



CARBON MARKET ENGAGEMENT IN FIJI: OPPORTUNITIES AND RISKS

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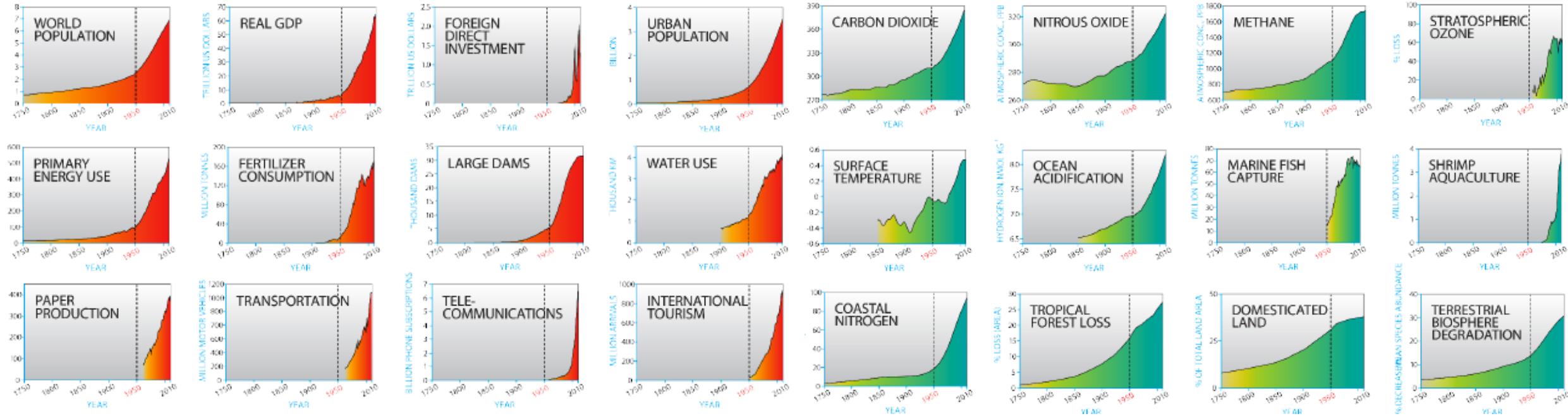


PURPOSE

1. What are examples of opportunities and benefits that Fiji could derive from carbon market mechanisms?
2. What would these arrangements look like?
3. What are some of the risks or challenges that need to be considered?



'The Great Acceleration' in 24 Graphs



We need strategies that take a holistic approach to the problem. Carbon markets can help countries to better consider the overview and aggregate impact and look beyond national borders

Broad opportunities for Fiji, put simply..

WHY ARE CARBON MARKETS OF INTEREST?



A means to create additional investment in socio-economic and environmental priorities in Fiji



A potential means to create new types of employment – *Jobs for nature*



A way to collaborate with other countries to, together, make progress against our NDC targets



A way to fund activities or investments which would not otherwise be possible



A way to create an exchange of benefits which does not rely on extractive activities but instead incentivises protection and enhancement of the environment



A way to increase the attractiveness of specific industries, sectors and products

WHO IN FIJI COULD BENEFIT?

(In a best case scenario)

- Land-owning communities through benefit sharing agreements and indirect benefits of carbon market interventions
- Communities / Individuals employed to support activities
- Community cooperatives
- Private sector actors with business activities that can support implementation of projects
- Energy Fiji Limited
- Water Authority Limited
- Airports / Ports – activities that support transition to renewable energy
- Transport Providers
- Fiji Overall – support to achieve NDC targets and socio-economic objectives



