

Article 6.4 - Strategic Market Dialogue

Facilitating market engagement and high integrity
cooperation

24th April 2026 | Seminar Room 2



Setting the scene


Mr. Perumal Arumugam

Manager, Mitigation Division

UNFCCC



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 **\$250B+** reduction in NDC implementation costs through international cooperation under Article 6

Bilateral deals are proliferating — but buyer confidence hinges on the credibility of the units they acquire.



168

Parties signalling their intent to use Article 6 in the NDCs

Parties' interest is surging, yet many lack the institutional architecture to ensure transfers serve their NDCs.



11%

Carbon credit projects are considered high integrity*

Integrity is increasingly the market differentiator, as illustrated by the price premium commanded by high-integrity credits which have traded at more than 4x the level of the low-integrity index.

**MSCI State of integrity in global carbon markets (2025)*

INTEGRITY IS NOT A PERIPHERAL ISSUE

Without a common integrity framework:

- Fragmented bilateral deals
- No common baseline for credit quality
- Buyers cannot differentiate
- Host countries undervalue outcomes

&

PACM provides that integrity infrastructure

PACM is a mechanism developed by the Parties, for the Parties, and overseen by the Parties in alignment with Paris Agreement

- Supervised, multilateral governance
- Robust methodologies – approved and in the pipeline
- Centralized registry for the Mechanism with interoperability features
- SD Tool and safeguard requirements
- Independent validation and verification

With PACM, high Integrity is no longer a constraint, but a competitive advantage.
The infrastructure exists — the question is who engages first.

Keynote Address

Ms. Noura Hamladji
Deputy Executive Secretary
UN Climate Change Secretariat



Context setting

An overview of emerging market landscape

Ms. Seoyoung Lim

Programme Officer, Mitigation Division
UN Climate Change Secretariat



Supply

 Article 6.4 Paris Agreement
Crediting Mechanism (**PACM**)

 Bilateral cooperation under
Article 6.2

 Government-led crediting mechanism


 Independent crediting programmes
etc...

Demand

 NDC (Article 6 cooperation)

 CORSIA

 CO_2 Carbon pricing

 Voluntary commitments
by private sector

etc...

NDC

Demand for Internationally Transferred Mitigation Outcomes (ITMOs) for NDC compliance

