article 6.4 has a stronger transparency framework than Article 6.2. It requires public disclosure of key project information; such as methodologies, additionality, crediting periods, safeguards, and contributions to host country NDCs. All documents from the project cycle must be published on the UNFCCC website, making validation, verification, and issuance steps transparent. The Article 6.4 registry will provide real-time information on credit issuance, transfers, cancellations, and holdings. However, since the registry is still under development, it remains uncertain how comprehensive the final information will be and how accessible the platform will become.

ACCOUNTABILITY

Accountability ensures that rules are not just written but effectively enforced. It determines whether there are mechanisms to ensure compliance and what the consequences are when rules are not followed.

Article 6.2 lacks strong governance and accountability mechanisms. Third-party oversight regarding the trades countries participate in is rather weak. The UN-appointed review team charged with overseeing countries' adherence to the Article 6.2 rules has limited authority to flag issues and subsequently request corrections or enforcement measures. This means accountability is largely outsourced to civil society, journalists and independent watchdogs to flag integrity issues. Lacking robust oversight and real consequences for non-compliance, Article 6.2 fails the basic test of accountability.

Article 6.4 has a stronger accountability framework than Article 6.2, with structured governance and enforcement mechanisms. The Supervisory Body ensures that all projects follow approved methodologies and comply with established standards. Third-party validation and verification are required, with Designated Operational Entities (DOEs) independently validating projects before registration and verifying emissions reductions before credits are issued. Renewing crediting periods requires approval to ensure projects stay aligned with updated methodologies and continue meeting required standards.

EQUITY

Equity ensures that carbon markets are fair and do not exacerbate existing inequalities. It determines how benefits and responsibilities are distributed among countries and whether social and environmental safeguards prevent unintended harm.

Article 6.2 fails to uphold this principle effectively. It only requires countries to disclose how their cooperative approach avoids negative environmental, economic, and social impact, but without genuine accountability or clear safeguards against misconduct. These elements are thus likely to be weakly enforced . There is also no requirement for an independent grievance mechanism to provide redress, for example in case carbon market projects lead to human and land rights infringements.

Article 6.4 incorporates stronger equity mechanisms, including by going slightly beyond a simple tonne-for-tonne offsetting logic. The mechanism requires 2% of all credits to be withheld from trading so that no buyer can purchase them, thereby contributing to what the text refers to as "overall mitigation in global emissions (OMGE)". In addition, the market indirectly supports climate adaptation, since 5% of all credits must be transferred to the Adaptation Fund to finance adaptation efforts.

The Article 6.4 market has also established environmental and social safeguards, and a grievance mechanism to provide redress, for example in case carbon market projects lead to human and land rights infringements. However, critical gaps remain in Article 6.4, particularly in relation to land rights. Another significant weakness is the limited accessibility of grievance and appeal processes, given the high costs and language barriers, as submissions are only accepted in English.

Assessment overview

Please note that our assessment captures the strengths and weaknesses of the Article 6 framework as it stands at the time of writing, for more information, see the section on methodology. The tables below provide an overview, but each category is important, reflecting a key pillar upholding the integrity of the entire system. If even one pillar is weak , it can still compromise the quality and credibility of the entire market mechanism. We encourage readers to keep this in mind when reviewing the findings of this assessment.

LEGEND

SEVERLY LACKING | LACKING | INSUFFICIENT | MODERATE | GOOD

Strengths and weaknesses of the Article 6.2 rulebook

PROS	CONS
ENVIRONMENTAL INTEGRITY	
DOUBLE COUNTING	
⊕ Corresponding adjustments required for each authorised Article 6.4 unit	⊖ Double counting still possible due to loopholes in current accounting rules
ADDITIONALITY	
⊕ ITMOs are required to be «real, verified, and additional»	⊖ No criteria for defining, demonstrating or assessing additionality

PROS	CONS
QUANTIFICATION	
⊕ Emission avoidance not allowed in theory	⊖ No standards for quantifying reductions/removals ⊖ No provisions to address leakage ⊖ Emission avoidance is not defined clearly ⊖ Avoidance methodologies used to issue credits ⊖ No limit on crediting periods with required reassessments
PERMANENCE	
	⊖ Lack of binding long-term monitoring and liability mechanisms ⊖ No rules to ensure reversals are identified and addressed
TRANSPARENCY	
QUANTITY	
⊕ Information about countries' cooperative approaches is publicly disclosed	⊖ Rules allow countries to report vague or incomplete information ⊖ Generous confidentiality rules allow countries to keep information hidden
TIMING	
⊕ Information can be reported early	⊖ No guarantees for early disclosure of information
ACCOUNTABILITY	
⊕ Information reviewed, with summary findings disclosed	⊖ No strong oversight or enforcement mechanisms ⊖ Review by UN technical experts is very limited ⊖ No clear consequences or penalties for non-compliance
EQUITY	
	⊖ Lack of meaningful environmental and social safeguards ⊖ Lack of minimum standards for mitigation-sharing and benefit-sharing ⊖ No grievance mechanism

Strengths and weaknesses of the Article 6.4 rulebook

ENVIRONMENTAL INTEGRITY

DOUBLE COUNTING

PROS	CONS
⊕ Corresponding adjustments required for each authorised Article 6.4 unit	⊖ Double counting still possible due to loopholes in current accounting rules

ADDITIONALITY

PROS	CONS
⊕ Clear additionality tests for new projects ⊕ Supervisory Body approval of methodologies required	⊖ Standard for additionality has not yet been applied and real-world implementation may fall short ⊖ CDM transition may approve non-additional projects

QUANTIFICATION

PROS	CONS
⊕ Baselines must be conservatively estimated ⊕ International leakage must be accounted for ⊕ Limits on crediting periods with required reassessments	⊖ Real-world implementation of the standards may fall short ⊖ Long crediting periods for carbon removal projects (15 years) until required use of updated methodology ⊖ CDM transition process may approve overcredited projects

PERMANENCE

PROS	CONS
⊕ Post-crediting monitoring and remediation of reversals via a buffer pool, where project developers are liable for “avoidable reversals”	⊖ Lack of minimum monitoring period after end of crediting period ⊖ Buffer pool cancellations and replenishments do not match the permanence of reversed units ⊖ Wider ambiguities on reversals remain

TRANSPARENCY

QUANTITY

PROS	CONS
⊕ Good level of publicly available information on methodologies, additionality, crediting periods, and safeguards	⊖ Registry is still under design, final accessibility of information is unclear

TIMING

PROS	CONS
⊕ Near real time visibility into the full project cycle ⊕ Article 6.4 mechanism registry will stream real-time data	⊖ Registry is still under design, final accessibility of information is unclear

ACCOUNTABILITY

PROS	CONS
⊕ Mandatory consultation process ⊕ Decisions by Supervisory Body can be appealed ⊕ Independent validation and verification	⊖ Appeal rulings are non-binding and expensive ⊖ Conflict of interest risk: independent verification bodies are chosen by project developers

EQUITY

PROS	CONS
⊕ Helps to generate some climate adaptation finance ⊕ Somewhat sufficient social and environmental safeguards ⊕ Central grievance mechanism established	⊖ Positively goes beyond basic offsetting logic, but only slightly (2% cancellation) ⊖ Safeguards do not sufficiently address land rights, such as involuntary resettlement ⊖ Grievance mechanism suffersfrom accessibility issues

Acronyms

CARP - Centralised Accounting and Reporting Platform

CDM - Clean Development Mechanism

COP - Conference of the Parties

DOEs - Designated Operational Entities

ETF - Enhanced Transparency Framework

ITMOs - Internationally Transferred Mitigation Outcomes

NDC - Nationally Determined Contribution

OIMP - Other International Mitigation Purposes

OMGE - Overall Mitigation in Global Emissions

UNFCCC - United Nations Framework Convention on Climate Change

Introduction

In November 2024, at COP29 in Baku, countries finalised the Article 6 rulebook, marking the conclusion of negotiations on how to implement the Paris Agreement's carbon market mechanisms: Article 6.2 deals with emissions trading between countries while Article 6.4 sets out the parameters for a UN carbon market. This decision means that the framework for international cooperation and carbon trading under Article 6 is now set, at least until 2028, when a scheduled review will assess the rules, modalities, and procedures for Article 6.4 and the guidance for Article 6.2.

At its core, Article 6 was designed to enhance climate ambition by enabling countries to cooperate through voluntary approaches, as stated in its first paragraph. But does the finalised rulebook truly deliver on this goal?

In theory, cooperation should allow for greater emissions reductions than countries could achieve alone, yet whether the agreed rules actually enable this is doubtful.

This report evaluates the strengths and weaknesses of the Article 6 rulebook and, more broadly, whether the negotiations have resulted in carbon markets that align with the Paris Agreement's commitments.

The report outlines the key milestones from nine years of negotiations and assesses the Article 6 rulebook according to four assessment criteria: environmental integrity, transparency, accountability, and equity (explained below). These criteria were selected because they represent the core pillars necessary for a well-functioning and equitable carbon market.

The *assessment overview table* provides a visual summary of the assessment, presenting how the Article 6 rulebook scores across each criterion.

TIMELINE

The road to the rulebook started in 2015, with the adoption of the Paris Agreement at COP21. Article 6 provided broad principles for how countries could "pursue voluntary cooperation" to meet their climate targets[2]. Paragraph 2 of Article 6 allowed countries to voluntarily engage in "cooperative approaches" using internationally transferred mitigation outcomes (ITMOs) to achieve their nationally determined contributions (NDCs). Paragraph 4 of Article 6 established a mechanism to contribute to the mitigation of greenhouse gas emissions.

These broad principles required further rules to be adopted at future COP meetings, requiring consensus from all countries, which took longer than expected. Negotiations on Article 6 thus remained deadlocked for five years, until COP26 in Glasgow, when countries reached an agreement on key implementation rules[3]. The COP26 decision defined two distinct governance structures under Article 6: Article 6.2 as a decentralised framework for direct emissions trading between countries and Article 6.4 as a UN-supervised carbon market for countries, companies and even individuals.

Despite this progress, many implementation details and rules remained unresolved, requiring further negotiations.

COP27 in Sharm el-Sheikh clarified certain points while also introducing *new challenges* and *loopholes*[4].

[2] *Decision 1/CP.21 (Paris Agreement), 2015, Article 6.*
[3] *Final decisions for the two streams of negotiations: Decision 2/CMA.3 and Decision 3/CMA.3.*
[4] *Final decisions for the two streams of negotiations: Decision 6/CMA.4 and Decision 7/CMA.4.*



Note: The Article 6.4 Supervisory Body regularly meets to make rules outside of COPs since 2022

Article 6 negotiations at COP28 collapsed because some countries pushed for weak rules. Shortly after, the first-ever trade of ITMOs took place outside the finalised framework. Switzerland acquired 1,916 ITMOs from Thailand for a programme funding electric buses in Bangkok. However, concerns soon emerged about the additionality of these credits. A *study* concluded that this electric bus rollout would have happened by 2030 even without revenue from the sale of carbon credits, raising doubts about the credibility of the credits.

These developments increased pressure for a definitive outcome at COP29 in Baku, where the Article 6 rulebook was concluded[5].

WHAT HAPPENS NOW?

There are now no further rules on Article 6 to agree to at COPs until 2028, when all the existing rules will be up for review and possible re-negotiation.

With a complete yet inadequate rulebook for carbon trading under Article 6, the volume of transactions under Article 6.2 will likely accelerate as countries gain clarity on how to structure their participation.

Meanwhile, the Article 6.4 mechanism is not yet, at the time of writing, operational, but there is a clear path for implementation. The first credits issued under new methodologies are unlikely before 2026, as key elements still need to be finalised. In February 2025, the Supervisory Body approved the transition of the first Clean Development Mechanism (CDM) project, which means that credits could *soon be issued* under Article 6.4 from old CDM projects, *most of which were not of high environmental quality*.

METHODOLOGY

This report assesses how well the Article 6 rulebook defines a strong framework to ensure environmental integrity, transparency, accountability, and equity, based on a qualitative scoring method. We assign a score, ranging from “severely lacking” to “good”, to each evaluation criterion outlined in the tables below.

