

A6.4-SBM023-AA-A01

Draft annual report of the Supervisory Body for the mechanism established by Article 6, paragraph 4, of the Paris Agreement to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

Version 01.0



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 established by Article 6, paragraph 4, of the Paris Agreement (SBM) reports annually to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).²
2. As mandated by CMA 7, the annual report is to be made available two weeks before it is due to be considered by the CMA, thereby allowing Parties adequate time to review the report.³
3. SBM 22 considered the draft annual report of the SBM for consideration at CMA 8 and requested the secretariat to:
 - (a) Streamline the draft report by avoiding repetition, taking into account the feedback provided by the SBM at SBM 22;
 - (b) Further elaborate and clearly communicate the financial status of the Article 6.4 mechanism, including potential recommendations for the CMA;
 - (c) Prepare a revised draft report taking into account the feedback provided at SBM 22, in consultation with the Chair and Vice-Chair of the SBM and present the revised draft report to the SBM for consideration at SBM 23.
4. The reporting period of this draft report is from 1 November 2025 to 9 October 2026, which marks the final day of SBM 23. The draft remains subject to the inclusion of the outcomes of SBM 23.

2. Purpose

5. The draft report covers the work undertaken and the progress in operationalizing the Article 6.4 mechanism during the reporting period, covering the status of the mechanism, achievements related to its operationalization including methodologies, and provides its governance, management and financial status. The draft report also contains recommendations for consideration at CMA 8. The report will serve as an important basis for Parties' negotiations under CMA agenda item 16(b) on the report of the SBM and guidance for the Article 6.4 mechanism.

¹ Decision 3/CMA.3, annex.

² Decision 3/CMA.3, annex, para. 24(d).

³ Decision 20/CMA.7.

3. Subsequent work and timelines

6. The outcomes of SBM 23 will be incorporated into the draft report by the secretariat, in consultation with the Chair and Vice-Chair of the SBM, following the conclusion of SBM 23. The report will subsequently be formatted as an official UNFCCC document, edited and finalized for consideration at CMA 8.
7. The report will be published in English ahead of CMA 8 and subsequently translated into the other official United Nations languages.

4. Recommendations to the Supervisory Body

8. The secretariat recommends that SBM 23:
 - (a) Consider the recommendations for the CMA contained in the draft report;
 - (b) Request the secretariat to finalize the report, reflecting the outcomes of SBM 23, in consultation with the Chair and Vice-Chair of the SBM.

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1. Introduction

1.1. Mandate

1. In accordance with the rules, modalities and procedures for the Article 6.4 mechanism,¹ the SBM reports annually to the CMA, and the CMA provides guidance to the SBM by taking decisions on, inter alia:
 - (a) Recommendations of the SBM 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.²

1.2. Scope

2. This annual report of the SBM covers its work undertaken between 1 November 2025 and 9 October 2026. The report provides an overview of progress in implementing the Article 6.4 mechanism and key achievements, in addition to information on its governance, management and financial status. It also contains recommendations for consideration at CMA 8 (see chap. 2 below).
3. Further information on the Article 6.4 mechanism and the work of the SBM is available on the web pages for the mechanism.³

1.3. High-level Summary

4. The SBM continued working throughout the year to operationalize the Article 6.4 mechanism in accordance with guidance provided by the CMA. Its work focused on implementing mandates received from CMA 7, including in methodological development, registry and infrastructure development, transitions of clean development mechanism (CDM) activities, stakeholder engagement, capacity-building, governance, and measures to enhance transparency and environmental integrity. It also addressed the operational matters necessary to facilitate implementation of the mechanism and broaden participation in the mechanism by Parties and stakeholders.

1.3.1. Methodological development

5. The SBM took steps to expand and strengthen the methodological framework for the Article 6.4 mechanism. It gave strategic direction to its expert panels to accelerate the development and adoption of key methodologies needed to register activities, prioritizing those with high readiness, significant mitigation potential and strong market demand. Particular focus was placed on revising methodologies for activities transitioning from the CDM to the Article 6.4 mechanism, while also supporting the development of new methodologies proposed by stakeholders.

¹ Decision 3/CMA.3, annex.

² Decision 3/CMA.3, annex, paras. 24(d) and 2(b–c) respectively.

³ <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism>.

6. The methodologies adopted during the reporting period significantly expanded the scope of mitigation activities that can be registered under the Article 6.4 mechanism. The approved methodologies cover [xx] per cent of CDM activities transitioning to the mechanism, through [clean cooking], nitrous oxide abatement, activities involving the use of landfill gas and grid-connected electricity generation from renewable sources. The scope of the methodological standards and methodological tools were also expanded to cover programmes of activities.
7. Continued development and approval of methodologies will remain a priority in 2027⁴ in order to expand the scope of activities that can participate in the Article 6.4 mechanism and respond to emerging market demand, while maintaining environmental integrity.
8. The methodological work undertaken during the reporting period also strengthened the operational readiness of the Article 6.4 mechanism by expanding the range of activities that can demonstrate additionality, quantify emission reductions using the requirements under the mechanism and enable progress towards registration under the mechanism.

