


CARBON MARKET ENGAGEMENT IN FIJI: OPPORTUNITIES AND RISKS

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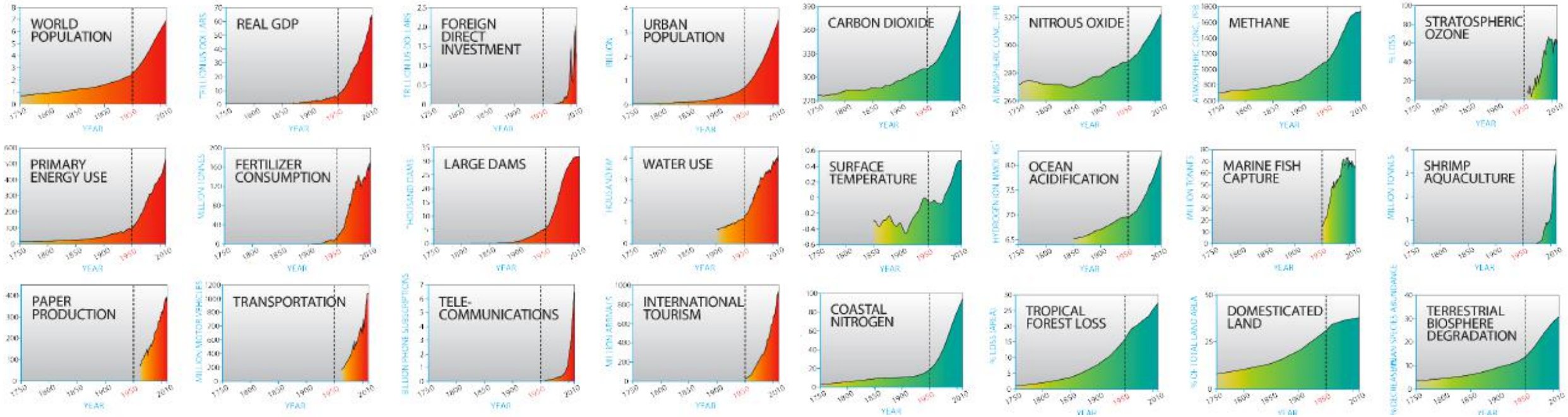
Rerevaka na Kalou ka doka na Tui

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 enviromental 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 incentises protection and enhancement of the enviroment

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

Carbon Market opportunities and risks are defined by context

Socio-cultural circumstances, Land Tenure

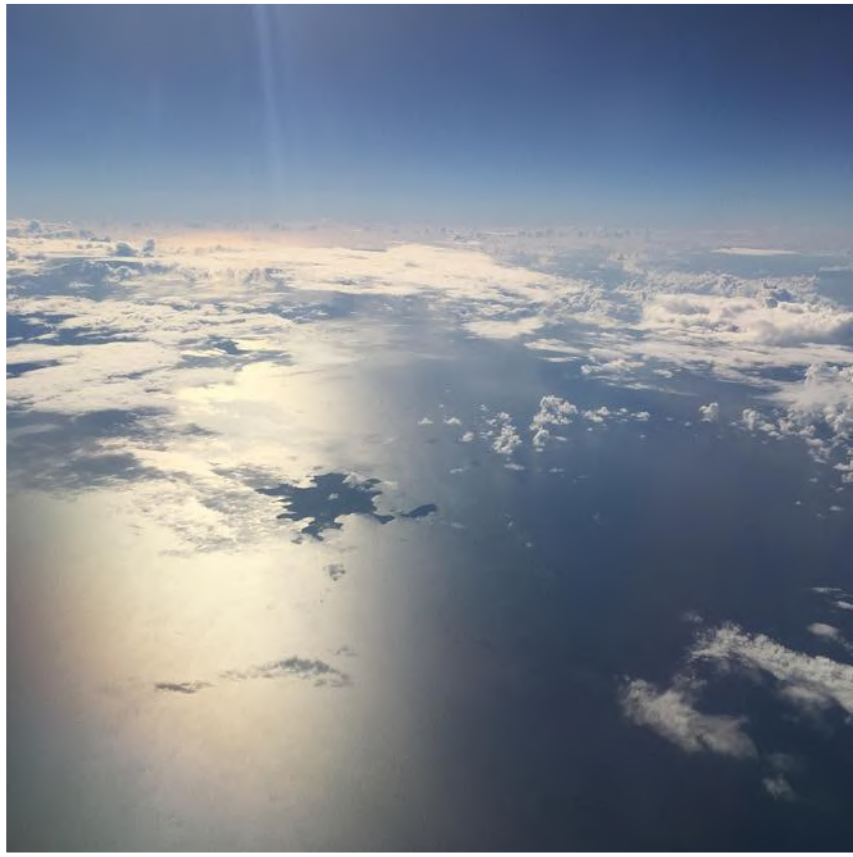
Climate Vulnerability / Development Status / Capacity

