

# MASTERCLASS ON THE PARIS AGREEMENT CREDITING MECHANISM (PACM): TOOLS, RULES AND READINESS

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08 July 2025, Bangkok Thailand



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Climate Change Secretariat



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**IETA**  
INTERNATIONAL EMISSIONS  
TRADING ASSOCIATION



## **Julie Amoroso-Garbin**

Regional Lead  
UNFCCC-IGES RCC Asia and the Pacific

# CONTEXT SETTING

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## Objectives

1. Overview of Article 6.4 Paris Agreement Crediting Mechanism (PACM).
2. Walkthrough of key implementation milestones and participation requirements under the PACM.
3. Complementarity of Article 6.2 and PACM.

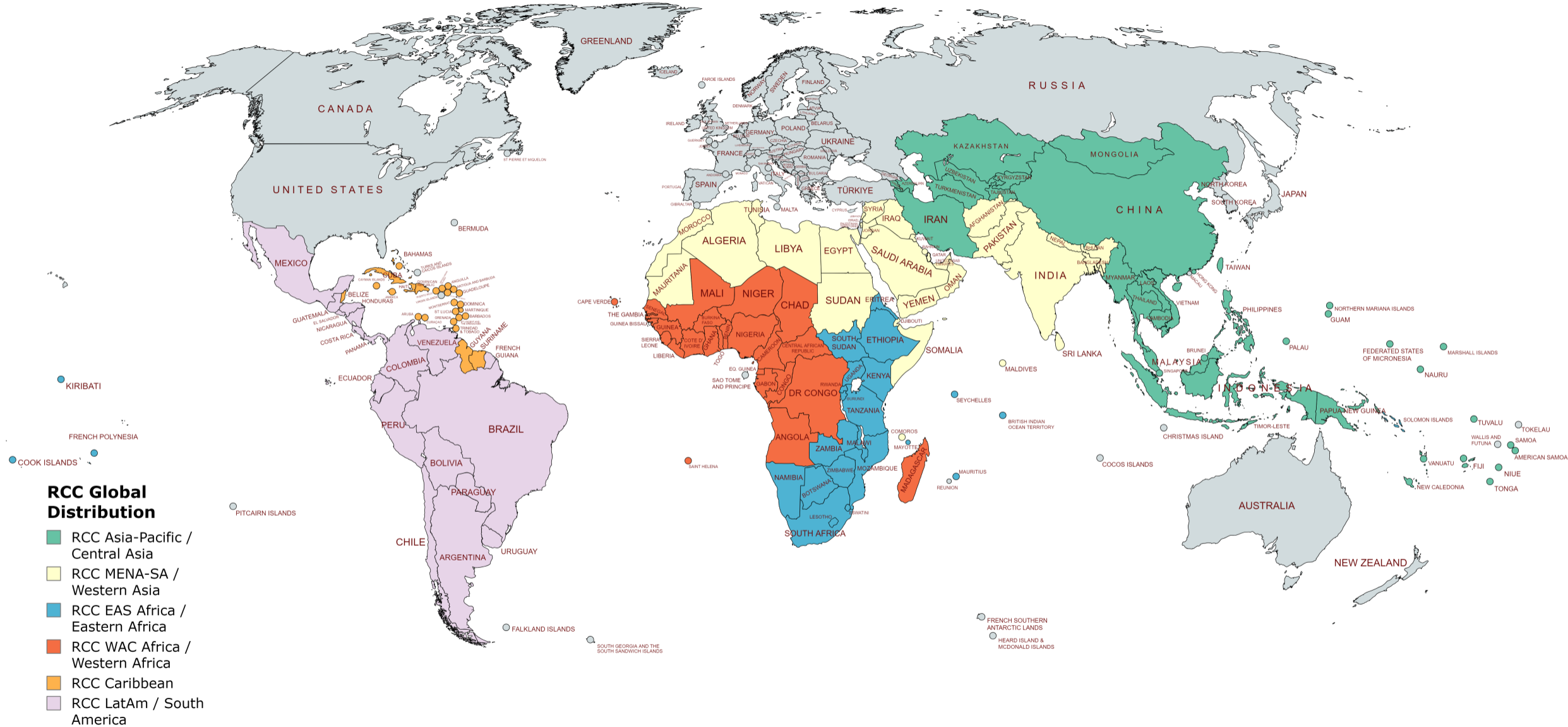
## Agenda

Moderated discussion on the Paris Agreement Crediting Mechanism with Perumal Arumugam, UNFCCC Secretariat

- ☐ Understanding Article 6.4 and CDM Transition
- ☐ Roles, responsibilities and participation requirements
- ☐ Enhancing engagement on Article 6.4
- ☐ Discussion



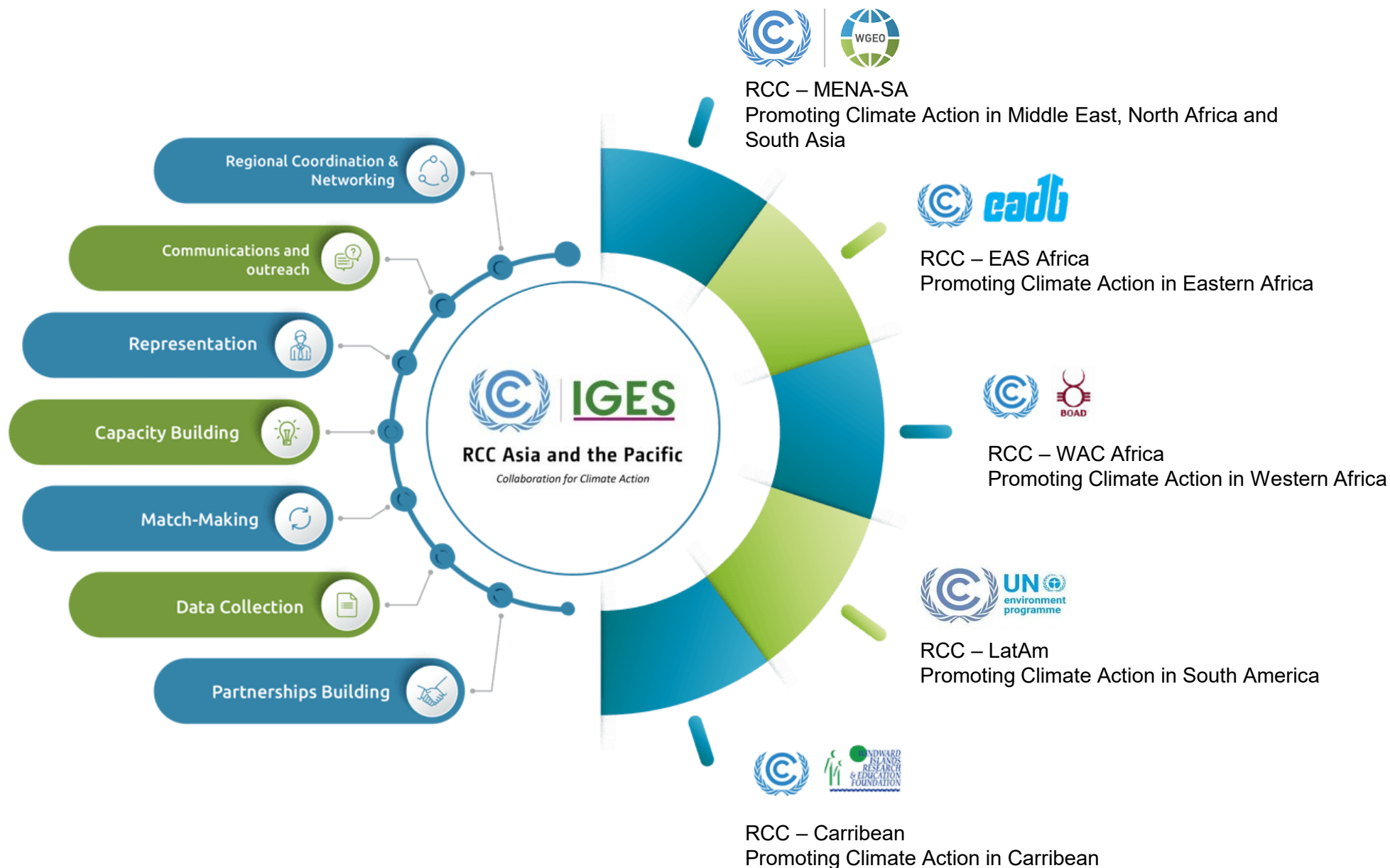
## About UNFCCC Regional Collaboration Centers