1.3.2. Transition of the clean development mechanism and first credit issuance

9. The SBM made further progress on arrangements for the transition of CDM activities, including adopting revised procedures following the extension of the transition deadline to 30 June 2026 for obtaining a host Party's approval. As at 30 June 2026, 418 CDM projects and PoAs transitioning to the Article 6.4 mechanism had obtained 453 host Party approvals.⁵
10. The SBM reached an important milestone with the approval of the first issuance of credits under the Article 6.4 mechanism. The first issuance demonstrates the practical implementation of the regulatory framework for the mechanism and the application of enhanced methodological requirements designed to deliver high-integrity emission reductions under the Paris Agreement. The conservative parameters applied to transitioning cookstove activities resulted in approximately 40 per cent fewer credits being issued compared with what would have been generated under the previous CDM methodologies. This adjustment was specifically designed to strengthen environmental integrity and reduce the risk of over-crediting.

1.3.3. Institutional arrangements and infrastructure

11. The accreditation of additional applicant entities during the reporting period, which brought the total to 18 designated operational entities (DOEs) under the Article 6.4 mechanism, strengthens the institutional capacity needed to carry out validation and verification functions under the mechanism. During the reporting period, the SBM advanced the operationalization of version 2 of the accreditation standard through the implementation of associated requirements, further strengthening the accreditation framework and supporting the effective application of these validation and verification functions.

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

⁵ See https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM_transition/transition-list.

12. The SBM also advanced work on the infrastructure of the registry for the Article 6.4 mechanism, including the refinement of the “Procedure: Article 6.4 mechanism registry”,⁶ and will continue work to complete the testing and system integration needed to support the issuance, transfer and tracking of emission reductions under Article 6, paragraph 4, of the Paris Agreement (A6.4ERs).

1.3.4. Resource constraints

13. [PLACEHOLDER].

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

14. The SBM recommends that the CMA take note of this report and consider, as appropriate, the recommendations of the SBM contained herein, including those listed below.
15. The SBM recommends that the CMA:

{General}

- (a) *Note* the progress of the work undertaken by the SBM in response to the mandates in decisions 3/CMA.3, 7/CMA.4, 6/CMA.6 and 20/CMA.7 (see chap. 4 below);
- (b) *Note* that, in line with the objectives and goals of the two-year business and resource allocation plan for 2026–2027,⁷ the work of the SBM in 2027 will focus on advancing the development of methodologies, finalizing the core regulatory and infrastructure elements of the mechanism, enhancing participation in the mechanism and supporting implementation of Article 6.4 activities, thereby positioning the mechanism to contribute effectively to efforts aimed at meeting the goals of the Paris Agreement.

{Governance of the SBM}

- (c) *Note* with concern the current limited gender balance within the SBM;
- (d) *Encourage* regional groups to consider gender balance when nominating members and alternate members to the SBM;
- (e) *Encourage* regional groups to nominate experts for any vacant seats of the SBM;

{Finance}

(f) [PLACEHOLDER]

(g) [PLACEHOLDER for other recommendations]

⁶ SBM document A6.4-PROC-REGS-001. Available at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#registry>.

⁷ Supervisory Body document A6.4-INFO-GOV-024. Available at: <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations#Governance>.

3. Governance, management and financial status

3.1. Supervisory Body

3.1.1. Membership

16. The composition of the SBM as at 9 October 2026 is presented in table 1. Half of the members and alternate members listed in the table were elected at CMA 7.
17. In accordance with the rules of procedure of the SBM,⁸ new members and alternate members signed the oath of service and made their curricula vitae publicly available, and provided statements regarding any conflicts of interest for each meeting.

Table 1. Members and alternate members of the Supervisory Body as at 9 October 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 ^j	Edalmi Pinelo ^{b, 3}	Small island developing States
Richard Muyungi ^b	Mominata Elola Compaore ^b	African States
Piotr Dombrowicki ^{a, 4}	Imre Bányász ^{a, 3}	Eastern European States
Gebru Jember Endalew ^a	Olivier Ishimwe ^a	Least developed countries
Olga Gassan-zade ^{b, 5, 6}	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, 7}	Kentaro Takahashi ^a	Asia-Pacific States

^a Two-year term ending prior to the first meeting of the SBM in 2027.

^b Two-year term ending prior to the first meeting of the SBM in 2028.

¹ The Chair of the Asia-Pacific States group informed the secretariat on 22 November 2025 that the group had agreed on a seat-sharing arrangement, for the role of member, which would be occupied by Eunhae Jeong (Republic of Korea) in 2026 and by Mohammed AlNahas (Saudi Arabia) in 2027.

² The Chair of the Asia-Pacific States group informed the secretariat on 22 November 2025 that the group had agreed on a seat-sharing arrangement for the role of alternate member, which would be occupied by Mohammed AlNahas in 2026 and Ahmed Masoon Hassan (Maldives) in 2027.