EXAMPLES OF TARGETED OUTCOMES



Renewable Energy



Environmental
Enhancement /
Restoration



Technology Transfer



Nature Based Solutions
and Resilience Building



Livelihoods and
Sustainable
Development



Competitive
Advantage



Gender Equality /
Inclusivity



Behavior Change

CONTEXT DEFINED



Socio-cultural circumstances,
Land Tenure



Climate Vulnerability /
Development Status / Capacity

Carbon Market
opportunities and risks are
defined by context



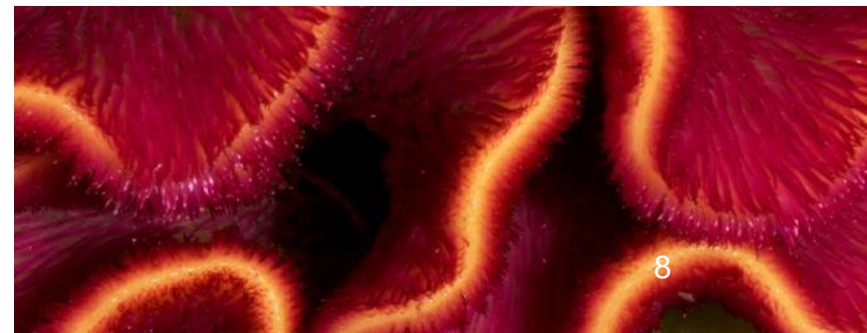
Emissions Profile / Policy



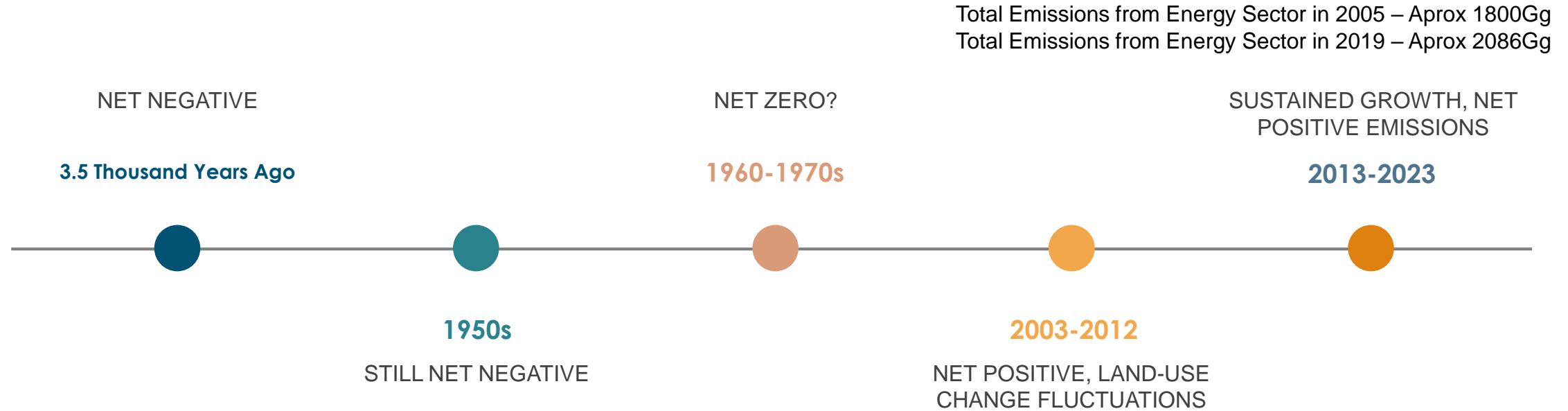
Governance and Enabling
Environment

FIJI'S CONTEXT

1. Total Land Area: 20,857km²
2. EEZ: 1.29m km²
3. Forest Area: 10,1040 km²
4. Mangrove Area: approx. 600 km²??
5. Per capita emissions: 1 – 2 tCO₂e? (major developed economies around 15t)
6. Strong policy basis and increasingly favorable enabling environment / legal structure for engaging in carbon markets
7. Challenging energy sector decarbonization pathway
8. Rural and Maritime Communities are highly integrated with the environment and reliant on the services of undeveloped environments (Direct use value – extractive and non-extractive and indirect-use value)



Fiji's Emissions Profile over the Last 3,500 Years



- Fiji transitioned from net negative emissions to something more like Net Zero emissions between the 1960s and 1970s
- Emissions were inconsequential until the early 2000s
- Pronounced Growth began around 2011

