



Regional Dialogue on Carbon Pricing (REDiCAP) for Northeast and Southeast Asia

22 April 2026, Yeosu, Republic of Korea



United Nations
Climate Change Secretariat



Session 1.

**Paris Agreement Crediting Mechanism:
Recent Developments and
Role in Carbon Markets**

High-integrity Carbon Market: Why it matters

- **Market-based mechanisms** in climate policy have been introduced to enable cost-effective mitigation and mobilize finance for mitigation activities
- The environmental integrity of carbon markets depends on whether
1 tCO₂e credited = 1 tCO₂e actually reduced or removed
- If this fails, global emissions will continue to rise, investments made to date risk becoming ineffective, and confidence in the credibility and effectiveness of carbon markets will be eroded



High-integrity Carbon Market: Why it matters

🌐 UNFCCC-led mechanisms have, from the outset, placed **strong emphasis on ensuring environmental integrity**, including through:



Additionality

Demonstrates that emission reductions would not have occurred in the absence of the mechanism



Conservative baseline

Ensures that baseline emissions are not overestimated, avoiding over-crediting



Robust MRV requirements

Ensures that emission reductions are accurately measured, reported, and verified



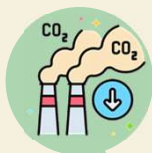
Avoidance of double counting

Ensures that the same emission reduction is not claimed more than once

Paris Agreement Crediting Mechanism (PACM)

- Paris Agreement Crediting Mechanism (PACM) is the **new centralized UNFCCC** baseline-and-credit mechanism and **the only multilateral mechanism** with universal applicability for public and private sector

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 support **adaptation** activities in developing countries
To deliver an **overall mitigation in global emissions**



PACM

PACM at a Glance (as of 15 April 2026)

Host Parties

- **126** of 194 Parties to the Paris Agreement have designated their **DNAs**
- **50** Parties submitted **Host Party Participation Requirements** Forms

Methodologies

- **First PACM methodology** (A6.4-AMM-001: Flaring or use of landfill gas) adopted at SBM 19 (29-30 Oct 2025)
- Methodology development will continue to be prioritised in 2026

PACM

Activities / DOEs

- Out of **1,512 CDM transition requests**, **170** have received **host Party approval**, with **21** of these **registered** as PACM activities
- **1,141 prior consideration notifications** from **107 host Parties** underway
- **14 DOEs accredited** out of 25 applicants

Issuance

- The **first** Article 6.4 Emission Reductions (**A6.4 ERs**) were **issued** in Q1 2026 from transitioned activities

How PACM ensures the environmental integrity

- 🌐 As a **global benchmark for high-integrity** carbon credits, the PACM has already implemented **stringent standards for quantifying of emission reductions** from activities including **downward adjustments** based on **ambition over time** principle

Operate an effective methodology development process

- Established technical structure like Methodological Expert Panel (MEP) and a roster of experts.
- Demand-driven development
- Ensure that regulations look beyond just GHG (ex: Avoidance of Double Counting, SD etc).

Engage the best expert knowledge by applying a science –and evidence-based approach

