

# Regional Climate Week

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# Asia-Pacific

Johor, Malaysia – 13-17 November 2023



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# Welcome Remarks



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UN Climate Change Secretariat



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# Welcome Remarks



**Andrea Camponogara**  
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UN Climate Change Secretariat



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# LET'S BREAK THE ICE!



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# LET'S BREAK THE ICE!




1. Name.
2. Country.
3. Organization.
4. WHAT IS YOUR FAVORITE HOLIDAY IN YOUR HOMETOWN?



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# Housekeeping Rules

- Put your cellphone in silent mode. 
- Be punctual. 
- Raise hands for questions. 



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# What's in the agenda for the next four days

Day 01:  
13<sup>th</sup> Nov  
REDiCAP

DAY 02:  
14<sup>th</sup> Nov  
Art 6.2

DAY 3:  
15<sup>th</sup> Nov  
Art 6.4

DAY 4:  
16<sup>th</sup> Nov  
1st Half –  
DNA Forum

DAY 4:  
16<sup>th</sup> Nov  
2<sup>nd</sup> Half –  
BMWK Technical  
Dialogue



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# Agenda of Day 01: Monday, 13<sup>th</sup> Nov 2023

Time	Topic
10:30 – 11:00	<b>Session 1a:</b> Consideration of instruments
	<b>Session 1b:</b> Introduction to Carbon Pricing and Domestic Consideration
	<b>Session 1c:</b> Carbon Pricing Approaches.
11:00 – 11:20	Coffee Break
11:20 – 13:00	<b>Session 1d:</b> Carbon Pricing Approaches
	<b>Session 02:</b> Domestic Considerations in choice of carbon pricing
13:00 – 14:30	Lunch
14:30 – 16:00	<b>Session 03:</b> Introduction to international compliance carbon markets.
16:00 – 16:30	Coffee Break
16:30 – 17:30	<b>Session 04:</b> Introduction to international voluntary carbon markets.
17:30 – 18:00	<b>Kahoot Session, Wrap-up and Closing</b>



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# Landscape of Instruments / Reflections to start with



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# Carbon Markets

Carbon credit is considered as **tradable commodity** and technically corresponds as sovereign assets operated / managed by private / govt entities

- **Domestic Carbon Market** - where the transactions (buying and selling) happen inside the country, between two companies in a country **(Carbon Pricing - ETS)**
- **International Carbon Market** - where the transactions happen between seller from host country and other country's buyer



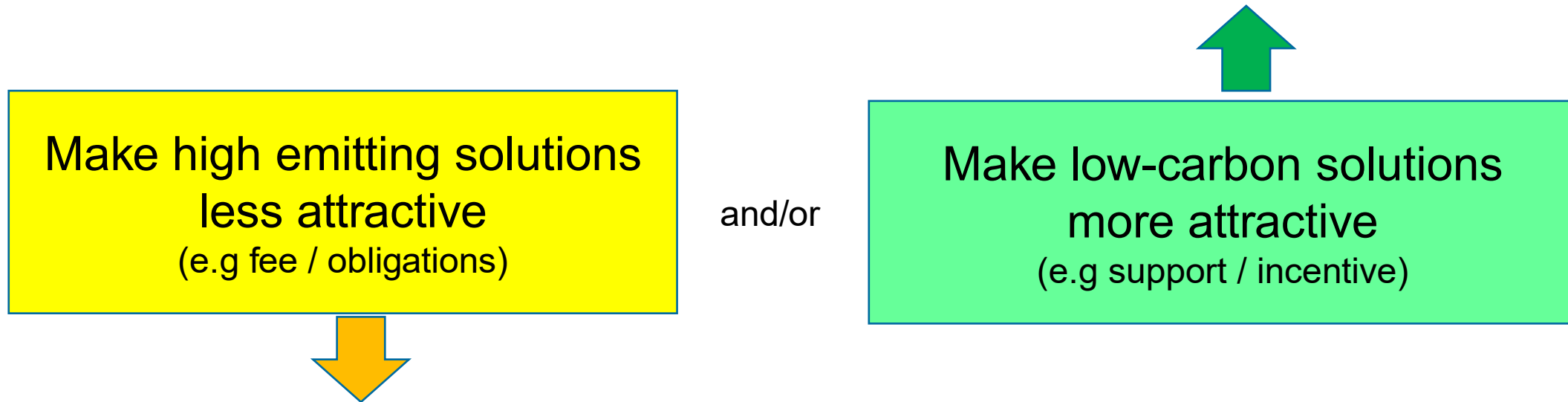
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# Session 1: Landscape of instruments

