

GOVERNMENT OF PAKISTAN
Ministry of Climate Change &
Environmental Coordination

PRESS RELEASE

“Pakistan Unveils Carbon Market Policy at COP29, Baku”

(16th November, Pakistani Pavilion, COP29, Baku, Azerbaijan)

To cement Pakistan’s commitment to participation in the new global carbon market, Ministry of Climate Change and Environmental Coordination (MoCC&EC) marked 16 November as Pakistan Pavilion’s “Carbon Market Day” and organized a high-level event on Pakistan’s carbon market.

The discussion-driven event, titled “Pakistan’s Carbon Market Policy and Coordinated Capacity Building for Paris Aligned Carbon Markets,” brought together government policy makers, carbon market and climate experts as well as carbon market project developers to share insights and forge a roadmap forward in light of the new opportunities presented by the new Policy.

The event also represents a milestone in Pakistan’s efforts to speed up its engagement in international carbon markets, with the official unveiling of the country’s “Carbon Market Policy”. The new policy aims to establish a transparent regulatory framework for governing both voluntary and compliance carbon market activities in Pakistan, following international requirements and good practice.

The “Carbon Market Policy event” was opened by Ms. Aisha Moriani, Secretary, MoCC&EC who stated that through this policy, Pakistan aims to accelerate clean technology deployment and attract investment in sectors and projects with significant emissions reduction potential, including energy, agriculture, waste management, and forestry. “Adopting this policy is only part of the many ongoing carbon market readiness efforts. With the support from the USAID, World Bank, the German government, the UN Environment Program, and Global Green Growth Institute, we are developing carbon market regulations, integrating carbon market in our new NDC, assessing new sectoral potential, and developing a pipeline of carbon market projects,” she

said in her opening remarks. Elaborating on the salient features of the proposed Pakistan Carbon Market Policy she mentioned that it is a rigorous framework designed to operationalize carbon markets as an important mechanism for meeting Pakistan's climate and development objectives. This policy guidelines set a clear regulatory framework for the creation and governance of both voluntary and compliance carbon market activities in Pakistan, following international requirements and good practice.

Through this policy, Pakistan aims to accelerate clean technology deployment and attract investment in sectors and projects with significant emissions reduction potential, including energy, agriculture, waste management, and forestry. The guidelines will ensure that carbon markets drive real, verifiable reductions while generating substantial economic and social co-benefits across Pakistan. By launching this policy, Pakistan signals its readiness to engage in global carbon markets, inviting both domestic and international partners to join us in advancing a resilient, low-carbon economy with strong accountability and impact at its core. The Policy will enable Pakistan to advance its Nationally Determined Contributions (NDCs) and channel carbon finance into projects that yield substantial social, economic, and environmental co-benefits.

Pakistan's Carbon Market Policy is built on three core pillars:

1. Environmental Integrity and Compliance

Our Carbon Market Policy Guidelines prioritize robust environmental standards, aligning with Pakistan's climate commitments and international obligations under the Paris Agreement. We are committed to ensuring that every mitigation project authorized within our borders comply with the highest standards of environmental integrity, and transparency.

2. Economic Development and Investment Mobilization

Pakistan's carbon markets are designed to attract substantial investment, both domestic and international, into low-emission development projects. By facilitating carbon credit issuance and trading, we are creating market incentives for more investment in emission reduction projects.

3. Equitable Benefit Sharing and Social Safeguards

At the heart of Pakistan's Carbon Market Policy Guidelines is an unwavering commitment to social inclusion, equity, and benefit sharing. Our approach recognizes that the journey toward a sustainable, low-emission future must be both inclusive and just.

The event was supported by the Supporting Preparedness for Article 6 Cooperation (SPAR6C) program, a 5-year programme funded by the German Federal Ministry for Economic Affairs and Climate Action (BMWK) through the International Climate Initiative (IKI). The program is led by the Global Green Growth Institute (GGGI), with implementation in Pakistan led by UNEP Copenhagen Climate Center (UNEP-CCC) and supported by GFA Consulting Group.

Speaking during the panel discussion, “From Voluntary to Verified: A Roadmap for Investors in Pakistan’s Carbon Market”, Fenella Aouane, Director and Head of Carbon Pricing, GGGI, a leading expert in carbon pricing strategies and policy development and has been instrumental in advancing the role of carbon markets in global climate governance. She shared that the “The establishment of carbon market policies in Pakistan is an essential first step to trading. The government has an amazing team in place, ready to make an impact. The SPAR6C program and GGGI continue to support where requested - expect to see more news soon!”

Speakers acknowledged that under the stewardship of the MoCC&EC, the “Carbon Market Policy Guidelines” is under approval, will define a legal basis and provide clarity and certainty to the market actors both nationally and internationally, to unlock the potential of carbon markets, and fulfill its climate and NDC goal, while at the same time contributing to global climate change mitigation efforts.

Two high-profile panels explored Pakistan's emerging carbon market opportunities and innovative strategies for aligning carbon markets with the Paris Agreement. The sessions featured renowned experts and leaders in the climate field.

