

A6.4-SBM022-AA-A01

Draft annual report of the Supervisory Body
for the mechanism established by Article 6,
paragraph 4, of the Paris Agreement to the
CMA

Version 01.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. In accordance with the rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism),¹ the Supervisory Body for the mechanism (hereinafter referred to as the Supervisory Body) reports on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).
2. Pursuant to the mandate from CMA 7, the annual report is to be made available two weeks prior to its consideration by the CMA, thereby providing Parties with adequate time for its review.
3. This document constitutes a draft of the Supervisory Body's report to CMA 8, covering the reporting period from 1 November 2025 to 9 October 2026. The draft remains subject to the inclusion of the outcomes of its twenty-second and twenty-third meetings (SBM 022 and SBM 023).
4. The report covers the work undertaken and progress made in operationalizing the Article 6.4 mechanism during the reporting period and includes recommendations for consideration by CMA 8.

2. Purpose

5. The Supervisory Body, at SBM 022, will consider the draft annual report to CMA 8 with a view to finalizing its structure and content for publication prior to its consideration by the CMA, taking into account the following issues:
 - (a) The reporting period to conclude on 9 October 2026, the final day of SBM 023. The reporting period will therefore span from 1 November 2025 to 9 October 2026. The report will be published in English ahead of CMA 8, with the translations in all United Nations languages to follow.
 - (b) Placeholders are provided for the outcomes of SBM022 and SBM 023. Changes agreed at SBM 022 and SBM 023 will be implemented after the meeting.

3. Impacts

6. The report presents the status of the Article 6.4 mechanism, highlights achievements in its operationalization, and provides information on its governance, management and financial status. It also contains recommendations for consideration by the CMA. The report will serve as an important basis for Parties' negotiations under the CMA agenda item on guidance related to the Article 6.4 mechanism.

¹ Decision 3/CMA.3, annex.

Available at: https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf#page=29.

4. Subsequent work and timelines

7. The outcomes of SBM 022 and SBM 023 will be incorporated into the report by the secretariat, in consultation with the Chair and Vice-Chair of the Supervisory Body, following the conclusion of SBM 023. The report will subsequently be formatted and edited as an official UNFCCC document for consideration by CMA 8.

5. Recommendations to the Supervisory Body

8. The secretariat recommends that the Supervisory Body, at SBM 022:
 - (a) Consider and agree on the outline of this report;
 - (b) Consider the recommendations to the CMA;
 - (c) Present the revised draft report to SBM023; and
 - (d) Request the secretariat to finalize the report after the last meeting within the reporting period, reflecting the outcomes of SBM 023, in consultation with the Chair and Vice-Chair of the Supervisory Body.

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1. Introduction

1.1. Mandate

9. In accordance with the rules, modalities and procedures for the Article 6.4 mechanism,¹ the Supervisory Body reports annually to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), and the CMA provides guidance to the Supervisory Body by taking decisions on, inter alia:

- (a) Recommendations of the Supervisory Body relating to the rules, modalities and procedures for the Article 6.4 mechanism;
- (b) Matters relating to the operation of the Article 6.4 mechanism.

1.2. Scope

- 10. This annual report of the Supervisory Body covers its work undertaken between 1 November 2025 and 9 October 2026. It provides an overview of progress in the implementation of the Article 6.4 mechanism and contains recommendations for consideration by the CMA at its eighth session.
- 11. The report highlights key achievements in the implementation of the Article 6.4 mechanism and provides information on its governance, management and financial status.
- 12. Further information on the Article 6.4 mechanism and the work of the Supervisory Body is available on the Article 6.4 mechanism web pages.²

1.3. High-level Summary

13. [PLACEHOLDER]

{Methodology development}

14. [PLACEHOLDER]

{CDM Transition and first credit issuance}

15. [PLACEHOLDER]

{Institutional arrangements and infrastructure}

16. [PLACEHOLDER]

{Other issues}

17. [PLACEHOLDER]

¹ Decision 3/CMA.3, annex.

Available at https://unfccc.int/sites/default/files/resource/cma2021_10a01E.pdf#page=29.

² See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>.

2. Recommendations for the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

18. [PLACEHOLDER]

{General}

19. [PLACEHOLDER]

{Governance of the Supervisory Body}

20. [PLACEHOLDER]

{SOP}

21. [PLACEHOLDER SBM 022]

{OMGE}

22. [PLACEHOLDER SBM 022]

{Finance}

23. [PLACEHOLDER]

24. [PLACEHOLDER for other recommendations]

3. Governance and management

3.1. Supervisory Body

3.1.1. Membership

25. In accordance with the rules of procedure of the Supervisory,³ new members and alternate members of the Supervisory Body signed the oath of service and made their curriculum vitae publicly available, and provided statements regarding any conflicts of interest for each meeting.
26. One half of the current members and alternate members were elected at CMA 7. The composition of the Supervisory Body in 2026 is presented in table 1.
27. During the reporting period, Mr. Zulfiqar Younas, a member nominated under the Asia-Pacific States seat, resigned effective 16 February 2026 and was replaced by Ms. Khalida Bashir (Pakistan), who subsequently resigned effective 18 May 2026 and replaced by Mr. Arif Goheer effective 16 June 2026.

