

United Nations  
Climate Change



# Welcome to Article 6 Training

October 16, 2024

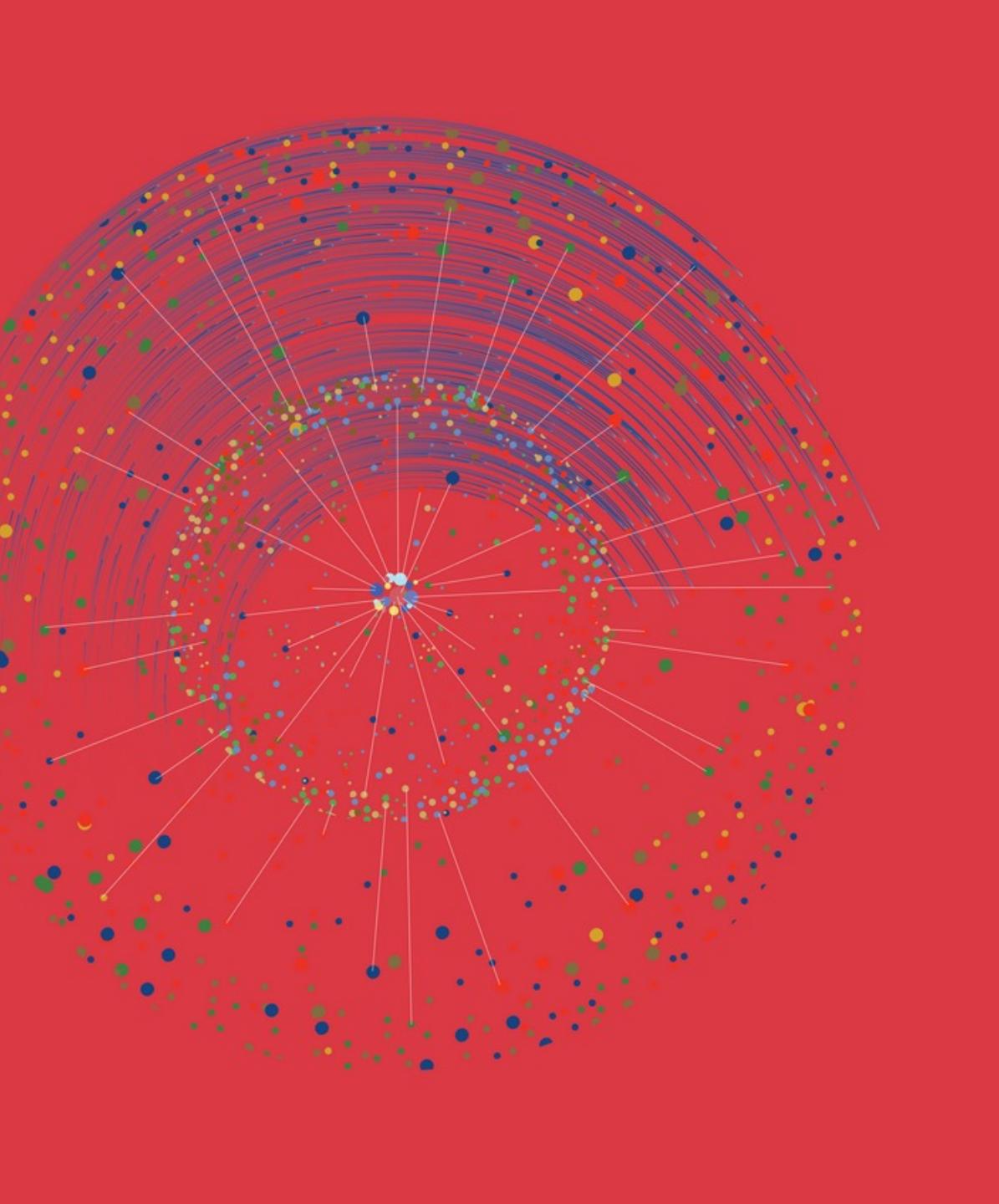
Supported by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag



United Nations  
Climate Change



RCC Caribbean

*Collaboration for Climate Action*

# Simulated Corresponding Adjustment Exercise

---

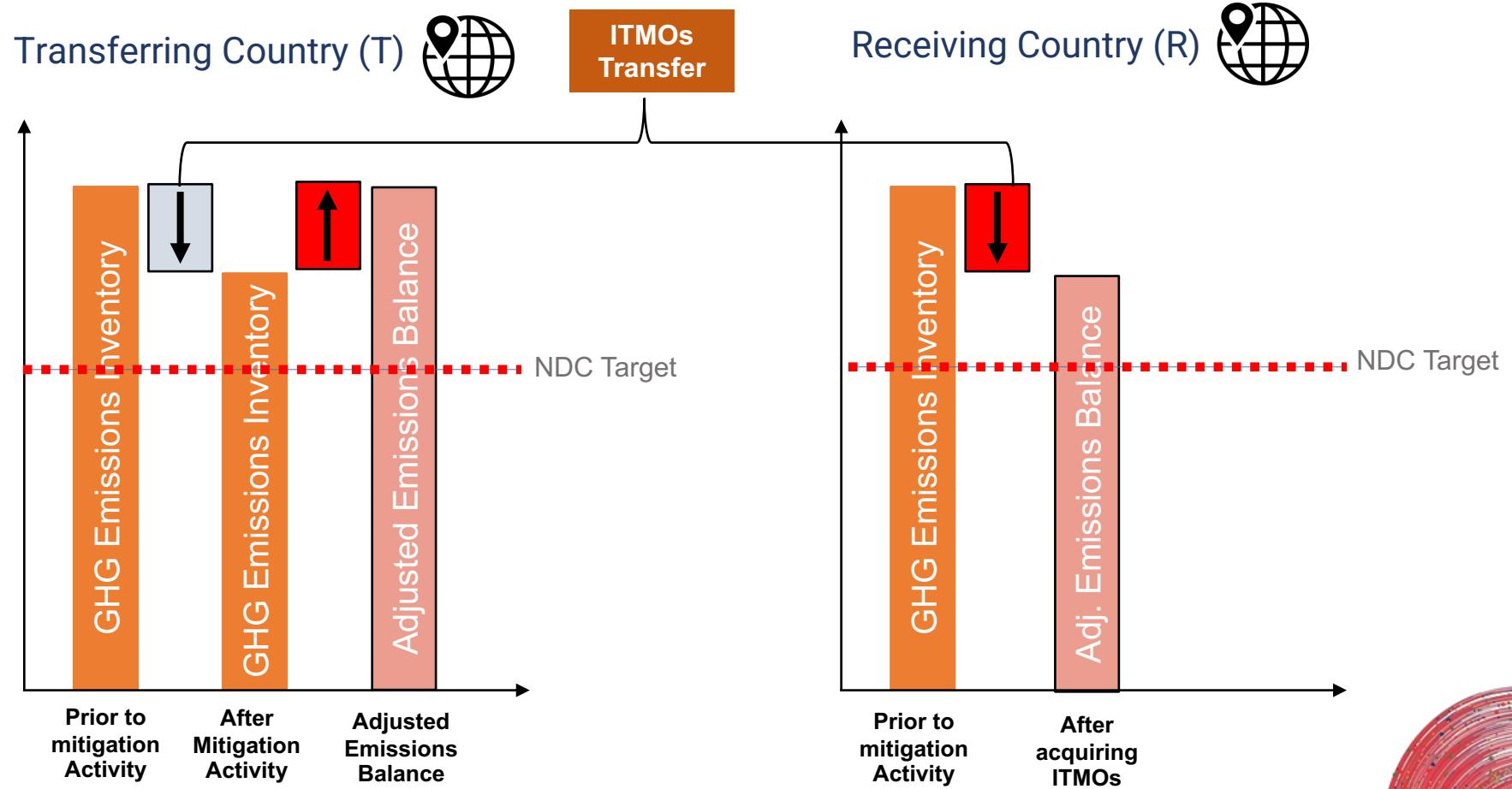
October 16, 2024

# Concepts of corresponding adjustments (CAs)

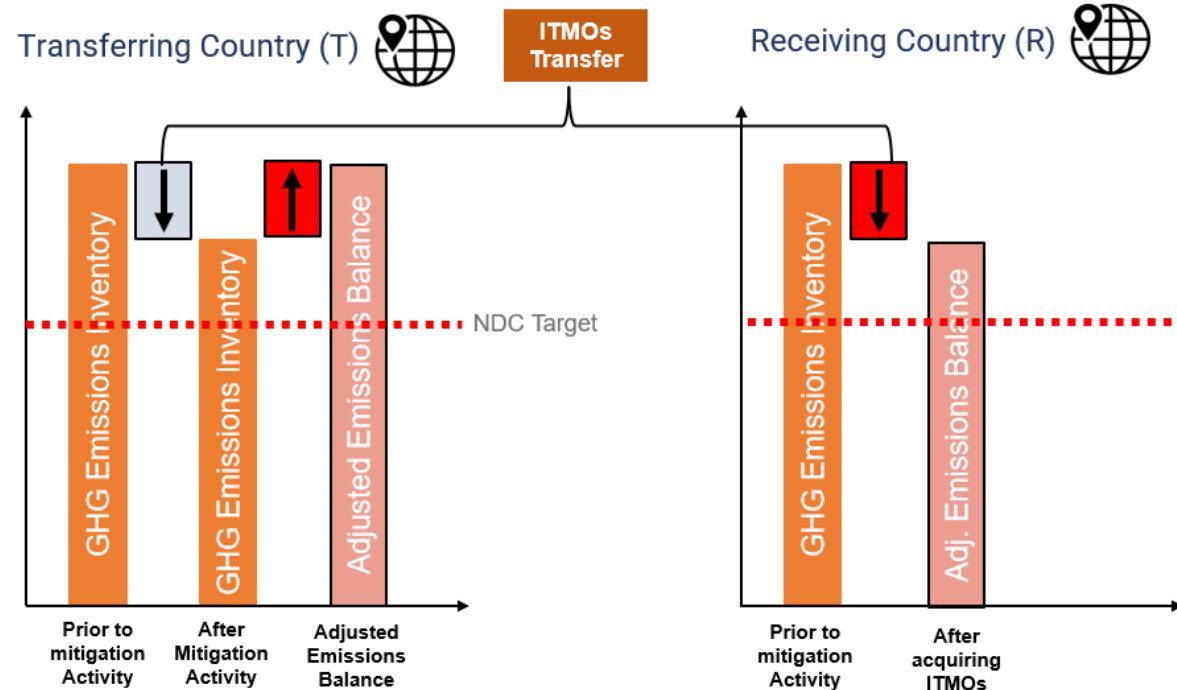
Countries' emissions levels, as reported when they track the progress towards achieving the NDC, should be adjusted to reflect the transfer (export) or receipt (import) of mitigation outcomes.

## For ITMOs measured in tCO<sub>2</sub>eq:

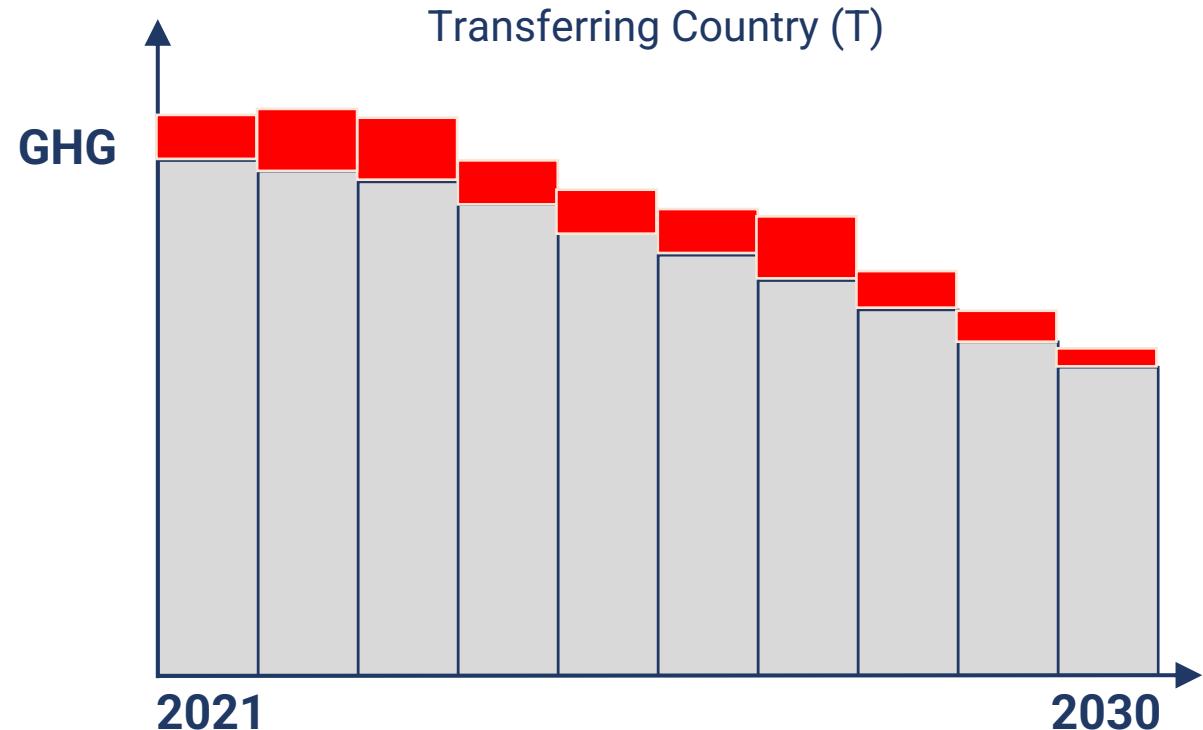
CAs are applied to the emissions and removals covered by the NDC, resulting in an emissions balance.