## Basic premise:

Achieving the objectives of the Paris Agreement will require instruments to:



Decision 1/CP.21: §136. *Also recognizes* the important role of providing **incentives for emission reduction activities**, including tools such as domestic policies and **carbon pricing**;



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# Session 1: Landscape of instruments

## Basic premise:

Achieving the objectives of the Paris Agreement will require instruments to:

Make high emitting solutions  
less attractive  
(e.g fee / obligations)

and/or

Make low-carbon solutions  
more attractive  
(e.g support / incentive)

- Mandates/standards (GHG/Efficiency)
- Fees (carbon tax; energy tax; etc.)
- Obligations to reduce/offset GHGs

- Support to investments (Grants, tax credits, etc.)
- Result-based funding (carbon credits, feed-in tariff, etc.)
- Other support (rebates, incentives etc.)



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# Session 1: Landscape of instruments

	Kyoto Protocol	Paris Agreement
Non-Annex I countries	No climate targets	<div style="background-color: #4a7ebb; color: white; padding: 10px;">                     All Parties have <b>Nationally Determined Contributions (NDCs)</b> <span style="float: right;">Article 6</span> </div>
Annex I countries	Binding climate targets <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <span>↓ CDM</span> <span>↔ JI</span> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <span>↔ IET</span> </div>	
Instrument of collaboration	CDM (between Annex I and non-Annex I countries) JI (between Annex I countries) IET (between Annex I countries)	Article 6 of the Paris Agreement (between any Parties) <ul style="list-style-type: none"> <li>• <b>Article 6.4:</b> mechanism for the <b>creation of units</b> (tCO<sub>2</sub>e): A6.4ER</li> <li>• <b>Article 6.2:</b> <b>transfers of mitigation outcomes</b> for NDCs and OIMP</li> <li>• <b>Article 6.8:</b> non-market approaches</li> </ul>