³ Decision 7/CMA.4, annex II.

Available at: https://unfccc.int/sites/default/files/resource/cma2023_10a02E.pdf#page=46.

Table 1. Members and alternate members of the Supervisory Body in 2026

Member	Alternate member	Group/constituency
Eunhae Jeong ^{(b), 1}	Mohammed AlNahas ^{(b), 2}	Asia-Pacific States
Eduardo Calvo ^(a)	German Obando Vargas ^(a)	Latin American and Caribbean States
Shao Hua Ng ^(b)	Sumeet Betancourt ^(b)	SIDS
Richard Muyungi ^(b)	Mominata Elola Compaore ^(b)	African States
Piotr Dombrowicki ^{(a), 3}	Imre Bányász ^{(a), 3}	Eastern European States
Gebbru Jember Endalew ^(a)	Olivier Ishimwe ^(a)	LDCs
Olga Gassan-zade ^{(b), 4,5}	Vacant ^(b)	Eastern European States
Michel Ardohain ^(b)	Dexter Lee ^(b)	Western European and other States
Marina Moreira Costa Pittella ^(b)	Adriana Gutierrez ^(b)	Latin American and Caribbean States
Jacqui Ruesga ^(a)	Simon Fellermeier ^(a)	Western European and other States
Mkhuthazi Steleki ^(a)	Alick Muvundika ^(a)	African States
Arif Goheer ^(a)	Kentaro Takahashi ^(a)	Asia-Pacific States

^(a) Term: 2 years, i.e. ending prior to the first meeting of the SBM in 2027.

^(b) Term: 2 years, i.e. ending prior to the first meeting of the SBM in 2028.

¹ The Chair of the Asia Pacific Group informed the secretariat on 22 November 2025 that APG has agreed on a seat sharing arrangement for the position of member as follows: Ms. Eunhae Jeong (Republic of Korea) in 2026 and Mr. Mohammed AlNahas (Kingdom of Saudi Arabia) in 2027.

² The Chair of the Asia Pacific Group informed the secretariat on 22 November 2025 that APG has agreed on a seat sharing arrangement for the position of alternate member as follows: Mr. Mohammed AlNahas (Kingdom of Saudi Arabia) in 2026 and Mr. Ahmed Masoon Hassan (Maldives) in 2027.

³ Nomination pending from CMA 6. Current member remains in office until nomination is received.

⁴ Nomination pending from CMA 7. Current member remains in office until nomination is received.

⁵ Nomination pending from CMA 5. Current member remains in office until nomination is received.

28. At SBM 020, Mr. Mkhuthazi Steleki and Ms. Jacqui Ruesga were elected Chair and Vice-Chair, respectively, of the Supervisory Body, with their tenure ending immediately before its first meeting in 2027.

29. At the same meeting, the Supervisory Body adopted its workplan for 2026.

3.1.2. Meetings

30. At SBM 021, the Supervisory Body agreed to extend SBM 023 by one day, from 5 to 9 October 2026, to accommodate the workload related to methodologies, and revised its calendar of meetings accordingly.

31. During the reporting period, the Supervisory Body held four meetings. The annotated agendas for the meetings, information under consideration, on-demand broadcast and reports containing all agreements adopted by the Supervisory Body are publicly available

on the web page for its meetings.⁴ Table 2 lists all meetings of the Supervisory Body in 2026.

Table 2. Meetings of the Supervisory Body in 2026

Meeting	Date	Location
SBM 020	16 to 20 February (including strategic retreat)	Bonn, Germany
SBM 021	18 to 21 May	Bonn, Germany
SBM 022	27 to 30 July	Bonn, Germany
SBM 023	5 to 9 October	Bonn, Germany

3.2. Expert panels

32. The Supervisory Body, at SBM 010, established the Accreditation Expert Panel (AEP)⁵ and the Methodological Expert Panel (MEP)⁶ to assist in operationalizing the Article 6.4 mechanism. The workplans of those panels for 2026 were approved at SBM 020.⁷

3.2.1. Membership

33. At SBM 020, the Supervisory Body elected Ms. Mominata Elola Compaore and Mr. Dexter Lee as co-chairs of the AEP, and Ms. Adriana Gutierrez and Mr. Simon Fellermeier as co-chairs of the MEP, to serve until immediately before the first meeting of the Supervisory Body in 2027.
34. At SBM 020, the Supervisory Body agreed on the selection of the roster of experts for the expert reviewer specialization and agreed to appoint 25 experts to the roster.
35. The Supervisory Body, at SBM 021, agreed to invite the MEP and the secretariat to make enhanced and systematic use of the roster of experts to support the methodology development.

