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DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES • 1987 •

Related Carbon Market Initiatives and Developing the Carbon Market Policy Framework

PCAF NATIONAL SECTORAL COMMITTEE ON COCONUT MEETING
ON CARBON FINANCING FOR RURAL DEVELOPMENT

July 6, 2026 | 1:30 - 5:00 PM I PCA Auditorium

STAKEHOLDER UPDATE

Agenda

1. **Initiatives on Carbon Market**
   Operationalizing the Kyoto Protocol, Article 6 of the Paris Agreement and Forestry Voluntary Carbon Projects

2. **Key Elements of the Policy Framework**
   The components under development

3. **Next Steps & the Road Ahead**
   What comes next and how to engage

Initiatives on Carbon Market

Operationalizing Kyoto Protocol's CDM, Article 6 of the Paris Agreement, Voluntary Forest Carbon Market in the Philippines

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DENR’s engagement in the Clean Development Mechanism (CDM)

- Exec Order 320 (2004): Designated DENR as the Designated National Authority (DNA) for CDM.

- DENR/EMB performed DNA functions (project review, letters of approval, stakeholder consultation and sustainable development screening) under the CDM modalities.

- The CDM Portfolio: 77 projects approved, across renewable energy (hydro, wind, solar, biomass), waste management (methane recovery, landfill gas), and forestry; lauded as one of the most active host countries in earlier CDM years; and authored the CDM Standardized Baseline for methane emissions from rice cultivation

- Emission reductions generated: approx. 17 million tCO_2e.

- Enabled ~US$ 1.4 billion in investment flows into low-carbon technologies.

- 7 CDM Projects applied for transition to Article 6.4 Mechanism

7 CDM Projects Applied for Transition

Project #	Project name	Project type	Applied methodology	Submission date
8285	San Lorenzo Guimaras 54 MW Wind Power Project	PA	Apply the currently applied CDM methodology	3/21/2024
10729	Programme of Activity for renewable energy growth in Asian countries	PoA	Apply the currently applied CDM methodology	12/22/2023
453	NorthWind Bangui Bay Project	PA	Apply the currently applied CDM methodology	10/20/2023
8960	Maibarara Geothermal Power Project	PA	Apply the currently applied CDM methodology	12/19/2023
7980	Burgos Wind Project	PA	Apply the currently applied CDM methodology	12/19/2023
5979	Methane recovery with energy generation from anaerobic animal manure management systems	PoA	Replace with Article 6.4 mechanism methodology	12/15/2023
6707	Landfill gas recovery and combustion with renewable energy generation from SLF	PoA	Replace with Article 6.4 mechanism methodology	11/11/2024

DENR’s engagement in the Joint Crediting Mechanism (JCM)

- Launched on **January 2017** through a **Japan–Philippines Memorandum of Cooperation (MoC)**, the initiative is governed by a **DENR** co-chaired Joint Committee overseeing carbon credit issuance. Early methodologies focused on **solar renewable energy and energy efficiency projects**, including HVAC retrofits.

- Currently, there are **5 registered projects** (mainly solar) and **~25 in the pipeline across Project Design Description, Project Idea Note, and methodology development stages**; methodologies now extend beyond energy to hydropower, biomass, and rice water management (Alternate Wetting and Drying – AWD), while enabling the transfer of advanced Japanese low-carbon technologies to the Philippine market.

- **Revised JCM rules (Nov 2025)** align with Paris Agreement Article 6.2, introducing **Corresponding Adjustments** and **Letters of Authorization (LoA)**. The mechanism also expanded into nature-based solutions, adopting REDD-plus and Afforestation/Reforestation guidelines and issuing a “No Objection” for a native-species ARR project in Negros Occidental.

- A **National Business Matching Forum (Jan 2026, Makati)** connected Filipino project developers with Japanese investors and technology providers. Next priorities include **resolving site overlaps** for ~200,000 ha of AWD rice projects with NIA and DA, and **scaling the DENR Secretariat** to manage rising interest in IPPU and waste-sector projects.

