5th CAREC Working Group on Climate Change Meeting

Strengthening carbon trading and JCM operationalization in Uzbekistan

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UNDP mission and strategic outcomes

Strategic outcomes

1. Unlocking carbon market finance for the enhanced implementation of NDCs and SDGs.
2. Fostering equity in carbon markets, improving outcomes for host countries and local stakeholders.
3. Increasing the supply of high-quality carbon credits on a global scale.

CONVENING diverse stakeholders, including governments, corporates, project developers, investors, civil society, Indigenous Peoples, local communities, women and others to collaboratively forge pathways to achieve high-integrity carbon markets, while advancing climate and development objectives in a holistic and sustainable manner.

SUPPORTING governments to establish enabling policy, regulatory and legal frameworks, and institutional capacities for design and sustainable implementation of high-integrity carbon crediting programs.

INTEGRATING the high-integrity guardrails into host countries' decision-making and practices, ensuring their incorporation across all carbon crediting programs – at project, sectoral and jurisdictional levels.

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Article 6.2 Implementation at a Glance

Key phases

Preparation phase

Implementation phase

Assessment of NDC achievement

Key activities

Ensure fulfilment of participation including:

- Put in place **authorization arrangements**
- Put in place **tracking arrangements**

- Provide authorization the use of ITMOs
- Track ITMOs information
- Report information and apply corresponding adjustments to avoid double counting

In the BTR containing end year of the NDC implementation period

- Application of the necessary corresponding adjustments in the assessment of achievement of the NDC

Reporting

Article 6.2 Initial Report
(no later than authorization of ITMOs or in conjunction with the next due BTR)

- **Annual information**
  (by 15 April each year)
- **Regular information**
  (by 31 December every 2 years with the BTR)

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National/Government Mechanisms	International Mechanisms	
	A6 of the PA	Independent Standards
▪ Policy and Regulatory Frameworks. ▪ Coordination and Governance, including on MRV. ▪ Finance and budgeting. ▪ Capacity Building and Awareness.	▪ **Cooperative Approaches under A6.2** ▪ The Paris Agreement Credit Mechanisms (PACM) under **A6.4** ▪ Non-market approaches under **A6.8**	▪ Verra's Verified Carbon Standard (VCS). ▪ Gold Standard ▪ American Carbon Registry (ACR). ▪ Climate Action Reserve (CAR). ▪ Etc.

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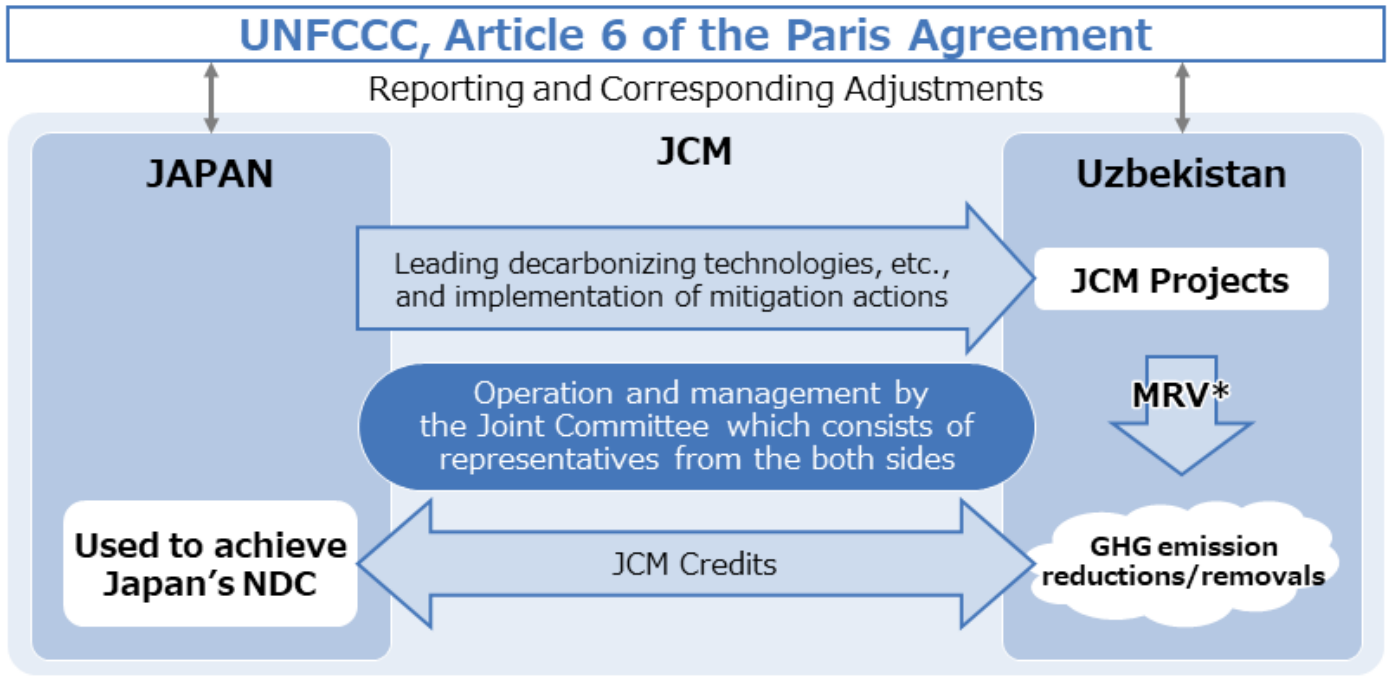
Uzb – Japan Joint Credit Mechanism

