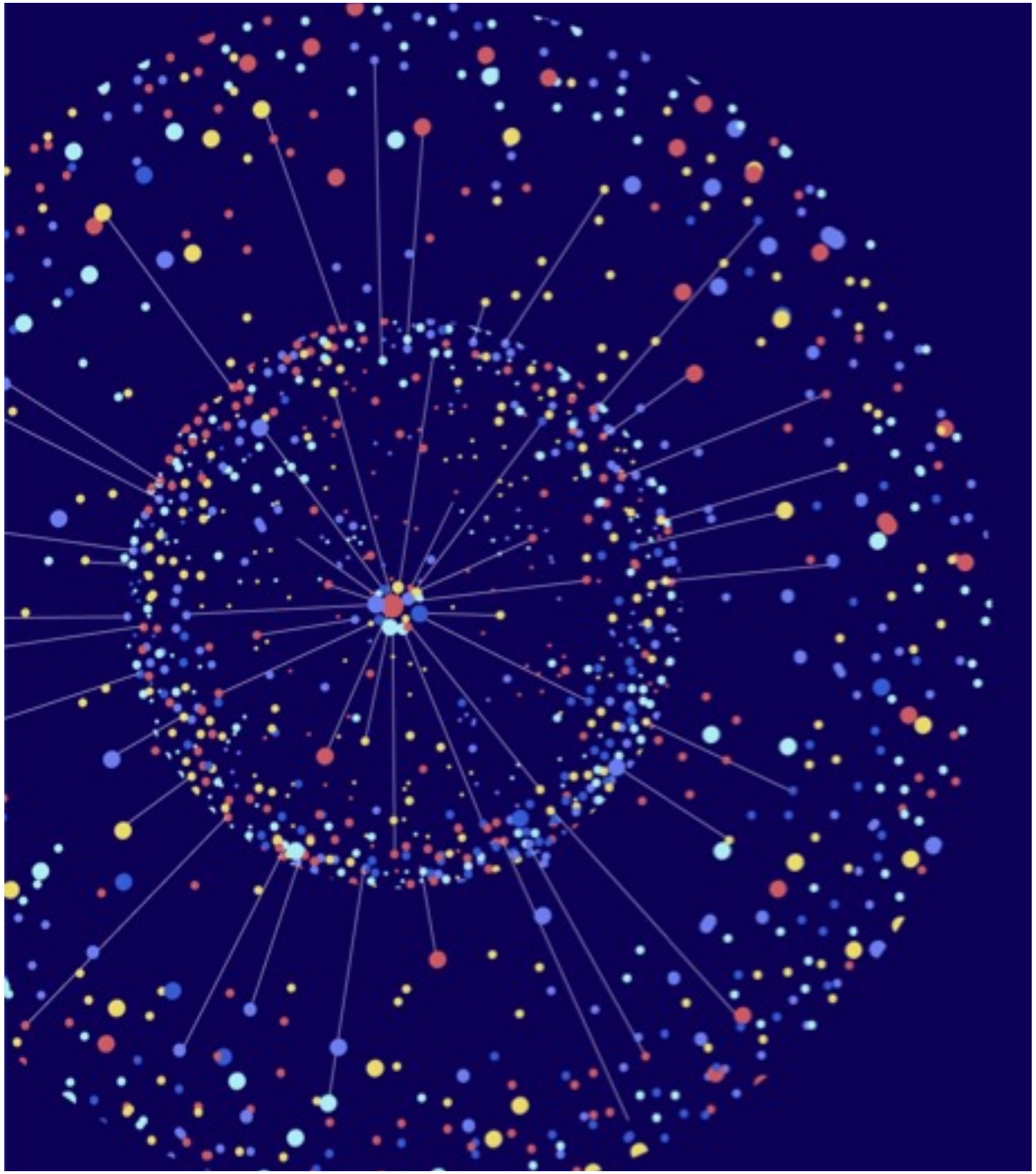

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Collaboration for Climate Action

Advancing Article 6 Implementation in the Philippines

National Capacity-Building Workshop

1 July 2026 | Taguig City, Philippines

RCC Asia and the Pacific
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United Nations
Climate Change

AGENDA – Day 1

SESSIONS

Opening Remarks

1. Introduction to Article 6: Cooperative Approaches
2. Unlocking Opportunities in Article 6 for NDC Implementation
3. Decision-Making Frameworks & Institutional Engagement for Article 6
4. Understanding the PACM, Global Value Proposition
5. Understanding the PACM: Framework, Governance, and Implementation
6. Country context: Operationalizing Article 6 in the Philippines
7. Expert Clinic: Addressing Key Concerns

Closing Session

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Workshop Objectives

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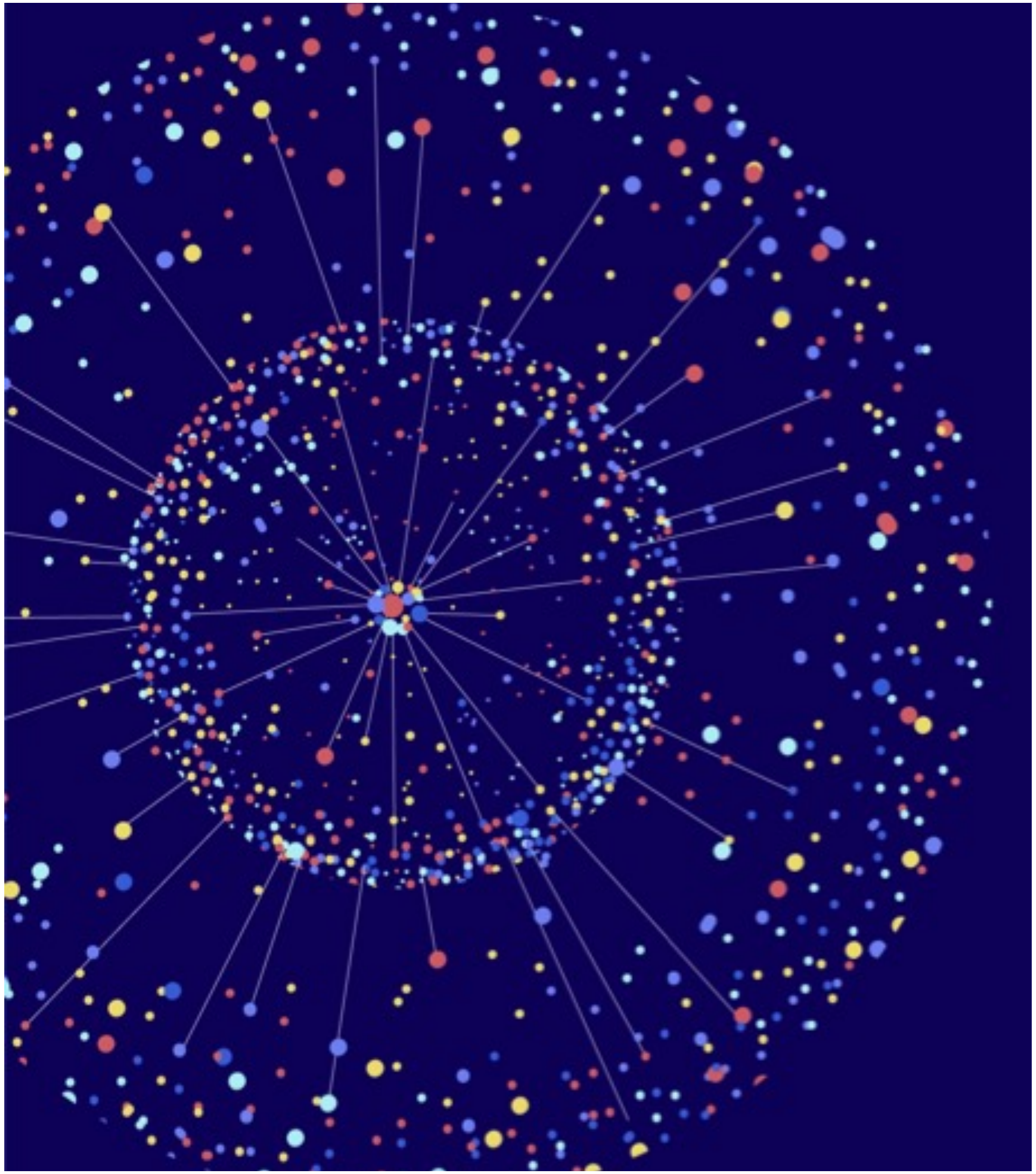
Workshop Objectives

- Enhance understanding of Article 6 provisions, including participation requirements under Articles 6.2 and 6.4, and clarify roles and responsibilities, such as CDM transition;
- Establish awareness of the institutional roles, mandates, and coordination mechanisms of relevant government agencies involved in Article 6 implementation, including authorization processes, corresponding adjustments, monitoring-reporting-verification (MRV) systems, registry arrangements, and reporting obligations;
- Showcase existing Article 6 programs and initiatives, identify strategic opportunities and risks in cooperative approaches, and enable informed decision-making and prioritization of Article 6 activities in Philippines.

Article 6 Abbreviations



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Session 1

Introduction to Article 6 Cooperative Approaches

Paris Agreement

New Paradigm of Multilateral Agreements

Objective: Hold the increase in global average temperature as close to 1.5°C as possible.

5-year cycles to ambitiously increase climate action.

Bottom-up approach: Parties establish their own commitments, which must be communicated through Nationally Determined Contributions (NDC).

5 Main elements of the Paris Agreement

Global Goals and Efforts

- Long-term temperature goal (Art 2.1.a)
- Global Peak and Carbon Neutrality (Art. 4.1)
- Global Adaptation Goal (Art 7.1)
- Mobilization of Climate Finance and alignment of financial flows (Art. 2.1.c and 9.3)

National Efforts (Parties)

- **Mitigation** (Art. 4) Nationally Determined Contributions **(NDC)**
- Adaptation (Art. 7)
- Loss and Damage (Art. 8)
- Sinks and Reservoirs (Art.5)
- Voluntary Cooperation (Art. 6)

Means of Implementation

- Support in Financing, Technology and Capacity Building (Art. 9, 10, 11)
- Education, training, public awareness and participation and access to information (Art. 12)

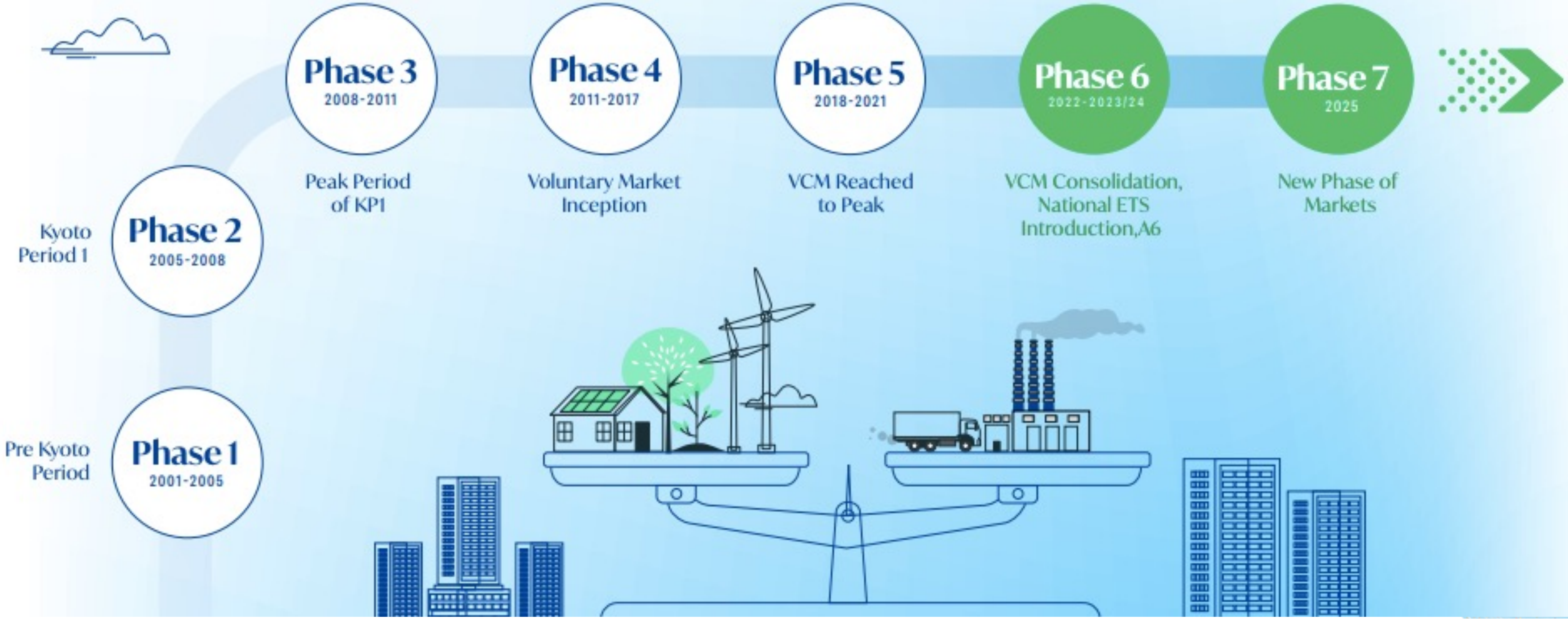
Transparency

- Transparency: Reporting and Review (Art. 13)
- Implementation and Compliance (Art 15.)

Global Emissions Balance

- Assessment of collective progress towards achieving the objectives of the Paris Agreement (Art. 14)
- The First World Emissions Balance was presented in 2023 and every 5 years from now on .

JOURNEY OF CARBON MARKET



Carbon Markets

Carbon credit is considered as **tradable commodity** and technically corresponds as sovereign assets operated / managed by private / govt entities

- **Domestic Carbon Market** - where the transactions (buying and selling) happen inside the country, between two companies in a country **(Carbon Pricing - ETS)**

- **International Carbon Market** - where the transactions happen between seller from host country and other country's buyer

Kyoto Protocol to Paris Agreement

	Kyoto Protocol	Paris Agreement
Governance	Overseen by the UNFCCC via the CDM Executive Board	Guided by Article 6 guidelines (6.2, 6.4, 6.8), nationally defined under NDCs
Market Structure	Centralized, UN-administered (CDM)	Decentralized, country-driven with bilateral/multilateral arrangements
Buyer-Seller Dynamic	Developed countries (Buyers) ↔ Developing countries (Sellers)	All countries can be buyers and sellers; roles shaped by NDCs
Voluntary Market	Focused on corporate offsetting with limited transparency	Moving towards higher integrity, transparency, and alignment with host NDCs
Host Country Role	Limited involvement beyond project approval	Central role in authorization, tracking, and corresponding adjustments of mitigation outcomes, ensuring alignment with the NDC and Other International Mitigation Purposes (OIMPs); “CORSIA”.

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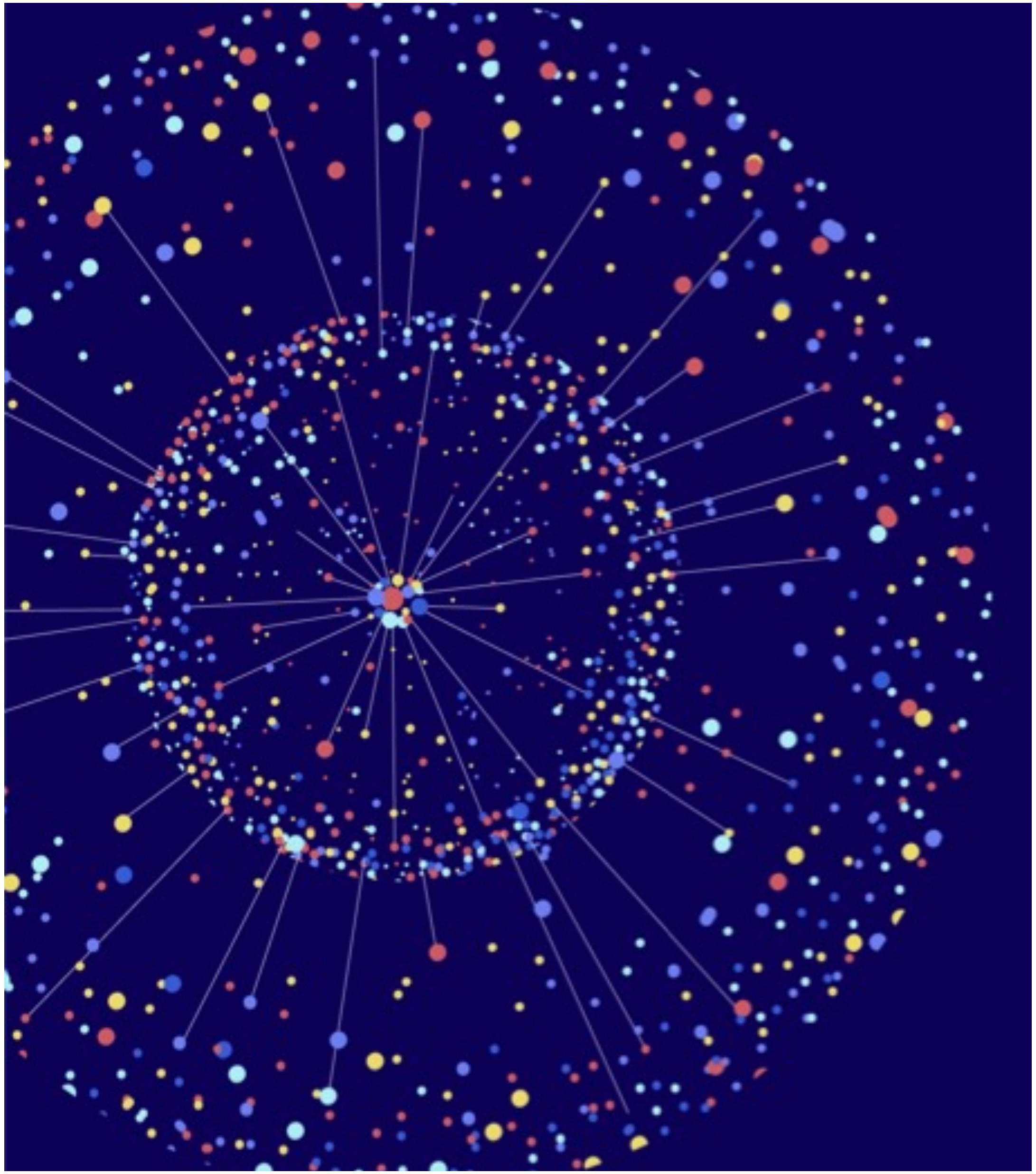
Article 6 Abbreviations



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Article 6 of the Paris Agreement

THE PARIS AGREEMENT

Article 6

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.

2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote

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Climate Change

FCCC/CP/2015/10/Add.1

sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.

Article 6 of the Paris Agreement

PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11

It lays down the foundation for cooperative approaches among countries to achieve their Nationally Determined Contributions (NDCs) and increase the ambition of these targets, focused on sustainable development and poverty eradication.

Additionally, Article 6 Cooperation seeks

To incentivize and facilitate the participation of public and private entities in greenhouse gas emissions (GHG) mitigation and within the implementation of NDCs.

To Promote regional and international cooperation for ambitious climate action.

General principles of Article 6

Parties to the Paris Agreement may choose to pursue **voluntary cooperation** in the implementation of their climate actions (Nationally determined contributions: NDCs) to allow for:

- **Higher ambition** in their mitigation and adaptation actions;
- To promote **sustainable development**; and
- To promote **environmental integrity**.

Ref: Article 6.1 of the Paris Agreement

Higher ambition

Article 6 allows for high mitigation ambition through promoting **cost-effective mitigation actions, access to low-carbon technologies, carbon finance, and capacity building.** Article 6 also have elements which considers contribution to adaptation efforts.

Sustainable development

Article 6 promotes sustainable development objectives of the host country, including by **delivering environmental, economic and social co-benefits** as well as promoting progress towards **Sustainable Development Goals (SDGs).**

Environmental integrity

Article 6 cooperative approaches must ensure environmental integrity which includes by having **robust, transparent governance** and the **quality of mitigation outcomes.**

Source: A6IP

Article 6 of the Paris Agreement : Role

Article 6 of the Paris Agreement

- Tool to implement NDCs and LT-LEDS under voluntary cooperation between Parties

NDC & LT-LEDS

Article 6: Voluntary cooperation to allow for higher ambition and to promote sustainable development and environmental integrity

Article 6.2	Article 6.4	Article 6.8
Cooperative approaches that involves **transfers of mitigation outcomes** from one country to another towards achieving NDC targets.	A **centralized crediting mechanism** under the purview of the UNFCCC which **issues units (A6.4ERs).**	Other types of cooperation that contribute to mitigation and adaptation goals, but **do not involve transfer of units** among cooperating parties.

Article 6 of the Paris Agreement : Particularity

- Article 6 is an important part of **the world's "toolbox"** for addressing climate change.
- Article 6 is the only part of the Paris Agreement that **directly engages the business and private investment sector** in directly implementable activities which they can invest.
- There is **strong real-world potential for cooperative action**—shown by existing pilot Article 6 projects, with the UN decisions in Glasgow understanding the overall impact of cooperative action on global mitigation is facilitated.
- Many similar tools are being increasingly deployed at domestic, regional, and bilateral levels.
- **Centralized mechanism** helps ensuring broader accessibility of international carbon markets.

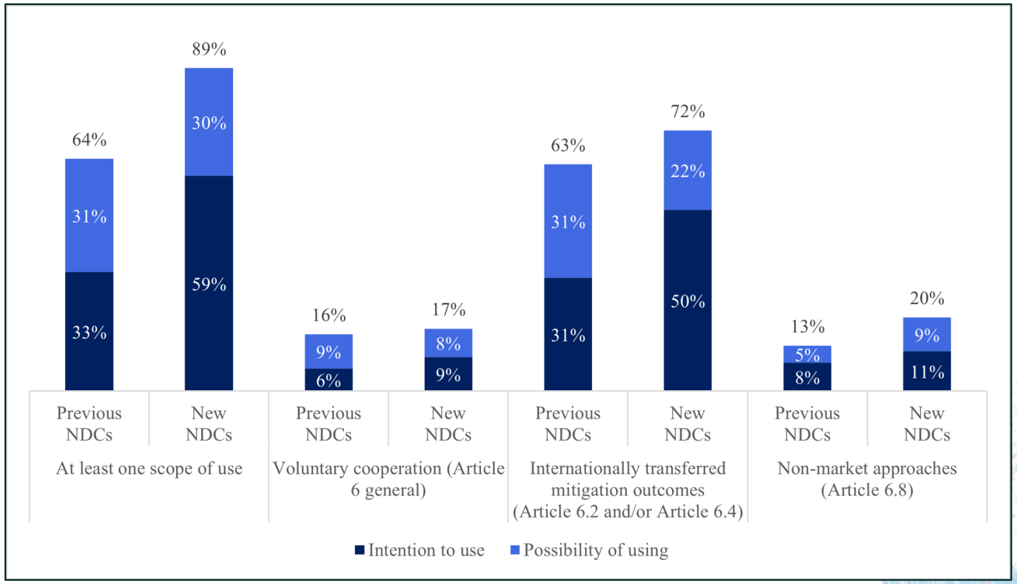
Article 6 of the Paris Agreement : Intention to use

- NDCs 2.0 (2030 targets): Even if fully implemented, a **2.1–2.8°C temperature rise** is expected.
- Most countries **(72%) specifically reference use of ITMOs under Article 6.2 and 6.4**, while 20% indicate interest in non-market approaches under Article 6.8.
- Countries are transitioning from high-level intent to structured implementation — signalling a major global shift from **"planning" to "operationalization"** of cooperative carbon markets.
- NDC Synthesis Report by the UNFCCC Secretariat (2025)

NDCs 3.0: To date, over 89% of Parties have indicated their intention or potential to use Article 6

*Article 6 serves as an enabler **to bridge the emissions and finance gaps** critical for meeting the **1.5°C and 2°C goals of the Paris Agreement**.*

Share of Parties indicating in NDCs the intention to use or possibility of using Article 6 of the Paris Agreement



Source: 2025 NDC Synthesis Report

Understanding Article 6 (6.2, 6.4, 6.8)

Article 6 of the Paris Agreement : tool to implement NDC and LT LEDs under voluntary cooperation between parties

Art 6.2

- International cooperation that involves transfers of mitigation outcomes (ITMOs) from one country to another towards achieving NDC Targets.
- Decision 2/CMA.3 and further decisions provides guidance for countries to cooperate in achieving their NDCs through the transfer of mitigation outcomes.
- Designed up to the participating Parties but requires that ITMOs are not counted twice (double counting), to ensure environmental integrity.

Art 6.4

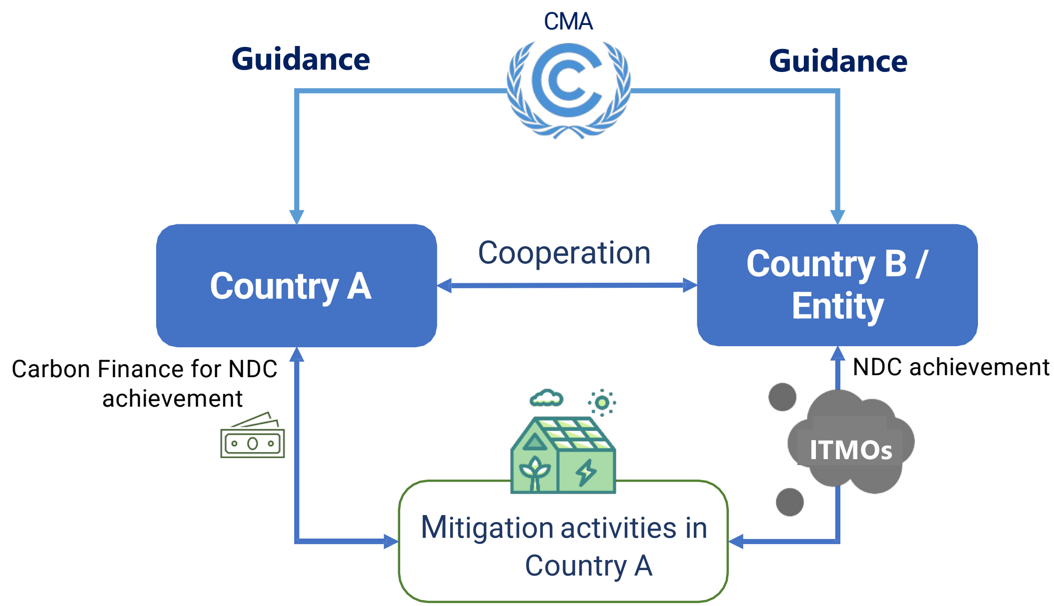
- A centralized mechanism under the purview of the UNFCCC which issues units (A6.4ERs)
- Has similarities to the CDM in its design, but has new requirements and characteristics compared to the CDM

Art 6.8

- Focuses on other types of cooperation that contribute to reaching mitigation & adaptation goals, but do not involve transfer of MO (units) among cooperating parties

Cooperation under Article 6 (6.2) of the Paris Agreement

Example of a cooperative approach structure

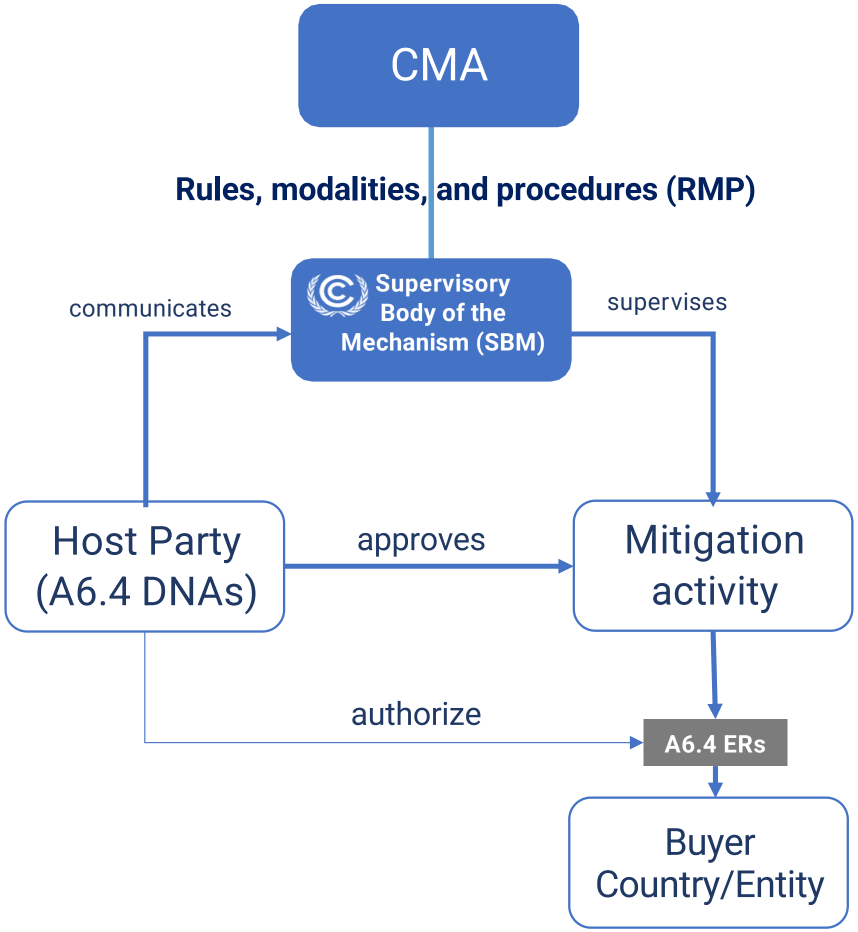


Countries/parties to the Paris Agreement (referred to as "participating parties") may engage on a voluntary basis in **cooperative approaches that involve the use of "internationally transferred mitigation outcomes" (ITMOs)** towards NDCs and other international mitigation purposes.

- Article 6.2 enables a host country to sell units to a buyer country, in exchange for investments, support for capacity building, and access to technologies not available through domestic resources. They buyer country purchases these units, known as **Internationally Transferred Mitigation Outcomes (ITMOs)** to address any gaps in meeting its own climate goals.
- Article 6.2 provides **accounting and reporting guidance** for Parties to use ITMOs towards their NDCs.

Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement (Click here)

Article 6.4 Mechanism – Paris Agreement Crediting Mechanism (PACM)

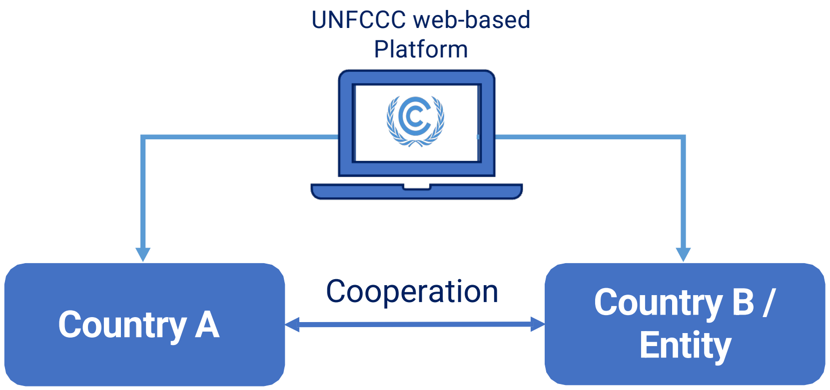


The Paris Agreement Crediting Mechanism (PACM) established under Article 6.4 is a centralized UN crediting mechanism that enables the creation of **Article 6.4 emission reductions (A6.4ERs)** that can be used by countries to meet their NDCs (subject to authorization status) and other purposes.