3.2.2. Prioritization of work of the MEP

36. During the reporting period, the Supervisory Body agreed to prioritize the work of the MEP to accelerate the development of key methodologies needed to register activities under the Article 6.4 mechanism.
37. The Supervisory Body reaffirmed the important role of the MEP in providing independent technical and methodological expertise in support of its mandate and expressed its full support for the work of the MEP and recognized the valuable contributions of its members

⁴ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/meetings-of-the-supervisory-body>.

⁵ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/accr-expert-panel>.

⁶ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep>.

⁷ Supervisory Body documents A6.4-INFO-GOV-028 and A6.4-INFO-GOV-029. Available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#Info>

to the development of methodological standards, methodologies and methodological tools.

38. The Supervisory Body also emphasized the importance of maintaining close and effective collaboration between the Supervisory Body and the MEP to ensure timely, transparent and high-quality technical advice. It encouraged continued engagement between the panel and the Supervisory Body throughout the development of methodological work, while preserving the independence of the MEP in providing its expert recommendations.
39. To strengthen coordination and improve the efficiency of decision-making, the Supervisory Body, at SBM 021, convened a joint session with MEP members to discuss methodological issues, enhancing mutual understanding and facilitating more effective deliberations. The Supervisory Body welcomed the value of this exchange and agreed to continue holding joint sessions with the MEP, as appropriate.

3.2.3. Meetings

40. During the reporting period, the AEP⁸ four times and the MEP⁹ met seven times. The annotated agendas for the meetings, information under consideration and reports are publicly available on the relevant web pages. Tables 3–4 list all meetings of the panels in 2026.

Table 3. Meetings of the Accreditation Expert Panel in 2026

Meeting	Date	Location
AEP 006	4 to 5 February	Bonn, Germany
AEP 007	28 to 29 April	Virtual
AEP 008	1 to 2 July	Virtual
AEP 009	2 to 3 September	Bonn, Germany

Table 4. Meetings of the Methodological Expert Panel in 2026

Meeting	Date	Location
MEP 011	26 to 30 January	Bonn, Germany
MEP 012	9 to 13 March	Bonn, Germany
MEP 013	13 to 17 April	Bonn, Germany
MEP 014	22 to 26 June	Bonn, Germany
MEP 015	22 to 23 July	Virtual
MEP 016	7 to 11 September	Bonn, Germany

3.3. Host Parties

41. During the reporting period, [X] Parties designated their national authority for the Article 6.4 mechanism and communicated them to the secretariat, bringing the total

⁸ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/aep/meetings>.

⁹ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep/meetings>.

number of Designated National Authorities (DNAs) to [X]. As at 9 October 2026, [X] Parties have submitted information in relation to fulfilling the host Party participation requirements.

42. Capacity-building and stakeholder engagement activities were strengthened through the convening of the second Global Article 6.4 DNA Forum and a series of Article 6 related capacity building events held during Climate Week 3 in Yeosu, Republic of Korea. These activities enhanced understanding of mechanism requirements, host Party authorization processes, registry arrangements, carbon pricing linkages and the transition of CDM activities, while identifying priority areas for future support and capacity-building.

3.4. Financial status of the Article 6.4 mechanism

43. During the period from 1 January to 30 June 2026, the Supervisory Body received income of USD 352 thousand, including USD 174 thousand in voluntary contributions from the Government of the Principality of Monaco (this contribution was the second voluntary funding received from the Government of Sweden in 2025 the amount of USD 108 thousand). Table 5 presents the expenditure incurred by the Supervisory Body during the same period.

Table 5. Expenditure of the Supervisory Body between 1 January and 30 June 2026
(United States dollars)

<i>Item</i>	<i>Amount</i>
Staff and other personnel costs	4 022 444
Contractual Services	1 981 317
Operating and Other Direct Costs	1 013 866
Travel	455 498
United Nations programme support costs	971 506
Total	8 444 631

44. While the approved budget for 2026 amounts to USD 20.8 million, expenditure for the year is projected at USD 16.5 million, reflecting the impact of cost-saving measures and prudent resource management undertaken by the secretariat in accordance with the guidance by the Supervisory Body. The projected 2026 expenditure is expected to be fully met from the existing fund balance.
45. Taking into account the approved 2027 budget, of 17.3 million, funding shortfall of USD 4.7 million is projected by 31 December 2027. This shortfall is expected to be partially offset by additional income expected to be received in 2027.
46. Due to the current funding situation, the Supervisory Body, at SBM 021, requested the secretariat to continue implementing cost efficiency measures to optimize expenditures, while maximizing available resources for the effective operationalization of the Article 6.4 mechanism. Such measures include, inter alia, the following actions as well as any additional cost saving proposals developed by the secretariat and endorsed by the Supervisory Body:
- (a) Reducing non-staff costs;
 - (b) Maximizing the utilization of staff funded through Article 6.4 resources;

- (c) Leveraging expertise, capacities, and resources available through other funding sources, where feasible and consistent with applicable mandates and regulations.
47. These measures will remain in place on an interim basis until additional funding has been secured to bridge the period until the Supervisory Body mechanism is fully operational and financially self-sustaining.
48. Further, the secretariat will continue fundraising outreach to Parties and initiate outreach to other potential sources of financial support. in accordance with applicable legal and regulatory frameworks.

