



# United Nations Climate Change Regional Collaboration Centres

## Regional Dialogue on Carbon Pricing Pacific **REPORT**



2024

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*Photo on Cover: Participants of the “NDCs 3.0 Regional Forum & Regional Capacity-Building Workshop on Carbon Pricing and Article 6 Training for the Pacific”, on 13-16 August 2024 (by SPREP)*

## About this Report and the CiACA Initiative

This report was developed as part of the Collaborative Instruments for Ambitious Climate Action Initiative (CiACA), launched during the COP22 Climate Change Conference in Marrakech in 2016. CiACA aims to support countries worldwide in adopting carbon markets and carbon pricing instruments to align with the goals of the Paris Agreement. The initiative is implemented through the United Nations Framework Convention on Climate Change (UNFCCC) Regional Collaboration Centres (RCCs) and is supported by the German Federal Government through the Federal Ministry for Economic Affairs and Climate Action (BMWK).

Focusing on the Pacific Island States, this report summarizes views and perspectives expressed by participants during the Regional Dialogue on Carbon Pricing (REDiCAP) for the Pacific Region, held on 13-16 August 2024, in Apia, Samoa and seeks to support policymakers and other stakeholders from the region in the design, implementation, and enhancement of carbon pricing instruments for implementing Nationally Determined Contributions (NDCs). Additionally, it provides key insights to foster regional collaboration, and drive ambitious climate action through market-based instruments.

## Forewords



**JAMES GRABERT**

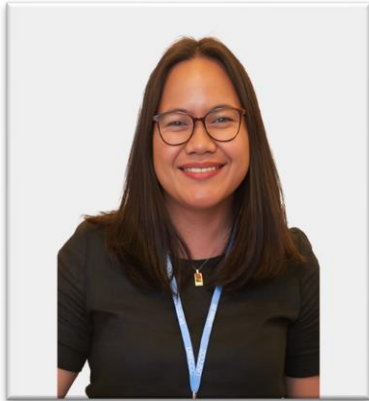
Director, Mitigation Division  
UN Climate Change Secretariat

The Paris Agreement and the urgent call for climate action continue to challenge and inspire nations to embrace innovative solutions to meet their commitments. As part of this effort, carbon pricing instruments are emerging as a pivotal tool for achieving ambitious emission reduction targets while promoting sustainable economic development.

The Collaborative Instruments for Ambitious Climate Action (CiACA) initiative exemplifies the spirit of innovation and cooperation needed to tackle these challenges effectively. Through CiACA implemented by the six Regional Collaboration Centres (RCCs), the UN Climate Change Secretariat has worked tirelessly to support countries in designing and implementing carbon pricing instruments, fostering transparency, and building capacity to meet the objectives of the Paris Agreement. These efforts not only help reduce greenhouse gas emissions but also drive sustainable development by promoting low-carbon investments and enhancing economic resilience.

This initiative underscores the power of partnership, bringing together governments, the private sector, and civil society to implement practical and effective solutions. CIACA's work highlights the importance of tailored support, ensuring that countries can leverage carbon pricing instruments in ways that align with their unique circumstances and ambitions.

As we look to the future, CIACA's role in catalyzing transformative climate action will remain indispensable. The CiACA initiative is committed to fostering collaboration, knowledge sharing, and capacity building to support countries in their climate ambitions, including Latin American countries. I invite all stakeholders to explore the opportunities it offers and to join us in our shared commitment to building a sustainable and climate-resilient future for all.

**Julie Amoroso-Garbin**

Regional Lead

Regional Collaboration Centre for Asia and the Pacific

UN Climate Change Secretariat

In August 2024, the Regional Dialogue on Carbon Pricing (REDiCAP) and Article 6 Training for the Pacific took place in Apia, Samoa. This workshop brought together stakeholders from across the Pacific to address the unique challenges that Small Island Developing States (SIDS) face in mitigating and adapting to climate change. As some of the world's most vulnerable nations to rising sea levels and extreme weather events, Pacific SIDS play a critical role in global climate action despite their limited emissions.

Carbon Pricing and Carbon Markets are important parts of the world's "toolbox" for addressing climate change and mobilizing funds for the significant financial investment needed for the world to meet the goals of the Paris Agreement and 2030 Agenda. Capacity building and technical assistance are vital for enabling Pacific countries to design, implement, and monitor Article 6 mechanisms tailored to their unique contexts. The workshop provided a platform to strengthen understanding, foster peer-to-peer learning, and identify specific needs for ongoing support for Article 6 and carbon pricing.

The importance of collaboration cannot be overstated. The UNFCCC, through its Regional Collaboration Centre for Asia and the Pacific, remains committed to supporting Pacific countries in building capacity and mobilizing resources for low-carbon transition. With shared dedication and purposeful action, we can secure a resilient and sustainable future for all.

## Executive Summary

The “REDiCAP and Article 6 Training for the Pacific Region” workshop, held from 13-16 August 2024 in Apia, Samoa, represented a milestone in strengthening collaboration between the RCC-Asia Pacific and Pacific countries. Historically, interactions between the RCC-Asia Pacific, based in Bangkok, and this region had been limited and sporadic. This event brought together representatives from all Pacific nations for the first time, fostering meaningful dialogue and collaboration. It highlighted the value of regional workshops in building connections and advancing mutual understanding of climate and carbon market initiatives.

The workshop focused on enhancing knowledge of carbon pricing mechanisms and the operational aspects of Articles 6.2, 6.4, and 6.8 of the Paris Agreement. Given the limited engagement of Pacific countries in international carbon markets, the training addressed knowledge gaps across varying levels of expertise. A key feature was peer-to-peer learning, where countries with active carbon market initiatives shared their experiences, promoting valuable exchanges and collective growth in capacity. Participants appreciated the inclusive format, which facilitated broad participation and dialogue.

The event also provided insights into key Article 6 issues still under negotiation, equipping Pacific delegates and negotiators for active participation at COP. With UNFCCC Secretariat officers present, participants benefited from direct access to expert guidance, making the workshop a rare and impactful opportunity. Appreciation was expressed for holding the training in the Pacific, which ensured comprehensive representation from all countries and bolstered regional engagement on critical climate topics.

The training emphasized practical aspects of participation in Articles 6.2 and 6.4, including the establishment of a Designated National Authority (DNA) — a crucial step for engaging in Article 6.4 activities. The roles and responsibilities of a DNA were clarified, with new nominations expected soon, supported by the RCC-Asia Pacific. However, challenges such as resource availability for DNA focal points remain significant. The workshop highlighted the tangible benefits of establishing a DNA, drawing on lessons from the RCCs.