# Article 6 Accounting: Diverse NDCs

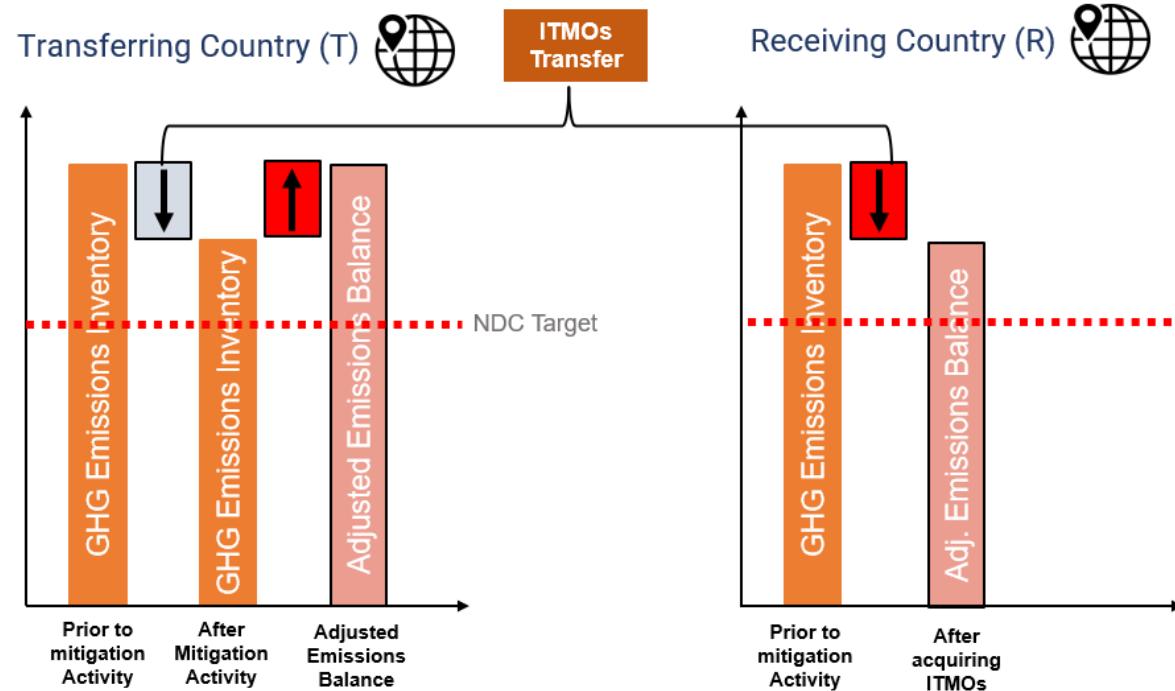


**MULTI-YEAR TARGET:** A Party has target for several consecutive years (e.g., 2021, 2022, 2023.... and has clear carbon budget or emission trajectory).

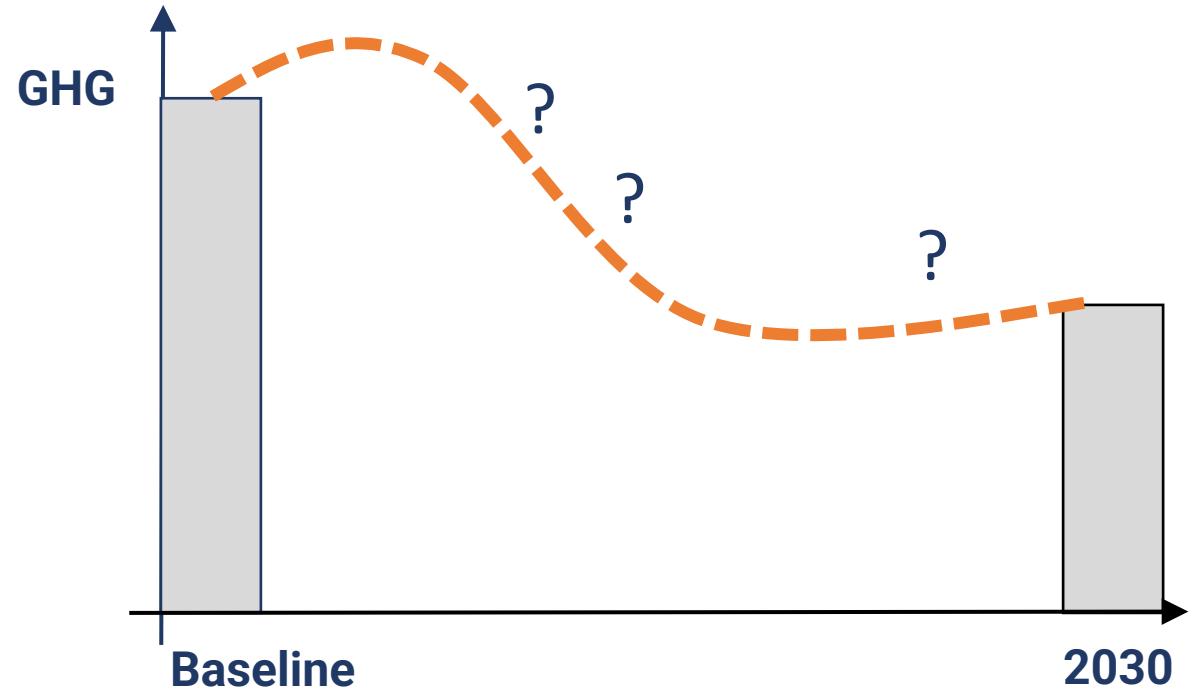


**Example:** Commitment to an emission level of 10 MtCO<sub>2</sub>eq over the period 2021 to 2030.

# Article 6 Accounting: Diverse NDCs



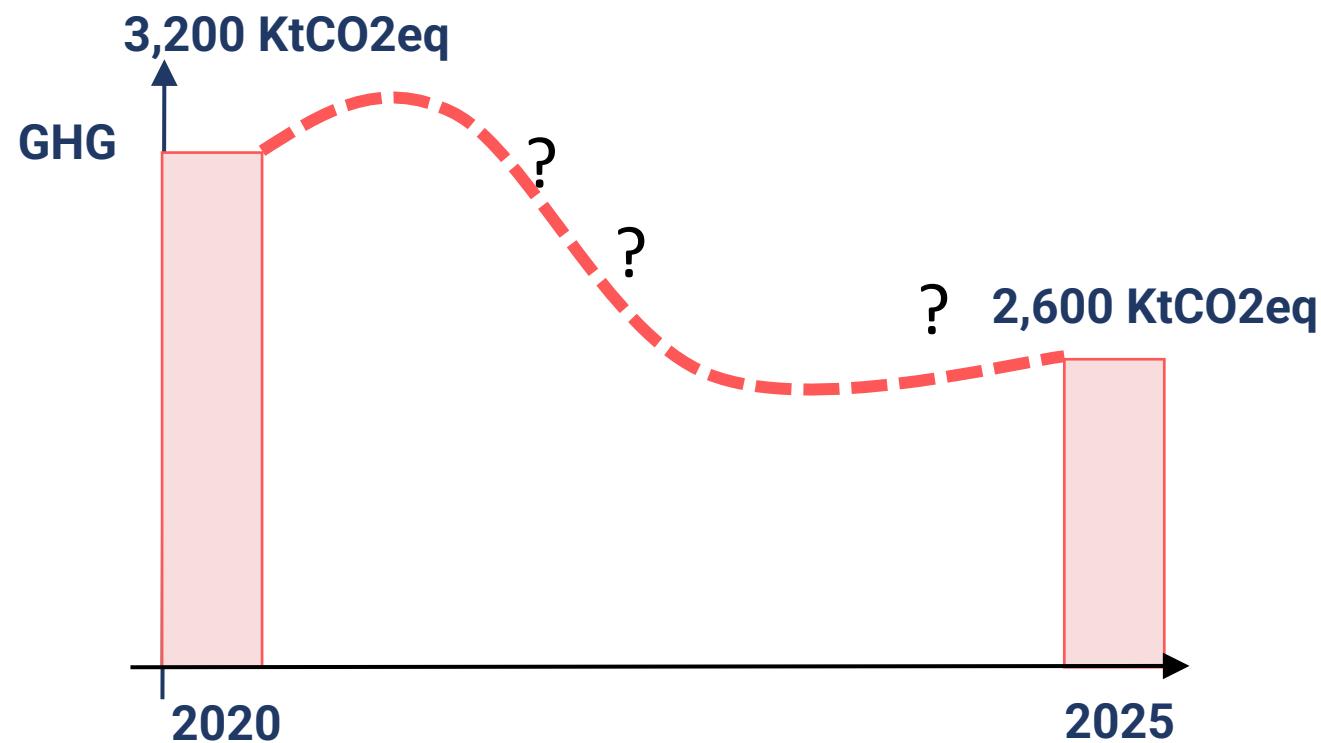
**SINGLE YEAR TARGET:** A single-year target means that emissions must be reduced below the target level in a specific year.



**Example:** 30% reduction below the **2005 level** in 2030.

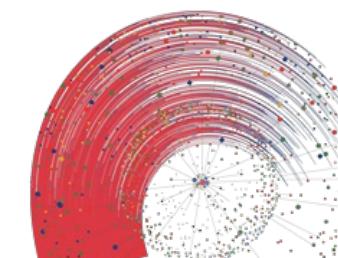
# Corresponding Adjustments Example - NDC Single Year

**Single-Year Target:** A Single-Year target means that emissions must be reduced below the target level in a specific year.



## Example:

- **Country A transfers ITMOs.**
- **Goal:** Emissions of 2,600 KtCO<sub>2</sub>eq by 2025.
- **Implementation Period:** 2021 - 2025
- Country A has an NDC with a one-year target:
  - ✓ You can use Averaging Approach or
  - ✓ Trajectory approach/emission budget.



# Example of Corresponding Adjustments - NDC Single Year

## Exercise 1: Averaging Approach

- Country A sells ITMO: Does it achieve its target of emitting only 2,600 ktCO<sub>2</sub>eq in its target year (2025)?

Calculate the annual average of ITMOs first transferred and used during the NDC implementation period by taking the cumulative amount of ITMOs and dividing by the number of years elapsed in the NDC implementation period and applying indicative corresponding adjustments annually based on this average amount for each year of the NDC implementation period and in the NDC target year.

	Year	2021	2022	2023	2024	2025
	Year (n)	1	2	3	4	5
	Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
	ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
	ITMO transferred accumulated					
	CA to be performed (ktCO <sub>2</sub> e)					
	Adjusted emissions balance					?

# Example of Corresponding Adjustments - NDC Single Year

Exercise: Averaging Approach

Calculate the annual average of ITMOs first transferred and used during the NDC implementation period by taking the cumulative amount of ITMOs and dividing by the number of years elapsed in the NDC implementation period and applying indicative corresponding adjustments annually based on this average amount for each year of the NDC implementation period and in the NDC target year.