³ Sumeet Betancourt (Belize), an alternate member nominated under SIDS seat, resigned effective from 6 September 2026 and was replaced by Edalmi Pinelo (Belize).

⁴ Nomination pending from CMA 6. Current member or alternate member remains in office until a nomination is received.

⁵ Nomination pending from CMA 7. Current member remains in office until a nomination is received.

⁶ Nomination pending from CMA 5. Current member remains in office until a nomination is received.

⁸ Decision 7/CMA.4, annex II.

- ⁷ Zulfiqar Younas (Pakistan), a member nominated under the Asia Pacific States seat, resigned, effective from 16 February 2026, and was replaced by Khalida Bashir (Pakistan), who subsequently resigned, effective from 18 May 2026, and was replaced by Arif Goheer (Pakistan), effective from 16 June 2026.

18. At SBM 20, Mkhuthazi Steleki and Jacqui Ruesga were elected as Chair and Vice-Chair respectively of the SBM, with their tenure ending immediately before the first meeting of the SBM to be held in 2027.

3.1.2. Meetings

19. SBM 21 agreed to extend SBM 23 by one day, meaning that the meeting will be held from 5 to 9 October 2026, to accommodate the workload related to methodologies, and revised the calendar of meetings accordingly.
20. During the reporting period, the SBM held four meetings. The annotated agendas for the meetings, documents under consideration, recordings of the meetings and meeting reports are publicly available on the dedicated web page for each meeting.⁹ Table 2 lists all meetings of the SBM in 2026.

Table 2. Meetings of the Supervisory Body in 2026

Meeting	Dates	Location
SBM 20	16–20 February (including strategic retreat)	Bonn
SBM 21	18–21 May	Bonn
SBM 22	27–30 July	Bonn
SBM 23	5–9 October	Bonn

3.2. Expert panels

21. SBM 10 established the Accreditation Expert Panel (AEP)¹⁰ and the Methodological Expert Panel (MEP)¹¹ to assist in operationalizing the Article 6.4 mechanism. The workplans of the AEP and the MEP for 2026¹² were approved at SBM 20.

3.2.1. Membership

22. At SBM 20 Mominata Elola Compaore and Dexter Lee were elected as co-chairs of the AEP, and Adriana Gutierrez and Simon Fellermeier were elected as co-chairs of the MEP, with their tenure in these roles to end immediately before the first meeting of the SBM in 2027.

⁹ Accessible via the meetings web page at <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/meetings-of-the-supervisory-body>.

¹⁰ See <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/accr-expert-panel>.

¹¹ See <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep>.

¹² SBM documents A6.4-INFO-GOV-028 and A6.4-INFO-GOV-029 respectively.

3.2.2. Prioritization of work of the Methodological Expert Panel

23. During the reporting period, the SBM agreed to prioritize the work of the MEP aimed at accelerating the development of key methodologies needed to register activities under the Article 6.4 mechanism.
24. The SBM reaffirmed the important role of the MEP in providing independent technical and methodological expertise in support of its mandate, expressed its full support for the work of the MEP and recognized the valuable contributions of its members to the development of methodological standards, methodologies and methodological tools. The methodological products developed by the MEP during the reporting period formed the technical basis for several regulatory decisions adopted by the SBM, contributing to the continued operationalization of the mechanism.
25. The SBM also emphasized the importance of continuing to ensure that the SBM and the MEP collaborate closely and effectively with a view to ensuring timely, transparent and high-quality technical advice. It called for continued engagement between the MEP and the SBM throughout the development of methodological work, while preserving the independence of the MEP in providing its expert recommendations.
26. To strengthen coordination and improve the efficiency of decision-making, SBM 21 convened a joint session with the MEP to discuss methodological issues with a view to enhancing mutual understanding and facilitating more effective deliberations. The SBM welcomed this exchange and recognized its value and agreed to continue holding joint sessions with the MEP, as appropriate. The joint session also facilitated early exchanges on methodological priorities and implementation challenges, strengthening coordination while preserving the independent technical role of the MEP.
27. SBM 20 finalized the selection of the roster of experts for the expert reviewer specialization to assess the requests for registration, issuance and post registration changes and agreed to appoint 25 experts to the roster. SBM 21 agreed to invite the MEP and the secretariat to make enhanced and systematic use of the roster of experts to support the development of methodologies.

3.2.3. Meetings

28. During the reporting period, the AEP met four times and the MEP met seven times. The annotated agendas for the meetings, related documents and meetings reports are publicly available on the relevant web pages for meetings of the AEP and the MEP.¹³ Tables 3–4 list all meetings of the panels in 2026.

Table 3. Meetings of the Accreditation Expert Panel

Meeting	Dates	Location
AEP 6	4–5 February 2026	Bonn
AEP 7	28–29 April 2026	Virtual
AEP 8	1–2 July 2026	Virtual

¹³ <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/aep/meetings> and <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/mep/meetings> respectively.

