Areas of cooperation (such as standardized monitoring, reporting and verification (MRV) protocols, regional registries, and knowledge exchange) could significantly contribute to the development of carbon markets across the CAREC region.

We need to focus on three key areas of regional cooperation to make carbon markets in the CAREC region an effective instrument for emission reduction and investment mobilization:

1. Standardization of MRV (Monitoring, Reporting and Verification): We need harmonized regional protocols. Only in this way will carbon credits issued in one country be recognized and accepted across the region and internationally. This is the foundation for building trust in our market.
2. Regional Registries: We must establish a shared or interoperable system of registries for tracking carbon units. This is essential to prevent double counting and to ensure transparency, both of which are critical for enhancing the liquidity and credibility of our market.
3. Knowledge and Policy Exchange: It is important to harmonize national legislation and actively share experience. Regular trainings and regional forums will help our experts adopt best practices in carbon pricing and climate project development.

Only through joint efforts in these areas can we build a competitive and sustainable carbon market that makes a tangible contribution to the region's climate agenda.

Regional cooperation can address capacity limitations and reduce transaction costs for individual countries.

The development of carbon markets in the CAREC region faces two key barriers: limited institutional and technical capacity and high transaction costs for individual countries. Regional cooperation is the key to overcoming them:

1. Building Capacity through Sharing: Instead of each country developing its own expertise from scratch, we can join resources. Joint training programs, the establishment of regional knowledge hubs, and expert exchange initiatives will help rapidly strengthen professional skills in MRV and registry management. This collaborative approach will help overcome the existing capacity shortage.
2. Reducing Costs through Harmonization: The highest costs often arise from the need to reconcile differing national standards. Regional harmonization of MRV protocols and the creation of shared digital platforms or registries will eliminate these discrepancies. Common rules reduce legal, technical, and administrative barriers making climate projects more cost-effective and attractive to investors.

Barriers to Regional Cooperation in the Carbon Market (e.g., differences in regulatory systems, data gaps, and institutional readiness).

Despite the clear advantages, regional cooperation on carbon markets within the CAREC region faces three major barriers:

1. Differences in Regulatory Systems

Countries follow different approaches: some are developing Emissions Trading Systems (ETS), others focus on carbon taxation, while several are only at the beginning. These unaligned national rules make cross-border trading of carbon units complex, risky, and costly. Regulatory convergence is essential for us to ensure that the regional market functions effectively.

2. Lack of Quality Data and MRV

Reliable data is the foundation of any functioning market. In our region, there is often a shortage of accurate and verified emissions data. This challenge is directly linked to underdeveloped Monitoring, Reporting, and Verification (MRV) systems. Without standardized and transparent data, we cannot ensure the environmental integrity of carbon credits, which undermines investor confidence.

3. Institutional Readiness and Capacity

Many national institutions responsible for climate policy face capacity constraints. This includes a shortage of qualified specialists and the absence of adequate legal and technical infrastructure for managing complex market mechanisms. Without strong and well-prepared institutions, implementing and administering regional agreements will remain highly challenging.

To succeed, we must not only agree on common goals but also actively invest in addressing these barriers.

How countries can address trust and coordination challenges to build a reliable foundation for regional carbon markets.

Trust and coordination challenges form the foundation that will determine the success of regional carbon markets. How can we address them?

1. Addressing the Trust Challenge: Transparency and Integrity

Investor and partner confidence depends on the assurance that every carbon unit is real and unique.

- Unified MRV Systems: We must not only agree in principle but also implement harmonized, internationally recognized Monitoring, Reporting and

Verification (MRV) protocols. This will ensure the reliability and comparability of data across countries.
- Shared Registries: A common or interoperable digital registry is essential to guarantee full transparency and prevent double counting of carbon units.

2. Addressing the Coordination Challenge: Common Rules and Institutions

Coordination requires building together, not simply existing side by side.

- Regulatory Harmonization: We must work actively to align our national laws and technical standards. Regional carbon markets cannot operate on the basis of nine different rulebooks. A shared regulatory framework is indispensable.
- Regional Platform: We need a permanent regional mechanism for decision-making, exchange of best practices, and dispute resolution. This could take the form of a CAREC Working Group on Carbon Pricing, mandated to facilitate compliance and ensure consistent implementation of common rules.

How regional cooperation can enhance access opportunities to international carbon finance (including Article 6 transactions and voluntary carbon markets).

Regional cooperation is a critical factor for CAREC countries in gaining access to international carbon finance, including mechanisms under Article 6 of the Paris Agreement and voluntary carbon markets (VCMs). How can we strengthen this access?

1. Reducing Risks and Scaling Up Projects

International investors and carbon credit buyers look for reliability, integrity, and scale.

- Project Aggregation (Scale-up): Regional cooperation allows countries to aggregate smaller national initiatives into larger, regional project portfolios. This aggregation increases project attractiveness for major international funds, reduces transaction costs, and improves financial returns.
- Risk Reduction: Harmonized MRV protocols and regional carbon registries (as discussed earlier) create a unified and transparent regulatory environment. This reduces investor risk by ensuring confidence in the quality and environmental integrity of carbon units.

2. Strengthening Negotiating Power

- Collective Negotiations: By acting together, countries can negotiate more effectively and on more favorable terms with international donors (such as the GCF, Multilateral Financial Institutions) and major corporate buyers under both Article 6 and VCMs.

- Building Regional Capacity: Joint training and knowledge-sharing initiatives help quickly build a pool of experts capable of meeting the technical and procedural requirements of Article 6 and international standards (e.g. Verra and Gold Standard).

Regional cooperation transforms fragmented and high-risk national efforts into credible, scalable investment opportunities. This is our direct pathway to international carbon finance.

The role of regional institutions and platforms in supporting project development and financing.

Regional institutions and platforms, such as the CAREC Program and the Regional Environmental Centre for Central Asia (RECCA) play an indispensable role in transforming climate ambitions into real projects and in facilitating access to financing. Their contribution can be summarized in two key functions:

1. Risk Reduction and Project Development

Regional platforms act as catalysts at the early stages of project formulation:

- Capacity Building: They provide technical assistance and training to national teams, helping them design projects aligned with international MRV standards and carbon market requirements (Article 6 and Voluntary Carbon Markets).
- Harmonization and Incubation: They develop standardized methodologies and templates for project assessment and preparation, reducing legal and technical barriers. In essence, they "incubate" projects, making them investment-ready (bankable).

2. Financing and Trust Mobilization

These institutions serve as bridges between national projects and international capital:

- Aggregation and Scaling Up: They can aggregate smaller national initiatives into larger regional portfolios. This is essential, as major investors prefer to engage with large-scale, diversified projects.
- Building Trust: By acting as neutral and credible intermediaries and as "quality guarantors" for regional standards (MRVs, registries), they help reduce risks for international investors and funds, including financing under Article 6 and the Global Environment Facility.