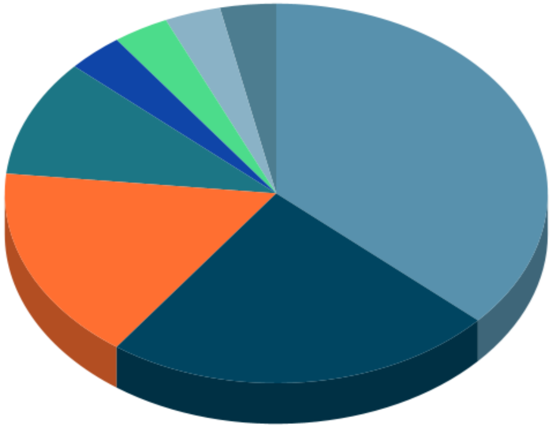
DENR's engagement in the Joint Crediting Mechanism (JCM)

JCM Projects in the Philippines (30)

25 Pipeline Projects

5 Projects Registered

4 Approved JCM Methodologies



Philippine-Singapore Memorandum of Understanding (MoU) and Implementation Agreement (PH-SG IA)

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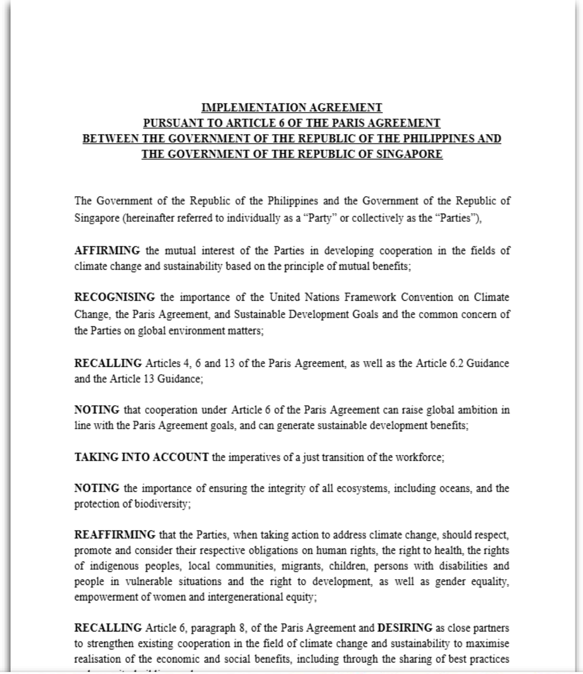
- Signed in **August 2024**, the MoU establishes a formal bilateral framework to develop high-integrity carbon markets under Article 6.2 of the Paris Agreement.
- The partnership is designed to **accelerate both nations' NDC targets** while **facilitating the exchange of technical expertise and registry best practices**.
- It creates a direct, legally binding, and regulated channel for the Singaporean government and corporate buyers to **purchase eligible Philippine carbon credits**
- The Implementation Agreement (IA) was recently signed on **April 30, 2026**.
- Currently undergoing Executive Ratification process


IMPLEMENTATION AGREEMENT
PURSUANT TO ARTICLE 6 OF THE PARIS AGREEMENT
BETWEEN THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE

The Government of the Republic of the Philippines and the Government of the Republic of Singapore (hereinafter referred to individually as a "Party" or collectively as the "Parties"),

AFFIRMING the mutual interest of the Parties in developing cooperation in the fields of climate change and sustainability based on the principle of mutual benefits;

RECOGNISING the importance of the United Nations Framework Convention on Climate Change, the Paris Agreement, and Sustainable Development Goals and the common concern of the Parties on global environment matters;

RECALLING Articles 4, 6 and 13 of the Paris Agreement, as well as the Article 6.2 Guidance and the Article 13 Guidance;

NOTING that cooperation under Article 6 of the Paris Agreement can raise global ambition in line with the Paris Agreement goals, and can generate sustainable development benefits;

TAKING INTO ACCOUNT the imperatives of a just transition of the workforce;

NOTING the importance of ensuring the integrity of all ecosystems, including oceans, and the protection of biodiversity;