Year	2021	2022	2023	2024	2025
# of Year	1	2	3	4	5
Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
ITMO transferred accumulated	400	700	1000	1200	1400
CA to be performed (ktCO <sub>2</sub> e)	=400/1	=700/2	=1000/3	=1200/4	=1400/5
Adjusted emissions balance					?

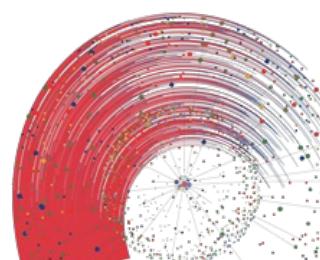


# Example of Corresponding Adjustments - NDC Single Year

## Exercise 1: Averaging Approach

Calculate the annual average of ITMOs first transferred and used during the NDC implementation period by taking the cumulative amount of ITMOs and dividing by the number of years elapsed in the NDC implementation period and applying indicative corresponding adjustments annually based on this average amount for each year of the NDC implementation period and in the NDC target year.

Year	2021	2022	2023	2024	2025
Year (n)	1	2	3	4	5
Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
ITMO transferred accumulated	400	700	1000	1200	1400
CA to be performed (ktCO <sub>2</sub> e)	400	350	333	300	280
Adjusted emissions balance					?

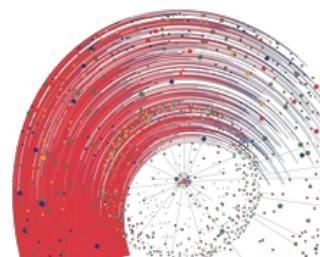


# Example of Corresponding Adjustments - NDC Single Year

## Exercise 1: Averaging Approach

Calculate the annual average of ITMOs first transferred and used during the NDC implementation period by taking the cumulative amount of ITMOs and dividing by the number of years elapsed in the NDC implementation period and **applying indicative corresponding adjustments annually based on this average amount for each year of the NDC implementation period and in the NDC target year.**

Year	2021	2022	2023	2024	2025
Year (n)	1	2	3	4	5
Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
ITMO transferred accumulated	400	700	1000	1200	1400
CA to be performed (ktCO <sub>2</sub> e)	400	350	333	300	280
Adjusted emissions balance	=2800+400	=2700+350	=2600+333	=2500+300	=2400+280



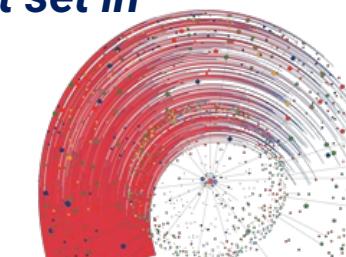
# Example of Corresponding Adjustments - NDC Single Year

## Exercise 1: Averaging Approach

### Did Country A achieve its 2025 target?

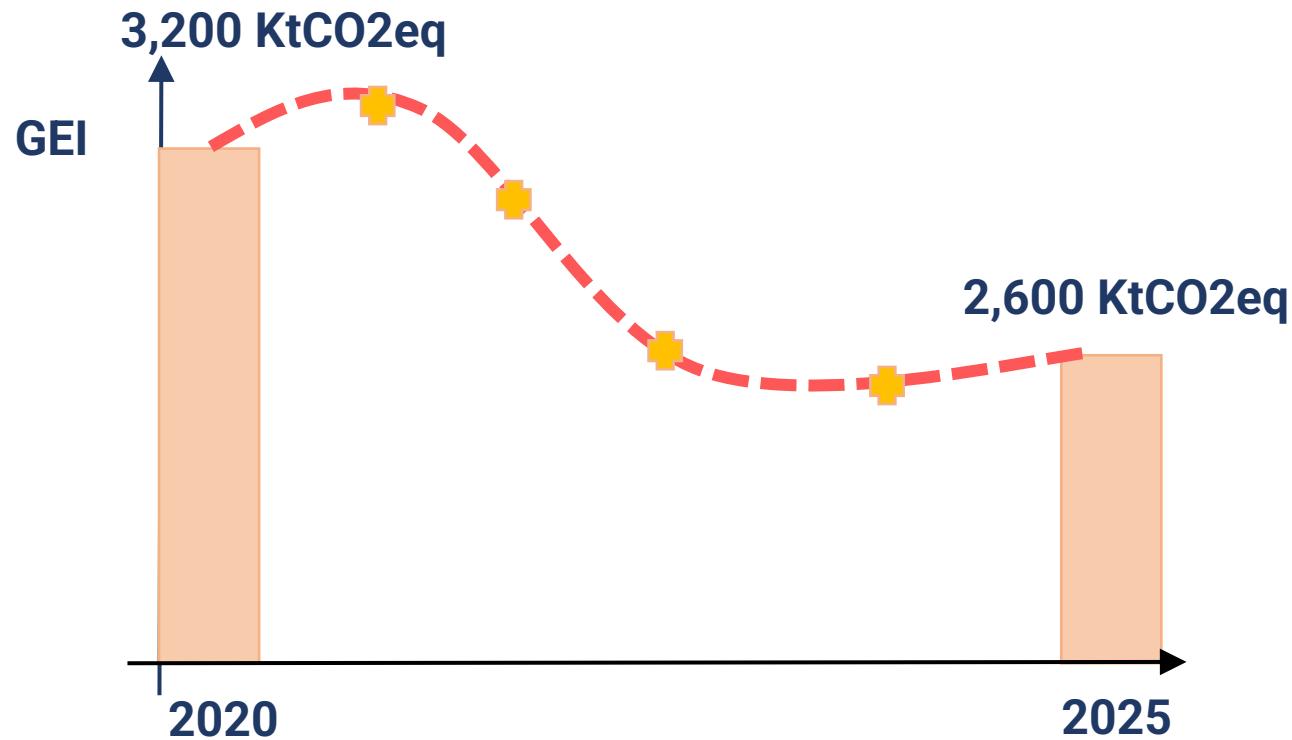
	Year	2021	2022	2023	2024	2025
	Year (n)	1	2	3	4	5
	Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
	ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
	ITMO transferred accumulated	400	700	1000	1200	1400
	CA to be performed (ktCO <sub>2</sub> e)	400	350	333	300	280
	Adjusted emissions balance	3200	3050	2933	2800	2680

*The Adjusted Emissions Balance exceeds the target set in Country A's NDC.*



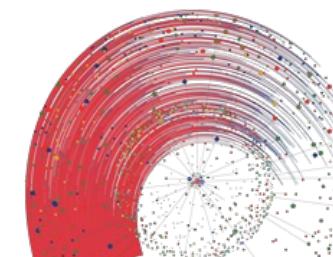
# Example of Corresponding Adjustments - NDC Single Year

**SINGLE-YEAR TARGET:** A single-year target means that emissions must be reduced below the target level in a specific year.



## Example:

- Country A transfers ITMOs.
- Target: Emissions of 2,600 KtCO<sub>2</sub>eq by 2025.
- Implementation Period: 2021 - 2025.
- Country A provided an emissions trajectory consistent with the NDC Implementation period.
- Country A has an NDC with a one-year target:
  - ✓ You can use either Averaging Approach or
  - ✓ Trajectory approach/emission budget.

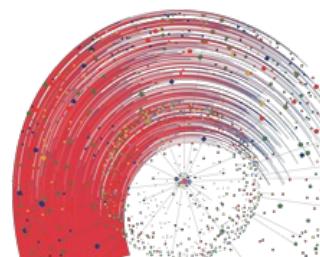


# Example of Corresponding Adjustments - NDC Single Year

Exercise 1: Trajectory Approach

Did Country A achieve its 2030 target?

	Year	2026	2027	2028	2029	2030
	Year (n)	1	2	3	4	5
	Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
	Emissions trajectory provided	3200	3050	2900	2750	2600
	ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
	CA to be performed (ktCO <sub>2</sub> e)					
	Adjusted emissions balance					?

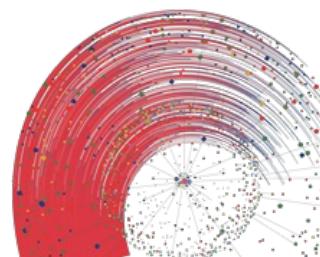


# Example of Corresponding Adjustments - NDC Single Year

Exercise 1: Trajectory Approach

Did Country A achieve its 2030 target?

	Year	2026	2027	2028	2029	2030
	Year (n)	1	2	3	4	5
	Annual emissions (ktCO <sub>2</sub> e)	2800	2700	2600	2500	2400
	Emissions trajectory provided	3200	3050	2900	2750	2600
	ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
	CA to be performed (ktCO <sub>2</sub> e)	400	300	300	200	200
	Adjusted emissions balance	=2800+400	=2700+300	=2600+300	=2500+200	=2400+200

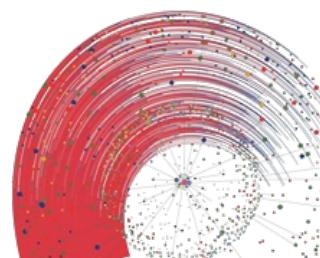


# Example of Corresponding Adjustments - NDC Single Year

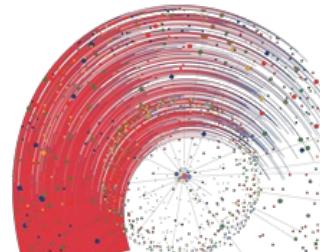
Exercise 1: Trajectory Approach

Did Country A achieve its 2030 target?

Year	2026	2027	2028	2029	2030
Year (n)	1	2	3	4	5
Annual emissions	2800	2700	2600	2500	2400
Emissions trajectory provided	3200	3050	2900	2750	2600
ITMO transferred (ktCO <sub>2</sub> e)	400	300	300	200	200
CA to be performed (ktCO <sub>2</sub> e)	400	300	300	200	200
Adjusted emissions balance	3200	3000	2900	2700	2600



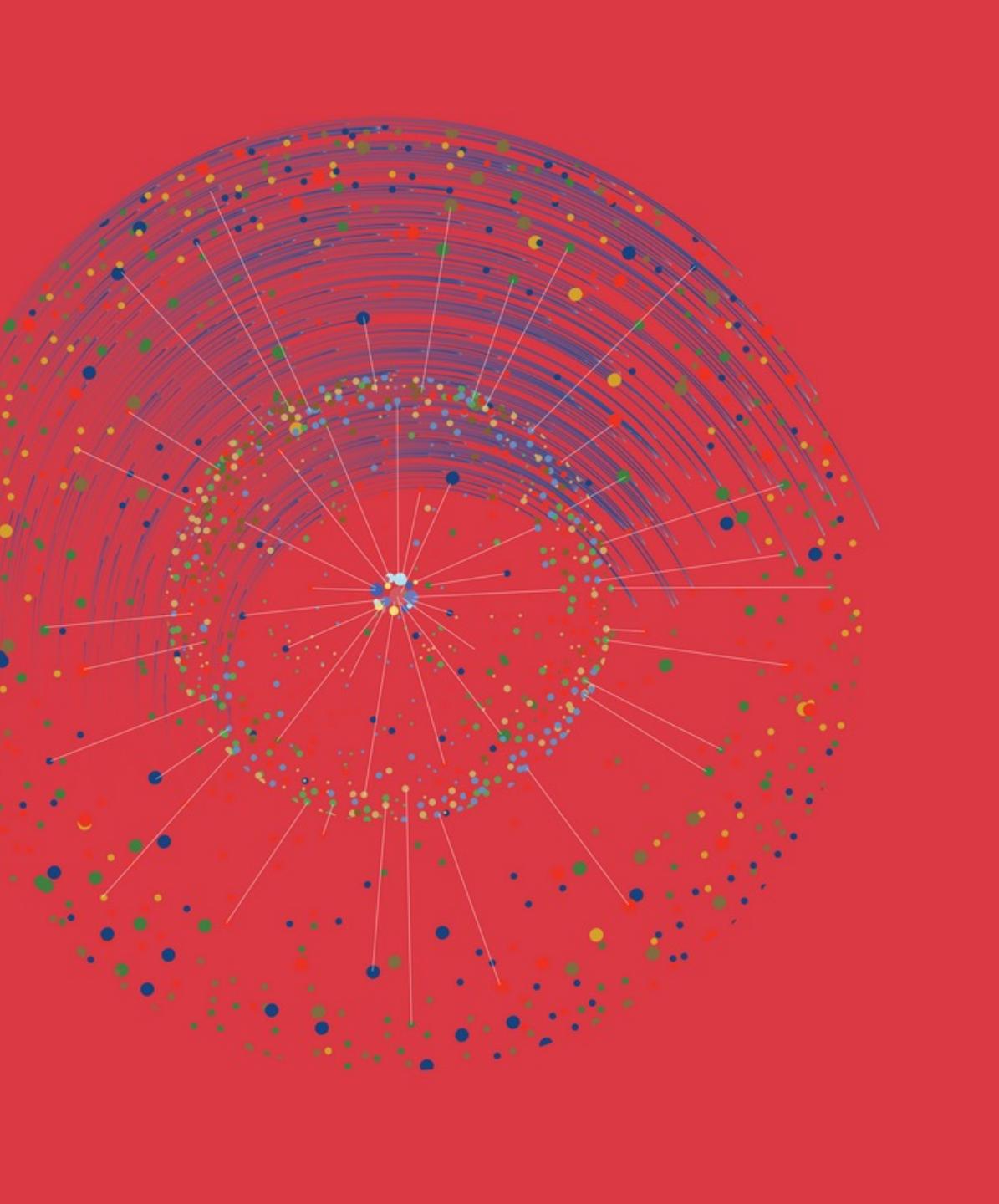
### 3. Presentation: (20 min)





