



REGIONAL
PACIFIC
NDC HUB

Workshop on Enhanced Transparency Framework under the Paris Agreement

Article 6 Overview

Rarotonga, Cook Islands

25-28 March



Carbon Markets and Article 6



Compliance vs Voluntary Carbon Markets

In a nutshell, carbon markets are trading systems in which carbon credits are sold and bought.

One tradable carbon credit equals one tonne of carbon dioxide or the equivalent amount of a different greenhouse gas reduced, sequestered or avoided.



Compliance Carbon Markets

- Used to meet legally mandated emission targets
- Strictly regulated
- Buyers are typically companies and governments
- Examples include:
 - The Clean Development Mechanism
 - The Joint Implementation
 - Article 6.2 and 6.4 of the Paris Agreement



Voluntary Carbon Markets

- Used on a voluntary basis
- Unregulated
- Buyers are typically companies and individuals
- Examples include:
 - Gold Standard
 - VERRA's Verified Carbon Standard

Article 6 Approaches for Cooperation

Under Article 6 of the Paris Agreement, countries can cooperate to achieve their NDCs. The various means of cooperation include:

Article 6.2 Cooperative Approaches

Decentralized approach with basic guidance from the Parties (CMA) “accounting mechanism”, type of cooperation not defined.

Article 6.4 New Mechanism

Centralized approach similar to Clean Development Mechanism (CDM) baseline-and-crediting mechanism. Subject to UNFCCC guidance

Article 6.8 Non-Market Approaches

Promoting mitigation and adaptation cooperation that doesn't involve the transfer of mitigation outcomes

Source: GIZ

Pacific Island countries carbon market projects



Current carbon projects in the PIC's:

- Plan Vivo – Fiji, Vanuatu and Solomon Islands
- Clean Development Mechanism (CDM) – Fiji, PNG
- Article 6.2 – Vanuatu
- Japan Crediting Mechanism (JCM) – Palau
- REDD+ - Fiji

Why does all this matter?

- Article 6 is an important part of the worlds **toolbox for addressing climate change**
- Article 6 is the only part of the PA that **directly engages the business and private investment sector** in directly implementable activities in which they can invest
- Many **similar tools** are being increasingly deployed at domestic, regional, and bilateral level
- A **centralized mechanism** helps in ensuring broader accessibility of the market
- Article 6 is the only part of the PA that **directly engages with the business and private investment sector** in directly implementable activities in which they can invest
- There is a **strong real-world potential for cooperative action** – shown by existing pilot Article 6 project, with the UN decisions in Glasgow understanding the overall impact of cooperative action on global mitigation is facilitated

Participation Requirements and Pacific Island Countries Article 6 Readiness



Article 6 Requirements

Requirement Description	
Article 6.2	Article 6.4
Must be a Party of the Paris Agreement. (196 Parties)	
Has prepared, communicated and is maintaining an NDC.	
Has arrangements in place for authorizing, tracking and reporting the use of ITMOs towards achievement of NDCs.	PRIOR TO PARTICIPATING
	Has a Designated National Authority (DNA) in place and communicated that designation to the Secretariat and SB
Submit most recent National Inventory Report - NIR (as part of BTR - Biennial Transparency Reports).	Has indicated publicly to the SB how participation in the mechanism contributes to Sustainable Development.
	Has indicated publicly to SB the type of Art 6.4 activities (Sectors) that it would consider approving
Has to specify how this participation benefit and contribute to the implementation of its NDC and LT-LEDS (if submitted) and the long-term goals of the Paris Agreement.	
	May specify (more conservative) baseline approaches and crediting periods.