Meeting	Dates	Location
AEP 9	2–3 September 2026	Bonn

Table 4. Meetings of the Methodological Expert Panel

Meeting	Dates	Location
MEP 10	1–5 December 2025	Bonn
MEP 11	26–30 January 2026	Bonn
MEP 12	9–13 March 2026	Bonn
MEP 13	13–17 April 2026	Bonn
MEP 14	22–26 June 2026	Bonn
MEP 15	22–23 July 2026	Virtual
MEP 16	7–11 September 2026	Bonn

3.3. Host Parties

29. During the reporting period, [14] Parties selected their designated national authorities (DNAs) for the Article 6.4 mechanism and communicated their appointment to the secretariat, bringing the total number of DNAs to [130]. As at 9 October 2026, [70] Parties had submitted information in relation to fulfilling the host Party participation requirements.
30. Capacity-building and stakeholder engagement activities were strengthened through the convening of the second forum for designated national authorities for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 DNA Forum) and a series of capacity-building events related to implementation of Article 6 of the Paris Agreement held during the Climate Week in Yeosu, Republic of Korea. These activities helped to enhance understanding of requirements related to the Article 6.4 mechanism, host Party authorization processes, registry arrangements, carbon pricing linkages and the transition of CDM activities to the Article 6.4 mechanism, and led to the identification of priority areas for future support and capacity-building.
31. The Climate Week in Baku saw a deeper level of engagement of the DNAs and stakeholders, including potential buyer countries, private sector actors developing Article 6.4 activities, and international and multilateral organizations. A two-day workshop was organized by the secretariat and delivered in partnership with the Regional Collaboration Centre (RCC) Middle East and North Africa and South Asia. The workshop opened with updates on the status of the Article 6.4 mechanism, followed by sessions covering the activity cycle of the mechanism, authorization requirements, methodologies, the registry, and the transition of CDM activities. Structured discussions then highlighted the elements that determine whether activities actually materialize: buyer demand, country and sector priorities, and available financing pathways. The workshop was aimed at developing a credible, country-anchored pipeline for activities relating to Article 6, paragraph 4, of the Paris Agreement with a strong likelihood of uptake.

3.4. Financial status of the mechanism established by Article 6, paragraph 4, of the Paris Agreement

32. This chapter provides information on the current and projected financial position of the Article 6.4 mechanism, measures taken to manage available resources and mobilize

additional funding, resources allocated to capacity-building, and the implementation of the share of proceeds and overall mitigation in global emissions.

3.4.1. Income, expenditure and projected balance

33. [PLACEHOLDER].

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	
Contractual services	
Operating and other direct costs	
Travel	
United Nations programme support costs	
Total	

34. [PLACEHOLDER].

Table 6. Projected balance of the income and expenditure of the Supervisory Body as at 31 December 2026
(United States dollars)

<i>Item</i>	<i>2025</i>	<i>2026</i>
Carry-over from previous year		
Add: income		
Less: expenses		
Total: previous year's carry-over plus income and less expenses		
^a Includes USD 26.8 million received from the trust fund for the clean development mechanism (Decision 4/CMP.20).		
^b Income received up to 30 June 2026.		
^c Includes projected expenses between 1 July and 31 December 2026.		

35. The information in tables 5–6 also relates to the request of the CMA for transparent reporting on the current and expected income and expenditure of the SBM;¹⁴ a more detailed assessment of whether the Article 6.4 mechanism has become self-financing will be included in the annual reports of the SBM for 2027 onward.

3.4.2. Financial management and resource mobilization

36. [PLACEHOLDER].

3.4.3. Resources for capacity-building

37. [PLACEHOLDER].

¹⁴ Decision 20/CMA.7, para. 34.

3.4.4. Share of proceeds and overall mitigation in global emissions

38. CMA 7 requested the secretariat to include in the annual report of the SBM information on the number of A6.4ERs forwarded to the Adaptation Fund as the share of proceeds for adaptation and cancelled to deliver overall mitigation in global emissions.¹⁵ The secretariat notes that no such transactions have been made.

4. Work undertaken during the reporting period

39. The annual workplan of the SBM¹⁶ provides an overview of the matters to be considered by the SBM at each of its meetings and enables it to plan activities arising from mandates from the CMA.
40. In the reporting period, one focus area of the SBM involved responding to relevant mandates from CMA 7. This chapter focuses on the progress of the work of the SBM based on its workplan for 2026, as well as on progress in developing standards, tools and guidelines for operationalizing the Article 6.4 mechanism.