## RCC Caribbean

*Collaboration for Climate Action*



United Nations  
Climate Change



RCC Caribbean

*Collaboration for Climate Action*

# Session 02:

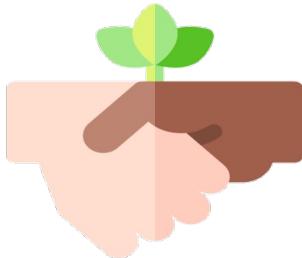
# Exploring Article

## 6.4 - Framework and Opportunities

---

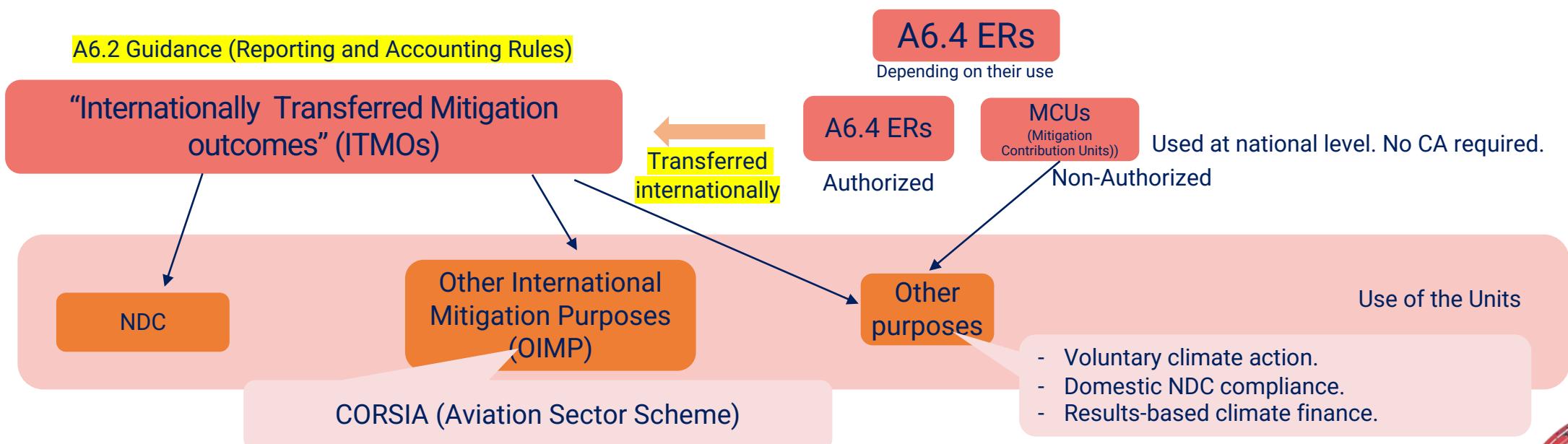
# Understanding Cooperation under Article 6.4

The new Paris Agreement Crediting Mechanism



"It will be overseen by a body designated by the CMA and established within the Secretariat of the UN Climate Change."

The mitigation outcomes of proposed activities will be accredited under units known as Article 6.4 Emission Reductions (A6.4ERs)



# Choice of A6.4ER: Mitigation Contribution Units (MCUs)

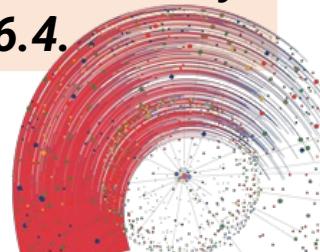
## Mitigation contribution (Article 6.4 only):

=>do not require a corresponding adjustment and may be used, “*inter alia*, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the Host party”.

=> uses in other markets, such as in the voluntary carbon markets or domestic markets.

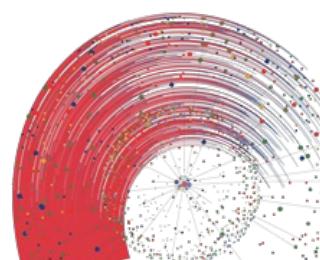
At the moment, “mitigation contribution” can only be used for Article 6.4.

Article 6 Units	
6.2 ITMOs and 6.4 ITMOs/A6,4ERs (Authorized)	6.4 Mitigation Contribution Units (Non-Authorized)
<ul style="list-style-type: none"><li>▪ Requires corresponding adjustments</li><li>▪ May be used towards achievement of NDCs</li><li>▪ uses in other markets, e.g., voluntary carbon markets</li><li>▪ Uses for other international mitigation purposes (e.g., CORSIA)</li></ul>	<ul style="list-style-type: none"><li>▪ Do not require a corresponding adjustment</li><li>▪ May be used, “<i>inter alia</i>, for results-based climate finance, domestic mitigation pricing schemes, or domestic price-based measures, for the purpose of contributing to the reduction of emission levels in the Host party”.</li><li>▪ uses in other markets, e.g., voluntary carbon markets or domestic markets.</li></ul> <p><b>Now, “mitigation contribution” can only be used for Article 6.4.</b></p>



# Role of MCUs in supporting host countries & Corporates

- 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.
- Corporates by **purchasing and cancelling MCUs** can make
  - A claim of contributing to technology transfer, investment, and bending the global emissions curve; and
  - The estimated ‘internal carbon prices’ tangible, while delivering on the needed climate finance.



# Overview of Article 6.4 Activity Cycle





United Nations  
Climate Change



# Thank you!

## Q&A

---

Supported by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag



United Nations  
Climate Change



RCC Caribbean

*Collaboration for Climate Action*

# Similarities and differences between Article 6.4 and CDM

---

# Similarities and differences compared to the CDM

## CDM

Annex I Parties had legally binding emission reduction contributions.

Developing countries participated in the international carbon market as hosts for CDM projects (no contributions).

**Limited role of developing countries**  
(restricted to *issuing Approval Letters*).

The approval of CDM activities involved confirming that participation was voluntary and contributed to the sustainable development of the host country.

Centralized process led by the CDM Executive Board (Applicable CDM Methodologies and established accreditation period rules).

## PACM (A6.4)

All parties must have NDCs (emission reduction contributions).

All Parties can participate as sellers or buyers of Mitigation Outcomes. Parties must specify which types of projects they would approve.

More significant role for developing countries.  
(for example, participation roles and responsibilities, activity design, and functional responsibilities).

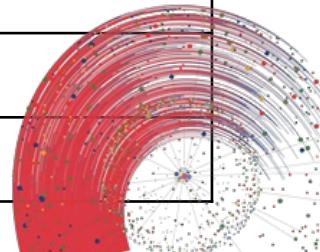
Parties are expected to report on how mitigation actions contribute to the NDC of the host and partner countries, as well as to sustainable development.

Parties can specify the crediting period (shorter), methodological approaches (more rigorous).

Grievance Mechanism; Sustainable Development Tool, Appeal Mechanism

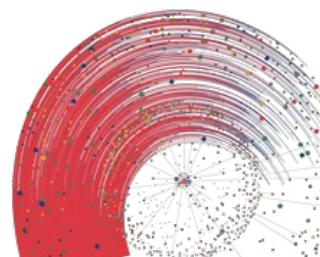
# Similarities & Differences Compared to CDM

	<b>Article 6.4 mechanism</b>	<b>CDM</b>
Registration fee	>50 kt/year: \$10,000 ≤ 50 kt/year: \$5,000 ≤ 15 kt/year: \$1,500	CDM registration fee = 1 year of issuance fee from \$0 (LDC, host countries with < 10 projects) to \$350,000 USD
	Registration fee is not an advance to SOP	Registration fee is advance to SOP
	Waived for SIDS and LDC	Registration fee waived for LDCs
Renewal fee	Same as registration fee	None
Post registration change fee	\$1,500 per request	None
Issuance fee	\$0.15/A6.4ER Waived for LDCs and SIDS	\$0.10/CER up to 15,000 USD/year \$0.20/CER for above 15,000 USD/year Waived for LDCs
SOP adaptation	5% of A6.4ERs	2% of CERs
OMGE	2% of A6.4ERs	None



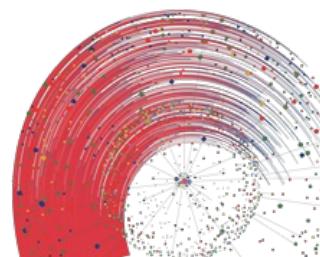
# Similarities & Differences compared to CDM

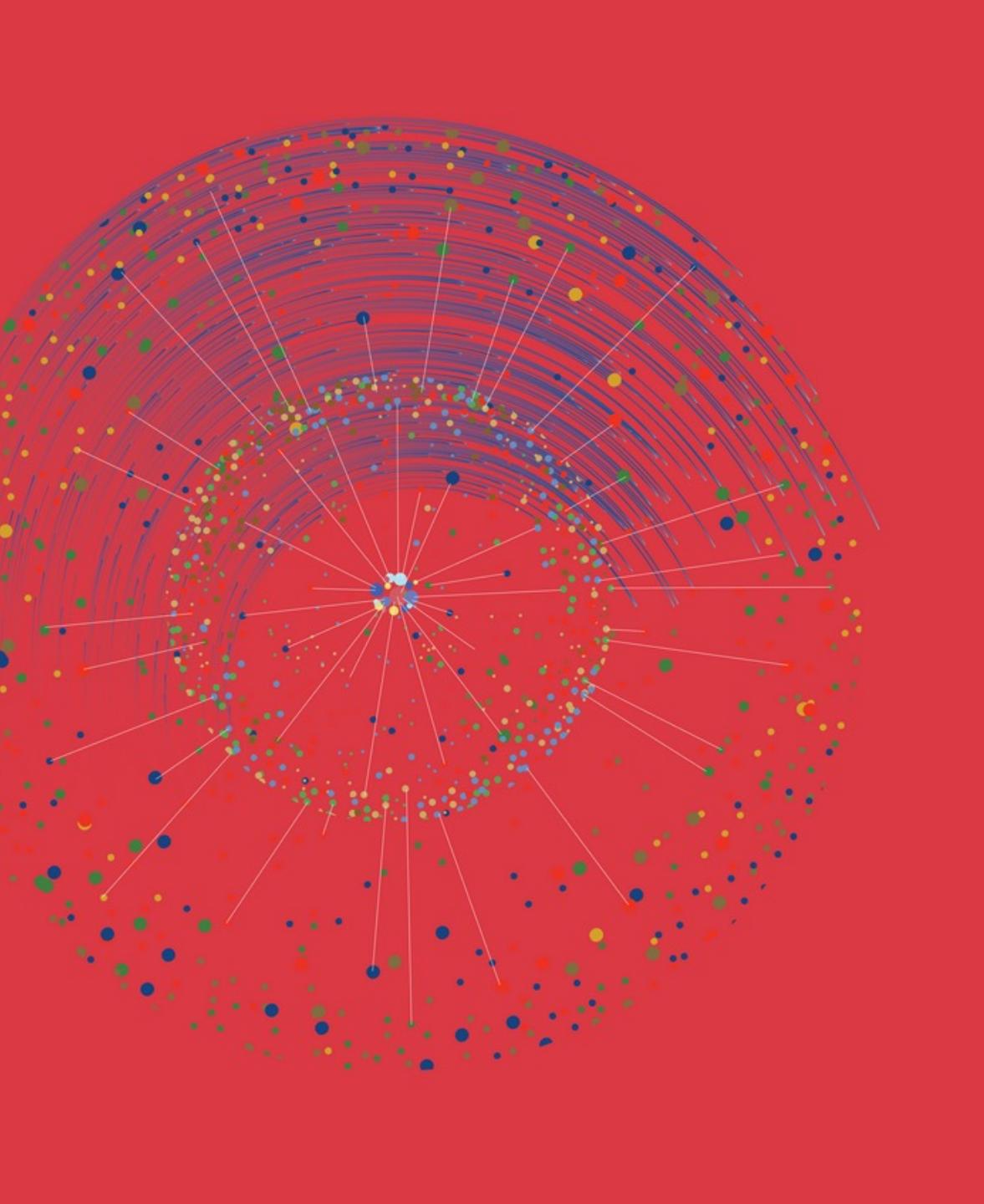
	Article 6.4 mechanism	CDM
Crediting period	Maximum 10 years fixed or 3 x 5 years maximum Can be specified by host Party	10 years fixed or 3x7 years
Activity types	Projects, Programmes	Projects and Programmes
Infrastructure	A6.4 registry	CDM registry
Public input	Possible at any time of the project	Only during foreseen time for public consultation
Grievance mechanism	Yes	None
Stakeholder Consultation	Lifetime of the project crediting period	Before the Validation process