REAFFIRMING that the Parties, when taking action to address climate change, should respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity;

RECALLING Article 6, paragraph 8, of the Paris Agreement and **DESIRING** as close partners to strengthen existing cooperation in the field of climate change and sustainability to maximise realisation of the economic and social benefits, including through the sharing of best practices

Adoption of the Philippines’ Readiness in the Voluntary Forest Carbon Market Roadmap (2026-2030)

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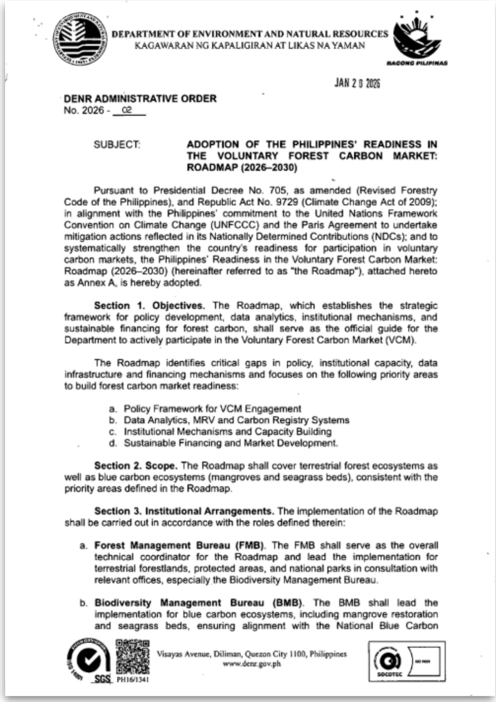
STATUS: **PUBLISHED (DAO 2026-02)**

SALIENT FEATURES: To ensure a robust and credible market ecosystem, the Roadmap prioritizes four strategic pillars for the 2026–2030 period:

1. **Policy Framework for Engagement in the VCM**. Streamlines carbon rights and trading regulations via new Executive and Department Administrative Orders. It aligns domestic projects with the Paris Agreement (Article 6), national targets (NDCs), and blue carbon initiatives.
2. **Data Analytics, Technologies, and Systems for MRV and Carbon Registry**. Activates the National Forest Monitoring System (NFMS) and a Carbon Credit Database to ensure transparent tracking, establish accurate baselines, and strictly prevent double-counting.
3. **Institutional Mechanisms and Capacity Development**. Eliminates jurisdictional overlap by assigning terrestrial forest leadership to the Forest Management Bureau (FMB) and blue carbon (mangroves/seagrass) leadership to the Biodiversity Management Bureau (BMB).
4. **Market Development and Sustainable Financing**. Creates fair benefit-sharing frameworks for local and Indigenous communities. It also explores a Trust Fund to directly reinvest carbon revenues back into forest protection programs.



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN

BAGONG PILIPINAS

JAN 2 0 2026

DENR ADMINISTRATIVE ORDER
No. 2026 - 02

SUBJECT: **ADOPTION OF THE PHILIPPINES' READINESS IN THE VOLUNTARY FOREST CARBON MARKET: ROADMAP (2026–2030)**

Pursuant to Presidential Decree No. 705, as amended (Revised Forestry Code of the Philippines), and Republic Act No. 9729 (Climate Change Act of 2009); in alignment with the Philippines' commitment to the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement to undertake mitigation actions reflected in its Nationally Determined Contributions (NDCs); and to systematically strengthen the country's readiness for participation in voluntary carbon markets, the Philippines' Readiness in the Voluntary Forest Carbon Market: Roadmap (2026–2030) (hereinafter referred to as "the Roadmap"), attached hereto as Annex A, is hereby adopted.

Section 1. Objectives. The Roadmap, which establishes the strategic framework for policy development, data analytics, institutional mechanisms, and sustainable financing for forest carbon, shall serve as the official guide for the Department to actively participate in the Voluntary Forest Carbon Market (VCM).