# About UNFCCC Regional Collaboration Center Asia-Pacific



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## **Mr. Perumal Arumugam**

Manager

Markets and Non-Markets Support and  
Stakeholders Interaction Sub-division

# THE PARIS AGREEMENT CREDITING MECHANISM: OVERVIEW

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# 9-year Journey for the Full Operationalization



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2015

Adoption of the Paris Agreement



2021

Completion of the Paris Rulebook



2022

Adoption of further rules



2024

Completion of further guidance

**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 supplementary elements, Inconsistencies of reported information and their consequences, Function of registries

**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

**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

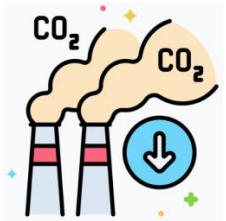
# Article 6.4 Paris Agreement Crediting Mechanism



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

The mechanism shall aim to:



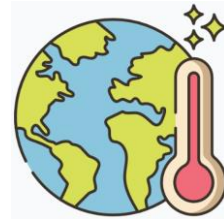
Promote the **mitigation** of GHG emissions while fostering **sustainable development**



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**



Incentivize and facilitate **participation in the mitigation of GHG by public and private entities** authorized by a Party



To deliver an **overall mitigation in global emissions**

- **MCUs** can be used for various purposes, **including voluntary corporate action**, for the purpose of contributing to the reduction of emission levels in the host Party
  - e.g. **voluntary climate action**, results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures
- **MCUs** paves the way for corporate to **make a climate contribution** and **unlock financial and technical support for the Global South**
  - **MCUs** are generated from registered mitigation activities hosted by any Party, **enabling the transfer of essential climate technology and funding**
  - The mitigation achieved assists the host Party **in achieving its NDC and sustainable development goals** by curbing its GHG emissions



# Can PACM be a Cooperative Approach?



-  **YES.** As the **only multilateral crediting mechanism** under the Paris Agreement, **PACM** has been assigned **Cooperative Approach ID “0001”**

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Process and meetings

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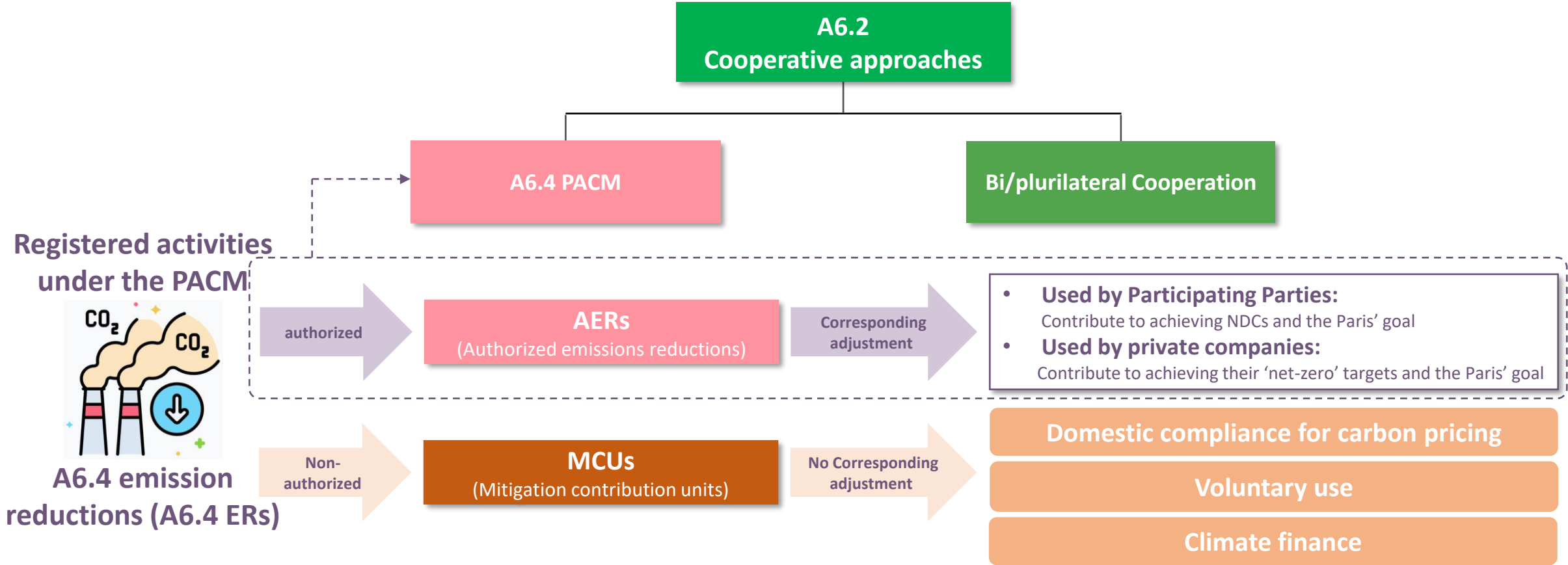
Process and meetings > The Paris Agreement > The Paris Agreement > Cooperative Implementation > CARP

Cooperative approaches.

This page lists the cooperative approaches for which annual information has been submitted.

Cooperative approach ID	Cooperative approach name	Participating Party or Parties	(Updated) initial reports
CA0001	Article 6.4 mechanism	Parties to the Paris Agreement	NA
CA0002	Promotion of climate smart agriculture practices for sustainable rice cultivation in Ghana	Ghana, Switzerland	Ghana, Switzerland
CA0003	Operation of e-buses on privately owned, scheduled public bus routes in the Bangkok Metropolitan area by Energy Absolute / Implementing Agreement to the Paris Agreement between the Kingdom of Thailand and the Swiss Confederation	Switzerland, Thailand	Switzerland, Thailand
CA0004	Electrification of Vanuatu's Inhabited Islands through Solar Power ITMO Programme	Switzerland, Vanuatu	Switzerland, Vanuatu
CA0005	Emissions Reductions from Sustainable Management of Forests	Guyana	Guyana
CA0006	ITMOs resulting from Paris Agreement Article 5.2: reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks	Suriname	Suriname
CA0007	Joint Crediting Mechanism between the government of Japan and the government of the Kingdom of Thailand	Japan, Thailand	Japan
CA0008	The Joint Crediting Mechanism (JCM), established under the 'Low Carbon Development Partnership' between the Governments of Mongolia and Japan, operates in accordance with Article 6 of the Paris Agreement	Mongolia, Japan	Mongolia
CA0009	Grouped Projects for Cambodia Improved Cookstove	Cambodia	Cambodia
CA0010	Grouped Projects for Cambodia Water Purifier	Cambodia	Cambodia

- If the **host Party** of an activity under the **PACM** authorizes the **A6.4ERs** from the activity, those A6.4ERs can be recognized as **Internationally Transferred Mitigation Outcomes (ITMOs)** under Article 6.2 once first transferred