Oct 2022
Bilateral cooperation agreement signed under Article 6.2

2023
JCM Joint Committee established with terms of reference

Feb 2025
1st Joint Committee meeting — rules of procedure & guidelines adopted

Operational
Full set of rules, guidelines & forms approved for JCM implementation



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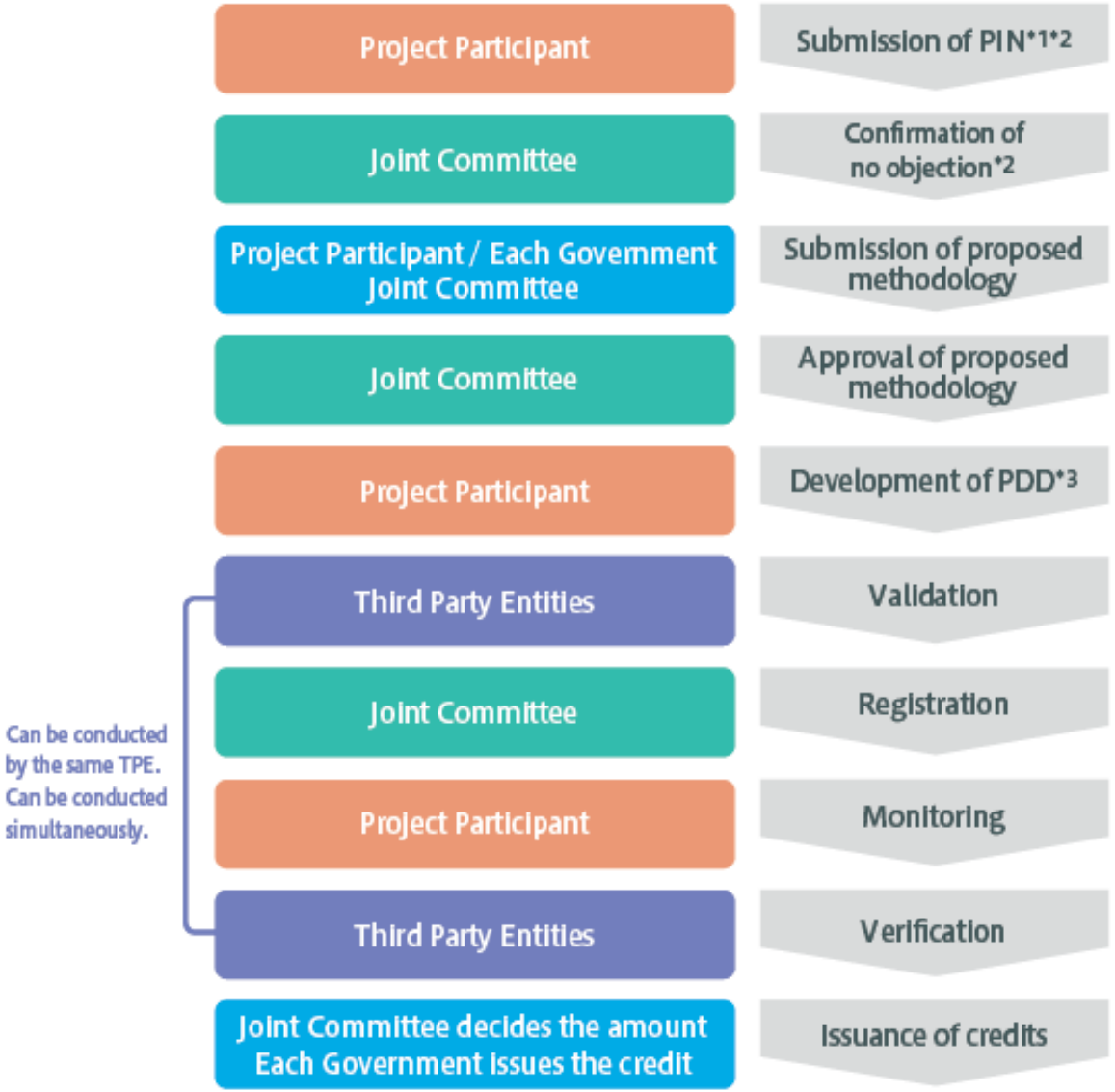
JCM project cycle



