

# REDD+ Article 6

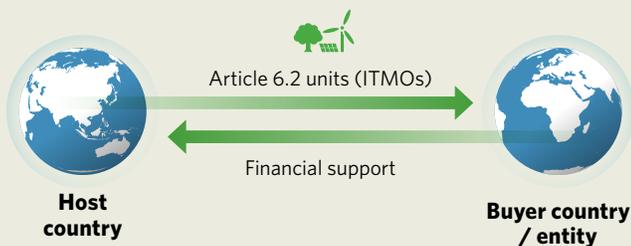
COP29 AND BEYOND

# Executive summary

The Paris Agreement paved the way for a new era of carbon trading. With the establishment of Article 6, countries can choose to collaborate in achieving their Nationally Determined Contributions (NDCs) by trading carbon credits<sup>1</sup>. Article 6 offers countries a cost-effective way to invest in actions outside their borders and raise global ambition to limit temperature rise to 1.5C. The relationship between Article 6 and REDD+ has been a controversial topic and ground for heated discussions. Below we break down the relationship between REDD+ and Article 6, what was decided in the Article 6 negotiations and what's on the table for COP29.

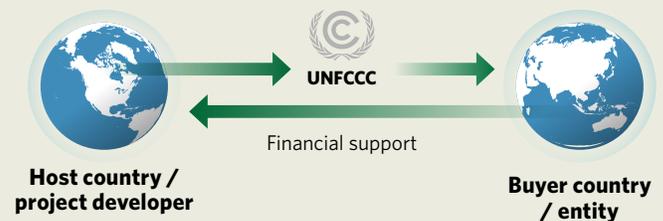
Article 6 includes two market mechanisms:

## Article 6.2



Countries can trade Article 6 units bilaterally or multilaterally. Article 6.2 enables a seller country, that is on track to exceed its NDC target, to trade units to obtain investments, support for capacity building, and access to technologies not available through domestic resources. The buyer country purchases these units, known as Internationally Transferred Mitigation Outcome (ITMOs) (Article 6.2 units), to address any gaps in meeting its own climate goals.

## Article 6.4



Countries can also trade units overseen by a centralized United Nations (UN) body, called Article 6.4 Supervisory Body, which is similar to how the UN's Clean Development Mechanism (CDM) worked for the Kyoto Protocol. The Supervisory Body will approve methodologies, register projects, manage the registry, etc. Article 6.4 is known as the Paris Agreement Crediting Mechanism.

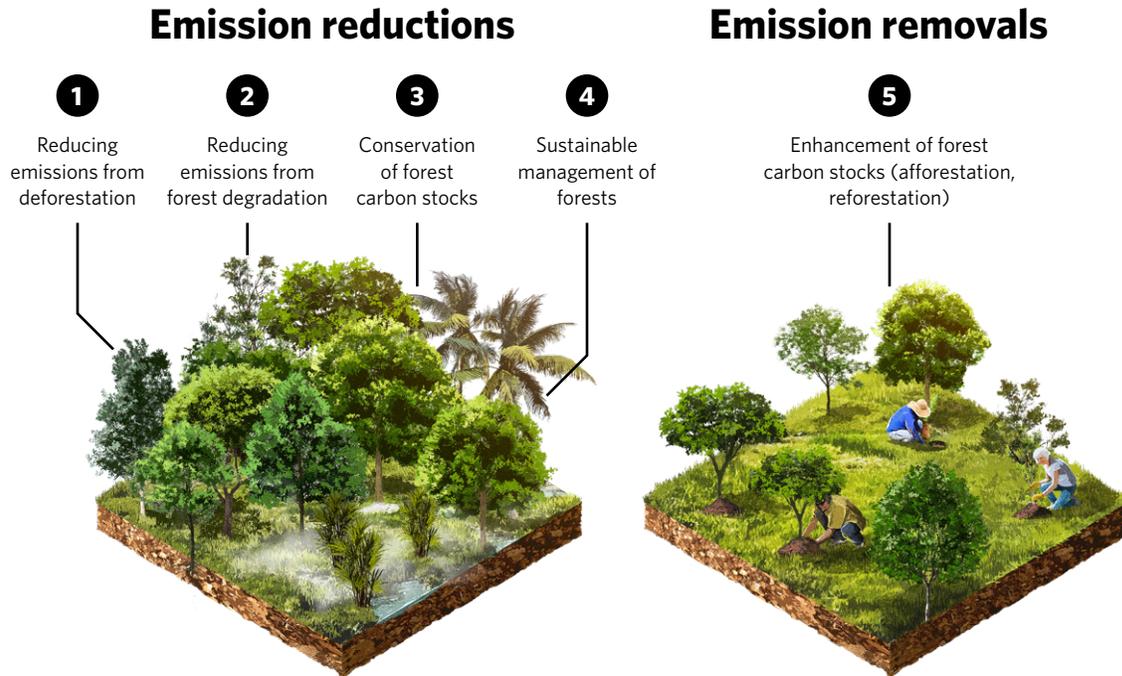
# Relationship between Article 5.2 (REDD+) and Article 6 of the Paris Agreement