4.1. Designated national authorities

41. CMA 7 invited Parties that have not already done so to establish DNAs for the Article 6.4 mechanism and also invited developed country Parties to nominate a representative to serve as co-chair of the Article 6.4 DNA Forum.¹⁷ The position of co-chair of the Forum representing developed country Parties remained vacant as at 9 October 2026, and Cristina Figueroa Vargas (Chile) continued to serve as co-chair representing developing country Parties. She engaged directly with the SBM during its meetings, providing updates on the work of the Forum and communicating the priorities and implementation needs identified by DNAs.
42. CMA 7 also requested the SBM to include in its annual report information on work undertaken to improve access to and participation of the DNAs in the Article 6.4 mechanism and invited Parties and other stakeholders to consider reinforcing targeted capacity-building for host Parties.¹⁸ In response to those mandates, SBM 20 agreed to undertake the following measures to improve the participation of DNAs in the Article 6.4 mechanism, subject to the availability of resources:
- (a) Strengthening existing platforms for engagement, such as the Article 6.4 DNA Forum;
 - (b) Improving communication channels;
 - (c) Enhancing the visibility of the web pages for the Article 6.4 mechanism;
 - (d) Developing tailored capacity-building activities;

¹⁵ Decision 20/CMA.7, para. 11.

¹⁶ <https://unfccc.int/sites/default/files/resource/A6.4-INFO-GOV-027.pdf>

¹⁷ Decision 20/CMA.7, para. 13.

¹⁸ Decision 20/CMA.7, paras. 15–16.

- (e) Updating the manual for host Parties' participation in the Article 6.4 mechanism.¹⁹
43. In response to the request of the CMA to enhance the support provided to Article 6.4 DNAs through the capacity-building programme referred to in paragraph 14 of decision 3/CMA.3, including through the RCCs,²⁰ the SBM strengthened the capacity-building programme, prioritizing the institutional readiness of Parties and DNAs and, progressively, the provision of support to activity participants and other stakeholders.
44. Through direct country support delivered by the secretariat and the six RCCs in response to requests from Parties, assistance was provided to more than 120 Parties. Support has focused on strengthening national institutional arrangements for participation in the mechanism, including with regard to designating DNAs, developing host Party participation requirements, clarifying national roles and responsibilities, and establishing authorization and approval procedures. These support activities were tailored to the specific circumstances and readiness of each Party through both virtual and in-person engagement.
45. The secretariat also expanded access to its knowledge products and training opportunities to further support Parties and DNAs in strengthening technical knowledge and institutional capacity. Knowledge products have reached more than 3,000 unique users, while 1,010 participants from 121 countries, including more than 820 representatives of DNAs and government agencies, received training under the Article 6 Academy's jointly certified course with the University of Oxford. These trainings were 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 use of the sustainable development tool for the Article 6.4 mechanism.
46. 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 official United Nations languages other than English, and providing tailored technical assistance through the six RCCs and other delivery partners, in accordance with the guidance of the SBM.

4.2. Regulatory and procedural matters considered by the Supervisory Body

47. During the reporting period, in addition to fulfilling the mandates received from CMA .7, the SBM continued to progress in operationalizing the Article 6.4 mechanism

4.2.1. Governance matters

48. During the reporting period, the SBM continued to strengthen its governance arrangements and oversight of the Article 6.4 mechanism. It was supported by the AEP and the MEP, which provided independent technical advice in accordance with their respective mandates.

¹⁹ Available at <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/national-authorities#HP-Manual>.

²⁰ Decision 20/CMA.7, para. 30.

49. The SBM considered a number of governance matters with the aim of supporting the effective functioning of the Article 6.4 mechanism and ensuring consistent, transparent and efficient decision-making and agreed on related actions.
50. At SBM 20, the SBM adopted the glossary of terms relating to the Article 6.4 mechanism²¹ and agreed to its publication on the SBM web page on rules and regulations.²²
51. SBM 21 considered the information note “Transparency arrangements for the operations of Article 6.4 expert panels”²³ 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 SBM and the co-chairs of its expert panels, the secretariat will implement a number of measures, including continuing to provide and enhancing the webinars on recommendations from and further work of the MEP; holding teleconferences with DOEs and accredited entities on relevant AEP and MEP products; using additional communication tools, such as op-eds by the Chair, Vice-Chair and expert panel co-chairs; publishing presentations from MEP briefing sessions on the SBM web pages; and updating stakeholders on opportunities to provide inputs, including technical papers and peer-reviewed studies, via email and the SBM web pages.
52. CMA 7 reiterated that the SBM should ensure that its members, alternate members and experts serving the SBM 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 SBM and that they do 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 A6.4ERs.²⁴
53. SBM 22 considered the concept note “Governance arrangements for the Article 6.4 Supervisory Body and its expert panels” and requested the secretariat to prepare a revised version of the concept note taking into account the feedback provided at the meeting and to submit it, together with the revised relevant procedures, to the SBM for consideration at a future meeting in 2027.

4.2.2. Accreditation

54. SBM 21 provided a clarification concerning paragraph 96 of the “Standard: Article 6.4 Accreditation (Version 02.0)”,²⁵ which will be incorporated in a future revision of the standard.

²¹ SBM document A6.4-SBM020-A04.

²² <https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations>.

²³ SBM document A6.4-SBM021-A01.

²⁴ Decision 20/CMA.7, para. 12.