CORSIA

Demand for Eligible Emissions Units (EEUs) for CORSIA compliance

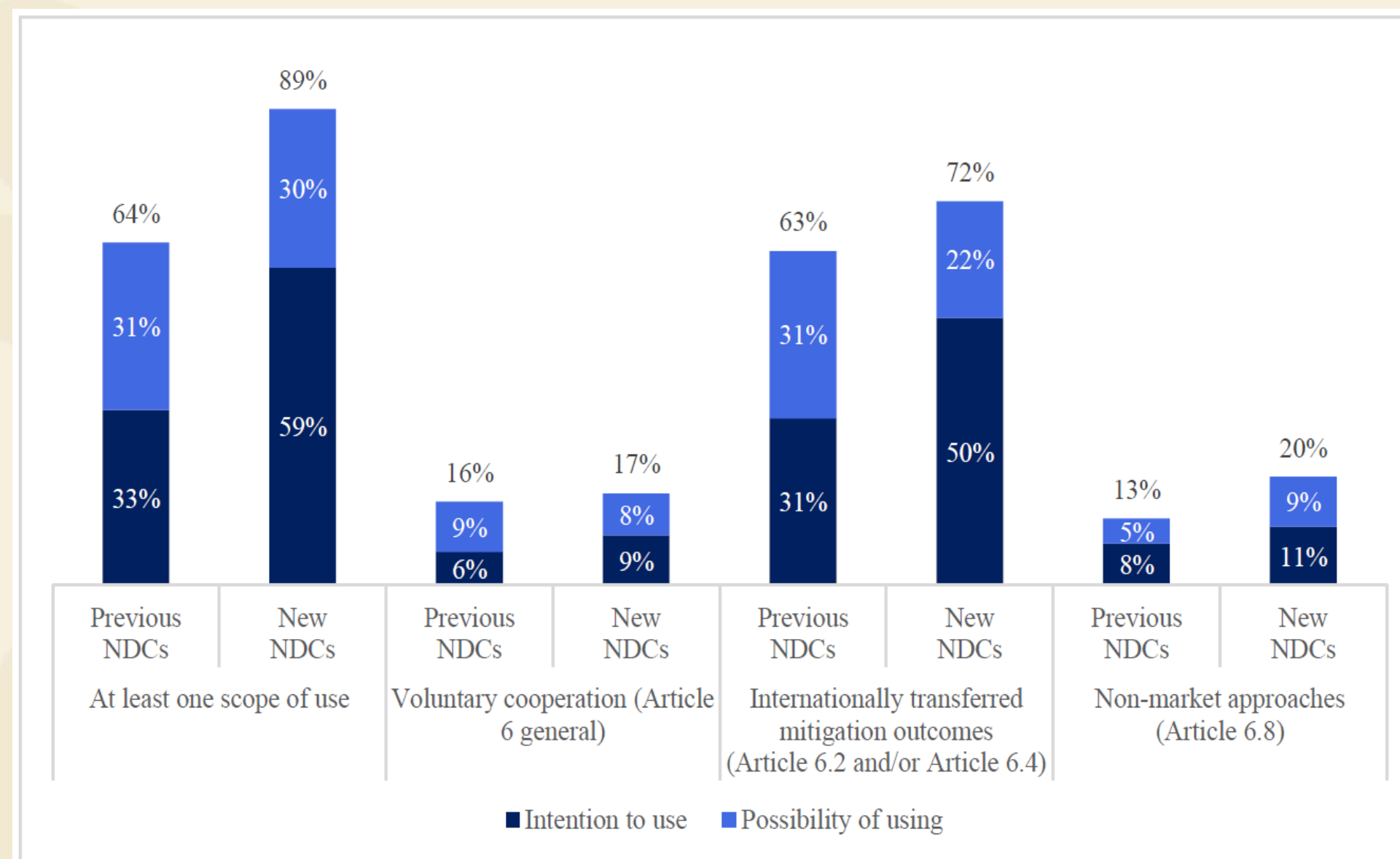
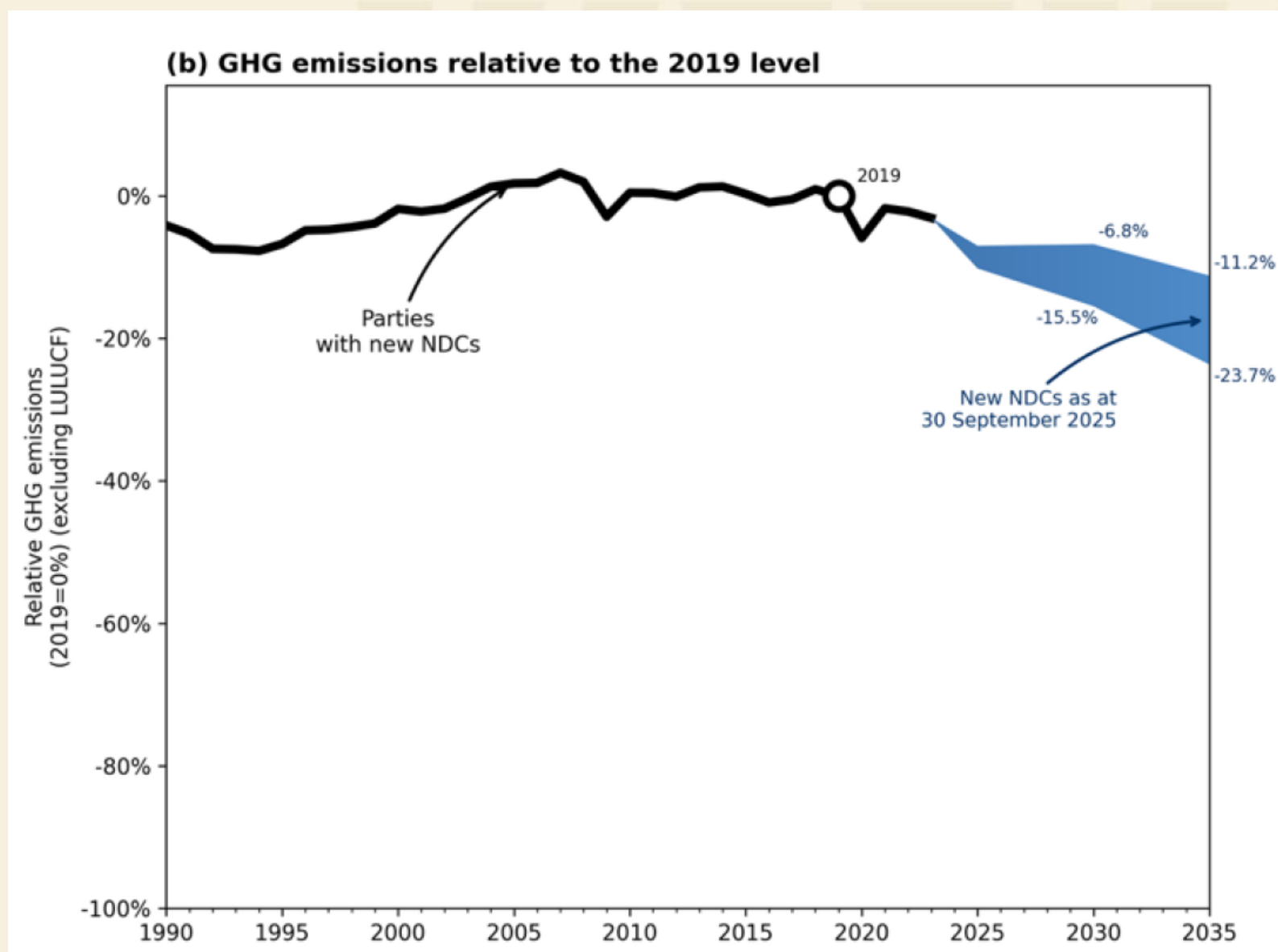
Carbon Pricing