4. Work in the reporting period

49. The Supervisory Body has an annual workplan¹⁰, which provides an overview of the issues to be considered by the Supervisory Body at each of its meetings and allows it to plan activities arising from mandates from the CMA.
50. In the reporting period, one focus of the Supervisory Body was to respond to the mandates from CMA 7, paragraphs 51 to 84 provide information on the progress of the work conducted in response to those mandates. The remainder of this section focuses on the progress of the work of the Supervisory Body arising from its workplan for 2026, as well as progress in developing standards, tools and guidelines for operationalizing the Article 6.4 mechanism.

4.1. Mandates from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

4.1.1. Governance

51. CMA 7¹¹ noted with concern that there is currently a gender imbalance in the membership of the Supervisory Body, and recalled the importance of ensuring gender-balanced representation therein and encourages regional groups to consider gender balance when nominating members and alternate members to the Supervisory Body.
52. In response to the mandate above, Parties nominated additional female members and alternate members to the Supervisory Body and its panels. While gender balance has not yet been achieved, the current composition comprises:
- (a) Six female and seventeen male members and alternate members for the Supervisory Body;
 - (b) Three female and two male members for the AEP; and
 - (c) Five female and nine male members for the MEP.
53. It is also noted that, as in previous years, the Supervisory Body and its expert panels maintain gender-balanced leadership, for 2026 with the Vice-Chair of the Supervisory Body and one of the two co-chairs of each panel being female.

¹⁰ See: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#Governance>.

¹¹ Decision 20/CMA.7.
Available at: https://unfccc.int/sites/default/files/resource/cma2025_19_a03.pdf#page=7.

54. CMA 7 also reiterated that the Supervisory Body should ensure that its members, alternate members and experts act with independence, impartiality and integrity, in accordance with the conflict of interest provisions contained in paragraphs 26–27 of the rules of procedure of the Supervisory Body¹². CMA 7 further reiterated that such individuals should not possess any financial or other interests that could affect, or reasonably be perceived to affect, their judgment or the discharge of their functions in relation to the generation of emission reductions under the mechanism.¹³

55. [PLACEHOLDER SBM 022 response to the above mandate].

4.1.2. Designated national authorities

56. CMA 7 invited Parties, that have not already done so, to establish DNAs for the mechanism established by Article 6, paragraph 4, and also invited developed country Parties to nominate a representative to serve as co-chair of the DNA Forum for the mechanism.

57. In addition, the position of co-chair of the DNA Forum representing developed country Parties remained vacant, while Cristina Figueroa Vargas (Chile) continued to serve as co-chair representing developing country Parties.

58. The CMA requested the Supervisory Body to report back, through its annual report on the work undertaken to improve DNAs access to and participation in the mechanism.

59. The CMA also invited Parties and other stakeholders to consider reinforcing targeted capacity building efforts with a view to enabling Parties that host Article 6, paragraph 4, activities to undertake the necessary analysis to make an informed decision regarding participation in the mechanism;

60. In response to the mandates above, the Supervisory Body agreed to undertake the following measures to improve DNAs' participation in the PACM, subject of availability of resources:

- (a) Strengthening existing engagement platforms such as the Article 6.4 DNA Forum;
- (b) Improving communication channels;
- (c) Enhancing the visibility of the Article 6.4 webpage;
- (d) Developing tailored capacity-building activities; and
- (e) Updating the manual for host Parties.

4.1.3. Transparency and stakeholder engagement

Stakeholder engagement

61. CMA 7 requested the Supervisory Body to enhance the transparency of its decision-making and that of the MEP while safeguarding the productivity of their work.

¹² Decision 7/CMA.4, annex II.

Available at: https://unfccc.int/sites/default/files/resource/cma2023_10a02E.pdf#page=46.

¹³ Decision 20/CMA.7.

Available at: https://unfccc.int/sites/default/files/resource/cma2025_19_a03.pdf#page=7.