Emissions Profile / Policy

Governance and Enabling Enviroment

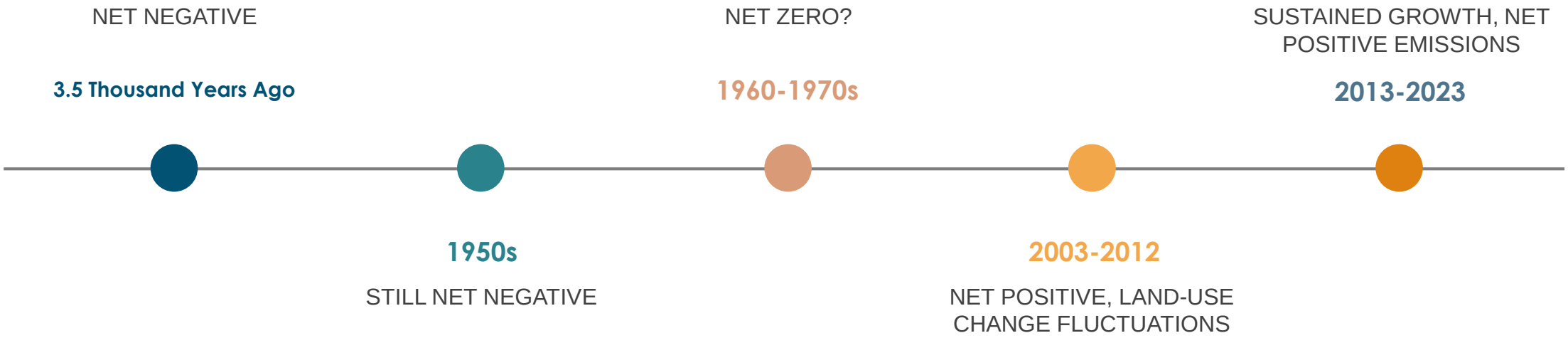
FIJI'S CONTEXT

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)