²⁵ SBM document A6.4-STAN-ACCR-001

4.2.3. Activity cycle

4.2.3.1. Transition of clean development mechanism activities

55. SBM 20 adopted a revised “Procedure: Transition of CDM activities to the Article 6.4 Mechanism”²⁶ to reflect the extension of the deadline to 30 June 2026 for the DNA of a host Party of the CDM to submit to the SBM its approval for the transition of CDM project activities 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 methodology under the Article 6.4 mechanism at transition.
56. SBM 21 considered an information note on the possible cases and modalities for which the SBM might consider deregistration of Article 6.4 activities and agreed to seek a mandate from the CMA for the introduction of a deregistration process through its annual report to the CMA for 2027, noting that this mandate will allow adequate time to prepare for the review of the rules, modalities and procedures for the mechanism, which will be undertaken in 2028.

57. [PLACEHOLDER SBM 23 Revision to transition procedure]

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

58. [PLACEHOLDER SBM 23 Revision AS, ACP and VVS for projects]

59. [PLACEHOLDER SBM 23 Time limits on post-issuance authorization of mitigation contribution A6.4ERs]

4.2.3.3. Sustainable development tool for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

60. Following the adoption of the sustainable development tool for the Article 6.4 mechanism at SBM 14 and the concept note on developing additional criteria for safeguards and guiding questions for carbon dioxide removal activities and land use, land-use change and forestry for the tool at SBM 17, SBM 21 considered a revised version of the tool (version 02.0) and requested the secretariat to launch an additional call for inputs on the revised draft tool and to submit a revised version of the tool for consideration at its first meeting in 2027.

61. [PLACEHOLDER SBM 23]

4.2.4. Methodologies

62. The CMA requested the SBM to continue to ensure that its standards, methodologies and tools ensure environmental integrity, are based on the best available science and are informed by robust evidence. It also requested the SBM to prioritize work on the revision

²⁶ SBM document A6.4-PROC-AC-001

of CDM methodologies that are applicable to activities that transition to the Article 6.4 mechanism.²⁷ In response, SBM 20 agreed to:

- (a) Prioritize methodological products of the highest strategic importance and readiness;
 - (b) Ensure that the top-down development of methodology focuses primarily on the revision of CDM methodologies that are applicable to activities that transition to the Article 6.4 mechanism, while also considering mitigation potential and market demand;
 - (c) Prioritize stakeholder submissions with the great potential for scale and impact.
63. The prioritization referred to in paragraph 62 above enabled the MEP and the SBM to focus available technical resources on methodological products that would best support the early operationalization of the mechanism and to respond to mandates from the CMA. Work covered the development of new methodologies and methodological tools, revisions to existing standards, the assessment of clarification requests and the continued refinement of methodological guidance, thereby expanding the regulatory framework required for the implementation of the Article 6.4 mechanism.
64. As a result of work covering the development of new methodologies and methodological tools, the SBM adopted or revised [xx] methodologies, [xx] methodological tools and [xx] standards and approved [xx] clarifications:²⁸
- (a) Methodologies adopted or revised;
 - (i) "A6.4-AMM-002: Mechanism methodology: N₂O abatement from nitric acid production";
 - (ii) "A6.4-AMM-003: Mechanism methodology: Electricity generation from renewable sources connected to electricity system";
 - (iii) [PLACEHOLDER SBM 23]
 - (b) Methodological tools adopted or revised;
 - (i) "A6.4-AMT-006: Methodological tool: Determination of the technical lifetime of equipment";
 - (ii) "A6.4-AMT-007: Methodological tool: Emissions from electricity generation and consumption";
 - (iii) "A6.4-AMT-008: Methodological tool: Analysis of lock-in risk";
 - (iv) "A6.4-AMT-009: Methodological tool: Fraction of non-renewable biomass";
 - (v) [PLACEHOLDER SBM 23]
 - (c) Standards adopted or revised;

²⁷ Decision 20/CMA.7, paras. 23–24.

²⁸ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/methodologies>

- (i) Revision to the “Standard: Demonstration of additionality in mechanism methodologies”;
 - (ii) [PLACEHOLDER SBM 23]
- (d) Clarifications approved and methodological products under development.
 - (i) “A6.4-AMM-CLA-001: Applicability of A6.4-AMM-001 for landfill projects with pre-existing passive gas collection system”.
- 65. Collectively, these methodological products expanded the range of sectors and activities able to participate in the Article 6.4 mechanism while strengthening methodological consistency across the regulatory framework for the mechanism. Clarifications approved by the SBM will also support the consistent application of approved methodologies and inform future methodological improvements, where appropriate.
- 66. [PLACEHOLDER SBM 23 A6.4ERs contributions to the Reversal Risk Buffer Pool Account]

4.2.5. Registry

- 67. The SBM continued to advance the regulatory and operational framework for the Article 6.4 mechanism registry. At SBM 21, it considered the “Procedure: Article 6.4 mechanism registry” and invited stakeholder inputs to support its further development.
- 68. SBM 22, the SBM adopted a revision to the “Procedure: Article 6.4 mechanism registry”, while recognizing that further revisions would be required as implementation of the mechanism progresses. It requested the secretariat to continue work on matters requiring additional policy consideration, including post-issuance authorization and arrangements relating to the first transfer from a Party that is not the host Party, and to present a revised procedure for consideration at a future meeting.
- 69. The SBM also considered matters relating to supporting registry operations. It agreed not to repurpose the voluntary cancellation platform for use under the Article 6.4 mechanism registry and took note of information on the incorporation of ‘know your customer’ processes into the regulatory framework for the Article 6.4 mechanism. Subject to the availability of resources, it requested the secretariat to proceed with a coordinated approach to developing the standard operating procedure and risk management policy and to report back, as appropriate, at a future meeting.