# Implications of Authorization



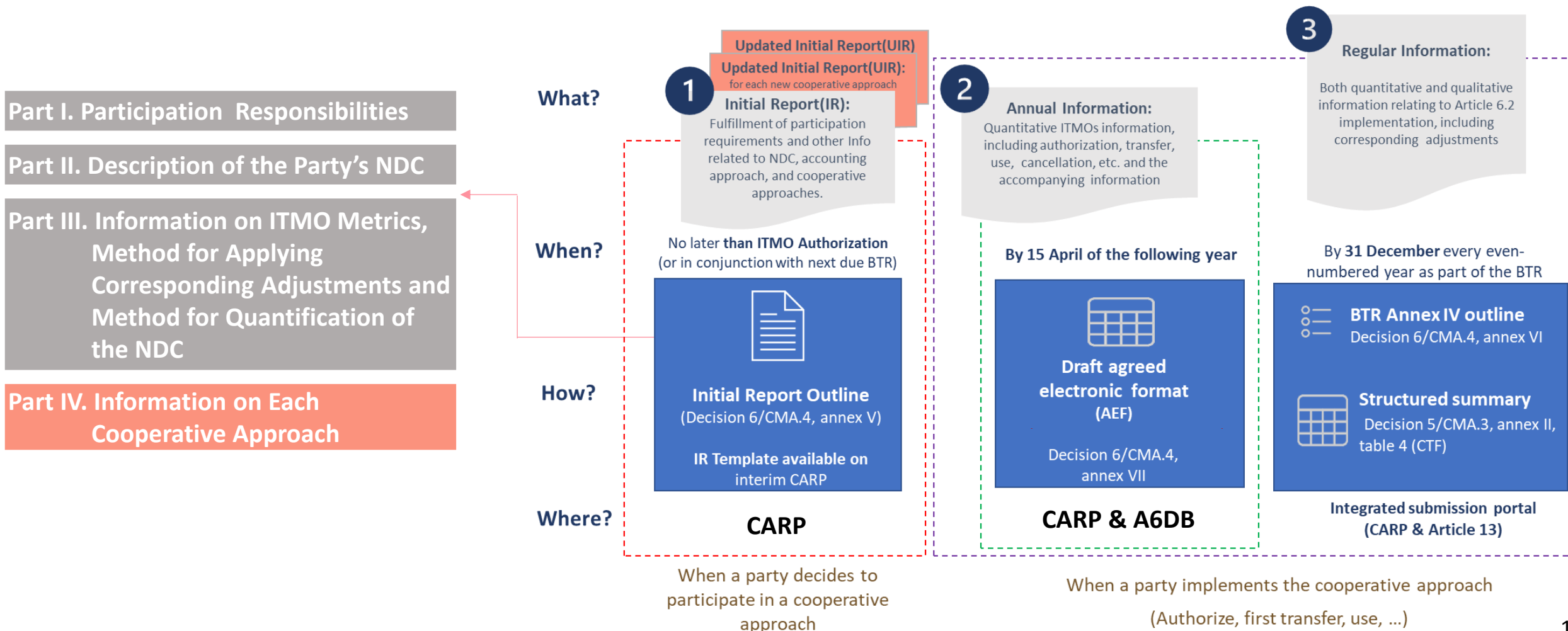
- 🌐 Registered activities issue emission reductions (**A6.4ERs**), which come in two types:
  - **Authorized emission reductions (AERs)**: Authorized for use towards NDCs or for other international mitigation purposes
  - **Mitigation contribution units (MCUs)**: As non-authorized units,
    - MCUs can never be AERs
    - Or, MCUs can become AERs under certain circumstances, subject to additional condition
- 🌐 As per paragraph 11 of decision 6/CMA. 6 from Baku, at the time of issuance of A6.4ERs, the **host Party can decide** whether:
  - (1) **Authorizes** the A6.4ERs, **in full or in part**
  - (2) **Does not authorize** any A6.4ERs
  - (3) **Authorizes** the A6.4ERs **at a later stage**

SECTION A.3. HOST PARTY STATEMENT OF AUTHORIZATION	
	The host Party decides, based on the relevant project information and the implications of hosting the project on the implementation of its NDC that it:
<input checked="" type="checkbox"/>	<b>Authorizes</b> , in full or in part, the A6.4ERs to be issued for the underlying activity for the use towards achievement of nationally determined contributions and/or for other international mitigation purposes pursuant to decision 2/CMA.3, annex, paragraph 1(d) and (f) (provide the details of the authorization in Sections B.1-8 below). If only part of A6.4ERs to be issued is authorized, the Party may optionally provide below additional information on the terms and conditions under which authorization will be provided for the part not authorized yet.
>>	
<input checked="" type="checkbox"/>	<b>Does not authorize</b> any A6.4ERs to be issued for the underlying activity for use towards achievement of nationally determined contributions and/or for other international mitigation purposes pursuant to decision 2/CMA.3, annex, paragraph 1(d) and (f) ( <u>provide information only in Section A</u> )
>>	
<input checked="" type="checkbox"/>	<b>Allows</b> mitigation contribution A6.4ERs to be issued for the underlying activity, while noting that it may authorize the A6.4ERs at a later stage subject to the relevant requirements of the "Procedure: Article 6.4 activity cycle procedure for projects" (provide the details of the authorization in Sections B.1-8 below at a later stage when deciding to authorize the issued mitigation contribution A6.4ERs). Host Party may optionally provide below additional information on the terms and conditions under which authorization will be provided:
>>	

# Article 6.2 Reporting Requirements



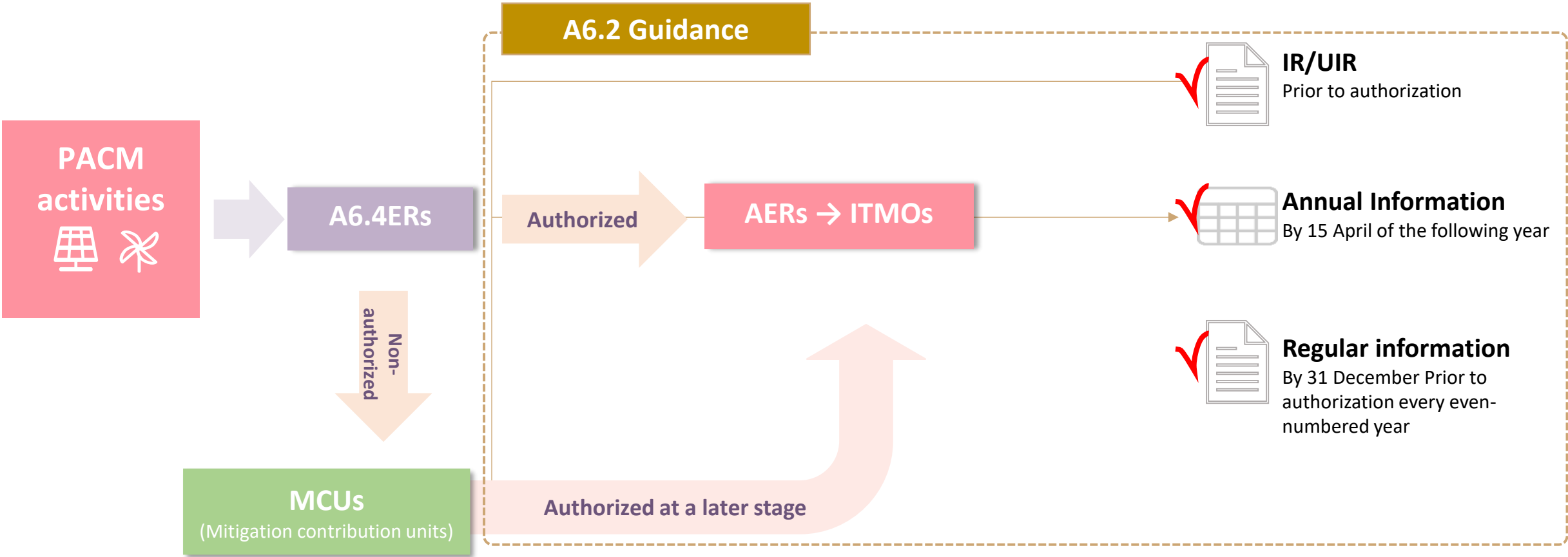
- 🌐 Participating Parties in Article 6.2 are required to **fulfil the three main reporting obligations** under the Article 6.2 guidance



# Reporting Implications of Authorized A6.4ERs



- “Authorization” triggers the A6.2 reporting obligation, and the host Party must submit the Initial Report, AEF, and Regular Information in sequence by the applicable deadlines