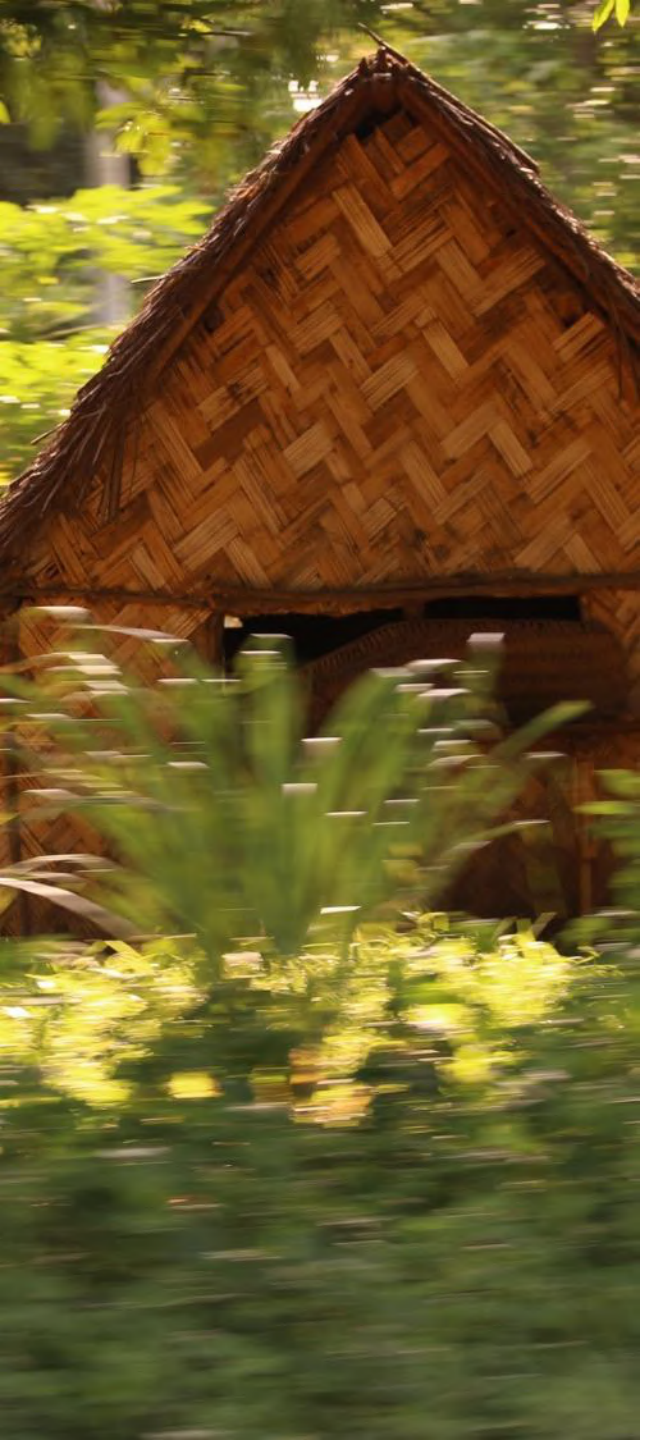


Fiji's Emissions Profile over the Last 3,500 Years

Total Emissions from Energy Sector in 2005 – Aprox 1800Gg
Total Emissions from Energy Sector in 2019 – Aprox 2086Gg



- Fiji transitioned from net negative emissions to something more like Net Zero emissions between the 1960s and 1970s
- Emissions were inconsiquential 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

- Rising energy demand
- Increasing population density and energy intensity in urban areas
- Rising emissions from the energy sector under a BAU scenario
- Oil price volitility
- Price competitiveness of renewable alternatives with fossil fuels
- Increasing climate change impacts and infrastructure maintenance costs