Demand for offset credits for compliance under carbon taxes or emissions trading systems (ETSs)

Voluntary Commitments

Demand for voluntary carbon credits driven by corporate net-zero commitments

🌐 NDC Synthesis Report 2025 (published on 28 October 2025)



Parties are **bending their combined emission curve** further downward, **but major acceleration is still needed**

As an **enabler of implementation**, the number of Parties participating in, or planning to participate in, **Article 6 continues to grow.**

- Based on the latest NDC submitted by each Party, **over 75% of Parties** have explicitly indicated their intention to participate in Article 6
 - Excluding those that have explicitly stated they will not use it, around **99% of Parties** have **left the possibility open**
- Of these, approximately **10%** are estimated to be on the **buyer side**, while around **90%** are expected to be on **the seller side**
- **Demand** for ITMOs for 2030 NDC compliance **remains small**

NDC: Key Demand Signals

Switzerland

- ITMOs from cooperation under Article 6 will be used in part towards the 2030 and 2035 NDC targets ^[1]
- To date, 17 bilateral agreements under Article 6.2 and 5 agreements on carbon capture and storage (CCS) and negative emission technologies (NETs) have been signed ^[2]

Japan

- Aims to secure accumulated emission reductions and removals at the level of approximately 100 million t-CO₂ by FY 2030 and approximately 200 million t-CO₂ by FY 2040 ^[3]

Republic of Korea

- Plans to use voluntary cooperation under Article 6 as a complementary measure to achieve its 2030 and 2035 NDC targets ^[4]
- Domestically, it has announced plans to use 37.5 million tCO₂e of ITMOs to support the achievement of its 2030 target ^[5]

Singapore

- 2030 NDC: Pursues opportunities to leverage international cooperation under Article 6, including the use of ITMOs
- 2035 NDC: Intends to use ITMOs to address residual emissions and meet its target ^[6]

[1], [3], [4], [6]: UNFCCC NDC Registry

[2] <https://www.bafu.admin.ch/en/bilateral-climate-agreements>

[5] https://mcee.go.kr/home/web/policy_data/read.do?menuId=10259&seq=8084

NDC: Key Demand Signals

European Union

- For its 2040 target, the EU has recently amended its Climate Law to allow the limited use of high-quality international credits under Article 6 from 2036 onwards, capped at up to 5% ^[1]

Norway

- For its 2035 target, achievement may, if deemed necessary, be supported by ITMOs acquired outside the European Economic Area (EEA) ^[2]

New Zealand

- 2030 NDC: Intends to use cooperative approaches, including international market mechanisms
- 2035 NDC: Recognises the value of international cooperation and may participate in cooperation under Article 6 during the NDC period ^[3]