FIJI'S EMISSIONS PROFILE TODAY

Transport Emissions Dominate



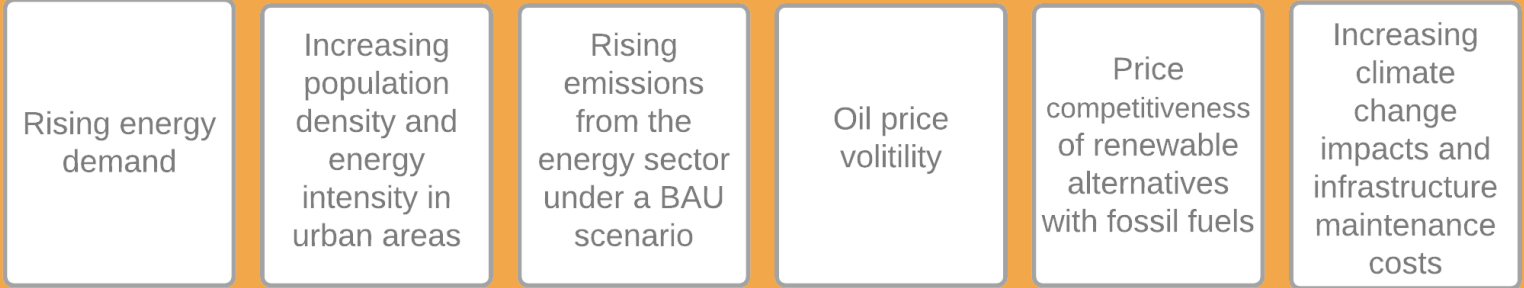
Trends

- Net Negative Emissions from the Agriculture, Forestry, and Other Land Use Sector
- Low renewable energy uptake
- Influx of used vehicles and surge in private transport preference
- Changing preferences
- Urbanization
- Reduced Logging

