CARBON MECHANISMS REVIEW

VOL. 13 | NO. 5   COP 30 SPECIAL

Beyond the Gavel

Five expert statements on the carbon market outcomes of the Belém climate summit

content

COP 30 Special Issue

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editorial

Dear Reader!

While the gavel has fallen on the Belém climate summit, the real work on implementing and achieving a high-integrity carbon market begins now. In this special issue of CMR Magazine, we look Beyond the Gavel to chart the course for Article 6 and the Voluntary Carbon Market (VCM) in the wake of the "Amazon COP". We have invited five seasoned carbon market experts to contribute short statements on the policy outcomes of the COP and the way forward.

Our journey starts with Axel Michaelowa who sets the big picture by detailing the strategic momentum and policy outcomes. Following this, Lambert Schneider zooms in on market integrity, dissecting the debates on accounting, methodologies, and environmental integrity in both Art. 6.2 and Art. 6.4. We next turn to Fenella Aouane, who provides essential insight into the capacity building priorities needed to translate the new rules into action. Nicolas Kreibich then eyes the VCM landscape, evaluating its Paris Agreement alignment and tendencies for expanding the scope for action. Finally, Charlotte Streck takes stock of the pivotal removals debate, providing views on the required policy and methodological tasks ahead.

Together, these five expert statements provide comprehensive, forward-looking guidance necessary for practitioners and policymakers in the post-COP 30 era. Enjoy the read!

Christof Arens

Editor-in-chief

Wuppertal Institut

Carbon Mechanisms Review (CMR) is a specialist magazine on cooperative market-based climate action. CMR covers mainly the cooperative approaches under the Paris Agreement's Article 6, but also the broader carbon pricing debate worldwide. This includes, for example, emission trading schemes worldwide and their linkages, or project-based approaches such as Japan's bilateral offsetting mechanism. CMR appears quarterly in electronic form. All articles undergo an editorial review process. The editors are pleased to receive suggestions for topics or articles.

Published by:
Wuppertal Institute for Climate, Environment and Energy
(Wuppertal Institut für Klima, Umwelt, Energie gGmbH)
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Distribution:
Carbon Mechanisms Review is distributed electronically.
Subscription is free of charge: www.carbon-mechanisms.de

Layout: www.tenten.team

Title page: by IISD / ENB / Mike Muzurakis
Back page: © LeoPatrizi/E+ via Getty Images

This magazine is compiled as part of the Carbon Mechanisms project at the Wuppertal Institute for Climate, Environment and Energy (wupperinst.org/p/wi/p/s/pd/853). The editorial team works independently of the Market-mechanisms and Article 6 coordination unit at the German Federal Ministry for Environment, Climate Action, Nature Conservation and Nuclear Safety.

ISSN 2198-0705

How the "Tropical Forest"-COP30 Became an "Adaptation COP" as Originally Envisaged

By Axel Michaelowa, Senior Founding Partner at Perspectives and Senior Researcher at University of Zurich

The Amazonian COP in Belém was full of intense impressions –tropical hospitality at its best in a city who fully bought into "its" COP and whose inhabitants crowded the best Green Zone I have seen in my 28 COPs, indigenous peoples in full traditional gear denouncing carbon cowboys and blocking the Blue Zone entrance, equatorial cloudbursts drowning the voices of negotiators, terror when a fire broke out in the Pavilion area which fortunately could be doused quickly without damage to humans and 50,000 participating in the People's March, the first major demonstration at a COP host city after four years of authoritarian regime COPs. Heat and humidity as well as long bus rides for most of the participants were burdens but compensated by the best tropical fruits and food you would imagine.

The Brazilian presidency showed high diplomatic skills during the preceding summit and the first week of negotiations. It averted agenda fights by isolating the contentious subjects in a set of presidential consultations. But the second week proved challenging. The fossil fuel stalwarts of the BRICS and Like Minded Developing Countries exploited a rift in the presidency, by weighing down on the Brazilian foreign ministry to eliminate any language on a roadmap to transition away from fossil fuels. Those who hoped that China may take up lost leadership from the US were disappointed – China clearly sided with the fossils. The EU was unable to exert leadership due to internal squabbles pitting Poland, Italy and Malta against the rest. From Nov. 18-21, nobody was informed about the state of negotiations by the presidency. In any other constellation, the COP would have blown up, but fortunately Brazil benefited from a lot of reputational capital among small countries who could have easily walked out.