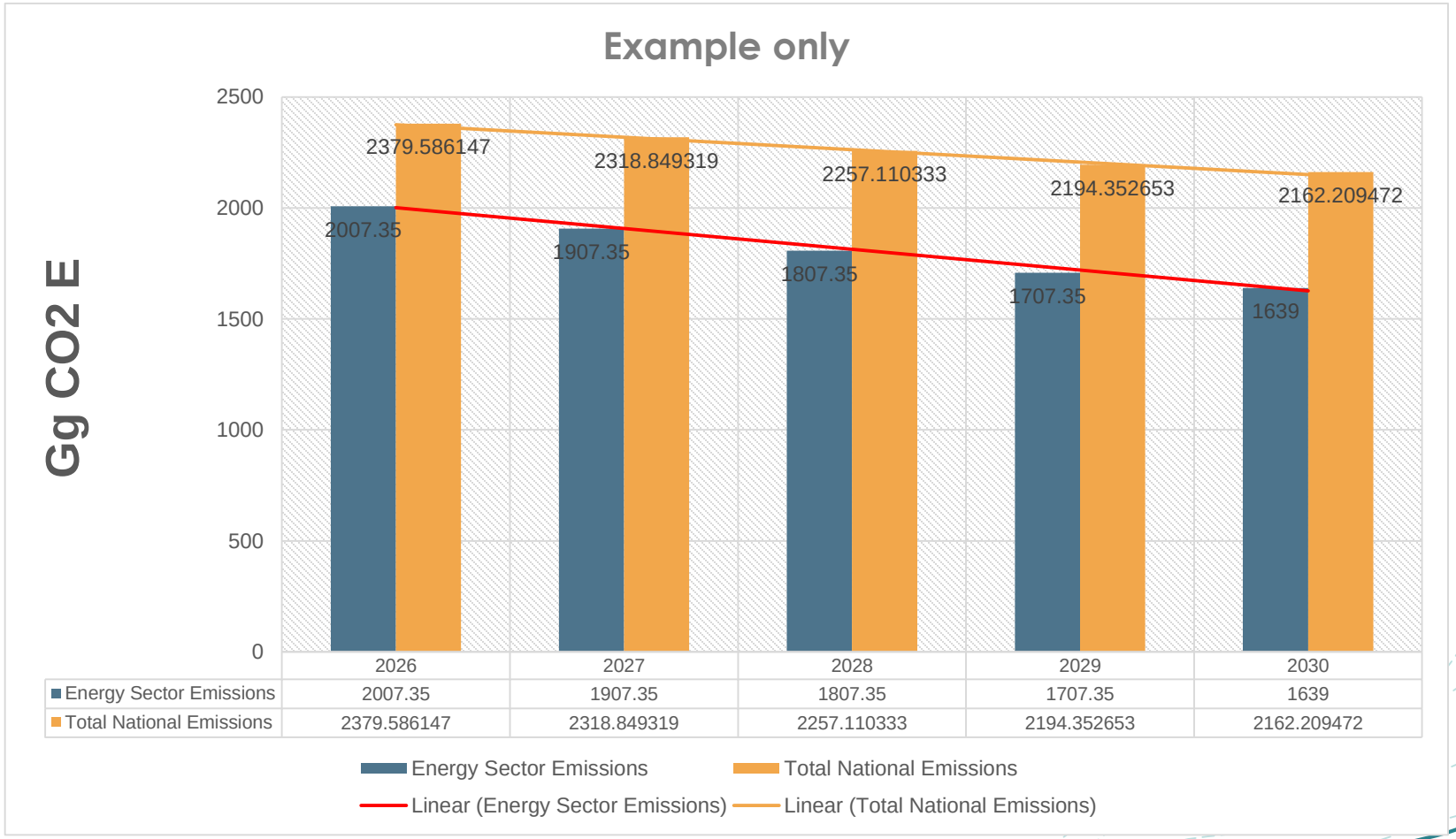
Key Uncertanties in Fiji

- Mid-term COVID-19 impacts / implications
- Access to financial and technical resources for transition
- Energy efficiency improvement rate
- Fossil fuel subsidy reform outcome / potential
- Global and Regional Carbon Pricing
- Technology transfer and changes to landed costs of technology
- Share of energy derived from renewable sources in 5-10 years time
- Average economic growth rate over the 2021-2030 period

Global Megatrends

- Rapid technological development
- Increased value of data, information and knowledge
- Increasing focus on health and well being
- Market disruption
- Increasing emphasis and valuing of sustainability
- Changing consumer preferences
- Rising climate change impacts
- Increasing complexity and connectivity

PROJECTING EMISSIONS REDUCTIONS WHILE ACCOUNTING FOR ENERGY DEMAND TRENDS



An economy and society reliant on the integrity of the environment

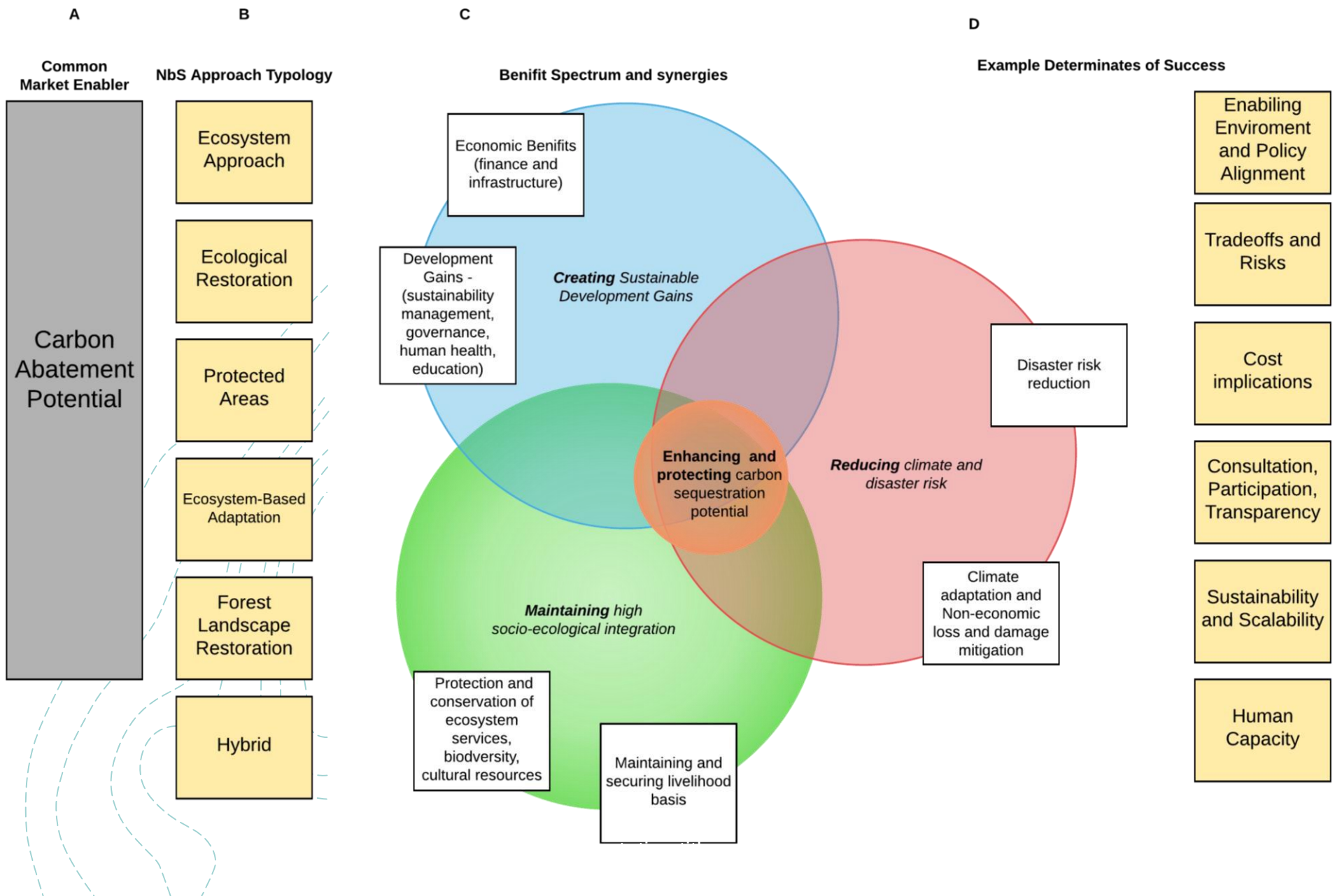
- Direct use value for Livelihoods
- Risk Management - Physical Protection
- Ecosystem services
- Biodiversity Protection Services
- Cultural significance, knowledge, and functionality
- Value for future generations
- Climate Regulation
- Wellbeing - Social, Health, Psychological, Educational Services