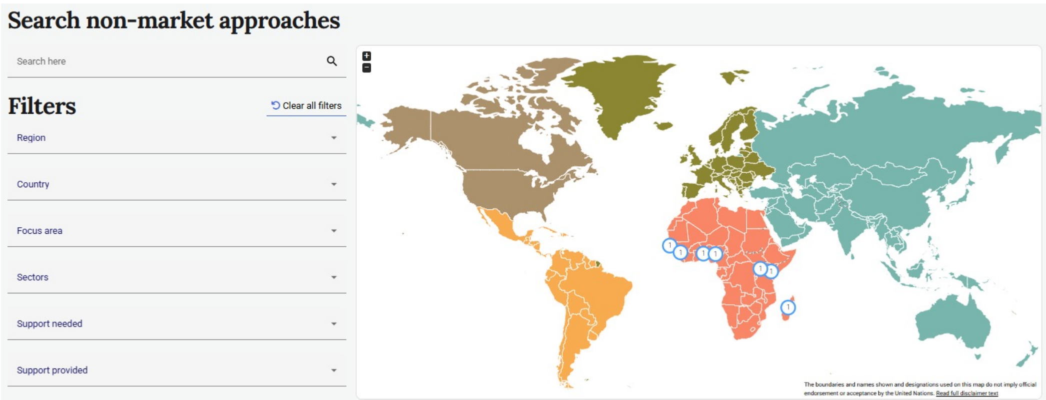
- **Article 6.4 Supervisory Body** supervises the mechanism, including establishing the requirements and processes necessary to operate the mechanism.
- **The host country (the country in which the activity is located) has important roles** in the implementation of the mechanism including by providing an approval of the mitigation activity and an authorization in the context of Article 6.2 (if decided so).

- Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Click here)
- Article 6.4 Supervisory Body (Click here)

Article 6.8 Framework



Source: Self-Elaboration based on information from the A6IP Capacity Building Tools, June 2024.



Source: Image extracted from NMA Platform, UNFCCC Secretariat

Article 6.8 considers how Parties can support climate action without involving the transaction of carbon or quid pro quo operations.

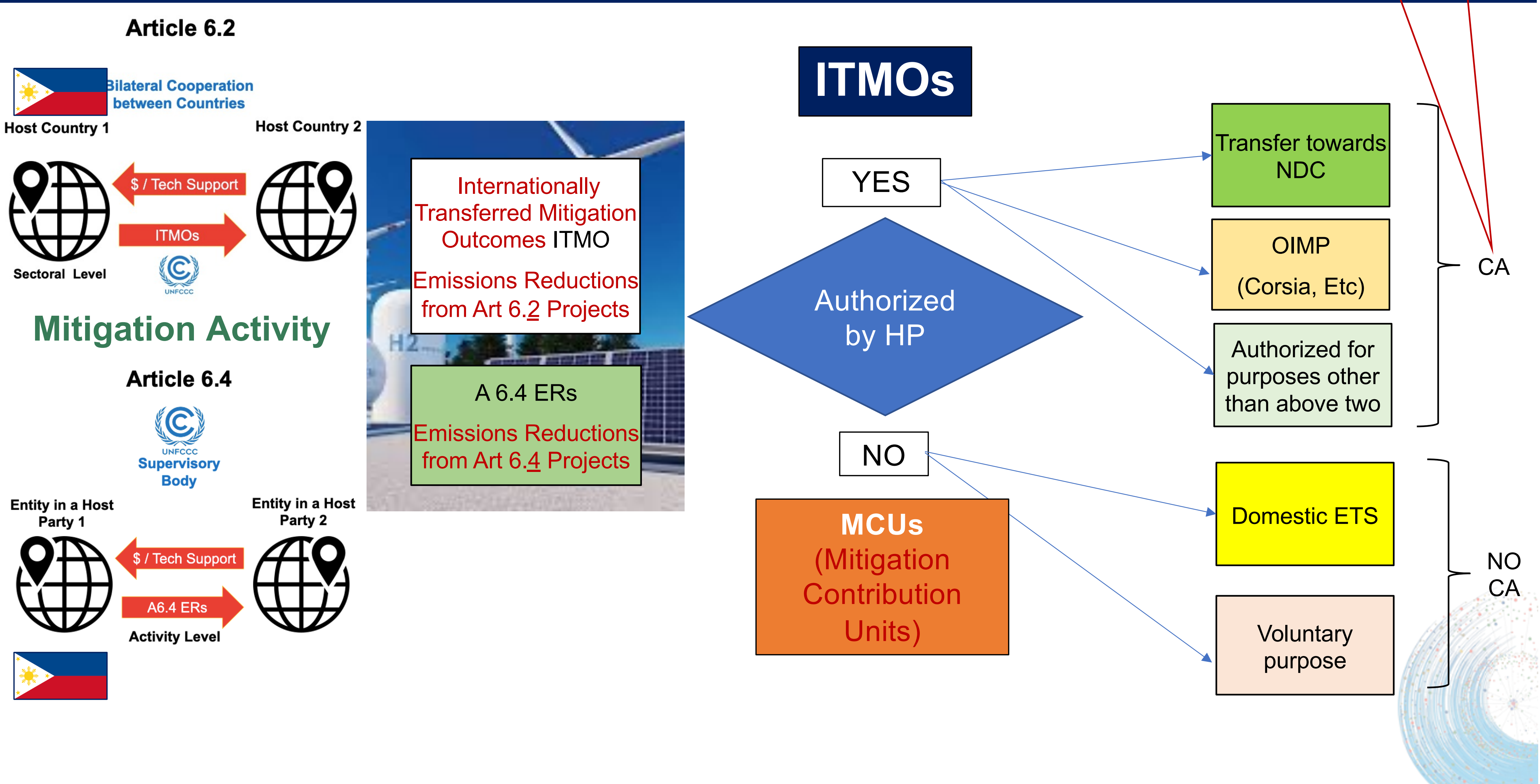
The framework for non-market Approaches (NMA) facilitates the use and coordination of NMAs and enhances, linkages/creates synergies between, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building. The framework is implemented through the work programme adopted at COP26.

The NMAs work programme includes activities such as (non-exhaustive):

- Workshops to identify and share information, best practices, lessons learned and case studies on NMAs
- UNFCCC web-based platform for recording and exchanging information on NMAs

NMA Platform Click here

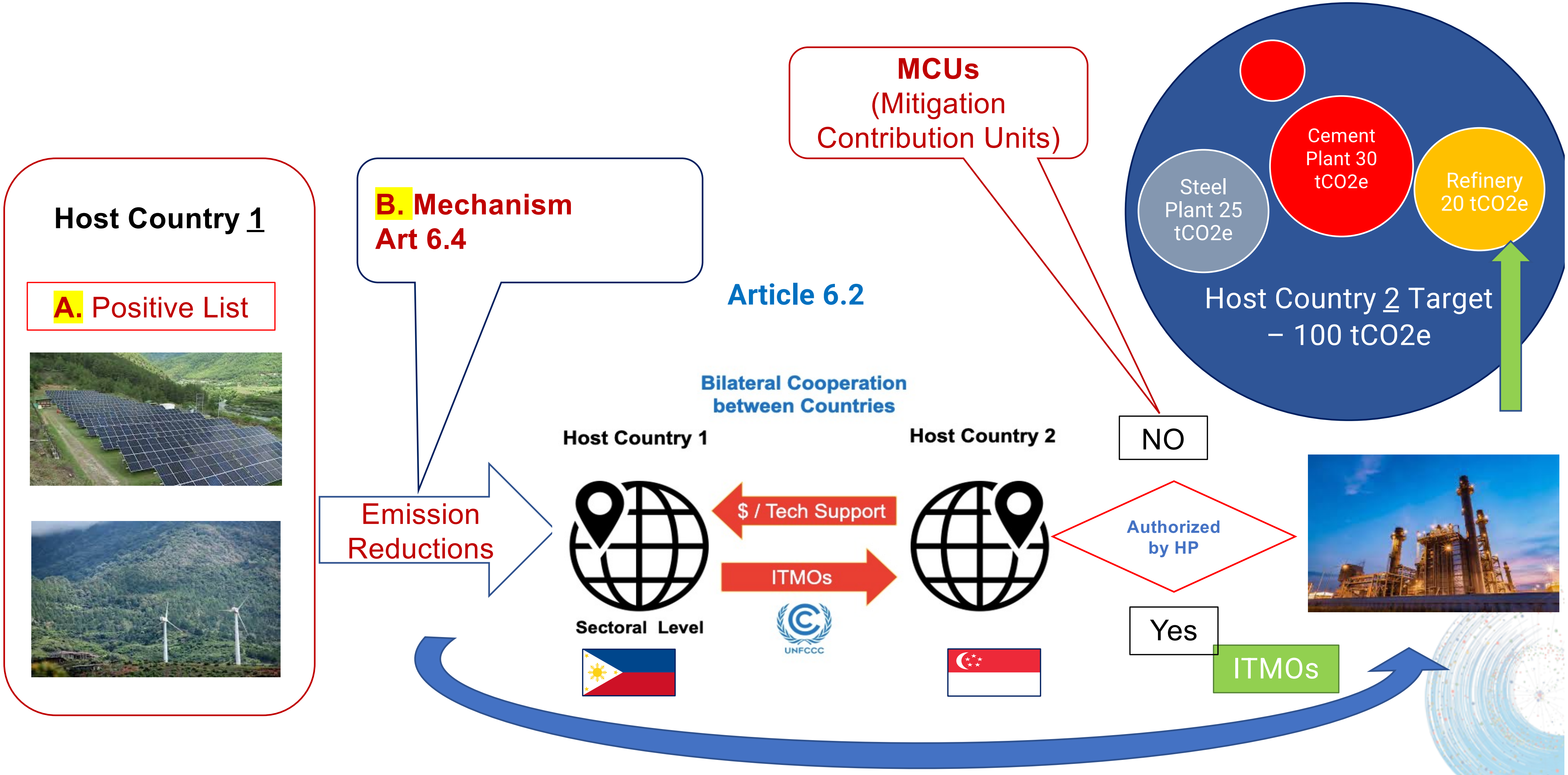
Understanding Art 6.4 & 6.2?

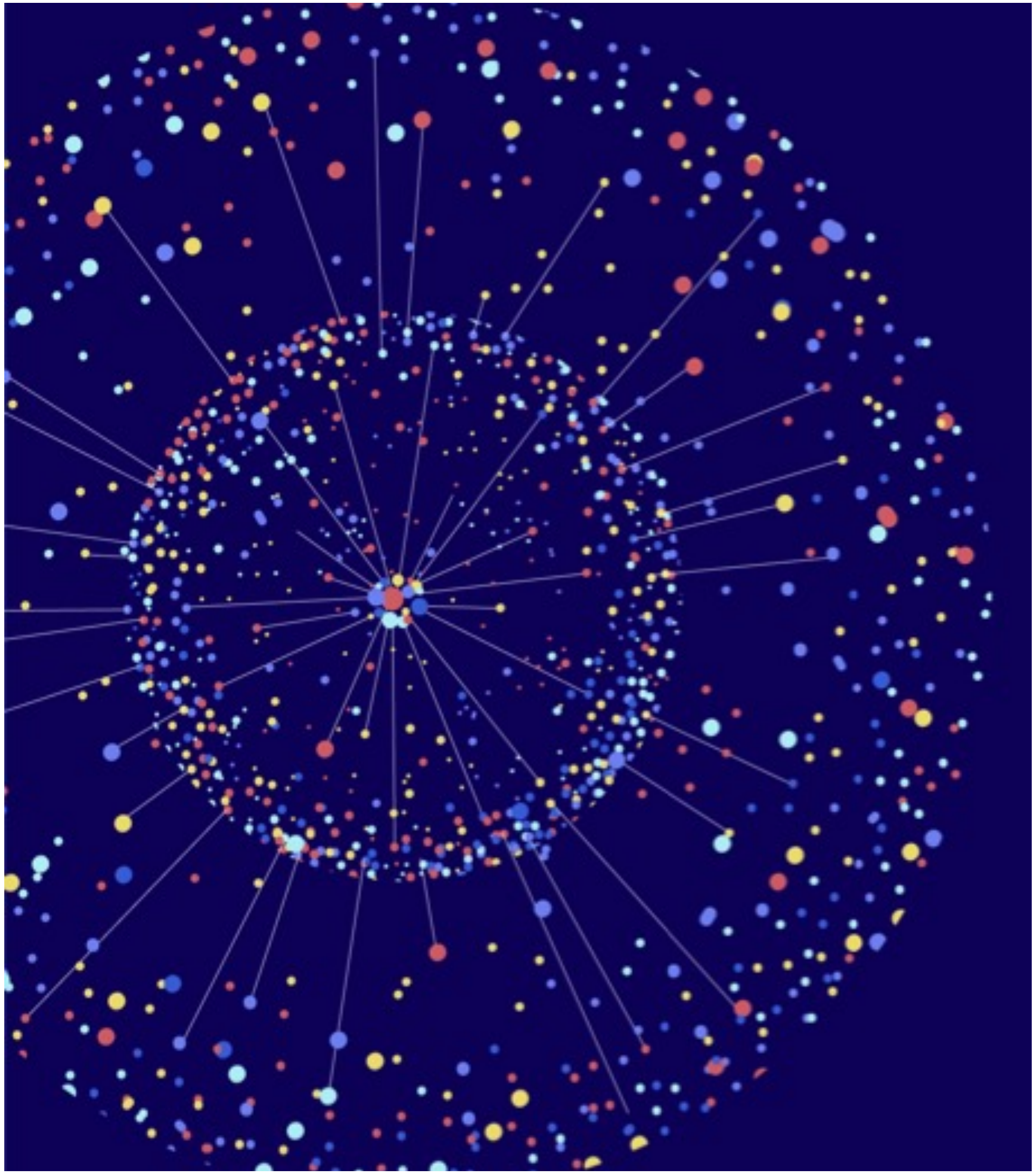


Comparing Article 6.2 & 6.4

	Article 6.2	Article 6.4	
What it is?	Approach for cooperative action	Mechanism	
Key action(s)	Authorization	Approval	
Key outcomes	ITMOS	A6.4ERs which can be either:	
		approved Authorized A6.4ERs (are ITMOs)	MCUs
Corresponding adjustments	Always	Authorized A6.4ERs: Yes	MCUs: no
Type of oversight	Reporting & Transparency	Multilateral governance	
Registry	International registry *	A6.4 registry (under development)	
Project approval	Free (own, independent mechanism, etc.)	A6.4 Supervisory Body	Project approval
Baseline methodologies and additionality	Not specified – only high-level principles	As per A6.4 standards (WIP)	Baseline methodologies and additionality
Crediting periods	Not specified	10 years fixed or 3 x 5 years or shorter CP specified by host country	Crediting periods
Eligible projects	Emission reductions, removals	Emission reductions Removals under discussion	Eligible projects
Share of proceeds for OMGE	Not mandated but encouraged	Minimum 2%	Share of proceeds for OMGE
Share of proceeds for adaptation	Not mandated but encouraged	5%	Share of proceeds for adaptation

Engagement in Article 6 Cooperative Approaches





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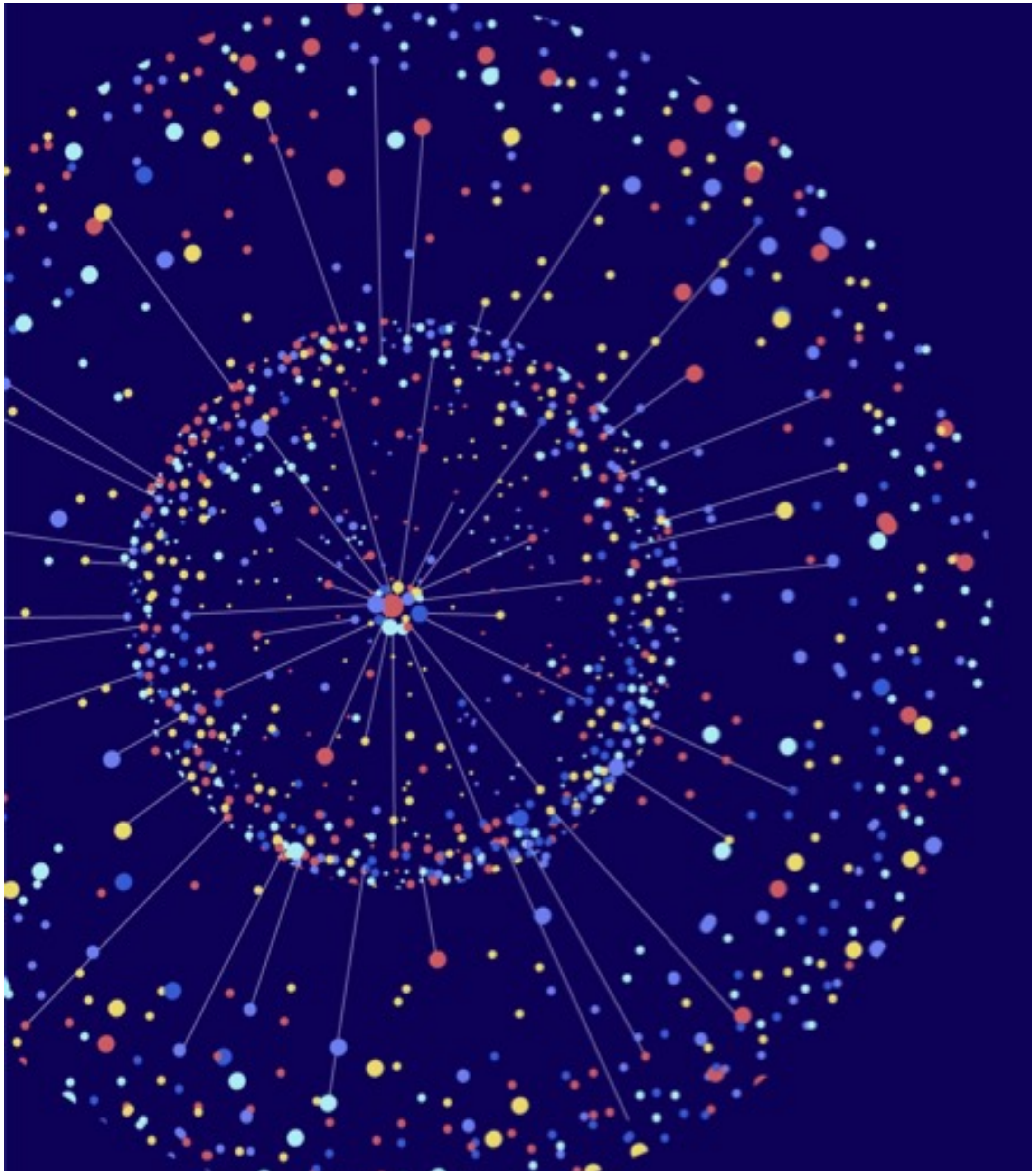
Q&A and Open Discussion



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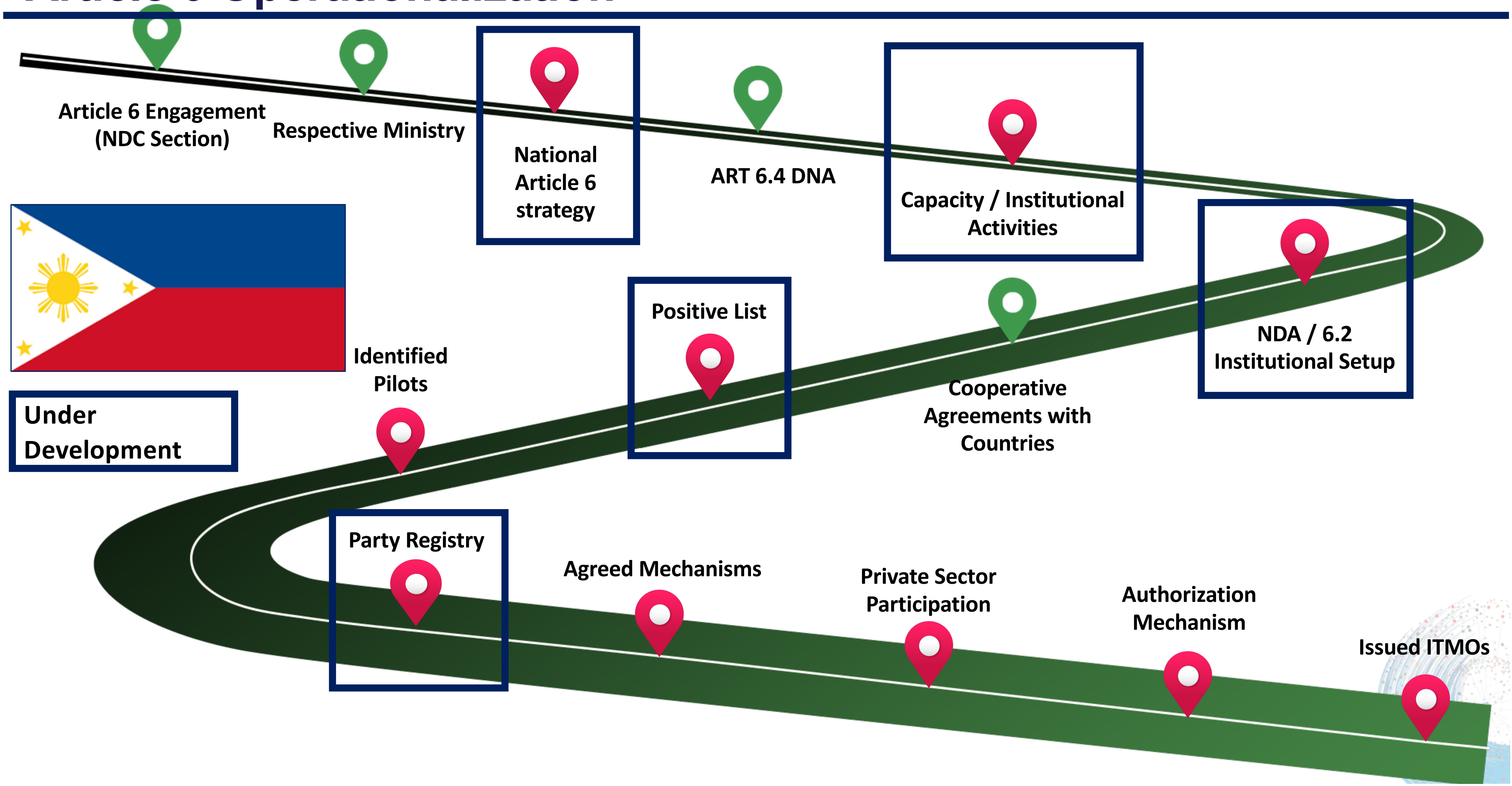
Session 2

Unlocking Opportunities in Article 6 for NDC Implementation

Article 6 Operationalization: Journey

	2015	2021	2022	2024	2025
	Adoption of the Paris Agreement	Completion of the Paris Rulebook	Adoption of further rules	Completion of further guidance	Further guidance on Implementation
A6.2 Cooperative approaches		**Adopt the Guidance**: ITMOs, Participation requirements, CA methods, Reporting, Review, Infra for recording and tracking ITMOs	**Further guidance on**: Infra for recording and tracking ITMOs, Review guideline and rules and training programme for review team, Outline for reports incl. draft version of agreed electronic format	**Further guidance on**: Authorization, First transfer, Reporting format and additional elements, Inconsistencies of reported information and their consequences, Function of registries	**Further guidance on**: Reporting, TER, Registries, Capacity Building, Implementation
A6.4 The mechanism		**Adopt the RMP:** Supervisory Body, Host Party requirements, Activity cycle, Registry, SOP & OMGE, CDM transition	**Further guidance on:** Procedure for transition of CDM activities and CERs, Reporting by Host Parties, Operation of the registry, Processes for SOP & OMGE, Rules of procedure of SB	**Further guidance on:** Standards for methodologies and removals, SD tools, Appeals and grievance process, Procedures for SB's decision making, Interoperability of the registry, authorization	**Further guidance on:** Operationalization, methodologies and tools, Capacity Building, CDM Projects Transition deadline
A6.8 Non-market approaches		**Adopt the Work Programme:** Principles, Non-market approaches, Governance, Modalities, Activities, Reporting	**Further decisions on:** Schedule for implementing activities, Non-market platform, Additional focus areas for the activities	**Completion of Work Programme Phase 1:** Assessment of phase 1, recommendations, NMA platform and capacity building for phase 2	**Further guidance on:** Operationalization, Institutional Setup, Wider Participation, NMA platform & Discussion Forum, capacity building

Article 6 Operationalization



Article 6 Operationalization: Learnings

Complex Technical Nature of Article 6 operationalization, countries require

1. **Capacity Building** activities, possibility of **country level** technical assistance
2. Collaboration and **knowledge sharing platforms**
3. Countries **immediate** needs for Article 6 operationalization
   - Carbon Market Frameworks
   - Developing Project Lists (Positive / Green / Etc)
   - Addressing emerging implementation challenges
4. Building **private sector** readiness for effective carbon trading and ETS participation
5. Continuous engagement and **collaboration** essential to
   - Enhance carbon market mechanisms
   - Achieve NDC goals

Article 6 Operationalization: National Readiness

Article 6 Readiness is defined as the ability of a PA Party to take full advantage of marked-based international cooperation Approaches under Art. 6.2 and Art. 6.4.

Components

- **Political and Strategic Considerations (NDC and A6 Strategy)**
- **Legal and regulatory bases**
- **Governance & Institutional Arrangements**
- **Operational procedures**
- **Infrastructure**

Building Blocks

National MRV and Alignment with NDC

Source: Article 6 Readiness Framework, NDC Partnership, 2023.

What does national policy/strategy entail?

- Several countries have developed national regulations or guidelines to operationalize carbon markets. These typically include high-level criteria, approval and authorization processes, governance structures, infrastructure, safeguards against overselling, and fees on Article 6 transactions.

  Some examples are as follows:

Region	Examples
Africa	Ghana, Morocco, Kenya, Tanzania, Uganda, Zambia, Zimbabwe
Asia	Bhutan, Cambodia, Pakistan, Vietnam, Malaysia, Indonesia, Thailand, Sri Lanka
Latin America and the Caribbean	The Bahamas, Paraguay

Note: The examples listed here are provided for informational purposes only and are intended as illustrative examples. This is not an exhaustive list.

Carbon Markets: Demand and Supply Sources

Demand

- NDC (Article 6 cooperation)
- CORSIA
- Carbon pricing
- Voluntary commitments by private sector

etc...

Supply

- Article 6.4 Paris Agreement Crediting Mechanism (**PACM**)
- Bilateral cooperation under Article 6.2
- Government-led crediting mechanism
- Independent crediting programmes

etc...

Sources of Demand: NDC

- 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 tCO_2e 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

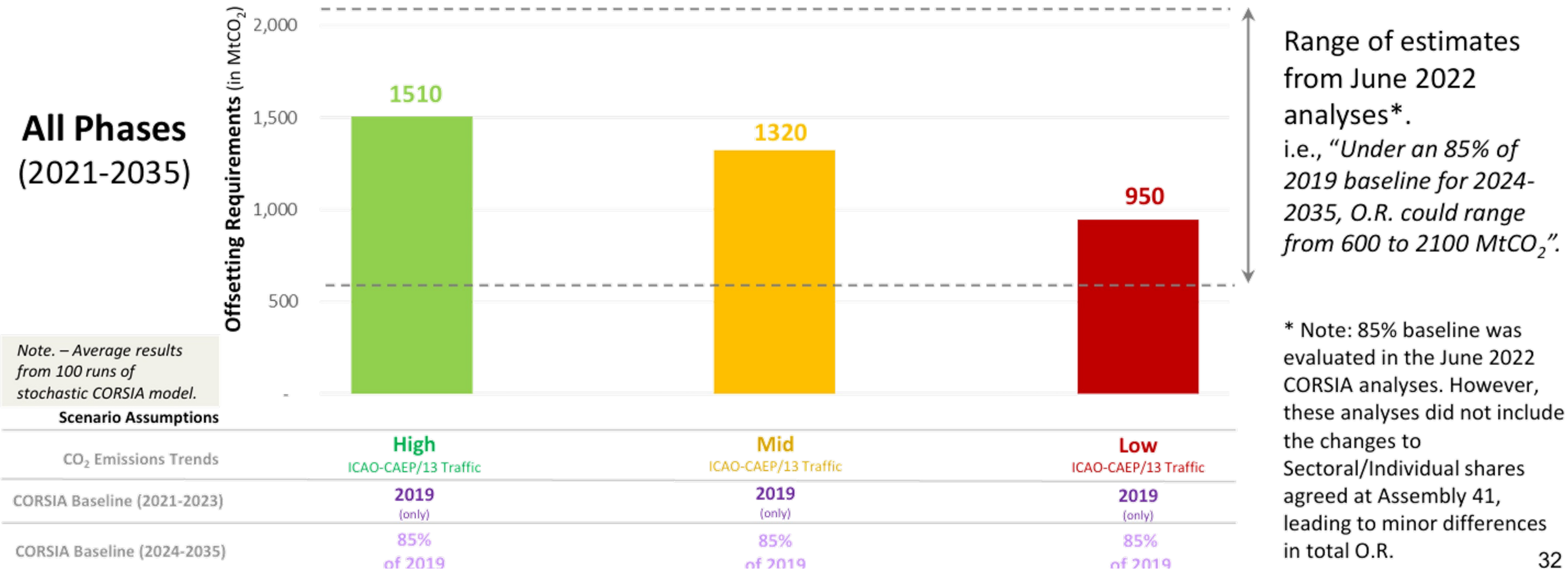
NDC: Key Demand Signals

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/

Sources of Demand: CORSIA

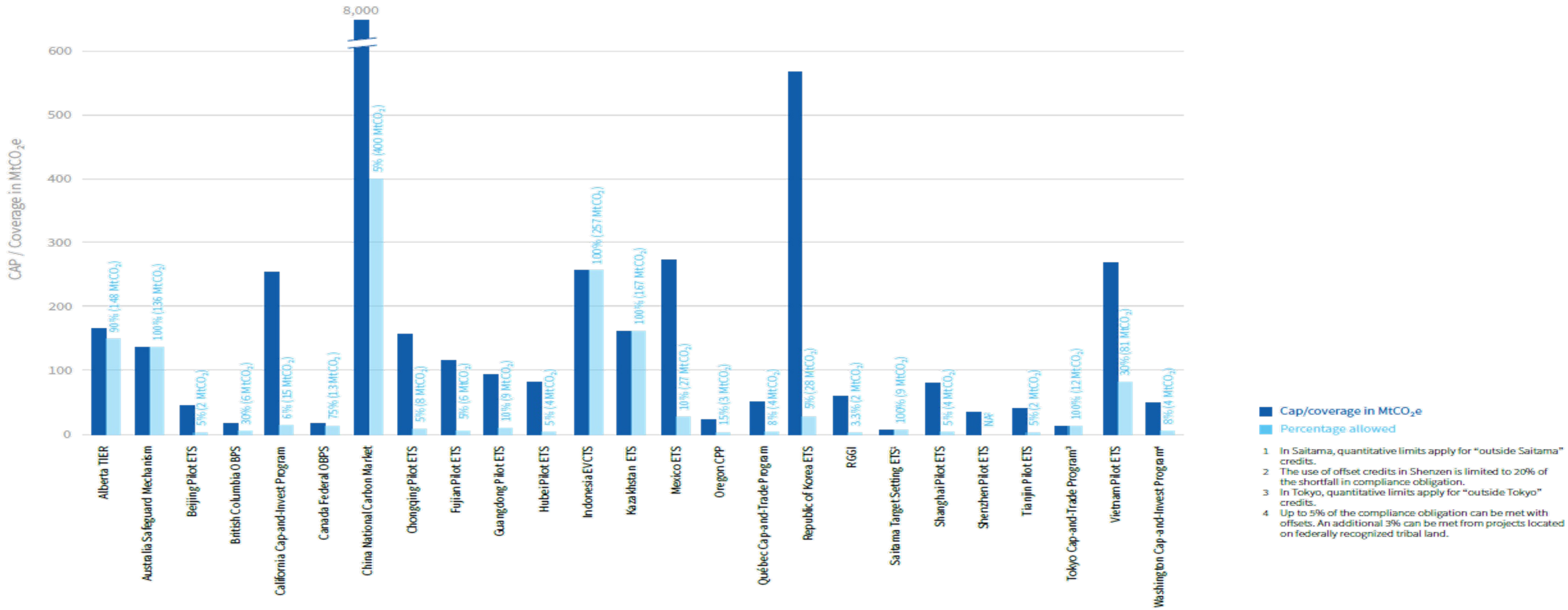
- Cumulative offsetting requirements from **2024 to 2035** could range from ≈**950 to 1,500 $MtCO_2$**