The Roadmap identifies critical gaps in policy, institutional capacity, data infrastructure and financing mechanisms and focuses on the following priority areas to build forest carbon market readiness:

a. Policy Framework for VCM Engagement
b. Data Analytics, MRV and Carbon Registry Systems
c. Institutional Mechanisms and Capacity Building
d. Sustainable Financing and Market Development.

Section 2. Scope. The Roadmap shall cover terrestrial forest ecosystems as well as blue carbon ecosystems (mangroves and seagrass beds), consistent with the priority areas defined in the Roadmap.

Section 3. Institutional Arrangements. The implementation of the Roadmap shall be carried out in accordance with the roles defined therein:

a. **Forest Management Bureau (FMB)**. The FMB shall serve as the overall technical coordinator for the Roadmap and lead the implementation for terrestrial forestlands, protected areas, and national parks in consultation with relevant offices, especially the Biodiversity Management Bureau.

b. **Biodiversity Management Bureau (BMB)**. The BMB shall lead the implementation for blue carbon ecosystems, including mangrove restoration and seagrass beds, ensuring alignment with the National Blue Carbon

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Guidelines Governing the Establishment, Registration, and Monitoring of Voluntary Forest Carbon Credit Projects in Forest Lands, PAs under NIPAS, and Ancestral Domains/Lands

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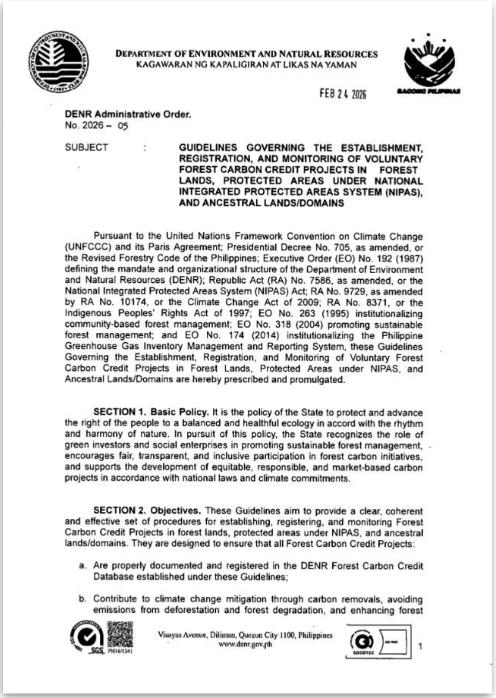
STATUS: **APPROVED (DAO 2026-05)**

SALIENT FEATURES: The Guidelines prioritize the following key elements:

1. **Framework & Transparency**: Centralized tracking through the DENR Forest Carbon Credit Database to ensure traceability, ownership, and prevent double-counting.
2. **Financial & Technical Integrity**: Strict capitalization rules and transfer regulations prevent speculation and predatory brokering of credits.
3. **Social Safeguards & Equity**: A Minimum Benefit-Sharing Ratio guarantees that a fair portion of revenues goes directly to Indigenous Peoples and local communities, reinforced by strict Free and Prior Informed Consent (FPIC) rules.
4. **Guarantee of Permanence**: Allows the State to take over management of abandoned or completed projects (without voiding tenure rights) to ensure carbon stocks remain protected long-term.
5. **Policy Alignment**: Keeps projects aligned with national climate targets (NDCs and REDD+ Strategy) while clearly separating Voluntary Carbon Market (VCM) activities from Article 6 compliance trading.



DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
KAGAWARAN NG KAPALIGIRAN AT LIKAS NA YAMAN

FEB 24 2026

DENR Administrative Order.
No. 2026 – 05

SUBJECT : **GUIDELINES GOVERNING THE ESTABLISHMENT, REGISTRATION, AND MONITORING OF VOLUNTARY FOREST CARBON CREDIT PROJECTS IN FOREST LANDS, PROTECTED AREAS UNDER NATIONAL INTEGRATED PROTECTED AREAS SYSTEM (NIPAS), AND ANCESTRAL LANDS/DOMAINS**