Discussions also explored the unique circumstances of Pacific Small Island Developing States (PSIDS) and their mitigation opportunities. Given their small emissions and economies, national carbon pricing instruments like Emissions Trading Schemes are impractical. Participants suggested exploring regional approaches and other viable economic tools already in use, such as fuel levies, green fees, and baseline-and-

crediting mechanisms, to address the region's specific needs while advancing climate action.

Looking ahead, participants expressed strong interest in ongoing capacity-building efforts on Article 6, recognizing its potential to achieve NDC targets, attract investment and technology transfer, and advance development objectives. They emphasized the need for continued engagement with the RCC-Asia Pacific, tailored to different levels of expertise, and highlighted the dual benefits of Article 6 cooperation: reducing emissions and providing financial incentives. This workshop was acknowledged as a foundational step towards sustained regional collaboration and progress.



## Abbreviations and Acronyms

BMWK	Federal Ministry for Economic Affairs and Climate Action (in German: Bundesministerium für Wirtschaft und Klimaschutz)
CiACA	Collaborative Instruments for Ambitious Climate Action
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
ETS	Emissions Trading Scheme or System
IMO	International Maritime Organization
ITMO	Internationally Transferred Mitigation Outcomes (a key concept of Article 6.2)
LT-LEDs	Long-term Low Greenhouse Gas Emission Development Strategies
MRV	Monitoring, Reporting and Verification
NDC	Nationally Determined Contribution
NMA	Non-market-based approaches
NMM	Non-market mechanisms
PICs	Pacific Island Countries
PSIDS	Pacific SIDS (Pacific Small Island Development States)
RCC	Regional Collaboration Centre
RCC-AP	UNFCCC/IGES Regional Collaboration Centre for Asia and the Pacific
REDiCAP	Regional Dialogues on Carbon Pricing
SIDS	Small Island Development States
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change



## A. Introduction

The Regional Dialogue on Carbon Pricing (REDiCAP) for the Pacific was conducted with the purpose of supporting policymakers in price-based instruments and delivered as part of the project Collaborative Instruments for Ambitious Climate Action (CiACA). This report highlights the views expressed by participants in the Dialogue, which was organized from 13-16 August 2024 in Apia, Samoa.

This activity stems from the following mandates:

- Decision 1/CP.21 Paragraph 136: Also recognizes the important role of providing incentives for emission reduction activities, including tools such as domestic policies and carbon pricing.
- Paris Agreement Article 6, paragraph 1: Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
- Paris Agreement Article 11, paragraph 3: All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-building actions in developing country Parties.
- Decision 1/CP.21 Paragraph 52: Decides that, in the implementation of the Agreement, financial resources provided to developing country Parties should enhance the implementation of their policies, strategies, regulations and action plans and their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the purpose of the Agreement as defined in its Article 2.

The project objectives are achieved through engagement and awareness raising. Specifically, the workshop falls under the capacity-building objectives of the CiACA project.

Supported developing countries are the main beneficiaries of the project by enabling them to put in place more effective and efficient policies (which also deliver co-benefits).

## B.Scope of the report

This report synthesizes the views and comments provided by participants during the REDiCAP for the Pacific Region, organized as part of the “NDCs 3.0 Regional Forum & Regional Capacity-Building Workshop on Carbon Pricing and Article 6 Training for the Pacific”, from 13-16 August 2024. The REDiCAP for the Pacific Region was successfully held at the Secretariat of the Pacific Regional Environment Programme (SPREP) in Apia, Samoa.

This REDiCAP/Article 6 training brought together approximately 30 participants from across the Pacific Region, which included 17 representatives from 15 countries<sup>1</sup>, and approximately 13 resource persons and walk-ins, e.g. SPREP staff, youth delegates, and part-time listeners from the parallel NDC sessions.

The overall objective of a week-long event was to serve as a platform for development partners to strengthen their commitment to serve the Pacific countries to address the challenges posed by climate change, highlight the importance of regionally-specific, locally-driven initiatives, and discuss ways to accelerate climate action and just, inclusive transition in the region.

The primary objectives of the REDiCAP for the Pacific Region were as follows:

- **Knowledge Sharing:** Facilitate the dialogue and sharing of information, exchange of experiences, best practices, and lessons learned in adopting and implementing carbon pricing instruments and carbon markets across the Pacific Region.
- **Capacity Building:** Enhance participants’ skills and capabilities regarding the effective implementation of carbon pricing instruments and Article 6 of the Paris Agreement.
- **Collaboration:** Increase partnerships and synergies among countries. Provide a platform for Pacific countries to get together and exchange views on possible cooperation on carbon pricing and carbon markets in the region. For the RCC Asia and the Pacific, the event was an opportunity to meet with representatives from the region face-to-face to establish the basis for continued engagement into the following year.

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<sup>1</sup> Cook Islands, Fiji, French Polynesia, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Australia,

- **Strengthen regional support** for Pacific Island Countries from the UNFCCC secretariat through the RCC Asia-Pacific, fostering a long-term partnership for future climate action and ensuring heightened visibility of the Pacific countries.
- **Foster greater regional dialogues** on effective carbon pricing strategies, stakeholder engagement, and implementation pathways.
- **Assist the participants** in developing better strategies and plans towards the use of the Article 6.4 mechanism, adopting carbon pricing strategies for emission reductions and removals, and integrating Article 6 in their NDCs and long-term greenhouse gas low emission development strategies (LT-LEDS).

## C. Approach and structure

Section D provides the synthesis of submitted views, categorized into common topics and subtopics raised throughout the training. Section E presents regional-specific opportunities and barriers. Session F includes findings from an online survey conducted after the training to collect feedback and input from training participants.

## D. Discussion

### 1. General considerations for designing carbon pricing policies.

#### *(a) Development of carbon pricing strategy/framework*

- (i). Most participants raised concerns regarding introducing carbon pricing instruments in smaller economies and questioned whether this is a feasible and effective approach for Pacific Island Countries (PICs).
- (ii). In conjunction with the discussion regarding the small size of Pacific Island economies, a reoccurring theme was that the PICs should look at a regional approach and that this is a topic for future discussions.
- (iii). When considering carbon pricing, participants expressed concern about the potential adverse effects on low-income households and businesses.
- (iv). Country participants recognized that carbon pricing instruments are not only risky because they raise costs, but they also gained an understanding that economic instruments have clear opportunities to support low-carbon development and incentivize non-fossil fuel technologies.

- (v). A session for all country participants to share their experience with existing carbon pricing instruments in the region confirmed the preposition that such instruments are not yet commonly used or regarded as fitting for SIDS's specific situation.

***(b) Understanding carbon markets***

- (i). When learning about different aspects of the carbon markets, participants engaged in discussions to understand the sources of demand for voluntary and compliance markets, and also to identify opportunities for SIDS to participate in international carbon markets.