# Similarities & Differences Compared to CDM

	Article 6.4 mechanism		CDM
DNA	Required		Required
Role of DNA	Approves activities Authorizes participants Must specify activity type the Host Party is willing to approve		Approves activities Authorizes participants
Units produced	Authorized A6.4ER or	Mitigation Contribution Units (MCUs)	CERs
Corresponding adjustments	Yes	No	No
Addressing reversals	To be developed		Issuance only of tCERs or ICERs for A/R projects





United Nations  
Climate Change



# Thank you!

## Q&A

---

Supported by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag

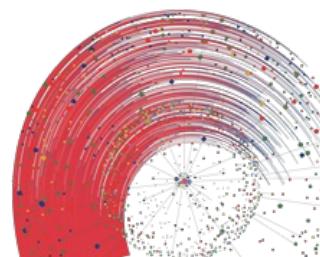
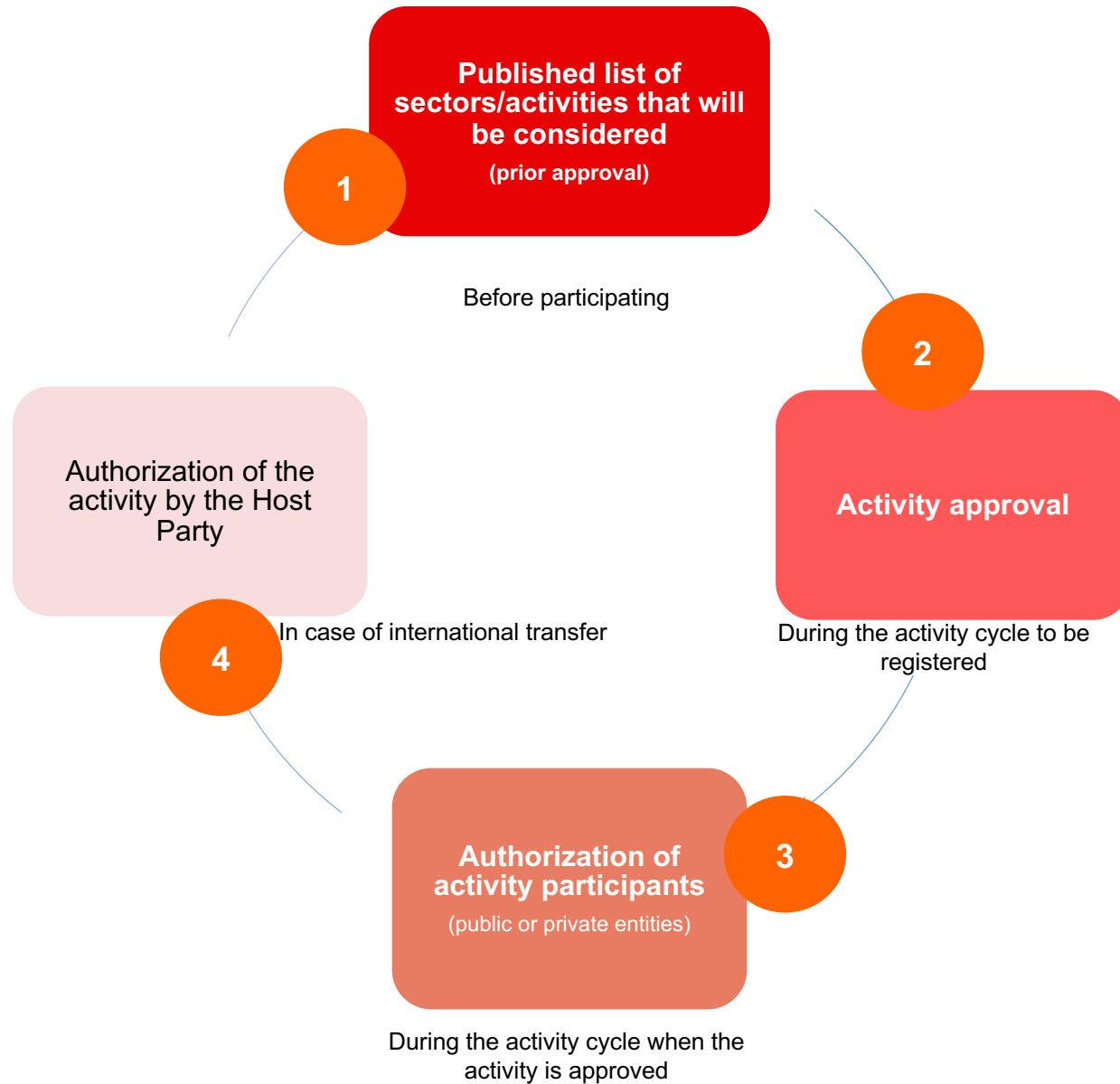


United Nations  
Climate Change



# Session 03: Roles, Responsibilities and Participation Requirements

# DNA Roles and Responsibilities



# DNAs – Host Party : Responsibilities (“shall”)

Preparation of Host Party participation requirements for Article 6.4 mechanism ([A6.4-FORM-GOV-001](#)).

HOST PARTY PARTICIPATION REQUIREMENTS FOR ARTICLE 6.4 MECHANISM (Version 01.0)	
<b>SECTION 1: GENERAL INFORMATION</b>	
Country:	[Redacted]
Institution name:	[Redacted]
Institution address:	[Redacted]
Representative of the institution:	[Redacted]
E-mail address of the representative:	[Redacted]
Phone number of the representative:	[Redacted]
<b>ADDITIONAL REPRESENTATIVE (OPTIONAL)</b>	
Additional representative of the institution:	[Redacted]
E-mail address of the additional representative:	[Redacted]
Phone number of the additional representative:	[Redacted]
<b>SECTION 2: PARTICIPATION RESPONSIBILITIES</b>	
Is your country a Party to the Paris Agreement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has your country prepared, communicated, and is it maintaining a Nationally Determined Contribution (NDC) in accordance with Article 4, paragraph 2 of the Paris Agreement?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has your country designated a Designated National Authority (DNA) for the Article 6.4 mechanism and communicated that designation to the UNFCCC secretariat?	<input type="checkbox"/> Yes <input type="checkbox"/> No

A6.4-FORM-GOV-001

Please describe how your country's participation in the Article 6.4 mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative.
[Redacted]
Please provide detailed information on the types of activities under Article 6, paragraph 4 (A6.4 activities) that your country would consider approving pursuant to chapter V.C (Approval and Authorization) of the Rules, Modalities and Procedures (RMPs). Additionally, explain how these activities, and any associated emission reductions or removals, would contribute to the achievement of your country's NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement?
[Redacted]
Please provide any additional information that the host Party may deem necessary.
[Redacted]

-----

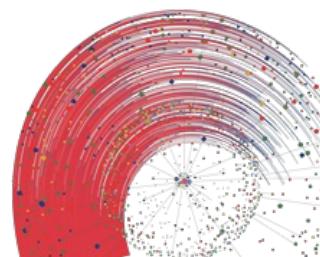
**Document information**

Version	Date	Description
01.0	25 March 2024	Published with revised symbol number (previously A6.4-FORM-AC-001).

Decision Class: Regulatory  
Document Type: Form  
Business Function: A6.4 activity cycle, Governance  
Keywords: A6.4 mechanism, A6.4 projects, project implementation



**Dominican Republic  
Participation  
Requirements**



# Roles and Responsibilities

The rules, modalities and procedures (RMPs) for the Article 6.4 mechanism provide the roles and responsibilities of host Parties in the activity cycle of Article 6.4 mechanism activities

Participation Requirements

*Prior to participation*

Activity Design

Methodologies Design

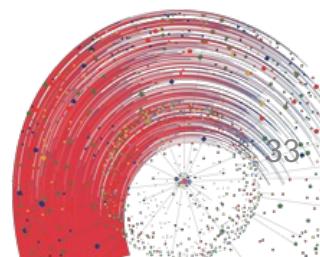
Validation Registration

Approval and Authorization

Issuance of A6.4 ERs

Renewal of Crediting Periods

Source: Information Note on Roles and Responsibilities of Host Parties" A6.4-SB010-AA-A02



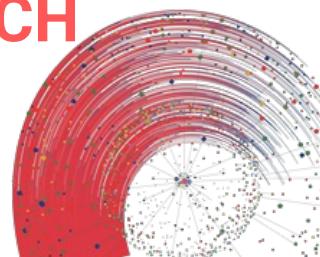
# Assessing Eligible Sectors And Technologies

## TOP-DOWN APPROACH

- The country specifies what type of activities, sectors, gases, and for which time frame it will authorize Art. 6.4 activities (Based on the Art. 6 strategy)
- Identification of preferred sectors and technologies e.g., use of **positive lists** and **negative lists**.
- Robust technical capabilities are required to specify the activity types, a thorough understanding of domestic and international market opportunities, and continuous stakeholder involvement.

- Activity developers (government agencies, ministries, private sector) and interested acquiring countries approach the government, who will decide on authorizations as proposals come in.
- This approach could mean engaging in cooperative approaches based on interest expressed by domestic actors or an international partner.
- Host country waits for requests for authorization of Article 6.4 activities and, at the point of the request, assess if and how mitigation outcomes can be created and transferred to the applying entity.

## BOTTOM-UP APPROACH



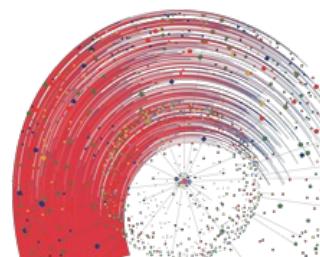
# DNAs – Host Country: Other responsibilities (“may”)

## Methodologies

- Development of mechanism methodologies, including applying baseline and other
- Methodological requirements, including additionality
- A host Party may determine a more ambitious level at its discretion.
- Standardized baselines may be developed by the Supervisory Body at the request of the host Party or may be developed by the host Party.