Source: [Microsoft PowerPoint - C.235_CAEP Assessment 2025 CORSIA periodic review_Presentation_Final_rev_PRES.pptx]

Sources of Demand: Domestic Carbon Pricing

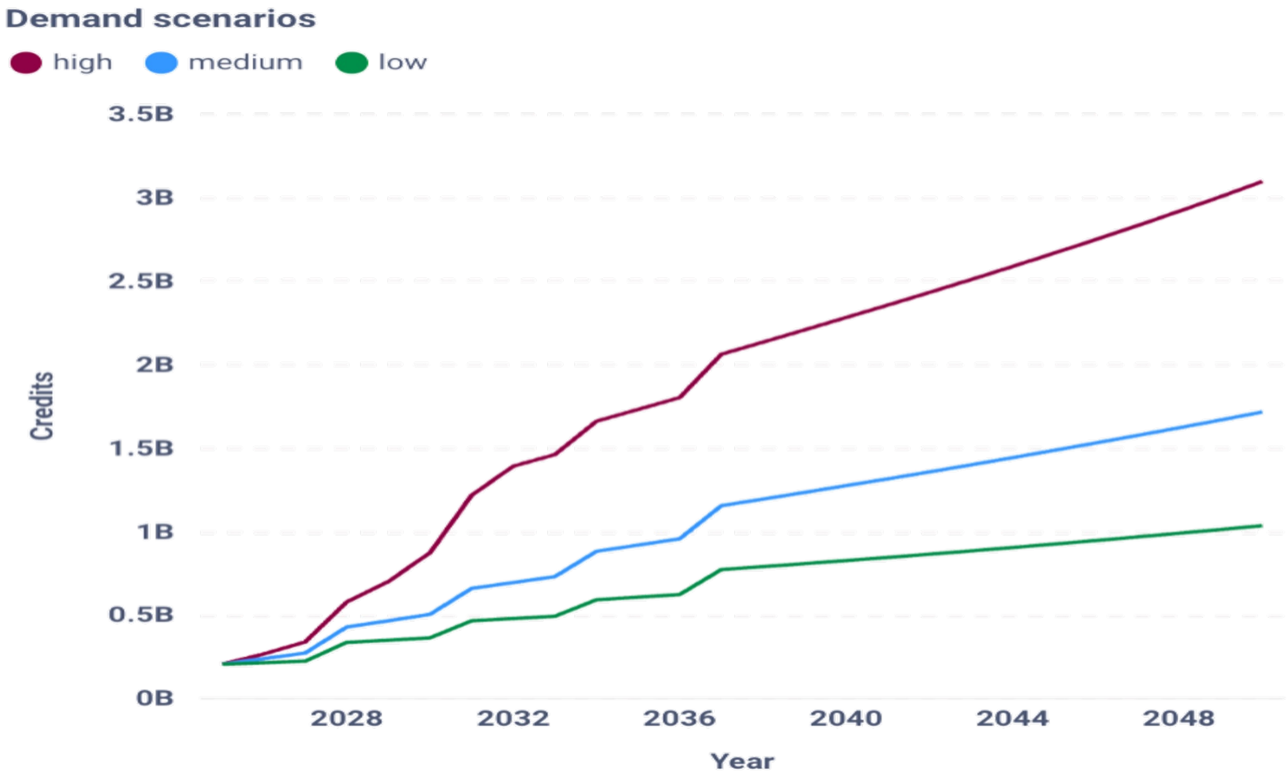
- Credits for compliance with schemes may represent a **substantial market by 2030**



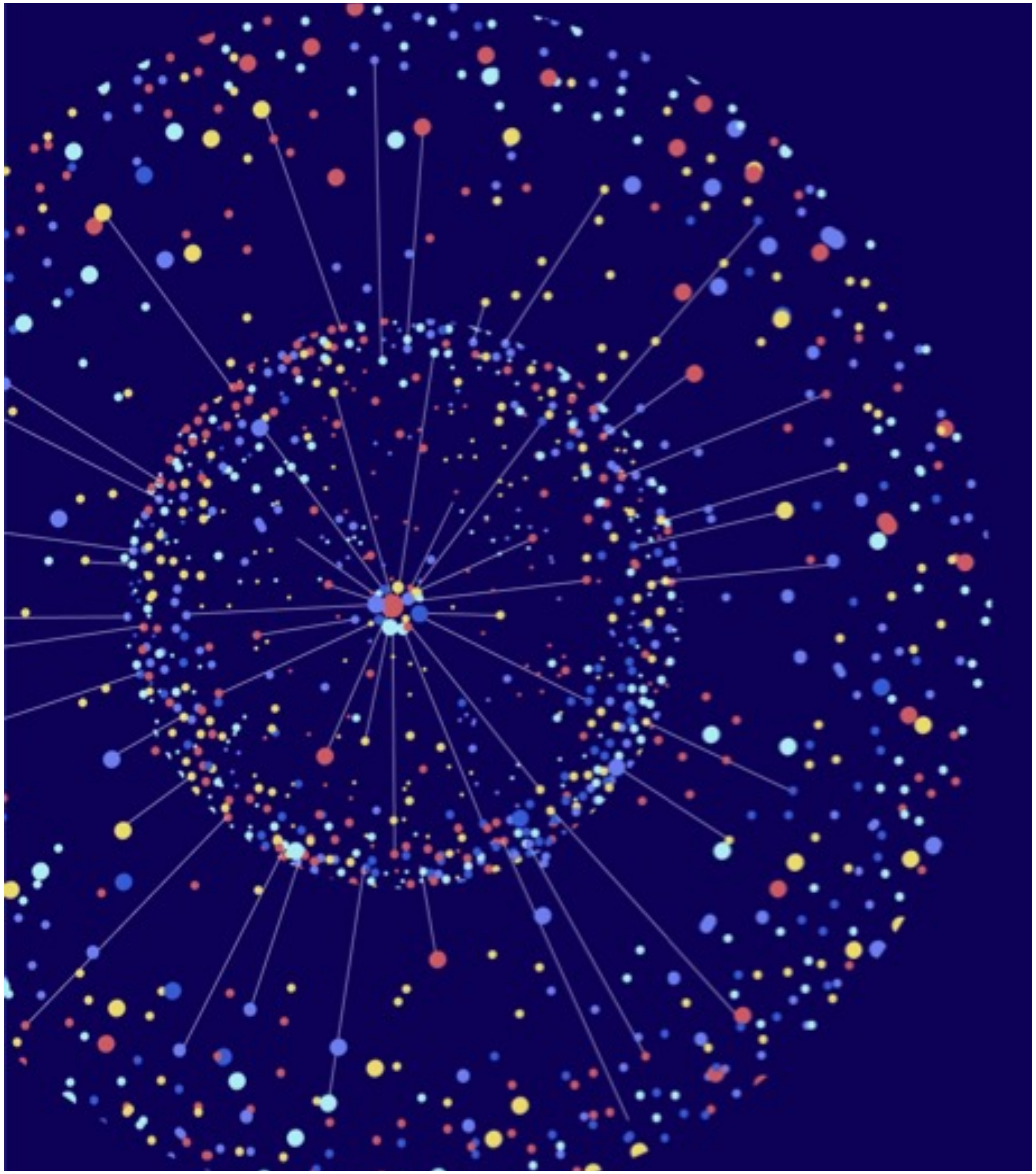
Source: ICAP (2026). Emissions Trading Worldwide: Status Report 2026. Berlin: International Carbon Action Partnership.

Voluntary Carbon Market

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



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



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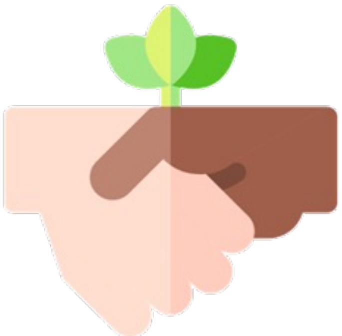
Session 3

Decision Making Frameworks and Institutional Engagement for Article 6

Article 6 Participation Requirements

Article 6 participation between countries



Mandatory	Requirement Description	
	Article 6.2	**Article 6.4**
✓	Must be a Party of the Paris Agreement. (194 Parties)	
✓	Has prepared, communicated and is maintaining an NDC.	
✓	Has arrangements in place for **authorizing, tracking and reporting** the **use of ITMOs** towards achievement of NDCs.	**PRIOR TO PARTICIPATING** Has a **Designated National Authority (DNA)** in place and communicated that designation to the Secretariat and SB
✓	Submit most recent National Inventory Report - NIR (as part of BTR - Biennial Transparency Reports).	Has indicated publicly to the SB how participation in the **mechanism contributes to Sustainable Development**.
✓		Has indicated publicly to SBM the type of Art 6.4 activities (**Sectors**) that it would consider approving
✓	Has to specify how this participation benefit and contribute to the implementation of its NDC and LT-LEDS (if submitted) and the long-term goals of the Paris Agreement.	
		May specify (more conservative) **baseline approaches** and crediting periods.

A6.2 and A6.4 Institutional Requirements

Article 6.2 (Decentralized)	Article 6.4 (Centralized)

✓ It must be a Party of the Paris Agreement

✓ It has prepared, communicated and is maintaining an NDC

✓ Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.

Article 6.2 (Decentralized)

- ❑ Arrangements in place for authorizing the use of ITMOs towards achievement of NDCs
- ❑ Arrangements in place for tracking ITMOs
- ❑ Submit the most recent National Inventory Report (as part of the Biennial Transparency Report).

Additional Implications (A6.2)

- ❑ Accounting and Reporting Requirements for ITMO Transfer and Use.

Article 6.4 (Centralized)

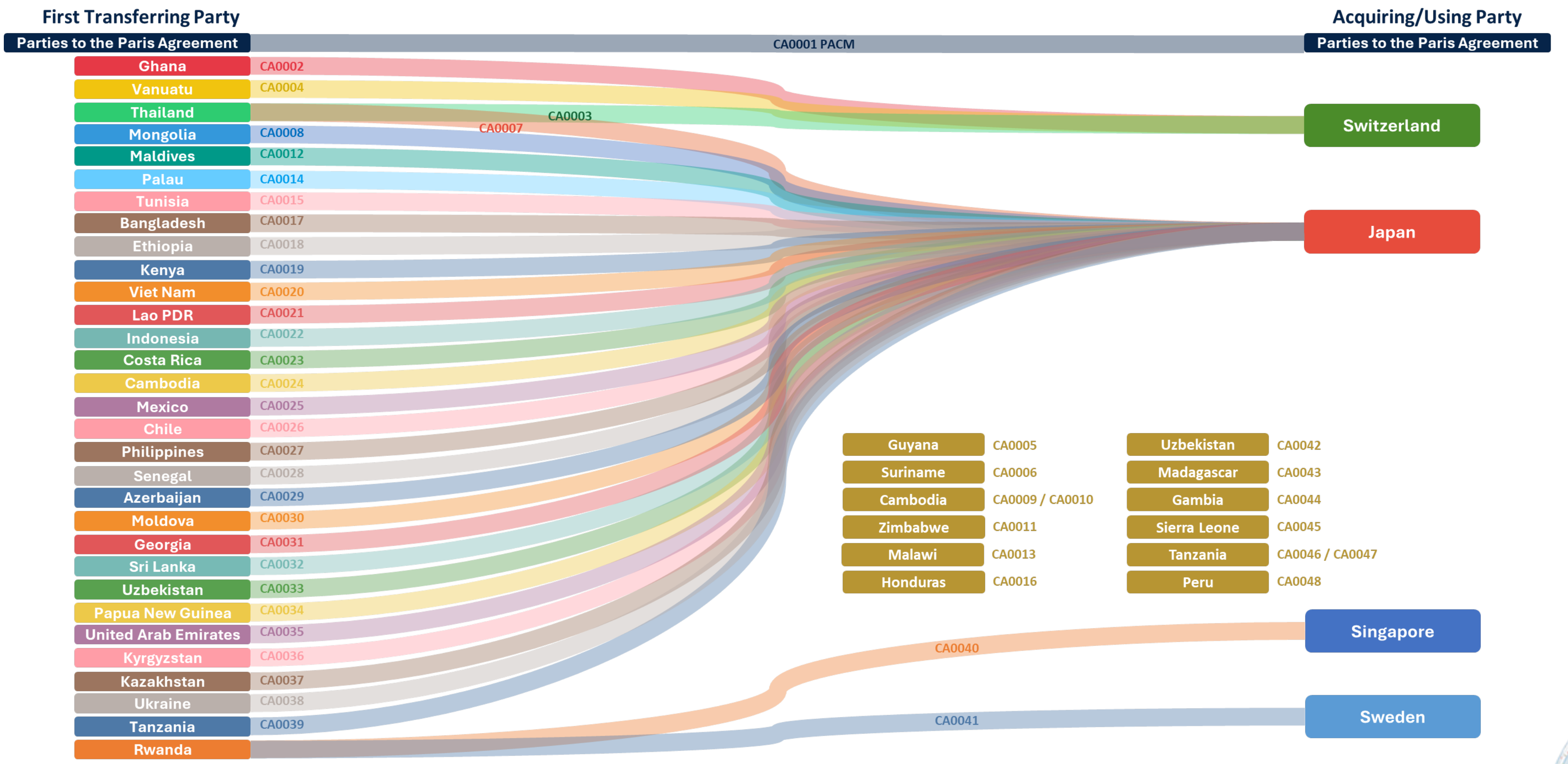
Before Participating (A6.4) - Shall

- ❑ Nominate a Designated National Authority (DNA).
- ❑ Publicly indicate the activities that Will be considered for approval under the A6.4 Mechanism.
- ❑ Contribution to the sustainable development.

Other Optional Requirements (A6.4)

- ❑ Crediting Periods and Baseline approaches and other methodological requirements

Cooperative Approaches (as of 10 June 2026)



Article 6.2 Implementation Status (as of 10 June 2026)

48

Cooperative Approaches from

40 transferring Parties and 4 acquiring/using Parties

CA0001 *has been assigned to the* ***Article 6.4 Paris Agreement Crediting Mechanism (PACM)***

25

Initial Reports (IRs) and Updated Initial Reports (UIRs)

submitted by 23 Parties

12

Annual Information through the Agreed Electronic Format (AEF)

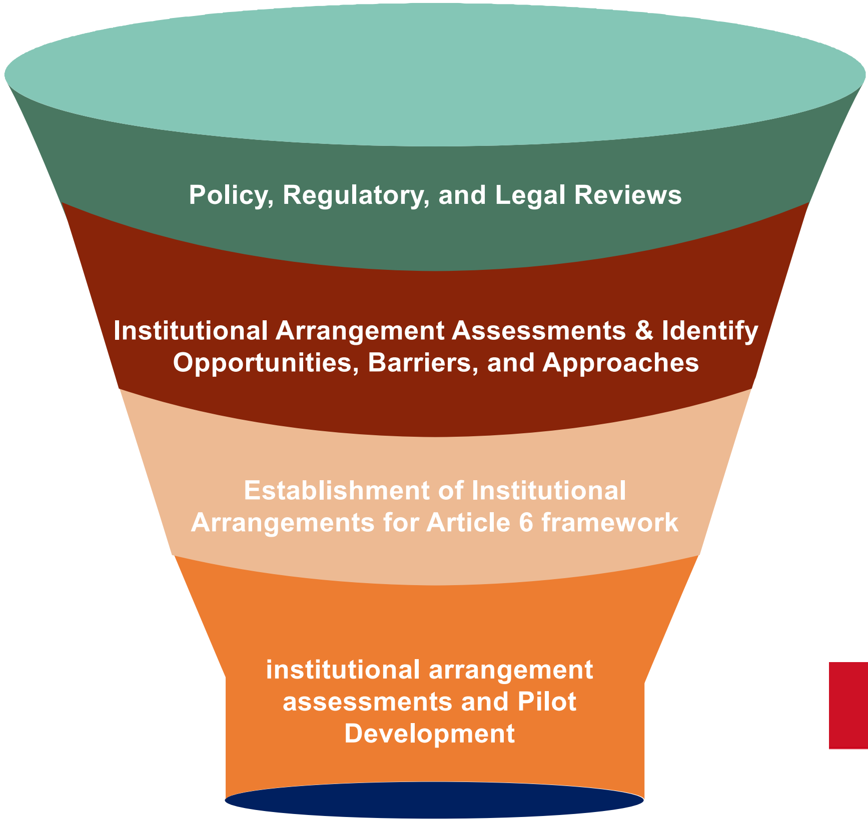
submitted by 8 Parties

4

Regular Information

submitted by 3 Parties

Developing Institutional framework : Operationalise Art 6



1. Needs Assessment
2. Capacity Building
3. Guidelines and Manuals : for implementing Article 6 provisions, including cooperative approaches and the crediting mechanism
4. Stakeholder Engagement and Knowledge Sharing
5. Policy Recommendations


RCC MENA and South Asia

Collaboration for Climate Action

جمهورية العراق
وزارة البيئة

Ministry of Environment, Government of Iraq

Article 6

Operationalization in Iraq

Institutional Setup - Guidelines

Version 1.0 | July 2025

Key Institutional Functions in A6.2 Engagement

- Develop strategies for implementing NDC targets (current and future), integrating Article 6 into NDCs
- Identify relevant institutions, legal mandates, roles, responsibilities, and obligations under carbon markets.
- Oversee Article 6-related activities through the establishment of National Authorities (NDA, DNA), coordinating with relevant institutions and ministries
- Evaluate CDM experience, domestic carbon pricing, carbon markets, and compliance with Article 6 provisions
- Define legal mandates, roles, responsibilities, and obligations under carbon markets
- Roll out institutional arrangements: well-defined institutional setup for effectively operationalizing Article 6
- Readiness and engagement with various stakeholders for potential Article 6 activities

Institutional Functions in A6.4 Engagement

Article 6.4 DNA - Designation of National Authorities

1. **Art 6.4 DNA** mandatory by Host Party to participate
2. Establishment of Art 6.4 DNA Decision 3/CMP.3

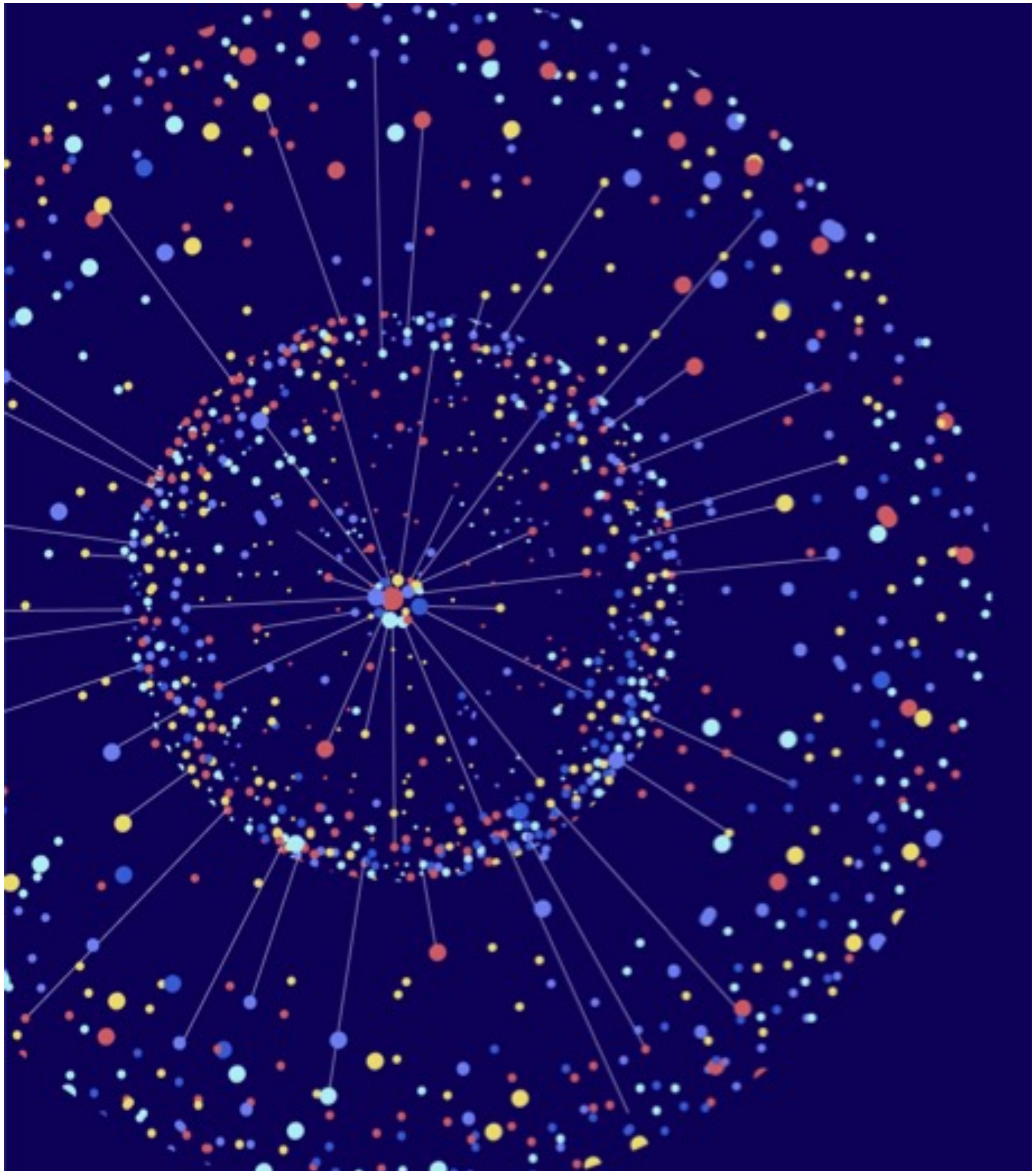
The prioritization of preferred Art 6.4 activities may conclude on a defined strategy that ensures activities go beyond NDC targets and may respond to:

- Which sectors will be targeted?
- Which types of activities are preferable in these sectors?
- Evaluate the potential of quantification of the Mitigation measures => engage in easy measurable activities
- Evaluate the cost/effort to distribute Mitigation Outcomes use:

  e.g. High cost/effort => ITMOs / Low cost/effort => NDC

Institutional Capacity for Article 6 Implementation

High Institutional Capacity	Have well-established institutional capacity, robust governance frameworks, and extensive experience in carbon markets and Article 6 activities	European Union, Japan Germany, China Sweden, United Kingdom
Moderate Institutional Capacity	Have moderate institutional capacity, with governance structures but are developing frameworks and technical expertise	Brazil, India, Ghana Morocco, Colombia Indonesia
Developing Institutional Capacity	Early stages of building institutional capacity, focusing on establishing governance frameworks and capacity with international assistance	Colombia, Kenya Nepal, Zambia Bangladesh, Peru



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Sectoral and Technical Linkages

Article 6 participation : Implementation Strategies

Art. 6 readiness is defined as the ability of a PA Party to take full advantage of market-based international cooperation approaches under Art. 6.2 and Art. 6.4.

Components

- Article 6 Strategy
- Legal and regulatory bases
- Governance & Institutional Arrangements
- Operational procedures
- Infrastructure

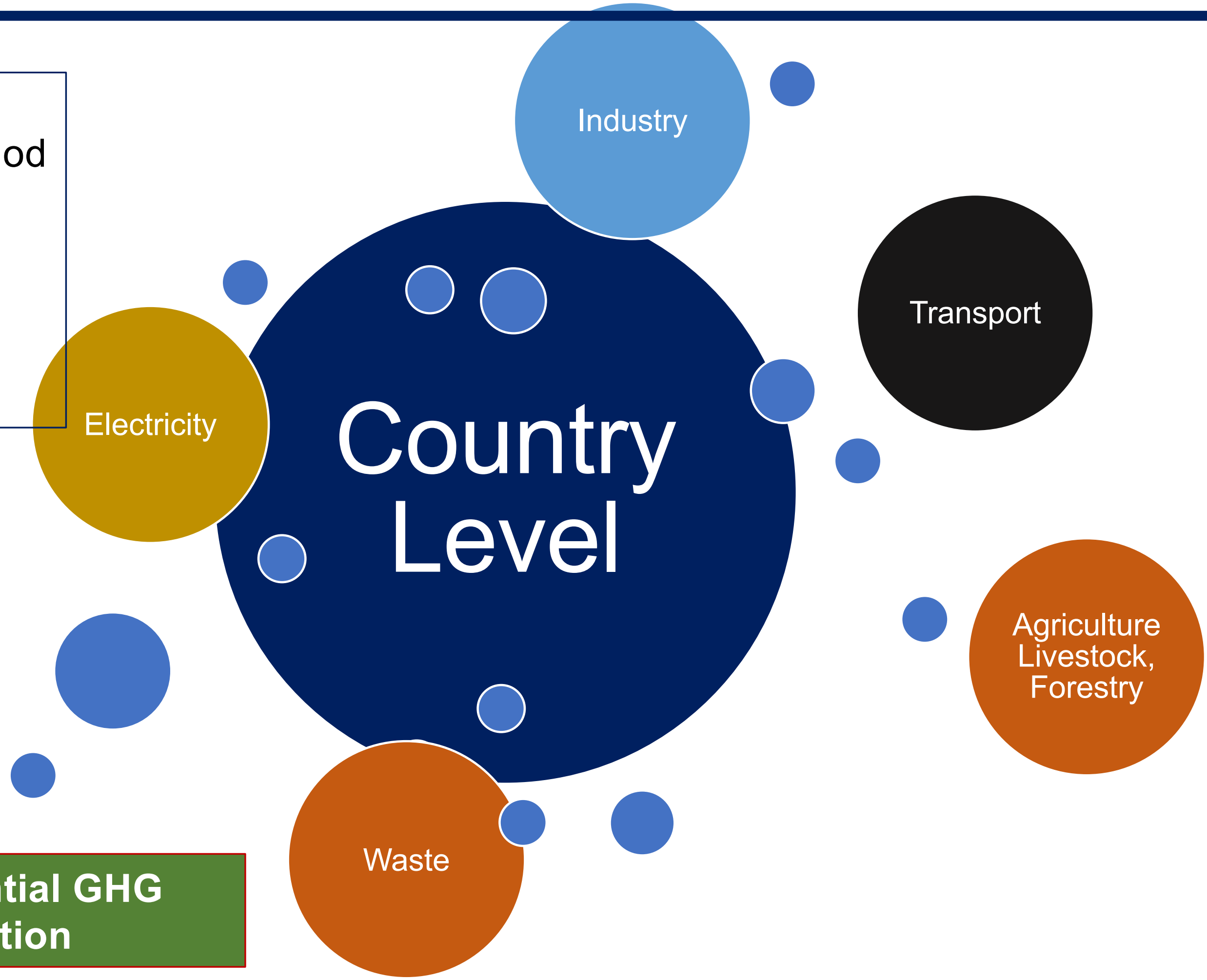
Building Blocks

- Alignment with NDC
- National MRV

NDC Targets and Sectoral Linkages

NDC 2.0 – 2020 to 2030

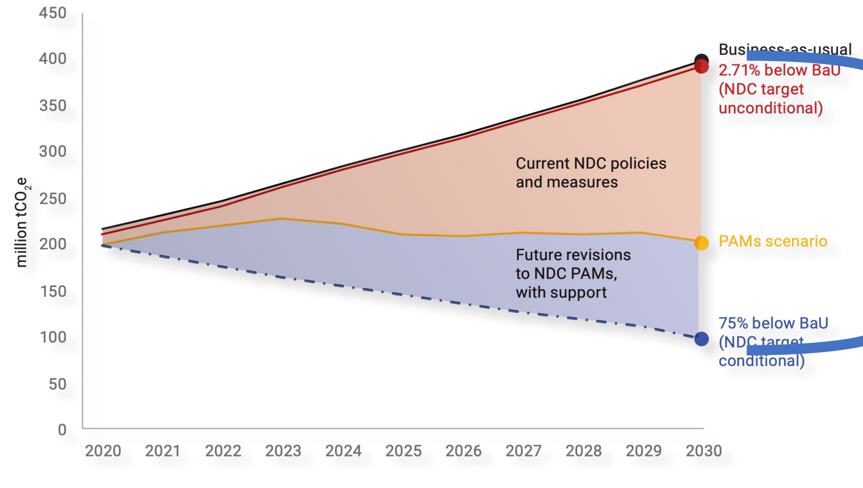
- BAU - 3,340 mmtCO_2e for the period 2020 to 2030
- Unconditional Target : 2.71%
- Conditional Target : 72.29%



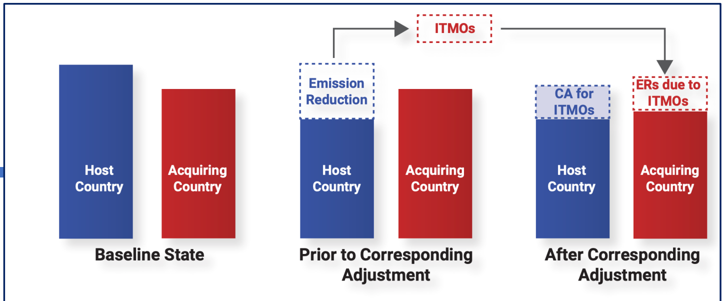
High Potential GHG Mitigation

Operationalizing Article 6 in The Philippines

High Potential GHG Mitigation



BaU = business-as-usual, NDC = nationally determined contribution, PAMs = policies and measures. tCO_2e = ton of carbon dioxide equivalent.
Source: Government of the Philippines.



CA = corresponding adjustment, ER = emission reduction, ITMO = internationally transferred mitigation outcome.
Source: Asian Development Bank, *Article 6 of the Paris Agreement – Drawing Lessons from the Joint Crediting Mechanism* (2019).

Philippines' NDC ambition (72.29 out of 75%) requires international support — making Article 6 a strategic financing instrument

75%

of NDC ambition requires international support

- **Article 6.2 -** Bilateral agreements — ITMOs. Singapore Japan as reference.
- **Article 6.4:** UNFCCC-supervised mechanism. High-integrity, corresponding adjustments.
- **VCM:** Gold Standard / Verra VCS as complementary channel for private finance.

Carbon markets are the bridge between Philippines' climate ambition and the international finance required to achieve it.

https://www.climate.gov.ph/public/ckfinder/userfiles/files/Knowledge/The%20Philippines'%20NDC%20Implementation%20Plan%20-%20072024.pdf

Positive List

High Potential GHG Mitigation

- Country to create a **"positive list" of mitigation options**, specific to the **conditional NDCs** implementation plan and fast track any requests for authorization or transfer of MOs from those project types, technologies

- Positive list aimed to spur investments identified as being in need of support for long-term goals

- Positive list catalyze market development and provide clear signals to project developers and investors

- In simple terms projects / mitigation activities which are allowed to export emissions reductions outside

Positive List…

High Potential GHG Mitigation

Posted On: 17 FEB 2023 5:50PM by PIB Delhi

India has notified the National Designated Authority for the Implementation of the Paris Agreement (NDAIAPA) vide Gazetted Notification dated 30.05.2022 The Authority is mandated *inter-alia* to take decisions in regard to the type of projects that may take part in international carbon market under Article 6 mechanisms.

This is in the backdrop of the Paris Agreement Rulebook being finalized in respect of Article 6 which focuses on carbon trading through bilateral/cooperative approaches and international market mechanisms. India has taken steps mandated on the Host Party/Country.

Following list of activities has been finalized to be considered for trading of carbon credits under bilateral/ cooperative approaches under Article 6.2 mechanism.