The final outcome, achieved after one extra day, and a final plenary that had to be suspended and was full of drama, is a mixed bag. It

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is better than expected regarding the Global Goal of Adaptation (GGA). A set of 59 indicators for the eleven components of the GGA targets was agreed. While many were furious that this indicator set was concocted behind closed doors and never discussed with the governments, having this set is a good starting point for the two-year work programme including funding from the Global Environmental Facility and Green Climate Fund for work on indicators, related methodologies and data collection. I was for example very happy to see the indicator "percentage of gross domestic product from avoided losses" which is taking up the concept of "Saved wealth" promoted by me over many years. The tripling of adaptation finance by 2035 sounds good but stands on earthen feet as the base year has not been defined due to a conflict between the African Group who wanted 2025 and the EU who stuck to 2022. On mitigation, other than having new workstreams without any financing, nothing much was achieved. The forestry roadmap was lost together with the transitioning away from fossil fuel. The failure of the forestry narrative is also shown by the Brazilian flagship Tropical Forests Forever Facility only getting 7 billion $ of pledges, a far cry from the expected 25 billion.

Regarding international carbon markets, the tension of the first days, when forestry lobbies pushed Indonesia to call for a weakening of the entire body of Art. 6.4 rules, led to the rallying of the high integrity countries. The final outcome now calls for use of best available science and robust evidence in developing the rules, which can only be interpreted that the rules are to be strengthened further. The closure of the CDM and the reallocation of 26.8 million $ to Art 6.4 work gives the breathing space to get a full array of baseline methodologies and make the Paris Agreement Mechanism the lighthouse of international carbon markets.

Integrity in the Spotlight

By Lambert Schneider, Research Coordinator for International Climate Policy, Oeko-Institut

Environmental integrity and enhancing ambition were at the centre of carbon market negotiations at COP30. Over the past year, the Supervisory Body of the Article 6.4 Paris Agreement Crediting Mechanism (PACM) adopted important standards, including on additionality, baselines, leakage, non-permanence, suppressed demand and environmental and social safeguards. It also approved its first methodology for landfill gas projects. These regulatory documents include novel approaches to provide for integrity and ambition, thereby deviating from the current practice in the carbon market. Earlier this year, the Chair and Co-Chair of Supervisory Body announced that they aim to avoid repeating past mistakes by establishing a more ambitious framework that is aligned with the Paris Agreement.

This new approach passed its first test at COP30. Prior to the conference, a group of organisations, comprising mostly carbon market industry stakeholders, called for the standards to be opened up. There was, however, broad consensus among Parties not to change course. As Mbaye Diagne, lead negotiator for the African Group put it: lowering integrity is not a solution to making projects viable. Rather, buyers should pay the true costs of actual mitigation. In their decision on Article 6.4, Parties appreciated the

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work delivered by the Supervisory Body and confirmed the need for ensuring integrity and using best available science in developing standards and methodologies.

Integrity and ambition were also key topics in the Article 6.2 room. A key concern is that the first technical expert reviews of Parties' cooperative approaches identified many inconsistencies with the Article 6.2 requirements. In some instances, basic requirements, such as specifying which accounting method is used, have not been fulfilled. Parties decided to conduct an informal interactive dialogue at the next COP to identify recurring themes and lessons learned.

In a dialogue at this session, Parties also discussed how ambition can be ensured in cooperative approaches. Among many issues discussed, a recurring topic was whether and how cooperative approaches could effectively enhance ambition, rather than using carbon credits as a flexibility mechanism to reduce costs.

Capacity Building: The Cornerstone of Article 6 Implementation

By Fenella Aouane, Managing Director – Head of Carbon Finance, GGGI

COP30 in Belém, branded the "COP of Implementation," marked a decisive shift from defining *what* needs to be done to addressing *how* to do it. After a decade of negotiations, Article 6 is now operational, but the first year has exposed a critical truth: capacity gaps persist across all levels. Decisions at COP30 reflected this urgency—closing the CDM chapter, reallocating resources to the Paris Agreement Crediting Mechanism (PACM), and launching the International Registry, all accompanied by commitments to strengthen institutional and technical capacity. A notable success was the launch of the Global Implementation Accelerator, designed to help countries operationalize their NDCs through knowledge-sharing and technical assistance.