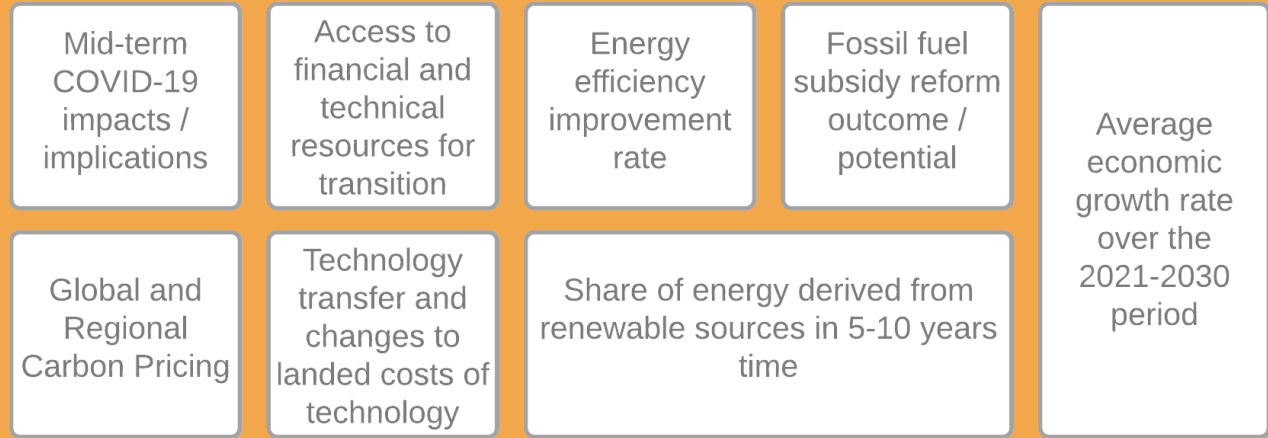
FORESIGHT



Upward Trends



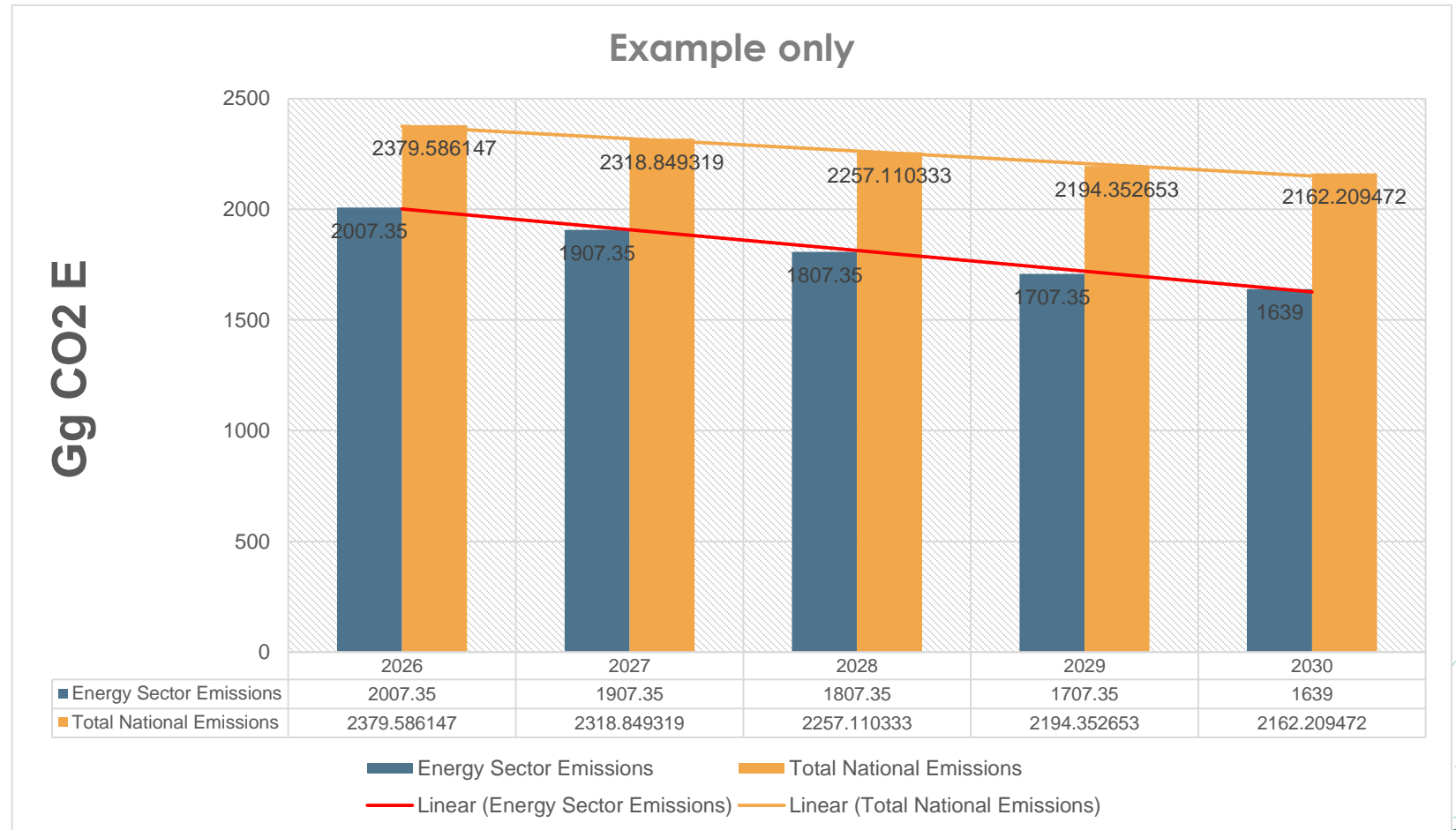
Key Uncertainties in Fiji



Global Megatrends



PROJECTING EMISSIONS REDUCTIONS WHILE ACCOUNTING FOR ENERGY DEMAND TRENDS



An economy and society reliant on the integrity of the environment

- Direct use value for Livelihoods
- Risk Management - Physical Protection
- Ecosystem services
- Biodiversity Protection Services
- Cultural significance, knowledge, and functionality
- Value for future generations
- Climate Regulation
- Wellbeing - Social, Health, Psychological, Educational Services

