

# ADVANCING CARBON MARKETS IMPLEMENTATION AT COP30

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# POLICY PAPER

SINCE 1999, IETA HAS SUPPORTED THE NEGOTIATIONS ON CARBON MARKETS UNDER THE UNFCCC AS THE TRUSTED BUSINESS VOICE ON MARKET-BASED SOLUTIONS TO CLIMATE CHANGE. REPRESENTING OVER 330 COMPANIES ACTIVE IN CARBON MARKETS AROUND THE WORLD, WE KNOW THAT ARTICLE 6 PLAYS A CRITICAL PART IN ACHIEVING THE GOALS OF THE PARIS AGREEMENT.

International negotiators concluded the Article 6 Rulebook at COP29 last year. Further policy negotiations are not expected to resume until 2028. This means that COP30 in Belém, Brazil, is expected to address focus on ambition of international carbon markets and climate finance, where Article 6 can help to channel more private sector resources.

Throughout the year, IETA has actively participated in the development of the Paris Agreement Crediting Mechanism (PACM) under Article 6.4 and the scaling up of cooperative approaches under Article 6.2. We also continuously track progress on our [website](#). However, implementation is still not advancing at the speed and scale required to achieve our global climate targets. COP30 must be the COP advancing Article 6 ambition and implementation.

This brief will address the expected carbon market-related developments at COP30, including:

1. Guidance on Article 6.2 Implementation and Ambition
2. Guidance on the Paris Agreement Crediting Mechanism (Article 6.4)
3. Decisions regarding the Clean Development Mechanism (CDM) and its transition
4. Non-negotiated outcomes on carbon markets
5. The Baku to Belém Roadmap to 1.3T on Climate Finance

## 1. Guidance on Article 6.2 Implementation and Ambition

While formal negotiations on Article 6.2 are not on the agenda until 2028, a number of questions related to the implementation and ambition of Article 6.2 will be discussed at COP30 in Belém this year.

**Implementation of Cooperative Approaches, Technical Expert Reviews** – As of today, more than 70 bilateral agreements (memoranda of understanding or implementation agreements<sup>1</sup>) and more than 25 JCM Agreements<sup>2</sup>. But only four<sup>3</sup> transactions of ITMOs have taken place under Article 6.2. Throughout 2024 and 2025, Parties engaged in cooperative approaches have submitted their first Initial Reports and Annual Information to the UNFCCC Centralized Accounting and Reporting Platform (CARP<sup>4</sup>).

At the point of writing, the Secretariat has received Annual Information (also called Agreed Electronic Format, AEF) from four countries, and 17 Initial Reports (IRs)<sup>5</sup>. Of these, six have been reviewed under the first Technical Expert Reviews (TERs)<sup>6</sup>. For the other eleven, the review process will start after COP30.

The outcomes of these first Technical Expert Reviews Reports will be presented to Parties of the CMA in Belém in an annual Synthesis Report prepared by the UNFCCC Secretariat. As Parties are gaining familiarity with Article 6.2 reporting requirements, which were amended and expanded at COP29, it is not surprising that Initial Reports may lack information or did not adequately address questions raised by the TER. We expect some Parties to raise concerns regarding the types of cooperative approaches being implemented (e.g. unilateral authorisations, which are gaining ground among the Parties), the environmental integrity of ITMOs, and the transparency of reporting from participating countries. The discussion among Parties may be summarised in a meeting note, but no official negotiations on a text will take place.

IETA welcomes an open discussion on the implementation and reporting challenges of the first cooperative approaches under Article 6.2. However, Parties should avoid drawing conclusions or trying to amend guidance at such an early stage of market implementation. The focus at this point must be on scaling up implementation and ambition – not on rewriting rules and providing additional guidance.

**The Article 6.2 Ambition Dialogue** – A session will be organised on 10 and 12 November, building on the 1st Ambition Dialogue held at SB62 in Bonn earlier this year. Parties and stakeholders will discuss how Article 6 can contribute to building mutual trust and enhancing collective ambition at the global level. Several topics have been outlined for the dialogue, including how to ensure high-integrity cooperative approaches, how higher ambition can be delivered, and technical issues around authorisation and corresponding adjustments.<sup>7</sup> Since this dialogue is not a formal negotiation session, it will be an opportunity for observers such as IETA to raise concrete examples, challenges and opportunities in Article 6 implementation.