Article 6 Readiness Building Blocks

Strategic considerations

- Initial capacity building
- Gap analysis on Article 6 readiness
- Political mandate
- Carbon market strategy
- NDC alignment and contribution
- Guiding principles and safeguards
- Eligibility criteria

Legal Foundations and Governance

- Legal mandate and regulatory framework to allow the country and assigned institutions to engage in A6
- Cooperation agreements
- Governance structure
- Financial procedures and budget

Institutional Arrangements

- Set-up and support for the Art.6 focal point (and/or A6.4 DNA)
- Institutional arrangements for participation in 6.2
- Private sector and third-party actor engagement

Operational Procedures

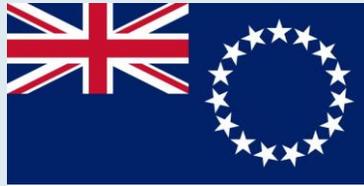
- Guidance and support in mitigation activity cycle
- Sourcing and piloting mitigation activities
- Activity approval
- Validation
- Issuance & Authorization
- Corresponding adjustments
- Reporting
- Tracking
- Accreditation of auditors
- Participation in A6.4M

Infrastructure

- Tracking system (e.g. registry) of activities and/or mitigation outcomes
- MRV tools

Pacific Islands Article 6 Readiness

Cook Island



Unconditional: 38% reduction in emissions from electricity generation by 2020 (base year 2006).
Conditional: 81% reduction in emissions by 2030 support.
Carbon Pricing: None.

Fiji



Target: 30% reduction in BAU CO2 emissions from the energy sector by 2030. Net zero GHG by 2050.
Roadmap: Developing a carbon mechanism.
Carbon Pricing: None.

Kiribati



Unconditional: 9.5% reduction by 2025 and 8% by 2030 (BAU).
Conditional: 16.7% reduction by 2025 and 23.8% by 2030 (BAU).
Carbon Pricing: None.

Marshall Island



Targets: 32% reduction below 2010 levels by 2025, 45% by 2030, and 58% by 2035.
Carbon Pricing: None.

Micronesia



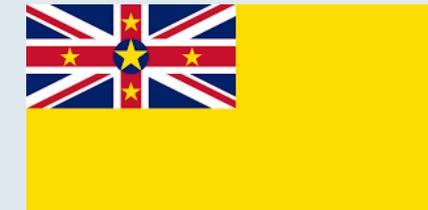
Conditional: 100% electricity access, 70% renewable electricity generation, and 65% reduction in CO2 emissions from electricity generation by 2030.
Carbon Pricing: None.

Nauru



Targets: 32% reduction below 2010 levels by 2025, 45% by 2030, and 58% by 2035.
Carbon Pricing: None.

Niue



Unconditional: 38% renewable energy in electricity by 2020.
Conditional: 80% renewable energy in electricity by 2025 with international assistance.
Carbon Pricing: None.

Pacific Islands Article 6 Readiness

Palau



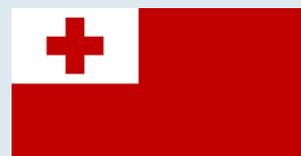
Targets: 22% reduction in energy sector emissions by 2025, 45% renewable energy by 2025, 35% energy efficiency by 2025.
Carbon Pricing: None.

Samoa



Target: 26% reduction in GHG emissions by 2030 compared to 2007 levels.
Carbon Pricing: None.

Tonga



Targets: 13% reduction in energy sector by 2030, 30% land for agro/forestry by 2025, maintain fish/marine stocks through MPAs.
Carbon Pricing: None.

Papua New Guinea



Conditional: Carbon neutrality in energy industries by 2030, 10,000 Gg CO₂ eq reduction from deforestation and degradation by 2030.
Carbon Pricing: None.

Solomon Island



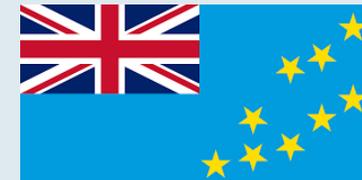
Unconditional: 14% reduction by 2025, 33% by 2030.
Conditional: Further 27% reduction by 2025, 45% by 2030 with international assistance.
Carbon Pricing: GGGI working on a strategy.

Vanuatu



Target: 100% renewable energy in electricity by 2030.
Partnership: Exploring domestic carbon pricing with Switzerland under Article 6.
Carbon Pricing: Under exploration.

