STATE OF ARTICLE 6



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Executive summary

A live risk of implementation coming at the cost of integrity

The Article 6 Observatory is an independent platform designed to enhance the transparency, accountability, and informed engagement in the operationalisation of Article 6 of the Paris Agreement. Its flagship State of Article 6 Report is an annual snapshot of responsible engagement with Article 6, and forms part of its curated further Resource Hub.

Article 6 is now a central focal point entering an age of implementation after its lengthy negotiation. The central question is therefore no longer whether countries will utilise it but rather whether the kind of cooperation it can foster will produce mitigation outcomes that are additional, appropriately accounted for, socially legitimate and consistent with more ambitious national climate action. The first full year in which many of the full implementation arrangements have been tested has revealed a widening gap between the degree of Article 6 cooperation envisaged announced cooperation and evidence that its climate benefits can be independently demonstrated. Put shortly, Article 6 implementation is advancing faster than the evidence needed to demonstrate environmental integrity. Across Articles 6.2, 6.4 and 6.8, the emerging challenge is not simply whether mechanisms are operational, but whether they deliver additional, credible and lasting mitigation in service of the Paris Agreement.

Key insights

Article 6.2: Cooperative Approaches

Environmental integrity remains difficult to demonstrate, even where reporting requirements are formally addressed. The credibility of international transfers depends on stronger links between NDC ambition, authorisation and corresponding adjustments

Article 6.4: Paris Agreement Crediting Mechanism

Operational progress in implementing the rules, modalities and is not yet evidence of high quality mitigation outcomes being generated. There is an emerging need to ensure methodological standards are consistently upheld and recieve adequate exposure to scientific review.

Article 6.8: Non-market Approaches

Non-market cooperation opportunities offers an alternative pathway for carbon cooperation but its additional mitigation contribution remains difficult to establish, especially due to limited uptake.

By the numbers

Article 6.2: Cooperative Approaches

100%

Of reporting instances had inconsistencies with respect to treatment of how the cooperative approach ensures that there is no net increase in global emissions within and between NDC implementation periods (para. 18(h)(i))) (UNFCCC, 2026a).

25%

Of the 457 inconsistencies identified during the second TER cycle, 115 were classified as significant (UNFCCC, 2026a).

0%

Of reported information instances were found to be without inconsistencies (UNFCCC, 2026a).

Article 6.4: Paris Agreement Crediting Mechanism

100%

Of PACM issuance to date comes from transitioned CDM activities representing 1.11 million A6.4ERs.

0.13%

Of proposed PACM activities are identified as durable carbon dioxide removal.

7x

Potential over-crediting in the first project approved to issue carbon credits under Article 6.4 (Carbon Market Watch, 2026a)

Article 6.8: Non-market Approaches

7

Non-market approaches have been recorded under Article 6.8 in 5 years, indicating a preference for Party engagement in crediting over non crediting activities.

3

Only three approaches contribute to mitigation.

1

Article 6.2 acquiring Party also participates in Article 6.8 cooperation (Japan).

Article 6.2

Cooperative Approaches

The first two Article 6.2 review cycles reveal widespread weaknesses in how Parties substantiate environmental integrity, including significant inconsistencies in reporting on additionality, conservative baselines, authorisations and tracking arrangements. The environmental integrity of Article 6.2 depends not only on accurate accounting of transferred mitigation outcomes, but also on whether transfers are consistent with credibly Paris-aligned, which means that it enables ratcheted ambition on both the host and buyer nations.

EVIDENCE

The UNFCCC's 2026 [1] synthesis provides particularly compelling evidence for this:

- **543 inconsistencies were identified across 16 published technical expert review reports.**
- **115 significant inconsistencies were identified during the second review cycle.**
- **98 cross-Party inconsistencies were identified across eight cooperative approaches.**
- **Environmental integrity requirements were among those with the highest rates of significant inconsistencies.**

Perhaps most strikingly, the UNFCCC report identifies significant inconsistencies in 39 of 46 instances of reporting under each of the requirements concerning the avoidance of net increases in global emissions and robust governance and mitigation quality [1]. Although Parties are establishing cooperative approaches, the evidence supporting their environmental integrity is frequently insufficient or inconsistent. The report also identifies recurring weaknesses in authorisation documentation and the arrangements for tracking ITMOs [1]. These weaknesses matter because they affect the transparency and reliability of the accounting infrastructure intended to prevent double counting. Article 6.2 environmental integrity cannot, therefore, be inferred from participation, authorisation or the existence of a cooperative approach. It requires independently assessable evidence of mitigation quality, credible authorisation and reliable accounting. However, even technically accurate corresponding adjustments cannot independently establish that a mitigation outcome has environmental integrity or that its transfer supports greater global mitigation ambition.