The first panel discussed “Opportunities and Challenges in Pakistan’s Carbon Market” and was moderated by Mr. Khurram Lalani. Ms. Mirey Atallah, Branch Chief, UNEP Climate Change Division - A senior leader in UNEP's climate change efforts. She has extensive experience in shaping global policy frameworks and supporting developing nations in their climate transition. In her remarks she appreciated the progress made by Pakistan in Carbon Markets by unveiling its Policy. She mentioned that the real challenge starts now and extended all out support to the Ministry of Climate Change, Pakistan in this regard.

Ms. Riham Elgizy, CEO, Regional Voluntary Carbon Market Company (RCVMC), Saudi Arabia - A pioneer in voluntary carbon market development in the Middle East. She leads efforts to connect global carbon credit markets with regional needs. She mentioned that transparency is of utmost important in order to establish integrity. She stated that Pakistan has to tread very carefully and should learn from the experience of some of the countries who have adopted carbon market regulations and faced challenging situation.

Ms. Isa Mulder, Carbon Market Watch - A respected advocate for the integrity of carbon markets, Ms. Mulder focuses on policy research and ensuring that carbon trading systems deliver real environmental benefits.

The Second Panel was on 'Coordinated Access to Net Zero Development Financing through Paris-Aligned Carbon Markets and it was moderated by Mr. Mark Kenber, Executive Director, Voluntary Carbon Markets Initiative (VCMI), the panel discussion generated a very productive and useful roadmap for Pakistan's implementation of Carbon Market Policy.

Mrs. Dawa Chhoeden, Chief Engineer, Department of Energy, Ministry of Energy and Natural Resources, Bhutan - A key figure in Bhutan's renewable energy sector, Mrs. Chhoeden plays a pivotal role in the country's climate action plans and energy transition. She spoke about the Bhutanese experience for the carbon credits in renewable energy.

Ms. Berioska Quispe, Director General, Climate Change and Desertification, Peru - A seasoned leader in Peru's climate policy, Ms. Quispe is at the forefront of implementing strategies for sustainable development and climate resilience. She shared Peruvian experience in carbon credits related to forests and biodiversity.

Mr. Chandra Shekhar Sinha, Global Lead for Carbon Markets and Finance, World Bank Group - A highly influential figure in global carbon market finance, Mr. Sinha leads the World Bank's efforts to mobilize funding for climate projects in emerging economies. He emphasized the need to encourage investments in climate projects and offered his advice in this regard to all the CVF countries.

Mr. Amr Sobhy, Senior Climate Change Specialist, Islamic Development Bank (IDB) - An expert in climate finance, Mr. Sobhy works on facilitating financial support for low-carbon development in member countries of the IDB. He spoke about the proposed sustainability bonds being introduced by the Islamic Development Bank.

Ms. Adidjatou Hassan, President of the Benin National Carbon Projects Registration Authority - A trailblazer in Africa's carbon market development, Ms. Hassan is responsible for overseeing the registration and implementation of carbon projects in Benin. She spoke about African carbon market experience and shared some useful lessons for other countries to learn who are entering into the Carbon Markets now.

Romina Khurshid Alam, Coordinator to the Prime Minister on Climate Change and Environment Coordination, emphasized the challenges faced by developing economies in accessing climate finance and the potential of carbon markets to address these issues. "Article 6 provides a foundation for resilient and equitable carbon markets in Pakistan and will enable emissions reductions and sustainable development. We feel it is a critical step toward creating transparent, cross-border cooperation that will benefit both communities and economies. Today is an important day which will go beyond implementing Article 6 to shape global climate action for years to come." She mentioned that although Pakistan is amongst the most vulnerable countries due to climate change but its resolve to tackle the climate challenges is unwavering.

Acknowledging that the implementation of Article 6 will allow for much needed funds to flow towards developing countries that have the potential to develop carbon projects or protect existing carbon sinks, speakers discussed the myriad opportunities and collaboration for Pakistan.

Countries collaborating with Pakistan will benefit from a one-window facility, currently under establishment, through which all transactions and all communication will succeed. Through this facility, buyer countries will be ensured due transparency and tracking aligned with international industry standards. On the project development side, the facility will provide common guidance for all developers that wish to benefit from participating in the global carbon market, ensuring that all carbon market activities live up to the highest standards of environmental integrity, regardless which type of activity is considered, and regardless which part of the carbon market is addressed.

The "Carbon Market Policy Guidelines" outline a cohesive strategy and authorization criteria, which prioritizes investment in resilience and climate change adaptation, and works closely with provincial governments. While these guidelines offer cultural and geographical nuance for each province's differential needs, they set stringent quality control criteria. Thus ensuring

high-quality project development with substantial co-benefits. Finally, countries will experience a competitive and cost-efficient framework that emphasizes fairness in benefit distribution.

A number of project opportunities have already been identified on the basis of which the Government of Pakistan intends to initiate dialogues on Article 6 collaboration. Sectoral priorities and strategies are currently under development as part of the NDC updating process, which will help to identify more specific opportunities.