# Session 1: Landscape of instruments

## What changed in the Paris Agreement landscape compared to the Kyoto Protocol

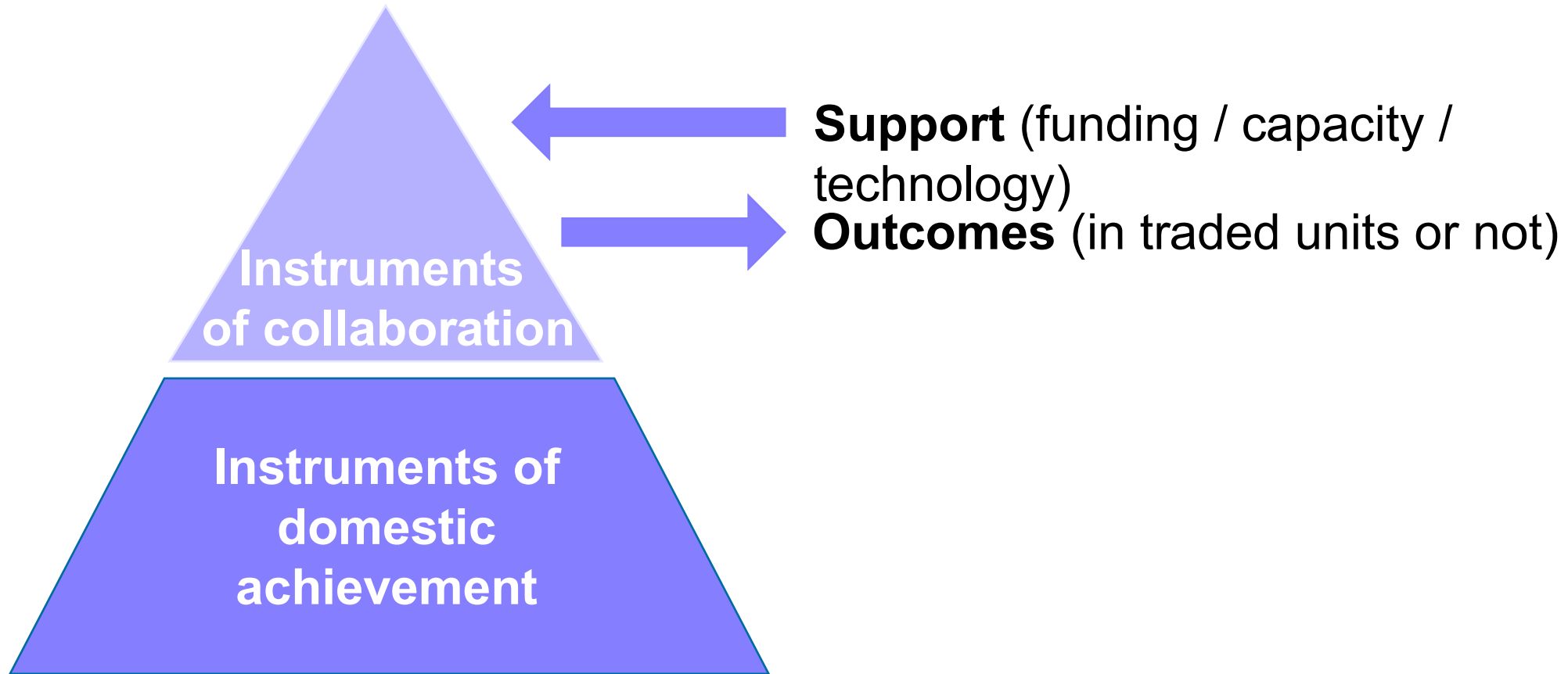
- Need for ALL Parties to **achieve their own self-set targets** (Nationally Determined Contributions)
  - Need for domestic instruments, measures and/or actions to curb domestic GHG emissions
- **Instruments of cooperation** still exist
  - Allow Party A to invest in measures in host Party B to cut emissions and claim the outcomes (*but then host Party B cannot claim these outcomes as part of its NDC achievement*)
  - Two main instruments for carbon units
    - One central mechanism for creating mitigation outcomes
    - One instrument for transferring mitigation outcomes