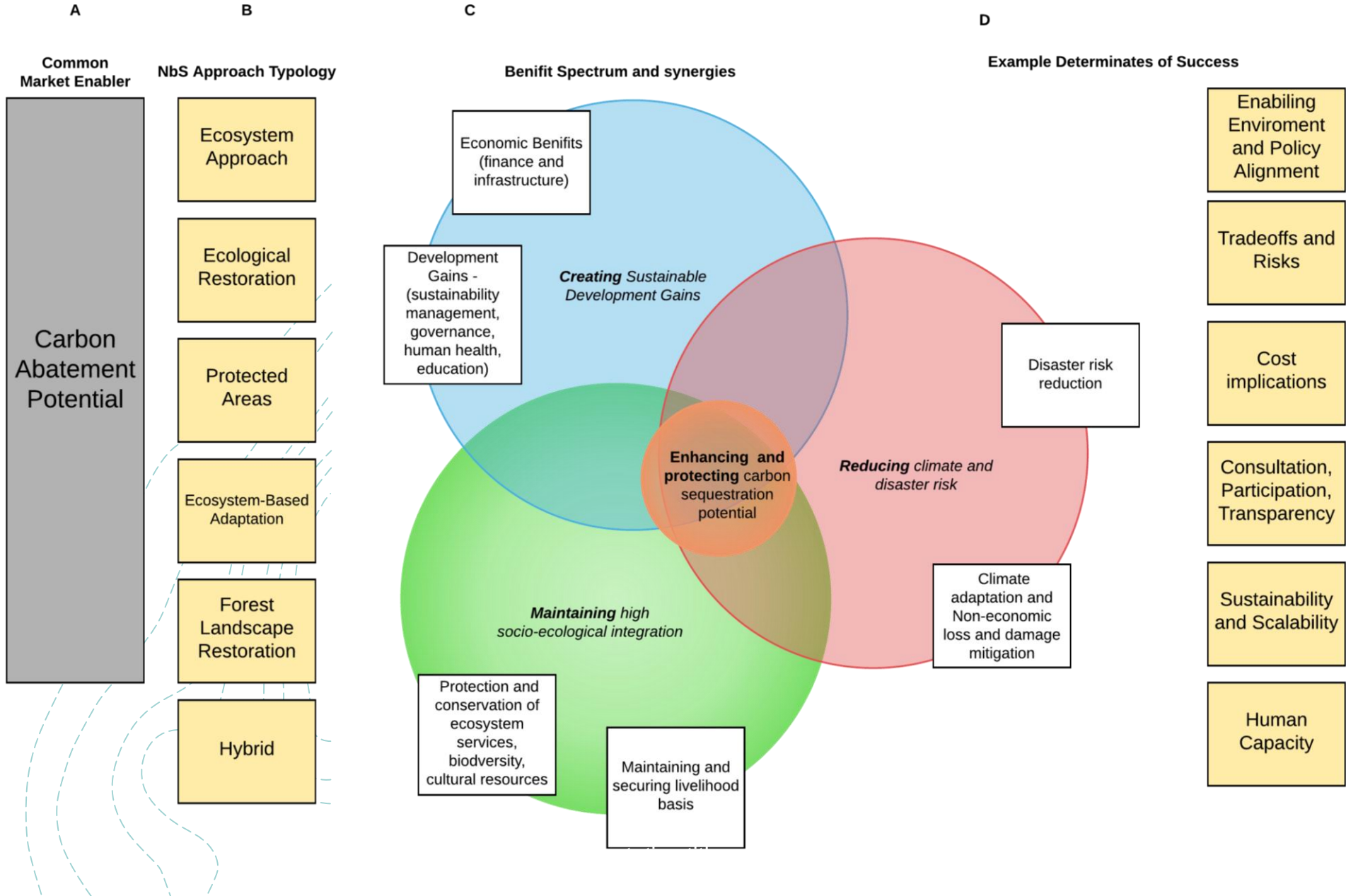
Example: Afforestation and Reforestation

- Increased carbon sequestration
- Increased water retention
- Reduced low land flooding
- Improved nutrient cycling and soil protection
- Reduced run-off
- Habitat recovery / biodiversity gains
- Improved crop yields in adjacent areas
- Community access and use
- Protection of culture and tradition



Human Health
Sustainability
Environmental integrity
Well-being
Disaster Risk Reduction
Water and Food security

Pacific NbS Core Benefit Spectrum for Carbon abatement-based investments



Who are the Buyers – Where is the Demand for Offsets?

- Countries that need offsets to help meet their NDC commitments
- Corporate companies, banks, sectors (oil and gas) that voluntarily wish to purchase offsets (and invest in socio-economic development)
- Offsets required to support other market-based measures for reducing emissions such as the ICAO's Carbon Offsetting and Reduction Scheme for International Aviation



REGIONAL DEMAND AND COLLABORATION

Partnerships with other Pacific Island Countries to Increase Offset Scale

- Joint projects
- Shared registries / regional registry
- Collaborative capacity building
- SIDS specific methodologies (SIDS transport decarbonization methods?)

Development Partners as Buyers / Investors

- Developed country partners in the broader asian Pacific region would preference the ability to source offsets regionally (i.e. NZ, Singapore, Japan, South Korea)
- Opportunity to develop shared standards and approaches.

Asia Pacific Carbon Market Roundtable



RISKS, PROBLEMS, CHALLENGES

Case studies

1. Four Corners Documentary on the NIHT REDD+ project in Papua New Guinea
2. EU ETS
3. CDM projects (high profile failures in India)

Main Concerns

1. Profiteering from offsets
2. Greenwashing, a means to delay, cant allow more time to be lost
3. CDM era Issues with additionality, method, non-transparency, proliferation of harmful solutions, allowance for corruption must be eradicated quickly.
4. Volunatry market's relationship with Article 6