62. Furthermore, the CMA requested the Supervisory Body to strengthen its stakeholder consultation processes while also ensuring the expeditious operationalization of the mechanism.
63. The CMA also requested the Supervisory Body to facilitate the engagement of a broad range of stakeholders, including DNAs, relevant experts and those that cannot easily participate in the mechanism, including Indigenous Peoples and local communities, and also requests the Supervisory Body to report on its outreach measures taken to ensure broad participation in public consultations across different groups of stakeholders in its next annual report.
64. The CMA requested the secretariat to raise awareness of the multiple opportunities for stakeholder engagement in the mechanism to ensure that stakeholders are informed and able to participate in stakeholder consultation processes effectively.
65. In response to the mandates above, the Supervisory Body and the secretariat continued their engagement with stakeholders and undertook the following actions, in consultation with the Chair and Vice-Chair of the Supervisory Body and the co-chairs of its expert panels, in consideration of financial resources:
- (a) Continued organizing public webinars on recommendations from and further work to be undertaken by the MEP;
 - (b) Continued organizing teleconferences to update the designated operational entities (DOEs) and AEs on relevant AEP and MEP products;
 - (c) Used additional communication tools such as op-eds or comments by the Chair and Vice-Chair of the Supervisory Body or co-chairs of its expert panels, as applicable, on specific topics;
 - (d) Uploaded the presentations delivered during the briefing session between MEP and the Supervisory Body members on the UNFCCC website; and
 - (e) Informed stakeholders by updating the website, of the possibility to provide input (e.g. technical papers, peer-reviewed studies) as appropriate via email communication.

Capacity-building reporting

66. The CMA further requested the secretariat to enhance its reporting on the implementation of Article 6, paragraph 4, activities under the capacity-building work programme for implementing Article 6, including information such as stakeholders, partners and sectoral expertise.
67. In response to this mandate, the secretariat implemented key activities across three pillars, with a focus on strengthening the readiness of Parties and DNAs to engage in the Article 6.4 mechanism:
- (a) Knowledge products – online explainers and e-learning modules;
 - (b) Trainings – workshops, webinars, strategic dialogues and online training programmes; and
 - (c) Direct country support – targeted technical assistance provided directly and through the RCCs.

68. The reporting highlighted that these activities enhanced stakeholder understanding of Article 6 mechanisms, strengthened institutional, regulatory and governance capacities of Parties, supported the translation of institutional readiness into implementable activities in coordination with DNAs, and fostered engagement by financial institutions, investors and potential buyers, thereby supporting demand for high-integrity emission reductions.

Support to DNAs

69. The CMA requested the Supervisory Body to enhance the support provided to DNAs through the capacity-building programme referred to in paragraph 14 of decision 3/CMA.3, including through the Regional Collaboration Centres (RCCs), in order to ensure that the mechanism remains accessible for interested Parties.
70. In response to the mandate above, the Supervisory Body enhanced the capacity-building support provided to DNAs through the capacity-building programme, including through the six RCCs. Consistent with the strategic approach of capacity building programme, activities have prioritized strengthening the institutional readiness of Parties and Article 6.4 DNAs, while progressively extending support to project developers, financial institutions and other stakeholders to facilitate effective participation in the PACM.
71. Through direct country support delivered by the secretariat and the six RCCs in response to requests from Parties, assistance has been provided to more than 120 countries. Support has focused on strengthening national institutional arrangements for participation in the mechanism, including the designation of DNAs, development of host Party participation requirements, clarification of national roles and responsibilities, establishment of authorization and approval procedures. These programmes have been tailored to the specific circumstances and readiness of each Party through both, virtual and in-person engagement.
72. The secretariat has also expanded access of its knowledge products and training opportunities to further support Parties and DNAs in strengthening the technical knowledge and institutional capacity. Knowledge products have reached over 3,000 unique users, while the Article 6 Academy's jointly certified course with the University of Oxford trained 1,010 participants from 121 countries, including more than 820 representatives of DNAs and government agencies. These activities have been complemented by self-paced e-learning modules, practical explainers and technical guidance covering key aspects of the mechanism, including the transition of eligible CDM activities, host Party participation requirements and application of the Article 6.4 Sustainable Development Tool.
73. Building on this progress, the secretariat will continue to enhance support to Parties and DNAs by expanding its portfolio of knowledge products, strengthening partnerships with academic and technical institutions, developing train-the-trainer initiatives, increasing the availability of resources in additional United Nations languages, and providing tailored technical assistance through the six RCCs and other delivery partners, in accordance with the guidance of the Supervisory Body.

4.1.4. Methodologies and standards

74. The CMA requested the Supervisory Body to continue ensuring that its standards, methodologies and tools uphold environmental integrity, are based on the best available science and are informed by robust evidence.

75. The CMA further requested the Supervisory Body to prioritize work on the revision of clean development mechanism methodologies that are applicable to activities that transition to the mechanism established by Article 6, paragraph 4.
76. In response to the mandate above, the Supervisory Body agreed at its strategy meeting:
- (a) To prioritize methodological products of the highest strategic importance and readiness, with a view to significantly expanding the portfolio of methodological products.
 - (b) That any further top-down development of methodology shall be guided primarily by CMA 7 request to prioritize work on the revision of clean development mechanism (CDM) methodologies that are applicable to activities that transition to Article 6.4 mechanism, while also taking into account the potential scale of emission reductions or removals and the level of market interest.
 - (c) To prioritize the bottom-up submissions in which stakeholders have expressed interest, taking into account methodology scalability in terms of expected emission reductions or removals and number of projects.