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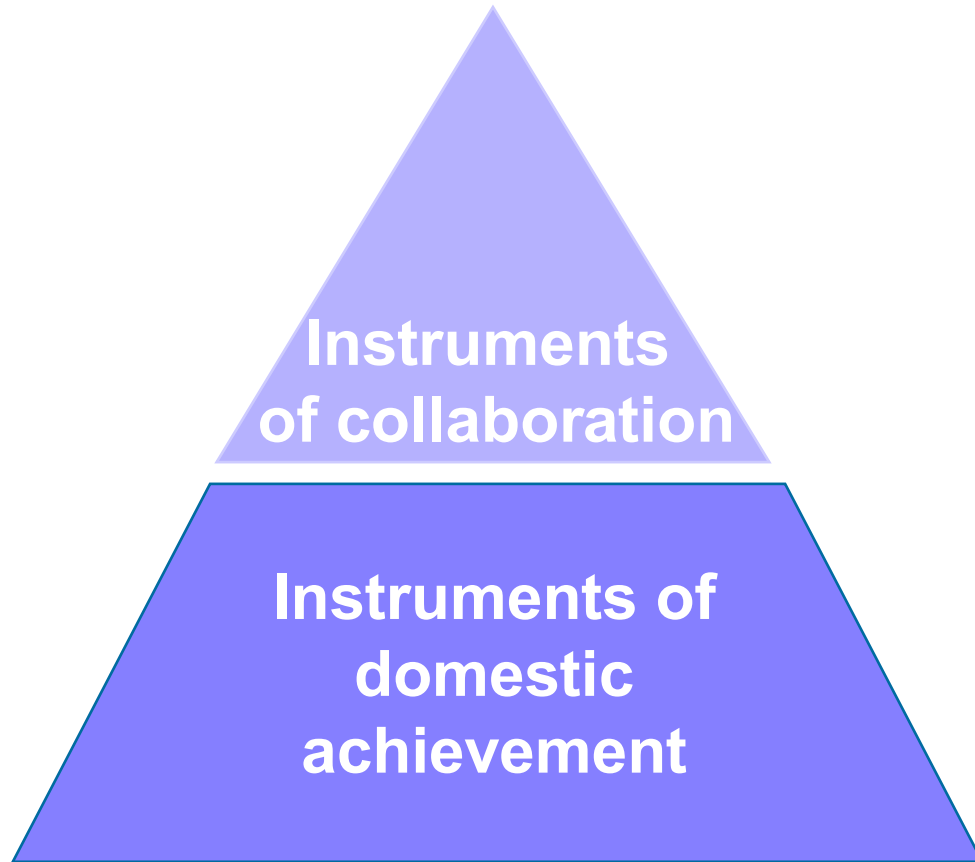
# Landscape of instruments



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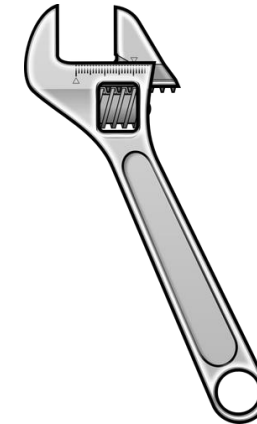
# Landscape of instruments



Where do these fit?

How can I use them?

- Art. 6.4
- Art 6.2
- ETS
- Carbon tax
- Domestic crediting
- VCM



Many others...