Pursuant to the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement; Presidential Decree No. 705, as amended, or the Revised Forestry Code of the Philippines; Executive Order (EO) No. 192 (1987) defining the mandate and organizational structure of the Department of Environment and Natural Resources (DENR); Republic Act (RA) No. 7586, as amended, or the National Integrated Protected Areas System (NIPAS) Act; RA No. 9729, as amended by RA No. 10174, or the Climate Change Act of 2009; RA No. 8371, or the Indigenous Peoples' Rights Act of 1997; EO No. 263 (1995) institutionalizing community-based forest management; EO No. 318 (2004) promoting sustainable forest management; and EO No. 174 (2014) institutionalizing the Philippine Greenhouse Gas Inventory Management and Reporting System, these Guidelines Governing the Establishment, Registration, and Monitoring of Voluntary Forest Carbon Credit Projects in Forest Lands, Protected Areas under NIPAS, and Ancestral Lands/Domains are hereby prescribed and promulgated.

SECTION 1. Basic Policy. It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature. In pursuit of this policy, the State recognizes the role of green investors and social enterprises in promoting sustainable forest management, encourages fair, transparent, and inclusive participation in forest carbon initiatives, and supports the development of equitable, responsible, and market-based carbon projects in accordance with national laws and climate commitments.

SECTION 2. Objectives. These Guidelines aim to provide a clear, coherent and effective set of procedures for establishing, registering, and monitoring Forest Carbon Credit Projects in forest lands, protected areas under NIPAS, and ancestral lands/domains. They are designed to ensure that all Forest Carbon Credit Projects:

a. Are properly documented and registered in the DENR Forest Carbon Credit Database established under these Guidelines;

b. Contribute to climate change mitigation through carbon removals, avoiding emissions from deforestation and forest degradation, and enhancing forest

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DENR is driving stakeholder consultations to operationalize Article 6 across four workstreams

THE VISION

A high-integrity governance architecture for carbon markets

Workstream 1
National Policy Framework

Setting the rules of the game for participation and integrity.

Being finalized

SUPPORTED BY

ADB

Workstream 2
National Carbon Registry

Developing the digital infrastructure to transparently track and manage cross border carbon credit flows

Under procurement

SUPPORTED BY

ADB UNDP

Workstream 3
G2G agreements

Open avenues to sell credits into the international compliance (Article 6.2) market.

Singapore	✓ Signed
Japan	Implementation

SUPPORTED BY

ADB

Workstream 4
Pipeline of carbon assets

Development of a pipeline of trade ready carbon assets across nature and tech-based activities

Advancing

SUPPORTED BY

Multiple partners

THE FRAMEWORK

Key Elements of the Policy Framework

2

The core components under development — eligibility, accounting, safeguards and the activity development cycle.

Framework architecture and implementing instruments

Carbon Market Policy Framework

Strategic direction ○ Governance Principles ○ Institutional roles ○ Authorization requirements

Operations Manual

Operational Procedures ○ Application processes ○ Technical requirements ○ Forms, timelines, documentation

Line-Agency Administrative Issuances

Sector specific rules ○ technical eligibility criteria ○ Environmental safeguards