SCORING SYSTEM

oEvery score indicates how well the rules over the fundamental issues under that evaluation criterion:

- **SEVERELY LACKING** applies when the rules are missing altogether, or they don’t create any meaningful standards, processes, safeguards, or supervision.
- **LACKING** applies when the rules achieve a minimum standard but leave significant loopholes that undermine the system’s effectiveness.
- **INSUFFICIENT** applies when the rules fulfill basic requirements but gaps remain. The remaining loopholes, if exploited, risk undermining consistent enforcement and the effectiveness of safeguards.
- **MODERATE** applies when the rules are strong, with only minor flaws that should not jeopardise the overall integrity of the system.
- **GOOD** applies when the rules are well-defined and complete, with no weaknesses or loopholes left open.

ASSESSMENT SCOPE

The evaluation covers the rules agreed to by countries during the UNFCCC negotiations under Article 6.2 and Article 6.4 of the Paris Agreement. Our assessment captures the strengths and weaknesses of the Article 6 framework as it stands at the time of writing.

For Article 6.2, we analyse the framework agreed at COPs, evaluating whether the current rules are strong enough to ensure the robustness of cooperative approaches and trades under Article 6.2.

For Article 6.4, we assess not only the rules agreed upon by countries at COPs, but also the further standards and procedures set by the Article 6.4 Supervisory Body.

"Article 6 negotiations at COP28 collapsed because some countries pushed for weak rules."

[5] *Final decisions for the two streams of negotiations: Decision 4/CMA.6 and Decision 5/CMA.6.*

ASSESSMENT CRITERIA

ENVIRONMENTAL INTEGRITY

ensures that carbon credits represent real, additional, and verifiable emissions reductions or removals at climate-relevant timescales. This requires strict methodologies, additionality testing, permanence safeguards, and robust measures to prevent double counting.

TRANSPARENCY

refers to the availability, accessibility, quality and timeliness of publicly available information regarding the quantity and quality of carbon credits exchanged. It encompasses both the extent of information disclosed and the timeliness of its release.

ACCOUNTABILITY

ensures that rules hold countries and market players to account and that they are not just written but effectively enforced. It determines what happens when rules are not followed and whether mechanisms exist to ensure compliance.

EQUITY

ensures that carbon markets are fair and help narrow inequalities, or, at the very least, do not exacerbate existing inequalities. It evaluates how benefits and responsibilities are distributed among countries, whether social and environmental safeguards prevent harm and how social or environmental harm is addressed if it occurs despite these safeguards.

Each of the dimensions represented by the assessment criteria is a foundational element of a credible Article 6 framework. Each one of these dimensions is essential to guarantee the integrity of the system.

OBJECTIVE	ASSESSMENT CRITERIA
ENVIRONMENTAL INTEGRITY	**DOUBLE COUNTING:** Do the rules avoid the same emission reduction or removal from being claimed twice? **ADDITIONALITY:** Do the rules provide assurance that credited reductions or removals would not have occurred without the carbon market incentives? **QUANTIFICATION:** Do the rules establish rigorous scientific and technical standards for measuring emissions reductions or removals? **PERMANENCE:** Do the rules establish robust durability and long-term monitoring to safeguard reductions and removals at climate-relevant timescales?
TRANSPARENCY	**QUANTITY OF INFORMATION:** Do the rules require clear, complete disclosure of information? **TIMING OF INFORMATION:** Do the rules ensure that information is made available early enough to support independent oversight and accountability processes?
ACCOUNTABILITY	Do the rules establish clear, enforceable obligations that hold countries and market participants to account? Do they establish independent bodies and mechanisms to monitor compliance and enforce the rules effectively? Do the rules clearly define responsibilities for countries involved in carbon market transactions? Do the rules enforce penalties or corrective action when standards are violated?
EQUITY	Do the rules ensure benefits and responsibilities are fairly distributed among countries and other stakeholders, especially local communities and indigenous peoples? Do the rules prevent projects from causing harm to local communities and ecosystems? Do the rules establish an independent process through which indigenous peoples and local communities can safely report actual or potential harm from carbon crediting projects, and access meaningful remedies?

Environmental integrity

Environmental integrity is the cornerstone of a credible carbon market, ensuring that each carbon credit represents a real, additional, and verifiable emission reduction or removal. Under Article 6 of the Paris Agreement, the governance structures of its two carbon trading frameworks, Article 6.2 and Article 6.4, determine the environmental integrity of carbon credits.

The two systems have different levels of provisions. Article 6.2 operates without centralised oversight, leaving environmental integrity largely at the discretion of participating countries. Essentially, as long as they agree on a methodology, they can define 'environmental integrity' themselves, as evidenced by the different approaches envisaged under Article 6.2,[6] which range from *transportation* and *cookstove projects* to *avoided deforestation approaches*, which have repeatedly been proven to grossly exaggerate their climate impact.

In contrast, Article 6.4 is governed by a dedicated "Supervisory Body" that sets and enforces standards for credit quality, additionality, baseline setting, and removals. The rules outline key principles that carbon credits represent reductions and removals that are real, conservatively estimated, and below business-as-usual levels, while also aligning with the Paris Agreement's long-term temperature goals[7]. The Supervisory Body operationalises those principles through specific standards and procedures. This centralised approach can promote greater consistency and provides more detailed guidance than Article 6.2. However, the Supervisory Body still needs to complete substantial work on implementation, and several rules and standards remain unfinished. The quality and effectiveness of the Article 6.4 carbon market will ultimately depend on how this work is carried out. This section will assess the strengths and weaknesses of the environmental integrity rules under Article 6.2 and Article 6.4.

[6] *Submitted reports, United Nations Framework Convention on Climate Change https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement/cooperative-implementation/carp/submitted-reports#Initial-reports-and-updated-initial-reports (last accessed, 31.03.2025).*

[7] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 33.*

[9] *Decision 1/CP.21 (Paris Agreement),2015, Article 6, paragraph 3.*

[10] *The Least Developed Countries Report 2024: Leveraging Carbon Markets for Development, United Nations Conference on Trade and Development, 2024. https://unctad.org/system/files/official-document/ldc2024_en.pdf*
Implementing Article 6 of the Paris Agreement: Options for Governance Frameworks for Host Countries, Global Green Growth Institute, 2023. https://gggi.org/wp-content/uploads/2023/08/GGGI_InsightBrief_07_Final.pdf

[11] *Use toward Other International Mitigation Purposes (OIMP) includes, for example, use by private entities aiming to meet voluntary climate commitments or by companies subject to regulations that require the use of units not subject to double counting. It also covers use under international schemes such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) CORSIA is a global mechanism developed by the International Civil Aviation Organisation (ICAO) to address and offset the growth in carbon dioxide emissions from international aviation above a standard reference level, with the goal of achieving what it describes as "carbon-neutral growth".*

[12] *Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 3.*

[13] *Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 2.*

[14] *Decision 7/CMA.4 (Article 6.4 decision from COP27), Annex, paragraph 29b.*

Authorisation

An authorisation in Article 6 carbon markets is the official approval granted by a host country for the transfer of emission reduction or removal credits. The letter of authorisation (LoA) confirms that a mitigation unit can be transferred abroad and that the host country will remove this unit from its national carbon accounting and NDC.

Authorisation is required for the use of internationally transferred mitigation outcomes (ITMOs) by participating countries.[9] This requirement can potentially act as a safeguard, as host countries can reject low-quality projects or those that would hinder their ability to meet their own climate targets. If a project focuses on easy or inexpensive mitigation options, the host country can refuse authorisation, since selling these carbon credits can either affect its ability to achieve its own climate target or leave the country with the responsibility to implement more expensive mitigation on its own. However, it remains to be seen how strong a safeguard the authorisation requirement will actually be. Not all countries have had extensive experience with carbon markets, leading to institutional and capacity constraints, as well as a lack of associated regulatory frameworks, which are especially present in least developed countries.[10] These factors can obstruct domestic policymaking decisions on whether to authorise under Article 6, potentially pushing countries to authorise more credits than they otherwise might, despite this bearing longer-term hidden costs. Some countries may even set less ambitious targets in order to be able to authorise more credits while still meeting their NDCs.

Credits under Article 6.4 can be authorised for use toward a country's Nationally Determined Contribution (NDC), meaning they can be purchased by countries and counted towards their official climate targets. Alternatively, credits can be authorised for use toward Other International Mitigation Purposes (OIMP).[11]

There are three components of authorisation:[12] of the cooperative approach, of ITMOs and of entities. In this report, when we refer to «authorisation», we mean of ITMOs, unless otherwise specified. In fact, this is the only type of authorisation that is mandatory under the current Article 6.2 rules.

Authorisation of ITMOs is directly linked to corresponding adjustments because it must occur before an ITMO can be traded internationally.[13] This is called a "first transfer" and triggers the corresponding adjustment, ensuring that the emission reduction or removal is properly accounted for and not counted twice.

The rules under Article 6.4 establish a category of credits called mitigation contribution units (MCUs), which do not require authorisation or corresponding adjustments.[14] This is because the units will count towards the climate target of the country where the mitigation took place ("host country" in UNFCCC language), and are not meant to be claimed by the buyer towards their own mitigation target. The buyer, instead, can communicate its financial support for mitigation efforts in the host country, as part of a *beyond value chain mitigation approach*.

DOUBLE COUNTING

ARTICLE 6.2

We score Article 6.2 rules on double counting to be **INSUFFICIENT**. While they address the core issue through corresponding adjustments, they fail to eliminate all risk. Specifically, two implementation loopholes leave certain situations that should require corresponding adjustments unaddressed.

Article 6.2 requires corresponding adjustments (CAs) to be applied to all ITMOs, regardless of whether they emanate from mitigation in the NDC or not:[8] the country selling carbon credits deducts any sold carbon credits from its own greenhouse gas inventory so that the entity buying them can in turn count them towards its own climate targets. This requirement is a key principle and is the primary safeguard against double counting under Article 6. In principle, this ensures that credits that are traded internationally with the appropriate host country authorisation (see box on authorisation) are properly accounted for, preventing the same mitigation from being claimed twice.

Despite the important requirement for applying corresponding adjustments, there are two loopholes when it comes to implementation: averaging and changes to authorisation.

Under the Paris Agreement, countries can set their climate targets – called nationally determined contributions or NDCs – with a final target year in mind (for example, 2030) but it is not mandatory to set intermediate target years along the way . The former type of target is called a single-year NDC, while the latter type of target with intermediate milestones is called a multi-year NDC. *Most countries have set single-year NDCs.* This has implications for how corresponding adjustments are applied: rather than applying to each and every carbon credit bought or sold, corresponding adjustments can be applied[15] as an average of credits bought or sold over the NDC period, which is called the *"averaging" approach*.

Problematically, the averaging approach can lead to double counting in practice, especially in cases when a country has a single-year NDC target. For example, consider a country that is selling ITMOs for use by airlines under CORSIA. If it sells no credits for nine years and then sells a million credits in the final year of its NDC period, it would not need to apply corresponding adjustments to all the credits. Instead, under an averaging approach, it could apply corresponding adjustments based on the average number of credits sold over the full NDC period (1,000,000 credits / 10 years = 100,000 credits to adjust for). This would result in 900,000 credits remaining unaccounted for and effectively double counted.

Another weak point in the rules is the flexibility in modifying the authorisation of ITMOs. When providing a formal authorisation of carbon credits, countries specify the conditions under which this authorisation can be changed and possibly even revoked.[16] The rules require that countries describe how changes will be managed to prevent double counting, but they do not set clear restrictions or provide guidance on how to do this.

If misused, this loophole could allow a country to alter past authorisations in a way that enables double counting. For example, a country authorises a million ITMOs in 2025, which are all used by companies between 2025-2028, but then, in 2029, decides to revoke its authorisation in order to count these credits towards its own NDC. This means the country would have double counted a million tonnes of emissions. The rules lack clear requirements to prevent this.

In conclusion, while the requirements to apply corresponding adjustments under Article 6 address the core issue of double counting, the current rules leave gaps that could be exploited.

[8] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 7.
[15] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 7a.
[16] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraphs 5.g, 7-9.

ARTICLE 6.4

We score Article 6.4 rules on double counting as **INSUFFICIENT**. We decided to assign the same assessment level as the rules under Article 6.2 for this category, given that most Article 6.4 units follow the reporting processes of Article 6.2. In fact, once they receive authorisation by a host country, Article 6.4 units technically become ITMOs and are, therefore, subject to the same reporting requirements.[17] As explained above, the rules on double counting contained in the Article 6.2 rulebook address the core issue through corresponding adjustments but fail to eliminate all risk, as they still leave two implementation loopholes (see section above).

However, the rules under Article 6.4 also define a category of units that do not incur any risk of being double counted, as they do not require corresponding adjustments: the mitigation contribution units (see box).