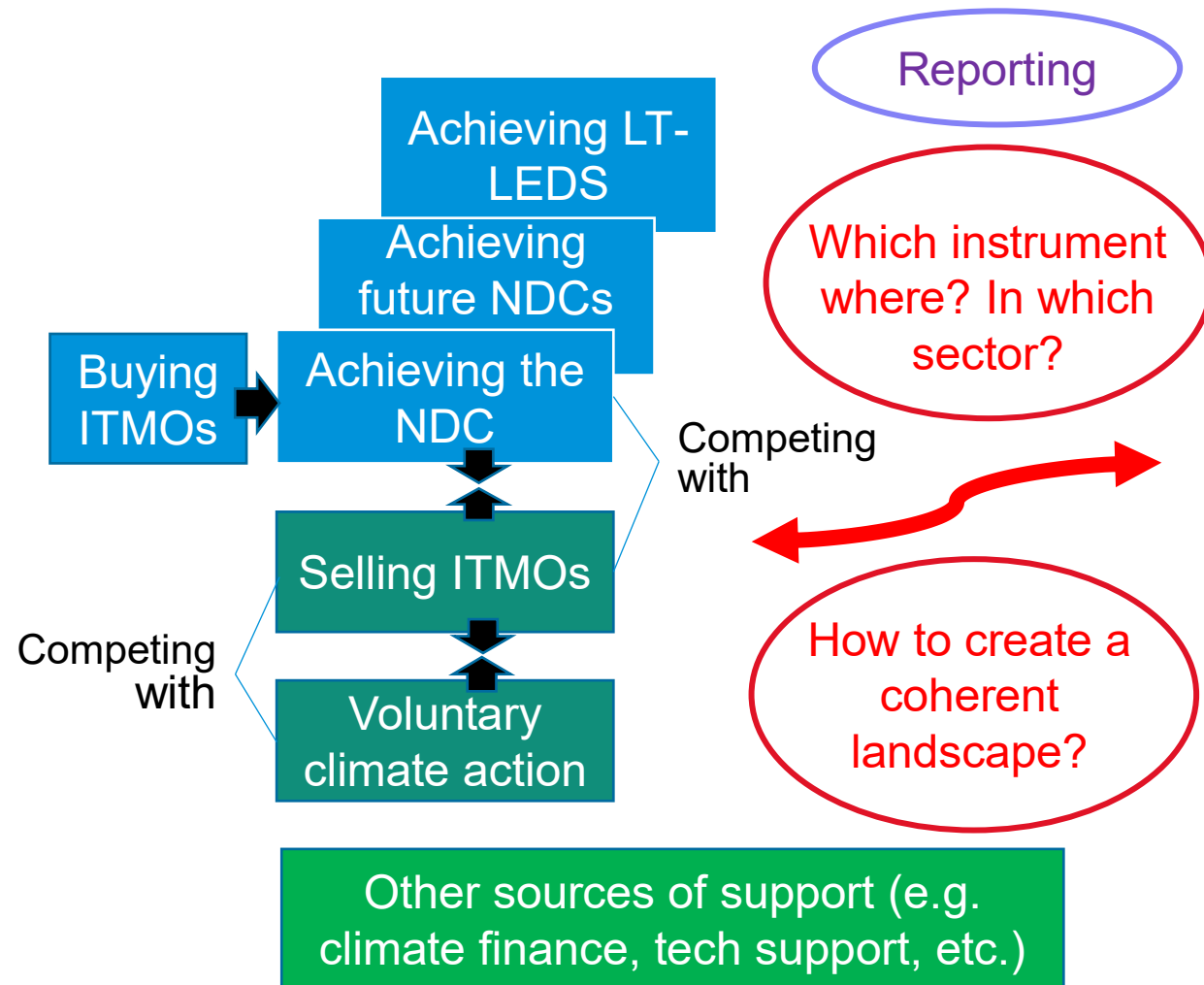


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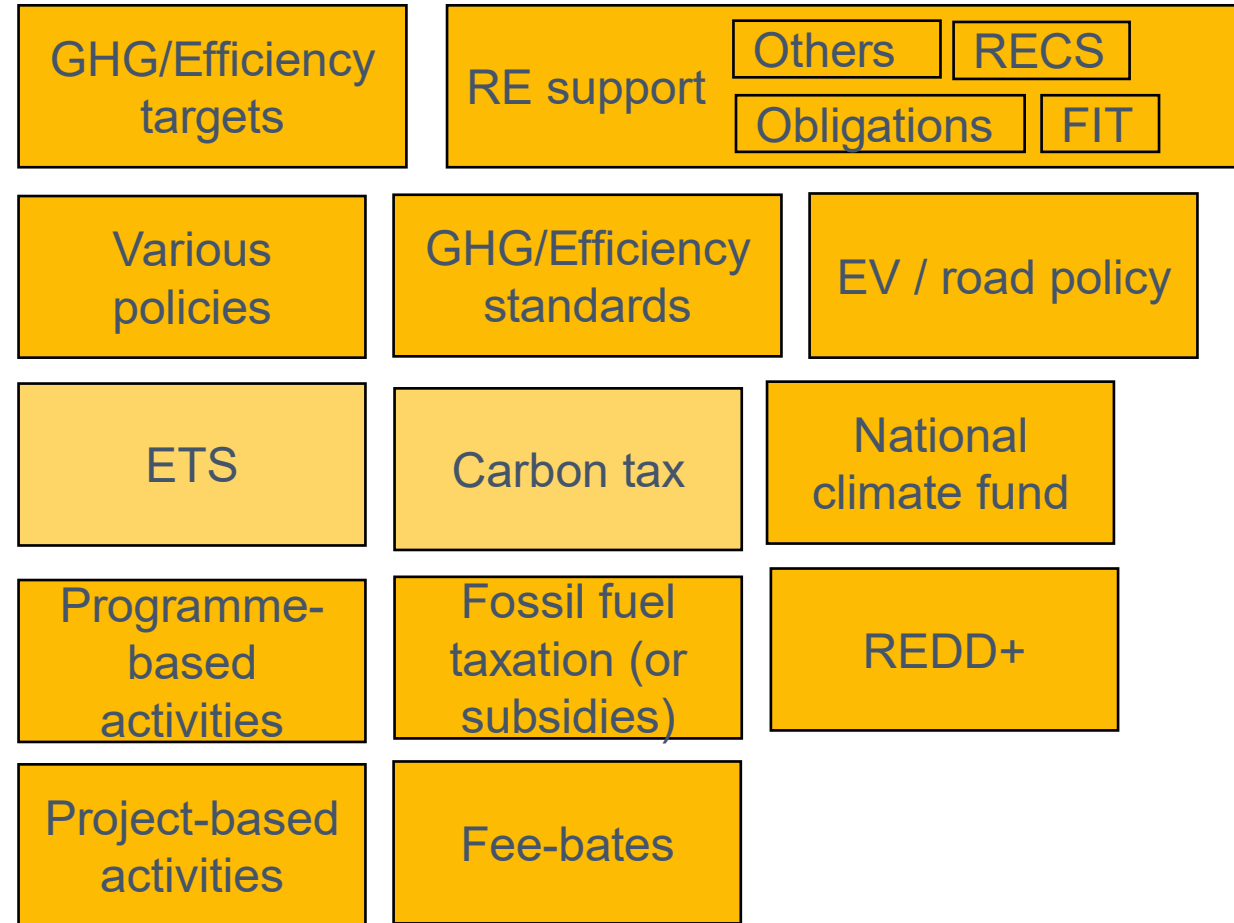


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# Session 1: Landscape of instruments



Which measures have which cost/effort?



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# Session 1: Landscape of instruments

## Some key questions

- Which is the relative cost/effort of mobilizing various measures?
  - How can I harvest all-low cost measures?
- Where is the most promising abatement potential in my country (current and future)?
- Which sectors can easily be mobilized with which instruments?
  - What is the nature of the barrier to implementation? Cost? Adequate financing? Technology? Capacity building? Institutional? Lack of mandate? Others?
  - Which instrument fits best?
    - Economic instruments? Which ones? Incentives? Penalties? Both?
    - Mandates?
    - Awareness-raising and support?

National  
Mapping  
exercise



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# Session 1: Landscape of instruments

## Some key questions and points

- Which type of support is available? Which is fitting for which area?
- Do I need/want private sector involvement
- What is in the current NDC? What will be in my future NDCs?
  - Which sectors/measures should I start mobilizing for future NDCs?
  - Am I on track to achieving my NDC?
- What are the co-benefits of measures?
  - How do I capture them?
- Do I have adequate institutions or need to build them up?
  - Which support is available?