RECOMMENDATIONS

1 **Take steps to ensure comparability between NDC structures, coverage and accounting approaches to address concerns of mitigation deterrence on both the host and buyer country.**

2 **Ensure a transparent transaction level reporting chain from authorisation to first transfer and corresponding adjustment across mitigation outcomes.**

3 **Address recurrent inconsistencies from TERS through clarfied CMA guidance.**

4 **Expand the mandate of TERs to include environmental integrity and ambition considerations, not just accounting integrity.**

Article 6.4

Paris Agreement Crediting Mechanism

The transition towards the Paris Agreement Crediting Mechanism is progressing, but the environmental integrity of its activities must be demonstrated through the application of robust methodologies, additionality requirements, safeguards and monitoring

EVIDENCE

The emergence of new methodologies over the last year takes place against a backdrop of a substantial pipeline of **1,507 CDM** activities requesting transition to the PACM, of which **413** have received approval, alongside **1,167** newly proposed Article 6.4 activities. Together, these developments underscore the importance of ensuring that the mechanism's methodological requirements translate into demonstrable environmental integrity across a rapidly expanding portfolio of activities.

From this emerging pipeline it is evident there is a need for:

- **Methodological review parity.** Ensuring that new methodologies recieve the same level of scientific scrutiny as top-down ones.
- **Paris-alignment.** Ensure that Article 6.4 methodologies support the Paris Agreement's long-term temperature goals and do not incentivise continued investment in emissions-intensive infrastructure. Proposed methodologies involving coal-related activities warrant particular scrutiny of emissions lock-in risks, compatibility with host-country transition pathways and whether crediting could prolong the operation of fossil fuel infrastructure.
- **Baseline conservativeness.** Crediting methodologies must ensure that mitigation outcomes are not overstated through inflated counterfactual baselines or unrealistic assumptions about business-as-usual emissions and thus can meaningfully downward adjust this baseline for Paris-alignment.
- **Additionality.** Activities must demonstrate that credited mitigation goes beyond what would otherwise have occurred. This is particularly important where activities are already financially attractive, legally required or supported by existing policies.
- **Environmental and social safeguards.** The existence of sustainable development procedures nor the is not equivalent to demonstrated safeguards implementation or positive outcomes for affected communities.

RECOMMENDATIONS

1 **Ensure methodological parity is applied to bottom up submissions the same as top-down ones to enable the opportunity for expert input and review.**

2 **Prioritise methodologies that support high ambition mitigation outcomes, and appropriately distinguish between avoidance, reduction and removal impacts.**

3 **Consider progressively increasing the share of mandatory cancellations to deliver measurable net atmospheric benefits, especially for lower-cost A6.4ERs.**

4 **Ensure that all pathways are truly Paris-aligned both in substance (not promoting ongoing use of fossil fuels) and procedurally (in terms of downward adjustment of baselines).**

Article 6.8

Non Market Approaches

Article 6.8 creates opportunities to mobilise international climate cooperation without generating tradable mitigation outcomes, but the evidence base for evaluating additional mitigation and long-term transformation of this track remains limited.

EVIDENCE

Unlike Article 6.2 and Article 6.4, Article 6.8 does not depend on generating and transferring carbon credits. This can avoid certain integrity risks associated with offsetting, including reliance on counterfactual crediting baselines and the use of mitigation outcomes to compensate for emissions elsewhere. However, this does not automatically establish that non-market approaches deliver additional mitigation, especially due to their low uptake. With seven non-market approaches recorded to date and limited engagement with the forum, including initiatives concerned with adaptation benefits, circular economy interventions and other forms of international cooperation. Three questions are particularly important:

- **Additional mobilisation:** Does the approach generate finance, technology transfer or capacity-building that would not otherwise have occurred?
- **Implementation:** Are announced programmes and commitments translated into operational activities and measurable results?
- **Long-term transformation:** Does cooperation produce durable institutional, technological or policy changes that continue beyond the initial intervention?