"[...] projects need to rely heavily on the revenue and incentives from the sale of carbon credits to operate"

[17] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 1g.
[18] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 1a.
[19] Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraphs 8(b), 9(b), and 10(b).
[20] Credits authorized for use toward Other International Mitigation Purposes (OIMP) can be used in a variety of ways, since the definition is open. This includes use by companies to count reductions or removals toward their voluntary climate goals, by companies following rules that require units not to be double counted, or by airlines taking part in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

ADDITIONALITY

ARTICLE 6.2

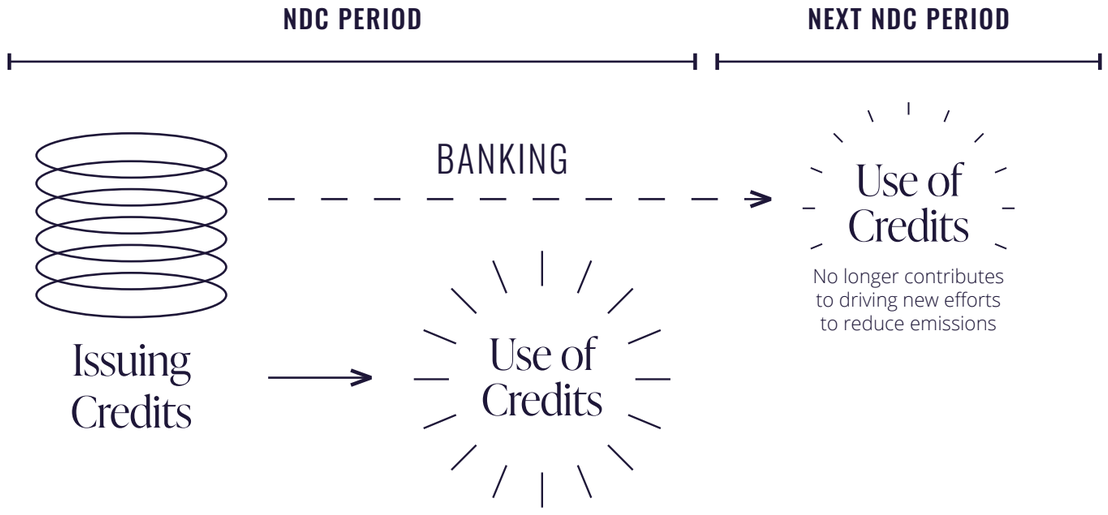
We score Article 6.2 rules on additionality to be **SEVERELY LACKING** as they fail to define additionality and to close loopholes that put environmental integrity in peril. The Article 6.2 rulebook does not establish clear criteria for defining and assessing additionality.

Additionality is essential to ensure that mitigation projects go above and beyond what is already required by law and what is technically and financially feasible without carbon market support. This means that projects need to rely heavily on the revenue and incentives from the sale of carbon credits to operate. If the mitigation was going to happen anyway, then there is no additional climate benefit to financing this through carbon markets.

The Article 6.2 rulebook only requires that ITMOs be «real, verified, and additional»,[18] but does not define how additionality should be demonstrated or assessed. This critical absence of requirements creates significant risks that low-quality credits will enter the system, undermining its environmental effectiveness.

A further risk to additionality comes from loopholes in the rules to prevent "banking" – where carbon credits are set aside and then only actually used by a company many years later. In most cases, banking is not allowed by Article 6,2 rules because credits must be used within the same NDC period in which they were issued.[19] However, the rulebook allows credits authorised for Other International Mitigation Purposes[20] to be saved across NDC periods if the country decides that corresponding adjustments will only come into effect when the actual carbon credits are "authorised" or "issued".

If countries opt for this approach, they can apply corresponding adjustments in their current NDC period, while keeping the underlying credits from being sold and used until their next NDC, something known as 'banking'. Banking carbon credits is an issue because when credits are available for use many years after they were issued, the purchase of those credits no longer contributes to driving new efforts to reduce emissions. , As a result, the ability to bank credits in this way undermines their role in achieving real emissions reductions or removals. In addition, the older a carbon credit is, the greater the risk that the methodology under which it was originally issued may be outdated or no longer represent best practice, posing an additional risk for credit quality.



ARTICLE 6.4

We score Article 6.4 rules on additionality to be **MODERATE**. The Article 6.4 rulebook provides a stronger framework for ensuring additionality compared to Article 6.2. It sets clearer principles for how activities must demonstrate that emissions reductions or removals would not have occurred without carbon market incentives. One weakness, however, stems from the decision at COP26 to allow the transition of projects from the Clean Development Mechanism (CDM) into the Article 6.4 mechanism (see box below). While this provision raises concerns related to both additionality and broader environmental integrity, we have rated the rules on additionality as moderate once the CDM transition ends. The problematic transition of CDM projects will be limited in time, after which the new provisions for demonstrating additionality under Article 6.4 represent an improvement on what preceded them.

The rules from the COP26 decision specify that carbon market projects must demonstrate their additionality based on a methodology that has been developed and approved by the Article 6.4 Supervisory Body.[21] Such a methodology should require projects to demonstrate additionality using a robust assessment that shows the activity would not have occurred without the incentives from the mechanism and that the resulting mitigation exceeds what is required by law or regulation. Activities should also avoid locking in carbon-intensive practices and technologies.[22]

Article 6.4 provides a better framework for demonstrating additionality. At its 15th meeting in February 2025, the Article 6.4 Supervisory Body finalised the *Demonstration of additionality in mechanism methodologies standard*, which defines additionality tests and related requirements. It is mandatory to conduct a regulatory analysis test and an analysis of "lock-in" risk, both of which are positive developments, especially the latter which does not exist in many other markets. Projects must conduct either an investment analysis or a barrier analysis (both of which must be complemented by a common practice analysis test). Alternatively, they can pursue a performance-based approach. In addition, under Article 6.4, "positive lists" cannot be used to automatically deem certain technologies to be additional, which was *allowed under the CDM*.

While the adoption of the additionality standard is a step towards implementation, it remains too early to see how these will be ultimately implemented into methodologies. For example, project developers and verifiers may have differing interpretations of the details, leading to different outcomes. For now, we can say that the principles are satisfactory, but the actual rigour of these rules depends on how they are applied in the real world.

[21] Art 6.4 decision from COP26, Rules, modalities and procedures, paragraph 32a: 'The activity shall apply a mechanism methodology that has been developed in accordance with chapter V.B below (Methodologies) and approved by the Supervisory Body following its technical assessment, in order to: demonstrate the additionality of the activity.'
[22] Art 6.4 decision from COP26, Rules, modalities and procedures, paragraph 38: 'Each mechanism methodology shall specify the approach to demonstrating the additionality of the activity. Additionality shall be demonstrated using a robust assessment that shows the activity would not have occurred in the absence of the incentives from the mechanism, taking into account all relevant national policies, including legislation, and representing mitigation that exceeds any mitigation that is required by law or regulation, and taking a conservative approach that avoids locking in levels of emissions, technologies or carbon-intensive practices incompatible with paragraph 33 above.'

Clean Development Mechanism's dirty footprint

One major risk undermining the climate impact of Article 6.4 comes from the transfer of Clean Development Mechanism (CDM) projects into the new system. The Article 6 deal allows CDM projects to transition into the Article 6.4 market, provided the host country approves them and they meet the new rules, other than the rules on methodologies. This exemption is critical because it means that CDM projects do not need to comply with Article 6.4's requirements, allowing credits to be issued using deeply flawed CDM methodologies.[23]

These flaws are well-documented. Numerous projects have been shown to deliver *little to no real climate impact*, and *some have even infringed on human rights*. By allowing these projects to continue generating credits under Article 6.4 without applying updated standards, the system risks being flooded with junk credits, undermining the credibility of the new mechanism.

Projects had until 31 December 2023 to request a transition, except for afforestation and reforestation projects, which have time to submit their request until 31 December 2025. For all projects, host countries have until 31 December 2025 to approve them. As of May 2025, 1,388 CDM projects and 119 programmes of activities (PoAs)[24] have submitted the required documentation to transition. Some countries have already approved the transition of specific CDM activities, including 17 project activities (PAs) and 18 PoAs hosted in countries such as Bangladesh, Bhutan, the Dominican Republic, Ghana, Myanmar, and Uganda.[25]

Carbon Market Watch recently *analysed* the CDM project that is expected to be the first to issue credits under the Article 6.4 mechanism. The project is a clean cookstove PoA in Myanmar that uses the CDM methodology AMS-II.G. Based on our analysis of the currently available data, it plans to issue 26 times more credits than peer-reviewed scientific estimates would justify. Clean cookstove projects like this one are designed to replace traditional cooking methods, such as burning firewood, with more efficient, lower-emission stoves. This can deliver real health and social benefits, for example by reducing indoor air pollution. However, such projects often face serious challenges in reliably quantifying actual emissions reductions.

At least, the CDM transition is time-limited. Even for projects that successfully transition, they can only issue credits for reductions and removals occurring between 2021 and the end of 2025 or the end of their current crediting period, whichever comes first. Still, if all CDM projects that have made a request to transition are approved by host countries, this would result in the issuance of nearly a billion carbon credits of doubtful quality, which would seriously warp the true climate impact of Article 6.4.

From 2026 onward, all projects must fully comply with Article 6.4 rules, including updated methodologies and additionality requirements. While this ensures that all projects will eventually meet higher standards, the transitional period could easily result in overblown climate claims that undermine the goals of the Paris Agreement by allowing low quality credits to offset real emissions.

[23] Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 73.
[24] PoAs are groupings of projects; the 119 PoAs mentioned above include a total of 954 smaller individual projects, known as component project activities (CPAs), which are grouped together because they are implemented under the same framework.
[25] For the most recent developments, refer to the CDM Pipeline page by UNEP. For a broader view of the Article 6.4 market's implementation, visit the UNEP Article 6 Pipeline page.

QUANTIFICATION

The Article 6.2 rules for quantification are **SEVERELY LACKING** and will not guarantee the accurate measurement and reporting of emissions reductions or removals. Article 6.4 is potentially better, but the effectiveness of these rules will ultimately depend on their final formulation and implementation over the coming months and years.

One area of progress across both Articles 6.2 and 6.4 is that they currently do not allow, unlike the CDM did, credits for emission avoidance, at least on paper.[26] This is a positive step, as these methodologies base credit issuance on speculative future emissions reductions, potentially at huge scale and with questionable rigour. For example, Article 6 does not allow a fossil fuel company that says it will pump less oil and gas to quantify the potential avoided emissions and sell them as carbon credits for offsetting purposes.

However, the rules do not entirely exclude the possibility that avoided emissions methodologies could be used in the future. SBSTA, the UN technical body tasked with deciding whether avoided emissions could be considered for credit generation, may revisit its decision to exclude these methodologies in 2028.[27] Moreover, emissions avoidance approaches may still find a backdoor in, even if they are not theoretically permitted.

For example, the first cooperative approaches proposed by Suriname and Guyana effectively involve the generation of carbon credits based on emissions avoidance, which normally would not be permissible under Article 6.2. Suriname's approach was still being reviewed by the UN's Article 6.2 review team at the time of writing. For Guyana's approach, the results of the review had already been published, but due to the limited mandate of the review process (analysed *in the section* on accountability under Article 6.2), the reviewers were not in a position to substantively question the type of activity. The review team noted that Guyana's crediting approach allows for upward adjustments that "do not constitute a conservative baseline", but it did not request significant remedies or question the generation of credits based on emissions avoidance.[28] Therefore, avoidance is still being used as a basis for credits, even though this goes against the Article 6.2 rules.

Additionally, an exclusion of emissions avoidance on its own does not, in itself, constitute a strong safeguard against the risk of weak crediting methodologies, particularly when the line between emission reductions and avoidance is blurred. Maintaining environmental integrity, therefore, hinges on robust provisions for quantification, additionality, permanence, and the prevention of double counting.