## FOOTNOTES

[1] IETA Article 6 tracker: <https://www.ieta.org/visualising-article-6-implementation>

[2] Under Japan's second Initial Report submitted to CARP, the country identified the following JCM Agreement as Cooperative Approaches: Mongolia, People's Republic of Bangladesh, Federal Democratic Republic of Ethiopia, Republic of Kenya, Republic of Maldives, Socialist Republic of Viet Nam, Lao People's Democratic Republic, Republic of Indonesia, Republic of Costa Rica, Republic of Palau, Kingdom of Cambodia, United Mexican States (Mexico), Republic of Chile, Republic of the Philippines, Republic of Senegal, Republic of Tunisia, Republic of Azerbaijan, Republic of Moldova, Georgia, Democratic Socialist Republic of Sri Lanka, Republic of Uzbekistan, Independent State of Papua New Guinea, United Arab Emirates, Kyrgyz Republic, Republic of Kazakhstan, Ukraine, United Republic of Tanzania. The Cooperative Approach between Thailand and Japan is under their first initial report.

Considering all the JCM agreements signed, only information from Myanmar and Saudi Arabia is not included in any of Japan's submissions on CARP.

[3] All four from Thailand to Switzerland under the project "Operation of e-buses on privately owned, scheduled public bus routes in the Bangkok Metropolitan area by Energy Absolute"

[4] <https://unfccc.int/process-and-meetings/the-paris-agreement/cooperative-implementation/carp>

[5] <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-62/carp/reports#Annual-information-reports>

[6] Five Article 6 Technical Expert Review Reports have been published, while one is still pending for publication.

[7] [https://unfccc.int/sites/default/files/resource/Draft\\_ConceptNote\\_A6\\_2\\_AmbitionDialogue\\_Info\\_session.pdf](https://unfccc.int/sites/default/files/resource/Draft_ConceptNote_A6_2_AmbitionDialogue_Info_session.pdf)

## 2. Guidance on the Paris Agreement Crediting Mechanism (Article 6.4)

Over the last year, the Supervisory Body of the PACM (SBM) has adopted a number of key standards and tools operationalising PACM – including on baseline setting, additionality, and leakage. Significant work has also been undertaken on establishing the interim registry for the 6.4 mechanism, appointing Designated National Authorities (DNAs), and accrediting Designated Operational Entities (DOEs).<sup>8</sup>

At COP30, Parties will consider an Annual Report developed by the SBM. They are expected to take note of the report and potentially provide further guidance. One of the key issues likely to emerge in the discussion is the recently adopted standard on “addressing non-permanence/reversals”<sup>9</sup>. Earlier versions of this standard raised significant concerns from stakeholders, including IETA<sup>10</sup>, as it would have resulted in a de facto ban on nature-based solutions under PACM. While the final version is more balanced and delegated the definition of the most critical parameters at methodology level, the permanence issue remains highly contentious.

IETA continues to support the rapid operationalisation of PACM, which may deliver a global high-integrity crediting mechanism and support the scaling of carbon markets. However, we expressed concerns about the risk of over-correction and excessive conservativeness, which may hinder the economic viability of some high-quality, additional activities.

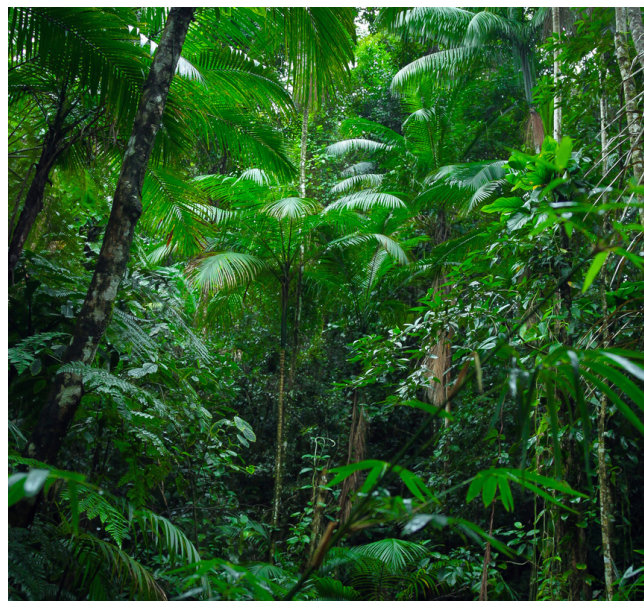
For instance, an analysis conducted by the Project Developer Forum on a cookstove project showed that the application of various adjustment factors and haircut foreseen by PACM rules would result in a 32% reduction in credits compared to current conservative practice, and a 78% reduction compared to the legacy CDM methodology. In a [letter](#) and [the study case as an annex](#), to the PACM Supervisory Body, IETA and the Project Developer Forum called for the establishment of a structured dialogue between practitioners and the Methodological Expert Panel (MEP) to enable deeper engagement and strengthen the link between integrity and economic viability.