Example: Afforestation and Reforestation

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

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

Pacific NbS Core Benifit 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 erradicated quickly.
4. Volunatry market's relationship with Article 6

RISKS

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

PROBLEMS

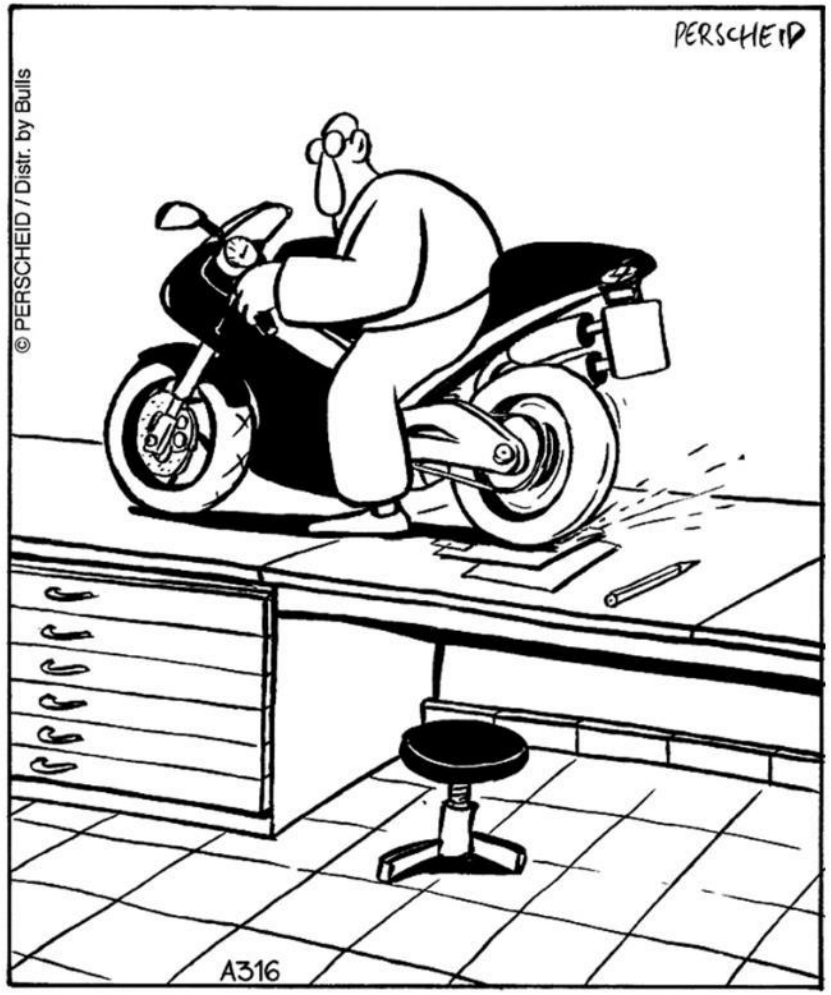
- Inaccessibility of information and guidance
- Data Deficits
- Scale / Additionality
- Reliance on external project developers
- NDC Foresight, Strategy

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?



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?

Where can carbon markets create opportunities not otherwise available?

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

THANK YOU