4.2.6. Evaluation of the implementation of the share of proceeds and overall mitigation of global emissions

- 70. SBM 22 considered the concept note²⁹ on the evaluation of the implementation of the share of proceeds (SOP) and agreed to the following:
 - (a) In respect to administrative SOP:
 - (i) The SBM wishes to inform the CMA that, due to lack of practical implementation experience the SBM agreed to postpone consideration of this matter with a view to undertaking an assessment and making

²⁹ See: <https://unfccc.int/sites/default/files/resource/a64-sb002-a03.pdf>.

recommendations for consideration at CMA 9, and to report this in its annual report to the CMA;

- (ii) The SBM requested the secretariat to prepare a revised “Procedure: Article 6.4 Activity Cycle Procedure for Programmes of Activities” regarding the exemption from administrative fees, limiting the exemption only to component projects hosted in least developed countries or small island developing States, and to present the revised procedure to the SBM for its consideration at a future meeting.

(b) In respect of adaptation SOP:

- (i) The SBM took note of, and draws the attention of the CMA to, the complexities associated with the implementation of the SOP for adaptation and of the proposed solutions presented in the concept note, including restrictions relating to the transfer of authorized Article 6.4 emission reductions and the existence of multiple unit types with differing authorization, accounting and market characteristics. The SBM further noted that these complexities may increase administrative and transaction costs associated with monetization and could affect the resources ultimately made available to the Adaptation Fund, and agreed to inform the CMA through its annual report;
- (ii) The SBM requested the secretariat to seek feedback from the Adaptation Fund Board on the identified complexities and possible solutions and to report back to the SBM;
- (iii) The SBM agreed to continue its consideration of this matter with a view to completing its assessment and making recommendations for consideration at CMA 9, and to report this in its annual report to the CMA; and
- (iv) The SBM agreed to deem the Adaptation Fund (or its trustee) an authorized entity for the Article 6.4 mechanism cooperative approach (CA 0001), thereby avoiding the need for each participating Party to separately authorize the Adaptation Fund (or its trustee) as an authorized entity, and to report this in its annual report to the CMA.

71. SBM 022 also considered the information on the “Evaluation of the implementation and possible improvements to optimize the delivery of overall mitigation in global emissions” set out in Chapter VIII of the annex to decision 3/CMA.3. The SBM wishes to inform the CMA that considering the lack of practical implementation experience gained from the operation of the Article 6.4 mechanism, it has postponed consideration of this matter with a view to undertaking an assessment and making recommendations for consideration at CMA 9, and to report this in its annual report to the CMA.

72. [PLACEHOLDER SBM 23]

4.2.7. Policy matters

73. The Supervisory Body agreed that while considering whether to monitor the parameters for CDM projects transitioning to an activity under Article 6, paragraph 4, of the Paris Agreement, in the absence of an applicable methodology under the Article 6.4 mechanism, a project proponent may wish to continue monitoring the relevant parameters

in accordance with the applied CDM methodology, Article 6.4 mechanism activity standard and other applicable tools for the Article 6.4 mechanism;

74. [PLACEHOLDER SBM 23]

4.3. Rulings

4.3.1. Accreditation

75. In accordance with the “Procedure: Article 6.4 Accreditation”,³⁰ the SBM accredited eight DOEs³¹ for five years, authorizing them to perform validation, verification and certification functions under the Article 6.4 mechanism. The SBM will continue to monitor the availability, regional distribution, sectoral competence and performance of DOEs against the evolving needs of the mechanism and will take further action, as appropriate.

4.3.2. Registration

76. In accordance with the “Procedure: Transition of CDM activities to the Article 6.4 mechanism” the SBM approved [xx (xx project activities and xx PoAs)] transition requests.³² It also approved [xx] transition requests on the basis of modifications.

4.3.3. Issuance

77. In accordance with the “Procedure: Transition of CDM activities to the Article 6.4 mechanism” the SBM approved [xx] requests for issuance.

4.4. Interaction with stakeholders and other forums

4.4.1. Stakeholder engagement

78. CMA 7 requested the SBM to enhance the transparency of its decision-making and that of the MEP while safeguarding the productivity of their work.³³

79. The CMA also requested the SBM to strengthen its stakeholder consultation processes while ensuring the expeditious operationalization of the mechanism.³⁴

80. The CMA further requested the SBM to facilitate the engagement of a broad range of stakeholders, including DNAs, relevant experts and those that cannot easily participate in the Article 6.4 mechanism, including Indigenous Peoples and local communities, and

³⁰ Supervisory Body document A6.4-PROC-ACCR-001. Available at: <https://unfccc.int/node/637533>.