***(c) Sector selection and gradual implementation***

- (i). For countries that have no involvement or experience in carbon markets, the question was raised about where and how to start. It was explained that countries need to identify sectors where markets can help them achieve their NDC, e.g., in the Pacific, these sectors are energy, transport, and energy efficiency.
- (ii). In discussing international examples for introducing carbon pricing, it was emphasized that one needs to start with low carbon prices and gradually increase them, which needs to be clearly communicated well ahead to allow planning.

***(d) Revenue recycling and mitigation of cost increase by carbon pricing***

- (i). A participant from Samoa reflected on the introduction of levies. In the end, it is the consumers who will pay, as companies will pass down the additional costs related to carbon tax to the consumers. This is the case with food in the region, as there are many food imports. Therefore, one must consider who will pay the price and think about just transition.
- (ii). Another representative complemented the previous reflection and shared that a socioeconomic assessment of the costs associated with carbon pricing instruments is needed to balance the impacts.

**2. Specific considerations for Emissions Trading Schemes (ETS), Carbon Tax and other economic instruments**

- (i). In the context of PICs, where GHG emissions are negligible globally - the PICs account for just 0.02 percent of global GHG emissions<sup>2</sup> - a participant raised

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<sup>2</sup> <https://wmo.int/news/media-centre/climate-change-transforms-pacific-islands>

the question, from an economic perspective, which mechanisms are fair to use. Different economic instruments were discussed to incentivize GHG emission reduction: a baseline crediting mechanism can be looked at, while cap-and-trade is better for larger countries. The approach that small-size PICs may join together for such instruments was considered.

- (ii). Country representatives shared experiences on carbon pricing implementation at the domestic level and engagements in international carbon markets. Most countries are at an early stage of carbon market consideration and cooperation, while there are only very few examples of the use of economic instruments and no active carbon pricing instrument in place in the Pacific Region.
- (iii). While not having a direct carbon pricing instrument in place, countries mentioned the use of the following other economic instruments: Fuel Levies, Green Fees (“Tourist Fees”) and taxation on imported synthetic fertilizer.

### **3. Other international compliance instruments**

- (i). Following a question from one participant, it was clarified that the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) covers only international flights.
- (ii). Participants were interested in understanding whether the International Maritime Organization (IMO) plans to introduce similar instruments for the maritime sector, akin to CORSIA for the aviation sector. It was clarified that such an instrument is under negotiation and expected to be operational by 2027.
- (iii). Countries mentioned their participation in the IMO work on the Reduction of GHG Emissions from Ships, which includes the establishment of a carbon pricing mechanism for SIDS.

### **4. Article 6.2 – Cooperative Approaches**

- (i). Participants shared a cautionary note that each country should be aware that once it enters into an Article 6.2 cooperation, it needs to follow the obligations set out in Article 6 and its relevant guidance, i.e., reporting, tracking, and corresponding adjustments. It can be particularly challenging for small countries to have the available resources to do this.
- (ii). It was clarified in the discussion that it is possible to achieve adaptation goals in the NDC through Article 6. A mitigation project can have adaptation co-benefits. Also, if it is possible to quantify the mitigation figures from an adaptation project, it is possible to conduct an adaptation project with mitigation benefits under

Article 6.2. Nevertheless, if the project is solely adaptation-focused, it is not eligible under Article 6.

***a. Sectors of interest for carbon market participation***

- (i). Countries explored sectors and technologies with potential for carbon market participation. Some countries have forests as a carbon sink. However, more potential was assumed in the large ocean area under their jurisdiction and the question was discussed how oceans can play a role in carbon sequestration. There is also an interest in the region to explore the eligibility of soil sequestration.
- (ii). It was clarified that any activity that removes emissions can be eligible, but under Article 6.2 it would depend on the agreement of cooperation partners. Nevertheless, the technologies and standardized MRV are still in the early stages of development, and if countries want to look at oceans under Article 6.4, it may take some years before there will be clarity on how activities on oceans can be included.
- (iii). It was concluded that the secretariat, through the UNFCCC/IGES Regional Collaboration Centre for Asia and the Pacific (RCC-AP), could consider conducting a study on the potential of ocean sinks, e.g. sort of a cost/benefits analysis.
- (iv). Participants ask about identifying the sectors to start with, when considering carbon market potentials. It was discussed that countries should start looking at their NDCs and identify where markets can play a role and where quick wins can be achieved, e.g., by establishing a positive list of activities. RCCs can support exercises to help identify such sectors. This will allow countries to start tapping into carbon markets while still meeting their own NDC targets. Possible areas, such as renewable energy, transportation and energy efficiency are not new activities and energy is 60 % of all trade under the Kyoto Protocol, i.e. there is a lot of experience available in these sectors.
- (v). Another identified area of interest is blue carbon, particularly in mangrove ecosystems. Countries are exploring and have started identifying and quantifying the possible areas and predicted revenues. The participant from Palau mentioned that the US Forest Service provided assistance in quantifying carbon sequestration and ecosystem services of mangroves.
- (vi). Some countries in the region have forest carbon sinks and REDD+ experience, which may be helpful for faster Article 6 implementation, e.g., Fiji and Vanuatu.
- (vii). In response to a question by a participant, it was also clarified that if a country decides not to extract its natural resources, e.g., gas resources or forests, it is

not possible for this action alone to be compensated through Article 6 mechanisms. Instead, it should be demonstrated and recognized as emission reductions in accordance with the guidance under Article 6.

## 5. Article 6.4 - PACM

- (i). The the Paris Agreement Crediting Mechanism (PACM) under Article 6.4, is the new centralized UNFCCC baseline and credits mechanism for public and private sector actors. The centralized manner helps countries with less capacity to engage in carbon markets. Most of the regulatory complexities are handled by the centralized PACM.
- (ii). The representative from the Secretariat of the Pacific Community (SPC) commented that when countries in the region are trying to get funding for renewable energy projects, the question of the price per unit of CO2 emissions reductions always comes up. For the Pacific Islands, this is often a barrier, especially due to the small scale. One must consider the high cost of bringing renewable energy technology to the islands, especially the outer islands.
- (iii). It was added from others that the economic argument that “renewable energy is cheaper than to continue importing fuels” is usually the stronger argument than just “pushing for going green”.
- (iv). In reaction, it was shared that there is a good intention to bring in solar power to the islands, but other challenges came up, e.g., that there is a lack of capacity to maintain it. There are also households who need electricity access but cannot afford it, so the government still needs to subsidize diesel.
- (v). The question was discussed whether a country could pursue both Articles 6.2 and 6.4 and if the country would need to communicate this to the secretariat. A country can pursue both Articles 6.2 and 6.4, with no limitations, as long as the country fulfills the participation requirements outlined in the guidance of Articles 6.2 and 6.4. Under Article 6.4, projects are producing emission reductions, following standards centrally agreed to under the Article 6.4. mechanism (PACM). Under the PACM, countries interact directly with the mechanism, not with the buyer country, meaning that there is no need to set rules, agree on standards or other project parameters with the receiving country in a cooperation agreement, as compared to directly interacting with buyer countries under Article 6.2 cooperations.