Energy sector carbon credit guidelines

Forestry sector carbon credit guidelines

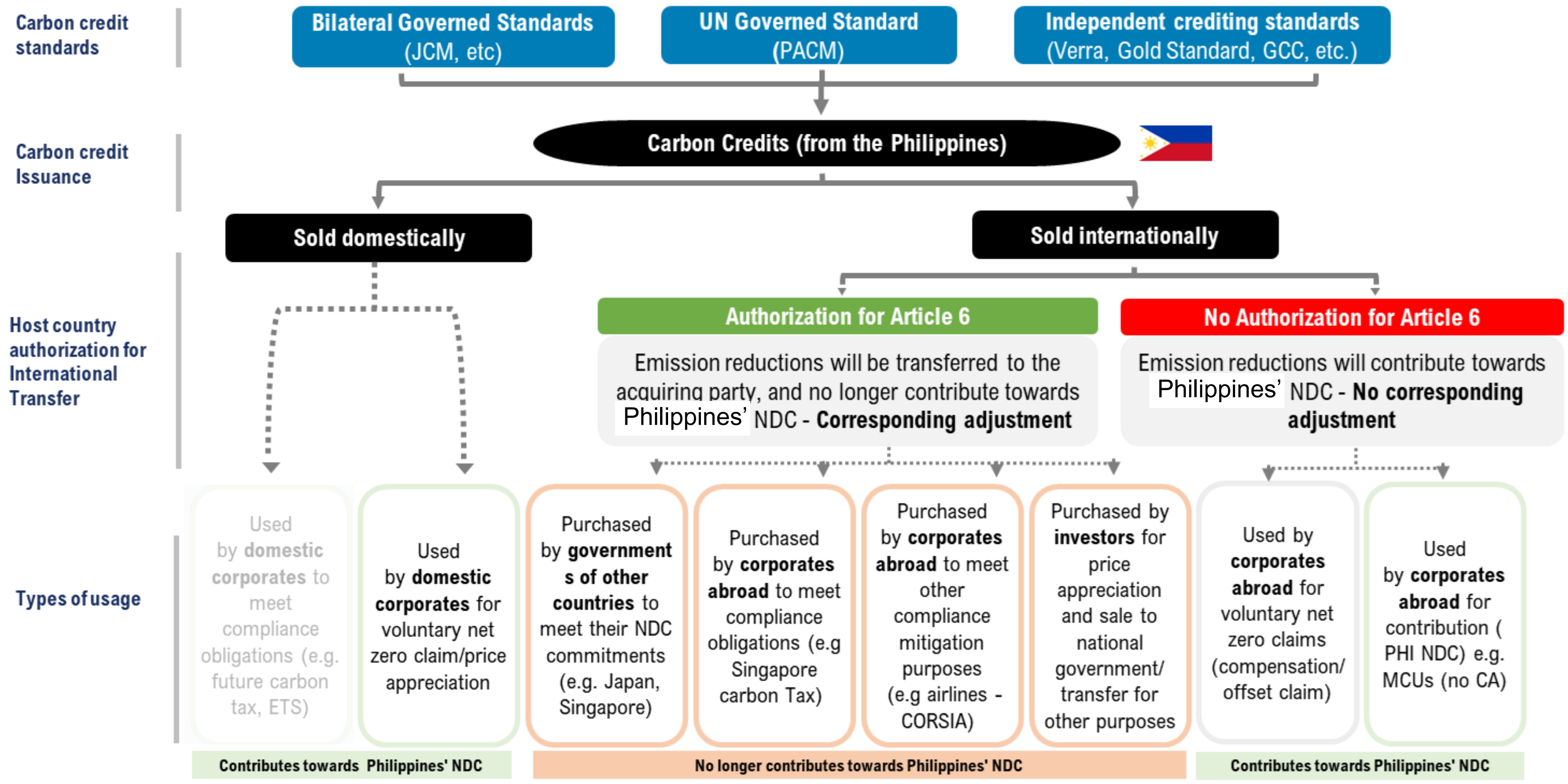
Forest Carbon DAO

Agriculture sector carbon credit guidelines

Transport sector carbon credit guidelines

Other line-agency guidelines

Applicability: Both Article 6 & non-Article 6



The Eight Key Elements of the Framework

Key Elements

1. Policy Context and Objectives
2. Structure and Applicability of the Policy Framework
3. Guiding Integrity Principles
4. Requirements for Project Development
5. Mitigation Activity Development Cycle
6. Fees and Shares of Proceeds
7. National Carbon Registry
8. Institutional Arrangements

DENR is launching the tender to get a vendor on board

Procurement of the technical solutions firm is now opening — building the Digital National Carbon Registry on the UNDP open-source codebase, with a production version targeted for COP31.