Why Capacity Is Crucial for Article 6

Article 6 is more than a set of rules; it is a mechanism that demands trust, transparency, and technical rigor. Cooperative approaches under Article 6.2, often criticized for bilateral complexity, remain the only functioning pathway today. COP30's push for clearer technical review processes and guidance on resolving inconsistencies was welcomed as a confidence-building measure. Without robust institutions and skilled personnel, countries risk being sidelined from carbon markets, undermining both their achievement of NDCs and private sector engagement.

What Host Countries Need to Succeed

Capacity building cannot be treated as a one-off exercise. Host countries need practical guidance, actionable tools, and sustained support to design Article 6 strategies, apply corresponding adjustments, and safeguard domestic climate goals. Beyond national-level efforts to develop capacity, regional initiatives such as the West Africa Carbon Market Hub are emerging as critical platforms to create alignment, share lessons learned, and pool resources between Host Countries. These hubs enable countries to collectively address technical challenges and harmonize approaches, reducing fragmentation and accelerating readiness.

However, significant ground remains to be covered. Continuous assessment of capacity needs is essential to ensure that tools and methodologies evolve with market requirements. Host countries require frameworks for long-term planning, such as LT-LEDS, and technical instruments that translate complex rules into operational steps. Equally important, platforms for dialogue between host and buyer countries are needed to share good practices, clarify expectations, and build mutual confidence in market integrity. These exchanges foster transparency and predictability, which are vital for scaling up cooperative approaches under Article 6.

The message from Belém is clear: unlocking Article 6's potential demands more than rules; it requires robust institutions, skilled personnel, and collaborative ecosystems. Capacity building is not a side issue; it is the foundation for credible, scalable carbon markets and a prerequisite for achieving global climate ambition.

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Voluntary carbon market

Towards Paris Alignment while Expanding the Scope for Action?

By Nicolas Kreibich, Senior Researcher, Wuppertal Institute

COP30 took place at the end of a year in which the voluntary carbon market (VCM) still suffered from the reputational damage caused by low quality credits and greenwashing allegations. In light of this, voluntary corporate demand for carbon credits is still limited, with many buyers adopting a wait-and-see stance. The hesitance among companies is also linked to ongoing regulatory uncertainties, be it due to public regulation being in limbo, such as the EU Green Claims Directive, or ongoing reforms in private regulatory schemes, such as SBTi's revision of the Corporate Net-Zero Standard.

Against this backdrop and with the Article 6 rulebook having been adopted last year, there was a general expectation that this COP would send a signal to move towards implementation and nurture demand for carbon credits. This was supported by some initiatives, such as the Coalition to Grow Carbon Markets, which launched a set of shared principles in advance of COP30, aimed at boosting corporate demand. On a more technical note, initiatives in Belém responded to the continued call for harmonization and alignment of the VCM with the Paris Agreement. The launch of the Article 6.2 Crediting Protocol by the Government of Singapore, Verra and Gold Standard is a notable initiative in this regard, which aims to clarify roles and standardize processes for governments and independent crediting programmes applying Article 6.2. Aligning the VCM with the Paris Agreement is also the objective of the Global Voluntary Carbon Market (GVCM), a cooperation launched earlier this year between Korea's Ministry of Economy and Finance with the UNFCCC and the Global Green Growth Institute (GGGI) that was presented at the sidelines of the conference.

While these initiatives are working towards a future in which carbon markets with high integrity operate in a convergent manner, the current situation is much more opaque: In advance of COP30, a new partnership between

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Honduras and Suriname with Deutsche Bank and other industry players was announced. The cooperation supported by the Coalition for Rainforest Nations (CfRN) aims to develop REDD+ ITMOs, a new asset class CfRN has been lobbying for years – not without controversy. These lobbying efforts could also be observed in the Article 6.2 negotiation rooms in Belém. Soon, however, the fundamental flaws of the Article 6.2 framework took centre stage, when Parties discussed the numerous inconsistencies in Parties' initial reports identified through the technical expert reviews (TER). While the identification of the inconsistencies can be seen as a sign of the functioning of the system, the negotiations also highlighted the challenges in fully understanding the consequences of the findings. There is hence a need to further scrutinize the cooperative approaches and carbon credit deals. Initiatives such as the newly launched Article 6 observatory can be expected to play a key role with their findings potentially also informing corporate (and public) buyers' decision making.