4.1.5. Funding for the operation of the mechanism established by Article 6, paragraph 4

77. The CMA requested the secretariat to actively explore possible sources of funding for ensuring the continuity of operations of the Supervisory Body and its panels, and to provide clarity and ensure transparency regarding the financial situation of the mechanism.
78. In response to the mandate above, the secretariat undertook fundraising measures and continued to prudently manage available resources, including by implementing a broad range of cost-saving measures to ensure delivery of critical work required for the operationalization of the mechanism in line with the priorities set by the Supervisory Body. The secretariat also continued to optimize use of existing resources and provided regular updates to the Supervisory Body on the financial status of the mechanism, enabling timely guidance and decisions on necessary cost-effective budgetary adjustments.
79. The CMA requested the Supervisory Body, at its first meeting in 2026, to significantly increase, up to USD 5 million, the amount allocated to activities related to capacity-building under its RAP 2026–2027 in view of the additional resources received from the trust fund for the clean development mechanism for the biennium 2026–2027.
80. [PLACEHOLDER SBM 022]
81. The CMA also requested the Supervisory Body to include in its annual report for 2027 and all subsequent annual reports an assessment of its current and expected income and expenditure to enable the CMA to determine whether the mechanism has become self-financing.
82. In response to the mandate above, table 5 above provides an overview of the current financial status of the mechanism.

4.1.6. Information on Article 6.4 emission reductions forwarded to the Adaptation Fund

83. The CMA requested the secretariat to include information on the numbers of Article 6, paragraph 4, emission reductions forwarded to the Adaptation Fund as the share of proceeds for adaptation and cancelled to deliver overall mitigation in global emissions.
84. [PLACEHOLDER] In response to the above mandate, the secretariat notes that no transactions have been made with respect to emission reductions forwarded to the Adaptation Fund as the share of proceeds for adaptation or cancelled to deliver overall mitigation in global emissions. It is further noted that four issuance requests have been processed, and one has been finalized, originating from LDCs.

4.2. Regulatory and procedural matters

85. In parallel with the implementation of mandates received from CMA 7, the Supervisory Body continued progress towards the operationalization of the Article 6.4 mechanism.

4.2.1. Governance

86. During the reporting period, the Supervisory Body considered and agreed on a number of governance matters to support the effective functioning of the mechanism and ensure consistent, transparent, and efficient decision-making.
87. At SBM 020, the Supervisory Body adopted the “Glossary of Article 6.4 Mechanism Terms” and agreed to its publication on the Rules and Regulations section of the UNFCCC website.
88. At SBM 021, the Supervisory Body considered the information note “Transparency arrangements for the operations of Article 6.4 expert panels” and agreed to continue enhancing the transparency of the expert panels’ proceedings while safeguarding the efficiency of their work. It further agreed that, subject to available resources and in consultation with the Chair and Vice-Chair of the Supervisory Body and the co-chairs of its expert panels, the secretariat would implement measures including continued public webinars on recommendations from and further work of the MEP, teleconferences with DOEs and accredited entities on relevant AEP and MEP products, use of additional communication tools such as op-eds by the Chair, Vice-Chair and expert panel co-chairs, publication of presentations from MEP briefing sessions on the UNFCCC website, and updates to stakeholders on opportunities to provide inputs, including technical papers and peer-reviewed studies, via email communication and the website.

89. [PLACEHOLDER SBM 022]

90. [PLACEHOLDER SBM 023]

4.2.2. Accreditation

91. The Supervisory Body accredited additional seven applicant entities during the reporting period, totalling 17 DOEs under the Article 6.4 mechanism
92. At SBM 021, the Supervisory Body provided a clarification concerning paragraph 96 of the “Standard: Article 6.4 Accreditation (Version 02.0)”. This clarification will be incorporated into a future revision of the “Standard: Article 6.4 Accreditation”.

93. [PLACEHOLDER SBM 022]

94. [PLACEHOLDER SBM 023]

4.2.3. Activity cycle

4.2.3.1. Transitioning of clean development mechanism activities

95. At SBM 020, the Supervisory Body adopted a revision to the “Procedure: Transition of CDM Activities to the Article 6.4 Mechanism” to reflect the extension of the deadline to 30 June 2026 for an Article 6.4 DNA of a host Party of the CDM to submit its approval to the Supervisory Body for the transition of CDM projects or programmes of activities to the Article 6.4 mechanism. The revision also extended to seven days the deadline for submission of revised or corrected documents following the secretariat’s completeness check for activities applying a new Article 6.4 methodology at transition.

96. [PLACEHOLDER SBM 023 Analysis of the affected transitioning CDM cases – Interim measures due to non-availability of PACM Methodologies]

97. At SBM 021, the Supervisory Body considered the “Information note on the possible cases and modalities for when the Supervisory Body might consider deregistration of activities” and agreed to seek a mandate from the CMA for the introduction of a deregistration process through its annual report to the CMA in 2027, noting that this will provide adequate timing for preparation for the review of the rules, modalities and procedures, which will be undertaken in 2028.