Other questions likely to be discussed at COP30 are the timing of authorisation of A6.4ERs and use cases of Article 6.4 Mitigation Contribution Units (MCUs). The COP29 decision had mandated the SBM to set a time limit between the date of issuance of A6.4ERs and the provision of a statement of authorisation by the host Party. However, no decision was taken in 2025. Questions were also raised at the SB62 in Bonn regarding the use of non-authorised MCUs for voluntary corporate offsetting, with sharply contrasting interpretations of existing UNFCCC guidance being voiced - the discussion on this topic may continue at COP30, but ambiguity is likely to persist.

Finally, the Secretariat and SBM are still facing a significant budgetary shortfall in their proposed 2026-2027 workplan. As PACM is still not fully operational, revenue streams from account registrations, project registration, and issuance fees are very limited, so PACM would need to access resources from the CDM Trust Fund to run effectively over the next 1-2 years. IETA would welcome a transfer of CDM Trust Fund resources to PACM implementation, but some Parties expressed a desire to channel these funds to the Adaptation Fund.

## 3. Decisions regarding the Clean Development Mechanism and its transition

The phase out of the Clean Development Mechanism (CDM) has been on the negotiating agenda for several years. At COP26 in Glasgow, it was decided that CDM activities registered from 2013 onwards can transition to PACM if they submit a transition request by 31 December 2023. Host Party though their DNAs would then need to approve the transition by 31 December 2025. Data published by the UNFCCC show that 3,494 activities were eligible to transition to PACM, but only 1,508 of them from 80 countries requested it. 35% of these activities are based in China, over 30% are in India, and about 6% are in Brazil<sup>11</sup>. At the time of writing, 93% of activities that requested to transition are still awaiting approval from the host country, and less than 1% are currently registered in PACM. As the deadline of 31 December 2025 is approaching and several countries do not seem ready to make a decision, there are increasing calls for an extended timeline. IETA is monitoring this situation closely and urges Parties to approve the transition of activities by the end of the year.



### FOOTNOTES

[8] <https://unfccc.int/sites/default/files/resource/A6.4-SBM017-AA-A01.pdf>

[9] <https://unfccc.int/sites/default/files/resource/A6.4-SBM018-A13.pdf>

[10] <https://www.ieta.org/pacm-6-4-ieta-submissions-and-participation-on-the-standard-addressing-non-permanence-and-reversals-in-mechanism-methodologies>

[11] [https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM\\_transition/transition-list](https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM_transition/transition-list)

#### 4. Non-negotiated outcomes on carbon markets

In addition to the formal agenda items, there are a number of non-negotiated outcomes and initiatives that will be of high importance for the global carbon market community. This includes:

- **The Coalition to Grow Carbon Markets (CGCM)** – Launched by the governments of Kenya, Singapore, and the United Kingdom in June 2025 at London Climate Action Week, this government-led initiative aims to increase corporate demand for carbon credits by establishing a clear set of shared principles on the voluntary use of high-integrity verified carbon credits by businesses to provide consistency in approach across jurisdictions, driving consensus and convergence, raising quality standards to restore confidence and scaling the voluntary carbon market responsibly. This will increase the flow of private finance to activities that accelerate the pace of global emissions reductions, restore nature, cut pollution and deliver lasting co-benefits for local ecosystems and communities. The CGCM will launch its shared principles at COP30 and announce new partner countries and organisations to the initiative, including IETA.
- **Activation Group on Harmonisation of Carbon Markets and Carbon Accounting Standards** – Established by the Climate Champions under the Action Agenda, this initiative aims to coordinate efforts, measure impact, and showcase solutions that enhance alignment across carbon market systems and accounting methodologies. At COP30, the Presidency is expected to highlight Acceleration Plans developed under this group including:
  - **The Open Climate Coalition for Compliance Carbon Markets**, which should serve as a collaborative forum for countries implementing compliance markets to promote market convergence, interoperability, and future linking.
  - **The Carbon Accounting** activation plan, which should establish a Technical Expert Panel to advance common frameworks and guidance on key issues for harmonising carbon accounting, such as emission factors, system boundaries, co-product accounting, bioeconomy-related solutions, and global governance standards.
- **The Tropical Forests Forever Facility (TFFF)** – This is a flagship initiative from the Brazilian COP30 Presidency, which aims to set up a global fund to support the long-term conservation of tropical forests mobilising contributions from governments, sovereign wealth funds, and institutional financial investors. The Government of Brazil first presented the idea in November 2023 at COP28 in Dubai and will formally launch it at COP30.

Unlike traditional conservation finance efforts that often rely on new donor pledges, the TFFF proposes to create a long-term investment facility that generates annual returns to be deployed for forest conservation. The fund is intended to reward hectares of standing or restored tropical and subtropical forests, with deductions for deforested and degraded areas. Whilst not a direct carbon financing instrument, the TFFF may work in parallel and complement carbon markets.