Sweden

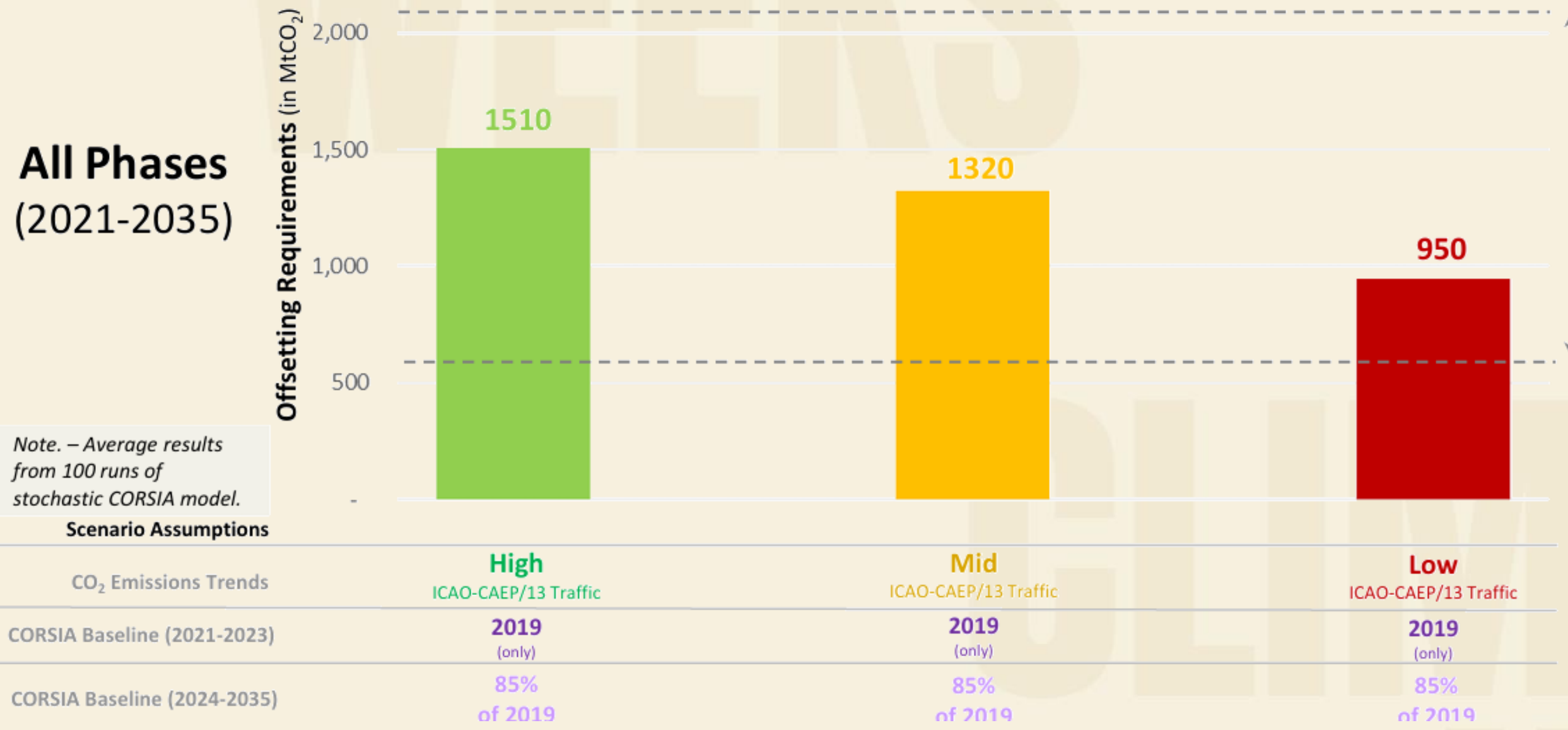
- As with the long-term target, there are also possibilities to attain parts of the targets by 2030 and 2040 through supplementary measures, such as LULUCF, International credits outside of EU and Bio-CCS. Such measures may be used to achieve up to 8 per cent of the 2030 target and 2 per cent of the 2040 target ^[4]

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202600667

[2] and [3] UNFCCC NDC Registry

[4] <https://www.naturvardsverket.se/en/topics/climate-transition/sveriges-klimatarbete/swedens-climate-act-and-climate-policy-framework/>

Cumulative offsetting requirements from 2024 to 2035 could range from ≈ 950 to $1,500$ MtCO₂