Tuvalu

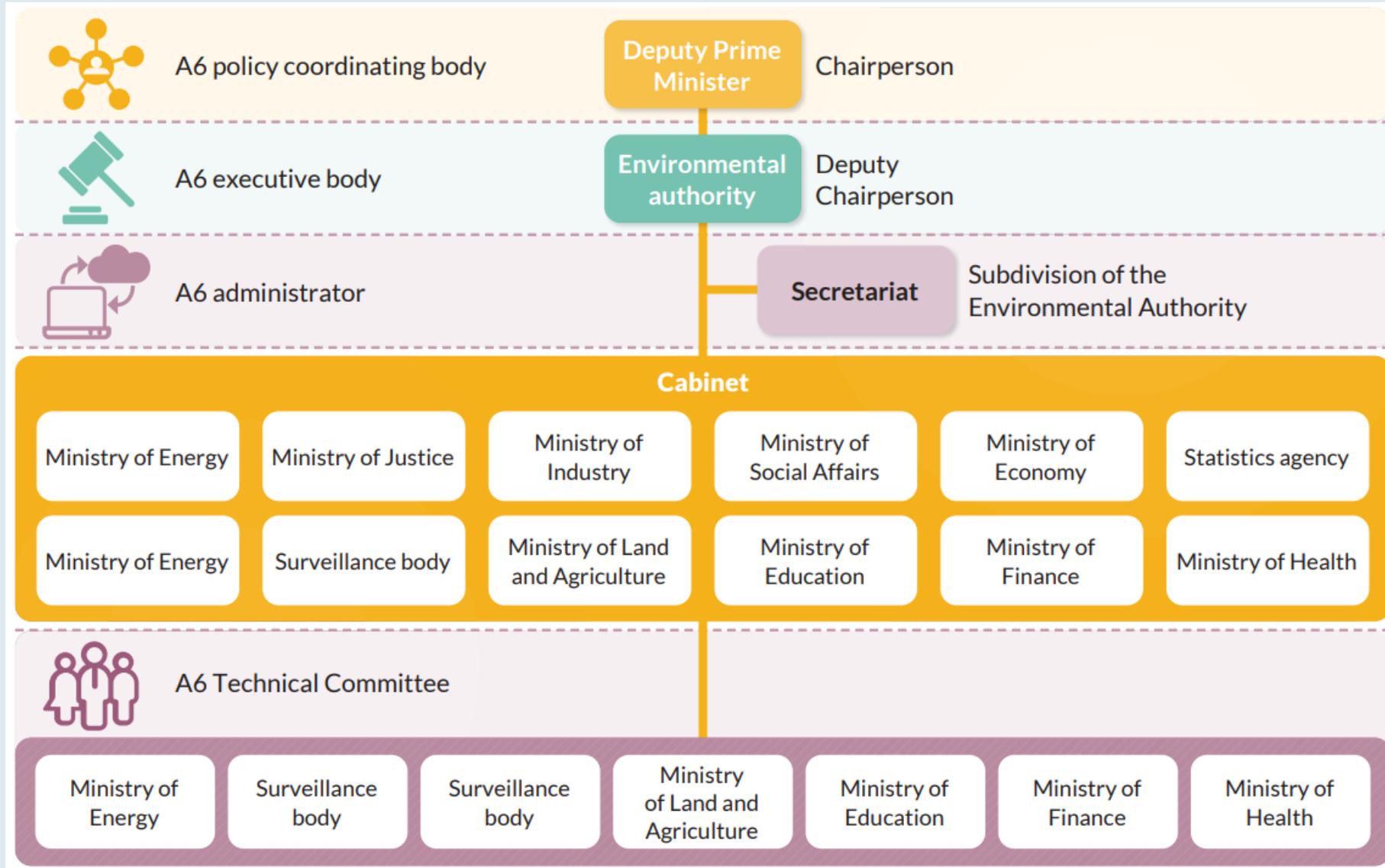


Targets: 100% reduction in GHG from power sector, 30% energy efficiency in Funafuti by 2030, 60% reduction in energy sector GHG by 2030.
Carbon Pricing: None.