I.GHG Mitigation Activities:

1. Renewable energy with storage (only stored component)
2. Solar thermal power
3. Off- shore wind
4. Green Hydrogen
5. Compressed bio-gas
6. Emerging mobility solutions like fuel cells
7. High end technology for energy efficiency
8. Sustainable Aviation Fuel
9. Best available technologies for process improvement in hard to abate sectors
10. Tidal energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy and Ocean Current Energy
11. High Voltage Direct Current Transmission in conjunction with the renewal energy projects

II.Alternate Materials:

12. Green Ammonia

III.Removal Activities:

13. Carbon Capture Utilization and Storage

These activities will facilitate adoption/transfer of emerging technologies and may be used to mobilise international finance in India. The activities will initially be for first 03 years and may be updated/revised by NADAIPA.

Ministry of Environment
Sri Lanka

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Home › Publications › Environment Planning Economics

Environment Planning Economics

Implementation of the Article 6 of the Paris Agreement in Sri Lanka

The list of positive project areas for implementation of Article 6 of the Paris Agreement in Sri Lanka

As part of our commitment to fostering a sustainable and resilient future, the Government of Sri Lanka presents a positive project areas list aimed at enhancing the implementation of Article 6 of the Paris Agreement. The list outlines a range of innovative and impactful projects that leverage market mechanisms to promote effective greenhouse gas emission reductions and support sustainable development goals. The list of positive project areas will be amended from time to time as and when needed.

This list has been prepared by having both virtual and in-person consultations with relevant sector agencies and approved by the Cabinet of Ministers on 09.09.2024 (Cabinet Decision No. අමප/24/1883/622/008-1 dated 14.09.2024).

The list of positive project areas for six mitigation NDCs sectors: Electricity, Transport, Industry, Waste, Forestry, and Agriculture is as follows.

List of the positive project areas: Electricity Sector
Positive list (Conditional):

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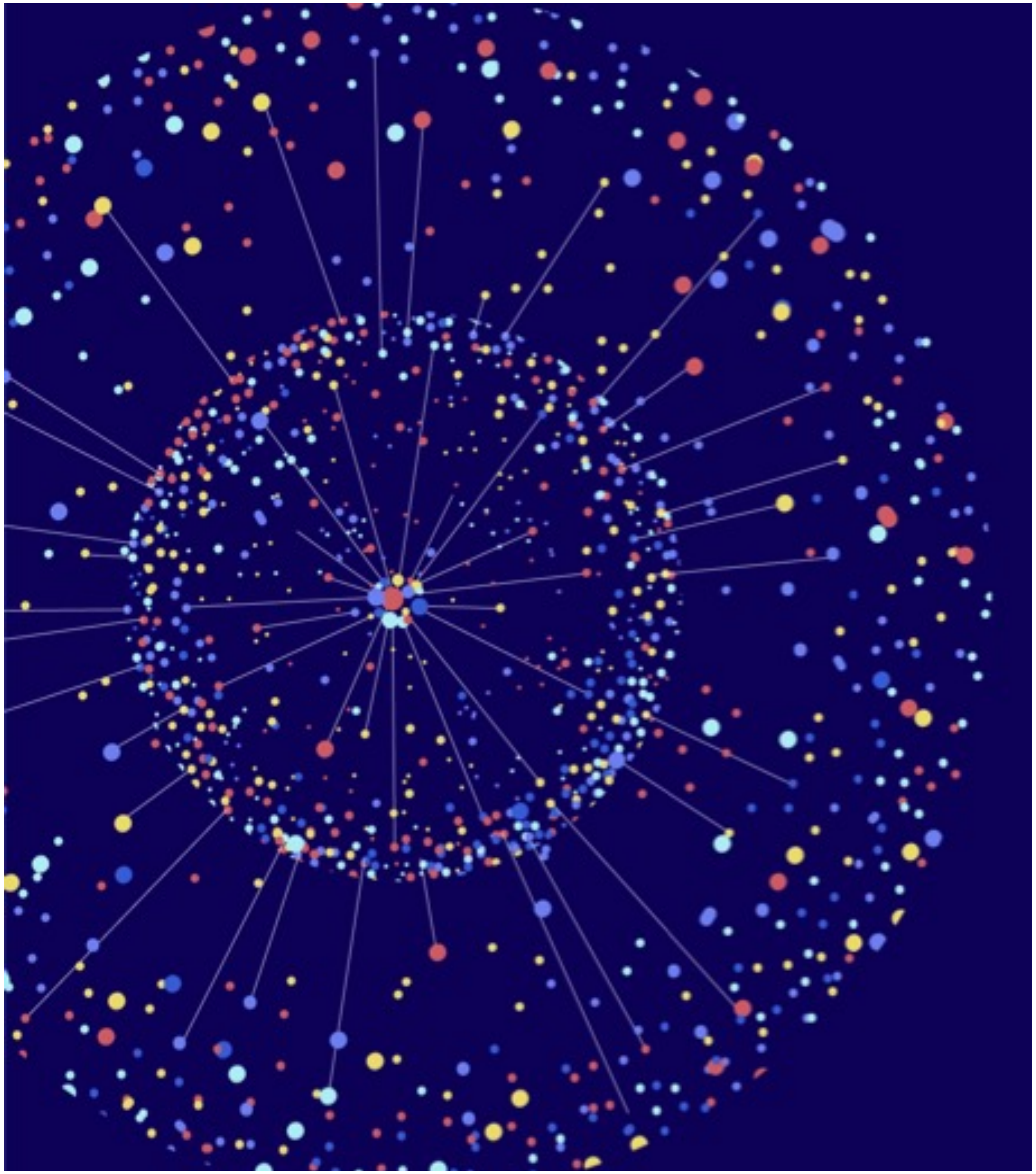

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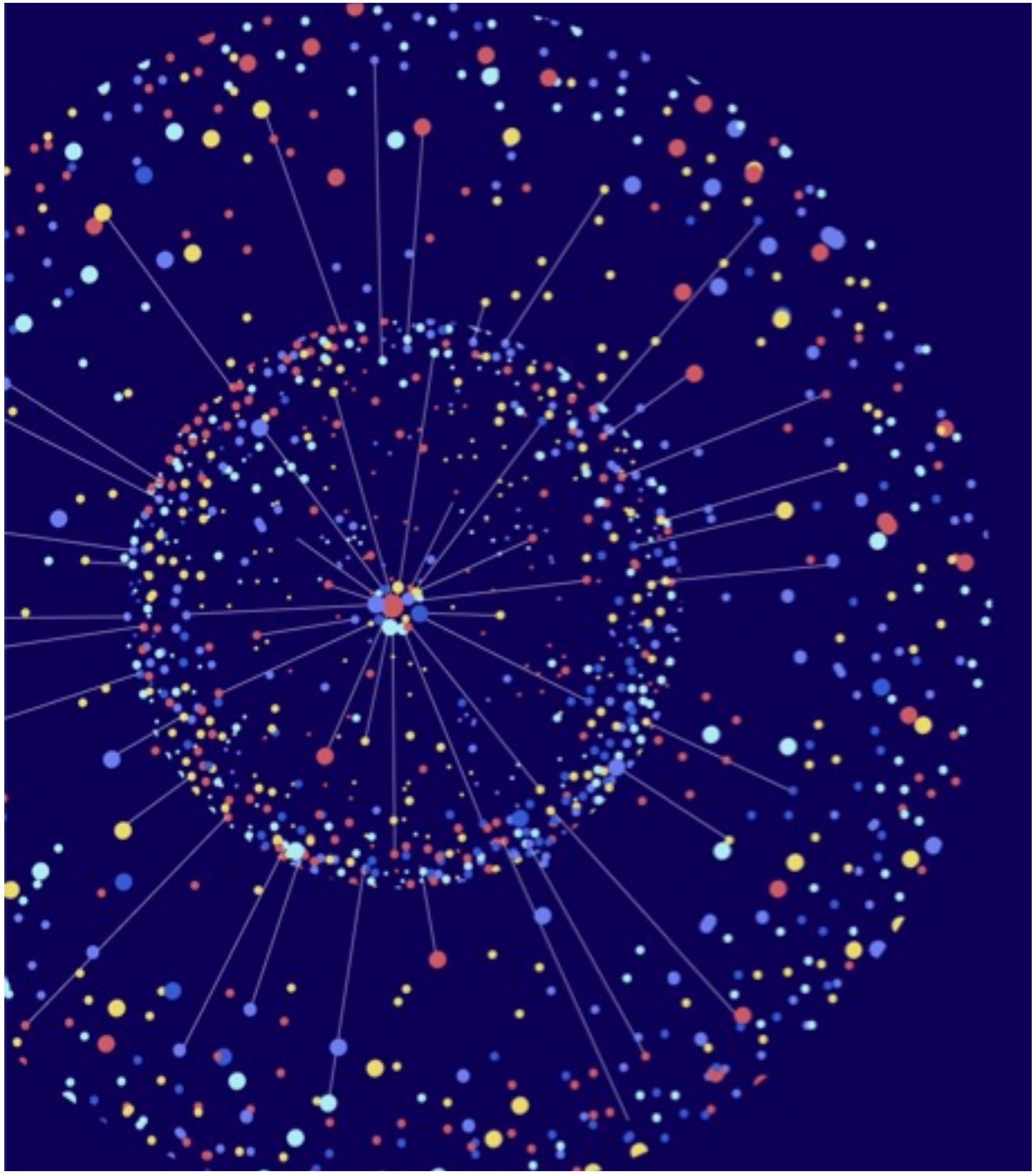
Q&A and Open Discussion



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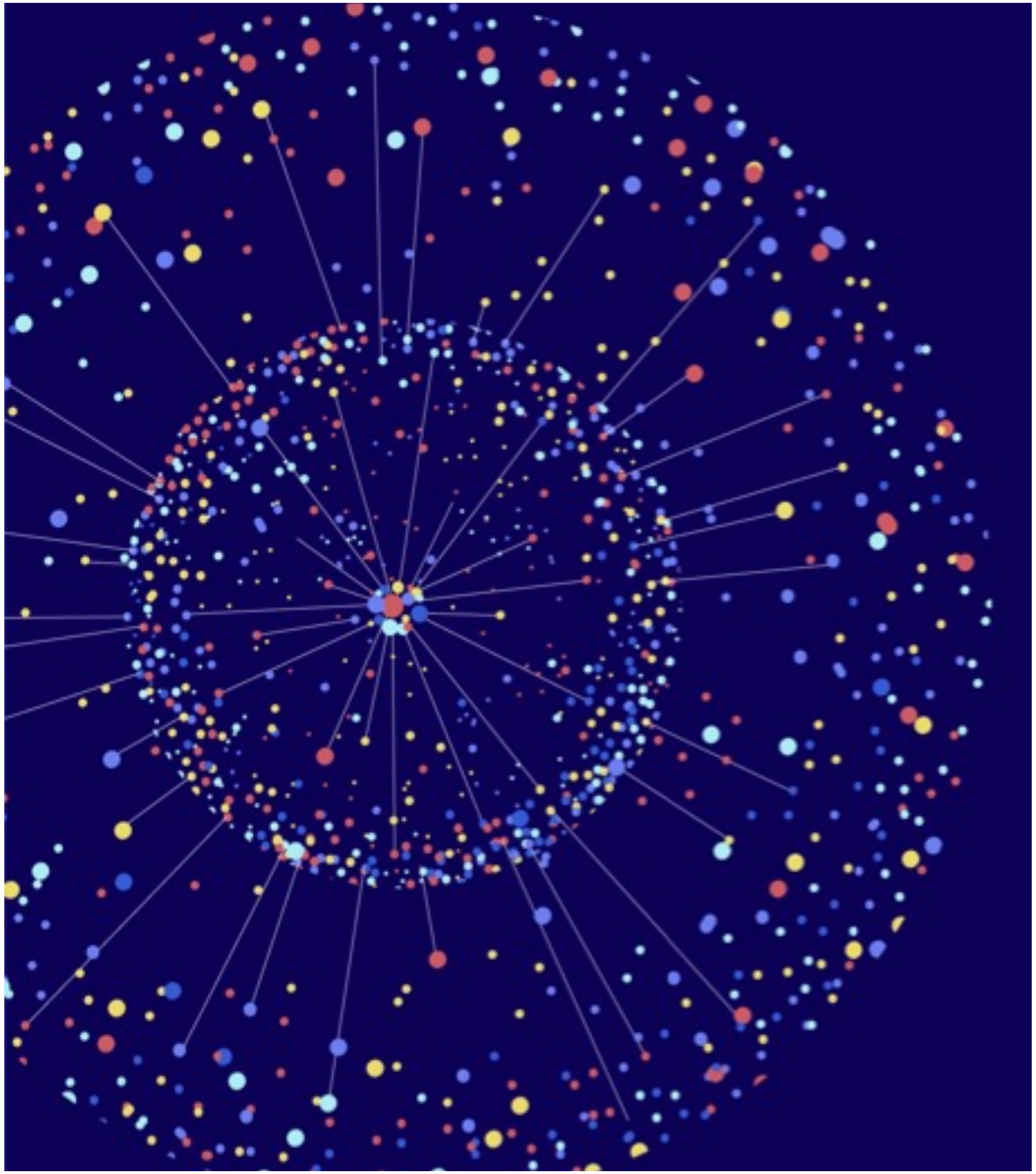
State of Play

The Philippines' Low Carbon Development



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Session 4

Understanding the PACM, Global Value Proposition

PACM: Built on CDM's legacy

CDM Era
Kyoto Protocol foundation

7,830+
Projects Registered

2.4B+
CERs Issued

$215B+
Mobilized Investment

Enhanced Baselines
Conservative methodologies ensure real mitigation

NDC-Driven Demand
Aligned with national targets and scarcity

Mandatory Authorization
Host countries control approvals & benefits

Streamlined Digital
Modernized registry and workflows

PACM

- More robust
- More impact-oriented
- Higher integrity

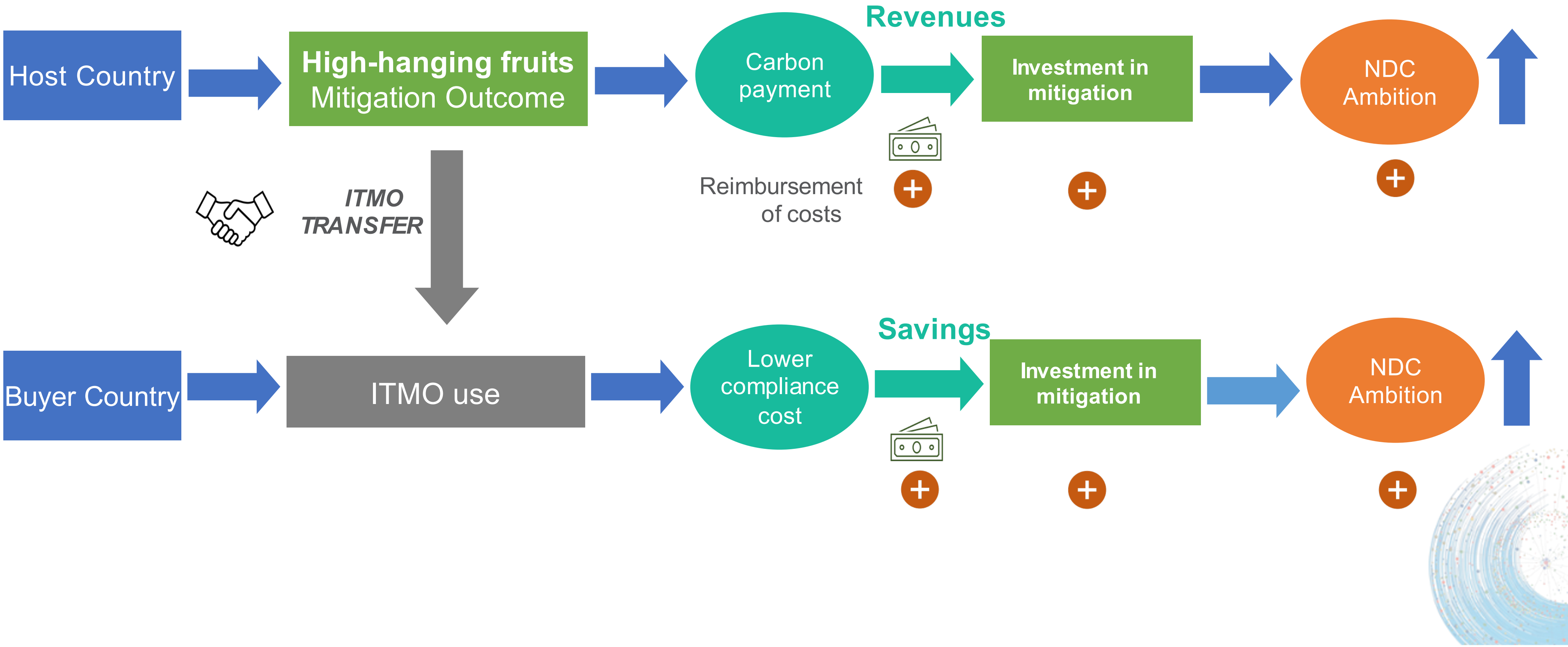
Paris Agreement Crediting Mechanism – An overview

The Paris Agreement Crediting Mechanism (PACM) is the new centralized UNFCCC baseline-and-credits mechanism for public and private sector actors.

The PACM aims to:

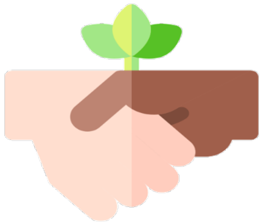
- Incentivize and facilitate **participation in the mitigation of GHG by public and private entities** authorized by a Party
- Promote the **mitigation** of GHG emissions while fostering **sustainable development**
- To deliver an **overall mitigation in global emissions**
- Contribute to the **reduction of emission levels in the host Party**, which will benefit from mitigation activities resulting in emission reductions that can **also be used by another Party to fulfil its NDC**

Raising ambition through Article 6



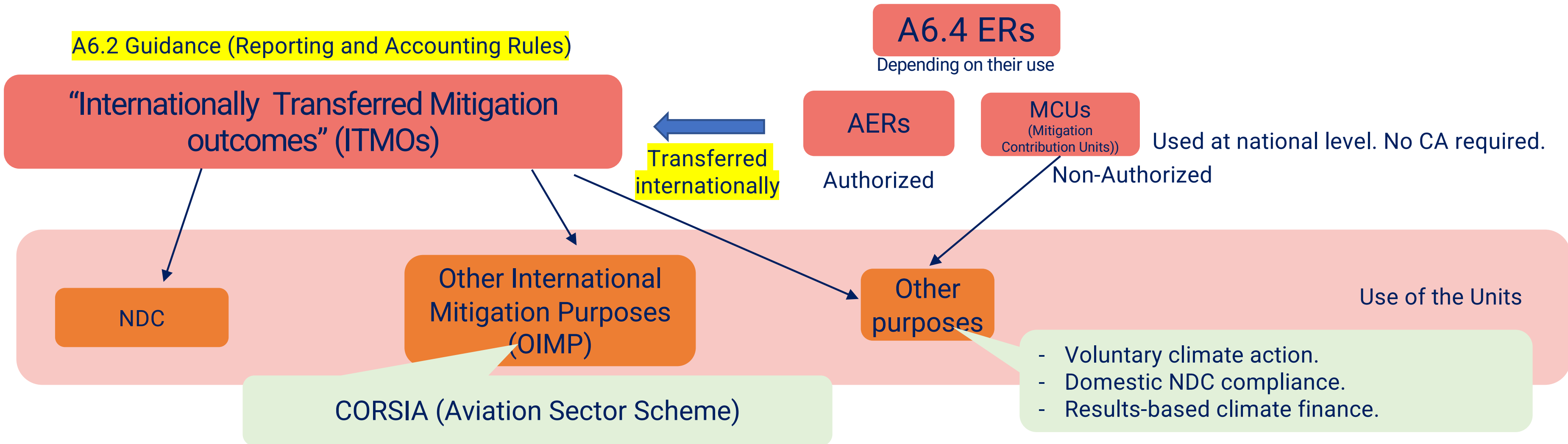
Understanding Cooperation under Article 6.4 / PACM

The new Paris Agreement Crediting Mechanism



"**Overseen by a body designated by the CMA** and established within the Secretariat of the UN Climate Change."

The mitigation outcomes of proposed activities will be accredited under units known as Article 6.4 Emission Reductions (A6.4ERs)



Two types of units under PACM

Article 6.4 Emissions Reductions **(Authorized for international transfers as A6.4 ERs and AERs = ITMOs)**	6.4 Mitigation Contribution Units (MCUs) **(Not authorized for international transfer)**
▪ Require corresponding adjustments ▪ May be used towards achievement of NDCs ▪ Uses in other markets, e.g., voluntary carbon markets ▪ Uses for other international mitigation purposes (e.g., CORSIA)	▪ Do not require a corresponding adjustment ▪ May be used, “inter alia, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the Host party”. ▪ Uses in other markets, e.g., voluntary carbon markets or domestic markets.

Compliance Purposes ⟷ **Voluntary Purposes**

PACM High integrity built into its design

1 **Independent Oversight**

Validation and verification by accredited DOEs; rigorous review by the Secretariat and Supervisory Body.

2 **Methodological Rigor**

Additionality, conservative baselines, leakage prevention, and reversal management.

3 **Safeguards and Sustainable Development Tool**

Robust environmental and social safeguards, aligned with the 17 SDGs via the SD tool.

4 **Stakeholder Consultation**

Comprehensive consultation processes, appeals, and formal grievance mechanisms.

5 **Safeguards and Sustainable Development Tool**

Robust environmental and social safeguards, aligned with the 17 SDGs via the SD tool.

Comparative Positioning

FEATURE	PACM (Article 6.4)	Article 6.2 Cooperative Approaches
Governance	**UN Supervisory Body:** Centralized rules, oversight, and grievance mechanisms.	**Party-Driven:** Rules defined by participating countries; variable integrity and impact.
Methodologies	**Standardized:** High-integrity, approved methodologies with conservative baselines.	**Not standardized:** Developed or selected by Parties; consistency varies significantly.
Double Counting	**Automated:** Integrated registry systems ensures tracking; LoA & CAs managed centrally.	**Complex:** Relies on distinct registries communicating; high risk of errors.
Transaction Costs	**Economies of Scale:** Shared infrastructure reduces cost per unit for participants.	**High Setup:** Requires negotiating individual MOUs and building customized systems.
Capacity Support	**Full suite support:** Standardized tools, training, and expert network available.	**Self-Sourced:** Depends on donor support or partner country resources.
Best For	**Broad market access, high credibility, and sectors needing standardized global methodologies.**	**Strategic G2G partnerships, pilot projects, or niche sectors with specific bilateral interest. Must still be submitted for TER.**

The PACM Bridge to Art 6.2

Units from PACM are pre-approved for Article 6.2 use because the mechanism is built to meet all UNFCCC requirements by design. This reduces the risk of inconsistencies or rejections during international review, a risk that exists with other standards, and also reduces reporting obligations.

Comparative Positioning

Feature	PACM (Article 6.4) UN Mechanism	Independent Mechanisms Program-Led Standards
Authority & Oversight	**UN Supervisory Body:** Governed by Parties to the Paris Agreement; international law basis.	**Private Standards:** Governed by NGOs or private boards
Host Authorization	**Mandatory:** Required for all projects; ensures alignment with national policies.	**Optional/Evolving:** Historically not required; increasing demand but inconsistent application.
Corresponding Adjustment	**System-Built:** Fundamental to authorized A6.4ERs; guaranteed no double counting.	**Not Default:** Most VCM credits are "contribution claims" without adjustments.
Reputational Risk	**Low:** UN endorsed quality; high scrutiny methodologies reduce greenwashing risk.	**Variable/High:** Recent media scrutiny on baselines and additionality affects buyer confidence.
NDC Alignment	**Direct Support:** Explicitly designed to help host countries achieve or exceed NDCs.	**Parallel Path:** Often operates outside national accounting; risk of conflicting claims.
Integrity	**Multi-layer:** DOEs + Secretariat + Supervisory Body review. Conservative baselines built-in.	**Variable:** Depends on registry/standard; reliance on VVBs with varying oversight levels.

Value Proposition

Multilateral Governance

The only centralized global mechanism with direct multilateral oversight by the UN, and a Supervisory Body appointed by the Parties to the Paris Agreement.

- **Supervisory Body Oversight**
- **Accredited DOEs**
- **Grievance Mechanism**

Paris Alignment

Designed from the ground up to support NDCs and ensure robust accounting.

- **NDC Integration**
- **Corresponding Adjustments**
- **Article 6 Database Link**

Integrity First

Setting the global benchmark for high-quality credits and sustainable development.

- **Multi-layer Validation**
- **No Double Counting**
- **Mandatory Safeguards**

Future Proof

Built for long-term viability in evolving compliance and voluntary markets.

- **Compliance-Ready**
- **Global recognition and accessibility**
- **Scalable Infrastructure**

Value Proposition for Countries

Financial & Economic Opportunities

- **Finance:** Access carbon finance for international and voluntary compliance or for assisting domestic action without obligation to transfer outcomes (MCU).
- **Reduced Costs:** Utilize free or negligibly costed centralized infrastructure (registry, methodologies) instead of building costly national systems and incurring huge transaction fees.
- **Revenue Sharing:** Direct allocation of share of proceeds to Adaptation Fund supports national resilience.

Governance & Oversight

- **Sovereign Authorization:** Mandatory approval process puts host country firmly in driver's seat.
- **Portfolio Management:** Tools to strategically decide which credits to export vs. use for own NDC.
- **Seat at the Table:** Participate in the global governance of the mechanism through CMA.

Institutional & Capacity Advantages

- **Strengthened MRV:** Adopting PACM standards upgrades domestic monitoring and reporting capabilities.
- **Expert Support:** Direct access to UNFCCC Secretariat, regionalized support through the RCCs and expert networks for technical assistance.
- **Ready-Made Framework:** Skip years of regulatory development by adopting established rules, standards, methodologies and tools.

Strategic & Reputational

- **Global Credibility:** Developed by the Parties to the Paris Agreement and the UNFCCC, integrity signals high quality to investors and peers.
- **NDC Alignment:** Ensure carbon trade supports, rather than undermines, national climate targets.
- **Risk Mitigation:** Avoid reputational damage associated with low-quality or controversial VCM projects.

PACM transforms countries from carbon sellers to strategic climate asset managers

Value Proposition for Private Sector

Risk Mitigation

- **Reduced Reputational Risk:** UN backing and rigorous standards protect against "greenwashing" accusations.
- **Predictable Framework:** Standardized, Party-governed rules offer stability unlike volatile voluntary standards.
- **Due Process:** Built-in grievance and appeals mechanisms provide recourse and transparency.

Market Accessibility

- **International Recognition:** Credits eligible for compliance schemes like CORSIA and emerging national markets.
- **Premium Pricing:** High-integrity, authorized credits command better prices than generic voluntary offsets.
- **Global Reach:** Access diverse buyers from sovereigns to multinational corporations seeking quality.

Operational Efficiency

- **Clear Rules:** Use established, approved methodologies and tools without reinventing the wheel.
- **Infrastructure Ready:** Leverage existing accredited DOE networks and centralized digital registry.
- **Streamlined Tracking:** Digitalized systems and integrated/interoperable registry and digital systems reduce administrative burden for issuance and transfers.

Longer term value

- **Future-Proof Asset:** Paris Agreement alignment ensures long-term validity as regulations tighten.
- **Growing Demand:** Market trends favor high-integrity credits; PACM positions you ahead of the curve.
- **Buyer Confidence:** With the multilateral endorsement behind PACM, it provides unmatched assurance to risk-averse buyers.

In a market demanding integrity, PACM delivers the best quality assurance:

A built-in endorsement of all Parties to the Paris Agreement.

PACM is in Business

Governance & Standards

Supervisory Body fully functional with 22 meetings. Methodologies approved and in pipeline, main tools ready for use.

Accreditation & Validation

17 Designated Operational Entities (DOEs) accredited; many in pipeline ensuring independent verification capacity.

Digital Infrastructure

International registry operational with automated tracking. Full integration with Article 6 database.

Project Pipeline

27 projects registered across multiple sectors; 17 currently under assessment showing system throughput.

Capacity Support

6 Regional Collaboration Centres (RCCs) active. 170 experts on roster with comprehensive training programs launched.

Full infrastructure deployment across all key operational areas in 2026!