RISKS

- Price Volatility
- High Costs of Entry
- Permanence Risk
- Compliance Risks

PROBLEMS

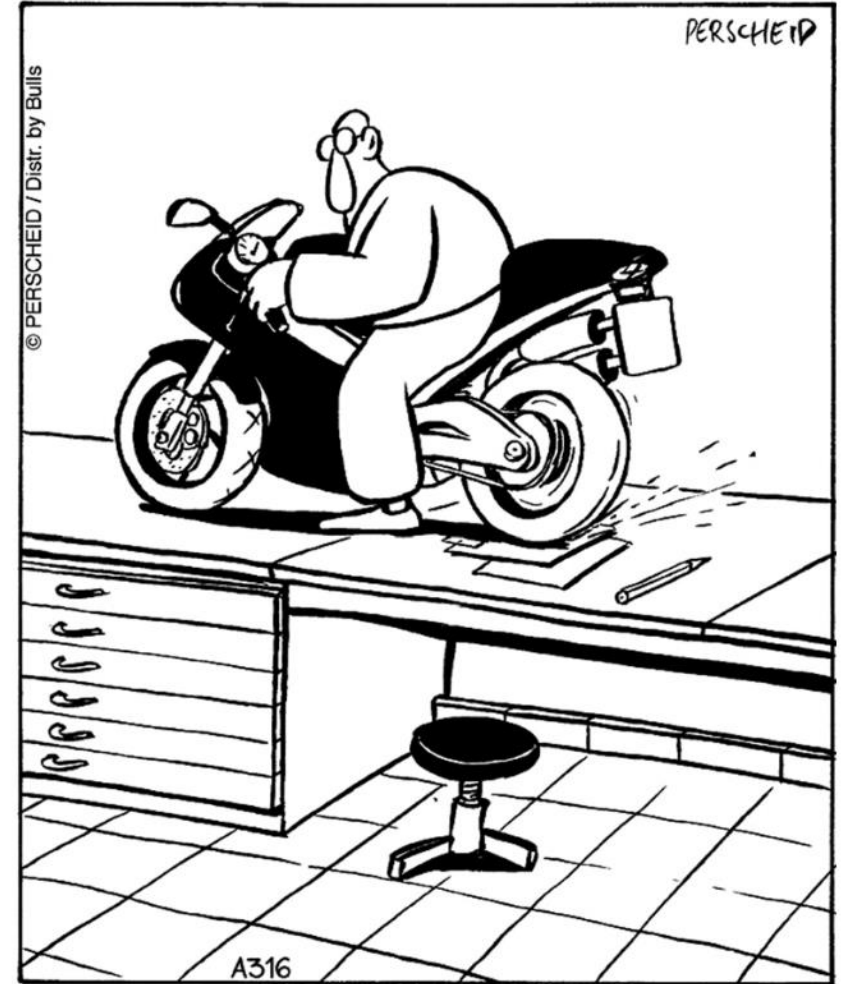
- Inaccessibility of information and guidance
- Data Deficits
- Scale / Additionality
- Reliance on external project developers
- NDC Foresight, Strategy

CHALLENGES

- Consensus / Stakeholder Readiness
- Project Development
- Capacity Building
- Institutional infrastructure
- Monitoring and Reporting
- Verification

USING THE RIGHT TOOL BY ASKING THE RIGHT QUESTIONS?

1. Is there there enough abatement potential / scale to justify costs of entry?
2. What are the trade-offs involved?
3. Is it economically feasible?
4. Is it inclusive of the right stakeholders?
5. What are the unique co-benefits made possible through the project (e.g biodiversity protection, adaptation)?
6. Is it sustainable?



ONCE AGAIN I HAD MISLAID MY ERASER.



KEY QUESTIONS – THEORY OF CHANGE

What do you want to accomplish through the market?

- Which type of opportunities are most appropriate in Fiji's context?
- How will the proposed activity benefit / impact upon Fiji's NDC targets / performance?
- What technology do we need to access to achieve our NDC?
- What development objectives could benefit from investments made through the carbon market?
- How will the activity / project / intervention generate benefits and revenue for stakeholders?
- What trade offs must be considered if taking the project forward? Unwanted indirect impacts?
- How to ensure market mechanisms do not conflict with development priorities or policies ?
- Can market mechanisms be used to create greater cohesion between Fiji's economic, environmental, and social development objectives?

BALANCING OUR APPROACH



OBJECTIVE Setting

What Can We Do
with Markets / What
are our objectives?



ASSESSING

Assessing NDC
impact



DESIGNING

Ensuring project
design creates co-
benefits and the
inclusive distribution
of benefits



STRATEGY

Sequencing, capacity
building, prioritization



ENGAGEMENT

Implementation
through partnerships
and information
sharing

*Where can carbon
markets create
opportunities not
otherwise
available?*



THANK YOU