## Crediting Periods

Application of the crediting periods and renewal of crediting periods





United Nations  
Climate Change



# Thank you!

## Q&A

---

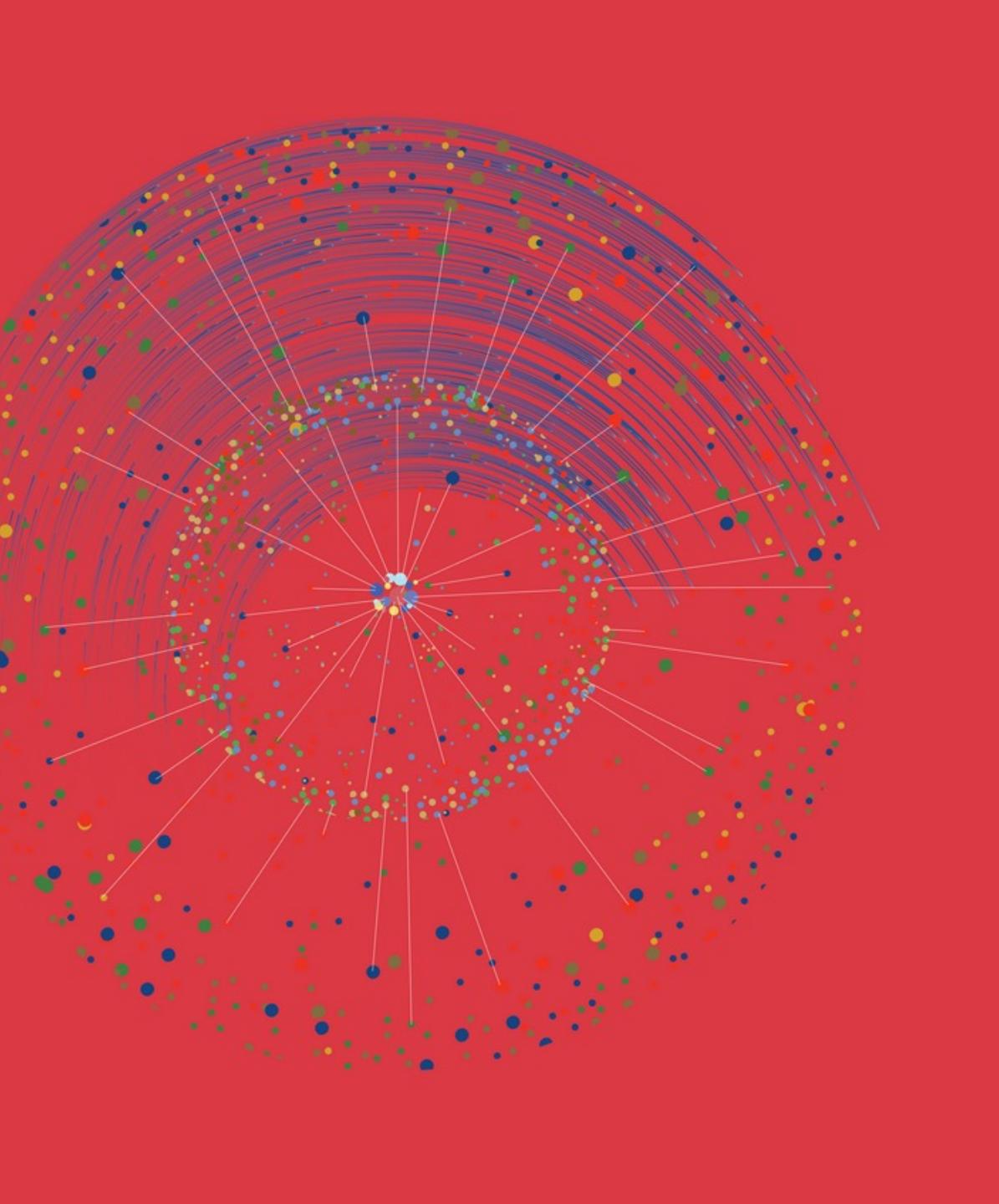
Supported by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag



United Nations  
Climate Change



# Lunch Break (1hr and 45 minutes)

---

Supported by:

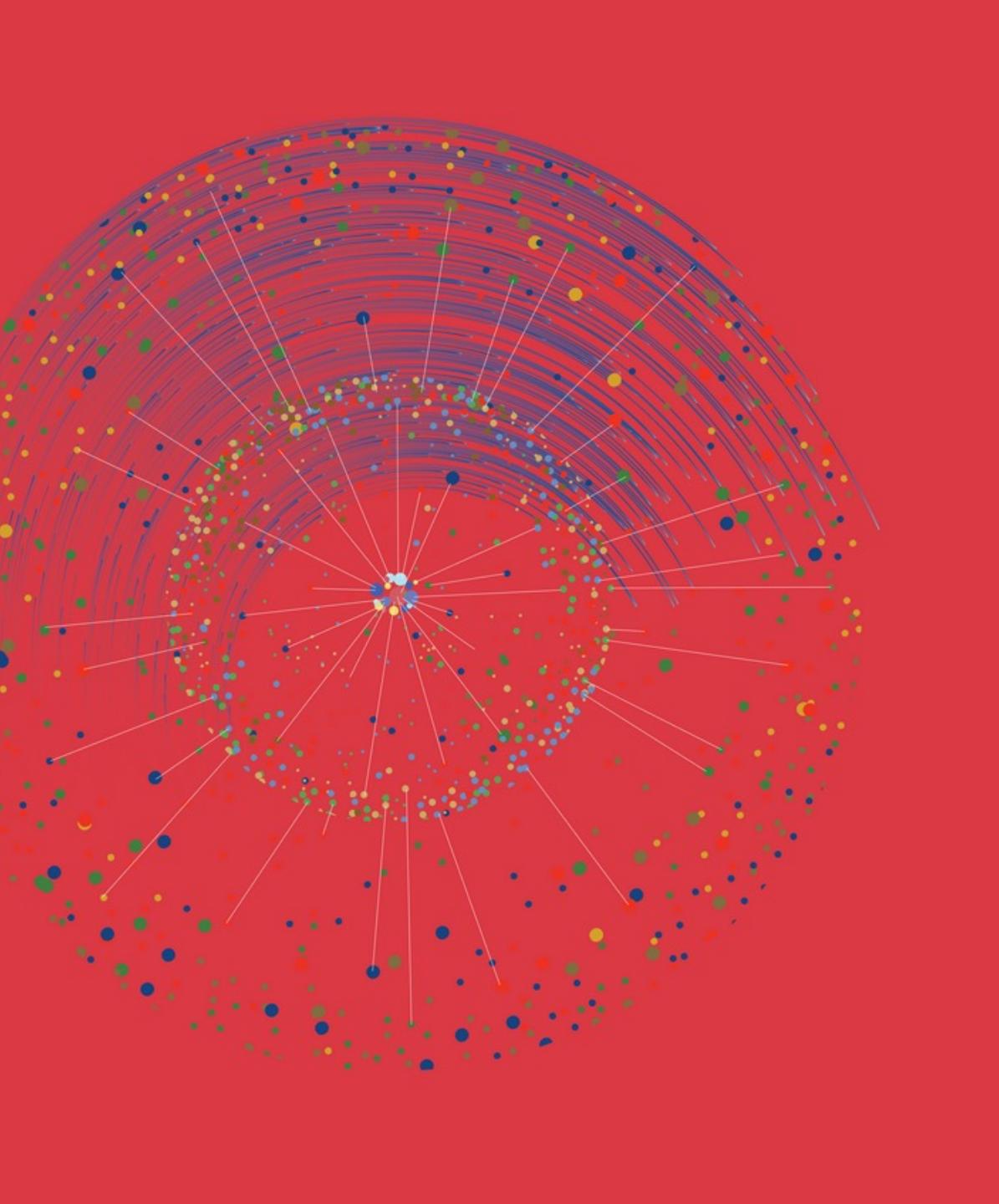


Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag





United Nations  
Climate Change



RCC Caribbean  
*Collaboration for Climate Action*

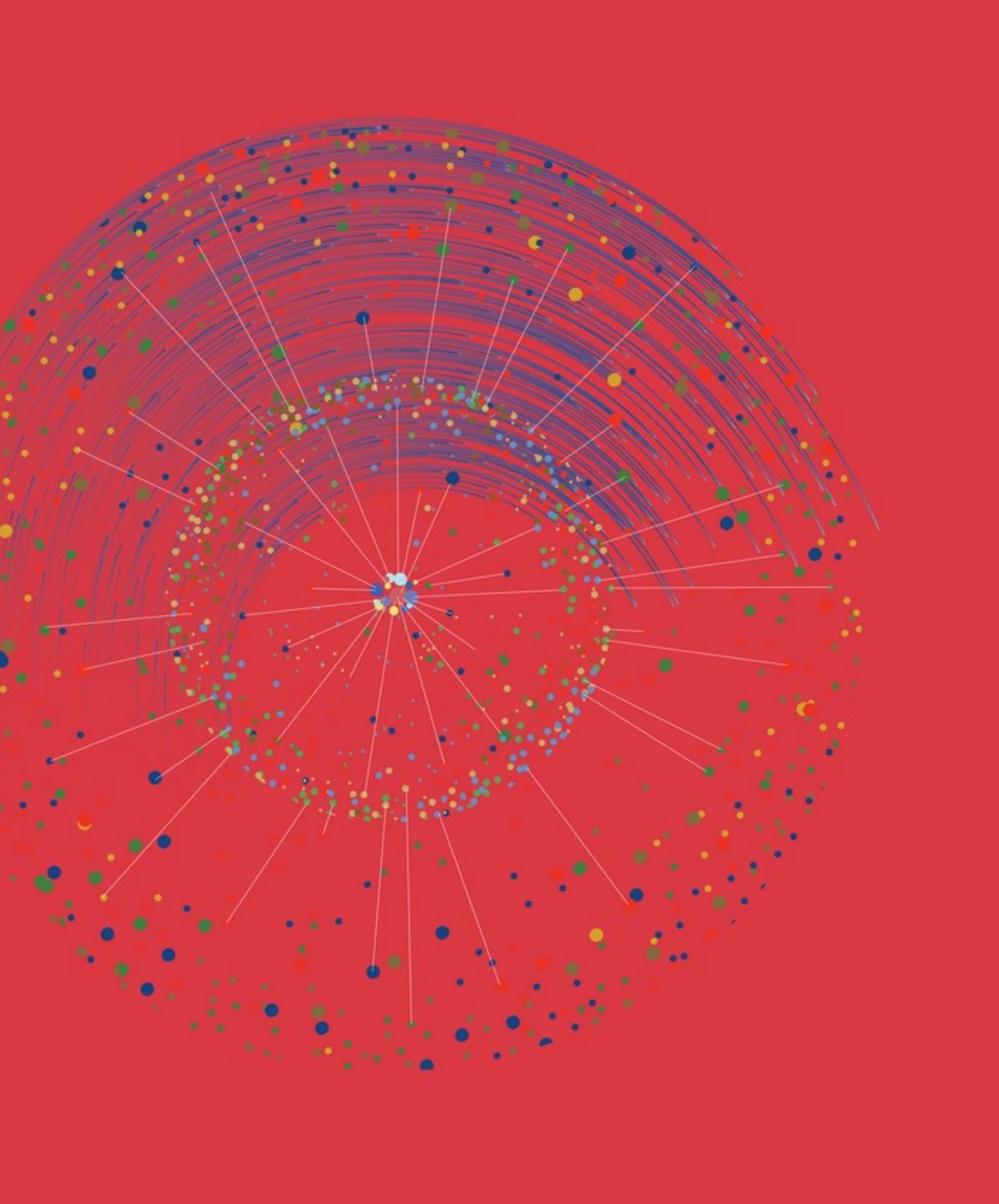
# Article 6.8 on non-market approaches

Supported by:



on the basis of a decision  
by the German Bundestag





United Nations  
Climate Change



# Closing Remarks



**Perumal Arumugam  
Manager, UNFCCC**

Supported by:



Deutsche Gesellschaft  
für Internationale  
Zusammenarbeit (GIZ) GmbH



on the basis of a decision  
by the German Bundestag





**Eastern Africa Alliance  
On Carbon Markets And  
Climate Finance**

## Achievements, Lessons and Challenges

16 October 2024



Eastern Africa Alliance  
On Carbon Markets And  
Climate Finance

Born from the need to support regional readiness for the new mechanisms under article 6 and ensure that its interests and priorities are considered.

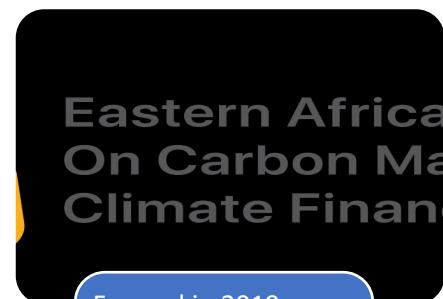
### Mission

The Eastern Africa Alliance on Carbon Markets and Climate Finance aims to strengthen capacities of the member countries as well as offer a platform where countries can share experiences and foster a regional approach towards the future international carbon mechanism of Article 6 (PA) and climate finance

### Vision

The promotion of a common vision on Carbon Markets and Climate Finance within the Eastern Africa region.