PACM is open for business “Transactions are expected to commence in 2026”

Key milestones marking the transition from rulebook to operational market

Late 2024
COP29 Rulebook finalized, shifting to full implementation phase

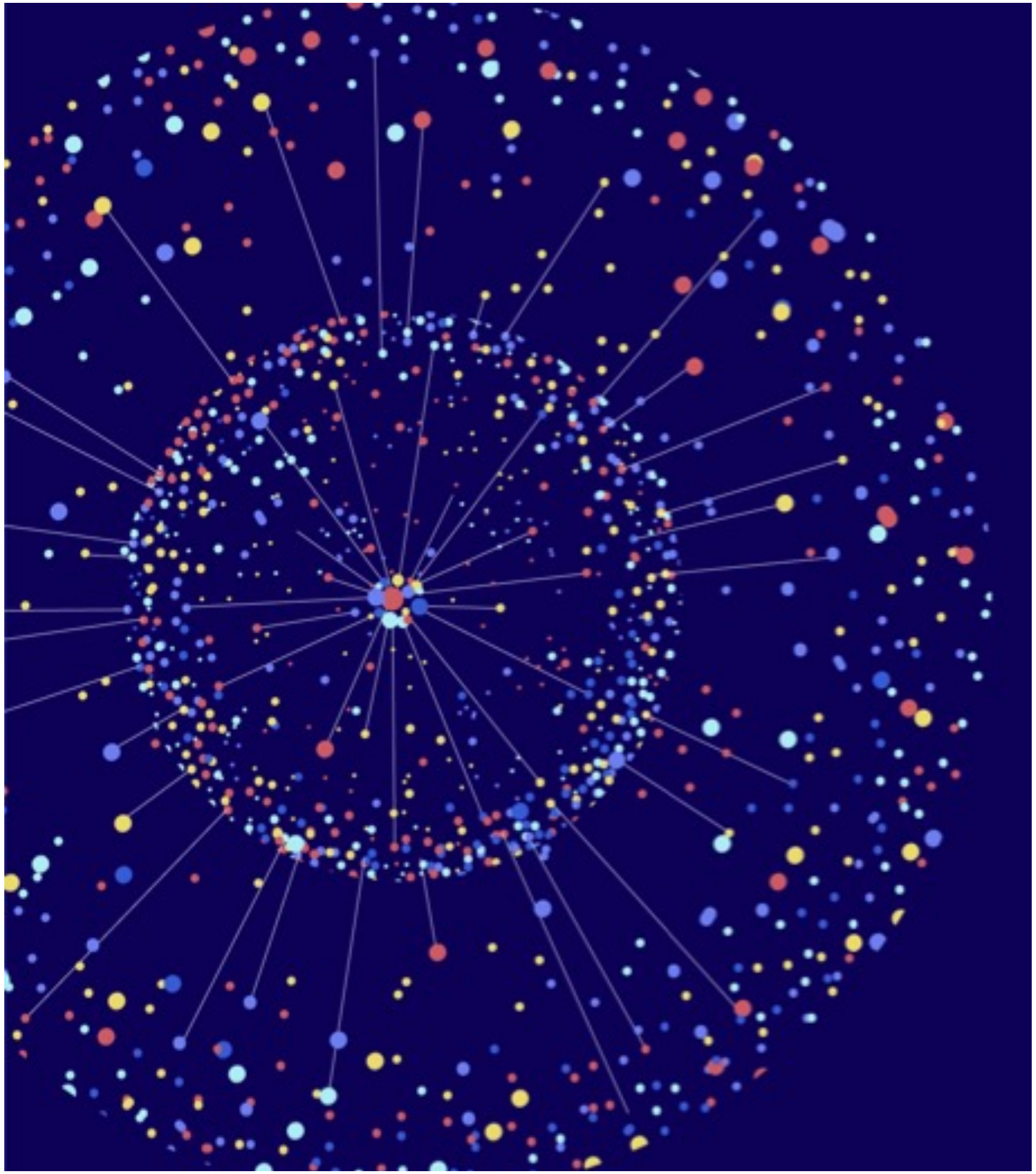
Q3 2025
First methodology endorsed (Landfill Gas)

Q1 2026
First ITMOs issued and trading cycles commence

Q2 2026
5–6 additional methodologies expected

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

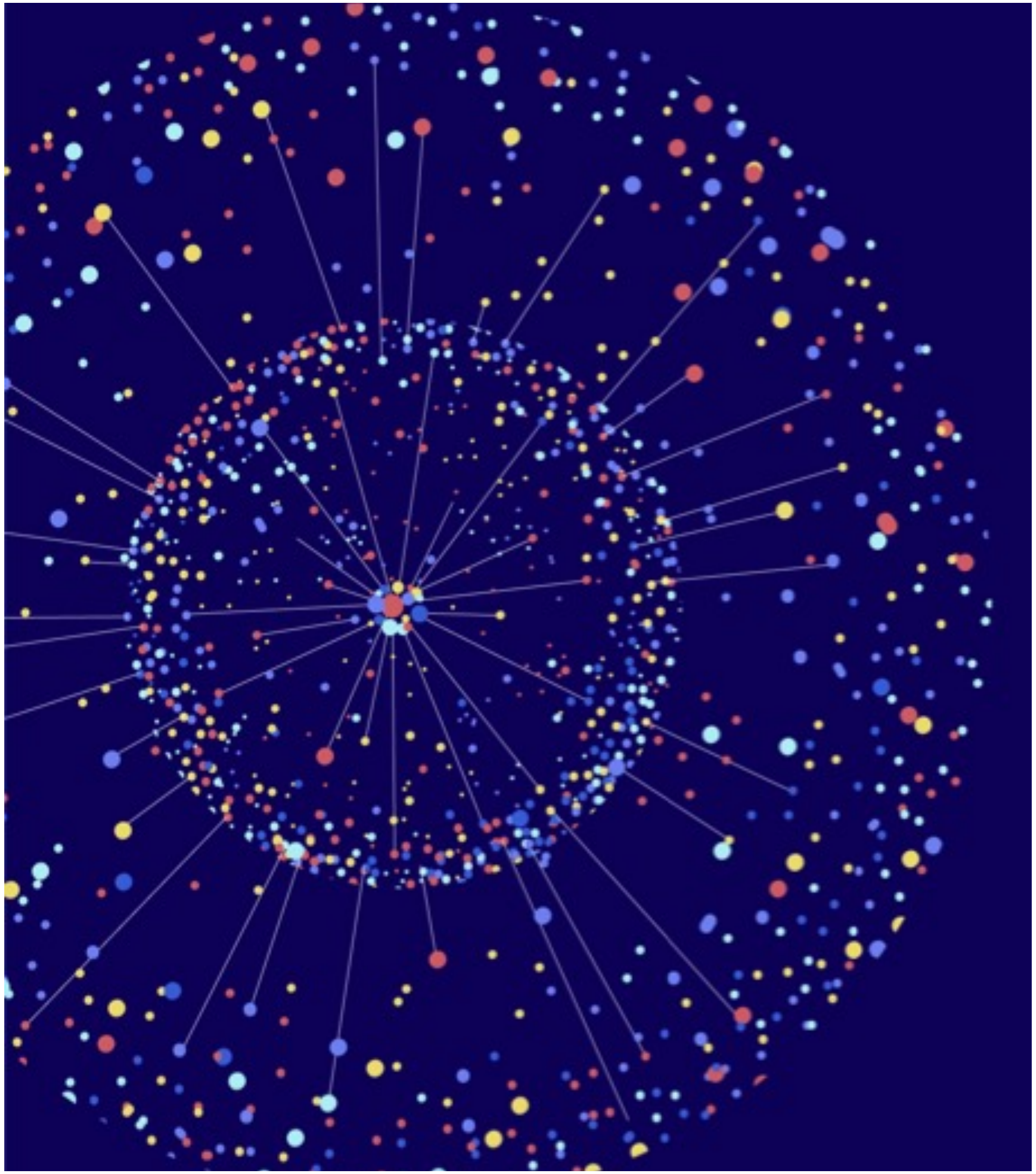
Bottomline
PACM is open for business!



RCC Asia and the Pacific

Collaboration for Climate Action

Q&A and Open Discussion



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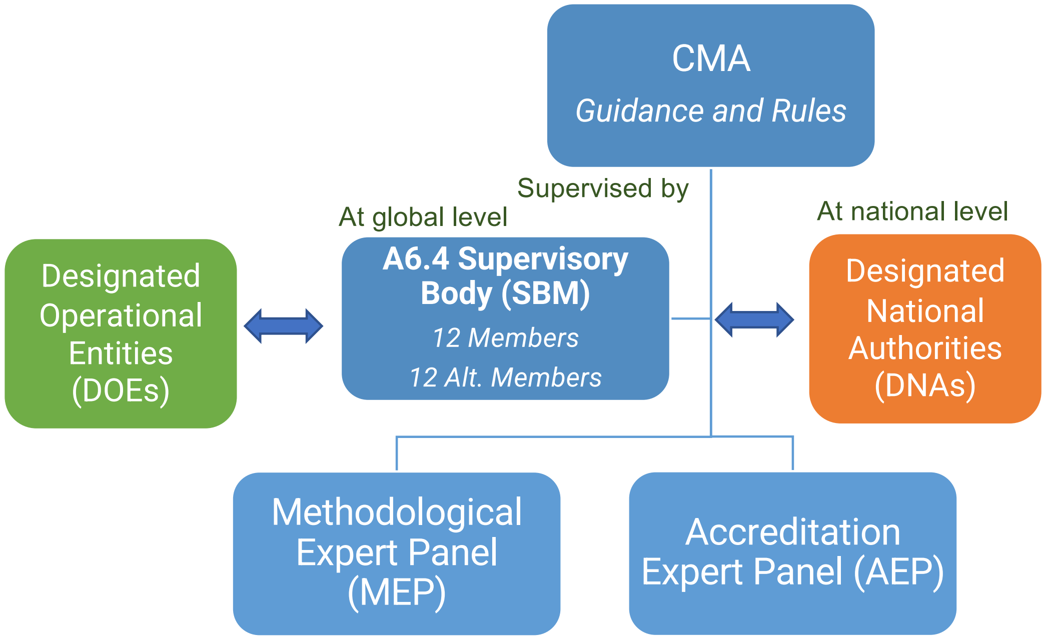
Session 5

Understanding the PACM: Framework, Governance and Implementation

Governance Structure of the PACM



Source: Information extracted from https://unfccc.int/process-and-meetings/the-paris-agreement/article-64-mechanism

Source: Image extracted from https://evetamme.com/2023/05/21/challenges-for-carbon-removal-under-the-un-standard/

What is the Article 6.4 Supervisory Body?

The Supervisory Body holds an event to engage with Parties and stakeholders at SB60. Image credit: UNFCCC

The Supervisory Body is tasked with developing and supervising the requirements and processes needed to operationalize the mechanism.
This includes:

- Developing and/or approving methodologies;
- Registering activities & approving issuance of credits;
- Accrediting third-party validation & verification bodies
- Managing the Article 6.4 Registry.

PACM Implementation – Where are we and What's next?

2023 | 2024 | 2025 | 2026

Activity cycle

- Activity standard
- Validation and verification standard
- Activity cycle procedure

- Appeals and grievances procedure
- Sustainable development tools
- Procedure on Host party responsibilities
- AS,ACP,VVS for PoA

- Authorization process
- Revision of the ACP, AS and VVS

- Update of the ACP, AS and VVS to include new methodological standards and requirements of reversal standard

Infrastructure

Operationalization of UNFCCC registry

Internal workflows, digital/ web interfaces

Accreditation

Accreditation standard and procedure

Applications by validators and verifiers

Processing of accreditation applications

Methodology process

Methodology and standardized baseline development procedure

Recommendation to CMA: Methodologies and Removals;
Further guidance and tools on baseline guidelines and removals.

Removals, additionality, methodology, Baseline, leakage, suppressed demand and reversal standards adopted + tools + First mechanism Methodology

Risk assessment tool, … Expansion of existing standards to PoAs + new mechanism methodologie s

Project submission

- Activity submissions (transition)
- Registration and issuances

- Activity submissions
- Methodology submissions
- Registration and issuances
- Authorizations

Parties' participation requirements

Preparation by countries to fullfill the participation requirements

Interface to submit participation requirements

Submission by countries

Processing of participation applications

CDM transition

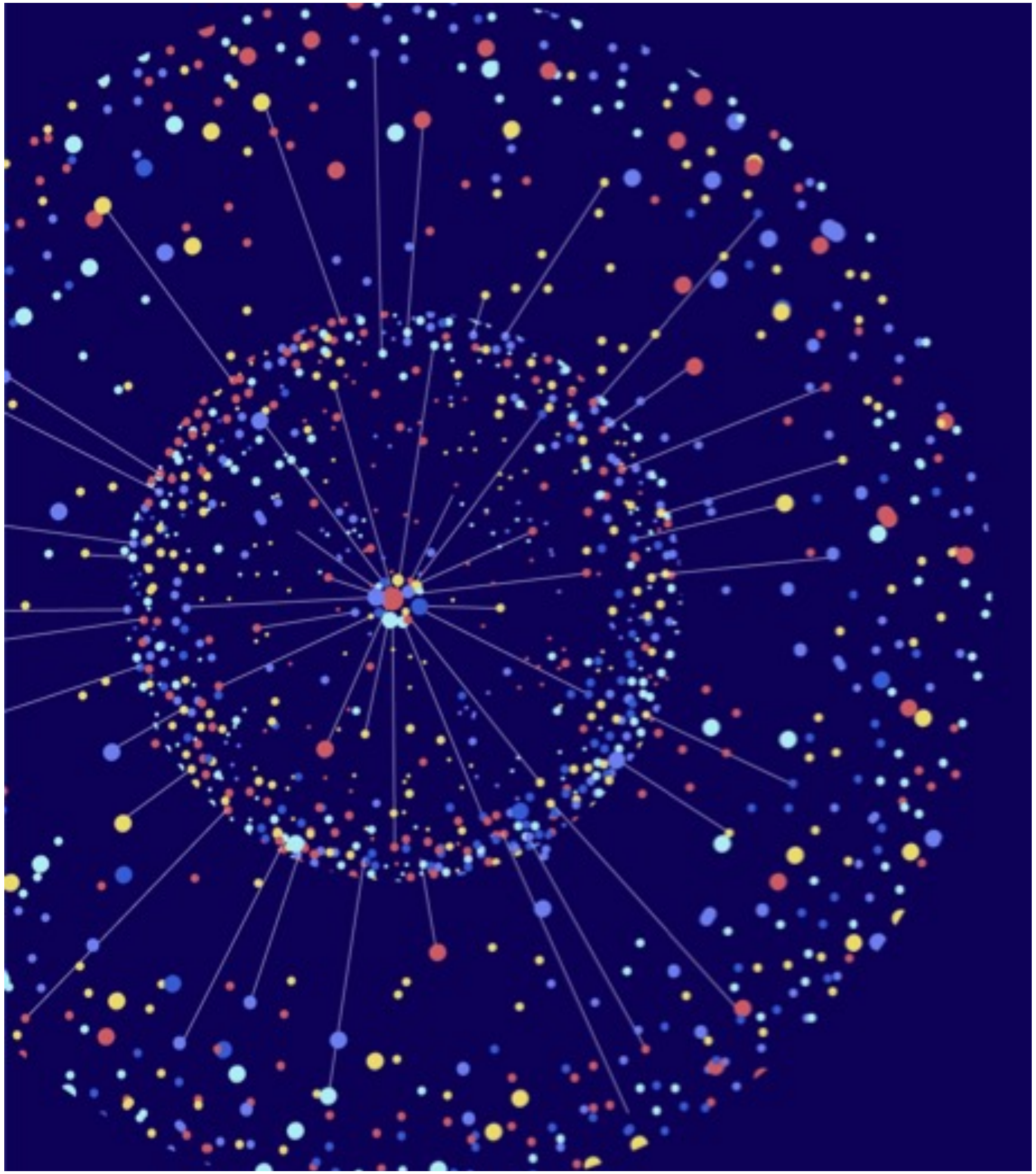
Transition standard and procedure

Applications by project developers

Processing of applications

Capacity building

Support to countries on institutional arrangements, reporting, tracking, fulfillment of the participation requirements, baseline development and contribution of mechanism to ambition



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Collaboration for Climate Action

CDM vs PACM

CDM vs PACM: Similarities & Differences

CDM	PACM (A6.4)
Annex I Parties had legally binding emission reduction targets.	All parties must have NDCs
Developing countries participated in the international carbon market as hosts for CDM projects.	All Parties can participate **as sellers or buyers** of Mitigation Outcomes. Parties must specify which types of projects they would approve.
Limited role of developing countries *(restricted to issuing Approval Letters).*	More significant role for developing countries. (*for example, participation roles and responsibilities, activity design, and functional responsibilities).*
The approval of CDM activities involved confirming that participation was voluntary and contributed to the sustainable development of the host country.	Parties are expected to report on how mitigation actions contribute to the NDC of the host and partner countries, as well as to sustainable development.
Centralized process led by the CDM Executive Board (Applicable CDM Methodologies and established accreditation period rules).	Parties can specify the crediting period (shorter), methodological approaches (more rigorous).
	Grievance Mechanism; Sustainable Development Tool, Appeal Mechanism

CDM vs PACM: Similarities & Differences

CDM	PACM (A6.4)

Scope number	Sectoral scope
1	Energy industries (renewable- / non-renewable sources)
2	Energy distribution
3	Energy demand
4	Manufacturing industries
5	Chemical industry
6	Construction
7	Transport
8	Mining/mineral production
9	Metal production
10	Fugitive emissions from fuels (solid, oil and gas)
11	Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride
12	Solvent use
13	Waste handling and disposal
14	Afforestation and reforestation
15	Agriculture
16	Carbon capture and storage of CO2 in geological formation
17	Other activities involving removals

CDM vs PACM: Similarities & Differences

	Article 6.4 mechanism	CDM
Registration fee	>50 kt/year: $10,000 ≤ 50 kt/year: $5,000 ≤ 15 kt/year: $1,500	CDM registration fee = 1 year of issuance fee
	Registration fee is not an advance to SOP	Registration fee is advance to SOP
	Waived for SIDS and LDC	Registration fee waived for LDCs and countries with less than 10 projects
Renewal fee	Same as registration fee	None
PRC fee	$1,500 per request	None
Issuance fee	$0.15/A6.4ER Waived for LDCs and SIDS	$0.10/CER up to 15,000 CER/year $0.20/CER for above 15,000 CER/year Waived for LDCs
SOP adaptation	5% of A6.4ERs	2% of CERs
OMGE	2% of A6.4ERs	None

CDM vs PACM: Similarities & Differences

	Article 6.4 mechanism	CDM
Crediting period	Maximum 10 years fixed or 3 x 5 (15 for removals) years maximum Can be specified by host Party	10 years fixed or 3x7 years
Activity types	Projects, Programmes, large scale approaches…	Projects and Programmes
Infrastructure	A6.4 Mechanism Registry	CDM registry
Public input	Possible at any time of the project	Only during foreseen time for public consultation
Grievance mechanism	Yes	None
Stakeholder Consultation	Lifetime of the project crediting period	Before the Validation process

CDM vs PACM: Similarities & Differences

	Article 6.4 mechanism		CDM
DNA	Required		Required
Role of DNA	Approves activities Authorizes participants Must specify activity type the Host Party is willing to approve Authorizes A6.4AEs		Approves activities Authorizes participants
Units produced	Authorized A6.4ER or	Mitigation Contribution Units (MCUs)	CERs
Corresponding adjustments	Yes	No	No
Addressing reversals	Yes		Issuance only of tCERs or lCERs for A/R projects

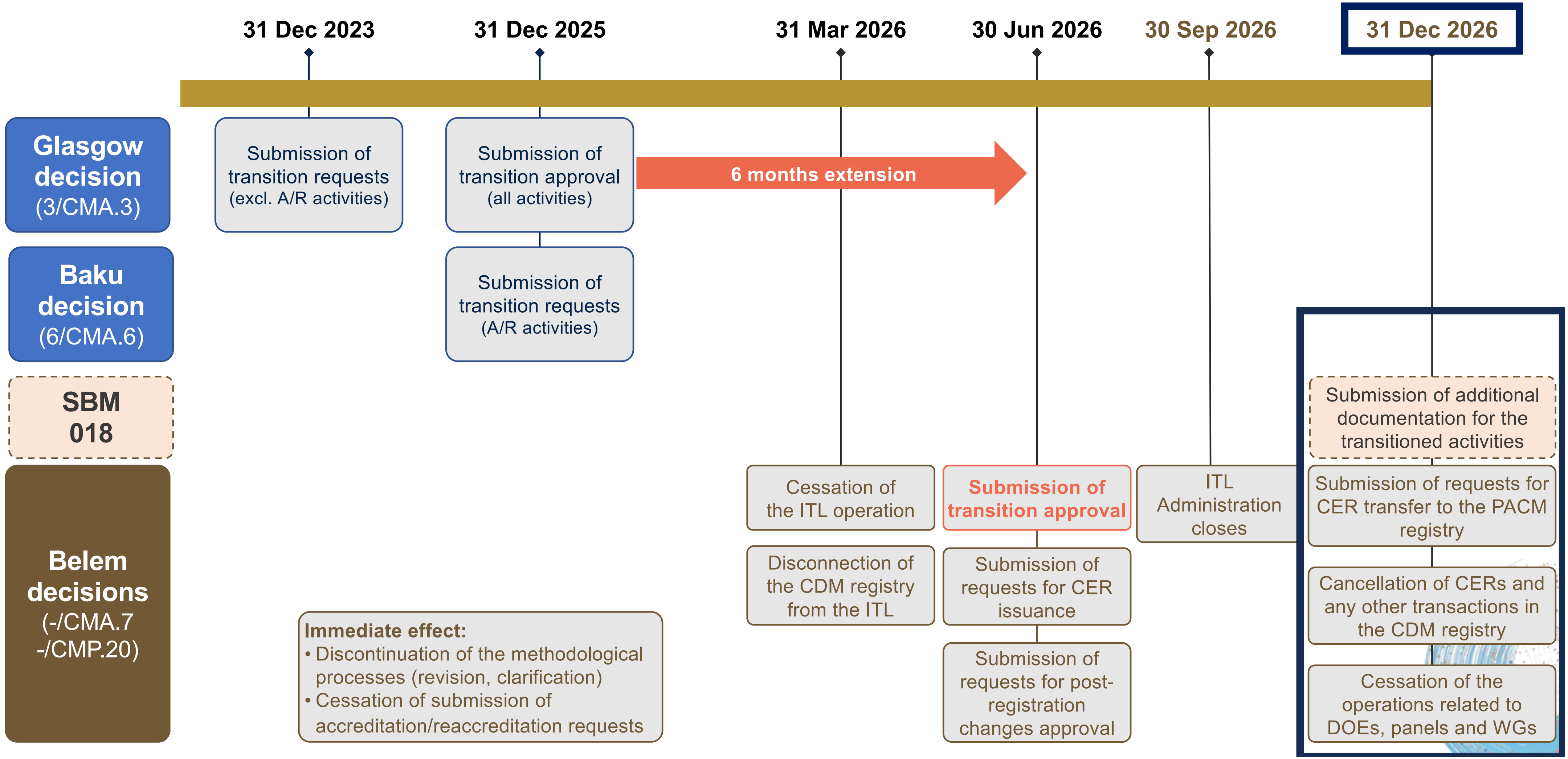
CDM vs PACM: Differences “Appeals and Grievances – Procedure”

Procedure: Appeal and grievance processes under the Article 6.4 mechanism

- Parties, along with other eligible stakeholders and affected communities, organizations and individuals (in accordance with the Procedure: Appeal and grievance processes under the Article 6.4 mechanism) may file an appeal on appealable decisions of the SBM.

- Appeals may be made based on eligible grounds (e.g. the SBM exceeded its authority or mandate) on decisions of the SBM:
  - Approval or rejection of a request for registration of a proposed A6.4 activity or inclusion of a proposed component project (CP) in a registered A6.4 PoA;
  - Approval or rejection of a request for approval of a post-registration change to a registered A6.4 activity, or approval or rejection of a notification of post-registration change to a CP in a registered A6.4 PoA;
  - Approval or rejection of a request for issuance of Article 6, paragraph 4, emission reductions (A6.4ERs) for a registered A6.4 activity
  - Approval or rejection of a request for renewal of the crediting period or PoA period of a registered A6.4 activity, or approval or rejection of a notification of renewal of the crediting period of a CP included in a registered A6.4 PoA;
  - The DNA of the host Party may further appeal against the application of Party specific elements of methodological products that are applicable to that host Party.

Transition and Winding down of the CDM



Transition from CDM to PACM: In numbers

Eligible to Transition

3,494

CDM Activities

(PAs: 3,329 | PoAs: 165)

Notified Intention

1,508

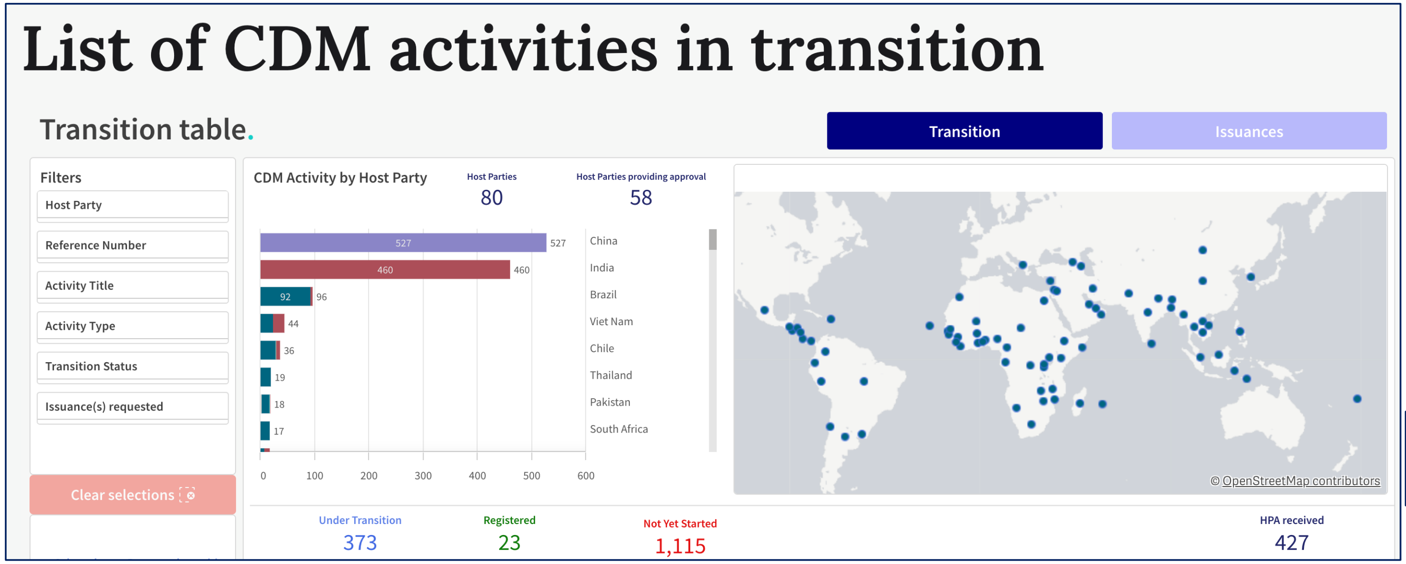
Activities Notified

(PAs: 1,389 | PoAs: 119)

Host Party Approvals

427

Activities Approved



PACM Registered

23

Activities Registered

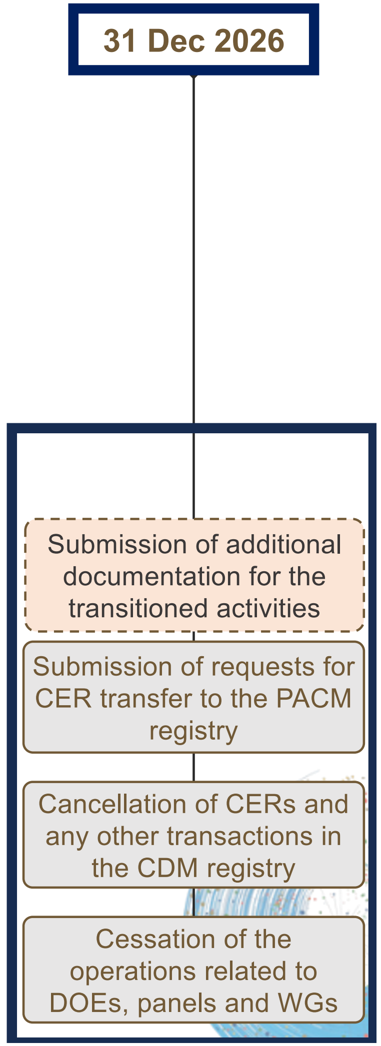
Fully Transitioned

3 PoA and 4 Projects

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

Transition from CDM to PACM: PH Projects

1. PoA 10729 : Programme of Activity for renewable energy growth in Asian countries
2. PoA 5979 : Methane recovery and combustion with renewable energy generation from anaerobic animal manure management systems under the Land Bank of the Philippines's (LBP) Carbon Finance Support Facility
3. PoA 6707 : Landfill gas recovery and combustion with renewable energy generation from sanitary landfill sites under Land Bank of the Philippines Carbon Finance Support Facility
4. Project 8285 : San Lorenzo Guimaras 54 MW Wind Power Project
5. Project: 0453 NorthWind Bangui Bay Project - Crediting Period Renewal Request
6. Project: 7980 Burgos Wind Project - Crediting Period Renewal Request
7. Project: 8960 Maibarara Geothermal Power Project



A walkthrough of the transition process

Proponent & Host Party

1 Submit Request & GSC

By Dec '23 (ER) or Dec '25 (A/R).
Followed by 28-day global stakeholder consultation.

2 Host Party Approval

Official approval must be submitted by the deadline of 30 June 2026.

3 Additional Documentation

Timing depends on methodology (e.g., by 31 Dec 2026 for existing CDM meth).
Environmental, social, and sustainable development benefits;
Non-permanence risks and specific requirements for removals activities;
Consistency and compliance with the registered PDD/PoA-DD

Application Submission

Review & Feedback

UNFCCC Secretariat & SBM

1 Secretariat processing

Completeness check (7 days) and substantive check (21 days) with a summary note.

2 Review window

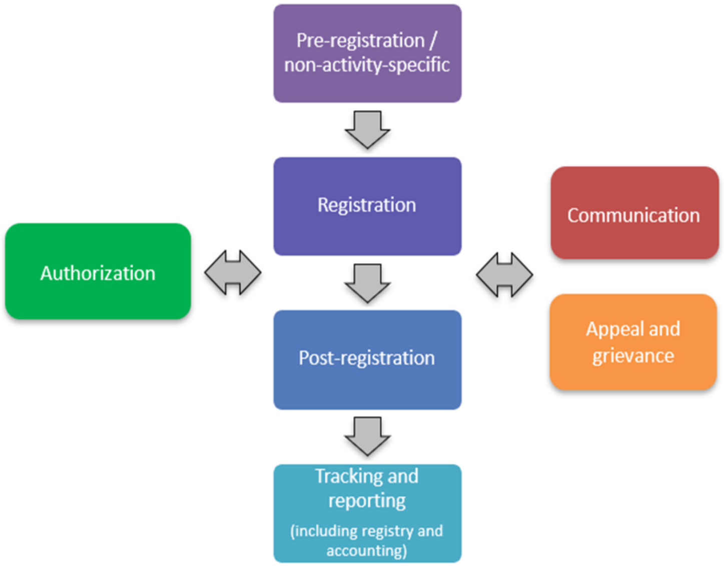
28 days for the Host Party or SBM to request a formal review

3 Final Decision

Status finalized: Approve, Approve with Modification (7 days to respond), or Reject.

Host Party Specific Documentation
Include any additional forms, letters, or verifications mandated by the Host Party requirements.