REDD+ stands for reducing emissions from deforestation and forest degradation (REDD) and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks (+). It is a specific framework under the UNFCCC that provides financial incentives for developing countries to conserve and sustainably manage their forests, with requirements for safeguards, monitoring and accounting. Article 5.2 of the Paris Agreement encourages countries to implement and support policy approaches for REDD+. This recognition builds on several years of UNFCCC negotiations which resulted in the Cancun Safeguards and the Warsaw Framework for REDD+, with rules for tropical countries to be financially compensated for reducing deforestation and forest degradation through public and private sources. **While Article 5 recognizes the importance of forests, provides methodological guidance for results-based finance and “encourages” countries to support REDD+ efforts, it is not a financial mechanism in itself.**

On the other hand, **natural climate solutions, including REDD+ activities, are eligible to generate units under Article 6.** REDD+ is eligible for Article 6 trades, as long as the activities fulfill: a) Article 6 guidance, including reporting and tracking requirements b) the requirements of both seller and buyer countries, AND, c) the Warsaw Framework, Cancun Safeguards and related UNFCCC decisions. If these requirements are met, Article 6 can be one of the sources of finance for REDD+ and a way to enhance ambition in forest targets.

- **Article 6.2** units are called “ITMOs”. There are no limitations on the types of units that can be traded (including sectors, greenhouse gases, and methodologies), and ITMOs include emissions **reductions and removals<sup>2</sup>**, regardless of the sector that they come from. As a result, all five REDD+ activities that lead to either emission reductions and/or removals can be eligible, if the requirements under Article 6 guidance are met<sup>3</sup> (see Figure 1).
- Under **Article 6.4**, there are no limitations on the sectors or activities for which methodologies can be submitted or approved. Therefore, activities that generate emission reductions and removals from all sectors (including REDD+) could generate Article 6.4 units as long as the Supervisory Body approves specific methodologies.

**Figure 1:** The five activities of REDD+



# What decisions could affect REDD+ at COP29?

## DECISIONS UNDER ARTICLE 6.4

A lot of what is at stake in Article 6.4 has been discussed by a separate UN technical body called the Article 6.4 [Supervisory Body](#), which is responsible for overseeing the implementation of the **Article 6.4 mechanism**, including approving methodologies and registering projects. Since COP26, the Supervisory Body has been working on recommendations on methodologies and activities involving removals, which has been one of the key issues pending for the Article 6.4 mechanism to be operational for years. Now that process has changed. In October 2024, the Supervisory Body changed the status of these documents from “recommendations” to “standards” and with this, will no longer go back for countries’ approval at COP29. In practice, as the Article 6.4 Supervisory Body operates under the CMA<sup>4</sup>, countries still

need to endorse this approach and may provide guidance if needed. There are a few things to pay attention to when it comes to REDD+:

**Conditions for REDD+ activities<sup>5</sup>:** At the Supervisory Body meeting, negotiators introduced additional conditions for REDD+ under Article 6.4, limiting eligibility of REDD+ activities to countries that already have [REDD+ requirements](#) in place, such as a national REDD+ Strategy, a Forest Reference Level, REDD+ Safeguards, and a National Forest Monitoring System. These measures aim to ensure better coordination, environmental integrity and avoid double counting, while still allowing REDD+ to benefit from much needed finance under Article 6.4. In practice, to fulfill this condition, countries might need to establish systems to align private projects with national REDD+ frameworks, which is known as nesting<sup>6</sup>.