"[...] the rules do not entirely exclude the possibility that avoided emissions methodologies could be used in the future"

[26] *Report of the Subsidiary Body for Scientific and Technological Advice on its sixtieth session, paragraph 134 refers to Article 6.2, paragraph 144 refers to Article 6.4. // https://unfccc.int/documents/640211*

[27] *The Initial Reports related to the cooperative approaches mentioned above are available on the Centralized Accounting and Reporting Platform (CARP), which is the official UNFCCC Platform for all information reported under Article 6.2. The projects in question aim to avoid deforestation through potentially highly inflated metrics and could therefore be considered emission avoidance. However, due to differing interpretations of what qualifies as avoidance, their eligibility under Article 6 remains open to debate. // Initial Report - Suriname_UN REDD+ // Initial Report - Guyana REDD+ ART TREES*

[28] *Report on the technical expert review of Guyana Report (Addendum), UNFCCC, 2025, page 8. https://unfccc.int/sites/default/files/resource/a6_irterr1_2024_GUYa01.pdf*

[29] *In order to generate carbon credits, the carbon market project establishes a baseline scenario (e.g. 10 hectares of forest would be deforested without interventions from the project), which is used as a reference to estimate the achieved mitigation from the intervention (e.g. 10 hectares of forest are not deforested, which can be estimated in tonnes of CO2).*

[30] *Probst, B.S., Toetzke, M., Kontoleon, A. et al. Systematic assessment of the achieved emission reductions of carbon crediting projects. Nature Communication 15, 9562 (2024). https://doi.org/10.1038/s41467-024-53645-z*

[31] *Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 18.h.ii.*

[32] *The table of supplementary elements contained in Annex 1 of Decision 4/CMA.6 (Article 6.2 decision from COP29) outlines the information that countries are invited to incorporate. Among these is: "How baseline and reference levels are established, ensure they are conservative and below 'business as usual' emission projections, and information on what assumptions have been made."*

[33] *Leakage occurs when emission reductions or removals achieved by the carbon credit project do not diminish emissions overall, e.g. due to unintended increases in emissions elsewhere. For instance, a project protecting a forest may successfully stop timber harvesting in the project area, but deforestation may shift somewhere else.*

[34] *The table of supplementary elements contained in Annex 1 of Decision 4/CMA.6 (Article 6.2 decision from COP29) outlines the information that countries are invited to incorporate, as specified in paragraph 18 of the same decision. Among these is: "How the risk of leakage is assessed, and prevented or minimized, and how any remaining leakage will be quantified and deducted in the quantification of mitigation outcomes."*

ARTICLE 6.2

Quantification under Article 6.2 is **SEVERELY LACKING** across several areas.

Setting baselines is the foundation of carbon crediting because it determines the number of carbon credits that can be issued. Despite its importance, Article 6.2 contains no binding requirement to set rigorous baselines.[29] This opens the door to one of the many unreliable approaches being used.[30]

Disappointingly, the Article 6.2 rulebook only requires countries to report on quantification parameters: how baselines are conservative and below "business as usual" emission projections and how uncertainty in quantification and potential leakage are taken into account.[31] The decision at COP29 added some welcome detail to be included in such reporting, such as "information on what assumptions have been made".[32] However, given the relatively limited mandate of the Article 6.2 review team, countries are likely to be left with a lot of discretion on which methodology to use to set their baselines for generating ITMOs.

Additionally, the Article 6.2 rules have lax requirements regarding the risk of leakage.[33] While countries are meant to report on "potential leakage" to the Article 6.2 review team, there is no further guidance on identifying potential leakage risks and which measures they should take to minimise or eliminate these risks. The COP29 decision requires countries, in their reporting to the review team, to include information on how "remaining leakage will be quantified and deducted in the quantification of mitigation outcomes".[34] This marks an improvement from the initial rules from COP26 and COP27, but overall there will not be no further guidance – e.g. on leakage risks and how much leakage deduction should be done – meaning that countries may adopt different approaches where leakage is less well, or not at all, addressed.

Another gap is the absence of a limit on crediting periods (the number of years during which a project can generate carbon credits) under Article 6.2, including regular reassessment of key quantification metrics. Defining maximum crediting periods with clear requirements to review the assumptions and calculations concerning baseline-setting, additionality, and leakage is essential to reduce the risks of inaccurate quantification. By failing to do so, the Article 6.2 rulebook increases the risks that outdated assumptions and methodologies will be used to quantify carbon credits.

This is especially so because the Article 6.2 framework is “bottom-up” in nature: countries can pursue different carbon crediting approaches which may diverge significantly when it comes to reliability in determining baselines, quantifying impact and addressing leakage.

ARTICLE 6.4

Quantification under Article 6.4 is **MODERATE** as the rulebook shows potential. Good general principles have been defined at COP level. The Article 6.4 decision at COP26 established several promising criteria for Article 6.4 methodologies, including encouraging ambition and real reductions, avoiding carbon leakage, and aligning with the goals of the Paris Agreement.[35] Among other things, the decision required carbon crediting baselines to be “adjusted downwards”. This involves designing baselines so that they generate fewer credits over time, with variations depending on the type of mitigation, location of the project, and other parameters.

The Supervisory Body has developed its standard on methodologies,[36] which further defines baseline-setting approaches. More recently, it adopted follow-up rules by adopting the baseline-setting standard[37] and the standard on leakage.[38] The baseline-setting standard further outlines downward adjustments and other key elements. It also provides additional guidance for the three possible approaches to setting baselines: the “best available technologies” approach, the “ambitious benchmark” approach, and the approach based on actual or historical emissions. Both the baseline-setting standard and the leakage standard represent a step forward towards implementation and are moderate in their design. For example, the former requires conservativeness in determining business-as-usual emissions and requires the downward adjustment to increase by at least 1% each year, while the latter also requires international leakage (beyond national boundaries) to be accounted for. However, we will of course have to wait to see them applied in practice to individual methodologies to properly assess whether they will deliver high-quality quantification of emission reductions and removals.

Unlike Article 6.2, Article 6.4 places limits on crediting periods with required updates and revalidations upon renewal.[39] Emission reduction projects have a maximum crediting period of five years, which can be renewed twice, or a fixed 10-year period with no renewal. For carbon dioxide removal projects, the crediting period is 15 years, renewable up to two times. Each time a project renews its crediting period, it must undergo revalidation by a Designated Operational Entity (DOE). This seeks to ensure that baselines and additionality are reassessed, preventing projects from locking in outdated or inflated crediting baselines. However, the 15-year crediting period for removal activities poses a risk since this is likely to be too long a period of time during which potentially outdated methodologies and assumptions might be used to generate carbon credits.

> "Both the baseline-setting standard and the leakage standard represent a step forward towards implementation and are moderate in their design."

BASELINE-SETTING STANDARDS



[35] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex, paragraph 33.*
[36] *Standard: Application of the requirements of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism methodologies, version 01.0, A6.4-SBM014-A05.*
[37] *Standard: Setting the baseline in mechanism methodologies, version 01.0, A6.4-SBM016-A12. // https://unfccc.int/sites/default/files/resource/A6.4-SBM016-A12.pdf*
[38] *Standard: Addressing leakage in mechanism methodologies, version 01.0, A6.4-STAN-METH-005.// https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-005.pdf*
[39] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 31.f.*

PERMANENCE

ARTICLE 6.2

Robust rules on permanence under Article 6.2 are **SEVERELY LACKING**. Permanence refers to the ability of carbon crediting projects to achieve reductions or removals on climate-relevant timeframes (hundreds to thousands of years). Many carbon crediting projects involve interventions that lead to the storage of CO2 in temporary reservoirs susceptible to being re-released to the atmosphere (e.g. storage in trees).

The rules only require countries to report to the Article 6.2 review team on how non-permanence risks are "minimised". It does not establish minimum standards for permanence or impose binding safeguards,[40] such as an obligation to conduct long-term monitoring in order to verify the mitigation is being sustained over time and that any "reversals" (release of stored CO2) are properly addressed. They require countries to report additional information on permanence to the Article 6.2 review team: such as the types of risk identified, the frequency of risk assessments, and how reversals are addressed.[41] However, overall, there are still no clear requirements to ensure permanence under Article 6.2, except for some reporting to the UN's review team, which has a rather limited mandate with restricted ability to enforce rules.

The lack of real enforceable measures on permanence is particularly concerning for projects involving carbon storage in temporary natural reservoirs, such as forests, soil and peatland. These projects remain highly vulnerable to a range of risks, many of which will increase due to the impacts of climate change. Mandatory buffer reserves and long-term liability mechanisms with additional provisions for the buyer of the credit to assume a significant share of the costs and liability, should be added to the Article 6.2 framework to help tackle these shortcomings.

As it stands, many carbon credits under Article 6.2 will likely not have a long-term mitigation impact, despite being used to offset countries' and companies' very real emissions. While some countries may define stronger rules on permanence for their own trades, the fact is that the minimum bar on permanence in Article 6.2 is set far too low.

[40] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex, paragraph 18.h.iii.
[41] The table of supplementary elements contained in Annex 1 of Decision 4/CMA.6 (Article 6.2 decision from COP29) reports the supplementary elements that countries are invited to incorporate, as specified in paragraph 18 of the same decision.
[42] Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 31d.ii and paragraph 31d.iii.
[43] Standard: Requirements for activities involving removals under the Article 6.4 mechanism, version 01.0, A6.4-SB.M014-A06.
[44] Standard: Requirements for activities involving removals under the Article 6.4 mechanism, version 01.0, A6.4-SB.M014-A06, paragraph 26.
[45] Standard: Requirements for activities involving removals under the Article 6.4 mechanism, version 01.0, A6.4-SB.M014-A06, paragraph 53.
[46] Standard: Requirements for activities involving removals under the Article 6.4 mechanism., version 01.0, A6.4-SB.M014-A06, paragraph 58.

ARTICLE 6.4

Permanence requirements under Article 6.4 are **LACKING**. The rulebook sets out the general principle that activities must guarantee permanence by fully addressing reversals if they occur.[42] This principle is operationalised through a buffer pool and post-crediting monitoring requirements. However, critical details are still missing.

The Article 6.4 rulebook sets out the general principle that activities must address reversals if they occur, while delegating further operationalisation of the rules to the Article 6.4 Supervisory Body.

The Supervisory Body in turn developed a "Standard for activities involving removals"[43], which provides specific requirements for addressing non-permanence risks but leaves several key issues unresolved. While the standard encouragingly requires monitoring after the last crediting period of a project in order to detect reversals, it does not specify a minimum time frame for this and provides a potential exemption to this monitoring if the project demonstrates it faces "a negligible risk of reversal" or if "potential future reversals are remediated." [44] The latter provision in particular remains ambiguous and could be quite problematic, since it could mean outdated and inaccurate reversal risk assessments are used as a means to forego future monitoring.

The standard also establishes a reversal risk buffer pool to address both avoidable and unavoidable reversals,[45] where project developers are fully responsible for replenishing the pool in cases of avoidable reversals.[46] There are also ambiguities and shortcomings regarding the buffer pool, as it is not clear whether buffer pool contributions must be drawn from the issuance of the project in question or can be purchased from another project, and there is no requirement for buffer cancellations to match the project type and risk rating of the underlying mitigation.

Overall, the Article 6.4 Supervisory Body has yet to finalise the rules on critical aspects regarding permanence, such as post-crediting monitoring, remediation of reversals, risk assessment (including defining what constitutes "negligible risk"), how to distinguish between avoidable and unavoidable reversals, and additional buffer pool design. Hopefully, the Supervisory Body will close the loopholes left open by the current rules. The final decisions on these issues will ultimately determine how effective the Article 6.4 mechanism will be at ensuring permanence.

Transparency

Transparency involves making information about the quantity and quality of carbon credits publicly available, accessible, and up to date. To assess the transparency of the Article 6.2 and 6.4 rules, we focus on two key aspects: the amount and quality of information disclosed and the timeliness of its release.

The Article 6.2 rulebook defines three main reporting obligations: the initial report, the annual information, and regular information. These documents contribute to the Enhanced Transparency Framework (ETF) under Article 13 of the Paris Agreement, which ensures that countries openly report their greenhouse gas emissions and progress towards their climate commitments. When Article 6.4 credits are authorised by a country, they are on track to become ITMOs under Article 6.2, and hence that country needs to comply with Article 6.2 reporting for such credits.

It is important to ensure that not only the final accounting is accurate but also that the published information clearly reflects the quality of the credits. This information should include public details about the methodologies used and enough information to enable outside observers to assess credit quality. It should also provide public details on the deals struck between countries.

[47] Available on the Centralized Accounting and Reporting Platform (CARP) at: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement/cooperative-implementation/carp/reports#Initial-reports-and-updated-initial-reports.
[48] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 18. Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex V: Outline of the initial report and updated initial report. Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 18.
[49] For example, some countries may question whether the Article 6.2 decision from Baku (Decision 4/CMA.6) actually requires them to disclose the supplementary information requested in paragraph 18 and the corresponding table in Annex I of the same decision. The decision "requests" Parties to disclose this information but it's possible some countries may interpret this as an "invitation" rather than an obligation to do so (firm requirements typically involve "shall" language).
[50] The rules on the review process are contained in the COP decisions from COP26 and COP27.