Elements Ensuring Integrity of Acticle 6.4 Activities



1

Activity cycle

Standard & procedures

- Eligibility
- Integrity standards
- Stakeholder engagement

2

Methodological approaches

- Overall requirements
- Additionality
- Baselines
- Leakage
- Reversals

3

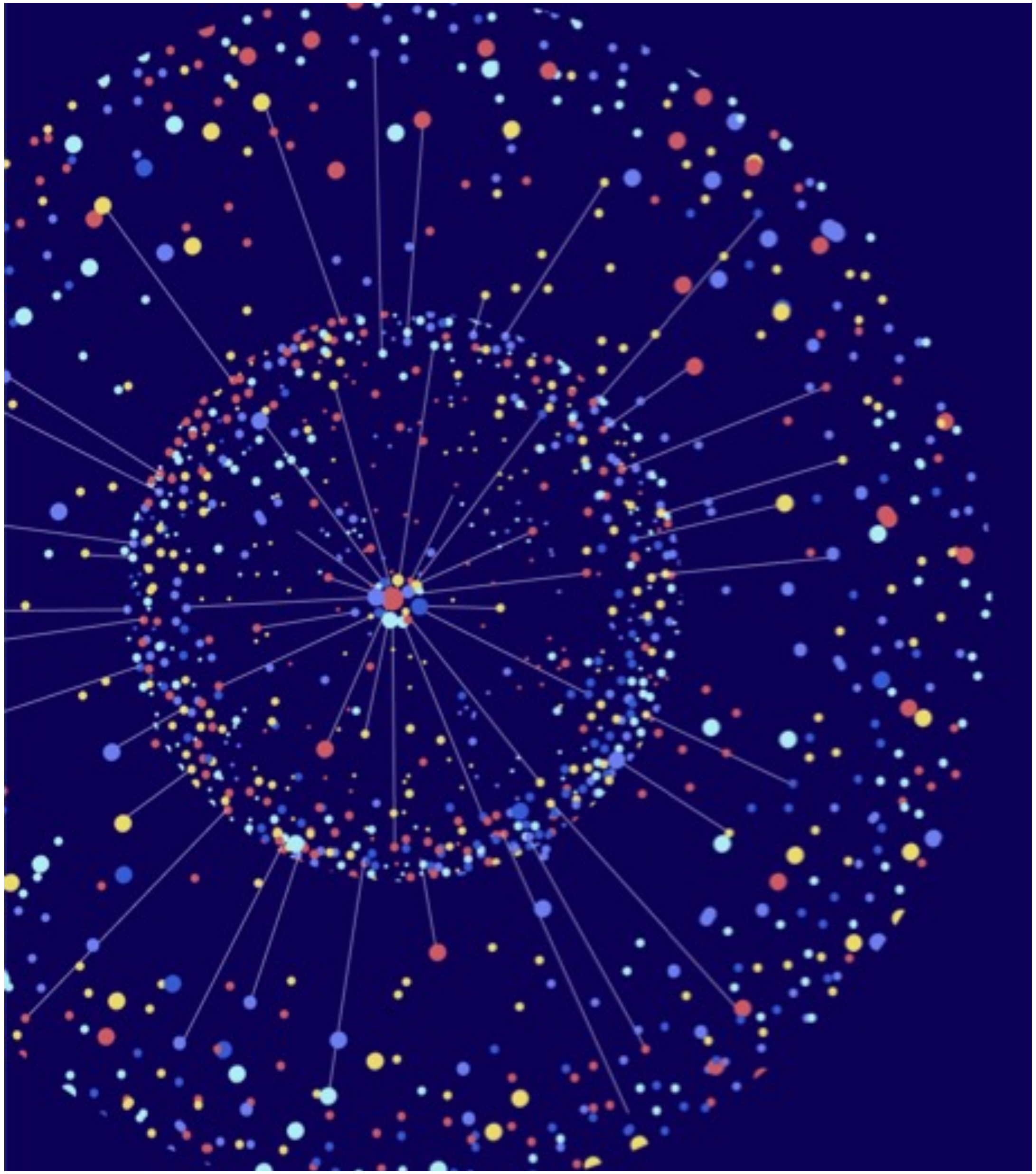
Environmental & Social Integrity Measures

- SD tool: 17 SDGs, PA
- Appeals and Grievance

4

Independent Oversight

- Validation and verification by Accredited DOEs



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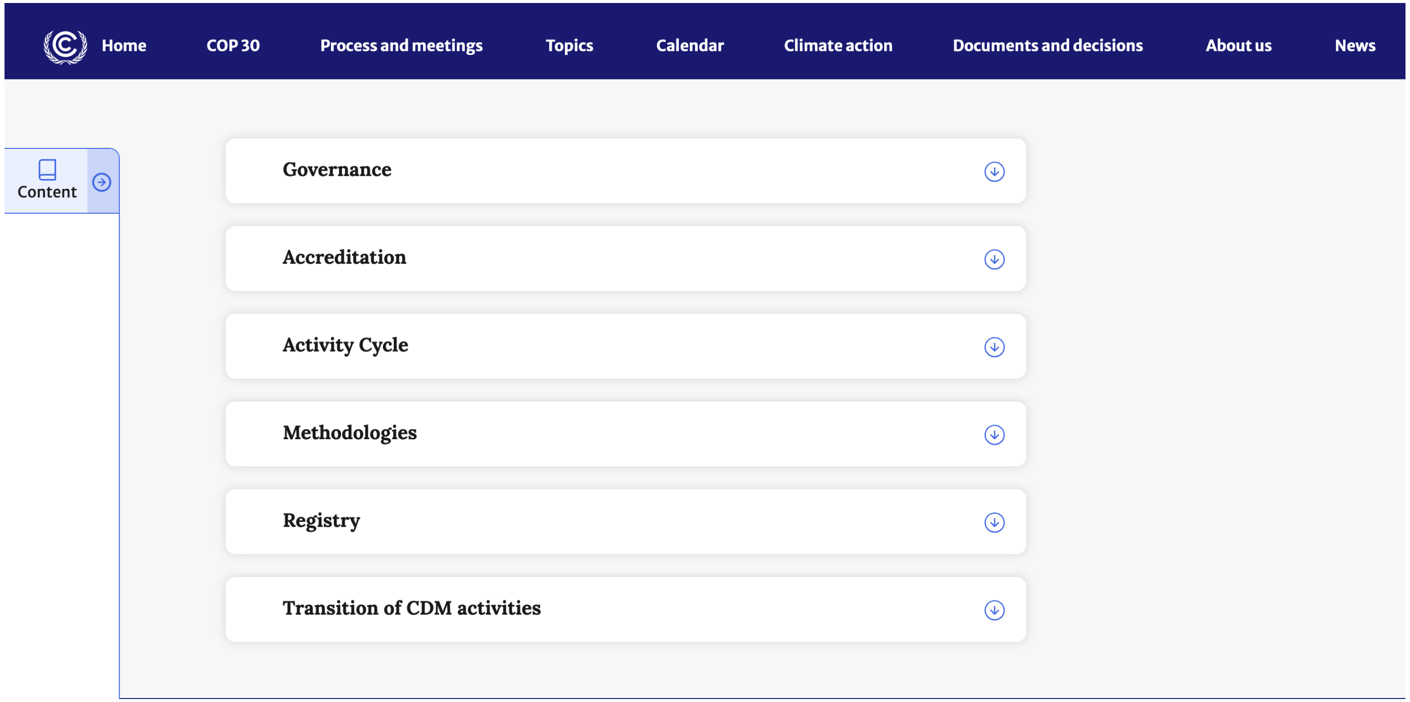
Article 6 Implementation

PACM - Rules and Regulations



PACM - Rules and Regulations

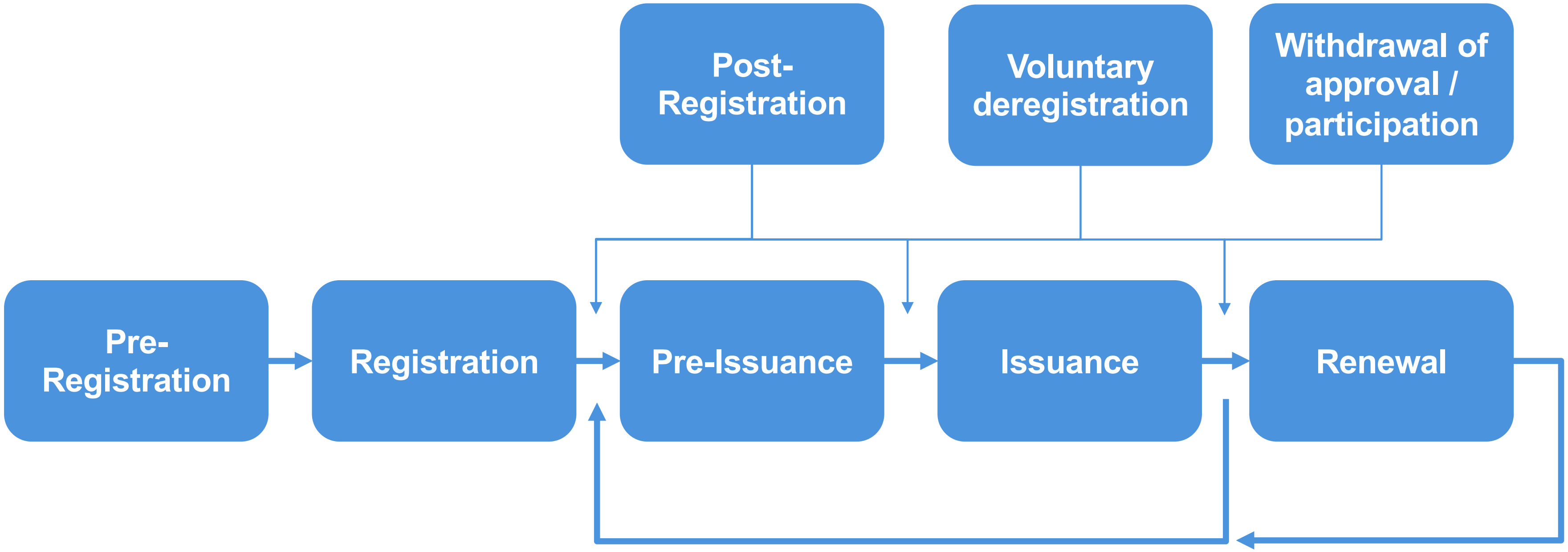
A. STANDARDS

1. Transition of CDM activities to the Article 6.4 mechanism: Sets out required activity design and other attributes of CDM projects, PoAs and CPAs for the transition to the Article 6.4 mechanism. **(Ver 5.1)**
2. Article 6.4 activity standard for projects **(Ver 3.0)** and Article 6.4 activity standard for PoAs **(Ver 3.0)**: Sets out requirements relating to the design, implementation and other attributes of A6.4 projects
3. Article 6.4 validation and verification standard for projects **(Ver 3.0)** and Article 6.4 validation and verification standard for PoAs **(Ver 3.0)**: Provides DOEs the minimum requirements for validation, post-registration and renewal of the crediting period of an A6.4 project, and the verification of GHG emission reductions or net GHG removals.

B. PROCEDURES

1. Transition of CDM activities to the Article 6.4 mechanism: Sets out procedural steps for CDM projects, PoAs and CPAs to transition to the Article 6.4 mechanism. **(Ver 7.0)**
2. Article 6.4 activity cycle procedure for projects **(Ver 3.0)** and Article 6.4 activity cycle procedure for PoAs **(Ver 3.0)**: Describes the administrative steps to follow for the pre-registration, registration, post-registration change and renewal of the crediting period , and pre-issuance and issuance of GHG emission reductions or net GHG removals.
3. Appeals and grievance procedure **(Ver 1.0)**: Describes the administrative steps to follow to file an appeal against a decision of the Supervisory Body, submit a grievance against an A6.4 project and to process appeals and grievances.

PACM Activity Cycle - Procedure for Projects



PACM Activity Cycle Procedure for Projects: Pre Registration

01 Project Conceptualization
Activity Participant (Project Proponent)

02 Project Prior Consideration
Activity Participant to communicate to UNFCCC Secretariat
UNFCCC Website
No Later than 180 days after the start date of the project

03 PDD Development
A6.4 M - PDD - Form

04 Submission of PDD for Global Stakeholder Consultation
Activity Participant to communicate the PDD to UNFCCC Secretariat
UNFCCC Website
No Later than 365 days after the Step 2

05 Global Stakeholder Consultation
UNFCCC publishes the PDD
UNFCCC Website
28 Days

06 Host Party Approval
UNFCCC to inform the host party
90 Days from the start date of step 4

07 MoC Preparation
Activity Participant to communicate

08 Project Validation
Activity Participant to hire DOE for project validation

09 Submission of Project for Registration
DOE submit, MoC Preparation + Project Validation + other relevant docs
UNFCCC Website
Payment of fees in one year from of the issuance of the statement of registration fee

10 Completeness Check

11 Substantive Check
21 Days

12 Request for Registration
SB Approves the project
28 Days

13 Registration of the Project

Eligibility Criteria – HPPR Philippines

Please describe how your country's participation in the Article 6.4 mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative.

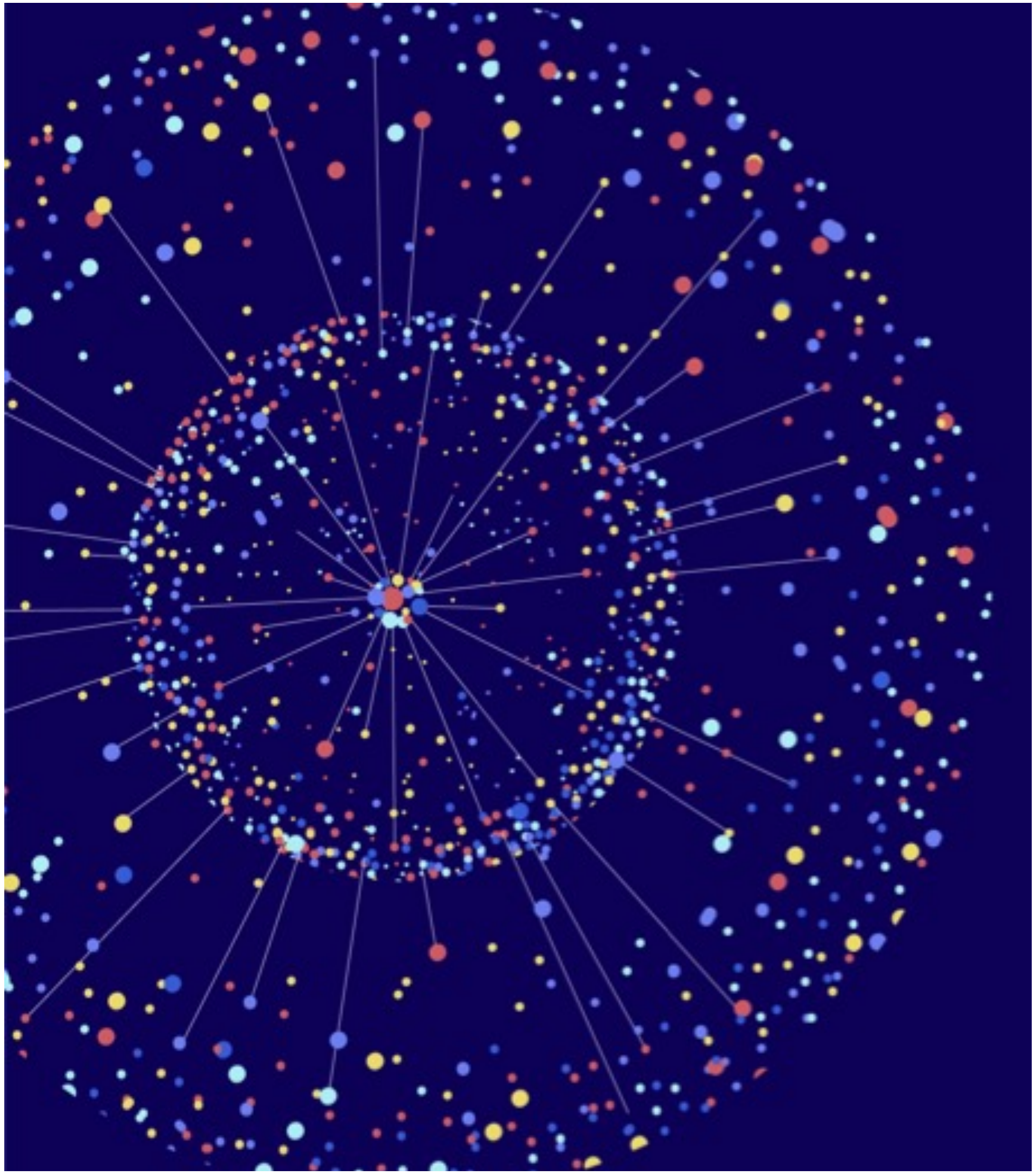
Article 6.4 of the Paris Agreement creating the international carbon market mechanisms can contribute to the Philippines' sustainable development goals by promoting greenhouse gas emission reductions and fostering sustainable development through the delivery of co-benefits. The Philippines can maximize the benefits of Article 6.4 implementation by selecting projects that can contribute to broader development goals, such as poverty eradication, inclusive growth and energy security.

Please provide detailed information on the types of activities under Article 6, paragraph 4 (A6.4 activities) that your country would consider approving pursuant to chapter V.C (Approval and Authorization) of the Rules, Modalities and Procedures (RMPs).

Additionally, explain how these activities, and any associated emission reductions or removals, would contribute to the achievement of your country's NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement?

The Philippines intends to engage in Article 6 mechanisms including Article 6.4 on activities that are:
a) high in mitigation potential
b) aligned with national sustainable development goals
c) contributing to the conditional NDC targets and
d) catalyse finance and technology transfer

Activities such as renewable energy expansion projects, energy efficiency upgrades, waste sector interventions, nature-based solutions, transport system improvements, agricultural climate-smart practices, and industrial decarbonization will directly support the achievement of the country's NDC targets and contribute to sustainable development goals. The Philippines is currently finalizing its long-term low GHG emission development strategy.



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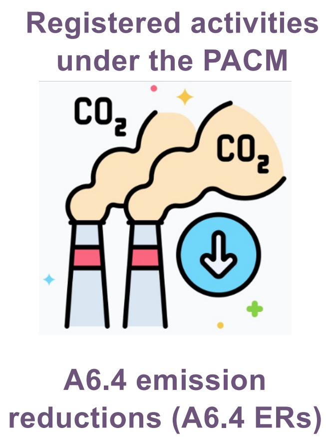
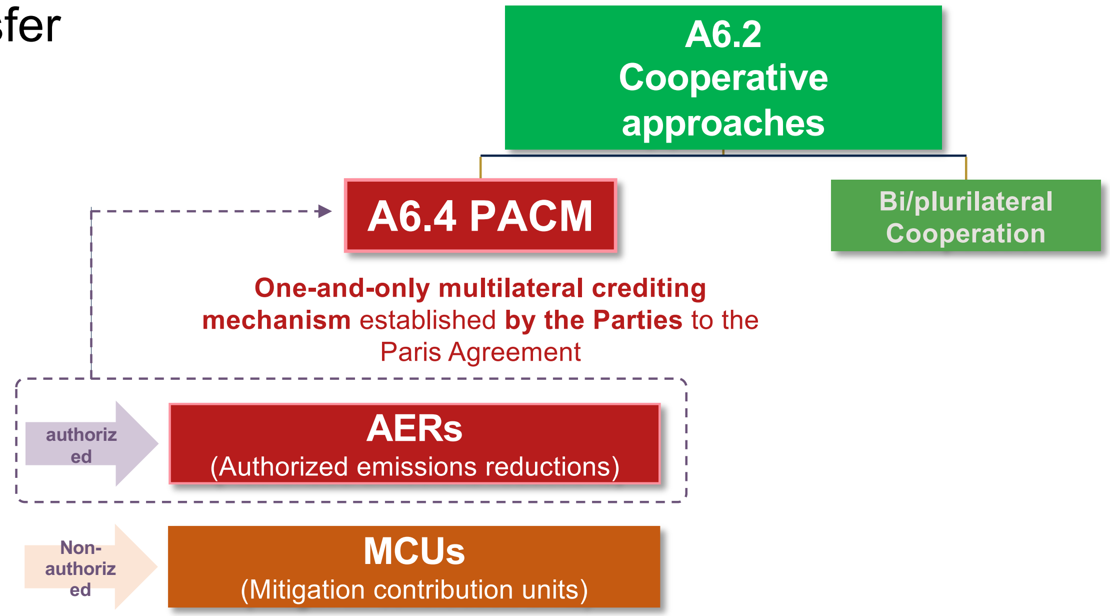
Understanding PACM:

Cooperative Approach CA0001

PACM as Cooperative Approach 0001

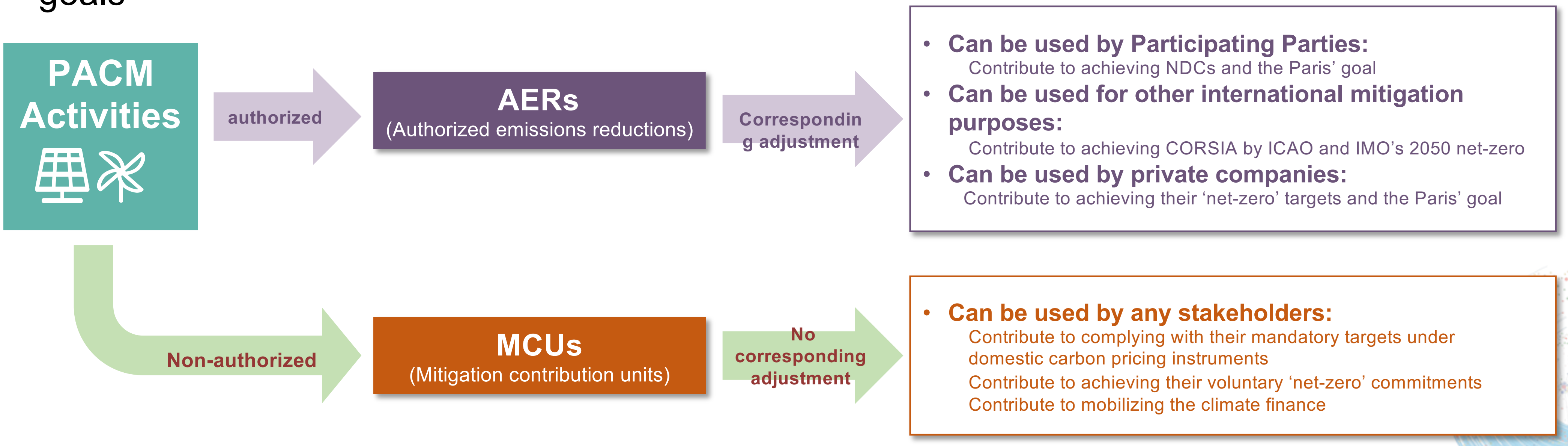
- As the **one-and-only multilateral crediting mechanism**, the PACM has been assigned **Cooperative Approach ID 0001**
- If the host Party **authorizes A6.4ERs** from the PACM activity, those AERs can be recognized as Internationally Transferred Mitigation Outcomes (**ITMOs**) under Article 6.2 upon first transfer





A6.4ERs: AERs Vs. MCUs

- Article 6.4 Emission Reductions (**A6.4ERs**) can be used in **both compliance and voluntary carbon markets**, subject to **<u>authorization</u>** by the host Party
- Mitigation Contribution Units (**MCUs**) can be used, inter alia, for results-based **climate finance**, **domestic carbon pricing scheme**, without triggering Article 6.2 reporting and accounting requirements for the host Party, while enabling users to contribute to the Paris goals



AERs to ITMOs

- **Authorized** Article 6.4 Emission Reductions (**AERs**) can be used towards Nationally Determined Contributions (**NDCs**) and **other international mitigation purposes,** including the Carbon Offsetting Scheme for International Aviation (CORSIA)
- When **AERs** are **first transferred**, they become Internationally Transferred Mitigation Outcomes (**ITMOs**), triggering **Article 6.2 reporting and accounting obligations**
- As per paragraph 10 of decision 6/CMA.6, the mechanism registry administrator (the UNFCCC Secretariat) shall, **at the time of issuance of A6.4ERs**, assign their **authorization status** in accordance with the **statement by the host Party** provided to the Supervisory Body, and encourages the host Party to provide to the Supervisory Body the statement of authorization of A6.4ERs **as early as possible**

Concept of corresponding adjustment

Each participating Party shall apply corresponding adjustments in a manner that:

- Ensures **transparency, accuracy, completeness, comparability and consistency (TACCC)**;
- Participation in cooperative approaches **does not lead to a net increase in emissions** across participating parties within and between NDC implementation periods;
- Corresponding adjustments shall be **representative and consistent** with the participating Party's NDC implementation and achievement.

WHY?	To avoid double counting (Use towards NDC and OIMPs)
HOW?	Article 6.2 guidance provides description on how to apply CAs, including applicable CA methods for each NDC target type
WHEN?	CAs are reported as part of the regular information (every 2 years)
WHERE?	CAs are shown in the structured summary as part of the BTR

Article 6.2 Authorization

Paris Agreement
Article 6.3

Article 6.3 provides the concept of authorization, whereby "the **use of ITMOs** to achieve nationally determined contributions […] shall be voluntary and **authorized by participating Parties**.

Article 6.2 Guidance
(Decision 2/CMA.3)

Authorization Arrangements

Reporting on Authorization

Authorization for the use of ITMO involves that participating countries must:

Accounting: Apply corresponding adjustments to the use of ITMOs
Tracking: Record Information on the use of ITMOs.
Reporting: Report Information on the use of ITMOs.

Authorization ≠ **Activity Approval**

Authorization: Different Elements

Cooperative Approach	..The initial report shall contain comprehensive **information** to: (g) Provide, for each cooperative approach, **a copy of the authorization** by the participating Party.
ITMOs	Each participating Party shall…submit…annual information on **authorization of ITMOs** for use towards achievement of NDCs, authorization of ITMOs for use towards OIMPs.
Entities	… The initial report shall contain comprehensive information to: (g) Provide, for each cooperative approach, … the participating Parties involved and **authorized entities.**

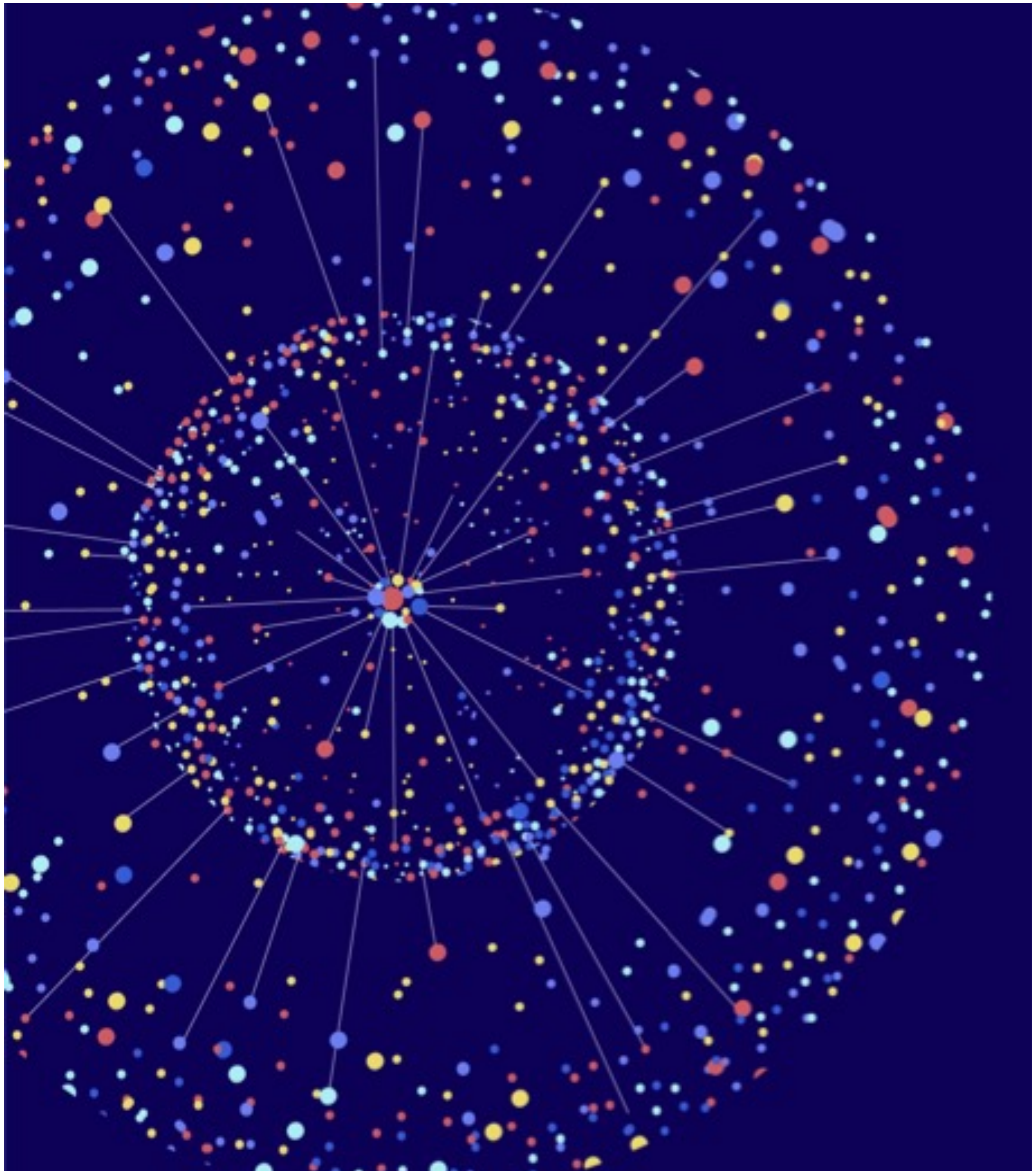
Authorization: Reporting on Authorization

Article 6.2 Requirements
"a copy of the authorization"
(Decision 2/CMA.3, annex, para. 18(g))

- Provide, for each cooperative approach, a copy of the authorization by the participating Party, a description of the approach, its duration, the expected mitigation for each year of its duration, and the participating Parties involved and authorized entities;

Elements included in the authorization of use of the ITMOs from each cooperative approach

- (a) A unique identifier for the cooperative approach
- (b) The name(s) of the participating Party(ies) and/or entities
- (c) The date and duration of the authorization
- (d) The specification of the first transfer of the mitigation outcome
- (e) The uses covered by the authorization
- (f) The identification of or cross-reference to underlying regulations, frameworks, standards or procedures
- (g) Where changes to the authorization may occur, information on the circumstances in which such changes may occur and a description of the process for managing them in a way that avoids double counting;
- (h) The quantity of internationally transferred mitigation outcomes
- (i) Identification of the registry the participating Party has, or has access to
- (j) Identification of the relevant registry(ies)
- (l) The metrics and units of measurement or conversion and the greenhouse gases covered by the authorization;
- (m) The sector(s) covered, if applicable;
- (n) The activity type(s) and/or activity(ies) covered, if applicable;



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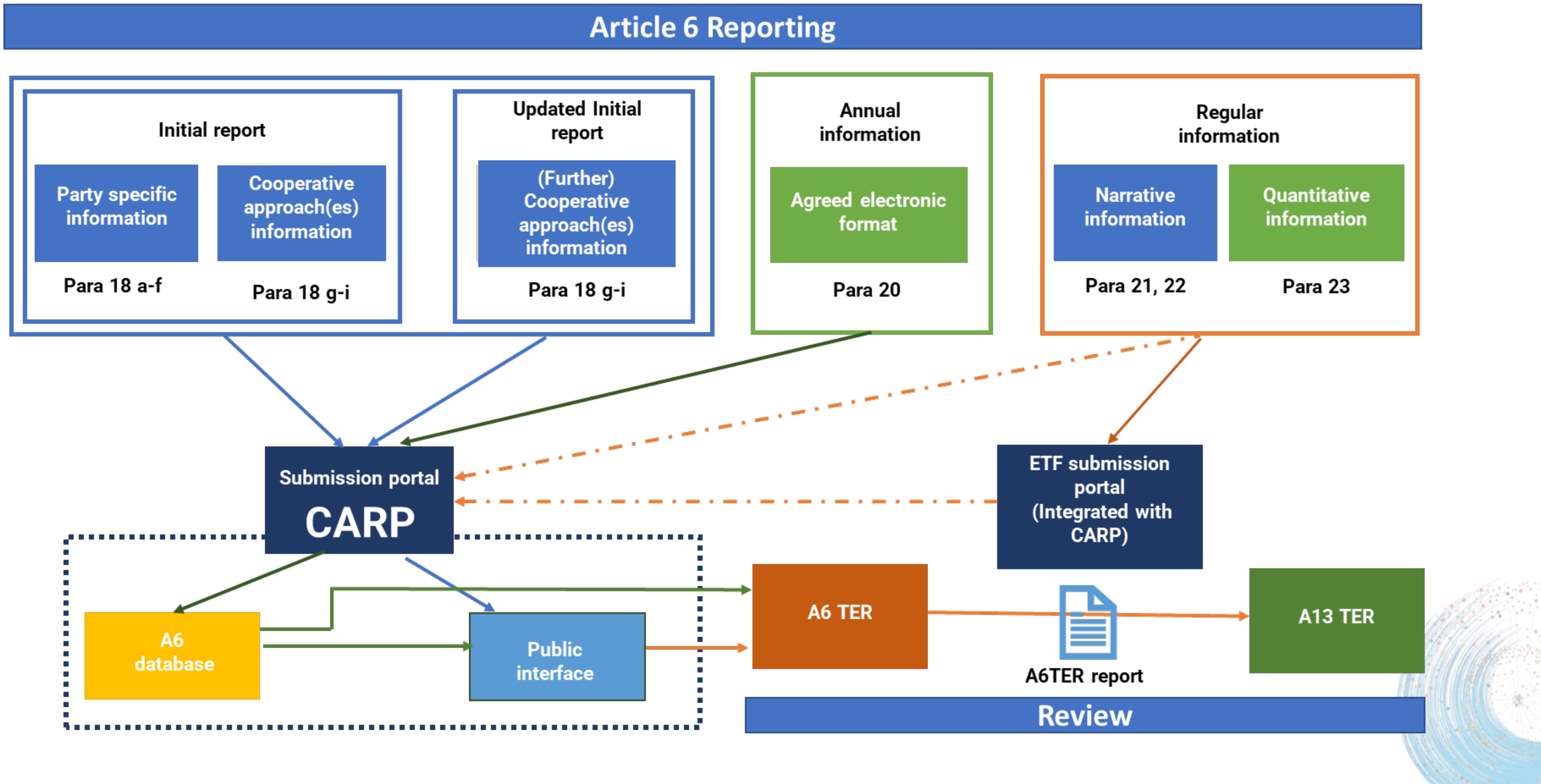
Reporting Requirements under PACM

Article 6.2 Reporting and Review Overview



3 Layers of Article 6 Reporting

1 When a party decides to participate in a cooperative approach

1’ When the Party decides to participate in additional cooperative approach

When a party implements the cooperative approach (Authorize, first transfer, use, …)

	1 / 1’	2	3
What?	**Updated Initial Report(UIR)** **Updated Initial Report(UIR)** **Initial Report(IR):** Fulfillment of participation requirements and other Info related to NDC, accounting approach, and cooperative approaches.	**Annual Information:** Quantitative ITMOs information, including authorization, transfer, use, cancellation, etc. and the accompanying information	**Regular Information:** Both quantitative and qualitative information relating to Article 6.2 implementation, including corresponding adjustments
When?	No later **than ITMO Authorization** (or in conjunction with next due BTR)	**By 15 April every year**	**By 31 December** of every even-numbered year, as part of the BTR
How?	**Initial Report Outline** (Decision 6/CMA.4, annex V) **Supplementary elements** **IR Template available on** interim CARP	**Updated draft agreed electronic format (AEF)** Decision 4/CMA.6, annex II	**BTR Annex IV outline** Decision 6/CMA.4, annex VI **Structured summary** * Decision 5/CMA.3, annex II, table 4 (CTF)
Where?	**CARP (Interim Solution)**	**CARP (Interim Solution)** **Article 6 Database**	**Integrated submission portal (CARP & Article 13)**

Initial Report: Reporting Elements and Timing of Submission

IR Outline: 4 sections

What?