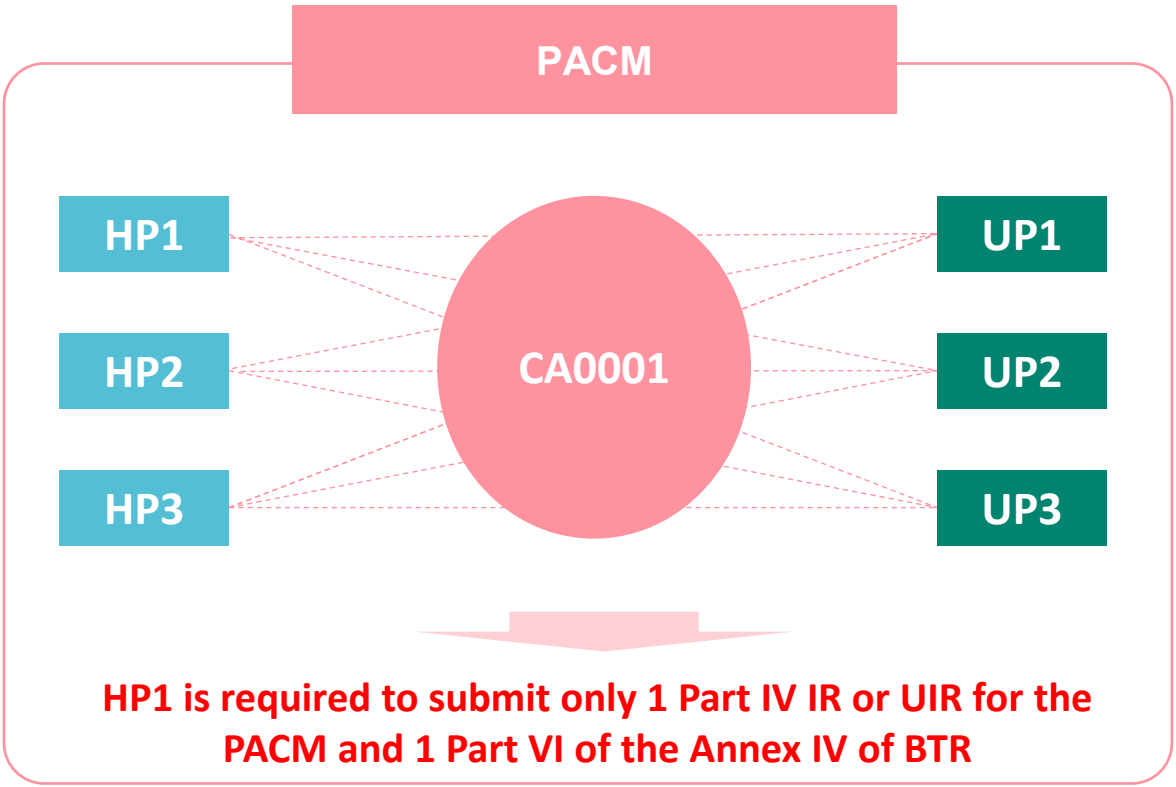
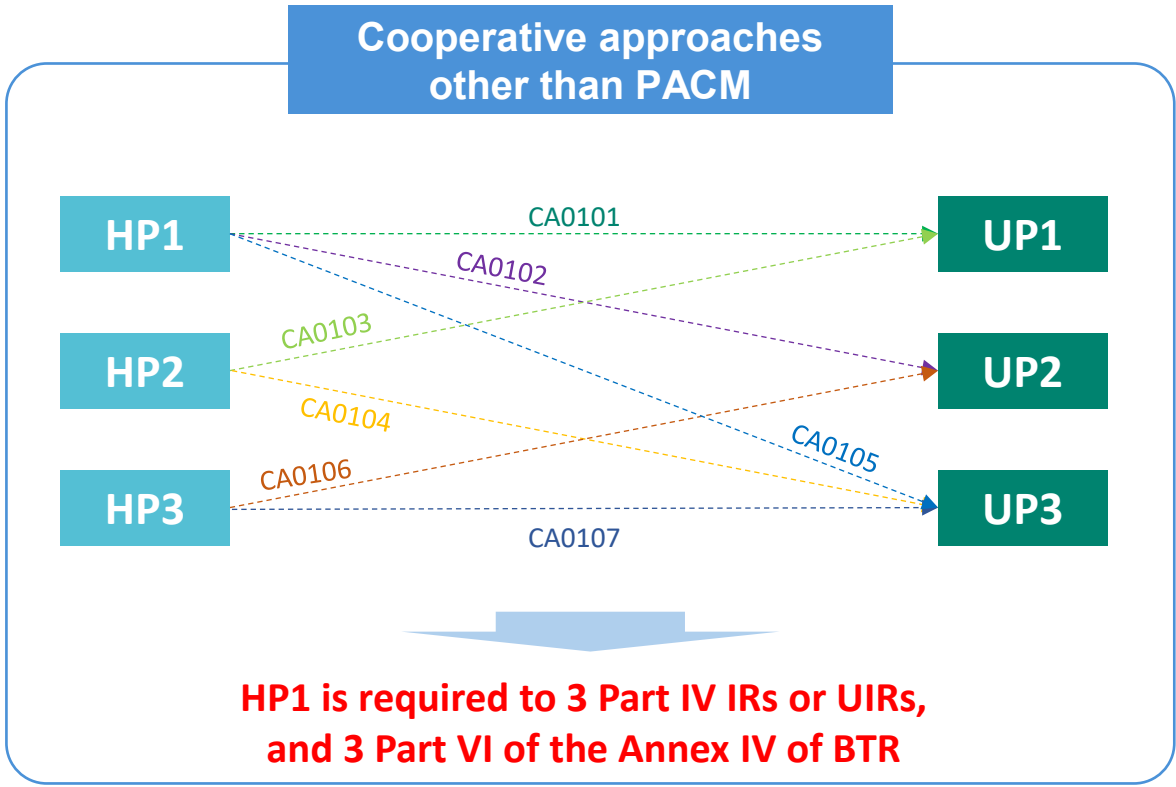




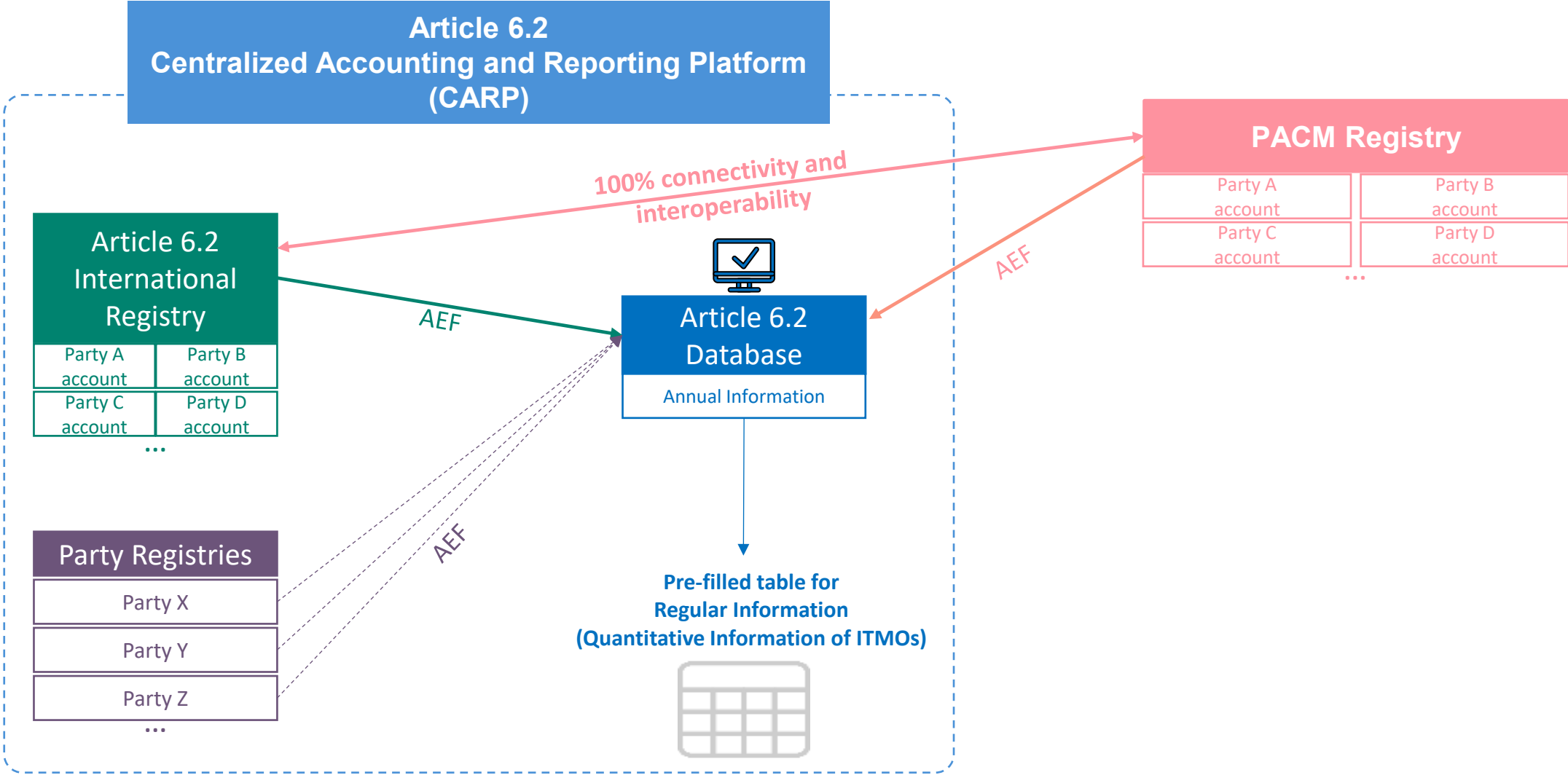
# Benefits of the PACM in the Context of A6.2 Reporting



- Participating in PACM offers several benefits, *inter alia*, ease of reporting, standardized Initial Report (IR), pre-filled Agreed Electronic Format (AEF)