## **6. Engagement with Carbon Markets. Questions asked to the presenters are below.**

- (i). Participants understood the difference between carbon crediting standards under the UNFCCC (CDM, Article 6.4) and independent carbon crediting standards (ICPs) in the voluntary carbon market (VCM) and engaged in a discussion on the risks of independent standards (especially in light of environmental integrity issues, news reports of misconduct and fraud and the corresponding drop in price and demand of VCM credits). Furthermore, the discussion moved on to how to determine the right price for carbon credits and also the question of whether it was better to wait with market engagement until NDC targets were achieved. It was clarified that countries can identify where carbon markets can play a role in their NDC, i.e., energy, transport, and energy efficiency, i.e., to identify quick wins to attract outside interest while still meeting their NDC targets. In an external session from GIZ and others on VCM and high-integrity carbon markets, a representative asked for insights on the rigidity of having too many rules on units that could be a barrier for the private sector to participate. At the same time, the aim is to increase participation. Since companies now need to publicly disclose how they will meet their sustainability targets, companies are keen to use carbon credits that are of high integrity. Otherwise, this could backfire on them if problems arise from the carbon credits and projects. The demand by companies will increase over time, and it is important that high standards are promoted to avoid greenwashing and other problems.

## **7. Non-market approaches (Article 6.8)**

- (i). During a presentation on Article 6.8, Framework on non-market approaches, one participant asked whether there would be some sort of 'match-making' under Article 6.8, which was clarified to not be the case, as there were different views and no agreement on such a function of the Article 6.8 platform in the negotiations.
- (ii). There was an interest expressed to receive support to better understand Non-market mechanisms (NMM) approaches (under Article 6.8) and whether the Pacific Appliance Labelling would fit under Article 6.8 approaches. It was clarified that labelling, such as energy-efficiency standards or building codes fits under NMM approaches, but also that Non-market-based approaches (NMAs) require the involvement of more than one participating Party.

## 8. Cross-cutting issues

### *a. Regional Cooperation*

- (i). A recurring theme of the workshop was the possibility for countries to join together in regional cooperation on carbon markets; in this context, the cooperation of African countries in the energy sector was considered a good example (power pools), where the RCCs in the region supported the development of grid emission factors as standardized baselines for carbon credit projects<sup>3</sup>.

### *b. Requests for continuous support and additional capacity building*

- (i). Participants asked whether the UNFCCC/RCC Asia and the Pacific can do matchmaking for cooperation under Article 6.2. The RCC-AP is in touch with potential buyers of ITMOs and can support matchmaking for technical assistance as well as for ITMO transfers.
- (ii). During the discussion on the upcoming round of first expert reviews of initial reports, participants asked about the availability of capacity-building opportunities for Pacific nations to train such experts. To become a reviewer, one must have been nominated by the NDC focal point and pass an examination. Anyone in the database of experts can then take the training. One country representative made a request to have a training or a session on both carbon markets and REDD+ to look at the pros and cons of both. Additionally, there is a need to better understand REDD+ requirements and how they are compatible with or not with Art 6 requirements. This request was noted by the facilitators.
- (iii). It was noted that the government of Australia has been providing support to countries in Asia, for example, support to improve the Monitoring, Reporting and Verification (MRV) system in Thailand. This led to the question from participants in the room, how countries in the Pacific can ask for similar support. Since there is no formal process in place per se, countries could use the workshop, to start a conversation on needs and potential support.
- (iv). At the closing, participants expressed that the workshop has provided a broader picture of what is happening under Article 6, including in the negotiations. Pacific countries all want to achieve the same things: increase climate resilience, energy security and access, explore carbon market opportunities, and foster sustainable development, but each country needs to define how to achieve these goals, and whether Article 6 benefits are achievable in their national

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<sup>3</sup> ASB0040-2018: Grid emission factor for the Southern African power pool

context. The workshop provided participants with previously limited engagement in Article 6 with a chance to start learning about it.

## E. Regional-specific opportunities and barriers

### 1. Barriers and challenges

- (i). Pacific Island states face unique challenges when participating in international carbon markets due to their small size, geographic isolation, and specific vulnerabilities.
- (ii). Many Pacific Island states lack the technical expertise to design, implement, and monitor carbon pricing instruments and carbon market projects. Retention of capacities is another problem, as staff in the Ministries who gain experience in these fields or participate in capacity-building activities regularly change their positions or leave for other job opportunities.
- (iii). Due to their remote location, PICs have fewer opportunities for in-person training, exchanges, and workshops. This also applies to support provided by the RCC Asia and the Pacific. While the RCC has been in touch with Pacific countries individually over the years, since its establishment in 2015, capacity building or support provided directly in-country and in-person has rarely happened.
- (iv). The remote location and even traveling between the PICs increase costs and lead to long travel times; therefore, remote engagement is often favored, so there are few in-person events and meetings.
- (v). The small size of the land area and limited industrial activity limit opportunities for large-scale carbon projects (e.g., reforestation, renewable energy). Small mitigation potential means that projects may not achieve the scale required to attract significant investment. Nevertheless, there are exceptions and interest in small or niche projects, especially with environmental and social co-benefits.
- (vi). Countries focus more on adaptation priorities and dedicate fewer resources to mitigation and carbon market engagement.
- (vii). Reliance on donors or international financial institutions can delay project development and limit autonomy. Countries have pointed out that reliance on international consultants has limited internal capacity building, which continues to manifest the dependence on external support.
- (viii). Traditional land ownership systems and local community dynamics may complicate the implementation of carbon market projects.

## 2. Opportunities

- (i). Participants were interested in learning more about carbon pricing and carbon markets and had a great willingness to explore these instruments further. The focus was more on supporting sustainable development than on generating direct income.
- (ii). As low-emitting countries, participants saw more benefits of carbon markets and hosting emission reduction projects to generate tradable carbon credits than the introduction of carbon prices in the Pacific.
- (iii). Participants stated that there is a focus on mainly accomplishing energy targets; the workshop laid the basis for considering carbon markets as a tool to achieve such targets.
- (iv). Participants expressed that this workshop was the first time they were exposed to Article 6 training and learning from other peers about their activities, which provided great insights and sparked their interest to learn more. Learning from Pacific neighbors about their activities and projects, in general, more exchanges in the future will help to build cooperation opportunities and enhanced market engagement.