The first alliance of nations



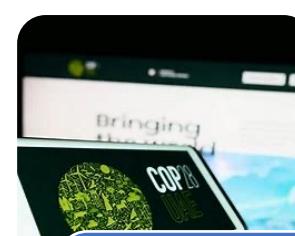
Eastern Africa  
On Carbon Ma  
Climate Financ

Formed in 2019

- Based in Kampala , Uganda
- Supported by UNFCCC, GIZ, EADB and EAC



Burundi  
Ethiopia  
Kenya  
Rwanda  
Sudan  
Tanzania  
Uganda



Key areas of support

- Article 6 readiness
- Voluntary carbon market
- Negotiations
- NDC planning



## Eastern Africa Alliance On Carbon Markets And Climate Finance

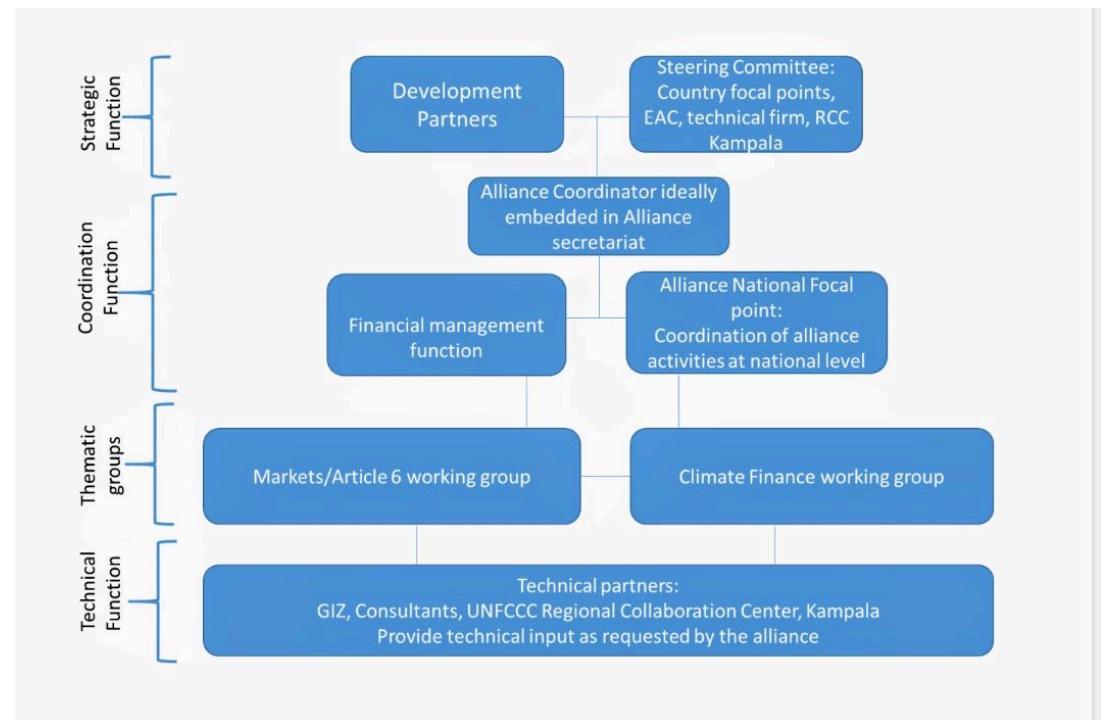
The Alliance is structured to enable strong collaboration between the different stakeholders.



At the heart of the Alliance structure is the organization of stakeholders into functional groups with clarity in the responsibilities the stakeholders are to fulfil.



The day-to-day engagement with the technical function and the strategic function are the most crucial in the delivery of various objectives.





EAA has had a targeted approach to deliver our impact based on four main pillars



1. Support Article 6 readiness in the region, which includes public and private sector capacity building activities.
2. Manage the transition from the Clean Development Mechanism under the Kyoto Protocol into Article 6 of the Paris Agreement. A well-managed transition strengthens political certainty and investor confidence in climate policy instruments and future mechanisms.
3. Foster active and better-coordinated participation of delegates from the region in the UNFCCC negotiations on market mechanisms, climate finance as well as other international fora
4. Promote regional exchange on experiences and lessons learned on carbon markets and climate finance

Based on these pillars, the Alliance has organized workshops, developed resources and supported processes to grow carbon markets in member states. A few showcases are below



#### CDM TRANSITION

- Provided support to enable members understand key themes and procedural requirements for new market mechanisms.



#### NEGOTIATIONS

- Developed a handbook to equip Article 6 negotiators and continues to support the preparation for negotiations and facilitate their attendance



#### ARTICLE 6

- Facilitated the development of a blueprint to support the structural



#### COLLABORATION

- Developed carbon markets profiles for all member countries.

- The alliance has made a lot of progress backed by strong partnerships that have delivered various forms of support in delivering these objectives.



**Gold Standard®**





The following is a deep dive showcase that highlighted the relevant technologies that would be vital for EAA countries



STUDY ON CARBON MARKET  
OPPORTUNITIES AND TECHNOLOGIES FOR  
SEVEN EASTERN AFRICA COUNTRIES

NOVEMBER 2023



The study aimed to assist seven Eastern African countries (Burundi, Ethiopia, Kenya, Rwanda, Sudan, Tanzania, and Uganda) in prioritizing climate mitigation technologies and project activities to operationalize Article 6 of the Paris Agreement.

Each country received a specific list of top-five prioritized technologies and activities, such as soil and water conservation, solar PV, biogas production, improved cookstoves, and biomass to energy, among others.

The study employed scored the identified GHG mitigation technologies and activities based on criteria like co-benefits, accessibility, cost, and national potential.

It placed emphasis on understanding the evolving rules of carbon markets, particularly cooperative approaches under Article 6.2 and 6.4 of the Paris Agreement, to leverage international carbon markets effectively.

The report suggested further detailed investigations into the viability of prioritized technologies, exploring collaboration and knowledge sharing, monitoring technology progress, and considering simplified approaches for demonstrating additionality and developing standardized baselines.

The driver of impact has been the collective of NFPs and strong collaboration with partners at GIZ and the UNFCCC. We have also identified avenues that will drive our growth as a collective

## Drivers of impact



### Collective of NFPs

Link in driving the delivery of country priority needs and working together drives regional effectiveness and strengthens achievements.



### Dedicated Finance

Key institutional financing from partners enables us meet planning priorities



### Strong Institutional Partnerships

- Enables us leverage technical capacity despite current

## Areas for Growth



### Institutionalized Capacity Growth.

Growing the alliance will require building a team to provide high quality specialist capacity in climate finance and in carbon markets



### Broader Strategic Focus

This will be based on a new strategic focus based on a broader array of impact in recognition of the need for greater



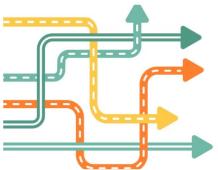
### Greater Visibility

Strengthening visibility at government level will be a priority in order to improve further raise the impact of our work with member states



## Eastern Africa Alliance On Carbon Markets And Climate Finance

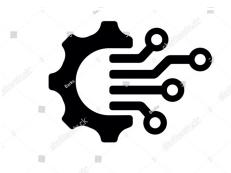
The Challenges faced by the Alliance serve as the foundation for the ongoing institutional transition



Divergent national contexts:  
Each member country has its own economic, political, and environmental realities, necessitating flexible and adaptable approaches.



Limited technical capacity:  
Building expertise on carbon markets within member countries required targeted capacity-building initiatives.



Navigating the evolving landscape of Article 6: The dynamic nature of international carbon market regulations demanded constant adaptation and strategic adjustments



## Recommendations for the Caribbean

*Measures that will develop a collective ownership and commitment to a shared purpose*

---

**Start with shared vision and interests:** Identifying common challenges and opportunities can provide a strong foundation for regional collaboration. Caribbean states could focus on areas like renewable energy development, deforestation mitigation, and adaptation strategies as initial areas of joint focus.

---

**Embrace inclusivity and flexibility:** Different countries will have different needs and priorities. A flexible structure that allows for tailored programs and accommodates diverse perspectives will be key to long-term success.

---

**Invest in regional knowledge exchange:** Sharing best practices, technical expertise, and lessons learned is vital for accelerated progress. Establishing a platform for knowledge exchange and capacity building will empower all member states.

---

**Seek strategic partnerships:** Leverage the expertise and resources of international organizations, development partners, and private sector players to complement regional efforts and amplify impact.

---

**Resource Mobilization Strategies:** Develop robust strategies for resource mobilization, including innovative financing mechanisms and partnerships with international organizations, to sustain Alliance activities over the long term.

# Questions and Discussion



Eastern Africa Alliance  
On Carbon Markets And  
Climate Finance



On behalf of:



Federal Ministry  
for Economic Affairs  
and Climate Action

of the Federal Republic of Germany



RCC East and Southern Africa

*Collaboration for Climate Action*

# Global Carbon Market (GCM) Project Caribbean Overview

October, 2024



# Caribbean Context

---

- Smallest contributors to global GHG emissions
- Most vulnerable to the effects of climate change due to:
  - weak economies
  - small size
  - geographic location
- Receive relatively little aid and concessional financing
- Challenges in accessing climate finance
- Most of the Caribbean Islands did not participate in the Kyoto Protocol's Clean Development Mechanism (CDM) due to:
  - Lack of experience with carbon markets
  - Not making use of carbon pricing instruments



# Caribbean Context

---

## United Nations High Level Panel

### **Multidimensional Vulnerability Index (MVI):**

Amongst the 50 most vulnerable countries

18 Small Island Developing States

8 Caribbean Islands



5 OECS Member States



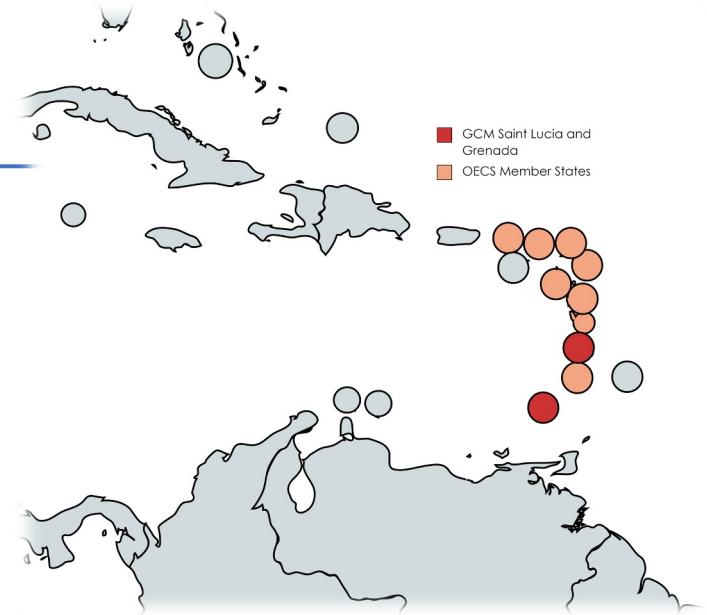
# Why are carbon markets important?