**Removals:** Removal activities refer to actions that capture and store greenhouse gases from the atmosphere, such as afforestation, reforestation, revegetation, or carbon capture and storage. The guidance on [activities involving removals](#) was adopted by the Supervisory Body in October 2024, covering all types of removals, including technological and nature-based removals. The guidance on removals now also applies to both activities involving removals and **emission reduction activities with reversal risks**. Depending on further decisions, this guidance could create barriers that would disproportionately discourage nature-based removals under Article 6.4. Here are some examples:

- **Post-crediting monitoring<sup>7</sup>:** The current guidance requires **project participants** to continue monitoring projects even after carbon credits have been issued (referred to as “post-crediting monitoring”). Ongoing tracking and monitoring are essential to preserving the integrity of the mechanism, but the duration and conditions need to be realistic and feasible. The monitoring period has not been defined, but it will continue until the risk of reversal is negligible or covered by a Buffer Pool to be established by the Supervisory Body. There should be alternatives such as **shared responsibility**, and clear rules around the mechanisms that were established to address and remediate reversals if they occur. Nature-based removals are vital to achieving near-term climate goals, and when properly designed and implemented, also provide significant co-benefits such as reducing biodiversity loss, enhancing water security, and supporting livelihoods for forest-dependent communities, among others.
- **Risk assessment tool<sup>8</sup>:** The current text also requires the use of a risk assessment tool, to be further developed in the future by the

Supervisory Body. This tool will play a critical role in defining the conditions that removals activities must meet under Article 6.4. For example, a new concept has been introduced for further consideration in the tool development, “upper limits of risks”, which has no scientific grounds and is not today used in current standards in the market. This Tool should not be used to be exclusionary, potentially imposing additional and differentiated requirements to the land sector, meaning in practice in excluding REDD+ from the mechanism. The final outcome will be decided by the Supervisory Body when the tool is fully developed, not at COP29.

**Methodologies:** The Supervisory Body has also adopted [guidance for methodologies](#) in October 2024, aiming at ensuring that activities under Article 6.4 follow standardized and transparent procedures regarding leakage, permanence, and setting baselines. Similar to the guidance on removals, the guidance will not go back to countries for approval at COP29, although countries may reject the approach.

**Downward Adjustment<sup>9</sup>:** A downward adjustment can be generally defined as the application of a decreasing multiplier to the baseline calculation, leading to a dynamic baseline setting throughout the project duration. The agreed [guidance on methodologies](#) mandates that all methodologies used in Article 6.4 perform a “downward adjustment”, unless the SB decides otherwise. The meaning of “downward” however is not specified and can create confusion. The application of conservative approaches to baselines, following the already agreed Article 6.4 rules from previous COPs, is sufficient in the standard<sup>10</sup>. Also, it cannot be equally applied to emissions reductions and removals considering that, as per definition, removals fall into “negative emissions approaches”

and their baseline setting follow a different rationale than for emissions reductions based on historical emissions, which has not been addressed in the standard and should be specified<sup>11</sup>.

### **Safeguards and grievance mechanisms:**

Safeguards and grievance mechanisms ensure the social and environmental integrity of projects, including equitable benefit-sharing with local communities and Indigenous peoples, and provide a platform for stakeholders affected by projects to voice concerns. The [Sustainable Development Tool](#) under the 6.4 mechanism, adopted in October 2024, is the first mandatory safeguards assessment under Article 6 and it is designed to mitigate social and environmental risks and quantify sustainable development benefits for all Article 6.4 projects, including transitioning CDM projects. Additionally, the Supervisory Body adopted [grievance procedures](#), waiving fees for those wanting to make complaints. Though not specific to REDD+, these tools are crucial to ensure that REDD+ projects apply robust social and environmental standards.