³¹ See: <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/accreditation#DOEs>.

³² See https://unfccc.int/process-and-meetings/the-paris-agreement/paris-agreement-crediting-mechanism/CDM_transition/transition-list.

³³ Decision 20/CMA.7, para. 18.

³⁴ Decision 20/CMA.7, para. 20.

requested the SBM to report on its outreach measures taken to ensure broad participation in public consultations across different groups of stakeholders in its next annual report.³⁵

81. The CMA also 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.³⁶
82. In response to the mandates in paragraphs 78–81 above, the SBM and the secretariat continued their engagement with stakeholders and undertook the following actions, in consultation with the Chair and Vice-Chair of the SBM and the co-chairs of its expert panels, in consideration of financial resources:
 - (a) Continued and enhanced the organization of webinars on recommendations from and further work to be undertaken by the MEP;
 - (b) Continued and enhanced the organization of teleconferences to update the DOEs and applicant entities 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 SBM or co-chairs of its expert panels, as applicable, on specific topics;
 - (d) Made available the presentations delivered during the briefing session between MEP and the SBM members on the UNFCCC website;
 - (e) Informed stakeholders, through updates to the UNFCCC website, of the possibility of providing input (e.g. on technical papers and peer-reviewed studies) via email.

4.4.2. Capacity-building programme

83. The CMA requested the secretariat to enhance its reporting on the implementation of activities relating to Article 6, paragraph 4, of the Paris Agreement under the capacity-building work programme for implementing Article 6, including information such as stakeholders, partners and sectoral expertise.³⁷
84. 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, such as online ‘explainers’ and e-learning modules;
 - (b) Training sessions, such as workshops, webinars, strategic dialogues and online training programmes;
 - (c) Direct country support, such as targeted technical assistance provided directly and through the RCCs.
85. The secretariat highlighted that these activities enhanced stakeholder understanding of mechanisms under Article 6 of the Paris Agreement, strengthened institutional, regulatory

³⁵ Decision 20/CMA.7, para. 21.

³⁶ Decision 20/CMA.7, para. 19.

³⁷ Decision 20/CMA.7, para. 22.

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.

4.4.3. Gender considerations

86. At SBM 8, the SBM agreed to regularly report on gender-balanced representation and the consideration of gender issues in its work.
87. CMA 7 noted with concern the gender imbalance in the membership of the SBM, recalled the importance of ensuring gender-balanced representation therein and encouraged regional groups to consider gender balance when nominating members and alternate members to the SBM.³⁸
88. During the reporting period, gender balance improved across the SBM and its expert panels.
89. As shown in table 1, the number of women serving as members and alternate members of the SBM has increased from four to **seven** since CMA 7. The AEP maintained gender-balanced representation, while the MEP increased the number of female members from three to five.
90. While gender balance has not yet been achieved, the current composition comprises:
 - (a) **7** female and **16** male members and alternate members for the SBM;
 - (b) 3 female and 2 male members for the AEP;
 - (c) 5 female and 9 male members for the MEP.
91. The SBM and its expert panels continued to maintain gender-balanced leadership arrangements, with the Vice-Chair of the SBM and one co-chairs of each panel being female.

4.4.4. Communications and outreach

92. The SBM continued to underscore 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 Paris Agreement Crediting Mechanism 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 SBM reaffirmed its commitment to transparency, outreach to stakeholders and meaningful engagement. These communication activities supported transparency by improving stakeholders' understanding of methodological developments, regulatory decisions and opportunities to participate in the continued development of the mechanism.
93. The SBM held a side event at the sixty-fourth meeting of the Subsidiary Bodies, titled "Paris Agreement Crediting Mechanism in Practice: Country Use, Methodologies and

³⁸ Decision 20/CMA.7, para. 8.

Infrastructure”, focusing on advancing understanding and implementation of the Paris Agreement Crediting Mechanism through three main themes:

- (a) Uptake and country perspectives on opportunities and challenges in the mechanism;
 - (b) Development and application of methodologies, including the transition from standards to project implementation;
 - (c) Practical use of infrastructure and flexibilities to enable effective participation in the mechanism.
94. The SBM continued to facilitate stakeholder participation by allowing registered observers to follow its meetings in person or virtually and by providing opportunities for interaction during meetings. Observer interest remained strong, with an average of [six] observers registered per meeting. Lists of registered observers are publicly available as part of the meeting documentation.
95. The SBM considered public inputs received on matters relating to the agendas for its meetings held during the reporting period and called for inputs from stakeholders on topics and issues to assist in its deliberations.³⁹ In total, the SBM received more than [x] inputs on various topics.

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³⁹ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism/calls-for-input>.