## F. Feedback and reflections

- (i). To collect feedback and input from training participants, an online survey was conducted after the REDiCAP training sessions. Out of the total 16 participants, six respondents participated in the survey (37.5%).
- (ii). On average, the respondents to the survey rated the clarity of objectives, encouragement of interaction, the relevance of the topic, level of difficulty of content, the usefulness of the training, knowledgeability of presenters, and venue between “agree” and “strongly agree.” On the category of “time allocated for the forum,” the participants expressed that it was somewhat insufficient and wished for longer training (or repeated training, as the open-ended questions and general feedback during the workshop showed).

## G. Post-Training Evaluation (online survey responses)

For the post-training evaluation, eight questions were prepared, asking participants to rate how much they agreed that the training covered the specified topics. Additionally, four open-ended questions allowed participants to provide written feedback.

Responses were received from 6 participants.<sup>4</sup>

Question 1: The objectives of the training were clearly defined.

Question 2: Participation and interaction were encouraged.

Question 3: The topics covered were relevant to me.

Question 4: The content was organized and easy to follow.

Question 5: This training experience will be useful in my work.

Question 6: The resource persons were knowledgeable about the topics.

Question 7: The time allotted for the forum was sufficient.

Question 8: The venue, meeting room and facilities were adequate and comfortable.

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<sup>4</sup> Responses were edited for clarity

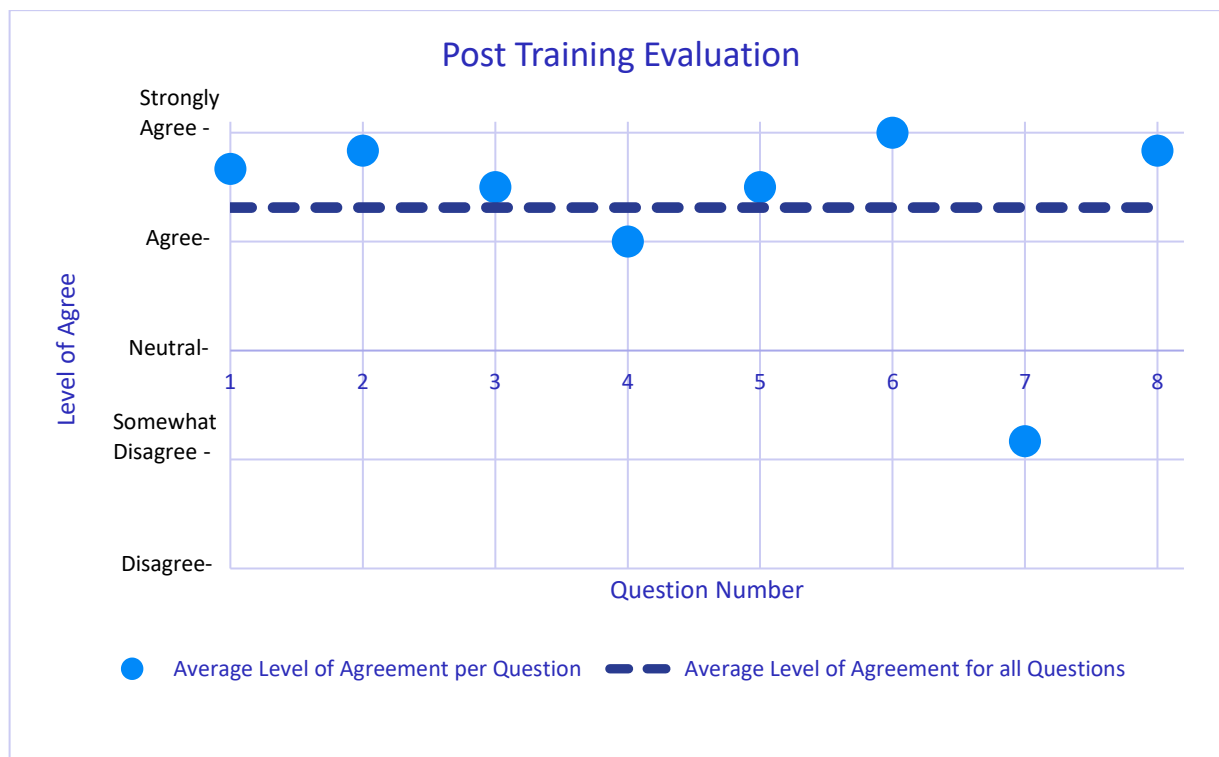


Figure 2: Post Training Evaluation (survey results)

a. What additional topics should we cover for future capacity-building support for the Pacific Island Countries?

- More examples that are applicable to Pacific SIDS
- Rules, modalities and procedures (RMP) of Article 6.4 of the Paris Agreement<sup>5</sup>
- Training for negotiators and training for Article 6 on the ground engagement (project implementation)
- Just Transition
- Global stock take
- Segregate participants according to their skillsets and exposure to Article 6 (Beginner)
- Designing concept notes for future Article 6 Projects

b. What challenges do you foresee in participating in Article 6 Cooperative approaches?

- Costs of setting up systems, CO<sub>2</sub> per dollar metric
- Lack of technical expertise

<sup>5</sup> Decision 3/CMA.3

- Institutional capacity to keep up with Article 6 requirements, including effectively reviewing methodologies, tracking, and reporting.
- Seeing the benefits of carbon markets for a low-emitting country
- I do not, at the moment, foresee challenges as the Federated State of Micronesia (FSM) would very much want to understand Article 6 cooperative types to choose what is most appropriate to its setting given the limited local capacity
- At the moment, I believe countries will start to focus mainly on accomplishing Energy Targets. Once this is achieved, Article 6 will be considered.

*c. Overall, what was the highlight of your participation in this 4-day training?*

- Discussions in plenary
- I have learned that Article 6 is the main driver to addressing climate change.
- All topics of the training were very useful. I just wish we had more time.
- The participation of a UNFCCC secretariate officer with long-time experience in Article 6 negotiations helped to go into the nitty-gritty of Article 6, illustrated by personal experiences.
- The fact that this was my first time to be exposed to Article 6 training and learning from other peers about the activities they have done is an eye opener. I cherished every moment of the learning experience, and I have submitted my report and recommendations to my Secretary/Minister.
- Learning from Pacific Neighbours about the Projects they have in their various countries regarding Article 6.

*d. Any additional comments?*

- It would have been good to have all of the workshop participants in the Article 6 sessions, rather than split between NDC and Article 6.
- It would be great to have this type of workshop 3 times at the beginning of each year (post-cop debrief), in the middle of each year (briefing before the SBs), and pre-cop in preparation for the COP.
- Overall, the training was great, but it was somewhat like an information overload. Perhaps explaining in simpler terms with graphics and sticking to the slides would be easier to digest.
- I would very much want to learn more in-depth about each of the cooperatives and the accounting portion of them so FSM can start pursuing Article 6, Carbon trading.
- The session was very intensive, and there was a lot of information to process. It would have been better if the event had been longer or if the training had been divided into Sessions and carried out either face-to-face or via Zoom.