With the Paris Agreement Crediting Mechanism (PACM), the UNFCCC provides voluntary (and other) buyers with a mechanism that is progressing towards implementation and which is by many being considered the north star of carbon crediting. However, the negotiations in Belém also revealed the attempts to influence decision making by the Supervisory Body (SBM) as the independent governing body of the PACM, as calls from industry to allow for more flexibility in safeguarding permanence and dealing with reversal risks made it into the negotiation rooms - verbatim. Although these attempts were unsuccessful, they highlighted the fundamental dilemma faced by the VCM and corporate buyers more broadly: While calling for Paris alignment and uniform rules to restore trust in the market, key market players and companies are simultaneously trying to fend off robust rules if these are seen as limiting the potential market size and going against their vested economic interests. These debates will continue in 2026, with important regulatory decisions within and outside the UNFCCC shaping the future of the VCM.

Setting the Right Incentives for Carbon Dioxide Removal

By Prof. Dr. Charlotte Streck, founder and managing director of Climate Focus

Carbon-market circles have lately been gripped by a dispute over the place of Carbon Dioxide Removal (CDR) within the Article 6.4 mechanism (PACM). At the heart of the discussion lies the question on how to interpret "permanence" or "durability" requirements. Although the CMA was not expected to give further guidance on Article 6, negotiators found themselves in inexpertly complicated negotiations on the report of the Article 6.4 supervisory body.

What is the controversy about?

Superficially, the argument concerns whether nature-based projects are given a fair shot at the PACM given their permanence risks. Beneath that lies a more prosaic scramble for capital. Nature-based mitigation remains chronically underfunded and tech-based CDR requires vast investment to reach commercial maturity and scale.

Is nature not science-based?

In the CDR debate, "science-based" often refers narrowly to atmospheric sciences and the need to ultimately drawing down temperature by achieving net-negative emissions in the long term. That framing tends to downplay equally scientific considerations: net emissions must fall sharply in the near term, and residual emissions must be counterbalanced quickly to reach net-zero in the medium term. Short-term CDR can also slow the rate of heating and reduce the risk of dangerous tipping points.

A broader range of scientific disciplines should be consulted—not only to define a target of long-term CDR, but to understand how to create the incentives that put society on a path toward it. Fields such as law, finance and economics offer essential insights for designing policies that can mobilize rapid, large-scale, and sustained investment in both nature-based and tech-based CDR solutions.

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What does this imply for the PACM?

Investment incentives are needed for both technology- and nature-based approaches: Nature can deliver removals now, buying time to invest in engineered CDR so it can scale in the second half of the century. What is more, supporting nature is also demanded by equity considerations: stringent permanence rules that effectively exclude nature-based CDR would marginalize many developing countries whose PACM potential lies almost entirely in land-based activities.

Robust safeguards will unquestionably be needed—monitoring, long-term oversight and credible reversal management mechanisms to insure against carbon reversals. The SBM's recent decision on reversal standards sidesteps some of the most contentious questions by deferring them to the methodology-approval stage. Administering PACM, however, requires political compromise on such difficult issues, including deciding which responsibilities belong at the level of the standard (under the Supervisory Body) and which require treaty-level guidance by the CMA. For many lower-income countries, managing reversal risks for nature-based projects without external support will be unrealistic. An effective and cost-efficient solution may therefore be to shift post-crediting responsibilities to the standard level and manage reversal risks—and any necessary compensation—through central mechanisms once the crediting period ends.

The task is to balance the wish for eternal CDR with the political and practical need for rapid action and measures that reduce the worst consequences of global heating in the short- and medium term. A broader reading of the science, coupled with a measure of equity, will ensure that all CDR strategies are supported by the PACM.