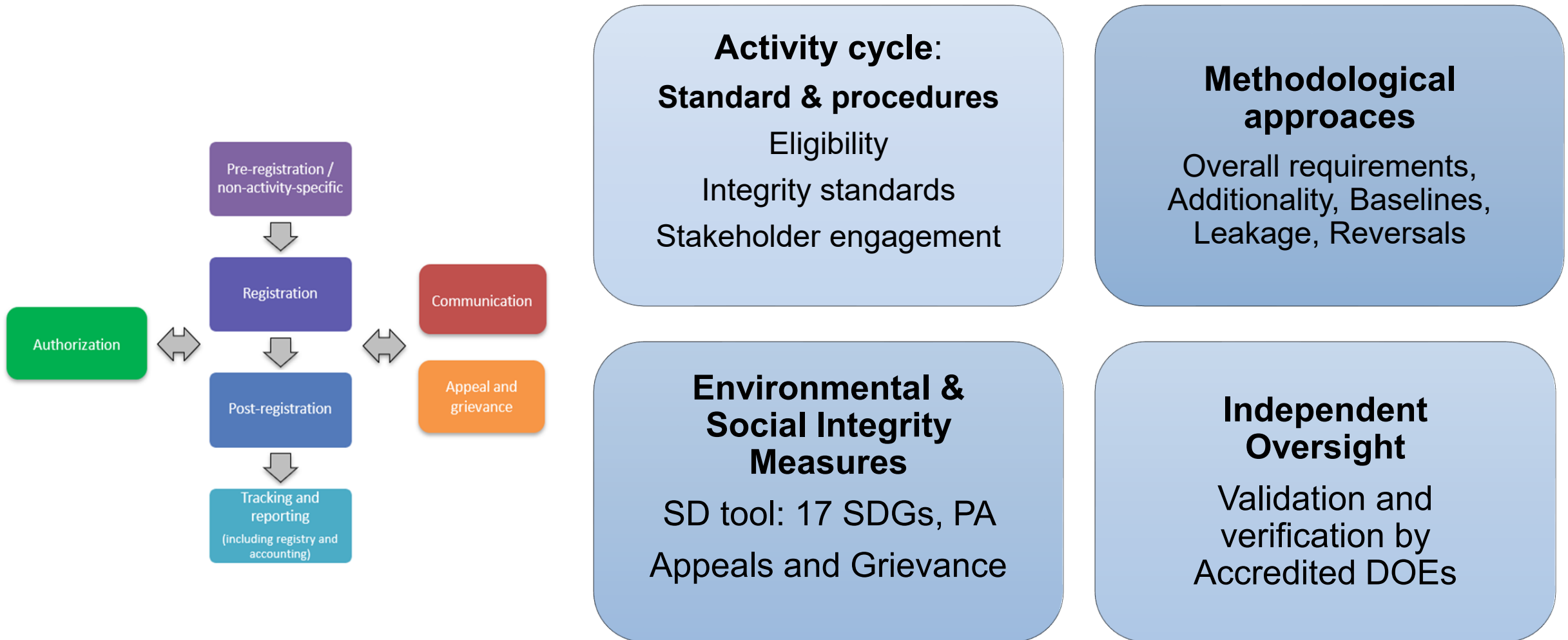
# Ease of Reporting through Infrastructure



# Elements ensuring integrity of Article 6.4 activities



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# FROM THE CLEAN DEVELOPMENT MECHANISM TO THE PARIS AGREEMENT CREDITING MECHANISM

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# Using Kyoto Protocol Assets under the Paris Agreement

1	CDM activities eligible for transition to PACM	Post 2020	<ul style="list-style-type: none"> <li>• DNA notification</li> <li>• HP participation requirements</li> <li>• HP approval</li> <li>• Addendum</li> <li>• CDM or 6.4 SD-tool</li> <li>• Secretariat finalize the Assessment</li> <li>• SBM approval</li> <li>• GSC</li> </ul>	Registered under PACM using a CDM methodology maximum till 2025
2	Finalization of registrations under temporary measures	2021-2025	<ul style="list-style-type: none"> <li>• Request for transition</li> </ul>	Registered under PACM using a CDM methodology till 2025
3	Finalization of request for issuances under temporary measures	2021-2022	<ul style="list-style-type: none"> <li>• Finalization of provisional request for issuance</li> <li>• Revised monitoring report</li> <li>• Declaration on avoidance of double issuance</li> <li>• SBM approval and SHC</li> </ul>	6.4ERs approved using a CDM methodology
4	CDM activities with eligible CERs to be used towards the first NDC	2013-2020	<ul style="list-style-type: none"> <li>• Party using the CERs must have authorization from the host country</li> <li>• Corresponding adjustments must be applied</li> </ul>	CDM CERs used towards the first NDC





- 3,494 activities were eligible to transition to Article 6.4 mechanism

	A/R	Non-A/R	TOTAL
PA	66	3,263	3,329
PoA	1	164	165
TOTAL	67	3,427	3,494

- 1,507 activities have notified the intention to transition to Article 6.4 mechanism

	A/R	Non-A/R	TOTAL
PA	9	1,379	<b>1,388</b>
PoA	1	118	<b>119</b>
TOTAL	<b>10</b>	<b>1,497</b>	<b>1,507</b>

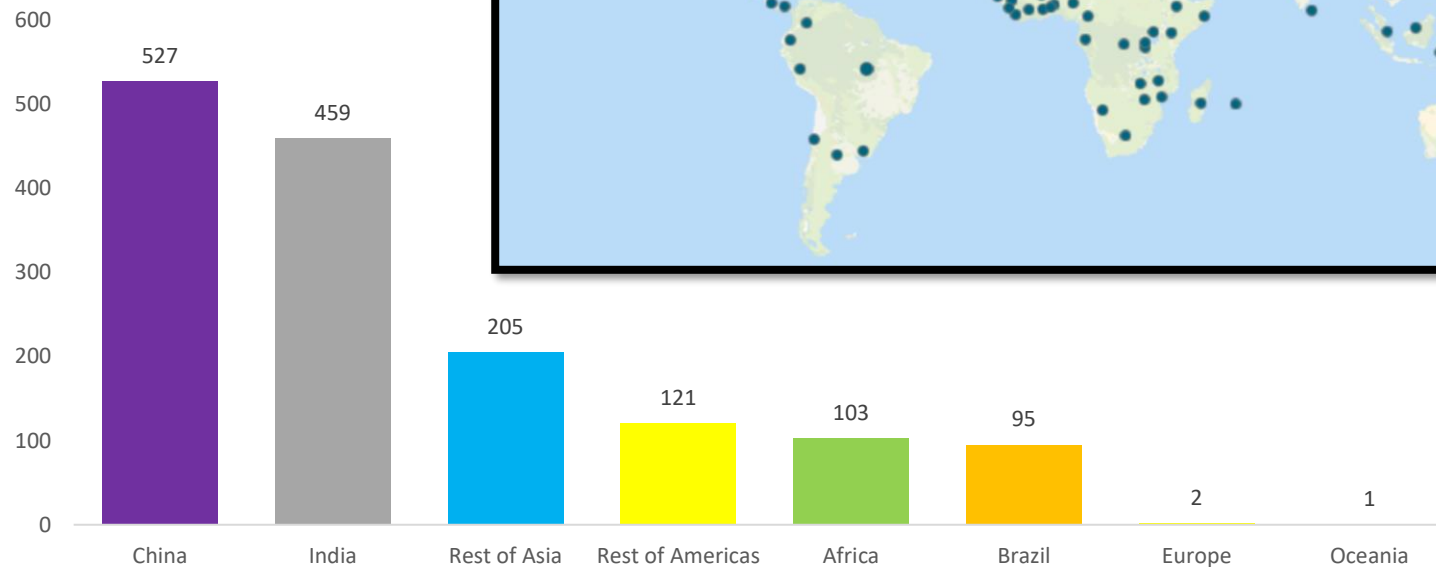
# From where are the CDM activities that have requested transition?