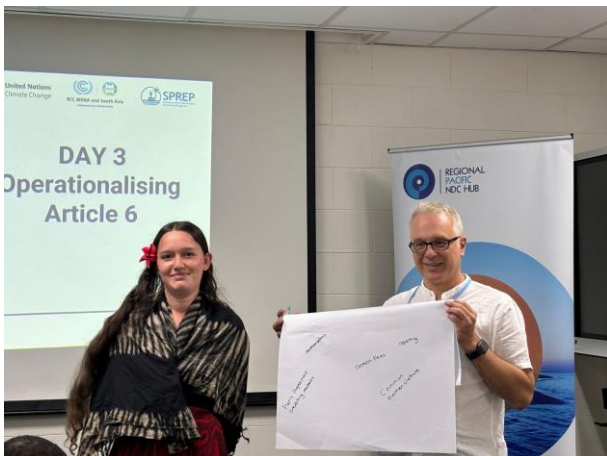
## H. Conclusion and Key take-aways

- (i). Having a workshop in the Pacific Region was essential to engage countries in carbon pricing and carbon market discussions. RCC-Asia Pacific is based in Bangkok until this workshop, only punctual interaction with the Pacific countries. It was valuable to have this event to engage with all countries for the first time. This provided a much better picture of the situation of carbon pricing and carbon markets in the region, including challenges and interests.
- (ii). Participants expressed appreciation for having such in-person training taking place in the Pacific, which enables broad participation from all countries.
- (iii). The Regional Workshop on Article 6 and Carbon Pricing in the Pacific focused on deepening the understanding of the operational aspects and requirements of Articles 6.2 and Article 6.4. Most countries' existing understanding of these issues in the Pacific region is limited, as engagement in international carbon markets has so far been relatively low.
- (iv). Some countries have ongoing activities and were able to share their experiences with others. Such peer-to-peer learning was fostered during the training, and participants welcomed it. The training aimed to reach both groups of countries (less and more advanced in this topic) and provided a platform for exchange.
- (v). The training built an understanding of the background of issues that were still under negotiation in the Article 6 room to enable Pacific delegates and negotiators to participate in the discussions at COP. This workshop, with the presence of UNFCCC secretariat officers, was an almost unique opportunity to build this understanding.
- (vi). Particularly, participation requirements for Article 6.2 and Article 6.4 were emphasized, as well as the identification of opportunities in the countries and benefits of participation in Article 6. The establishment of a DNA (Designated National Authority) is one of the essential steps for countries to participate in Article 6.4. The roles and responsibilities of a DNA were clarified, and new nominations from the region are expected in the coming month, with continuous support from the RCC-AP.
- (vii). A common challenge is the availability of resources to take on the role of a country's DNA focal point. The benefits of having a DNA established were conveyed based on the experience of the RCCs.

- (viii). The discussions at the training helped to understand the unique situation of PSIDS and mitigation opportunities to tailor support to this situation.
- (ix). The emissions and economies are small and lack scale for carbon pricing instruments such as Emission Trading Schemes on a country level. Participants suggested regional approaches, which should be further explored in the future, together with other feasible economic instruments that are partly already deployed in the region, e.g., fuel levies, green fees, and baseline-and-crediting mechanisms.
- (x). Participants expressed interest in continuing to build an understanding of carbon pricing and Article 6, as they see these as instruments with the potential to contribute to meeting NDC targets, attracting investment and technology transfer, and reaching development goals.
- (xi). Participants agreed that this training was a good opportunity to start stronger engagement and regular interaction with the RCC-AP on Article 6 and carbon markets. Future capacity building should take into account the different levels of knowledge and capacities.
- (xii). Participants regarded the cooperation on lowering emissions is more important than financial incentives.
- (xiii). The participants expressed various requests to the RCC-AP, which should guide future activities in the region, and which include the following:
  - Assessment of Pacific SIDS (PSIDS) opportunities under Article 6
  - Provide further guidance on the actual development of cooperative arrangements, on a regular basis
  - Organize ongoing trainings (not one-off), including training-the-trainers
  - Organize South-South learning amongst Pacific peers, with UNFCCC mentors
  - Provide capacity building in-country
  - Organize Article 6 refreshers before SBs and COPs
  - Guidance on what PSIDS need to do first to be involved
  - Organize more trainings on specific aspects: corresponding adjustment, registry, GHG inventories, carbon markets, carbon credits, project design, reporting, approval and authorization, methodologies, MRV system set-up, blue carbon market, methodologies for ocean systems
  - Keep in mind the practicality and vision of communicating with the Governments

- Provide Funding
- Prepare and share Knowledge products
- Go down to a country-level understanding of whether Article 6 participation is useful
- Provide and make available, a list of possible support available, by RCC-AP and others
- Distribute more studies on lessons learned from Pacific countries (Article 6 participants), pilot initiatives
- High-level training (Heads of Delegations/Ministers)
- Increase youth engagement, internships
- Support on national instruments/policies on Article 6

## Workshop Impressions



## Annexes:

- **List of Participants**

No.	Country	Ministry/ Organisation
1	Cook Islands	Office of the Prime Minister
2	Fiji	Climate Change Department
3	French Polynesia	Climate Finance Network Advisor
4	Kiribati	Energy Planning Department
5	Kiribati	Ministry of Information, Communications and Transport, Marine Department
6	Marshall Islands	National Energy Office
7	Micronesia	Energy, Department of Resources and Development
8	Nauru	Department of Climate Change and National Resilience
9	Palau	Office of Climate Change, Ministry of Finance
10	Papua New Guinea	MRV and National Communication Division
11	Samoa	Ministry of Natural Resources and Environment
12	Samoa	ACEO Forestry Division, Ministry of Natural Resources and Environment
13	Solomon Islands	Ministry of Environment, Climate Change, Disaster Management & Meteorology
14	Tonga	Department of Energy, Ministry of MEIDECC
15	Tuvalu	Tuvalu Third National Communication Project
16	Vanuatu	Ministry of Climate Change
17	Australia	Department of Climate Change, Energy, the Environment and Water
18-19	UNFCCC secretariat	Resource Person
20-21	RCC Asia-Pacific	Resource Person
22	UNEP	Resource Person
23	UNDP	Resource Person
24-25	SPREP	Resource Person
26	SPC	Resource Person
27	NDC Partnership	Resource Person
28-30	Youth participants	Invited YECAP participants (Youth Empowerment in Climate Action Platform)

