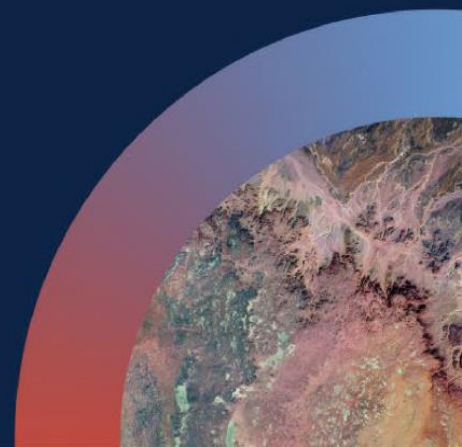




Benefit-Sharing and Fairness under the Paris Agreement Crediting Mechanism (PACM)



What is the Paris Agreement Crediting Mechanism?

»» As the UN's new international carbon market, the Paris Agreement Crediting Mechanism allows countries to **raise climate ambition** and implement national action plans **more affordably**.

»» It identifies and encourages **opportunities for verifiable emission reductions**, attracts funding to implement them, and allows for cooperation among countries and public and private sector stakeholders to conduct and benefit from these activities.



How will it help tackle the climate crisis?

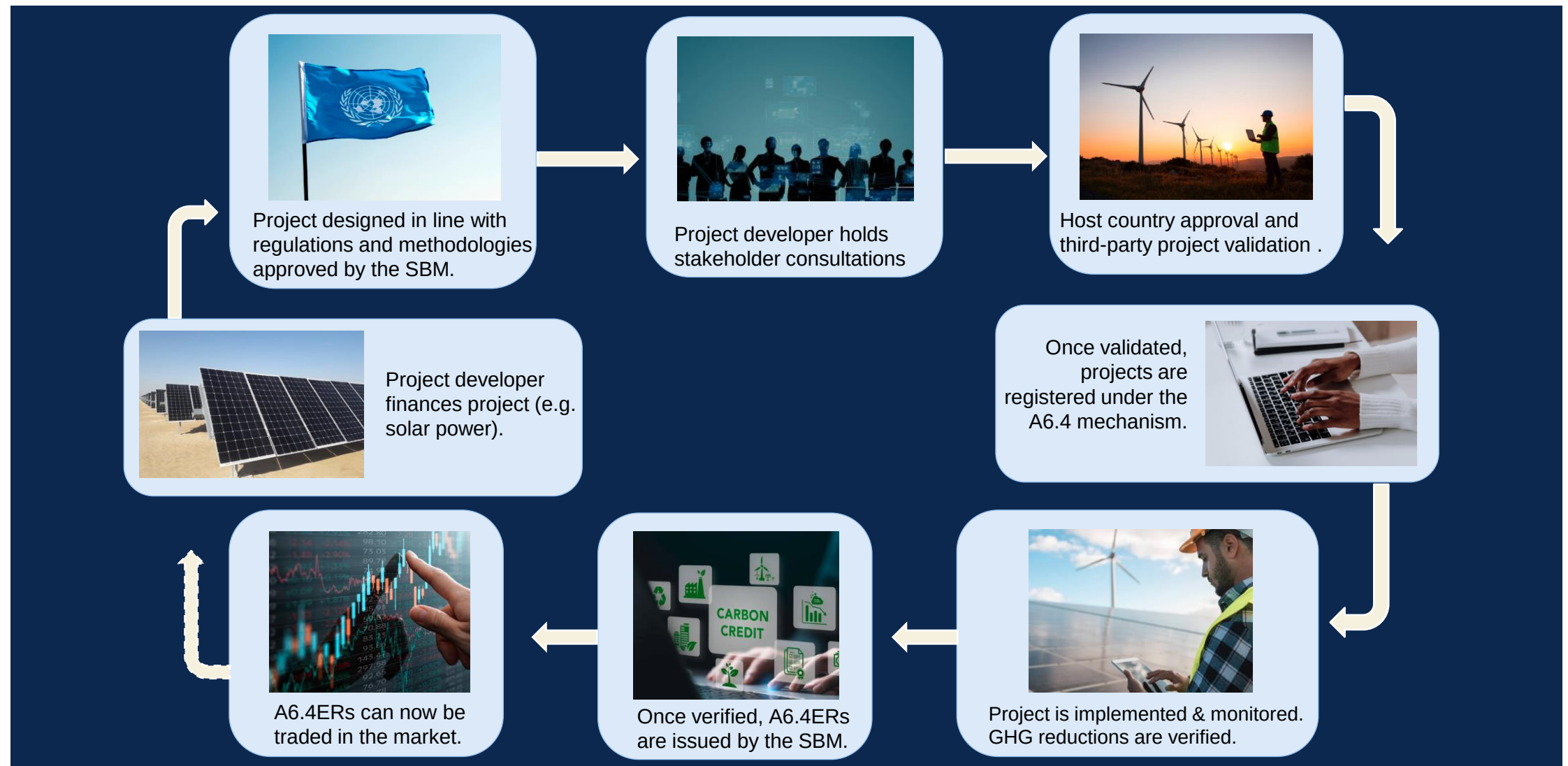


It contributes to overall mitigation in global emissions by removing from trade or transfer at least 2% of all GHG emission reductions generated.



It can be a source of climate finance for developing nations, with a share of proceeds going towards adaptation to build resilience to the inevitable impacts of climate change.

How does the mechanism work?



Authorization of A6.4ERs

Authorization is a prerogative of the host Party:

- Host Party has authorized for use towards the achievement of NDCs and/or for Other International Mitigation Purposes (OIMP), then it is subject to the requirements of corresponding adjustment. (= **Authorized A6.4ERs**)
- Host Party has not, or not yet, authorized, then there is no commitment to undertake a corresponding adjustment. (= **Mitigation Contribution A6.4ERs**)



How are environmental and human rights safeguarded?



The Supervisory Body finalized a package of environmental and human rights safeguards and redress procedures in 2024.



- Provides robust environmental and social safeguards under the mechanism.
- Requires activity participants to assess, demonstrate and monitor potential positive and negative environmental and social impacts of projects.



- Allows people affected by mechanism activities to appeal a decision or file a grievance.
- Empowers vulnerable communities and individuals, ensuring their voices are heard and their rights are upheld.

Considerations in operating the mechanism



The island of Palau. Image credit: Pablo Marx, Flickr

Small Island
Developing States



Solomon Islands advocate for women leading climate solutions. Image credit: United Nations/Rose