Host Parties

80

CDM activities

1507

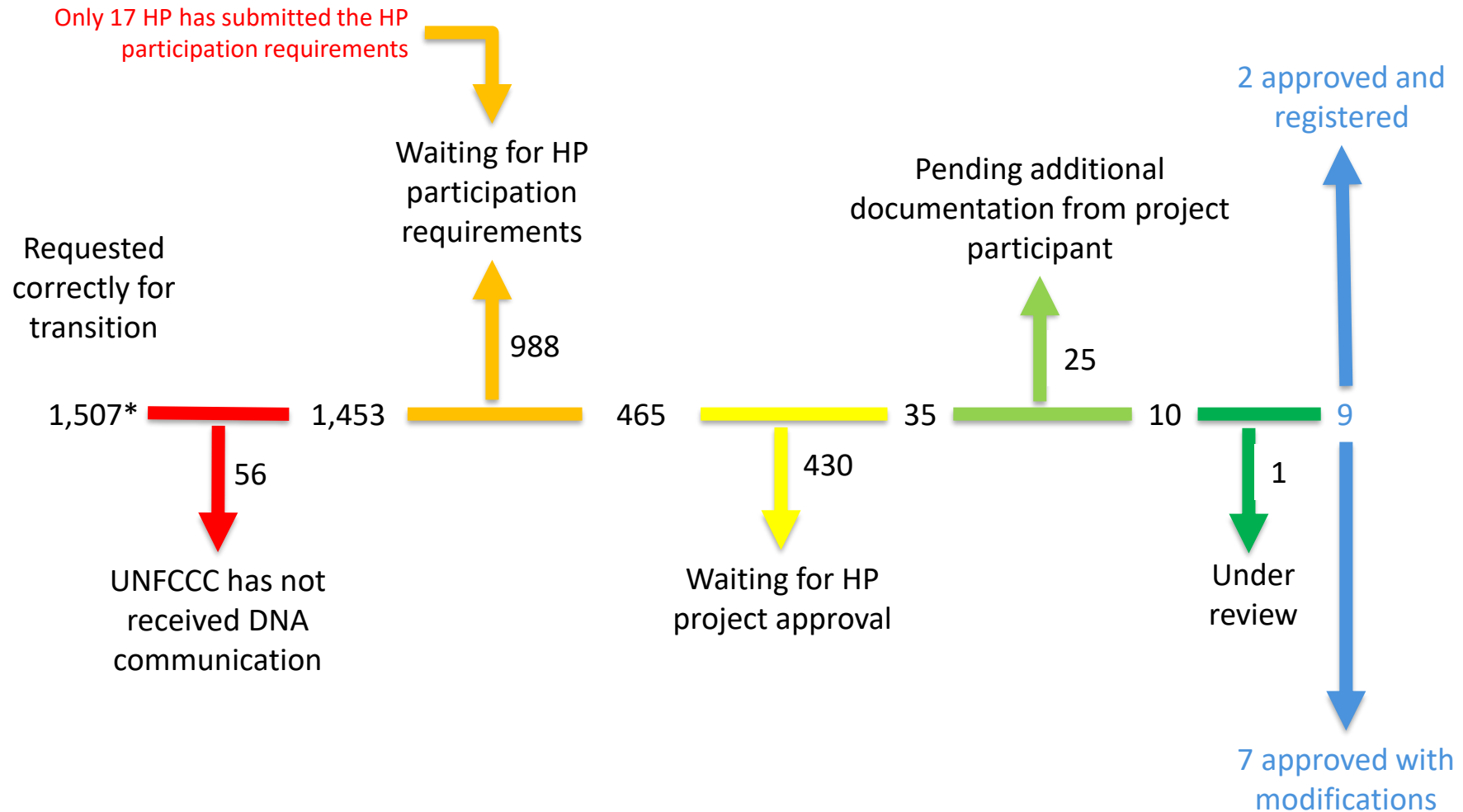


Multi-host parties PoA are represented and counted in more than countries and regions



Transition Steps	Timeline
Submit transition request	31 December 2023 (ER) 31 December 2025 (A/R)
Global Stakeholder Consultation	28 Days
Submission of Host Party Approval	By 31 December 2025
Submission of Additional Documentation	If continuing to apply the CDM Meth: within 180 days of HP approval If applying A6.4 Meth: within 1 year of HP approval or new meth becoming available whichever is later
Processing of Transition Request	Collect transition fee, Completeness Check (7 days), Substantive Check (21 days), <b>Summary Note with recommendation</b> (14 days)
Request for Review of Transition Request by HP or SBM member	May be requested within 28 days of the completed substantive check
Finalizing transition request	<b>Approve, Approve with Modification</b> (7 days for proponent to respond), <b>Reject</b>



# Current Status of the Transition



\*A/R CDM project activities can submit the transition request till 31Dec2025



# Steps a Host Party Should Take to Transition CDM Activities

	Deadline	Information or form	Sent to
UNFCCC has not received DNA communication	Earlier than 31Dec2025	Name of the organization Address of the organization Full name of the contact person Functional title of the contact person Telephone number and email address	Supervisory-Body@unfccc.int
Waiting for HP participation requirements	Earlier than 31Dec2025	<a href="https://unfccc.int/documents/636766">https://unfccc.int/documents/636766</a> 	Supervisory-Body@unfccc.int
Waiting for HP project approval	31Dec2025	<a href="https://unfccc.int/documents/639917">https://unfccc.int/documents/639917</a> 	Supervisory-Body@unfccc.int

A/R CDM project activities can submit the transition request till 31Dec2025





# ACCOUNT TYPES AND REGISTRY

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# Accounts and Users

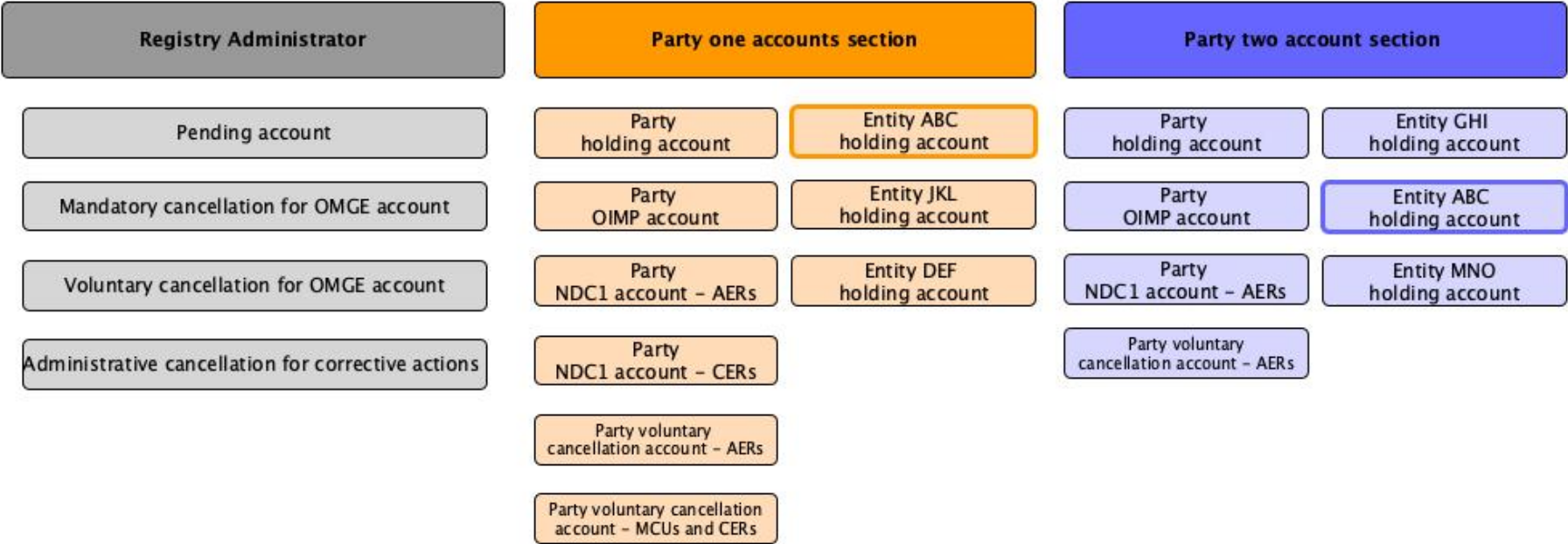
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## Account types