- **Agenda**

**Day 1: Tuesday, 13 August 2024 (2:00 pm – 5:00 pm)**

Time	NDC Session
14:00 - 14:30	<b>Introduction to Workshop</b> <ul style="list-style-type: none"> <li>• Overview of workshop agenda and objectives <i>RCC Asia Pacific</i></li> <li>• Opening Remarks <i>Host Country Government and UNFCCC</i></li> <li>• Context and Agenda Setting <i>RCC Asia Pacific</i></li> </ul> <b>Ice Breaker</b>
14:30 - 15:30	<b>Scene setting: Taking stock of Carbon Pricing main instruments and trends – global to regional</b> Presentation – UNFCCC/RCC-AP (20')  This session will start with an overview of the Carbon Pricing Instruments deployed globally and, in the region, under development or considered in a presentation  Q&A session.  <b>Implementing Carbon Pricing for Climate Action</b>  This session will dive into the complexities and strategic considerations essential for implementing and administering effective and equitable carbon pricing policies across different national contexts.  Presentation on identifying what works: 20' – UNFCCC/RCC-AP <ul style="list-style-type: none"> <li>• Domestic considerations for Carbon Pricing</li> </ul> Moderated Discussion: 20' – RCC-AP How can we implement carbon pricing mechanisms, markets and other economic instruments that are both effective and equitable in national contexts?



	Question and Answer Session
16:00 - 17:00	<p><b>Country presentation (45')</b>  <i>Moderator: RCC Asia Pacific</i></p> <p>Each country to present on the role of carbon market/carbon pricing in the NDC and LT-LEDs, progress or status of introduction CP/CM (1-2 slides each country; template will be provided before the training)</p> <p>Open moderated discussion on the experiences of countries on which instrument they chose (carbon tax, ETS, Hybrid approaches, other economic instruments) or are considering deploying in their contexts.</p> <p>10 min Wrap up and a preview of 2<sup>nd</sup> day</p>

**Day 2: Wednesday, 14 August 2024 (9:00 am – 5:00 pm)**

Time	Article 6 Session
09:00 - 09:10	<p><b>Recapitulation of Day 1 and Overview of Day 2</b>  <i>RCC Asia Pacific</i></p>
9:10 – 09:40	<p><b>Article 6 – Cooperative Approaches</b>  <i>UNFCCC-RCC Asia Pacific</i></p> <p>This session will consist of a presentation that gives an overview of Article 6, with a broader coverage of its mechanisms (especially 6.2 and 6.4) and how they interact with and support carbon markets. The presentation will highlight how Article 6 frameworks can establish an effective international market for carbon credits and facilitate cross-border cooperation. In addition, this will cover the current state of play in global climate discussions related to Article 6 including key milestones until now, and what is currently being negotiated.</p>
09:40 - 10:30	<p><b>Unlocking NDC Potential and catalyzing climate action under Article 6</b>  <i>UNFCCC-RCC Asia Pacific</i></p> <p>This session is designed to provide a comprehensive introduction to the mechanisms of Article 6 under the Paris Agreement, focusing on how they facilitate international cooperation to enhance Nationally Determined Contributions (NDCs). Participants will gain foundational knowledge of the main operational components of Article 6—specifically</p>



	<p>Articles 6.2, 6.4, and 6.8. This will prepare attendees for more in-depth discussions on technical and practical aspects of implementing Article 6 strategies.</p> <p><b>Presentations (35 min)</b></p> <ul style="list-style-type: none"> <li>• Paris Agreement, NDC Ambition Cycle, and how Article 6 Cooperative mechanisms can support achieving national and global targets.</li> <li>• Engaging and participating in Article 6 mechanisms</li> </ul> <p>Moderated Discussion with the Participants (15 min)</p>
11:00 - 11:45	<p><b>Country presentation (45 min)</b>  <b>Status of Carbon Pricing and Art.6</b>  <i>Moderator: RCC Asia Pacific</i></p> <p>Each country to present on the role of carbon market/carbon pricing in the NDC and LT-LEDS, progress or status of introduction CP/CM (1-2 slides each country; template will be provided before the training)</p> <p>Open moderated discussion on the experiences of countries on which instrument they chose (carbon tax, ETS, Hybrid approaches, other economic instruments) or are considering deploying in their contexts.</p>
11:45 - 12:05	<p><b>Article 6.2: Cooperative Approaches</b>  <i>UNFCCC-RCC Asia Pacific</i>  <b>Presentation (20 min)</b></p> <p>This session will highlight the facets and importance of the Article 6.2 initiatives and help the participants understand all that it entails. This session will have a panel discussion covering what constitutes a successful project and procedural and institutional requisites. This will yield valuable insights into optimizing the effectiveness and compliance of planned projects under Article 6.2.</p>
12:05-12:45	<p><b>Sharing Country Experiences (45 min)</b>  <i>Moderator: RCC Asia Pacific</i></p> <p>Sharing of experiences on ongoing Art.6.2 activities, upcoming activities and recently signed MoUs with buyer countries, etc.</p> <ul style="list-style-type: none"> <li>• Vanuatu, PNG, Fiji (tbc)</li> </ul>

	<b>Panel Discussion</b> <ul style="list-style-type: none"> <li>• Why should we participate in Article 6.2?</li> <li>• What makes a good 6.2 project/initiative?</li> <li>• Authorization Process and Corresponding Adjustments</li> </ul> Presenting countries, joint by Australia and others
14:00 - 14:45	<b>Article 6.2: Reporting, Reviewing and Tracking</b> <i>UNFCCC-RCC Asia Pacific</i> <p>This session will dive into the critical aspects of reporting, reviewing, and tracking under Article 6.2 of the Paris Agreement. These processes are fundamental in ensuring the environmental integrity and transparency of internationally transferred mitigation outcomes (ITMOs) and supporting the achievement of NDCs.</p> <ul style="list-style-type: none"> <li>• Presentation part 1: Overview of Article 6.2 Reporting Requirements</li> <li>• Presentation part 2: The Review Process under Article 6.2</li> </ul>
14:00-16:45	<b>Article 6.2: Simulated Exercise on Reporting, Reviewing and Tracking</b> <i>Introduction and Moderator: UNFCCC/RCC Asia Pacific</i> <p>In this activity, participants will engage in a simulated exercise designed to practically illustrate the process of reporting, reviewing, and tracking Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6.2. Participants will be divided into multiple groups, each of whom will be tasked with both creating a comprehensive ITMO transaction report and critically reviewing another group's report.</p> <p>Pre-designed templates and instructions for the session will be distributed.</p>
16:50 – 17:00	Wrap up and a preview of 3 <sup>rd</sup> day