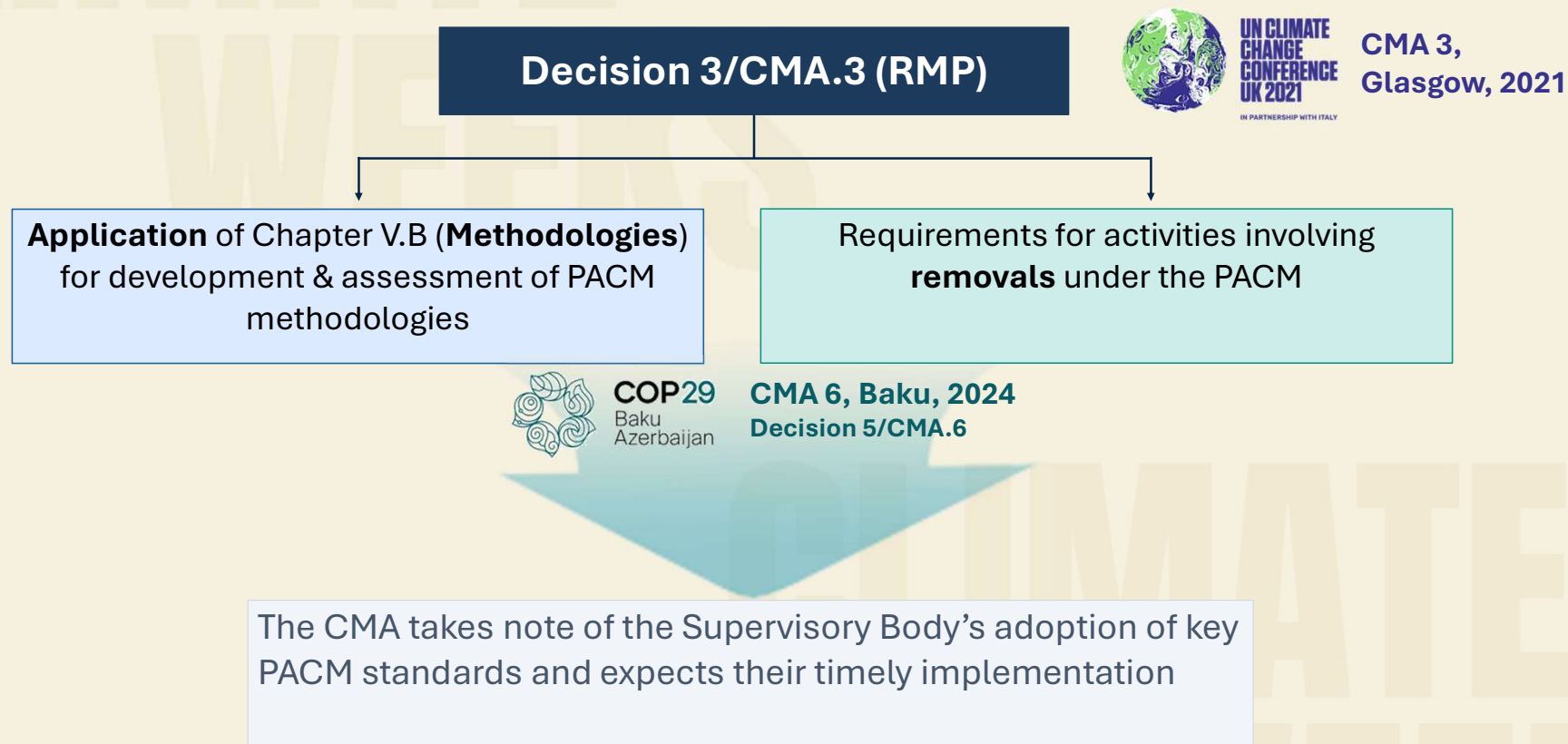
- Adopted methodological standards related to baseline setting, additionality demonstration, leakage treatment, suppressed demand, and the treatment of non-permanence and reversals. – Aligned to decisions of Parties in RMPs.

Ensure transparent and inclusive processes

- Organized webinars to relay the provisions of high integrity
- Meeting of the SBM is for viewing of stakeholders.
- Regularly sought inputs from the stakeholders.
- Engage Indigenous Peoples and Local Communities Forum

PACM: Methodological Standards and Tools

Governance context



PACM: Methodological Standards and Tools

Approved standards, methodologies & tools

STANDARDS

Additionality

Baseline

Leakages

Suppressed demand

Non-permanence & reversal

METHODOLOGY (Example)

A6.4-AMM-001

Flaring or use of
landfill gas

TOOLS

Common practice analysis

Investment analysis

Emissions from solid waste
disposal sites

Project emissions from flaring

Mass flow of GHG in a gaseous
stream

Technical lifetime of equipment

Emissions from electricity
generation & consumption

PACM: Methodological Standards and Tools

Bottom-up proposed new mechanism methodologies

PMM001

Production of Ammonia through electrolysis of water, air separation and synthesis of hydrogen and nitrogen

PMM002

N₂O abatement from nitric acid production

PMM003

Pumped Hydro Storage and Supply of Electricity to the Grid

PMM004

Comprehensive Lowered Emission Assessment and Reporting (CLEAR) Methodology for Cooking Energy Transitions

PMM005

Savanna Fire Management (SFM)

PMM006

Fertilizer production with renewables-based ammonia

PMM007

Recovery and plasma-based destruction of residual HFCs remaining in ISO tank containers

[+ more](#)

Submitted by parties and assessed by the Supervisory Body

PACM: Methodological Standards and Tools

Decision 3/CMA.3 (RMP)

Application of the **requirements** of Chapter V.B (Methodologies) for the development and assessment of Article 6.4 mechanism **methodologies**

Requirements for activities involving **removals** under the Article 6.4 mechanism

Standard

Methodology

Tool

Additionality

A6.4-AMM-001
Flaring or use of landfill gas

Common practice analysis

Baseline

Investment analysis

Leakages

Emissions from solid waste disposal sites

Suppressed demand

Project emissions from flaring

Non-permanence and reversal

Mass flow of a GHG in a gaseous stream

Determination of the technical lifetime of equipment

Emissions from electricity generation and consumption

Proposed Mechanism Methodologies

PMM001: Green ammonia

PMM002: N2O nitric acid

PMM003: Pumped hydro

PMM004: CLEAR clean cooking

PMM005: Savanna Fire Management

PMM006: Fertilizer with RE-base ammonia

PMM007: HFCs destruction

etc...