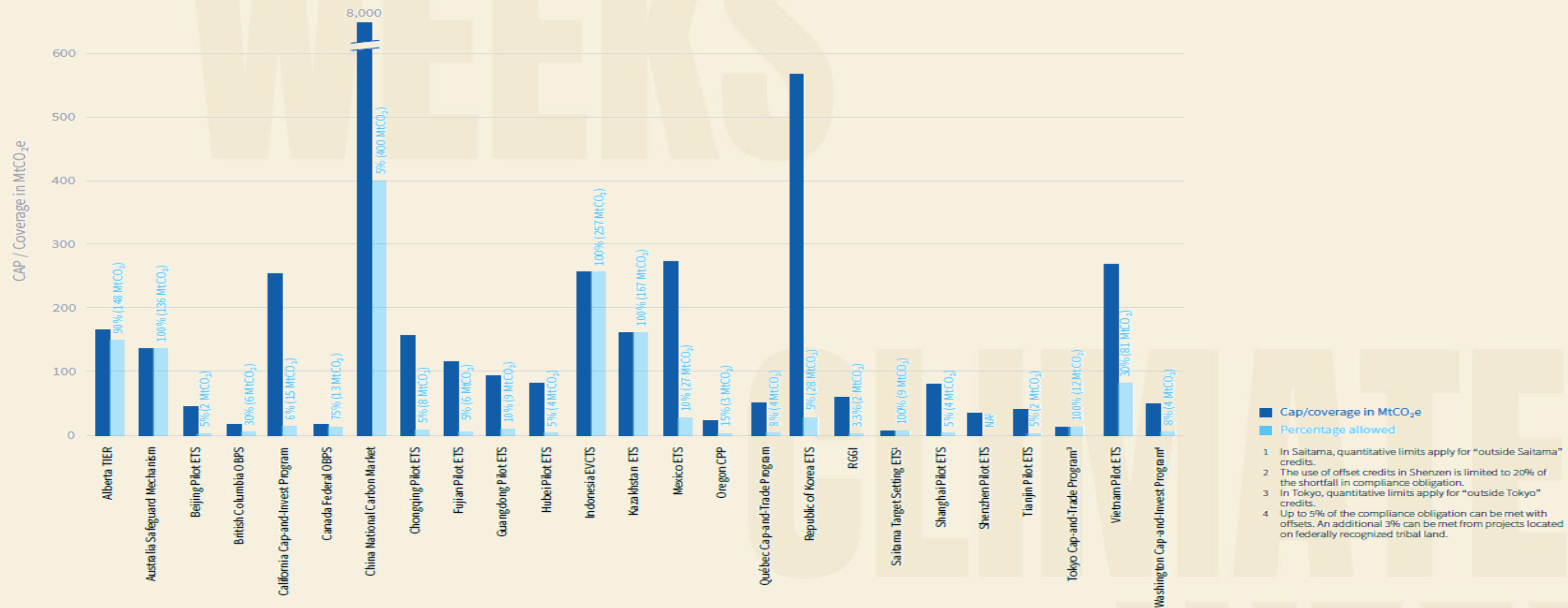


Range of estimates from June 2022 analyses*.
i.e., "Under an 85% of 2019 baseline for 2024-2035, O.R. could range from 600 to 2100 MtCO₂".

* Note: 85% baseline was evaluated in the June 2022 CORSIA analyses. However, these analyses did not include the changes to Sectoral/Individual shares agreed at Assembly 41, leading to minor differences in total O.R.

Domestic Carbon Pricing

🌐 Credits for compliance with schemes may represent a **substantial market by 2030**