Under the ETF, Parties must submit every two years a comprehensive report called Biennial Transparency Report (BTR). The regular information, which is one of the reporting requirements under Article 6, is to be included in the BTR. The annual information is submitted using the agreed electronic format (AEF) contained in the COP29 decision. The regular information included in the BTR is automatically generated from the annual information reported through the Centralized Accounting and Reporting Platform (CARP). The level of information contained in these reports provides a good overview: sector of emissions, entities involved, and buyer country, although the specific buyer is not identified when it is a company. Additionally, there is no information on who decides to apply SOP and OMGE. A centralized approach would have been helpful to provide a more accessible overview of who applies these measures or not, in order to increase transparency and pressure.

QUANTITY AND QUALITY OF INFORMATION

ARTICLE 6.2

The transparency of information under Article 6.2 is **LACKING**. The rules allow countries to report vague information while still being deemed compliant. Although the reporting templates touch on several key issues, the way the questions are framed allows countries to provide general answers. While all information that countries report about their carbon credit trade deals and credits is normally made public, countries have the ability to invoke "confidentiality" and block disclosure, further limiting public access and scrutiny. As a result, the overall quantity and quality of information available under Article 6.2 may be severely restricted.

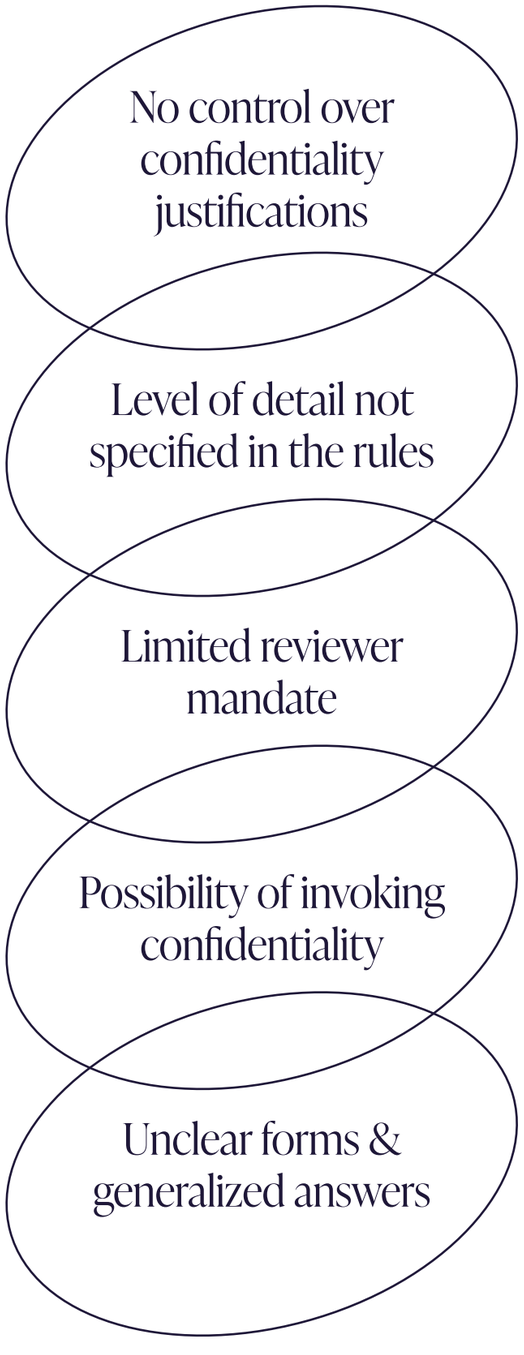
Countries provide information on their cooperative approaches in their initial report,[47] which must be submitted at the latest upon the country's formal authorisation of ITMOs. In theory, the initial report needs to contain a range of information,[48] including information about how the carbon crediting projects uphold high environmental quality and avoid social harm. However, the level of detail required for these reports is not specified, and hence disclosure will vary from country to country.[49] Some countries may only provide broad descriptions without supporting evidence.

A technical expert review team appointed by the UN examines information reported by countries in the initial report.[50] However, the review team has a limited mandate, as it largely assesses the consistency of information within and across countries' different bilateral carbon credit trading arrangements (cooperative approaches) and whether countries have properly filled in the reporting template, without the clear right to check the quality of the submitted information.

Loose confidentiality rules also present another threat to the transparency of Article 6.2 trades. Currently, countries can in theory declare any (or even all) information about their Article 6.2 trade agreements and credits as "confidential".[51] When confidentiality is invoked, the review team still verifies the information but it will not be made public. If countries take advantage of this transparency loophole, key data on transactions and the mitigation projects behind them could remain entirely hidden from other countries, the public and independent watchdogs.

While countries need to provide some level of justification for why they claim information is confidential, there are no clear definitions or examples of valid reasons, so in theory, countries could use any pretext to invoke confidentiality. Additionally, the rules do not grant reviewers any mandate to scrutinise whether confidentiality claims are legitimate nor to take remedial action when they are not.

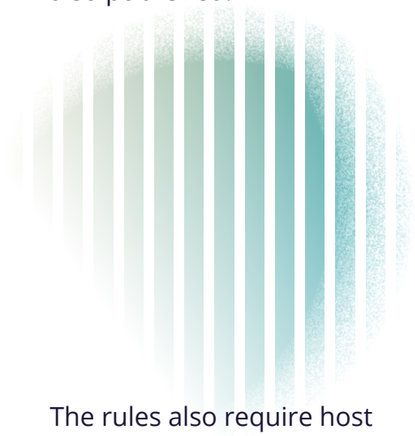
CAUSES OF THE LACK OF INFORMATION TRANSPARENCY



ARTICLE 6.4

Transparency under Article 6.4 appears **MODERATE**, with a few remaining uncertainties that risk developing into wider gaps. The amount of public information available under Article 6.4 is significantly greater than what is accessible for transactions carried out under Article 6.2.

To begin with, Article 6.4 Supervisory Body meetings are publicly livestreamed and recordings remain available for later viewing. The rules and regulations governing the mechanism are also publicly accessible. Information submitted during the project development cycle by project developers and countries is made available on the UNFCCC website. Decisions on project approval, sustainable development contributions, and credit issuance are also published.



The rules also require host countries to inform the Supervisory Body about the types of activities they would consider approving.[52] They are also invited, although not required, to publish their preferences on methodologies.[53]

> "[...] the benefits of the Article 6.4 mechanism were considered necessary for the project's implementation"

Another important document published in the early stages of the project cycle is the 'prior consideration notification', which project participants submit[54] before requesting project registration.[55] It aims to demonstrate that the benefits of the Article 6.4 mechanism were considered necessary for the project's implementation, indirectly forming part of the additionality assessment.

The most comprehensive source of project information is the project design document (PDD), which project participants submit using a standardised form[56] provided by the Supervisory Body.[57]

The PDD serves to provide a detailed picture of the project, covering such elements as the methodologies, baseline setting approaches, additionality tests, and how the project aligns with host country policies. It also includes elements pertaining to the quality of credits including how the project assesses and mitigates reversal risks and plans for remediation in case of reversals, accounts for leakage, and ensures robust monitoring, both during and after the crediting period.[58] The PDD also requires the disclosure of important equity-related information, such as the environmental and social safeguards assessment and the accompanying management plan, offering insights into how the project aims to prevent harm and deliver co-benefits.

[51] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 22 and 23.
[52] Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 26.
[53] Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 27.
[54] The prior consideration notificationforms are available at: https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/A64_prior_consideration.
[55] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 13, https://unfccc.int/sites/default/files/resource/A6.4-PROC-AC-002.pdf.
[56] Available at: https://unfccc.int/documents/644635.
[57] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 13.
[58] It is positive that all of these elements are meant to be disclosed in the project design document. However, it is worth noting that the rigour of many of these elements is not yet certain, since there is ongoing work to operationalise the rules, for example on reversal risk, remediation, leakage, and more. If those rules end up being of lower quality, or not requiring a lot of disclosure on assumptions and other factors, then the information contained in the PDD may suffer accordingly.

Once the host country approves or rejects a proposed project, the decision is made public. In case of approval, the published documentation must include information on how the project contributes to sustainable development,

how expected reductions or removals support the host country's NDC and the specific authorisation of project participants. It also confirms the crediting period and whether renewal is allowed.[59]

The status of each request for project registration and credit issuance is regularly updated and publicly available on the UNFCCC website.[60] If a project fails the registration process or credit issuance is denied, the reasons are made public.[61] These procedures should ensure a transparent process for project approval, registration, and credit issuance. However, at the time of writing, they have not yet been tested in practice.

The Supervisory Body is finalising a dedicated registry for the Article 6.4 market where all non-confidential information will be made public.[62] This registry will play a key role in managing and tracking carbon credits under Article 6.4 and will also be connected to the international registry,[63] which serves as a centralised system to track and facilitate the transfer of ITMOs under Article 6.2.

The registry will handle key functions, such as issuing, transferring, and cancelling credits.[64] It will hold accounts for both countries and authorised private or public entities. Information on these activities will be streamed in real time, which is a positive feature for transparency, and will include, at a minimum, data on issuances, transfers, cancellations, and holdings.[65]

However, since the registry is still under development, it remains uncertain how comprehensive the final information will be and how accessible or user-friendly the platform will become. One open question is whether the identity of final buyers, particularly private companies, will be publicly disclosed. While buyer information for government-to-government transactions is expected to be available through Article 6.2 reporting requirements, it is not yet clear if the same level of transparency will apply to private sector transactions under the Article 6.4 mechanism.

Overall, Article 6.4 provides a significantly higher degree of transparency than Article 6.2 in terms of the volume and detail of information made public.

[59] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 22.
[60] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 45 and 154.
[61] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 48, 51, 157, 160.
[62] Decision 7/CMA.4 (Article 6.4 decision from COP27), Annex, paragraph 48.
[63] Decision 7/CMA.4 (Article 6.4 decision from COP27), Annex, paragraph 49.
[64] Decision 7/CMA.4 (Article 6.4 decision from COP27), Annex, paragraph 35.
[65] Procedure: Article 6.4 mechanism registry, paragraph 72. https://unfccc.int/sites/default/files/resource/A6.4-SBM015-A12.pdf

TIMING OF INFORMATION

ARTICLE 6.2

The timeliness of information disclosure under Article 6.2 is **LACKING**. The current rules do not ensure early disclosure of information, as the triggers that are supposed to initiate publication can occur very late in the process.

Under the current framework, countries can delay disclosing information about ITMOs authorised for Other International Mitigation Purposes (OIMP) until the moment the carbon credits are used. In such a scenario, public disclosure and oversight occur when it is far too late to question or challenge problematic transactions, undermining both the transparency and accountability of the process.

There are rules[66] that incentivise countries to disclose information earlier by allowing credits authorised for OIMP to be banked (for analysis of rules on banking, see *the section on additionality under Article 6.2*) and used in a later NDC period if the reporting requirements for those credits are triggered early in the process.[67] However, this also means that such credits can still be used by companies years after they were first issued, undermining their assumed additionality. As a result, the current rules create a trade-off between transparency and the integrity of these credits.

For ITMOs authorised for use towards a country's NDC, banking across NDC periods is ruled out. The reporting requirements are triggered by the authorisation, but there is no set deadline for when the authorisation must take place, since it can happen anytime up until just before the first transfer of the units to another country. In practice, this means that reporting requirements can be triggered as late as the point when the recipient country uses the units towards its NDC. The rules do not require timely disclosure, but the disclosure of information should normally happen prior to their use simply because countries may have an interest to do this earlier than use (e.g. to avoid unexpected delays regarding the Article 6.2 technical expert review).

A more effective approach to ensuring transparency would have been to trigger initial reporting upon the authorisation of a cooperative approach. This would have guaranteed early disclosure, leading to rules that better uphold transparency and accountability. It is both essential and feasible that the rules governing the trigger for reporting requirements and the definition of first transfer are strengthened in the 2028 review. Strengthening these rules is crucial to improving transparency, accountability, and the overall integrity of the system.

[66] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 14.
[67] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraphs 12-14.

A closer look at reporting triggers and first transfers

The reporting requirements are triggered by the authorization, which needs to happen before the «first transfer.» Therefore, the first transfer is what ultimately triggers the reporting requirements. The definition of first transfer is different for units that are authorized to be used towards NDCs and units that are authorized to be used towards Other International Mitigation Purposes (OIMP).