**Bottom-up
New Methodologies**

Methodology: Grid connected renewable electricity

Tool: Grid emission factor tool

Tool: Lock-in risk analysis

Tool: Reversal risk assessment

Tool: Sampling and surveys

fNRB tool

etc...

Approved

Work in progress



UN CLIMATE
CHANGE
CONFERENCE
UK 2021
IN PARTNERSHIP WITH ITALY

CMA 3, Glasgow, 2021



COP29
Baku
Azerbaijan

CMA 6, Baku, 2024

Decision 5/CMA.6 (took note of)

Safeguards and Accountability



- **PACM SD Tool** setting out standards and criteria for assessment across a range of environmental and social impacts
- Independent validation and verification of impacts, measures to avoid minimise and address impacts

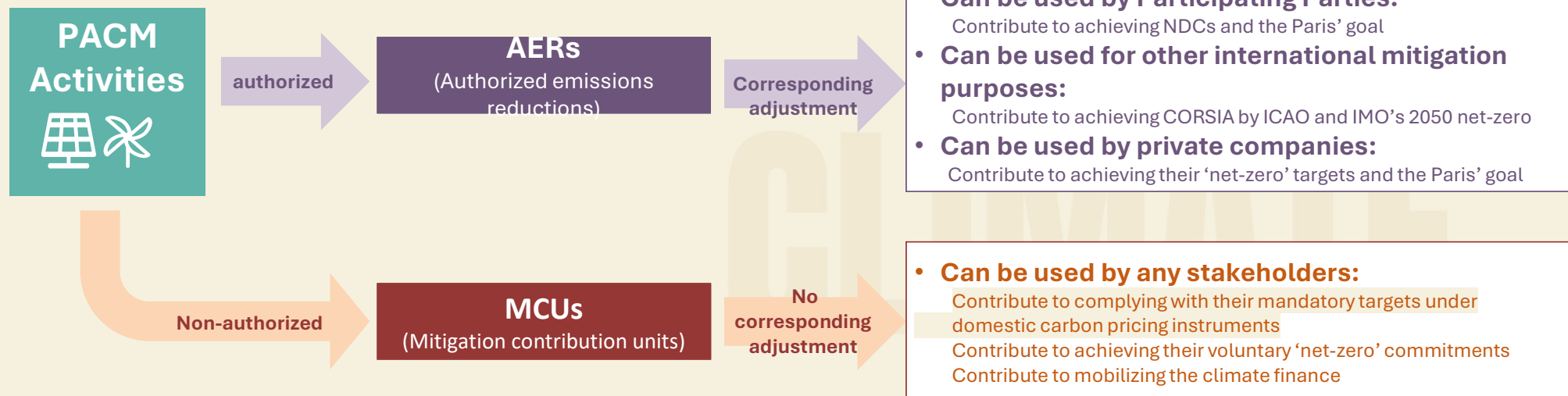
- **Local and Global Stakeholder Consultation** requirements and processes ensure broad and continuous participation of stakeholders



- **Independent appeals and grievance processes** are in place to ensure accountability and address stakeholder concerns