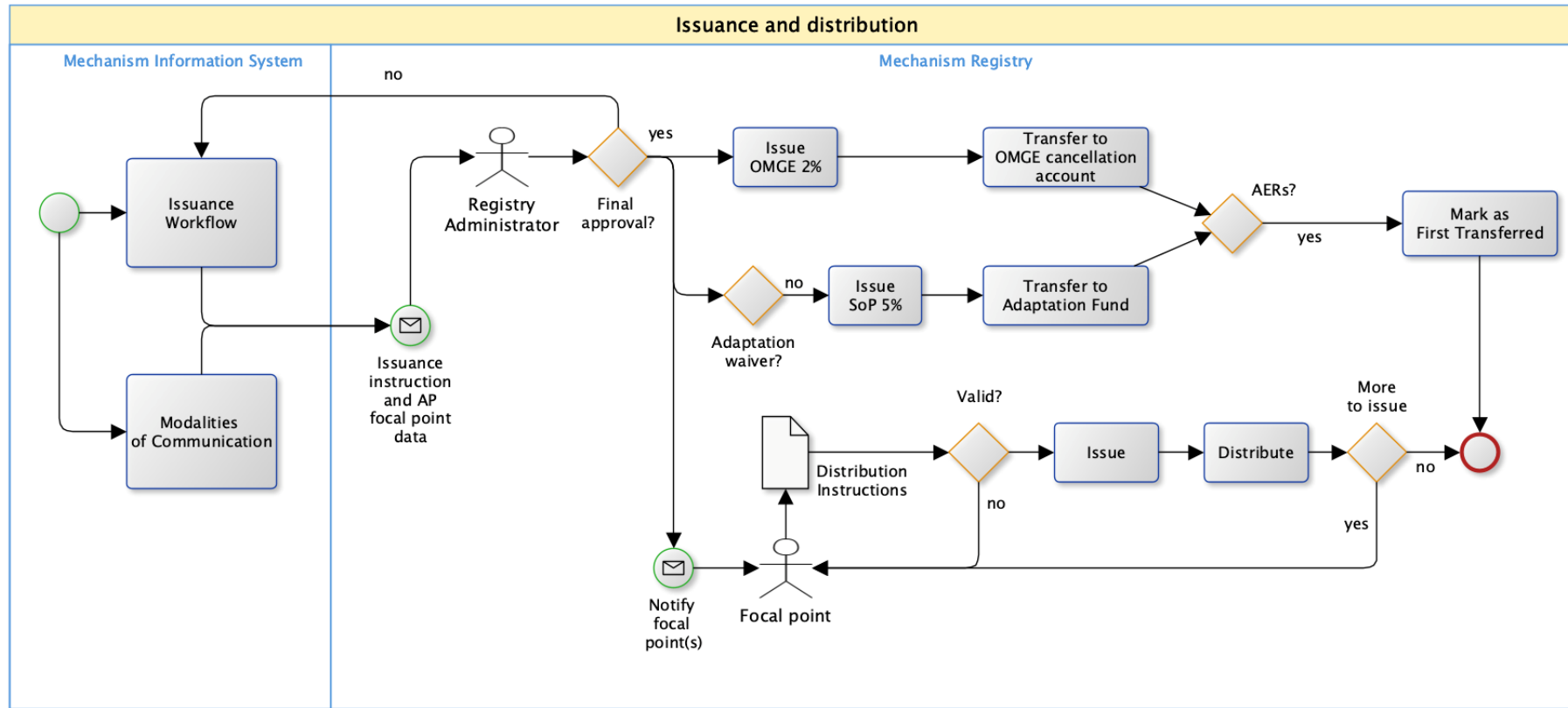
- There are four types of accounts in the Mechanism Registry:
  - Pending account
  - Holding accounts
    - Reversal risk buffer pool account
    - Share of proceeds for adaptation account
  - End-of-life accounts
    - OMGE accounts,
    - NDC use accounts,
    - Cancellation accounts



# Accounts and Users



# Lifecycle of A6.4ERs and CERs





# THE PARIS AGREEMENT CREDITING MECHANISM: HOST COUNTRY APPROVAL

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# Host Party Participation Requirements

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- In accordance with **decision 3/CMA 3**, each host Party of prior to participating in the mechanism **shall** ensure that:
  - It is a Party to the Paris Agreement;
  - It has prepared, has communicated and is maintaining a NDC in accordance with Article 4, paragraph 2;
  - It has DNA for the mechanism and has communicated;
  - It has indicated publicly to the SBM how its participation in the mechanism contributes to SD;
  - It has indicated publicly to the SBM the types of A6.4, activity that it would consider approving and how such types of activity and any associated emission reductions would contribute to the achievement of its NDC, if applicable, LT-LEDS, if it has submitted one, and the long term goals of the Paris Agreement.
- These requirements are further stated in the activity cycle procedures adopted by the SBM, and the secretariat has developed the [HPPR Form](#)



## Mechanism Registry Procedure (MRP) - Authorization of Registry Access

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- Responsible for all actions regarding Party's accounts (para. 24, section 4.4.1)
  - ✓ DNAs (as Parties) may open holding, retirement, or cancellation accounts (para. 25–26, Section 4.4.1).
- Approve opening of registry accounts for public and private entities that are activity participants (para. 27, Section 4.4.2).
- DNAs may authorize public and private entities to open holding accounts in the A6.4 registry (para. 28–30, Section 4.4.2).
- DNAs may suspend, reactivate, or terminate accounts they authorized (para. 33, Section 4.5).





# THE PACM CURRENT IMPLEMENTATION

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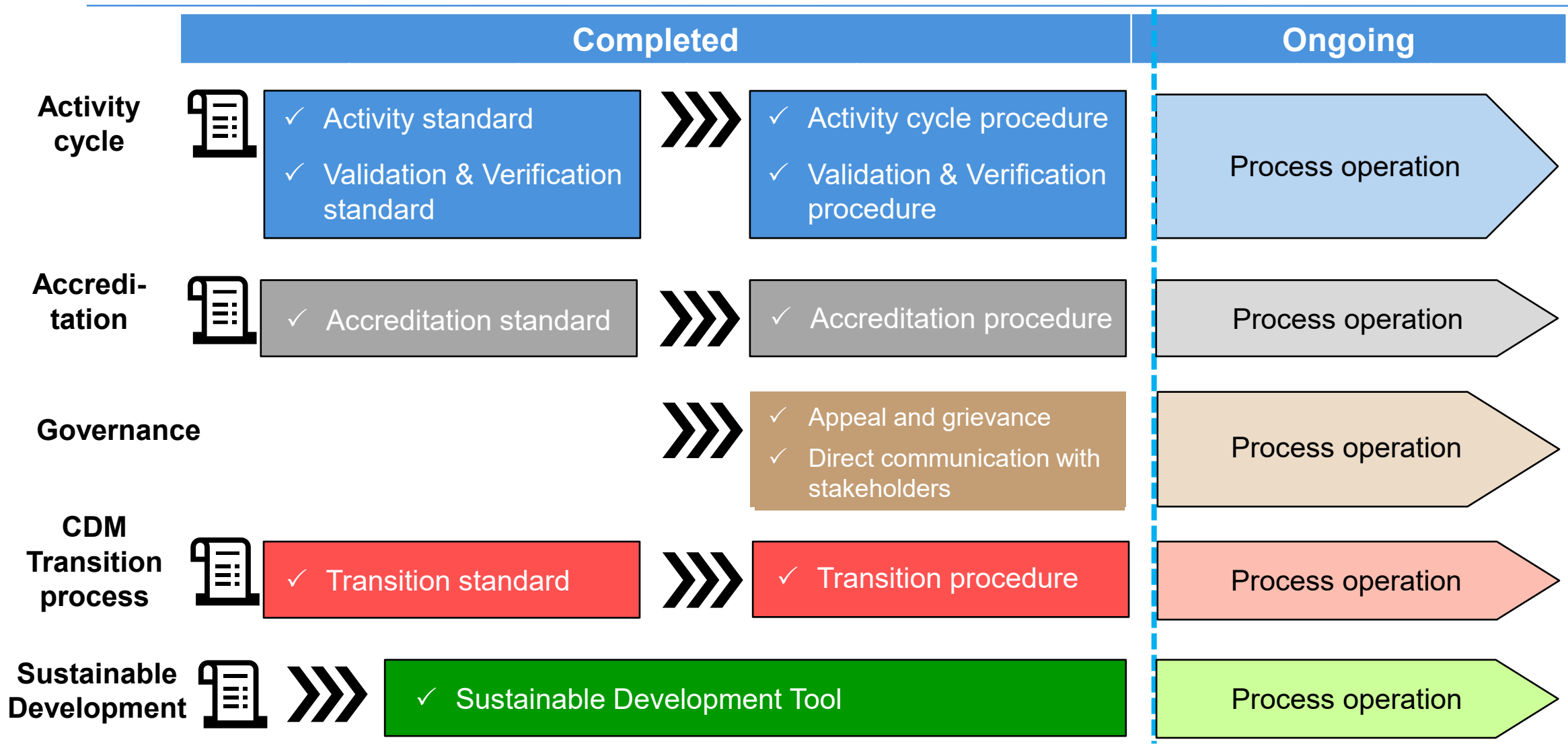
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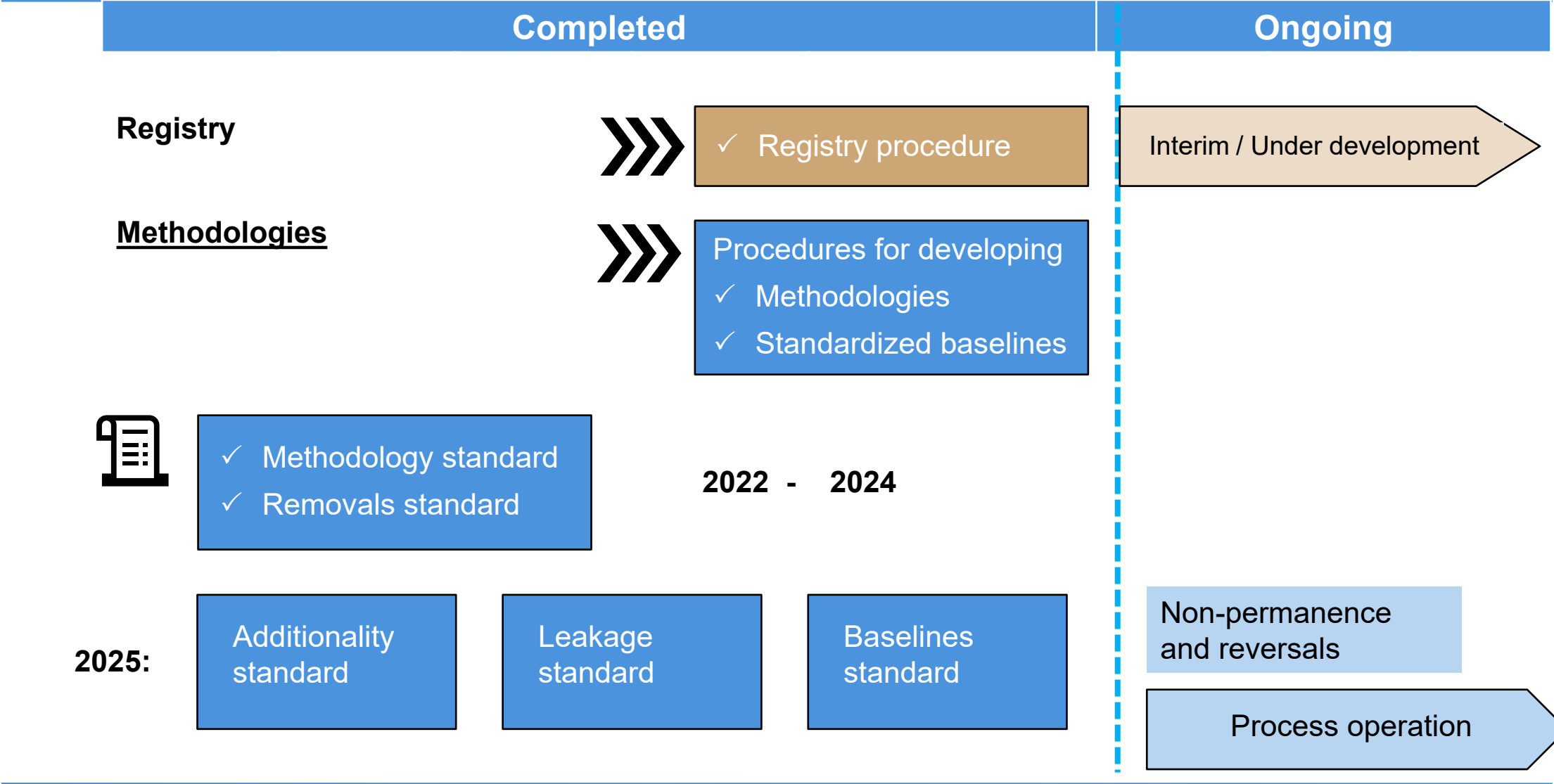
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## Implementation of Article 6.4 mechanism