### **DECISIONS THAT IMPACT BOTH ARTICLE 6.2 AND ART 6.4**

**Authorization of ITMOs:** While some COP29 decisions are not specific to REDD+, several issues will impact all sectors, including REDD+. A key issue is whether ITMO authorizations can be amended or revoked after the first transfer (or at any point). For buyer countries and private investors, changes and revocations could undermine investment certainty and predictability of Article 6 trades. This has important implications for REDD+ projects, where long-term predictability is crucial to incentivize investment. Conversely, seller countries may seek greater flexibility in these transactions to mitigate the risk of overselling against the NDC target. Seller countries might also wish to reauthorize an ITMO

originally intended for NDC compliance to be used instead for CORSIA, if pricing is more favorable. Proposals to allow changes only in “extreme circumstances,” such as fraud, aim to balance flexibility with market stability.

**Decisions around “emissions avoidance” and “conservation enhancement”:** During the [UNFCCC Bonn meeting](#) (SB60) in June 2024, countries concluded that negotiations around the eligibility of emissions avoidance and conservation enhancement will not take place at COP29. Instead, discussions will resume in 2028 and, in the meantime, these activities **will not be eligible under Article 6**. There is no agreed definition of “emissions avoidance,” nor conservation enhancement and the terms have never been conceptualized by the UNFCCC nor the IPCC. **Emissions avoidance** has been used informally in UNFCCC negotiations, referencing a 2012 proposal from the Government of Ecuador regarding compensation for its Yasuní initiative to keep oil reserves in the ground. In the context of Article 6 negotiations, one country pushed for a definition of emission avoidance as the “full displacement or prevention of GHG emissions expected to be generated by planned GHG emitting actions in energy, transport, manufacturing, etc.” **Conservation enhancement** was introduced in the context of Article 6 negotiations to address the potential interest of non-REDD+ countries in generating units from the conservation of biomes other than tropical forests. **However, contrary to some interpretations, the decision to exclude emission avoidance and conservation enhancement from Article 6 does not mean that REDD+ projects cannot be eligible under Article 6. On the contrary, nature-based solutions are already eligible under Article 6.2 and Article 6.4 since they fall under the IPCC definitions of emission reductions or emission removals**

## NOTES

- 1 We refer to “carbon credits” as a general term, to facilitate understanding. Please note that we are referring specifically to Article 6 units which are known as Internationally Transferred Mitigation Outcomes (ITMOs).
- 2 Decision 2/CMA.3, para 1b
- 3 Article 6 requires that all ITMOs must have a corresponding adjustment and must be “real, verified, and additional”. They may include both emission reductions and removals, and must refer to mitigation achieved from 2021 onward. In addition, there are specific requirements around reporting and tracking.
- 4 CMA is the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, responsible to oversee the implementation of the Paris Agreement and take decisions to promote its effective implementation.
- 5 See the Supervisory Body guidance on [Methodologies](#), paragraph, 85 and 87. For REDD+ requirements, see also Decision 1/CP.16, paragraph 71.
- 6 REDD+ nesting refers to the integration of individual or project-level REDD+ activities within a national or subnational REDD+ framework, ensuring alignment with monitoring systems, safeguards, and others. Nesting may vary significantly country-by-country - in some cases, it might just be an acknowledgement that the carbon credits from REDD+ are subtracted from national results to avoid double-counting while complying with the national or subnational REDD+ framework.
- 7 See the guidance on [removals](#), paragraphs 28-28 and 53-62.
- 8 See the guidance on [removals](#), paragraph 42.
- 9 Guidance on [Methodologies](#), Paragraphs 43-47
- 10 Decision 4/CMA.3, paragraph 33.
- 11 For removals, a dynamic performance benchmark could be considered such as reviewing the crediting baselines at every verification based on actual results from samplings from the project area or nearby areas, but the application of automatic deductions at the project design and first baseline determination do not make sense as it is not based on future predictions and modelling as for historical emissions.

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