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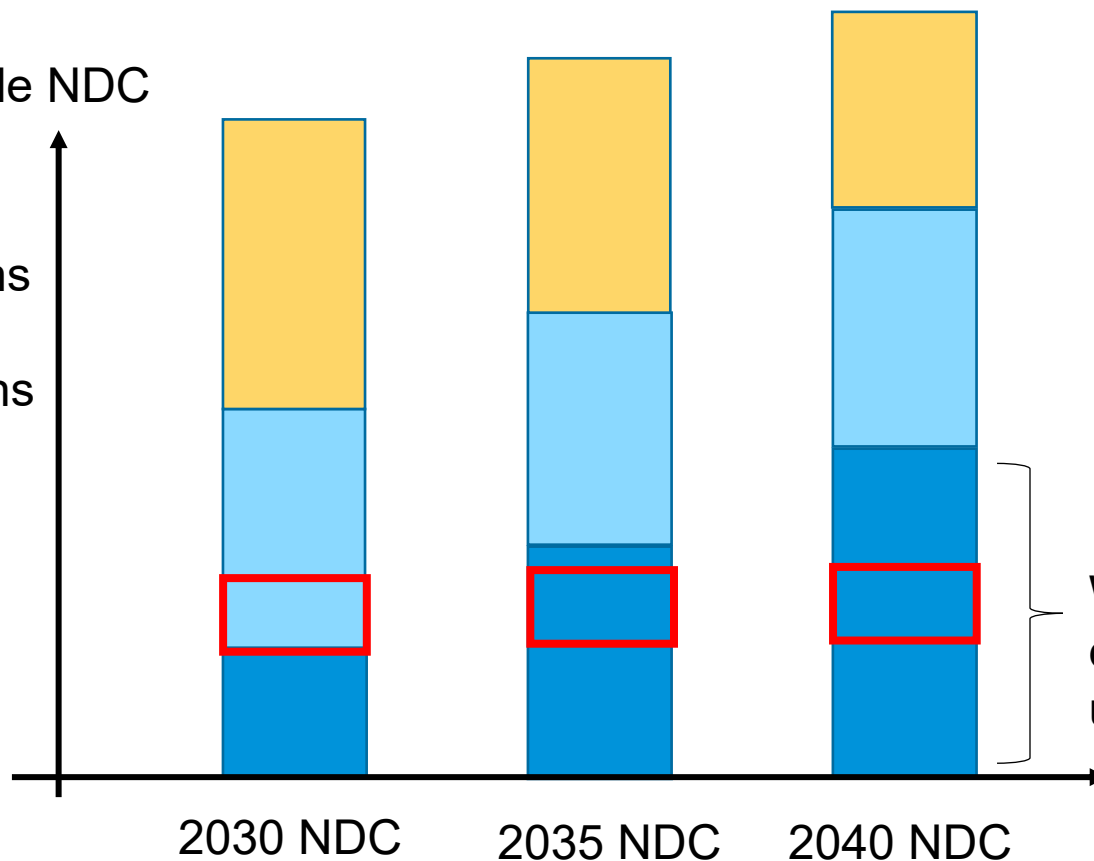


# Reflection: Where will measures fit?

Conditional part of NDC  
Unconditional part of NDC

Outside NDC

GHG emissions and reductions



- Types of support
- Climate finance
  - Capacity building
  - Technology
  - Carbon finance (compliance and VCM)



Which instrument(s) of delivery for the unconditional NDC?