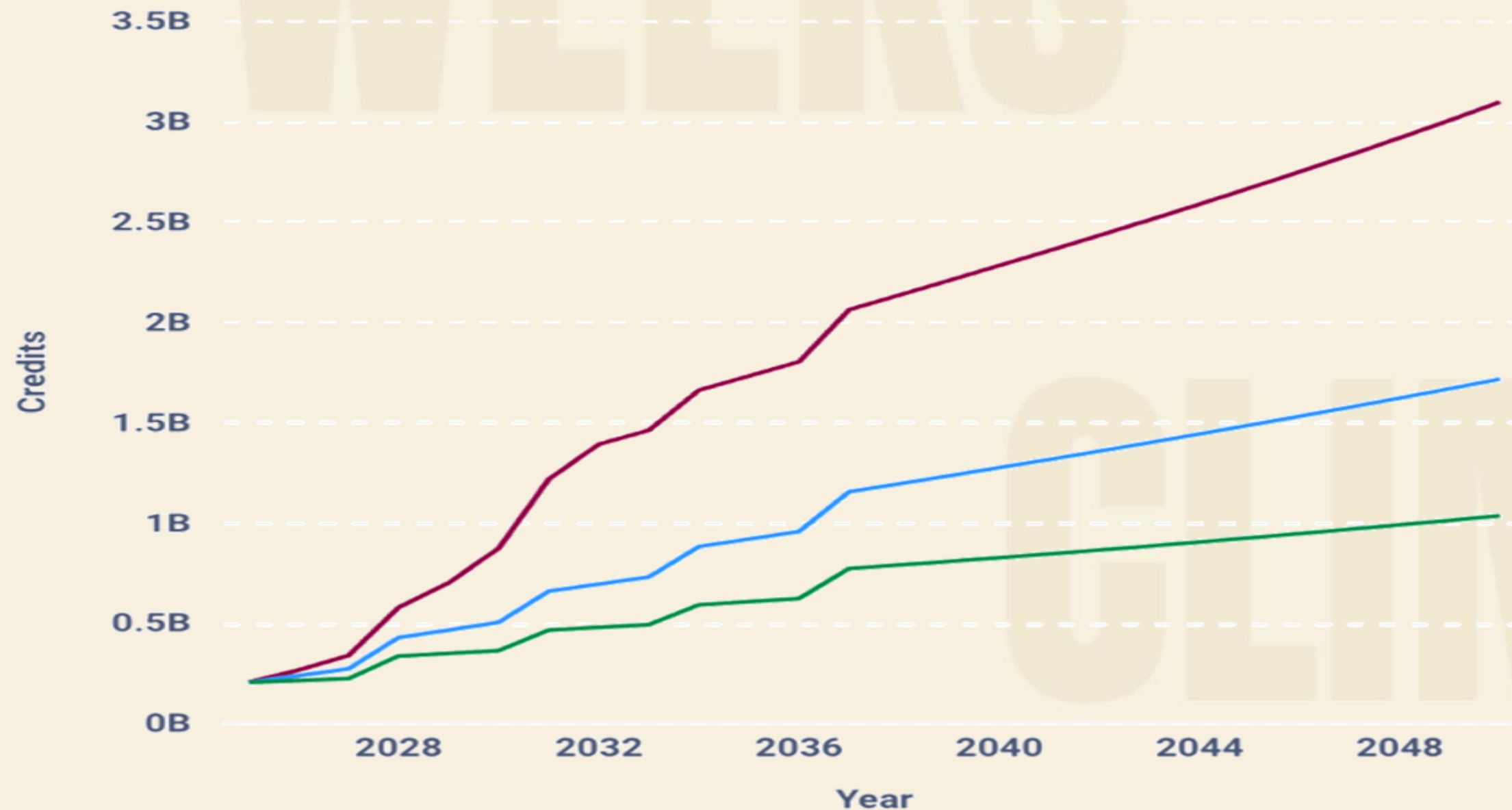
Source: ICAP (2026). Emissions Trading Worldwide: Status Report 2026. Berlin: International Carbon Action Partnership.

Voluntary Carbon Market

- Based on conservative and moderate growth forecasts, VCM could become the largest source of demand

Demand scenarios

● high ● medium ● low



Source: <https://blog.alliedoffsets.com/forecasting-supply-and-demand-in-the-voluntary-carbon-market>

- 🌐 Sources that generate tradable carbon credits or units include the following
- 🌐 With the adoption of Article 6, credits/units traded in international carbon markets are now distinguished as **authorized** and **non-authorized**
 - Authorised units can be used for both compliance and voluntary purposes, including towards NDCs and for CORSIA compliance, while non-authorised units cannot be used for such compliance purposes

Paris Agreement
Crediting Mechanism (PACM)

Bi-/Plurilateral Cooperation
under Article 6.2

Government-led
Crediting Mechanism

Independent Crediting Programmes

- Carbon market demand exists at scale – but it remains latent
- Four enabling conditions** can change that:

1



Supply integrity

- Buyers and regulators require verification against internationally endorsed methodologies.
- Credible, supervised standards, demand either stalls or is met by low-quality supply that erodes market confidence.

2



Host country readiness

- Authorisation requires that host governments have:
- functioning Article 6 governance, legal frameworks
 - designated national authorities
 - capacity to issue corresponding adjustments without jeopardizing NDC targets.