For the first case, «first transfer» is the first international transfer of the units, in practice, this means that reporting requirements are triggered once these units are transferred to another country for use toward their NDC.

However, for the second case, when units are authorized for OIMP, it is left to the discretion of countries to choose if «first transfer» is defined as authorization, issuance or use/cancellation of credits (Annex 2 of 2/CMA.3, paragraph 2). This allows disclosure to be delayed until the units are actually used or canceled, significantly weakening oversight.

ARTICLE 6.4

The timeliness of disclosure under Article 6.4 is **MODERATE**. The full project cycle is visible through timely document releases and updates on the UNFCCC website, allowing stakeholders and observers to track progress and raise concerns.

Under Article 6.4, the entire project cycle can be tracked through documents and updates published on the UNFCCC website. This allows stakeholders, including host countries and other stakeholders to monitor progress, raise concerns or object to decisions by the Supervisory Body or host governments.

At the start of the cycle, host countries must inform the Supervisory Body of the types of activities they are willing to approve. They are also encouraged, though not required, to publish methodological preferences. Timing here is key: early publication helps clarify a country's approach to credit integrity and allows better tracking of national intentions.

For projects, the first information made public is the prior consideration notification, which includes a short summary of the project.[68] While limited in scope, it still provides an early signal to observers.

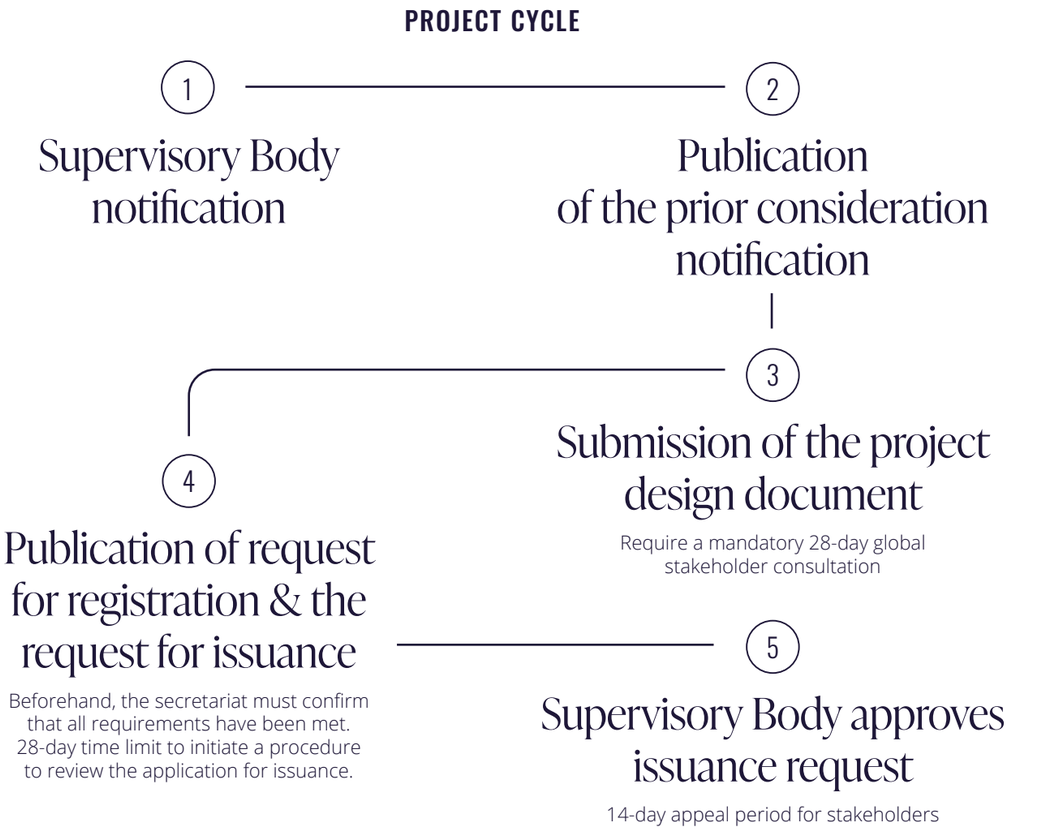
More detail becomes available when project developers submit the project design document for validation. This is published before project registration and triggers a mandatory 28-day global stakeholder consultation.[69]

As explained in the *section on quantity of information*, the validation, verification and issuance steps are transparent. As for timing, both the request for registration and the request for issuance are only published after the Secretariat has confirmed that all requirements have been met.[70] This timing does not impede accountability, as each request, once published, triggers a 28-day period during which host countries, participating parties, or members of the Supervisory Body may initiate a review of the issuance request.[71]

Other stakeholders, such as NGOs, cannot directly trigger a review of the issuance request before it is approved. After the Supervisory Body approves an issuance request, there is a 14-day window during which stakeholders may file an appeal.[72] However, this costs $30,000, unless the appeal is for vulnerable groups and a fee waiver is approved by the Supervisory Body.[73] The short time frame of 14 days and the very high fee may reduce accessibility and discourage appeals.

The Article 6.4 registry is expected to provide real-time information on transactions, which is an important feature for ensuring timely oversight and transparency.[74] This should allow stakeholders to monitor such activities as credit issuances, transfers, and cancellations as they happen. However, at the time of writing, this level of real-time transparency does not yet exist, as the registry is still under development.

Overall, the timing of disclosures under Article 6.4 is fairly strong, especially when compared to Article 6.2.



[68] The prior consideration notification forms are available at: https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/A64_prior_consideration
[69] Procedure: Article 6.4 project cycle procedure for projects, version 02.0, paragraph 18.
For more information on the global stakeholder consultation see section on Accountability under Article 6.4.
[70] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 52 and 161.
[71] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 56 and 164.
[72] Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 168.
[73] Procedure: Appeal and grievance processes under the Article 6.4 mechanism, paragraph 13, https://unfccc.int/sites/default/files/resource/A6.4-PROC-GOV-006.pdf.
[74] Procedure: Article 6.4 mechanism registry, paragraph 72. https://unfccc.int/sites/default/files/resource/A6.4-SBM015-A12.pdf

Accountability

Accountability means that the rules are not just written but hold the various parties to account and are effectively enforced. While transparency makes information available, accountability ensures that information leads to action. Whether carbon markets under Article 6 deliver accountability depends on whether the rulebook includes three key elements:

First are oversight and enforcement. Without independent bodies verifying and reviewing whether credits and actors comply with the rules, the rules risk becoming procedural checkboxes rather than mechanisms that ensure the system delivers real emissions reductions or removals.

Second is liability. This defines who is responsible when credits do not meet required standards. Whether the fault is due to methodological flaws or poor implementation, there must be a clear process to ensure that actors take responsibility and corrective action.

Finally, there need to be consequences for non-compliance. In cases where the implicated parties refuse to take responsibility, actively ignore liability or known problems, or commit serious breaches, such as fraud or violations of human rights, there must be a system in place that imposes penalties commensurate with the magnitude of the offence. These could include, for example, fines, restrictions on the ability to issue or trade credits for a defined period, or other penalties that create strong incentives for compliance.

"In cases where the implicated parties refuse to take responsibility, (...) there must be a system in place that imposes penalties commensurate with the magnitude of the offence."

ARTICLE 6.2

Accountability under Article 6.2 is **SEVERELY LACKING**. There is no binding enforcement of principles and standards, and the tools for ensuring compliance are weak. While a review process exists, it does not mandate reviewers to assess the integrity or credibility of reported safeguards. Moreover, there are no binding consequences for non-compliance.

The Article 6.2 rulebook establishes a framework that mainly covers the transfer and accounting of mitigation outcomes, but it is characterised by weak governance and excessive flexibility. As a result, it fails to guarantee accountability, relying on vague requirements with few binding enforcement provisions. In practice, this translates into a box-ticking exercise. As long as countries are consistent in their reporting (i.e. reporting information correctly and clearly), they are likely to be considered compliant, even if the credits they trade may be of low quality.

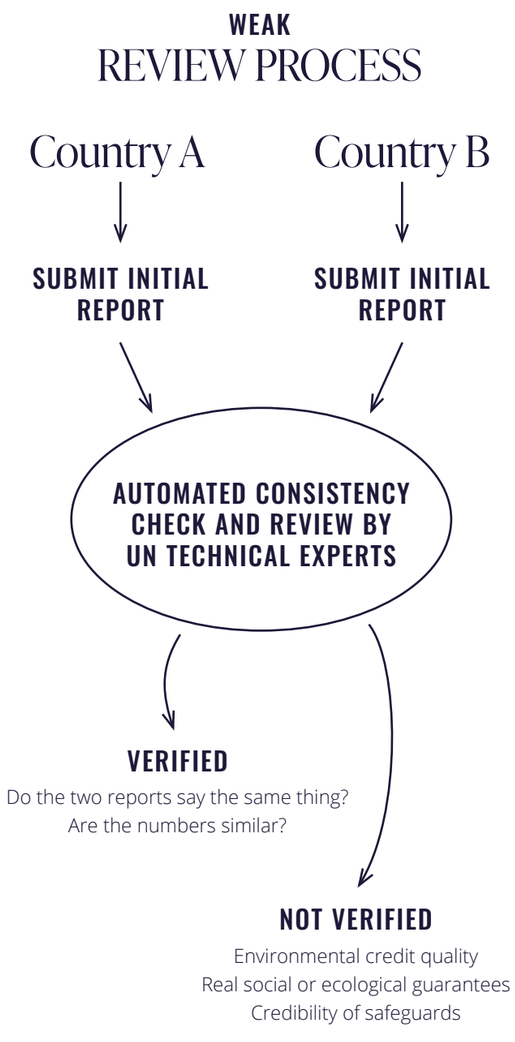
The rules require the UNFCCC secretariat to perform an automated consistency check of the information submitted by countries, both against the reporting requirements and across countries involved in the same cooperative approach.[75] The results of these checks are published on the Centralised Accounting and Reporting Platform (CARP).[76] If inconsistencies are found, the participating country is expected to correct them by submitting revised information until consistency is achieved.[77]

In addition to the consistency check by the secretariat, the rules also establish a review of the information submitted, carried out by a review team composed of UN technical experts. The reviewers analyze the information submitted by countries in their Initial Reports on ITMO trade agreements (see *section on quantity of information* for more info on "initial reports").

However, the reviewers' mandate is extremely limited. The Article 6.2 decision from COP27 deprives the review team of the right to "make political judgments" or "review the adequacy or appropriateness" of a country's cooperative approach and the activities it covers.[78] Their role is only to check whether the information is consistent.

[75] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 33(a) and decision 6/CMA.4, Annex I, paragraphs 37–40.
[76] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 29.
[77] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 32.
[78] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 10.

The review team can formally raise what are called "inconsistencies" when it identifies conflicting, unclear, or incorrect information within a country's reports or finds that the reported information does not conform to the Article 6.2 rules. For example, if Switzerland and Ghana plan to trade credits, the reviewers ensure that both countries report the same information about their trade deal. Once a review is finalised, an Article 6 technical expert review report is published on the Centralized Accounting and Reporting Platform (CARP).[79]



Reviewers are not mandated to directly assess the adequacy of the cooperative approaches, the credibility of reported safeguards, or the environmental and social integrity of the underlying activities.[80] This means that the review process, for example, verifies whether a country claims to have safeguards in place but does not assess whether those safeguards exist, are sufficient or whether there are wider violations. This is a critical weakness since the review team cannot actually verify, or share their sincere assessment of, whether countries are in compliance with the Article 6.2 rulebook.

The only power reviewers have is to determine whether an inconsistency is "significant" and/or "persistent".[81] For example, where such inconsistencies affect the "emissions balance" (for example, due to double counting), it can require the country to address this inconsistency.[82] The report will publicly disclose these inconsistencies, for how long they have remained unresolved, and for how long the country has ignored the review team's recommendations to address them.[83] However, there is no binding requirement for such violations to be resolved. Basically, the current system under Article 6.2 only gently invites correction. For a system to guarantee integrity, there should instead have been meaningful consequences.

[79] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 21(h).
[80] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 10.
[81] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 41.
[82] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 42.
[83] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 38.