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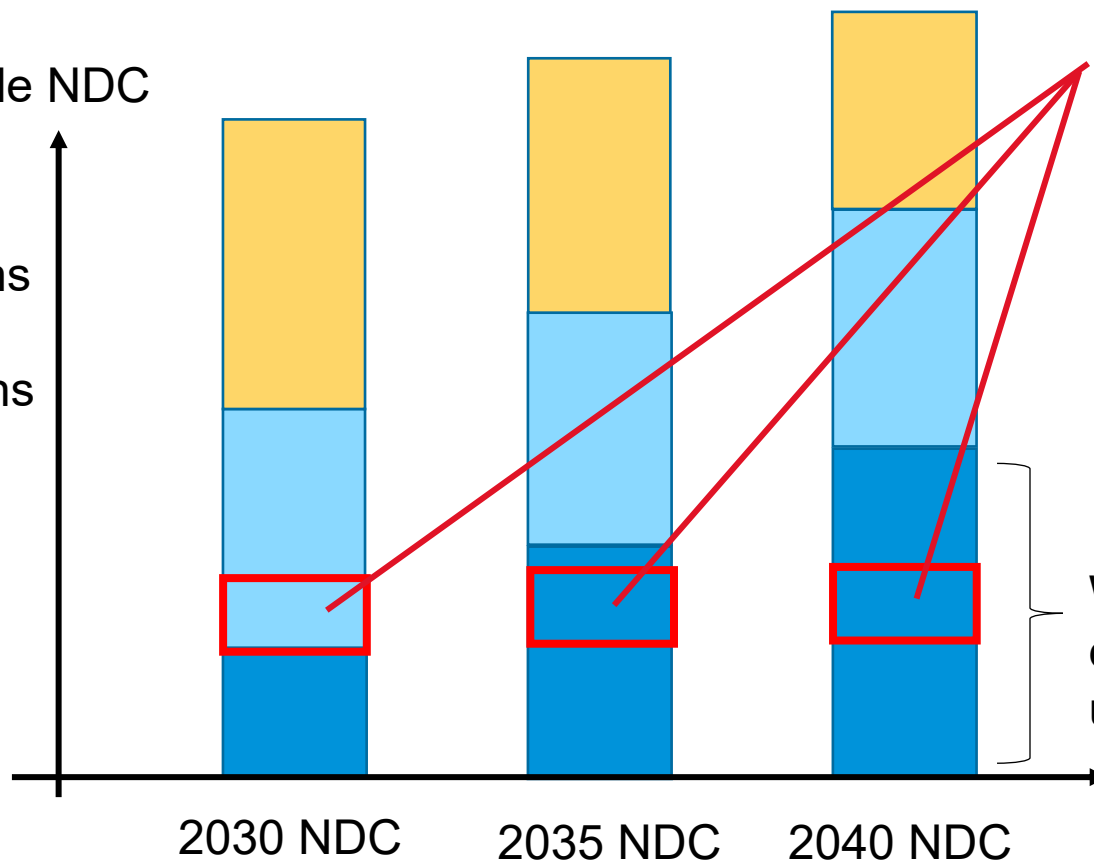


# Reflection: Where will measures fit?

■ Conditional part of NDC  
■ Unconditional part of NDC

■ Outside NDC

GHG emissions and reductions



Same measure but up to 2030, it is in the conditional part of the NDC and afterwards – part of the unconditional part. What would be wise to do with regard to Article 6?

- Types of support
- Climate finance
  - Capacity building
  - Technology
  - Carbon finance (compliance and VCM)



Which instrument(s) of delivery for the unconditional NDC?



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# Session 1: Landscape of instruments

## Some key questions and points

- Consideration of tradability
  - Are the outcomes easily identifiable? Can they be MRV'd (Monitored, Reported, Verified)
  - Can the outcomes be easily unitized (turned into units)?
  - Which benefit would the crediting/selling of outcomes bring? Which disadvantages?
  - What do I need to ensure that the selling of outcomes does not endanger the achievement of my current NDC and future NDC? And possibly benefit them?
- How to avoid double counting / double use of outcomes and sources of support?
  - Climate finance
  - Carbon finance
  - Other forms of support



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# Some reflections before starting on carbon pricing

- Do I need to actively discourage the emissions from fossil fuels? (to achieve my current NDC, future NDC and LT-LEDs)
  - Now?
  - In the future? – do I already need to plan for it to avoid “stranded assets” (major list of heavy emitting plants by mid-century?)
    - E.g. in my national planning?
- What are the associated benefits?
- Who can help me?
- What about the cost?
  - What is the net cost?
  - Who bears a cost? Who gets benefits?
  - Which costs can be borne easily / which not? By whom?
  - What are the cost mitigation measures?
  - Can I somehow support the cost through cooperative action under Article 6?



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# Some reflections before starting on cooperative approaches

- **What is included in my current NDC?**
  - What is in the unconditional part of my NDC (what will I achieve on my own)?
  - What is included in the conditional part of my NDC? Which support will I use?
  - What is outside my NDC? Do I want to mobilize this and how?
- **What could be included in my future NDC?**
  - Could I credit sell/credit the results now and at a later point end the crediting and count results towards my NDC?
- **What could contribute to my LT-LEDs?**



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**THANK YOU FOR ATTENDING!**



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