- **Article 6 Ambition Alliance (AAA6)** – Lead by Switzerland, this initiative is aimed at closing the ambition gap between current NDCs and the 1.5 temperature goal of the Paris Agreement by increasing mitigation efforts through Article 6, going above and beyond NDC pledges and recognising private sector engagement. Its launch is planned during COP30 in Belém.
- **African Integrity & Equity Principles for Carbon Markets** – Developed by the African Union Development Agency (AUDA-NEPAD) upon request from African Union member states, this initiative provides high-level carbon-market principles viewed through an “African lens”. The principles were published for consultation at Africa Climate Summit 2 in Addis Ababa in September 2025; a formal launch is planned at COP30.

#### 5. The Baku to Belém Roadmap to 1.3T on Climate Finance

At COP29 last year, Parties agreed on a new target for climate financing, the New Collective Quantified Goal (NCQG), committing to deliver at least \$300 billion annually for developing countries' climate action by 2035. In addition to the NCQG, Parties decided to launch work on a “Baku to Belém Roadmap to 1.3 trillion” to explore how climate finance can be more effectively scaled up, including from innovative and private sector sources.

Throughout the year, the COP29 and COP30 Presidencies have been working with Parties to explore how to operationalise this Roadmap. The work focused on:

- strategies to enhance and scale up public and private financing mechanisms for climate adaptation, especially in vulnerable regions;
- what experiences or approaches could be leveraged to mobilise the finance needed, including through grants, non-debt creating instruments, new sources of finance, and strategies to create fiscal space; and
- what key actors and sources of finance should be considered in this process.

IETA made a public submission earlier this year<sup>12</sup>, in which we highlighted the importance of recognising international carbon markets, emissions trading and carbon financing instruments as key tools to incentivise and scale up private sector financing towards mitigation and adaptation.

The COP30 Circle of Finance Ministers presented their recommendations for the roadmap<sup>13</sup>, structured around five priorities, with carbon markets included in two of them. They emphasise the need for regulating carbon markets and avoiding fragmentation of MRV and accounting standards to unlock new flows of cross-border climate finance, promote cooperation, and address disparities in vulnerability and capacity among nations.

A first draft of the roadmap is expected to be published by the end of October.<sup>14</sup> A high-level event will then be held at COP30 in conjunction with the publication of the final report. However, it is not expected to deliver a negotiated outcome, and it remains to be seen how this work will be taken forward by the Parties involved and the COP30 Presidency.

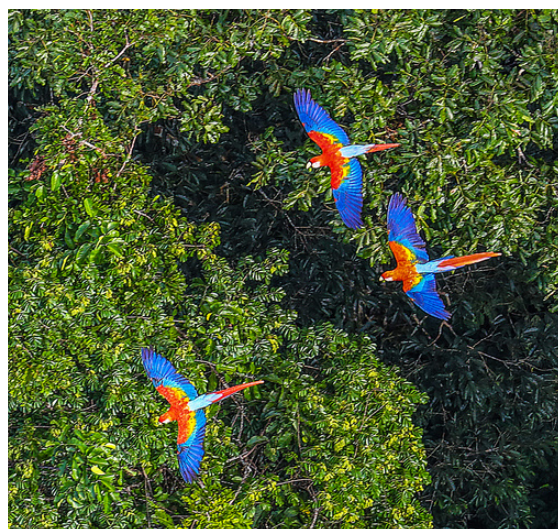
### ABOUT IETA

IETA is a non-profit organisation representing more 330 businesses committed to smart, well-designed and effective carbon markets to help achieve the goals of the Paris Agreement and reach net-zero emissions by 2050. At IETA, we believe in a collaborative approach to addressing climate change through the power of carbon markets.

Since 1999, IETA has been the leading voice of business on ambitious, market-based climate change solutions and driving net zero. We advocate for trading systems for emissions reduction and removals that are environmentally robust, fair, open, efficient, accountable, and consistent across national boundaries. We pride ourselves to be involved in and influence policy design, thought leadership, global capacity building, best practice and knowledge transfer.

**For any questions, do not hesitate to reach out to our team on the ground in Belém:**

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### FOOTNOTES

[12]<https://unfccc.int/documents/646141>

[13]<https://cop30.br/en/news-about-cop30/report-of-the-cop30-circle-of-finance-ministers-launched-during-imf-and-world-bank-meetings>

[14][https://unfccc.int/sites/default/files/resource/Presidencies\\_BB1.3T\\_Workplan\\_Update\\_final.pdf](https://unfccc.int/sites/default/files/resource/Presidencies_BB1.3T_Workplan_Update_final.pdf)

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