Inconsistencies & review team mandate

When the review team identifies a lack of conformity with the rules, they raise what are formally called "inconsistencies". These can range from minor errors, like a typo in the document, to more serious concerns. For example, a country might fail to provide key information about how baselines were set or how additionality was determined, despite the requirement to explain how environmental integrity is ensured under each cooperative approach, as discussed in the *section on quantity of information*. Or it could also be that credits are transferred to the wrong entity or used for the wrong purpose. For instance, credits intended for use toward an NDC are instead used by a company without being properly designated.

Once the review is completed, an Article 6 technical expert review report is published on the CARP.[84] When "inconsistencies" are found, there are not necessarily real consequences. If a country does not resolve an issue, the only action taken is that the information is marked as «Inconsistencies identified» on the Centralized Accounting and Reporting Platform (CARP).[85] The rules merely "request" countries not to use ITMOs with identified inconsistencies to reach their NDCs, but there is no obligation to prohibit their use.[86]

The review team's report may include recommendations for the country on how to address any identified inconsistencies.[87] The rules also state that the country should make every reasonable effort to resolve these issues and respond to the recommendations in the Article 6 report, and explain how the inconsistencies were addressed.[88] However, in several cases it is not clear what happens if the country ignores this.

Importantly, reviewers can determine whether an inconsistency is "significant" and/or "persistent".[89] For example, where such inconsistencies affect the "emissions balance" (e.g. double counting), the country "shall address this inconsistency to ensure the avoidance of double counting".[90] In UNFCCC decisions, "shall" indicates a mandatory requirement, so the current rules provide a strong expectation that these inconsistencies will be addressed.

Additionally, when inconsistencies are "significant" or "persistent", they are brought to the attention of the CMA[91] (Conference of the Parties serving as the meeting of the Parties to the Paris Agreement). This is the main decision-making body where all countries that have joined the Paris Agreement are represented and where rules for implementing the Paris Agreement are negotiated. The inconsistency is also clearly highlighted at the start of the report[92] to draw attention to it in the review process under Article 13 of the Paris Agreement, which reviews information from countries on their progress toward their NDCs. These processes increase pressure on the country to resolve the issues, and while there may be reputational consequences, there are no direct penalties or other formal consequences.

[84] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 21(h)
[85] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 35
[86] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 40
[87] Decision 2/CMA.3 (Article 6.2 decision from COP26), Annex (Guidance on Cooperative Approaches), paragraph 26 and 27
[88] Decision 6/CMA.4 (Article 6.2 decision from COP27), Annex II, paragraph 25 and Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 39 and 43
[90] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 42
[91] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 42(b)
[92] Decision 4/CMA.6 (Article 6.2 decision from COP29), paragraph 42(a)

Finally, the Article 6.2 rules do not establish an independent validation and verification process for credit issuance. Instead, the crediting cycle for units that will become ITMOs depends on the methodologies chosen by the countries engaging in a cooperative approach. In practice, ITMOs can be carbon credits originating from standards under the voluntary carbon market that receive a letter of authorization from the host country.

ITMOs can also originate from Article 6.4 (as explained in the *section on double counting* under Article 6.4) or even from carbon crediting methodologies developed by countries, such as the one Japan created under its Joint Crediting Mechanism. This means that there will not be a uniform validation and verification process or norms to certify the issuance of the underlying carbon credits, which can lead to overcrediting, lack of permanence and other issues, depending on the rigor of the third-party crediting standards. Countries may even establish cooperative approaches using methods that should not be relied upon to generate carbon credits.

For example, Suriname is proposing to *generate ITMOs by crediting emission reductions from avoiding deforestation and forest degradation*. These reductions would be achieved through the UN's REDD+ programme, which is formally recognised under Article 5 of the Paris Agreement. Suriname intends to authorise them for use by other countries towards meeting their climate targets. However, UN REDD+ was not designed to create carbon credits, as *Carbon Market Watch* and others, including the carbon credit rating agency, *Sylvera*, and the International Emissions Trading Association, have warned.

Ultimately, Article 6.2 rules do not give the review team enough of a mandate to ensure accountability. This systemic failure means that much of the oversight regarding Article 6.2 will fall to third parties, such as civil society, the media, carbon credit rating agencies, and others to flag integrity issues. While such third parties can play a critical role in holding governments accountable, this cannot replace robust checks and balances and a strong regulatory framework. Without oversight, liability, or consequences, Article 6.2 fails the basic test of accountability.

[93] *More information with regards to the Project Design Document (PDD) can be found in the section on Transparency - Quantity of information under Article 6.4.*
[94] *Standard: Article 6.4 mechanism accreditation, version: 01.0. https://unfccc.int/sites/default/files/resource/A6.4-STAN-ACCR-001.pdf*
[95] *Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 22(b). https://unfccc.int/sites/default/files/resource/A6.4-PROC-AC-002.pdf*
[96] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 31.f.*
[97] *Procedure: Article 6.4 activity cycle procedure for projects, version 02.0, paragraph 208. https://unfccc.int/sites/default/files/resource/A6.4-PROC-AC-002.pdf*
[98] *Examples of appealable decisions of the Supervisory Body include: approval or rejection of a request for registration of a proposed A6.4 activity, approval or rejection of a request for issuance, and approval or rejection of a request for renewal of the crediting period. Source: Procedure: Appeal and grievance processes under the Article 6.4 mechanism, version 01.0, paragraph 9. https://unfccc.int/sites/default/files/resource/a64-sb011-a03.pdf*
[99] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 62.*
[100] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, version 01.0, paragraph 7. https://unfccc.int/sites/default/files/resource/a64-sb011-a03.pdf*
[101] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, version 01.0, paragraph 27. https://unfccc.int/sites/default/files/resource/a64-sb011-a03.pdf*
[102] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, version 01.0, paragraph 13(d)(ii). https://unfccc.int/sites/default/files/resource/a64-sb011-a03.pdf*

ARTICLE 6.4

Accountability under Article 6.4 is **MODERATE**. Article 6.4 establishes a global carbon market overseen by the Article 6.4 Supervisory Body. This centralised governance structure is significantly better than the decentralised and voluntary framework under Article 6.2.

The Supervisory Body ensures that all projects issuing units follow approved methodologies and comply with established standards before the credits are issued.

A consultation must take place for each project, during which all local stakeholders must receive the opportunity to provide comments (in writing or through other available means) on the potential impact of the proposed project. Activity participants are required to gather and consider these comments and report in the project design document how the feedback was addressed. This consultation process is designed to offer local communities and directly impacted groups the opportunity to express concerns and contribute to decisions about projects that may affect their lives and environments.

Additionally, a global stakeholder consultation takes place for each project after the project design document[93] is published on the UNFCCC website. For 28 days after its publication, stakeholders can submit comments in English on the proposed project and its compliance with the Article 6.4 rules and regulations. All relevant comments will be made publicly available, and the host country may choose to consider them when deciding whether to approve or reject the project. This consultation process provides an opportunity for civil society to have its voice heard and to highlight any important concerns or issues related to the project.

Furthermore, under Article 6.4, there is actual third-party validation and verification. The designated operational entities (DOEs), which are independent verification bodies accredited by the Supervisory Body, must validate projects before registration and verify that estimated emission reductions or removals are accurate before credits can be issued. To be accredited by the Supervisory Body, DOEs must meet specific requirements for both obtaining and maintaining their accreditation as competent and impartial operational entities.[94] However, a potential shortcoming is that DOEs are selected directly by project developers, rather than being assigned through a central allocation system. This creates a risk of conflicts of interest, as DOEs might be tempted to apply less stringent assessments to maintain good relationships with developers and secure future business.

Unlike under Article 6.2, Article 6.4 rules regulate crediting periods and ongoing compliance indirectly. Projects need approval of crediting periods from both the host country[95] and the Supervisory Body.[96] At the time of crediting period renewal, the updated project design document must also be validated by the DOE,[97] ensuring a degree of ongoing compliance with updated methodologies and standards.

The Supervisory Body itself is also subject to certain checks and balances. Stakeholders, project participants, and participating countries can appeal the decisions [98] of the Supervisory Body,[99] even though this appeals procedure is not perfect. Appeals can be filed by local stakeholders, activity participants, and the designated national authorities (DNAs) of the host country.[100] However, the Supervisory Body has the final say. Even if the appeal panel issues a ruling requiring the Supervisory Body to reconsider its decision, it must issue a new decision within 30 days.[101] However, the Supervisory Body retains discretion in its reconsideration and may choose not to change its original decision, even after a remand.[101]

There is also a $30,000 appeal fee, which reduces accessibility of the appeals process. However, no fee is required if the appeal is filed on behalf of vulnerable groups, such as local communities and indigenous peoples.[102] Requests to waive the fee must be approved by the Supervisory Body.[102]

Article 6.4 provides a more solid framework for accountability, particularly in terms of independent oversight, validation, and verification.

Equity

Equity relates to fairness. The equity of carbon markets is shaped by how fairly the benefits and responsibilities are distributed among countries and other actors engaging in a trade against the backdrop of the climate action they should be engaging in. It is also influenced by the extent to which social and environmental safeguards ensure that projects issuing credits uphold human rights and environmental protections, and do not place too much of a burden on those least responsible for the climate crisis.

ARTICLE 6.2

Equity under Article 6.2 is **SEVERELY LACKING**. The current rules fail to uphold this principle in any meaningful way, leaving countries to set the goalposts for themselves. They do not address the potential power imbalance between buyer and seller countries, set no minimum standards for benefit sharing, and lack even the most basic safeguards to prevent social and environmental harm.

The framework lacks key mechanisms that enhance fairness, such as imposing a mandatory partial cancellation of ITMOs to contribute to the overall reduction of global emissions, establishing a mechanism to generate climate adaptation finance for developing countries, and enforcing minimum environmental and social safeguards.

"They do not address the potential power imbalance between buyer and seller countries [...]"

Instead, the Article 6.2 rulebook merely requires countries to disclose in their initial reports how the cooperative approach avoids negative environmental, economic, and social repercussions, how it reflects the *human rights principles* of the Paris Agreement, such as respecting the rights of vulnerable communities, intergenerational equity and how it contributes to national sustainable development objectives. However, as discussed in the transparency section, these requirements are weakly enforced, allowing countries to submit vague, non-specific responses and still be considered compliant.

An example of safeguards against social harm that could have been established is a requirement to obtain free, prior, and informed consent from communities affected by projects. Moreover, if harm does occur,[103] such as infringements on the rights of local communities, displacement, or loss of livelihoods, those affected have no formal channel to seek redress, as the Article 6.2 framework does not include a grievance mechanism. There is no centralised or mandatory system to handle such complaints.

In addition, Article 6.2 leaves it largely to the host country to decide which activities are eligible to issue ITMOs, the buyer and seller countries are free to decide whether mitigation will be shared between them (for instance, the host country might only authorise 50% of the carbon credits to be able to still count 50% towards its own NDC).

The requirement for authorisation presents an opportunity for host countries to set clear terms for their participation in Article 6.2 trades. This allows them to determine, among other things, how much of their emissions reduction or removal capacity to sell versus retain to meet their own NDCs, and how to share liabilities and costs for long-term monitoring and remediation (in case of reversals) between the buyer and seller of ITMOs.

In their intended design, international carbon markets should support sustainable development in host countries, which for carbon market projects have often been predominantly developing nations. However, countries are left with much discretion to elaborate terms regarding equity, which may or may not be seized. The lack of minimum standards creates the risk of a global race to the bottom. For instance, if buyers predominantly search for lower price points, mitigation sharing or a fair distribution of long-term monitoring costs between buyer and seller may be seen as a cost burden rather than a prerequisite. A host country seeking fairer terms for its carbon credit trade deal may then be disadvantaged if another country is willing to sell ITMOs at half the cost or without additional safeguards.

While countries may successfully negotiate fair deals under Article 6.2, the lack of clear minimum requirements hinders this, especially given there are imbalances between buyer and seller countries, in terms of wealth, power, technical knowledge, capacity and experience.[104] The risks of unfair deals in Article 6.2 are not purely theoretical, as developments relating to a company called Blue Carbon attest.[105]

Inequalities between buyers and sellers



[103] *To explore the impacts of carbon offsetting globally, including a map showing negative impacts on Indigenous peoples and local communities, see: Mapped: The impacts of carbon-offset projects around the world, Carbon Brief. Available at: https://interactive.carbonbrief.org/carbon-offsets-2023/mapped.html. // Is a 'Green' Revolution Poisoning India's Capital? Available at: https://www.nytimes.com/2024/11/09/world/asia/india-air-quality-trash.html.*

[104] *GGGI (August 2023), "Implementing Article 6 of the Paris Agreement: Options for governance frameworks for host countries", page 4 https://gggi.org/wp-content/uploads/2023/08/GGGI_InsightBrief_07_Final.pdf.*

[105] *Mukpo, Ashoka (August 2023), "Massive carbon offset deal with Dubai-based firm draws fire in Liberia", https://news.mongabay.com/2023/08/massive-carbon-offset-deal-with-dubai-based-firm-draws-fire-in-liberia/ ;Bryan, Kenza (December 2023), "The looming land grab in Africa for carbon credits", the Financial Times, https://www.ft.com/content/f9bead69-7401-44fe-8db9-1c4063ae958c.*

Climate finance & power imbalances in carbon markets

The weakness of provisions to uphold equity for emission reduction and removals trades between countries becomes even more concerning when viewed within the broader context of climate finance.