4.2.3.2. Activity standards and validation and verification standards for projects and programme of activities

98. [PLACEHOLDER SBM 023 Revision AS, ACP and VVS for projects]

99. [PLACEHOLDER SBM 023 Options on time limit from the date of issuance to when the host Party shall provide a statement of authorization for post-issuance authorization of the Article 6.4 emission reductions (A6.4ERs)]

4.2.3.3. Article 6.4 Sustainable development tool

100. Following the adoption of the “Tool: Article 6.4 Sustainable Development Tool” (A6.4 SD Tool) at SBM 014 and the concept note on “Development of additional criteria for safeguards and guiding questions for carbon dioxide removal activities and land use, land-use change and forestry for the Article 6.4 sustainable development tool” at SBM 017, the Supervisory Body considered the revised “Tool: Article 6.4 Sustainable Development Tool, version 02.0” at SBM 021, and requested the secretariat to launch an additional call for inputs on the draft A6.4 SD Tool and to submit a revised version of the tool for consideration at its first meeting in 2027.

101. [PLACEHOLDER SBM 023]

4.2.4. Methodologies

102. Supported by the MEP, the Supervisory Body prioritized developing methodological standards, tools and guidelines to facilitate the development of emission reduction and removal activities for registration under the Article 6.4 mechanism.¹⁴
103. As a result, the Supervisory Body adopted [one] methodology and [four] methodological tools¹⁵ during the reporting period, with around [nine] more under consideration.¹⁶
104. During the reporting period, the SBM approved one standard¹⁷, while the MEP published¹⁸ [nine] draft documents for stakeholder inputs.
105. At SBM 020, the Supervisory Body agreed to the following recommendations from the MEP and adopted:
 - (a) "A6.4-AMT-006: Methodological tool: Determination of the technical lifetime of equipment "; and
 - (b) "A6.4-AMT-007: Methodological tool: Emissions from electricity generation and consumption".
106. At SBM 021, the Supervisory Body agreed to the following recommendations from the MEP and adopted:
 - (a) "A6.4-AMT-008: Methodological tool: Analysis of lock-in risk";
 - (b) Revision to the "Standard: Demonstration of additionality in mechanism methodologies";
 - (c) "A6.4-AMT-009: Methodological tool: Fraction of non-renewable biomass"; and
 - (d) Mechanism methodology: N₂O abatement from nitric acid production".
107. At the same meeting, the Supervisory Body further approved the request for clarification "A6.4-AMM-CLA-001: Applicability of A6.4-AMM-001 for landfill projects with pre-existing passive gas collection system".¹⁹

¹⁴ See <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep>.

¹⁵ Supervisory Body documents A6.4-AMM-002: N₂O abatement from nitric acid production, A6.4-AMT-006: Determination of the technical lifetime of equipment, A6.4-AMT-007: Emissions from electricity generation and consumption, A6.4-AMT-008: Analysis of lock-in risk and A6.4-AMT-009: Fraction of non-renewable biomass.

¹⁶ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/methodologies#submissions>.

¹⁷ Supervisory Body document A6.4-STAN-METH-003. Available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#Standards>.

¹⁸ Supervisory Body documents A6.4-MEP006-A02, A6.4-MEP006-A01, A6.4-MEP007-A01 and A6.4-MEP007-A04. Available at https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep/meetings#_25-meetings-1.

¹⁹ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amm-001/v01.0-clarification-request>.

108. [PLACEHOLDER SBM 022]

109. [PLACEHOLDER SBM 023]

110. The Supervisory Body further mandated the MEP to revise several approved documents to ensure consistency with, and alignment to, the outcomes of newly adopted tools, standards and methodologies referred to in paragraphs X above.

111. [PLACEHOLDER SBM 023 A6.4ERs contributions to the Reversal Risk Buffer Pool Account: Perspectives of Parties and Stakeholders on Implications for NDCs Accounting and Corresponding Adjustments].

4.2.5. Registry

112. During the reporting period, the Supervisory Body continued its work on the registry procedure. At SBM 021, it considered the “Procedure: Article 6.4 mechanism registry” and invited inputs from stakeholders with the aim to approve the revised procedure at SBM 023.

113. [PLACEHOLDER 022 Registry Procedure]

114. [PLACEHOLDER 023 Registry Procedure]

115. During the reporting period, the Supervisory Body discussed the “Considerations for repurposing the voluntary cancellation platform (VCP)” and agreed [to repurpose the VCP for Article 6.4][to not repurpose the VCP for Article 6.4 with the result that the platform will be decommissioned, and necessary steps will need to be taken prior to 31 December 2026].

116. [PLACEHOLDER 022 VCM].

117. [PLACEHOLDER SBM 022 KYC].

118. [PLACEHOLDER SBM 022 Evaluation of the implementation of the share of proceeds].

119. [PLACEHOLDER SBM 022 Evaluation of the implementation and delivery of overall mitigation in global emissions].