NOW Jun 2026

Tender Launch
RfP issued; vendor procurement opens on the open-source registry

~12 weeks

Vendor Selected
Bids evaluated; firm engaged and given Notice to Proceed

Mid Sep 2026

Version 1
Standard registry features configured and deployed

COP31 Nov 2026

Version 2 — Production
Production registry live and showcased at COP31

End 2026

UAT & Handover
User testing, training and technical transfer to DENR

Q1 2027

Final & Maintenance
Version 3 deployed; full operation and maintenance

LOOKING FORWARD

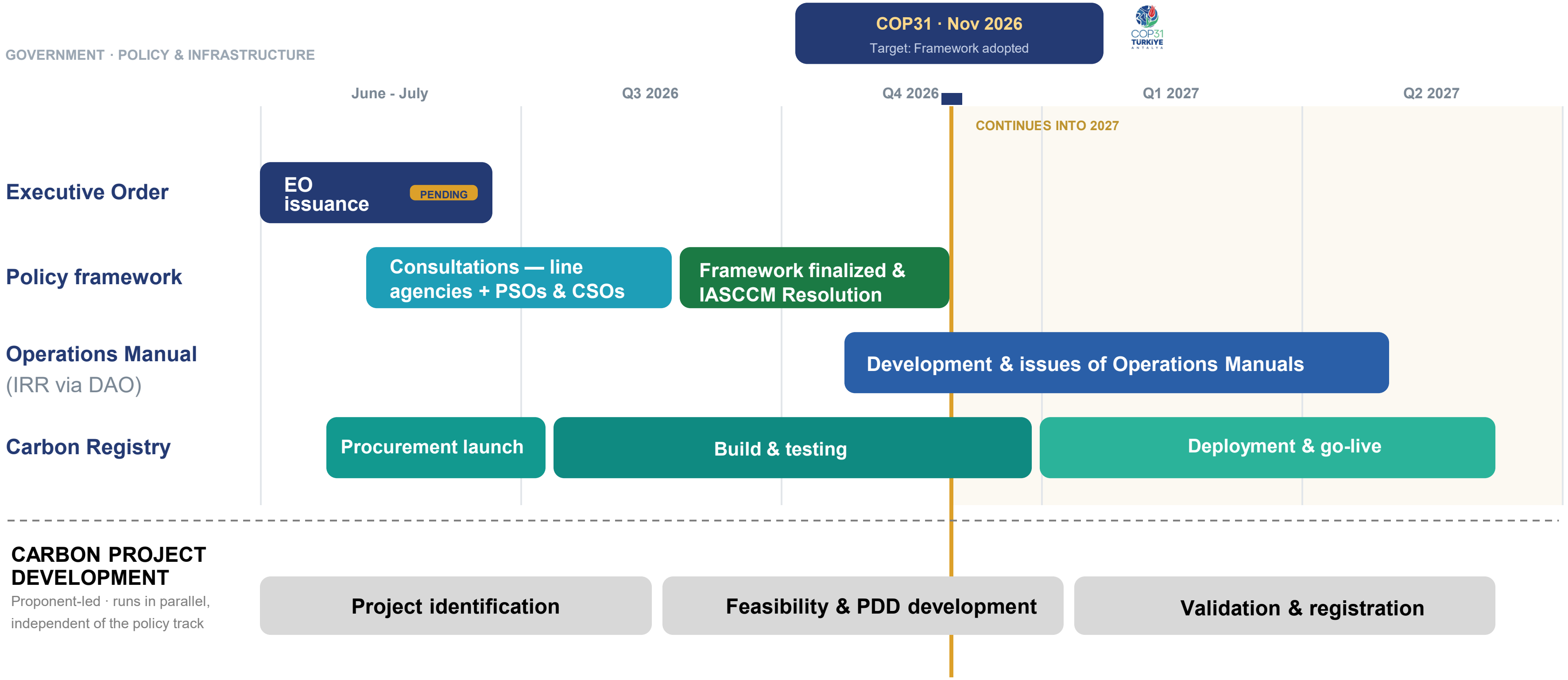
Next Steps & the Road Ahead

The path to implementation — milestones, timelines and opportunities for stakeholders to engage.

3

LOOKING FORWARD · THE ROAD AHEAD

Framework adoption by COP31, with implementation continuing into 2027



Maraming Salamat po.