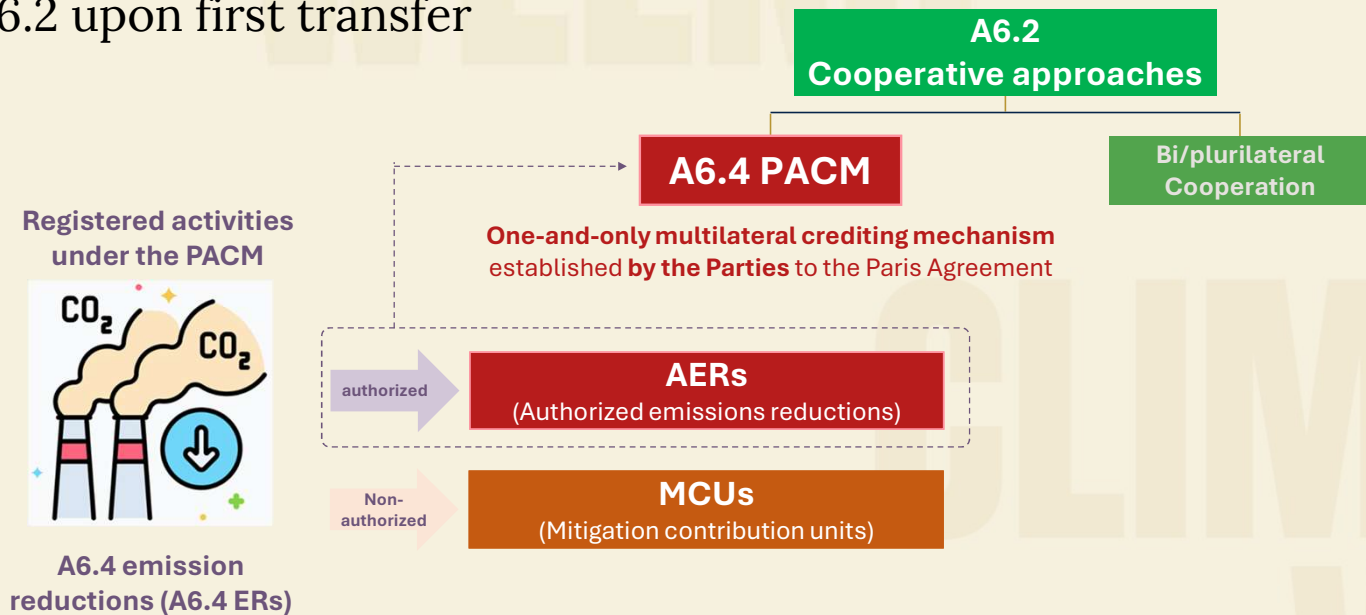
PACM: AERs Vs. MCUs

- Article 6.4 Emission Reductions (**A6.4ERs**) can be used in **both compliance and voluntary carbon markets**, subject to **authorization** by the host Party
- Mitigation Contribution Units (**MCUs**) can be used for **domestic purposes, including carbon pricing instruments**, without triggering Article 6.2 reporting and accounting requirements for the host Party, while enabling users to contribute to the Paris goals



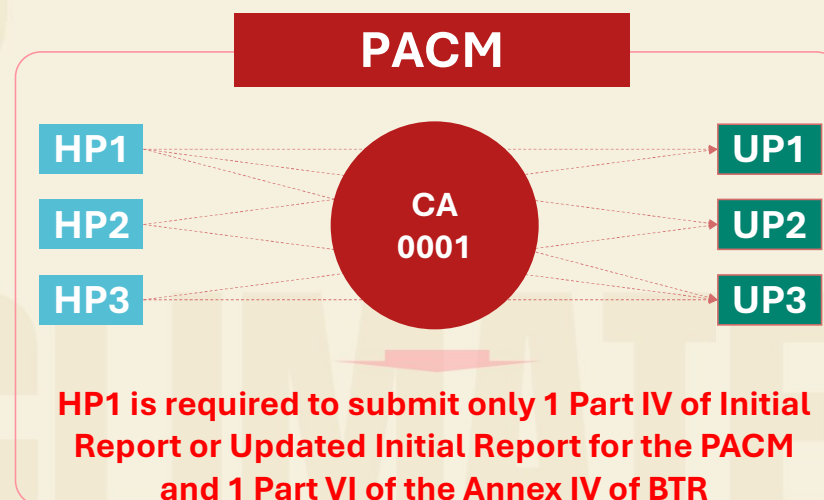
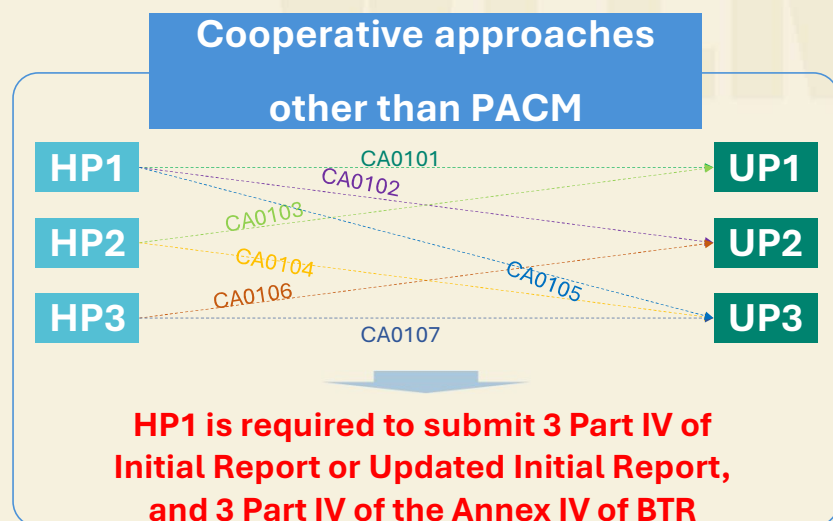
PACM as Cooperative Approach 0001

- 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



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



HP: Host Party / UP: Using Party

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 and the structured summary tables under the BTR



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



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