# Implementation of Article 6.4 mechanism



# Baku outcomes and the road ahead



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## No further guidance on A6.2 and A6.4 until 2028

- Full focus on implementation and lessons learned



## Likely that first batch of A6.4ERs will be from the projects transitioned from CDM

- 35 projects already approved for transition by host countries
- 1500+ in pipeline



## SBM will start developing guidelines and tools to support operationalization of the methodology and removal standard

- First set of forms, templates, guidelines already available



- 34 methodological items to be processed within 4 SBM meetings



## Approving new methodologies and implementing the international registry (IR) is a priority

- Interim registry now in place



## The methodological expert panel (MEP) will support the Supervisory Body (SBM) to review existing CDM methodologies

- Priority methodologies already identified, and first methodologies expected mostly in Q3 onwards



## Full operational markets will most likely be in 2026

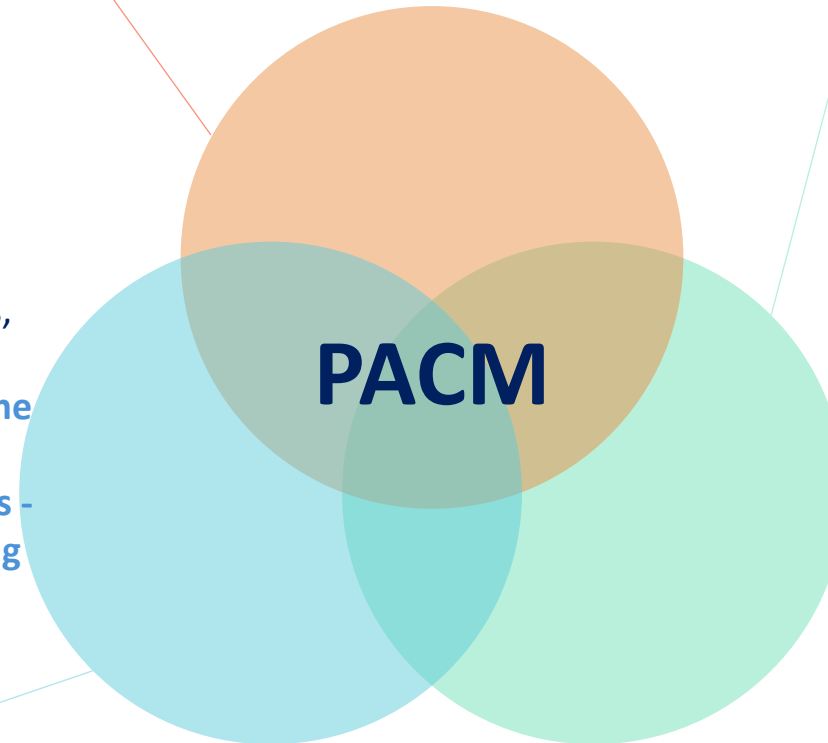
- Adopted standards for methodologies, activities involving removals, additionality, leakage and baseline.
- Adopted [mandatory environmental and social safeguards \(SD tools\)](#).
- Adopted the first ever UN carbon market Appeals and grievance procedures.
- DNA designated under Article 6: 105
- The first Global DNA forum on Article convened in May 2025, setting up its governance structure
- DOEs submitted application for accreditation is: 16
- New activities submitted prior notification: 1500+
- Transition activities Host Party approval: 35
- Transition activities completed GSC process: 1500+
- Host party participation requirements forms to UNFCCC: 16
- The A.6.4 interim transactional registry is in place.
- The technical expert panels have started working on tools and guidelines

# Benefits of Participation in PACM



## One and Only Multilateral Crediting Mechanism

- **Best positioned to tackle double counting under UNFCCC** – Integrated reporting and tracking mechanism
- **Fulfillment of reporting obligation under Paris Agreement** pre-fill all the information needed to report AEFs to the A6DB
- **Multi-pronged Quality and Quantity assessment** – independent third party DOEs, UNFCCC secretariat, A6.4 SBM, and CMA
- **Global Geographical coverage by any scheme (Accessibility)** – Scale, Type and Region Agnostic, **Multilaterally Approved standards** – Global benchmark for baseline and crediting mechanism standards
- **Robust Appeals and Grievance mechanism**



## Aligned with the Paris Ambition

- **Two track National Approval process & Enhanced host party role** – Nationally Approved and Authorized
- **Strong provisions regarding Sustainable development and continuous stakeholder inputs (covering all stakeholder types)**
- **Equitable sharing of benefits between two participating parties**
- **One and only mechanism contribute to Adaptation through three means** to build resilience to the inevitable impacts of climate change for developing countries
- **One and only mechanism contribute to Overall mitigation of Global emissions (OMGE)**

## Multi-purpose Use in Carbon Markets

- **Use for both compliance and non-compliance purposes** (NDC, MRV of climate finance, green bonds etc.)







We value your input. Please  
share your feedback with us at



Feedback Form UNFCCC  
Masterclass on PACM: Tools, Rules  
and Readiness



# THANK YOU

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