I. Participation responsibilities	II. Description of the Party's NDC	III. Accounting information	IV. Cooperative approach
Party to PA	Target and description	ITMO metrics	A copy of authorization
Communicate NDC	Target year/period	Corresponding adjustment method	Description, duration, parties
Authorization arrangements	Reference point/level/baseline	Quantification of NDC	Expected mitigation
Tracking arrangements	Time frame		Authorized entities
Most recent GHG inventory	Scope and coverage		Environmental integrity
NDC, LT-LEDS, Paris goals	Intention to use Article 6		Additional description
	Any updates/clarifications		**+ Supplementary elements**

When?

- **No later than authorization of ITMOs**
- where practical, in conjunction with the next due BTR

How?

Go to the template

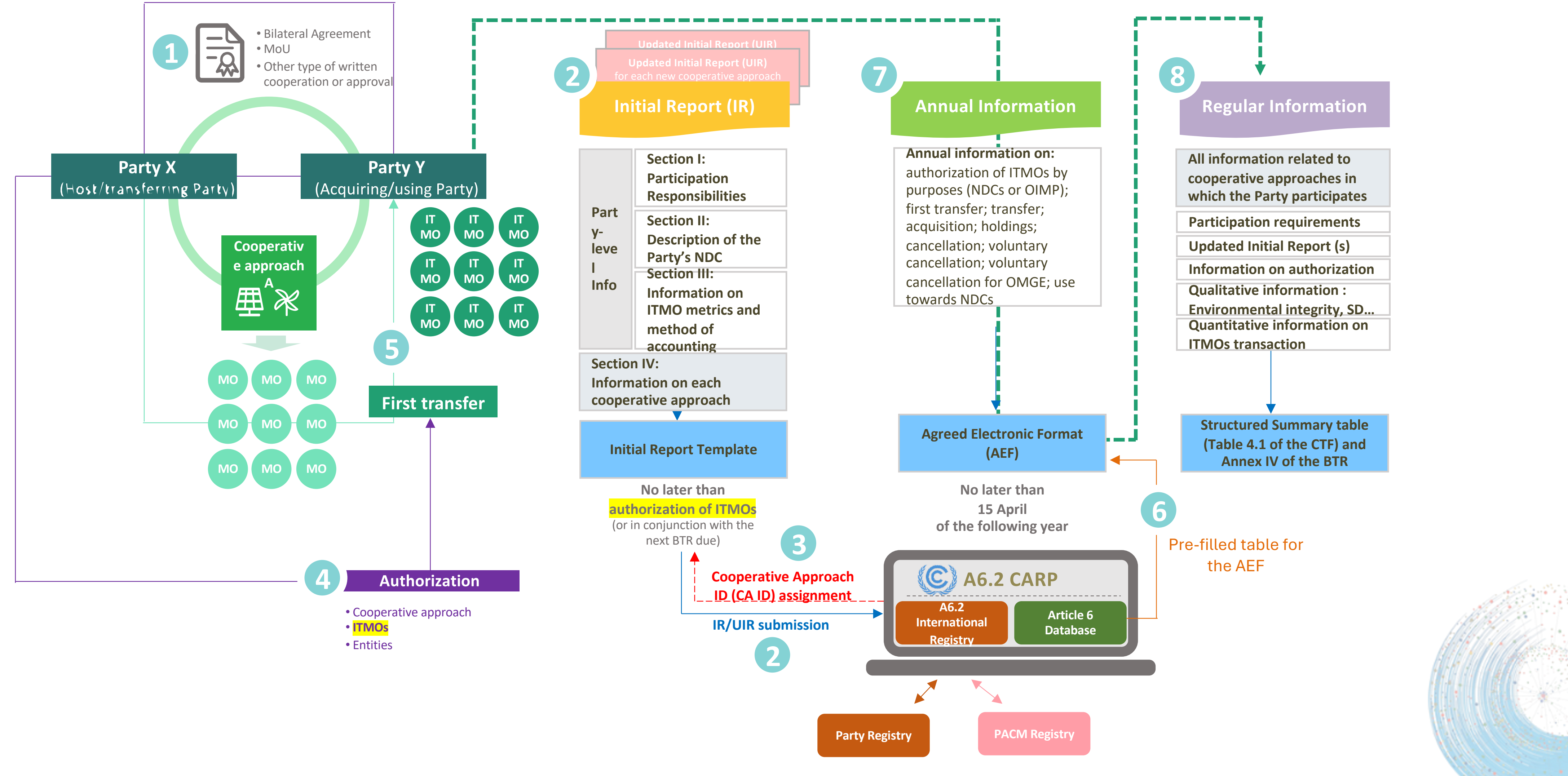
Initial report template
Available on CARP

Where?

CARP

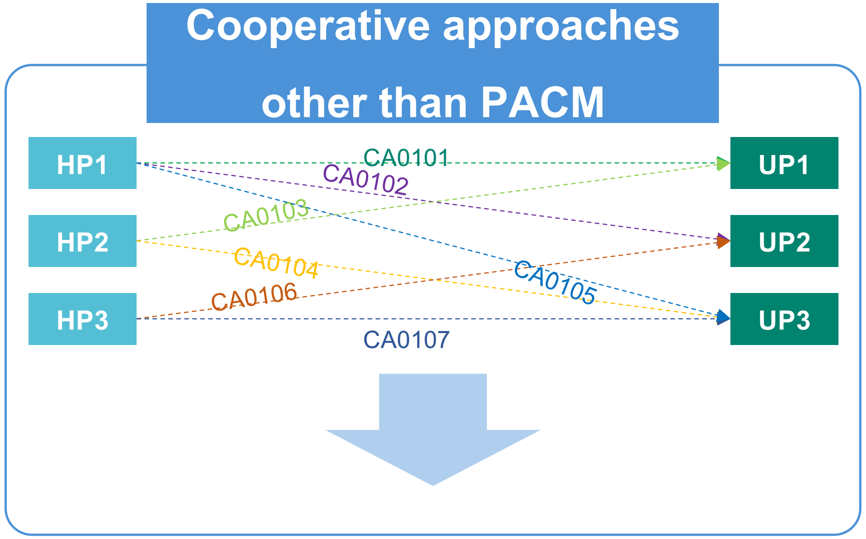
Go to the CARP

Recording and Tracking Flow under the A6.2 Reporting Framework

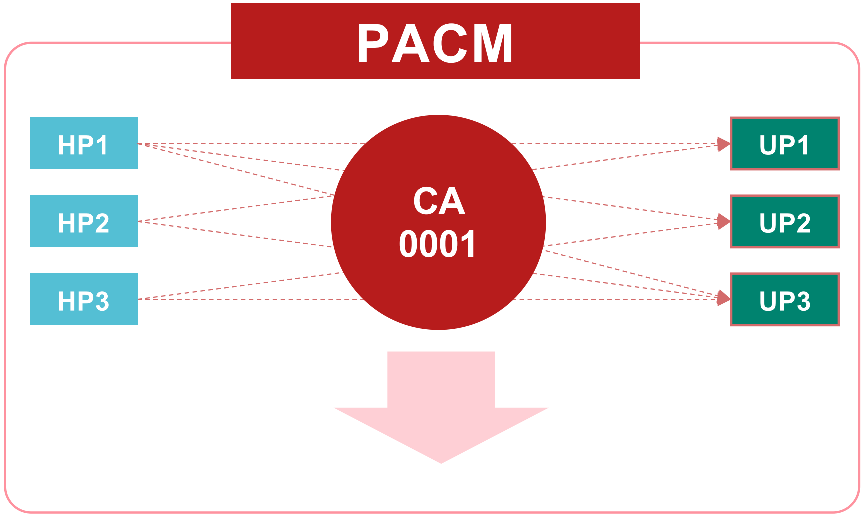


PACM as Cooperative Approach 0001

- The **PACM offers key benefits**, including **flexibility in using emission reductions** and **simpler reporting under Article 6**, made possible by full and **seamless integration between the Article 6.2 infrastructure and the PACM registry**



HP1 is required to submit 3 Part IV of Initial Report or Updated Initial Report,
and 3 Part IV of the Annex IV of BTR



HP1 is required to submit only 1 Part IV of Initial Report or Updated Initial Report for the PACM
and 1 Part VI of the Annex IV of BTR

HP: Host Party / **UP**: Using Party

IR: Part IV in the context of PACM

Go to the template

OUTLINE FOR THE INITIAL REPORT AND UPDATED INITIAL REPORT REFERRED TO IN DECISION 2/CMA.3, ANNEX, CHAPTER IV.A (INITIAL REPORT)[1 2 3]
(Version 02.0)

[English only]

Party	Party name
NDC period	yyyy - yyyy
Report number for the NDC period[a]	1
Report type: Initial report Updated initial report	☐ ☐
Updated initial report number	1
Version[b]	1.0
Date	dd/mm/yyyy
Name(s) of cooperative approach(es) included in this report *(Include a line for each additional cooperative approach)*	Cooperative approach 1 Cooperative approach 2

[a] Ascribe sequential number for updated initial reports. The number '1' is reserved for the initial report.
[b] Ascribe version number as follows: decimal increase for minor revisions (typos, corrections) and digit increase for content changes.

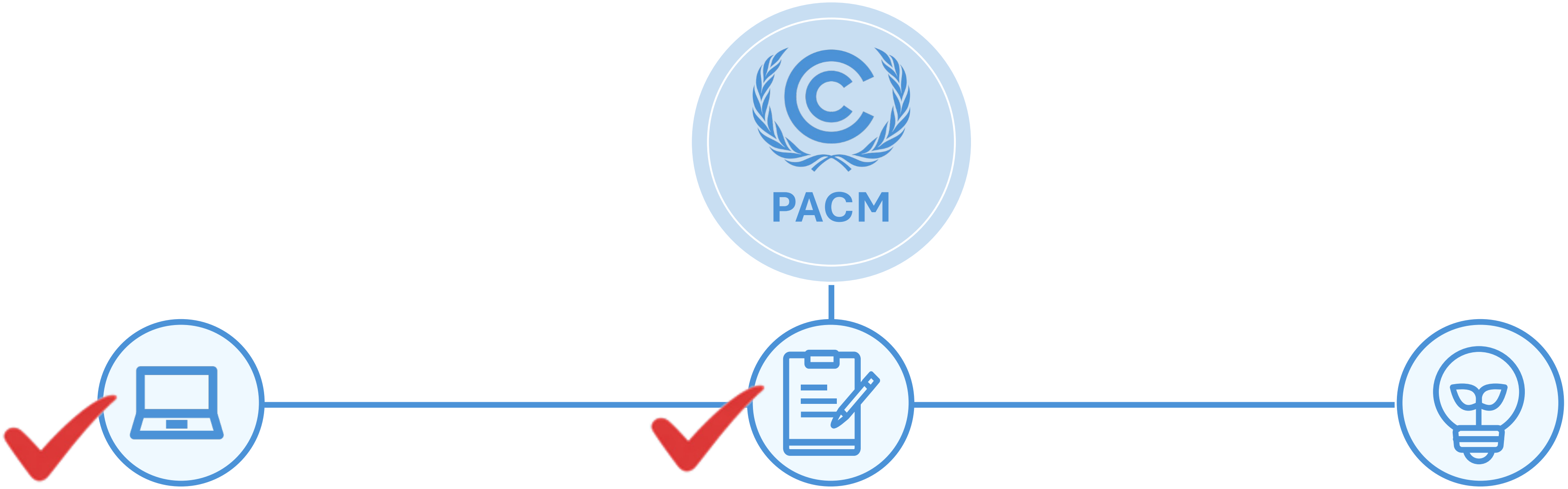
Note: For updated initial report fill in only section IV. Information on each cooperative approach (para. 18(g–i), para. 19 of the annex to decision 2/CMA.3).

IV. INFORMATION ON EACH COOPERATIVE APPROACH (PARA. 18(G–I), PARA. 19)

Note: For the initial report and the updated initial report, chapters A–H below should be repeated for each cooperative approach. For each further cooperative approach, each participating Party shall submit the information referred to in para. 18(g–i) of the annex to decision 2/CMA.3 in an updated initial report (decision 2/CMA.3, annex, para. 19)

A. COPY OF THE AUTHORIZATION BY THE PARTICIPATING PARTY (PARA. 18(G))
B. DESCRIPTION OF THE COOPERATIVE APPROACH (PARA. 18(G))
C. DURATION OF THE COOPERATIVE APPROACH (PARA. 18(G))
D. EXPECTED MITIGATION FOR EACH YEAR OF THE DURATION OF THE COOPERATIVE APPROACH (PARA. 18(G))
E. PARTICIPATING PARTIES INVOLVED IN THE COOPERATIVE APPROACH (PARA. 18(G))
F. AUTHORIZED ENTITIES (PARA. 18(G))
G. DESCRIPTION OF ANY ARRANGEMENTS FOR AUTHORIZING USING PARTICIPATING PARTIES AND AUTHORIZED ENTITIES, IF APPLICABLE (PARA. 18(G) SUPPLEMENTED BY DECISION 4/CMA.6, ANNEX 1) - SUPPLEMENTARY ELEMENT OF INFORMATION TO BE PROVIDED BY PARTIES AS RELEVANT[6]
H. TYPE OF COOPERATIVE APPROACH, IF APPLICABLE (PARA. 18(G) SUPPLEMENTED BY DECISION 4/CMA.6, ANNEX 1) - SUPPLEMENTARY ELEMENT OF INFORMATION TO BE PROVIDED BY PARTIES AS RELEVANT[7]

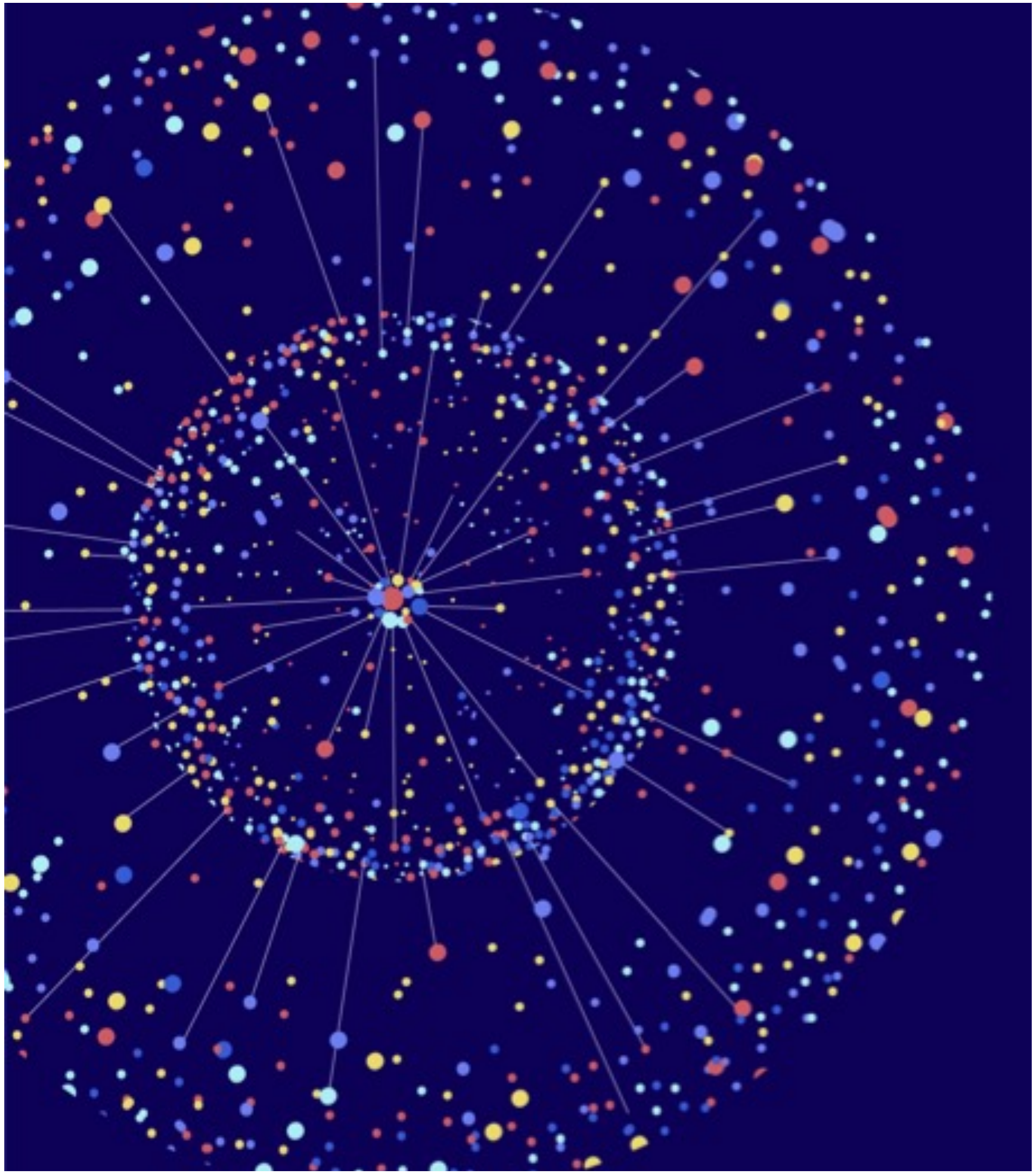
Secretariat support for participation in the PACM



The PACM registry records AERs and interfaces with the Article 6.2 database, providing the necessary quantitative information for the Agreed Electronic Format (AEF) for annual information

The secretariat will be providing standardized language for Part IV of the Initial Report and Part IV of the Regular Report, facilitating the use of PACM participation as cooperative approaches

The secretariat provides technical support for developing standardized baselines and bottom-up methodologies



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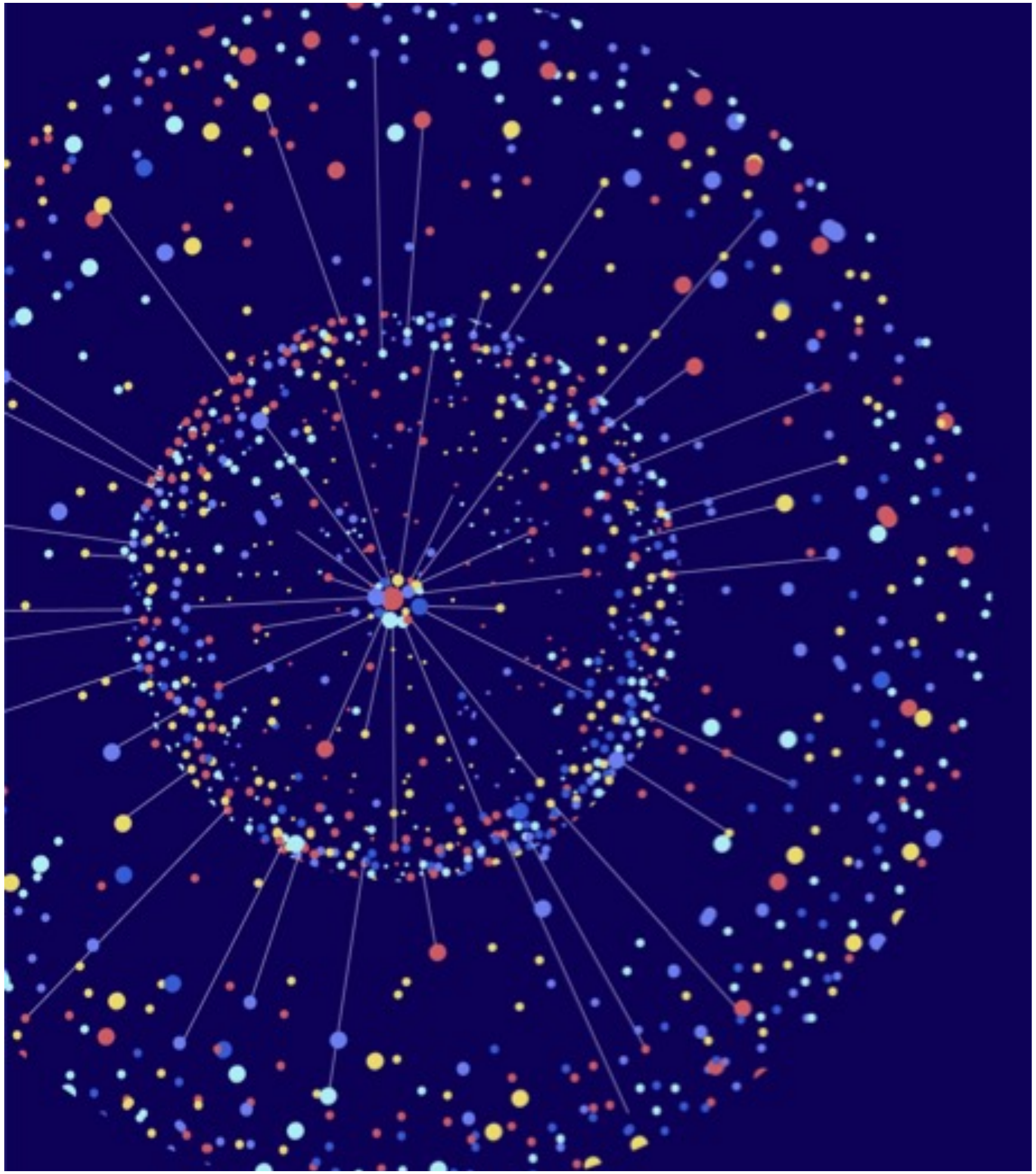
Q&A and Open Discussion



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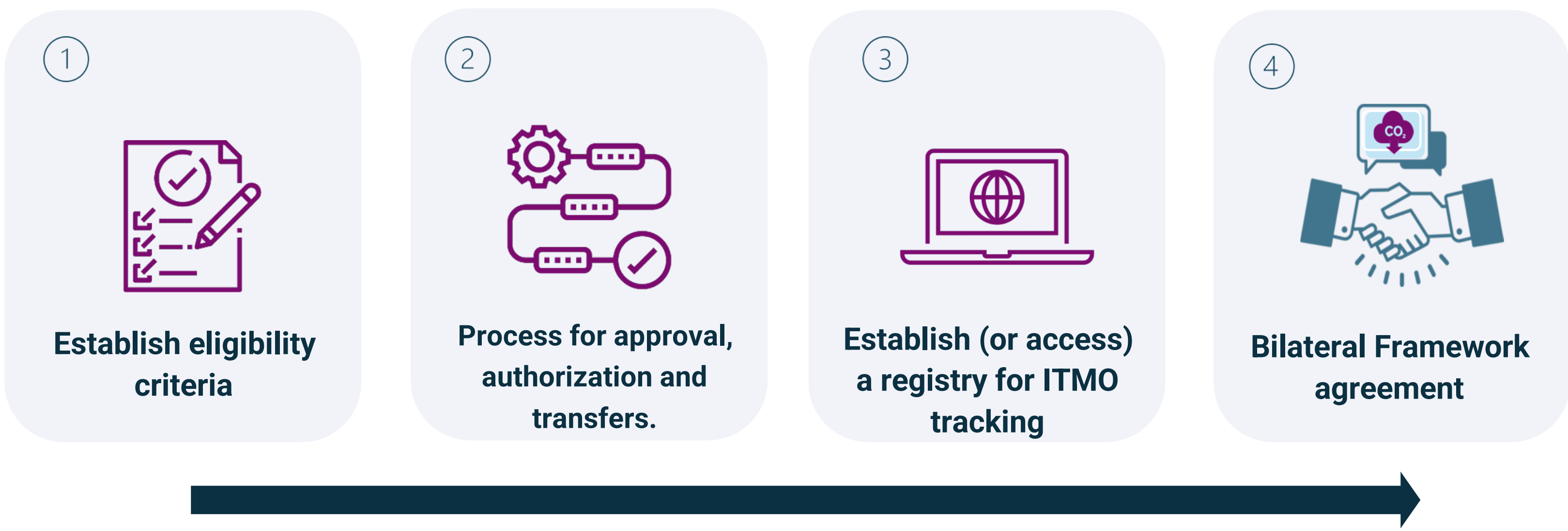
Session 6

Country Context: Operationalizing Article 6 in the Philippines

Article 6 Operationalization



Some indicative steps to take advantage of Article 6 Cooperation

Process for establishing criteria and identifying A6 activities

The processes for determining eligible mitigation activities encompass:

1

Defining roles and responsibilities

- **Identification of activities.**
- **Screening for eligibility.**
- **Roles of A6 unit and ministries.**

2

Understanding the level of achievement of the NDC to ensure activities go beyond its targets:

- **Identify key indicators and track NDC performance (for reporting and decision making).**

3

Defining a process for standardized classification of activities as eligible:

- **Options: positive lists, negative lists, Project by Project, additionality assessment.**

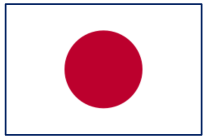
4

Informing relevant ministries, agencies and the private sector of the conditions for eligibility

5

Publishing a process for application with clear criteria

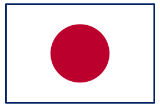
A6 National Readiness Snapshots: Zimbabwe • Bhutan • Japan • EU

				
Institutional Setup	Zimbabwe Carbon Markets Authority (ZICMA) est. 2025; single dedicated body for all carbon market activities	Four-tier governance NEC → C4 → DECC/DNA → CMU; Bhutan Climate Fund as one-stop shop	JCM Promotion Council (Cabinet Decision); JCMA secretariat (2025); multi-ministry focal points	EU ETS remains compliance market; no single carbon authority; Commission leads legislative package
Registry & Tracking	Sovereign registry; fully transparent & API-ready; ITMO tracking in one platform	BNCR: blockchain registry with BT-ER serials; auto-generates AIR data; CMIP transparency portal live	JCM Registry; Article 6 AEF submitted April 2026; strong digital workflow	EU ETS Registry (EUTL); ITMOs from 2031 pilot period; quality criteria to be legislated by 2026
Authorization Process	Qualitative (policy alignment, SD benefits) + quantitative (NDC contribution); SOPs under development	DECC/CMU grants LoA; tiered hierarchy prevents bottlenecks; 5% SoP to adaptation mandated	Standardized authorization letter format; voluntary format for CAs; all info published publicly	Up to 5% of 1990 net emissions via Art 6 credits from 2036; domestic 85% reduction retained
Key Challenge	Inter-registry API transfers not yet automated; CORSIA alignment gaps; GHG inventory tier upgrades needed	Small economy; transaction cost management via BCF aggregator model essential	A6TER review timeline burdensome; 31 preliminary questions for initial report submission	Post-2030 package consultation ongoing; ETS revision expected July 2026; implementation lag
	Zimbabwe	**Bhutan**	**Japan**	**EU**

Applying Peer Lessons to PH Article 6 National Readiness

- Policy frameworks by developing **SOPs** for Article 6 implementation.
- Establish **clear procedures** covering project intake, eligibility screening, technical review, authorization, issuance of Letters of Authorization (LoAs), corresponding adjustments, and reporting.
- While the Philippines has **DAO 2026-05** and the **DOE Carbon Credit Certificate (CCC) Framework**, the next priority is to operationalize these through detailed SOPs for the CCC/DENR Article 6 Unit.

- Adopt an **aggregator model** to bundle small and distributed mitigation activities thru **Bhutan Climate Fund**.
- Government-supported **carbon fund or aggregator** could consolidate renewable energy, energy efficiency, and nature-based solutions, lowering transaction costs and improving market access.
- Such a mechanism **would strengthen investment readiness, unlock larger-scale carbon finance**, and facilitate the management of revenues, including contributions to domestic adaptation priorities.



- Designate **single national focal institution to coordinate Article 6 implementation and UNFCCC reporting**.
- Standardized authorization templates, approval procedures, and clearly defined responsibilities across sectoral ministries.
- **Coordinated governance structure** ensuring robust corresponding adjustment processes.

- Emerging demand for high-integrity Article 6 ITMOs presents a significant long-term opportunity.