4.2.6. Policy matters

120. During the reporting period, the Supervisory Body agreed that:

- (a) While considering the monitoring of parameters for CDM projects transitioning to Article 6.4 activity, in the absence of an applicable Article 6.4 mechanism methodology, a project proponent may wish to continue monitoring the relevant parameters in accordance with the applied CDM methodology, Article 6.4 Activity Standard, and other applicable Article 6.4 tools, to ensure continuity of monitoring (SBM 020);

(b) [PLACEHOLDER SBM 022]

(c) [PLACEHOLDER SBM 023]

4.3. Rulings

4.3.1. Accreditation

121. During the reporting period, in accordance with the “Procedure: Article 6.4 Accreditation”²⁰, the Supervisory Body accredited seven DOEs²¹ for five years to perform validation or verification/certification functions.

122. [PLACEHOLDER SBM 022]

123. [PLACEHOLDER SBM 023]

4.3.2. Registration

124. During the reporting period and in accordance with the “Procedure Transition of CDM activities to the Article 6.4 mechanism” the Supervisory Body received and approved the [24(18 project activities and 6 Programmes of Activities)] transition requests.²² It also approved [0] transition requests with modifications.

125. [PLACEHOLDER SBM 022]

126. [PLACEHOLDER SBM 023]

4.3.3. Issuance

127. [X] requests for issuance were received during the reporting period.

128. [PLACEHOLDER SBM 022]

129. [PLACEHOLDER SBM 023]

4.3.4. Other rulings

130. [No requests for other rulings were received during the reporting period.]

131. [PLACEHOLDER SBM 022]

132. [PLACEHOLDER SBM 023]

4.4. Interaction with stakeholders and other forums

4.4.1. Capacity-building programme

133. Pursuant to the requests of the CMA and the guidance provided by the Supervisory Body, the secretariat continued implementing the capacity-building programme through three complementary delivery modalities: knowledge products, training activities and direct country support.

²⁰ Supervisory Body document A6.4-PROC-ACCR-001. Available at <https://unfccc.int/node/637533>.

²¹ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/accreditation#DOEs>.

²² See: https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM_transition/transition-list.

4.4.2. Gender considerations

134. At SBM 008, it was agreed to regularly report on gender-balanced representation and how the Supervisory Body has addressed gender considerations in its work. As shown in table 1 above, the number of women currently serving on the Supervisory Body has increased from four to six since CMA 7.
135. The composition of the AEP reflects gender balance, with one of the two co-chairs being female and three of its five members being women.
136. The gender composition of the MEP improved during the reporting period. The panel comprises two co-chairs, one of whom is female, and 14 members, five of whom are women. Compared with 2025, the number of female members increased from three to five, and a female co-chair was appointed, contributing to improved gender balance.

4.4.3. Communications and outreach

137. The Supervisory Body underscores the importance of strategic communications for the implementation of the Article 6.4 mechanism. During the reporting period, it continued to disseminate information through the PACM newsletter, the Article 6 LinkedIn group and UNFCCC social media channels, and engaged with media, including through press releases and media briefings. These activities were undertaken with the aim of providing timely information to target audiences, facilitating stakeholder engagement with the mechanism, and strengthening confidence in its operation. The Supervisory Body reaffirms its commitment to transparency, outreach to stakeholders and meaningful engagement.
138. The Supervisory Body held a site event at the sixty-fourth meeting of the Subsidiary Bodies in Bonn on 12 June 2026, titled “PACM in Practice: Country Use, Methodologies and Infrastructure”, focusing on advancing understanding and implementation of the PACM through three main themes:
- (a) Uptake and country perspectives on opportunities and challenges;
 - (b) Development and application of methodologies, including the transition from standards to project implementation; and
 - (c) Practical use of infrastructure and flexibilities to enable effective participation in the mechanism.
139. The Supervisory Body allowed registered observers to follow the proceedings of its meetings in person or virtually and made time for interaction with them (in person and virtually) during the meetings.
140. Observers continued to show considerable interest in the meetings of the Supervisory Body. On average, six observers per meeting were registered. A list of registered observers is made publicly available as part of the documentation for each meeting.
141. The Supervisory Body considered public inputs received on matters relating to the agendas for its meetings held during the reporting period²³. In addition, the Supervisory Body called for inputs from stakeholders on topics and issues to assist in its

²³ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.

deliberations.²⁴ During the reporting period, the Supervisory Body received more than [x] [Placeholder SBM 023] inputs on various topics.

5. Abbreviations and acronyms

Table 7. Abbreviations and acronyms

AEP	Accreditation Expert Panel
Article 6.4 mechanism	mechanism established by Article 6, paragraph 4, of the Paris Agreement
A6.4 SD Tool	Article 6.4 Sustainable Development Tool
CDM	Clean Development Mechanism
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
CMP	Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
DNA	designated national authority
KYC	Know Your Customer
LDC	least developed country
MEP	Methodological Expert Panel
PACM	Paris Agreement Crediting Mechanism
RMPs	rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement
VCP	voluntary cancellation platform

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²⁴ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.