

# Global Carbon Market

## Caribbean

### Context

With the adoption of the Paris Agreement in 2015 the international community committed to limit global temperature rise to 1,5 or well below 2 degrees Celsius. To reach this goal, countries need to drastically reduce their greenhouse gas (GHG) emissions. Market-based approaches, such as emission trading schemes, are an effective way to mitigate climate change as they reduce costs of emission reduction and incentivize climate-friendly investments. The creation of a global carbon market under Article 6 of the Paris Agreement presents an important opportunity to strengthen mitigation programs through climate financing, private sector involvement, and ambition raising.

Against this backdrop, in 2021 the German Ministry for Economic Affairs and Climate Action commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to expand its cooperation under the [Global Carbon Market](#) project to the Caribbean region. The global initiative supports partner countries in using market-based and other economic climate protection instruments at national and regional scale. The project focuses on novel forms of cooperation arising under Article 6 of the Paris Agreement, the voluntary carbon market and dedicated carbon pricing instruments.

The Small Island Developing States (SIDS) in the Caribbean have been underrepresented in the global carbon market. Many SIDS in the Caribbean did not participate in the Clean Development Mechanism (CDM) and have limited experience with market-based and other economic climate protection instruments. However, there is a strong interest in the region to use market mechanisms and Article 6 in particular. Participation in the global carbon market has significant potential to mobilize financing of climate adaptation measures and the transition to a low-carbon economy. The *Global Carbon Market* project takes a regional approach in cooperation with the Organization of Eastern Caribbean States (OECS) and the UNFCCC's Regional Collaboration Centre in St Georges – Grenada (RCC St Georges).

### Global Carbon Market

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The project's objective is to assist countries in the Caribbean in making use of carbon market and pricing instruments and accessing climate finance for the implementation of their Nationally Determined Contributions (NDCs).

### Approach

In the Caribbean, the *Global Carbon Market* project follows four approaches to engage with the relevant stakeholder groups:

1. **Strengthening capacities of public sector** representatives and institutional structures for Article 6 readiness and improved access to climate protection funds.
2. **Enabling participation of the private sector** through technical capacity building and awareness raising.
3. **Promoting the active participation of youth and women** in emerging market mechanisms and climate finance.
4. **Strengthening regional cooperation** on carbon markets and climate finance in the Caribbean.

## Activities

### 1) Policy Advice for Public Decision Makers

The Global Carbon Market project in the Caribbean collaborates with national governments, ministries, and regional bodies to establish guidelines and recommendations that prepare countries' institutional, legal and policy frameworks for the implementation of Article 6 activities. The project works closely with the OECS Commission and its member states to develop regional and nationally appropriate strategies to guide countries' effective engagement in market mechanisms. For example, recommendations are developed for the integration of carbon pricing into the NDCs of six independent OECS member states.

Public officials are also supported to navigate the opportunities and technical considerations of various market-based mechanisms. This enhances the enabling environment for the expansion of robust, nationally appropriate carbon market mechanisms. With this goal in mind, the GCM project trains public officials on carbon pricing, commissions studies, and facilitates regional dialogue on findings and opportunities (e.g. assessing the potential of carbon offsetting through mangrove restoration and conservation).

### 2) Private Sector Support

In the Caribbean, the *Global Carbon Market* project promotes cooperation and dialogue between project developers, purchasers of carbon credits, and other organizations active in carbon pricing. The private sector is engaged on opportunities for carbon market development in the Caribbean through different series of workshops and trainings (e.g. on voluntary carbon market standards for the tourism sector). This supports private sector representatives in identifying new, viable carbon market activities for SIDS in the region.

### 3) Participation of Youth and Women

Youth and women are supported to increase their visibility and play an active role in the sector through targeted workshops and training courses, which provide an opportunity for networking, knowledge sharing, and career advancement.

### 4) Regional Cooperation in the Caribbean

The project is working to establish a Caribbean Alliance on Carbon Markets and Climate Finance, which will serve to build on country-tailored capacities and advance regional harmonization for accessing climate finance. The Alliance will allow for more structured country-level support and regional knowledge sharing so that SIDS in the Caribbean are well positioned to reap the benefits of both new and existing carbon market mechanisms. Additionally, countries in the region are supported to increase their international visibility and active participation in international climate negotiations (e.g. by training negotiators from the Caribbean in preparation for their participation at COP events and contributing to a regional handbook for Article 6 negotiations).



**Published by:**  
Deutsche Gesellschaft für  
Internationale Zusammenarbeit (GIZ) GmbH

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Federal Ministry  
for Economic Affairs  
and Climate Action

This publication is offered on behalf of the Federal Ministry for Economic Affairs and Climate Action. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH supports the Federal Ministry for Economic Affairs and Climate Action in the implementation of international cooperation projects.