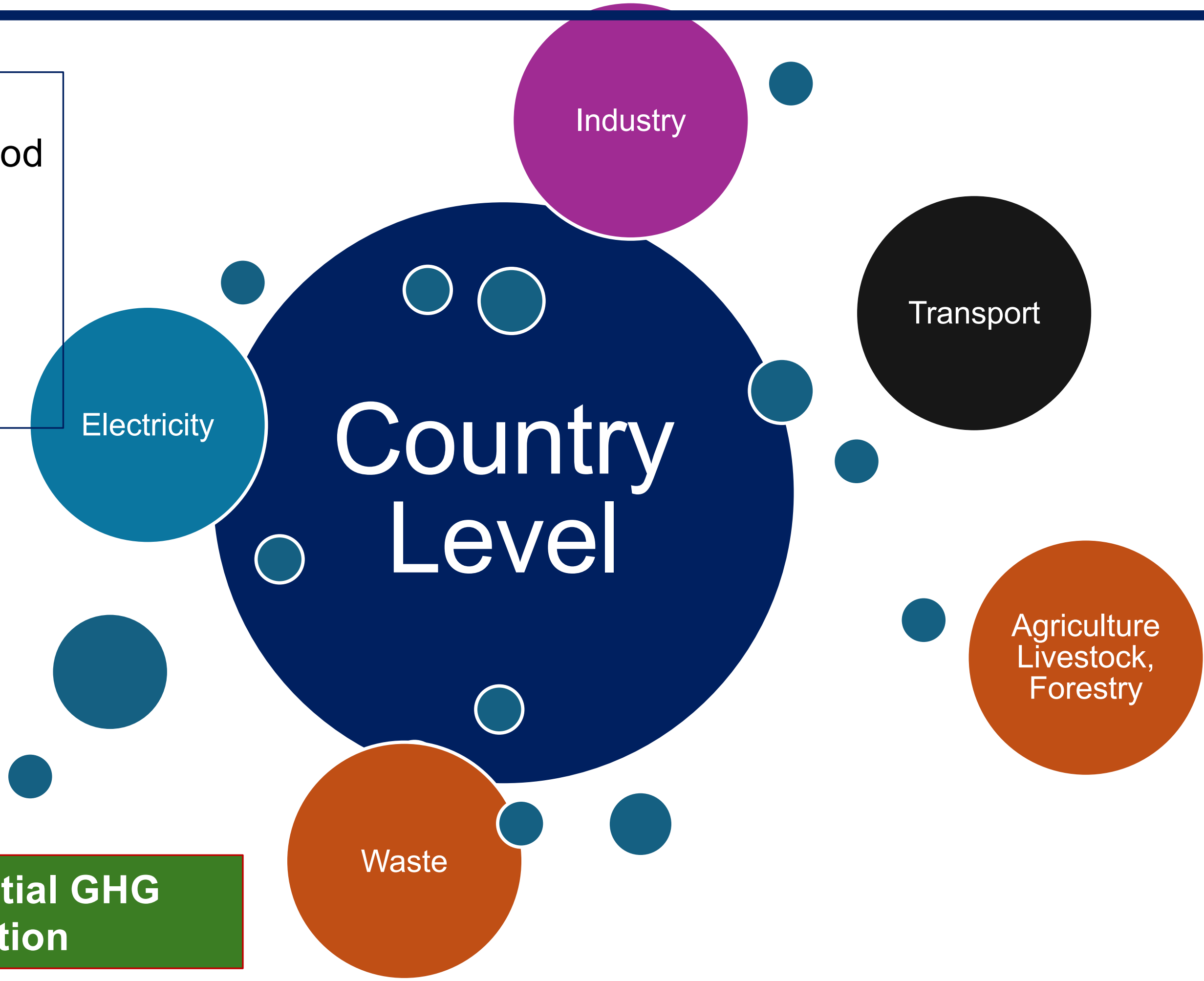
Lesson for Philippines

1. With 72.29% of the Philippines' NDC, being conditional, Article 6 can become a strategic instrument for mobilizing international climate finance.
2. Existing policy instruments; <u>DAO 2026-05, the DOE CCC Framework, and the NDC Implementation Plan</u>, provide strong foundation to supply high-quality, ITMOs meeting ‘environmental integrity, transparency, and SD benefits’.
3. Transition “**policy development to operational implementation”**, focus - governance, standardized authorization procedures, project aggregation, and investment-ready project pipelines to participate effectively in Article 6 markets

NDC Targets & Sectoral Linkages

NDC 2.0 – 2020 to 2030

- BAU - 3,340 mmtCO_2e for the period 2020 to 2030
- Unconditional Target : 2.71%
- Conditional Target : 72.29%



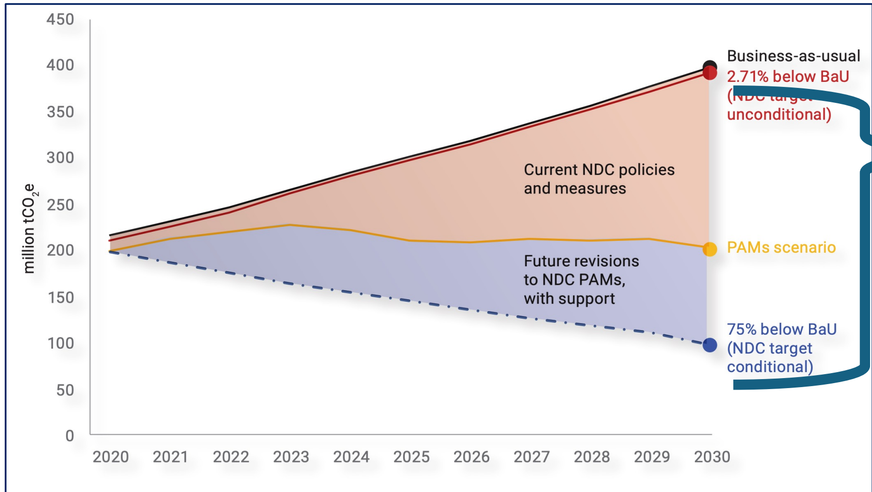
High Potential GHG Mitigation

Operationalizing Article 6 in The Philippines

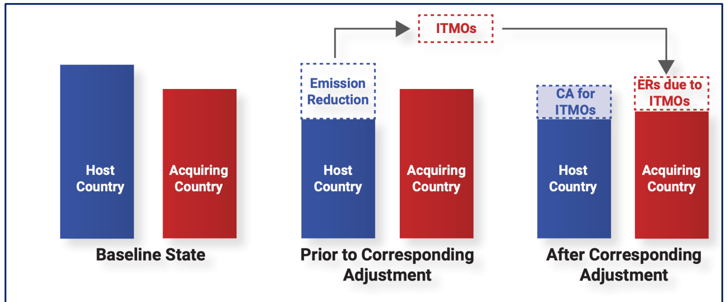
NDC 2.0 Financing requirements $72 billion

NDC 2.0 – 2020 to 2030

- BAU - 3,340 mmtCO_2e for the period 2020 to 2030
- Unconditional Target : 2.71%
- Conditional Target : 72.29%



BaU = business-as-usual, NDC = nationally determined contribution, PAMs = policies and measures. tCO_2e = ton of carbon dioxide equivalent.
Source: Government of the Philippines.



CA = corresponding adjustment, ER = emission reduction, ITMO = internationally transferred mitigation outcome.
Source: Asian Development Bank, *Article 6 of the Paris Agreement – Drawing Lessons from the Joint Crediting Mechanism* (2019).

STRATEGIC OPPORTUNITY
Enabling environment is now in place

- 75% Ambitious NDC Target, Highest-ambition developing country commitment
- 72% Conditional Component. Unlocked via international carbon finance
- Article 6 as a priority mechanism, formally adopted
- DOE - Sector-Level CCC Framework, Energy-specific carbon market guidelines in force
- DOF-
- 2024. NDC Implementation Plan

Philippines is investment-ready for high-integrity Compliance & VCM projects

https://www.climate.gov.ph/public/ckfinder/userfiles/files/Knowledge/The%20Philippines'%20NDC%20Implementation%20Plan%20-%20072024.pdf

Operationalizing Article 6 in The Philippines- DOE

NDC 2.0 Financing requirements Energy Sector $36.5 billion

Energy Sector : Carbon Market Opportunities

- High-integrity, policy-anchored pathway for Article 6 and VCM project development

DOE POLICY FRAMEWORK

- CCC Framework: DOE established Carbon Credit Certificates (CCCs) for the energy sector, providing regulatory legitimacy for carbon market participation.
- Priority Mitigation Activities: Identified activities eligible to generate carbon credits; aligned with national decarbonization trajectories and sectoral plans.
- MRV Alignment: Project participation must align with national MRV requirements and government authorization processes under Article 6.
- Climate Finance Attraction: Designed to complement national decarbonization while attracting international climate finance and private investment.
- Authorization Process: Projects require host-country approval and LOA aligned with corresponding adjustment rules under Article 6.2/6.4.

1. https://prod-cms.doe.gov.ph/documents/d/guest/dc2025-09-0018
2. https://prod-cms.doe.gov.ph/documents/d/guest/do2026-06-0016-pdf

ELIGIBLE ENERGY ACTIVITIES

Renewable Energy Generation
Solar PV, wind, geothermal, hydro, biomass.

Energy Efficiency Improvements
Industrial EE, buildings, HVAC, street lighting. High-volume, distributed PoA structures.

Grid Modernisation & Smart Systems
T&D loss reduction, smart metering, demand response integration.

Battery Energy Storage (BESS)
Grid dispatch, RE firming, fossil peaker displacement. 4-hour LFP systems preferred.

Low-Carbon Industrial Energy
Fuel switching, process heat decarbonisation, green hydrogen integration.

Other DOE-Recognised Activities
Coal Powerplant transition credits

Operationalizing Article 6 in The Philippines- DOF

Forestry Sector : Carbon Market Opportunities

- Forest Carbon Credit Database linked to future National Carbon Registry
- National MRV & Forest Monitoring System (NFMS) protocols
- Project registration, governance & eligibility procedures under DAO 2026-05
- Community safeguards, benefit-sharing & FPIC requirements
- Article 6 corresponding adjustment & authorization alignment
- VCM participation with future Article 6 pathway as national policy matures

- Forests and land-use sectors are expected to play a critical role in delivering the 72.29% conditional NDC component through sequestration and avoided emissions

Philippines' forest sector as one of Southeast Asia's emerging destinations for high-integrity nature-based carbon investments

1. Afforestation, Reforestation & Revegetation (ARR)
- Native forest restoration
- Assisted natural regeneration
- Degraded forest rehabilitation

2. Avoided Deforestation (AD / REDD+)
- Prevention of planned forest conversion
- Prevention of illegal deforestation
- Protection of existing carbon stocks

3. Improved Forest Management (IFM)
- Sustainable forest management
- Restoration of degraded ecosystems
- Soil & ecosystem carbon enhancement

4. Blue Carbon & Wetlands
- Mangrove restoration
- Seagrass conservation
- Wetlands & peatland protection

1. DAO FOREST GUIDELINES - DAO-2026-05
2. DAO FOREST ROADMAP - DAO-2026-02

Article 6 Technical Expert Review : Summary of Key Findings

Evidence from Article 6.2 Technical Expert Reviews (TERs), 2024–2025 | What every host country must understand about its own exposure

Key message for host countries:

- Weak Article 6.2 reporting is not a compliance footnote, it creates market, reputational and legal risk that can **invalidate ITMO deals, exclude countries from premium buyer markets**, and undermine NDC credibility.

Risk Category	UNFCCC Reporting Element	Issue Identified	Key Finding / Implication
Critical Risk	18.H.1 / 18.H.2 – Environmental Integrity	Net emission increase & MO quality	Weak environmental integrity may lead to ITMO rejection by buyers.
Critical Risk	18.A/4.D – Tracking Arrangements	Registry & ITMO tracking	Weak tracking systems increase double-counting risk and reduce buyer confidence.
Critical Risk	18.A/4.C – Authorization Arrangements	LoA completeness	Incomplete authorizations may invalidate ITMO transactions.
High Risk	18.A/4.F – NDC Contribution	Additionality to NDC	Countries must demonstrate transfers do not compromise NDC achievement.
High Risk	18.I.2 – Human Rights	Human rights safeguards	Insufficient safeguards may restrict access to premium carbon markets.
High Risk	18.C.2 – Corresponding Adjustments	CA application	Incorrect corresponding adjustments undermine accounting integrity.
Systemic Gap	4/CMA.6 Supplementary Baku Requirements	New reporting requirements	Countries should prepare for mandatory Baku reporting requirements.
Systemic Gap	18.I.5 / 18.I.6 – SoP & OMGE	Share of Proceeds & OMGE	Failure to demonstrate SoP and OMGE may reduce market acceptance.
Systemic Gap	18.G.1 – Copy of Authorization (LoA)	LoA submission	Standardized and complete LoAs are essential for future ITMO transfers.

- **Carbon Market Watch / ENGO, SBI 64: ATER 13 countries reviewed**

Article 6 Technical Expert Review : Self-Assessment

Evidence from Article 6.2 Technical Expert Reviews (TERs), 2024–2025 | What every host country must understand about its own exposure

Philippines advantage
- Policy frameworks (DAO 2026-05, DOE CCC) are already in place.
- The credibility risk is in reporting documentation and CA-level evidence, addressable with targeted pre-initial-report preparation before first A6TER.

Philippines Priority Action

Environmental Integrity (**18.H.1 / 18.H.2)**
- Prepare a CA-level EI narrative for each cooperative approach, showing net emission increase methodology, MO quality criteria, and uncertainty handling. This is the #1 TER finding.

NDC Contribution 18.A/4.F
- Develop a quantified NDC headroom analysis per sector. Demonstrate that ITMOs are authorized only above NDC trajectory, referencing CCC BTR1 2024 inventory as the accounting baseline.

Authorization & Tracking 18.A/4.C + 18.A/4.D
- Prioritize registry architecture publication and LOA template finalization before first CA authorization. Misaligned LOAs are the most common 'significant' inconsistency under 4/CMA.6 and cannot be retroactively cured.

Human Rights (18.I.2) SoP & OMGE (18.I.5/6)
- Insert explicit 11th preambular paragraph language in LOA templates. Gazette SoP rate (5% minimum recommended). Define OMGE cancellation methodology per CA before authorizing first ITMO transfer.

Baku Supplementary Reqs 4/CMA.6 (15 new items)
- Map all 15 supplementary 4/CMA.6 requirements against PH regulatory instruments NOW. Build reporting templates pre-emptively. Engage CCC legal team on 18.H.1 (outcome sharing between parties), the most commonly missing item.

- **Carbon Market Watch / ENGO, SBI 64: ATER 13 countries reviewed**

Actions - Governments

1. Identify Eligible Mitigation Activities

Select qualifying activities for cooperative approaches (e.g., carbon markets, ITMOs)

2. Build Capacity

Develop tailored capacity-building programs to avoid duplication and ensure effective technical assistance

3. Establish a Dedicated Office

office to oversee Article 6 implementation and stakeholder engagement

Key Actions for Article 6 Implementation

4. Submit Participation Forms

Complete required forms for participation in cooperative mechanisms like PACM

5. Engage the Private Sector

Collaborate with the private sector to implement on-the-ground mitigation activities

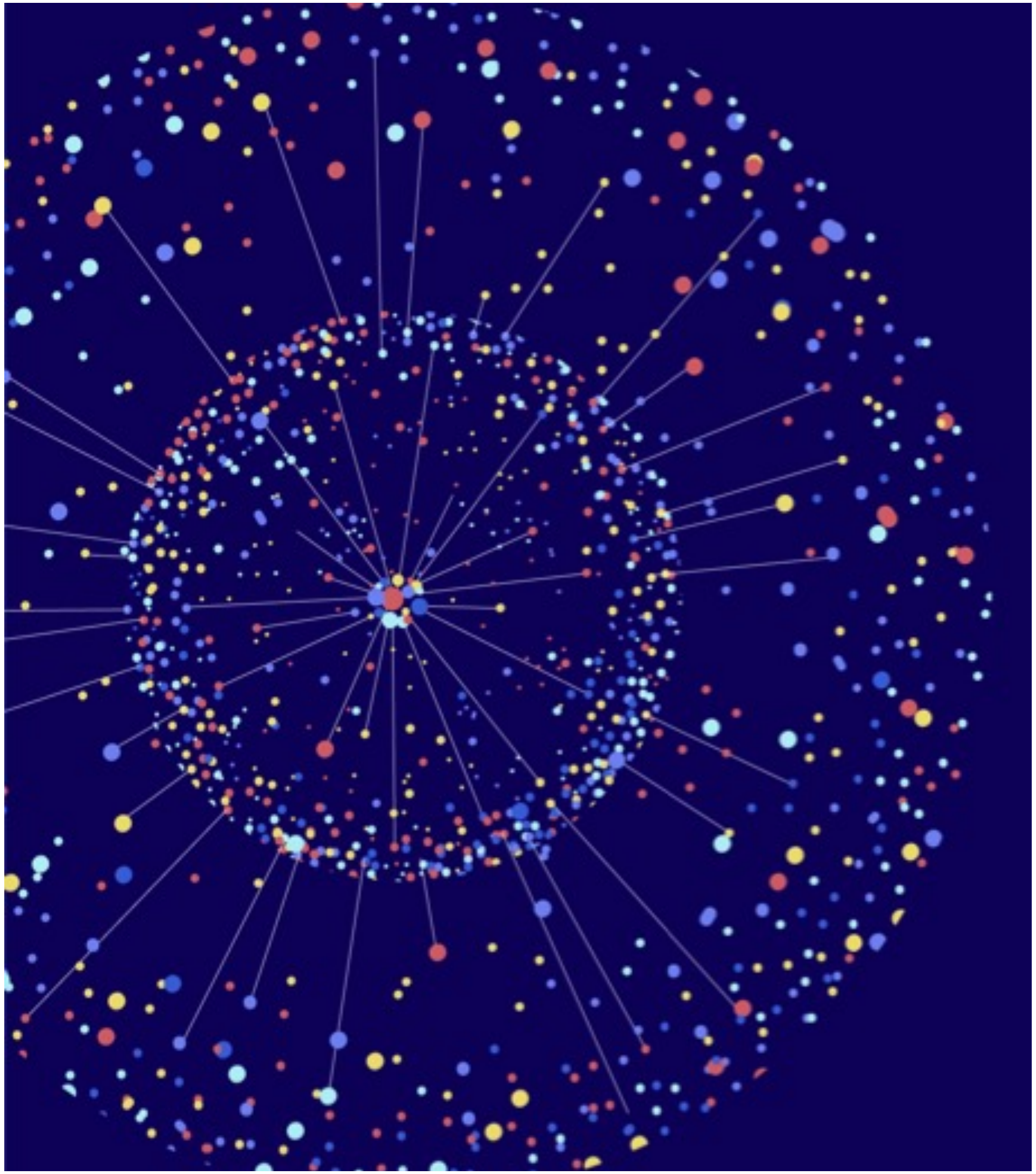
6. Develop Non-Market Approaches (Article 6.8)

Focus on non-market climate action like capacity-building and NDC support

Philippines: Article 6.4 Activities Prior Consideration

#	Project Title	Sector	PACM Route	NDC Type	HPPR	DAO / Policy Basis
1	OME Eco Improved Cook Stoves	Energy / Household	Art. 6.4 ITMO	COND.	YES	DOE CCC / Waste & EE
2	Botolan Wind Power Project	Energy – RE	Art. 6.4 ITMO	COND.	YES	DOE CCC Framework
3	Waste-to-Power — Island of Cebu	Waste / Energy	Art. 6.4 ITMO + MCU	COND.	PARTIAL	EMB / DOE CCC
4	Containerized Biogas Plants	Waste / Agriculture	Art. 6.4 ITMO	COND.	NO	DA / DOE CCC
5	Laguna Landfill Power Plant	Waste – LFG	Art. 6.4 ITMO + MCU	COND.	YES	EMB / DOE CCC
6	LAGUNA PIL Energy Co. Ltd (LFG)	Waste – LFG	Art. 6.4 ITMO + MCU	COND.	YES	EMB / DOE CCC
7	Electric Mobility Program Philippines	Transport – EV	Art. 6.4 ITMO	COND.	NO	DOTr / DOE CCC
8	Changing Lives via Improved Cooking Initiatives (Entry 1)	Energy / Household	Art. 6.4 ITMO	COND.	PARTIAL	DOE CCC / DENR
9	Changing Lives via Improved Cooking Initiatives (Entry 2)	Energy / Household	Art. 6.4 ITMO	COND.	PARTIAL	DOE CCC / DENR
10	OME Eco Improved Cook Stoves (Entry 2)	Energy / Household	Art. 6.4 ITMO	COND.	YES	DOE CCC / DENR
11	Shaping the Future: RE for Sustainable Philippines	Energy – RE (Mixed)	Art. 6.4 ITMO	COND.	YES	DOE CCC Framework
12	SK E&S Carbon Neutral Program	Energy / Industry	Art. 6.4 ITMO	COND.	PARTIAL	DOE CCC / EMB
13	The Electric Vehicle Accelerator (EVA)	Transport – EV	Art. 6.4 ITMO	COND.	NO	DOTr / DOE CCC
14	SK Carbon Neutral Programme in ASEAN	Energy / Industry	Art. 6.4 ITMO	COND.	NO	DOE CCC / EMB

- Diverse PACM activities across priority sectors, reflecting strong opportunities to mobilize climate finance under Article 6.4.
- Advancing these opportunities require robust authorization processes, sectoral policy support, aligned with the Philippines' NDC and national carbon market framework.



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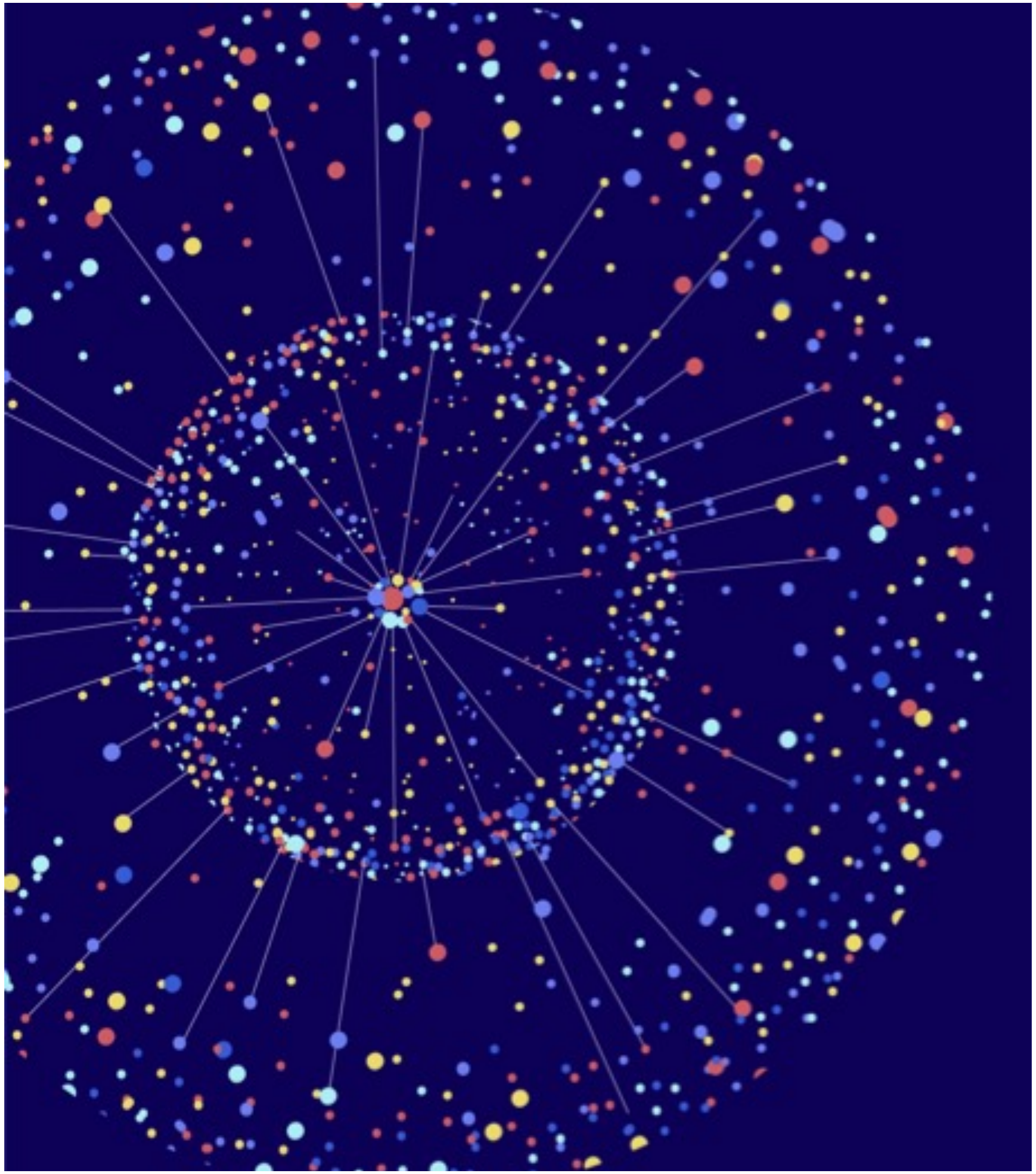
Coffee Break



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Collaboration for Climate Action

Session 7

Expert Clinic: Addressing Key Concerns

Open Discussions

1. Strategy
How can Article 6 best support the implementation of the Philippines' conditional NDC while safeguarding national mitigation priorities, sustainable development objectives, and long-term climate ambition?

2. Governance
Are the current institutional, policy, and regulatory arrangements sufficient to operationalize Article 6, or what additional governance mechanisms, authorization processes, and inter-agency coordination are needed?

3. Implementation
Which sectors and mitigation activities should be prioritized for Article 6 participation, and what technical, institutional, and capacity-building measures are required to develop an investment-ready pipeline of high-integrity projects?

4. Investment
How can the Philippines leverage Article 6 to attract international climate finance and private-sector investment while ensuring environmental integrity, transparent MRV systems, and market confidence?

5. Future Actions
What should be the top priorities and immediate next steps over the next 12–24 months to transition from Article 6 readiness to full operationalization and successful international transactions?

In Conclusion

1. With the successful approval of the first set of PACM methodology, the momentum has now begun towards wider market development, enabling project development under Article 6.4.

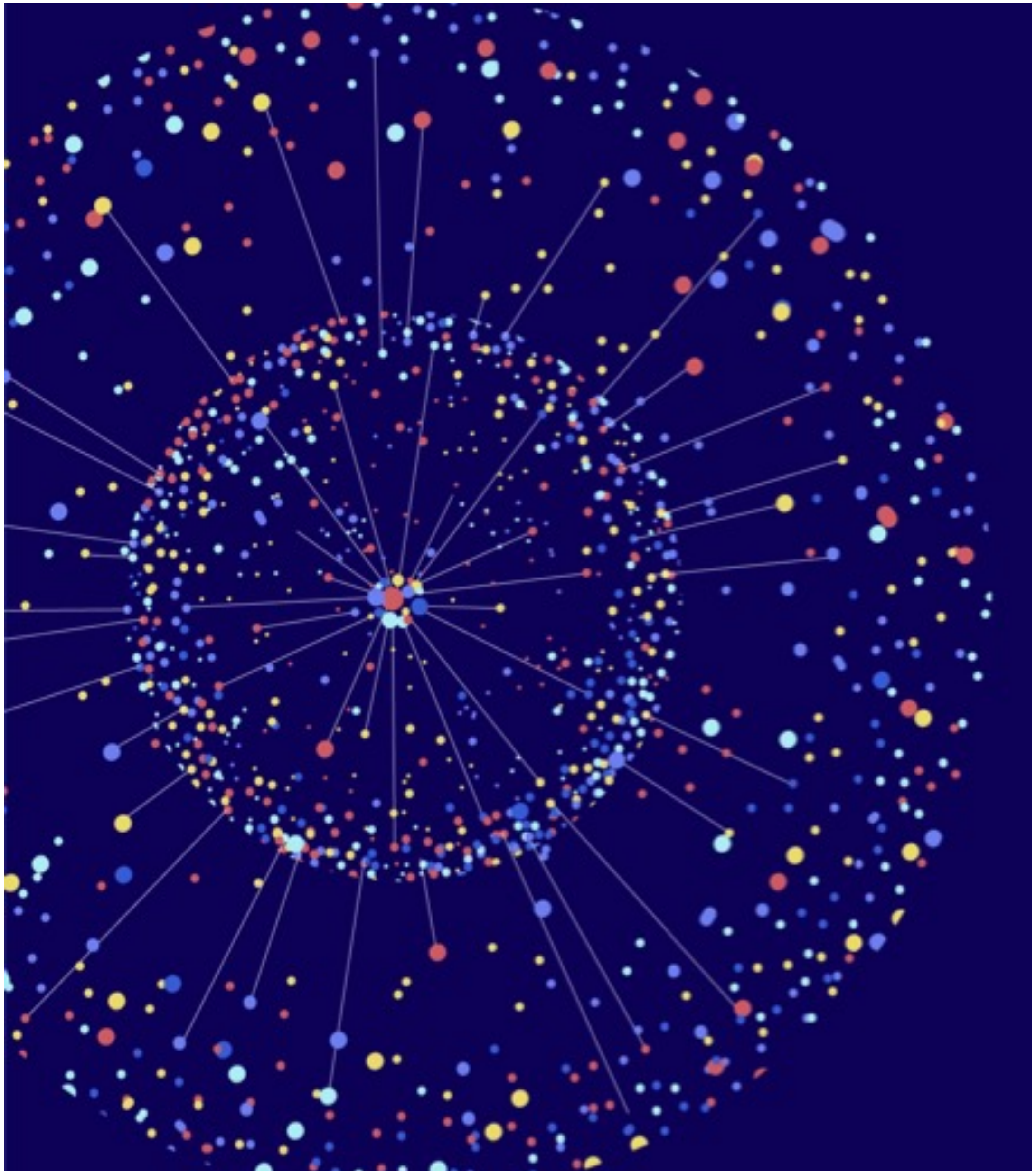
2. Article 6.4 is globally governed and provides the **highest integrity benchmarks** for **Paris-aligned climate action**, including downward adjustments of baseline emissions.

3. Countries can **integrate carbon markets** to achieve and exceed ambition pledged under the multilateral framework – through domestic and international climate action pathways.

4. Private sector should accelerate efforts in transitioning CDM projects and developing new market opportunities under Article 6.

5. **Capacity building of sectoral** actors, combined with strong economic cost–benefit analysis, can support policymakers to prioritize high-impact mitigation actions under Article 6.2 and 6.4.

6. Article 6.4 is uniquely positioned to serve both compliance and voluntary carbon markets, offering a globally standardized high-integrity benchmark mechanism.



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Closing Remarks

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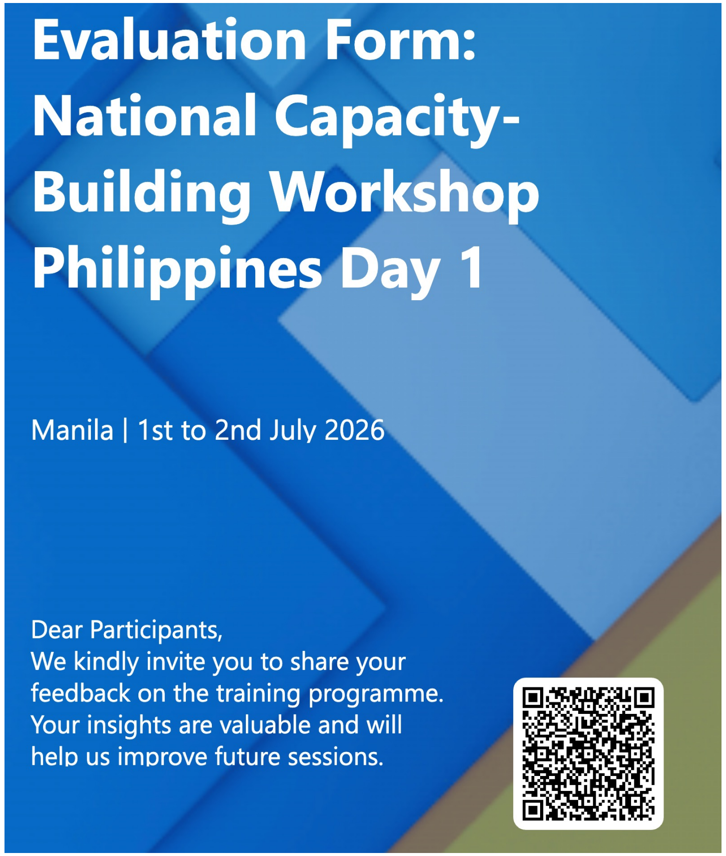
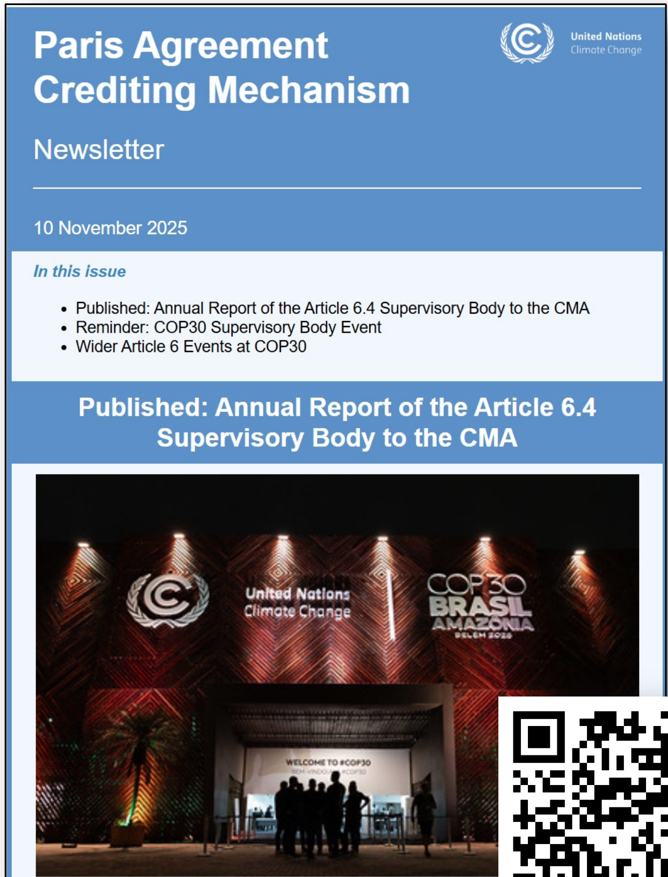
Thank you for joining!





Paris Agreement Crediting Mechanism

United Nations Climate Change

Newsletter

10 November 2025

In this issue

- Published: Annual Report of the Article 6.4 Supervisory Body to the CMA
- Reminder: COP30 Supervisory Body Event
- Wider Article 6 Events at COP30

Published: Annual Report of the Article 6.4 Supervisory Body to the CMA

Article 6 Capacity Building.

Credit: UNFCCC/ Photo: studioroman

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