3



Price Discovery

- Fragmented registries and opaque pricing discourage institutional investors.
- Standardized reporting under the Paris Agreement's transparency framework is essential to enable price benchmarking and risk assessment.

4

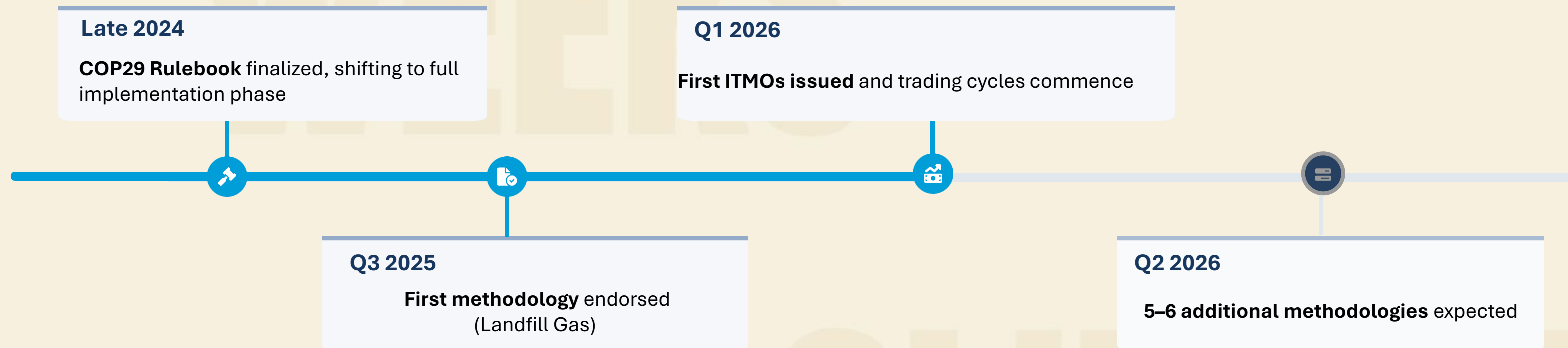


Pipeline Visibility

- Investors need a visible, buildable pipeline.
- Methodology approval timelines, CDM transition rules, and national strategies for Article 6 participation collectively determine whether supply can be brought online at the required pace.

Together, these conditions translate latent demand into scalable market transactions

Key milestones marking the transition from rulebook to operational market



CDM Transition in progress
Facilitating a pipeline of near-ready supply for early issuance.

Bottomline
PACM is open for business!

Three questions for today's dialogue

Anchoring the conversation around execution, certainty, and risk reduction

1

Demand-Side Signals

What signals give buyers enough certainty to commit capital now?

2

Supply-Side Bottlenecks

What bottlenecks are slowing high-integrity supply—governance, methodology, capacity, or finance?

3

Article 6.4 Infrastructure & Risk Reduction

How does Article 6.4 infrastructure reduce risk for buyers, host governments, and investors?

Country Perspectives: Emerging ‘Supply’ & ‘Demand’ under Article 6



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Supply Side

Mr. Langa Dorji

Department of Environment and Climate Change
Ministry of Energy & Natural Resources
Royal Government of Bhutan

Ms. Cristina Figueroa Vargas

Carbon Pricing and Carbon Markets Coordinator
Chile's Ministry of Environment

Ms. Ayan Harare

National Climate Finance Unit Coordinator
Ministry of Environment and Climate Change
Federal Government of Somalia

Buy Side

Ms. Anna Persson

Article 6.4 DNA, Swedish Energy Agency,
Sweden

Mr. Björn Fondén

International Policy Manager - APAC Lead
IETA

Q&A Session

Please submit your questions by scanning the QR code or by visiting the link.