**Day 3: Thursday, 15 August 2024 (9:00 am – 5:00 pm)**

Time	Art.6 Session
09:00 - 09:10	<b>Recapitulation of Day 2 and Overview of Day 3</b> <i>RCC Asia Pacific</i>
9:10 - 10:30	<b>Exploring Article 6.4: Framework and Opportunities</b> <b>Presentations (40 minutes)</b> <i>UNFCCC/RCC Asia Pacific</i>

	<p>This session aims to provide a foundational understanding of Article 6.4, focusing on its role in promoting sustainable development through market and non-market mechanisms. Participants will learn about the design and operational aspects of the Article 6.4 mechanism, including similarities and differences compared to the Clean Development Mechanism (CDM).</p> <p>Moderated Discussion (15') (Quiz)</p>
	<p><b>Roles, Responsibilities and Participation Requirements</b> <b>Presentations (20 minutes)</b> <i>UNFCCC/RCC Asia Pacific</i></p> <p>This session will outline the envisaged roles of the Designated National Authorities and Article 6.4 eligible activities. It will start with an overview of the Article 6.4 Activity Cycle and how host countries are required to approve mitigation activities prior to their registration under the mechanism.</p>
11:00 - 11:30	<p><b>Activities (30 minutes)</b></p> <ol style="list-style-type: none"> <li>1) Article 6.4 Readiness (Self-Assessment Exercise)</li> <li>2) Preparation of Host Party participation requirements for Article 6.4 mechanism (A6.4-FORM-GOV-001).</li> </ol>
11:30 - 12:15	<p><b>Experiences Sharing by Country &amp; Panel Discussion (45 min)</b> <i>Moderator: RCC Asia Pacific</i></p> <p>Sharing of experiences on ongoing Art.6.2 activities, upcoming activities and recently signed MoUs with buyer countries, etc.</p> <p>Guiding questions:</p> <ul style="list-style-type: none"> <li>• Why should we participate in Article 6.2?</li> <li>• What makes a good 6.2 project/initiative?</li> <li>• Experiences and challenges with Authorization Process and Corresponding Adjustments?</li> </ul> <p>Countries: Australia, Vanuatu, PNG, Fiji, Palau</p>
12:15 - 13:00	<p><b>Article 6.2: Reporting and Reviewing</b> <i>UNFCCC-RCC Asia Pacific</i></p> <p>This session will dive into the critical aspects of reporting, reviewing, and tracking under Article 6.2 of the Paris Agreement. These processes are fundamental in ensuring the</p>

	<p>environmental integrity and transparency of internationally transferred mitigation outcomes (ITMOs) and supporting the achievement of NDCs.</p> <ul style="list-style-type: none"> <li>• Presentation part 1: Overview of Article 6.2 Reporting Requirements</li> <li>• Presentation part 2: The Review Process under Article 6.2</li> </ul>
	<p><b>Article 6.2: Simulated Exercise on Reporting, Reviewing and Tracking (understanding Corresponding Adjustment)</b></p> <p><i>Introduction and Moderator: UNFCCC/RCC Asia Pacific</i></p> <p>In this activity, participants will engage in a simulated exercise designed to practically illustrate the process of reporting, reviewing, and tracking Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6.2. Participants will be divided into multiple groups, each of whom will be tasked with both creating a comprehensive ITMO transaction report and critically reviewing another group's report.</p> <p>Pre-designed templates and instructions for the session will be distributed.</p>
16:00 - 16:50	<p><b>Article 6.8 – Introduction</b> <i>UNFCCC/RCC Asia Pacific</i></p> <p>This session will deliver an overview of Article 6.8, including its definition, purpose and an explanation of how it differs from the market-based approaches of Articles 6.2 and 6.4. It aims to provide participants with an increased awareness of non-market approaches and how they contribute to the goals of the Paris Agreement. Participants will also have the chance to consider and discuss potential non-market opportunities in their respective countries.</p> <p><b>Presentation (25 minutes)</b> Explanation of Article 6.8, summary of its work programme, overview of the NMA Platform, examples of non-market approaches.</p> <p><b>Discussion (35 minutes)</b> Participants break into small groups to brainstorm potential NMAs suitable for their countries or examples of existing NMAs under implementation. Followed by plenary feedback summarizing the key views, experiences and lessons.</p>
16:50-17:00	Wrap up and preview of 4 <sup>th</sup> day

Time	Art.6 Session
09:00 - 09:05	<b>Welcome and Overview of Day 4</b> <i>RCC Asia Pacific</i>
9:05 – 10:05	<b>Harnessing Voluntary Carbon Markets for NDC Implementation</b> <i>GIZ</i> <p>Expert Presentation or Panel Discussion (60') about GIZ Project Support for Global Carbon markets, including with representatives of selected project countries in the region.</p> <p><b>Discussion</b></p>
10:05-10:20	<b>High Integrity Carbon Market initiative</b> <i>Presentation by UNDP</i>
10:35 – 11:20	<b>Article 6.2: Reporting and Reviewing</b> <i>UNFCCC-RCC Asia Pacific</i> <p>This session will dive into the critical aspects of reporting, reviewing, and tracking under Article 6.2 of the Paris Agreement. These processes are fundamental in ensuring the environmental integrity and transparency of internationally transferred mitigation outcomes (ITMOs) and supporting the achievement of NDCs.</p> <ul style="list-style-type: none"> <li>• Presentation part 1: Overview of Article 6.2 Reporting Requirements</li> <li>• Presentation part 2: The Review Process under Article 6.2</li> </ul> <p><b>Article 6.2: Simulated Exercise on Reporting, Reviewing and Tracking (understanding Corresponding Adjustment)</b></p> <p><i>Introduction and Moderator: UNFCCC/RCC Asia Pacific</i></p> <p>In this activity, participants will engage in a simulated exercise designed to practically illustrate the process of reporting, reviewing, and tracking Internationally Transferred Mitigation Outcomes (ITMOs) under Article 6.2. Participants will be divided into multiple groups, each of whom will be tasked with both creating a comprehensive ITMO transaction report and critically reviewing another group's report.</p> <p>Pre-designed templates and instructions for the session will be distributed.</p>

11:20-11:45	<b>Reflection and Action Planning</b> <b>Applying the learnings from training and discussions</b> Moderated Discussion <ul style="list-style-type: none"><li>• Gather insights from participants about the training week and identify key takeaways.</li><li>• Identify specific areas where participants feel they need ongoing support. Priority areas.</li><li>• Collect ideas on how the UNFCCC RCC-AP can support countries in the region</li><li>• Draft steps of a roadmap for future support (possible next steps).</li></ul>
11:45-12:00	<b>Wrap up of 4<sup>th</sup> day</b> <b>Evaluation Form</b> <b>Certificates</b> <b>Closing Remarks</b>