At COP29 in Baku, a new goal for wealthy countries to provide climate finance to poorer ones was set at $300 billion per year by 2035. However, this funding falls far short of what developing countries needed and expected, and will come from public and private sources without clear guarantees that the funding will come with no strings attached and will be used entirely for climate action. According to the Independent High-Level Expert Group on Climate Finance, the amount needed by developing countries to meet Paris Agreement targets is at least $1 trillion annually by the end of this decade.[106]

This financial gap as well as the intention of some rich countries to count Article 6.2 and voluntary carbon market trades as a form of 'climate finance' when it clearly is not, puts developing countries in a precarious position. Host countries may find themselves in a situation where they have no choice but to sign cooperative approaches with developed nations, potentially with weak provisions for their own interests, to secure some financial flows from these markets. This risk will increase even more if developed countries don't deliver on their current inadequate pledges.

This dynamic increases the risk of inequitable participation in the system, further deepening the power imbalance between host countries and buyer countries or project developers. Clearer equity provisions and minimum equity standards, such as sharing the costs of mitigation and of long-term monitoring, in Article 6.2 would have helped to close this gap.

[106] *Amar Bhattacharya, Vera Songwe, Eléonore Soubeyran, and Nicholas Stern, Raising Ambition and Accelerating Delivery of Climate Finance: Third Report of the Independent High-Level Expert Group on Climate Finance, Grantham Research Institute on Climate Change and the Environment, 2024. https://www.lse.ac.uk/granthaminstitute/publication/raising-ambition-and-accelerating-delivery-of-climate-finance/*

ARTICLE 6.4

Compared to Article 6.2, equity is more meaningfully embedded in the design of Article 6.4. However, critical gaps remain, particularly in relation to land rights and the accessibility of grievance and appeal processes. Overall, we find that equity provisions under Article 6.4 are **LACKING**.

The rules go slightly beyond a simple tonne-for-tonne offsetting logic by requiring a small contribution to overall mitigation of global emissions, which requires 2% of all units issued to be automatically canceled without being used by any country, company or individual, thereby contributing to what the text refers to as "overall mitigation in global emissions (OMGE)". While a 2% contribution is very low, the levy seeks to ensure the market partially contributes to lowering emissions globally.

The rules also promote the generation of adaptation finance and include safeguards to prevent and address social and environmental harm. However, while it is important that a central grievance mechanism is in place, accessibility to this grievance mechanism remains limited. There are also crucial mandatory safeguards in place from a 'do no harm' principle, though those rules could be strengthened to provide better protection for land rights.

"rules could be strengthened to provide better protection for land rights"

The rules under Article 6.4 also establish a category of units called «mitigation contribution» units (MCUs),[107] which are not intended for offsetting and count only toward the host country's mitigation targets. These units allow the host country to receive funding while retaining the full climate benefits of the exchange, offering more advantages than ITMOs, which require corresponding adjustments (*see box on authorisation* for more detail on MCUs).

Furthermore, Article 6.4 generates some climate adaptation finance, as 5% of all units will be transferred to the Adaptation Fund, while an additional 3% of issuance fees from Article 6.4 transactions are also allocated to the Adaptation Fund.

The local and global stakeholder consultations, discussed in more detail in *the accountability under Article 6.4 section*, provide an opportunity for the voices of local communities, indigenous peoples, and civil society to be heard. This helps promote equity: while these consultations do not guarantee influence over decisions, they at least provide a way for comments to be considered by host countries during project approval and require project developers to explain in the project design document how feedback from local stakeholders has been addressed. Notably, these consultation processes do not require free, prior, informed consent from local stakeholders. However, when indigenous peoples are concerned, this is an indispensable requirement.

[107] *Decision 7/CMA.4 (Article 6.4 decision from COP27), Annex, paragraph 29b.*

"Since the tool is reviewed every 18 months, it is possible to tackle these issues and strengthen protections for affected communities."

Additionally, the local stakeholder consultation must be consistent with applicable domestic arrangements for public participation and the involvement of local communities and indigenous peoples.[108] This can be a positive provision when there are more elaborate consultation processes established in the country where the project will be located, but this will not always be applicable. In case domestic arrangements limit equitable consultation, this could also have negative consequences.

Another key difference from Article 6.2 is that the Article 6.4 Rulebook mandates the use of a sustainable development tool[109] to ensure compliance with a broad range of environmental and social safeguards. This tool is essential for upholding the 'do no harm' principle and provides a structured framework to measure and report how each project promotes equitable and sustainable development. The requirement for a clear, standardised framework represents a significant improvement, as it prevents participants from using vague or ambiguous descriptions to claim compliance with sustainability principles without genuine accountability. A great advantage of having such a tool is that it levels the playing field for host countries in terms of compliance with safeguards, which prevents a race to the bottom with those countries where social and environmental safeguards are weakest. Additionally, the tool specifies that project developers cannot access or use the cultural, intellectual, religious, or spiritual property of indigenous peoples without their free, prior, and informed consent.

Despite these improvements, the tool still has gaps, particularly regarding land rights. While it encourages avoiding involuntary resettlement,[110] it does not explicitly ban it. The current language focuses on avoiding negative impact related to land acquisition and restrictions on land use but stops short of providing a firm prohibition.

[108] *Decision 3/CMA.3 (Article 6.4 decision from COP26), Annex (Rules, modalities and procedures), paragraph 31(e).*
[109] *Tool: Article 6.4 sustainable development tool (v.01.1). https://unfccc.int/documents/641246*
[110] *Tool: Article 6.4 sustainable development tool (v.01.1), paragraph 71. https://unfccc.int/documents/641246*
[111] *Tool: Article 6.4 sustainable development tool (v.01.1), paragraph https://unfccc.int/documents/641246*
[112] *Tool: Article 6.4 sustainable development tool (v.01.1), paragraph 9. https://unfccc.int/documents/641246*
[113] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, paragraph 75, https://unfccc.int/sites/default/files/resource/A6.4-PROC-GOV-006.pdf.*
[114] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, paragraph 82, https://unfccc.int/sites/default/files/resource/A6.4-PROC-GOV-006.pdf.*
[115] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, paragraph 35, https://unfccc.int/sites/default/files/resource/A6.4-PROC-GOV-006.pdf.*
[116] *Procedure: Appeal and grievance processes under the Article 6.4 mechanism, paragraph 81, https://unfccc.int/sites/default/files/resource/A6.4-PROC-GOV-006.pdf.*
[117] *Blocked avenues for redress: Shedding light on carbon market grievance mechanisms. Carbon Market Watch. 2024. https://carbonmarketwatch.org/publications/blocked-avenues-for-redress-shedding-light-on-carbon-market-grievance-mechanisms-2024-edition/*

Involuntary resettlement is still allowed under certain conditions, as long as efforts are made to mitigate the impact and restore livelihoods to pre-project levels. This approach reflects the fact that free, prior, and informed consent is currently required only for indigenous peoples.[111]

However, clear and enforceable rules on the recognition and acquisition of land rights are critical for reducing the risk of human rights violations. The tool should be strengthened to require free, prior and informed consent rules should be expanded to include all affected communities, ensuring that they always have the right to say no and eliminating the possibility of involuntary resettlement altogether.

Since the tool is reviewed every 18 months,[112] it is possible to tackle these issues and strengthen protections for affected communities.

Another advancement under Article 6.4 compared to the loose framework of Article 6.2 is the introduction of a central grievance mechanisms. This mechanism establishes a more organised and transparent process for handling grievances, which is a significant improvement over previous approaches.

There are several positive aspects of this mechanism. The secretariat regularly organises workshops with experts to discuss issues related to appeals and grievances, helping to ensure continuous learning and improvement.[113] The grievance process itself is clearly defined, with a step-by-step procedure and specified timeframes for each stage, which helps ensure transparency and predictability. In addition, the Supervisory Body is committed to regularly reviewing and revising the grievance procedure based on experience and stakeholder feedback, increasing the possibility that the system evolves and improves over time.[114] Importantly, filing a grievance is free of charge. While this is a positive feature, it should really be a basic minimum standard of any grievance mechanism, not an exceptional benefit.

Despite these positive elements, accessibility remains a concern. The mechanism is limited to individuals or groups who are connected to the jurisdiction, have a substantial presence in the geographic area and "suffer or may suffer direct adverse effects from the implementation or treatment of the activity in question within the activity cycle under the Article 6.4 mechanism".[115] This narrow eligibility criterion excludes many who might have legitimate concerns but do not meet this strict definition.

Additionally, under Article 6.4, grievances can only be filed in one of the six United Nations official languages (Arabic, Chinese, English, French, Russian and Spanish).[116] However, the working language of the grievance mechanism, including the recommendations produced by the grievance panel, remains limited to English.

While it is positive that multiple languages are accepted for submissions, accessibility could be further improved by allowing submissions in all languages and ensuring that all documents and communications are translated into local languages, as is done by the Independent Redress Mechanism of the Green Climate Fund.[117] Additionally, the way grievances can be submitted limits accessibility, as they can currently only be submitted through an online form. To ensure the grievance mechanism is truly accessible, it should offer a wider range of channels. For example, submissions should also be possible via email, by calling a toll-free hotline, or through in-person meetings, as is the case with the Independent Redress Mechanism of the Green Climate Fund.117

Overall, Article 6.4 provides a more structured approach to equity than Article 6.2, incorporating built-in mechanisms that go beyond a simple offsetting logic, provide adaptation finance, enforce environmental and social safeguards, and establish a grievance mechanism. However, gaps remain, particularly concerning land rights, Indigenous protections, as well as the accessibility of the grievance mechanism and appeal processes.

Conclusion

This assessment finds that the Article 6.2 rulebook sets out a very loose framework, scoring poorly across most of the evaluation criteria. With no binding requirements for credit quality and a lot of flexibility in the framework, there is a high risk of countries exploiting loopholes, resulting in poor-quality carbon credits being used to greenwash and achieve NDCs, CORSIA obligations, and corporate climate commitments. Current rules fail to guarantee a robust level of transparency. In most cases, there is also no real accountability due to the limited mandate of the UN review team, thereby leaving the burden of scrutiny to outside parties to monitor informally trades and flag issues, with no guarantee that they will have the capacity to carry out this watchdog role or that their findings will be used to end malpractice. This is especially worrying given that access to information might be limited or delayed.

Article 6.4 performs better overall than Article 6.2. It establishes stronger rules that are expected to more reliably deliver on carbon credit quality. It also has considerably more robust transparency and accountability provisions. Nevertheless, it still scores badly in two assessment criteria: the permanence of reductions and removals is not guaranteed, and critical loopholes persist across the rules framework on equity, particularly in protecting land rights and ensuring fair access to grievance mechanisms.

It is critical that the gaps and loopholes identified in this report are resolved, otherwise the entire Article 6 architecture risks being so fatally flawed as to be unusable. For Article 6.2, these revisions must occur when the Article 6 rulebook is up for official review in 2028, which is the next time that Article 6.2 will be up for negotiation. For Article 6.4, these revisions can already take place given the Article 6.4 Supervisory Body can continually make changes to its rules.

The quality of Article 6 rules matters because they will have real world impact. Until all loopholes are closed, the integrity of the system remains at risk, as each category is an essential pillar.

Developed countries should not use Article 6 as part of their strategy to achieve their NDCs since this is irresponsible not only because developed countries bear a significant responsibility for historical emissions and must urgently undertake domestic climate action, which international credits may significantly undermine, but also because the Article 6 framework is simply not robust enough to ensure the transparent trade of high-quality carbon credits. For countries planning to sell carbon credits under Article 6, there are significant risks regarding how the framework can undermine their own NDC achievement, leave them liable and exposed when reversals occur, or lead to inequitable carbon credit trade terms, or even potentially cause harm to people on the ground.

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