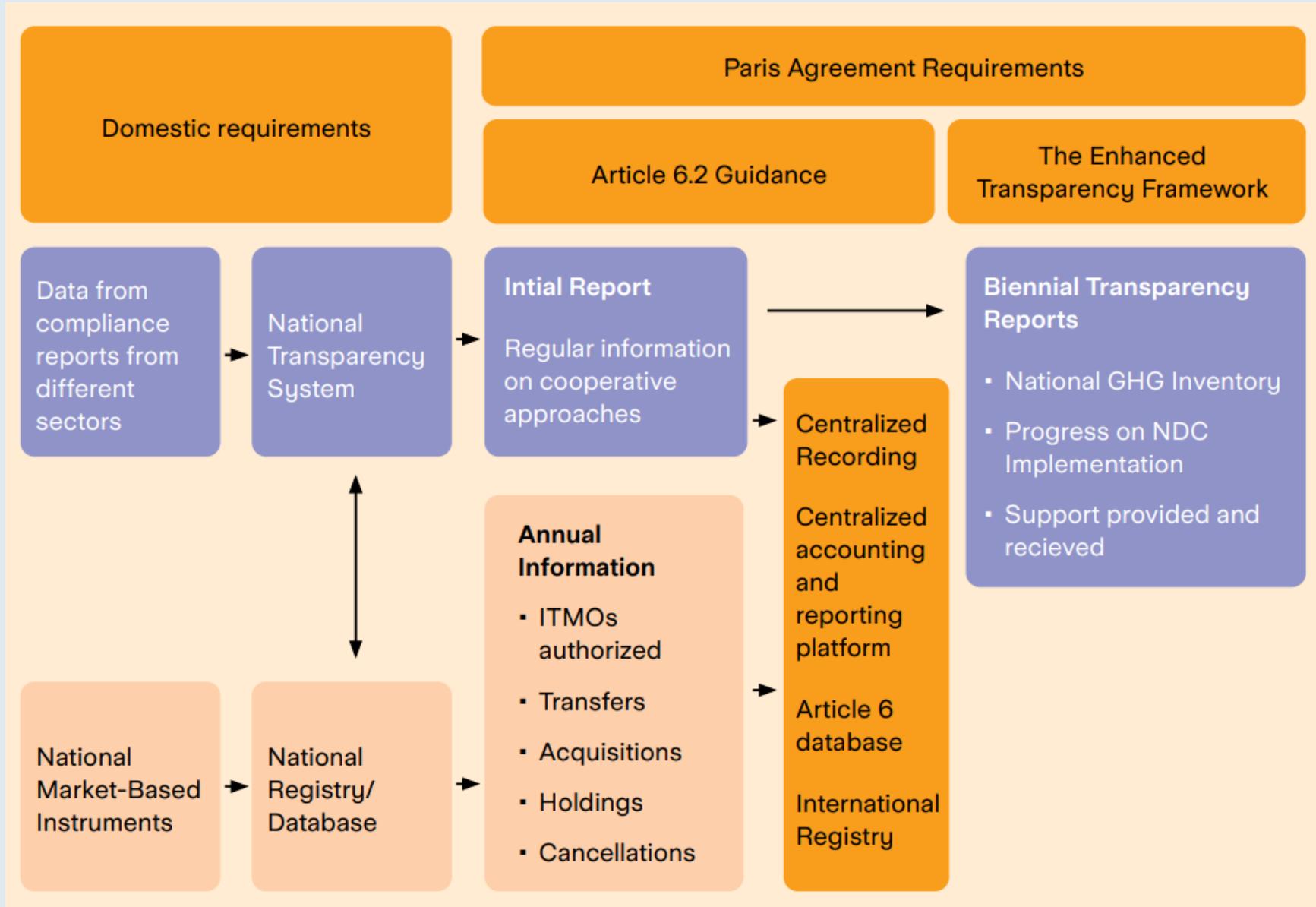
Article 6 Institutional Arrangements and Linkages to the ETF



Article 6 Institutional Arrangement



Article 6 and ETF Reporting



COP 29 Updates



Article 6 Updates

Article 6.2

- Reporting templates agreed upon
- Other registries integrated into international registry

Article 6.4

- Adoption of Supervisory Body recommendations on methodologies and removals

Pacific SIDS Implications

Article 6.2

- Corresponding adjustments delays mean lack of transparency on use of ITMOs

Article 6.4

- Climate relevant timeframes

Thank you.



All questions will be taken at the BAR!



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