Indigenous Peoples

Gender



Image credit: UNEP

Small businesses

How is benefit-sharing addressed in methodologies standard?

RMP, paragraph 33

- 33. Mechanism methodologies shall encourage ambition over time; encourage broad participation; be real, transparent, conservative, credible and below 'business as usual'; avoid leakage, where applicable; recognize suppressed demand; align with the long-term temperature goal of the Paris Agreement; **contribute to the equitable sharing of mitigation benefits between the participating Parties**; and, in respect of each participating Party, contribute to reducing emission levels in the host Party, and align with its NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the longterm goals of the Paris Agreement.



How is benefit-sharing addressed in methodologies standard?

Methodologies Standard, paragraphs 31 - 33

- 31.....contain provisions for contributing to the equitable sharing of mitigation benefits between participating Parties, including the application of conditions specified by the DNAs of the host Party. These may also include one or more of the provisions below:
 - (a) Conditions to ensure that the **total length of the crediting period(s) of activities is shorter than the lifetime of the technology implemented.....**;
 - (b) **Other approaches** to fulfil the demonstration of equitable sharing of mitigation benefits.
- 32. include provisions that ensure that the sharing of mitigation benefits between participating Parties tangibly **supports the sustainable development objectives of host Parties**, such as through the use of the SD Tool in the activity design and implementation.
- 33. require the **estimation of the mitigation benefits** to the host Party.....



Conclusion

- Benefit-sharing and fairness are core principles of PACM, embedded throughout the entire activity cycle - from design and implementation to post-issuance:
 - Host Party approval ensures alignment with national priorities and broader NDC goals
 - Methodological requirements promote equity in crediting approaches
 - SD Tool mandates monitoring of positive and negative impacts
 - Ongoing stakeholder engagement ensures inclusiveness and transparency
 - Clear provisions for sharing benefits from issued outcomes
 - Appeal and grievance mechanisms provide accountability and recourse