- **OECS NDC targets are partially conditional on international financial support**
  - Based on the countries that provide clear cost estimates for mitigation and adaptation activities, the total finance needs for Caribbean Small Island Developing States (SIDS) amount to USD 51.3 billion.
- **Current state of climate finance and carbon markets in OECS Member States**
  - The level of international carbon and climate finance flowing to Caribbean countries is disproportionate to their high vulnerability to climate change.
  - The share of international compliance and voluntary carbon markets in OECS MS remains very low compared to the rest of the world.
-

# Global Carbon Market (GCM) Project

- GCM Project **promotes capacity building and public-private sector awareness** through:
  - Transfer of knowledge via trainings and advisory to key partner organizations
  - Establishment of structures with political and institutional stakeholders
  - Development of guidelines and tools to support the implementation of Article 6 and voluntary carbon market activities
- The Project promotes regional collaboration through **cooperation with:**
  - The Organization of Eastern Caribbean States (OECS) Commission
  - UNFCCC's Regional Collaboration Centre in St Georges – Grenada (RCC St Georges)



- Newest member region of the global GCM project implemented by GIZ; joined in 2021.
- Previously the region did not have experience with carbon markets and there is accordingly a high need for (and interest in) capacity building in the region

# GCM Activities Thus Far

## Strengthening capacities and public-private sector awareness

- Series of **carbon market workshops** with the private sector focusing on the **tourism sector**
- **Carbon pricing trainings** for the public sector in Grenada and St. Lucia
- **Youth workshop** on carbon markets and Article 6 of the Paris Agreement



Carbon pricing training

## International and Regional Outreach

- **Opportunities and recommendations for a Caribbean Alliance on Carbon Markets and Climate Finance** under the OECS
- The suggested aims of the alliance include:
  - Promotion of cross-regional exchange on carbon markets, particularly for implementation partnerships, readiness and transactional issues specific to Article 6
  - Improvement of country-tailored capacities for climate finance mobilization and access for NDC implementation in the region
- Side event on carbon markets at the **2<sup>nd</sup> NDC Finance Investment Forum**



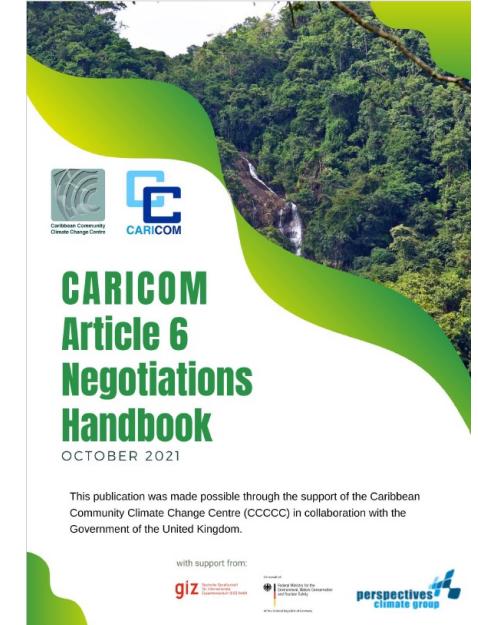
2<sup>nd</sup> NDC Finance Investment Forum

# GCM Activities Thus Far

---

## Knowledge Products and Tools

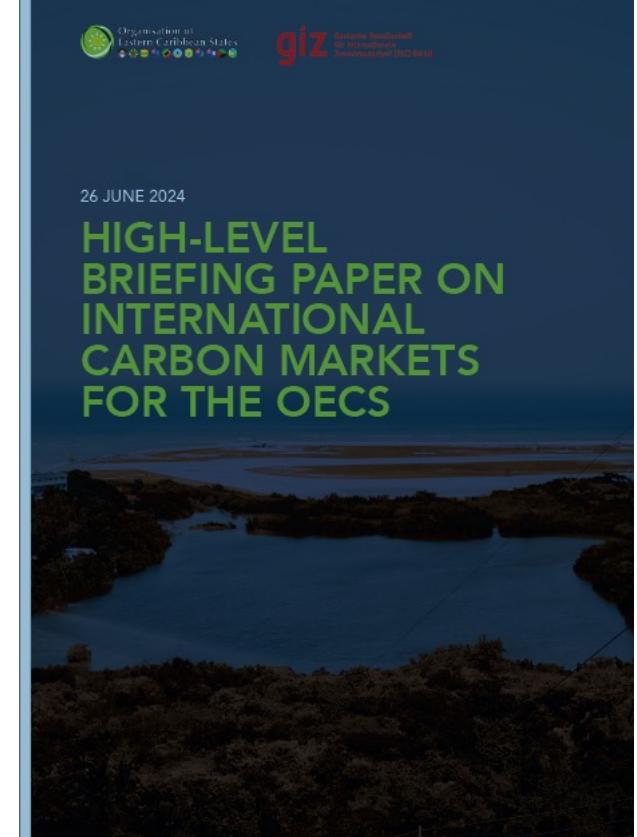
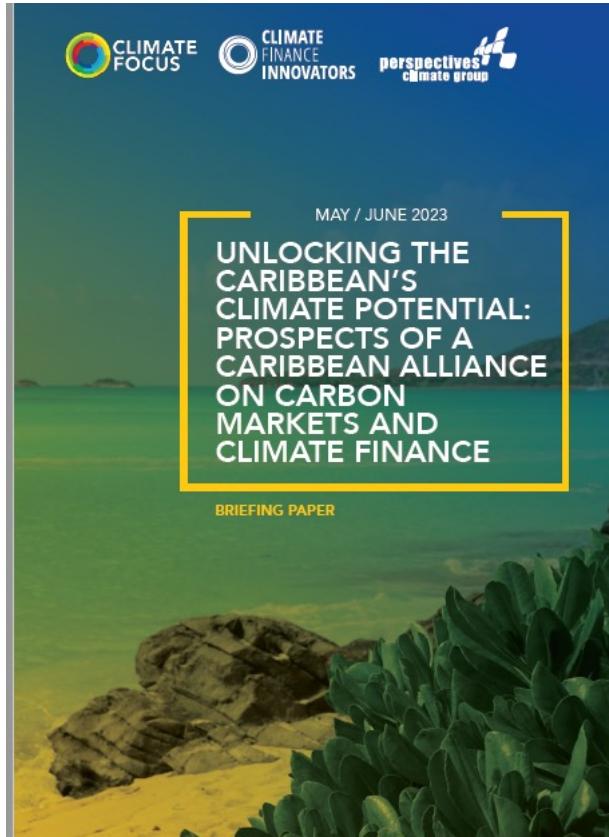
- CARICOM publication of an [\*\*Article 6 Negotiations Handbook\*\*](#)
- Briefing paper on the potentials and opportunities of carbon markets in the Caribbean, which was shared at the **10<sup>th</sup> OECS Council of Ministers: Environmental Sustainability (COM: ES-10)**.
- Recommendations for the **integration of carbon pricing in the NDCs** of the six independent OECS Member States
- Assessment on the potential of carbon offsetting through **mangrove restoration and conservation** in Saint Lucia, intended to serve as the foundation for a regional approach



# GCM Activities Thus Far

## Briefing Papers

- Explain **how carbon markets can unlock climate action** in Member States of the Organisation of Eastern Caribbean States (OECS) and how its members can participate effectively through Article 6 of the Paris Agreement
- **Most of OECS NDC targets are conditional**, which means that they require substantial international support in the form of finance, capacity-building, and technology transfer
- **Carbon markets can be a vital tool** for achieving conditional climate targets



# Looking Forward

## Opportunities

- Alternative climate financing mechanisms
- **Regional Alliance** for improved regional support and collaboration
- Enabling of SIDS in the Caribbean for **Article 6 Readiness**
- Best practices taken from regional **e-mobility / low carbon transport** examples (e.g. bilateral agreement between Swiss and Dominican governments)

## Challenges

- Limited human resources in national and regional bodies to undergo projects with full efficiency
- Size of SIDS and **scale of projects**
- Capacity gaps

## Next Steps

- Support the **private sector on Voluntary Carbon Markets (VCM)**
- **Strategic, technical and operational support** to the OECS Commission to further establish the Carbon Alliance
- Advice on the relevance and usefulness of **carbon pricing instruments**
- Support scoping of concrete project proposals and identifying the most appropriate financing sources (potential thematic areas include renewable energy, sustainable transport, cooling, blue carbon and sargassum)
- Results of the **mangrove assessment scheme** in the context of carbon markets will be presented to the Ministry of Forestry - SLU
- Potential and **considerations for blue carbon projects** in the region will be explored with partners

# Some useful resources

---

[Youth Workshop On Carbon Markets](#)

[CARICOM Article 6 Negotiation Handbook](#)

[Caribbean NDC Finance Initiative](#)

[Global Carbon Market Project](#)

[Putting the Glasgow Climate Pact into action: accounting for vulnerability | ODI: Think change](#)

[Multidimensional Vulnerability Index | Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States](#)

# **CARIBBEAN ALLIANCE ON CARBON MARKETS AND CLIMATE FINANCE**

## **MOBILIZING CLIMATE FINANCE THROUGH REGIONAL COLLABORATION**



# Context

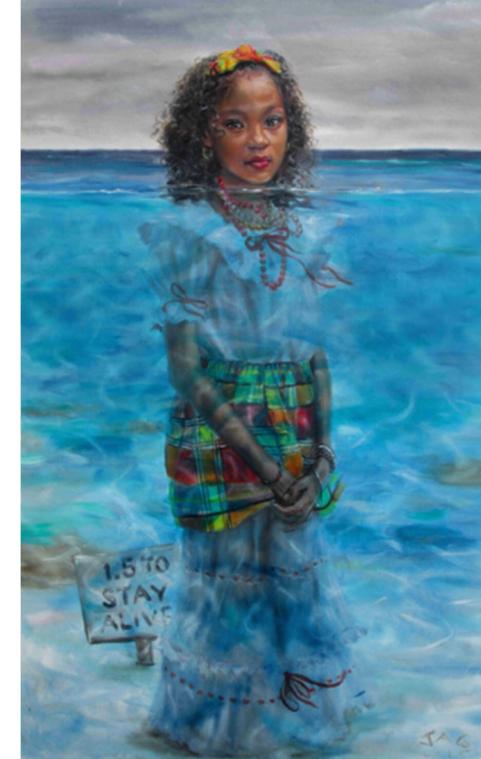
- **More financial resources are needed** to address the **climate change** challenges adequately.
- Majority of Caribbean countries, have **not yet accessed funds** from **carbon markets**.
- **Article 6 of the Paris Agreement** established a framework for international cooperation through **carbon markets**.
- **Enhanced regional collaboration** can support OECS MS in strengthening their institutional capacity to mobilize carbon markets and climate finance.



# Carbon Market Challenges

---

- **Limited experience** with carbon markets
- **Limited human resources** in national and regional bodies
- **Small size of individual projects** is a barrier, but programmatic approaches can aggregate mitigation activities
- **Limited regional capacity** for GHG accounting, reporting and verification
- **Transaction costs** for carbon market participation



# Carbon Market Opportunities

- Alternative ways of climate financing
- Enabling of SIDS for Art 6 Readiness
- Sharing of best practices taken from regional e-mobility/ low carbon transport examples
  - e.g. Agreement between Swiss and Dominican governments

## Case for a Caribbean Alliance



# Objectives of the Caribbean Alliance

---

- **Enhance understanding of carbon markets and climate finance mobilization** and access in the region as it relates to implementation NDCs
- **Provide technical support and capacity building** through
  - **Regional peer exchanges** to identify and address shared challenges
  - Production and dissemination of **knowledge resources for Article 6 readiness**
  - **Pilot projects** e.g., blue carbon, sustainable cooling, seaweed, transport, renewable energy
  - Institutionalization of clearly defined organizational structure
- **Identify and address country-specific and regional needs** considering the specific circumstances of OECS MS
  - Objectives, scope and modalities can be tailored to regional priorities in a country-driven approach



# The Council of Ministers (CO:MES 10):

---

- **ENDORSED** the establishment of a Caribbean Alliance on Carbon Markets and Climate Finance to harness synergies.
- **AGREED to ENCOURAGE and SUPPORT** the development of a regional Article 6 strategy to effectively leverage carbon markets by implementing an intra-OECS Programme of Activities and to promote Internationally Transferred Mitigation outcomes (ITMOs) as high-quality and high-impact results in higher prices.
- **REQUESTED** the OECS Commission to convene a session for Ministers focusing on the relevance and usefulness of carbon pricing instruments to the region.
- **REQUESTED** the OECS Commission to conduct a scoping of individual Member States to identify the key challenges, coordinate the development of project proposals and identify the most appropriate financing sources.



# The Council of Ministers (CO:MES 10):

---

- . **REQUESTED** the OECS Commission to prepare a position paper that articulates clearly that carbon credits is not an excuse for continued unmanaged levels of emissions and also provides some level of direction on the use of carbon credits in Member States; and
- . **REQUESTED** the OECS Commission to develop a capacity building initiative at both the ministerial and technical level on carbon markets



# Outlook / Prospects (I)



- Providing **country-tailored capacity building activities** at both the ministerial and technical level on carbon markets
- **Pooling resources for infrastructure needs** such as for a regional carbon registry and/or for regional GHG data collection
- **Develop a regional Article 6 strategy** to effectively leverage carbon markets by implementing an intra-OECS Programme of Activities
- Continue **series of workshops** with the youth, private sector and support COP negotiations

## Outlook / Prospects (II)



- **Prepare a position paper** that addresses the concern about countries using carbon trading to dodge responsibility for reducing emissions
- **Explore potentials** of carbon pricing, blue carbon and coordinate the development of project proposals (at a regional level) and identify the most appropriate financing sources
- Development of a **manual for the private sector on Voluntary Carbon Markets (VCM)**

# Thank you for your attention!

Carbon Markets

Paris Agreement

Reduce Fossil Fuel Imports

Sectoral Mitigation Strategies

Climate Finance

Institutional Capacity

Art. 6

CO<sub>2</sub>

Private Sector

Carbon Tax

Studies

UNFCCC Negotiations



United Nations  
Climate Change



# Article 6 Evaluation



---

Supported by:



on the basis of a decision  
by the German Bundestag