<https://www.menti.com/alg9pxnth66k>

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Strategic Dialogue: Linking PACM with Global Carbon Market Demand



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Mr. Marshall Brown

Head of Carbon Finance Readiness
Carbon Transaction Facility
Global Green Growth Institute

Ms. Jinah Choi

Head of Climate Investment &
Development Team
EcoEye

Mr. Virender Kumar Duggal

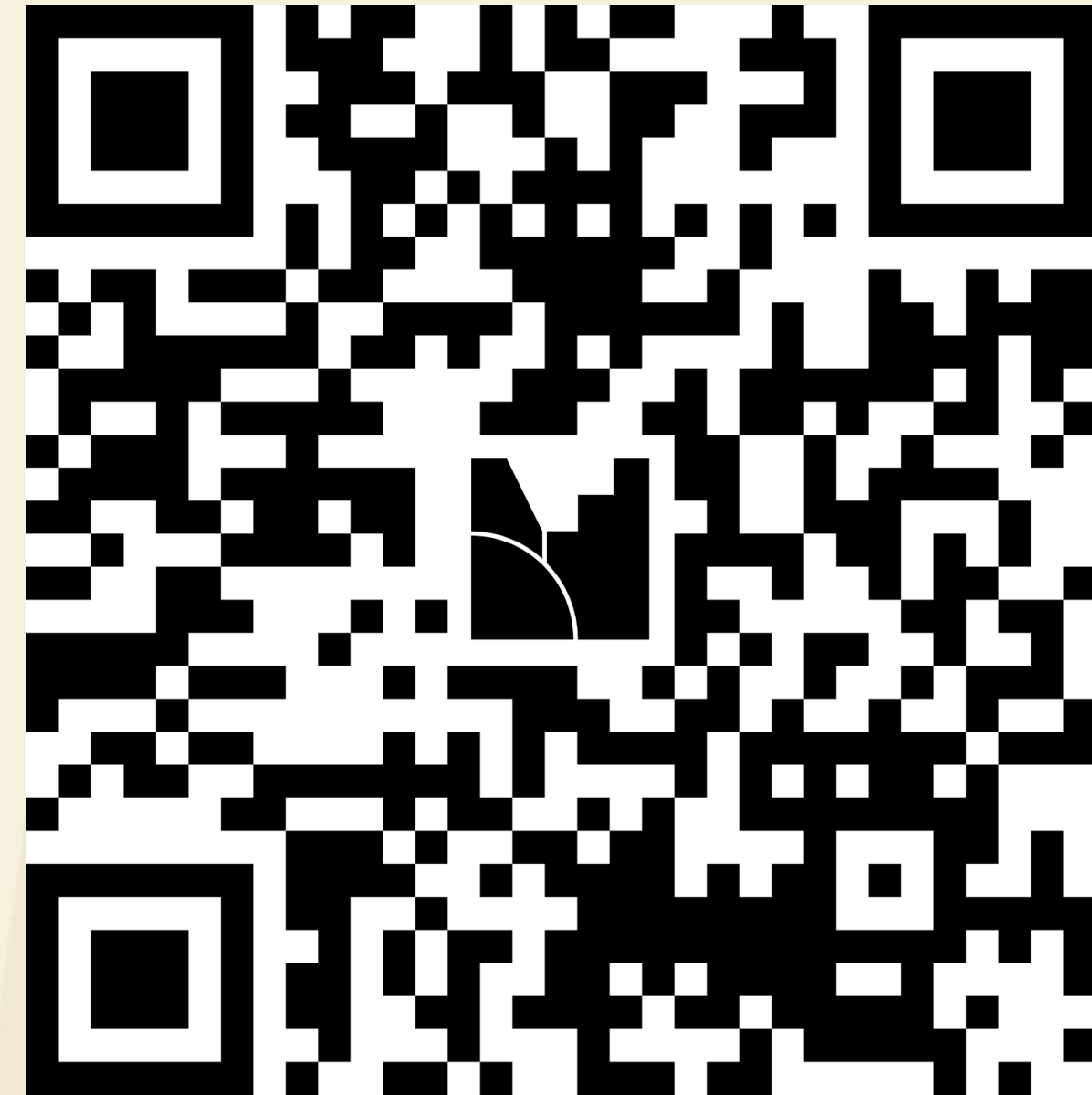
Carbon Markets Unit Head
Asian Development Bank
(Virtual)

Q&A Session

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Priority Actions

Methodology Submission
Support development and submission of new methodologies to the Supervisory Body of the Mechanism.

Pipeline Development
Identify and advance PACM-eligible activities across priority sectors and geographies

Capacity Building
Foster engagement of Parties through Article 6 capacity building programme by bridging gaps in foundational, institutional and market readiness.

Strategic Dialogue
Continue this market dialogue to align stakeholder expectations and inform engagement and implementation strategies.

Closing Remarks

Ms. Julia Gardiner
Chair of the SBI



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Feedback Session

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<https://forms.office.com/e/8kbwaLQzhh>