The current database does not yet provide sufficiently verified finance, implementation and mitigation outcomes to answer these questions systematically across the seven approaches. The 2026 review of the Article 6.8 work programme provides a further opportunity to assess the gap between the framework's institutional development and its practical contribution to climate action. Participation remains limited relative to the broader uptake of Article 6.2 and Article 6.4. Moreover, the registration of an approach does not establish whether it has mobilised additional resources, progressed beyond existing cooperation arrangements or delivered measurable mitigation outcomes. The diversity of registered approaches, also complicates the development of common performance indicators. These limitations point to the need for the next phase of Article 6.8 implementation to systematically document additional resource mobilisation, implementation progress and demonstrable climate outcomes.

RECOMMENDATIONS

1 **Develop quantative acommon indicators and reporting guidelines to assess whether Article 6.8 cooperation mobilises additional finance and technology transfer beyond existing commitments.**

2 **Expand the Article 6.8 NMA Platform to provide accessible information on financing arrangements, implementation status, expected outcomes and verified results.**

3 **Take a more active stands to overcome barriers to implementation, including more matching of needs and supports**

4 **Position Article 6.8 as a credible alternative to credit-based cooperation that supports long-term systemic transformation.**

Research Gaps and Priorities:

Strengthening the Evidence Base for Article 6

As Article 6 moves from institutional development towards implementation, research priorities must increasingly shift from assessing the existence of rules and procedures to evaluating their effectiveness in practice. Across Articles 6.2, 6.4 and 6.8, significant gaps remain in the evidence needed to assess environmental integrity, additional mitigation and contributions to the Paris Agreement's long term goals. Addressing these gaps requires independent analysis of emerging implementation outcomes, comparative assessments of international best practices and practical recommendations that can inform ongoing UNFCCC negotiations and institutional decisionmaking.

ARTICLE 6.2

- **Review effectiveness and recurring inconsistencies:** Systematically analyse technical expert review findings across Parties and review cycles to identify recurring weaknesses, their underlying causes and whether subsequent reporting demonstrates meaningful improvements.
- **Transparency of underlying standards:** Map the methodologies, crediting programmes and assessment procedures underpinning cooperative approaches, identifying differences in additionality, baseline setting, permanence and safeguards that are not readily apparent from UNFCCC reporting.
- **Environmental integrity beyond accounting:** Examine whether current reporting and review arrangements adequately assess mitigation quality, host country NDC ambition and the risks of mitigation deterrence, rather than primarily procedural and accounting compliance.
- **Strengthening the review architecture:** Develop evidence based proposals for improving reporting templates, review procedures and the treatment of recurring inconsistencies, including contributions to the anticipated workshop on Article 6.2 review outcomes ahead of the next synthesis report.

ARTICLE 6.4

- **Benchmarking and continuous improvement:** Compare emerging Article 6.4 methodologies, procedures and verification requirements against leading international standards, identifying opportunities to strengthen implementation while recognising areas where the PACM establishes more demanding requirements.
- **Sustainable development and safeguards:** Examine how the Article 6.4 Sustainable Development Tool can be effectively validated at registration and monitored throughout implementation, particularly at issuance.
- **Non-permanence and reversal compensation:** Evaluate the scientific basis for different monitoring periods, reversal risks and compensation obligations, distinguishing the physical climate impacts of temporary carbon storage from policy choices concerning liability and monitoring duration
- **Operationalising methodological integrity:** Develop practical criteria and methodological guidance for identifying and preventing activities that perpetuate emissions-intensive technologies or infrastructure.

ARTICLE 6.8

- **Additional resource mobilisation:** Develop methods for assessing whether non-market approaches generate additional finance, technology transfer and capacity-building beyond existing commitments and programmes.
- **Implementation and effectiveness:** Establish comparable indicators for tracking the progression of non-market approaches from registration and announced cooperation to implementation and demonstrable outcomes, recognising their diverse mitigation, adaptation and sustainable development objectives.
- **Long-term transformation:** Examine whether non-market cooperation produces lasting institutional, technological and policy changes, including its potential to support systemic decarbonisation and activities poorly suited to credit-based mechanisms.

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