*1 PIN (Project Idea Note):
A document used to explain the outline of the project to the partner country and confirm whether there is an objection.

*2 For the latest information on JCM rules and guidelines, including the PIN procedures adopted with each Partner Country, please refer to each partner country page on the JCM website.

*3 PDD (Project Design Document):
A document that includes monitoring methods and estimated emission reductions. Required for project registration.

JCM Website
URL: https://www.jcm.go.jp/

<Contents>
- General information page
- Individual JCM partner countries-Japan page

<Function>
- Information sharing to the public, e.g.,
  - JC decision
  - JCM rules and guidelines
  - methodologies and projects
  - issuance of JCM credits
  - call for public inputs/comment
  - status of TPEs, etc.
- Internal information sharing for the JC members, e.g.,
  - file sharing for electronic decisions by the JC

Article 6.2 Participation Checklist

To participate in the cooperative approaches, each participating party has to ensure that it has fulfilled the participation referred to in the A6.2 guidance.

Participation	Checklist	Readiness status
1. Being a Party to the Paris Agreement	☐ Have you ratified the Paris Agreement?	☐ **Yes**
2. Prepared, communicated and maintaining an NDC	☐ Have you communicated the (latest) NDC?	☐ **Yes**
3. Authorization arrangements	☐ Have you assigned an authority to be in charge of providing authorization? ☐ **Have you established the process for providing such authorization**	☐ **Yes** ☐ **Currently in a drafting process (Draft Resolution)**
4. Tracking arrangements	☐ **Do you have in place a registry or have access to a registry for tracking ITMOs?**	☐ **Currently working with the World Bank to develop a national registry (expected Jan. 2026)**
5. Provided the most recent national inventory report	☐ Have you provided the most recent national inventory?	☐ **Yes**
6. Contribution to NDC, LT-LEDS (if it has submitted one), and the Paris goals	☐ Have you identified the use of A6 in NDC? ☐ **Have you considered the contribution of A6 to your LT-LEDS (if applicable) and towards the long-term goals of the PA?**	☐ **Yes** ☐ **Under consideration**

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Strategic & Regulatory Challenges	Institutional & Capacity Constraints	Infrastructure Challenges	Lack of Operational Experience
• Lack of a national “A6 strategy”. • Lack of clear authorization procedures for ITMOs. • Non-adoption of the Resolution of the Cabinet of Ministers on measures to participate in the international carbon market. • Lack of a positive or negative list to determine a new project's eligibility and streamline approval procedures.	• Limited technical capacity regarding carbon markets and A6 mechanisms. • Fragmented coordination among stakeholders. • Fragmented with a lack of practical focus and capacity- building support.	• Lack of centralized Measurement, Reporting, and Verification (MRV) system. • Lack of standardized templates, procedures, and digital platforms for project processing.	• Existing project proposals are stalled due to regulatory and procedural challenges. • Letter of No Objection (LNO) has been issued for the Proposed JCM Project. • A6 Initial Report not submitted

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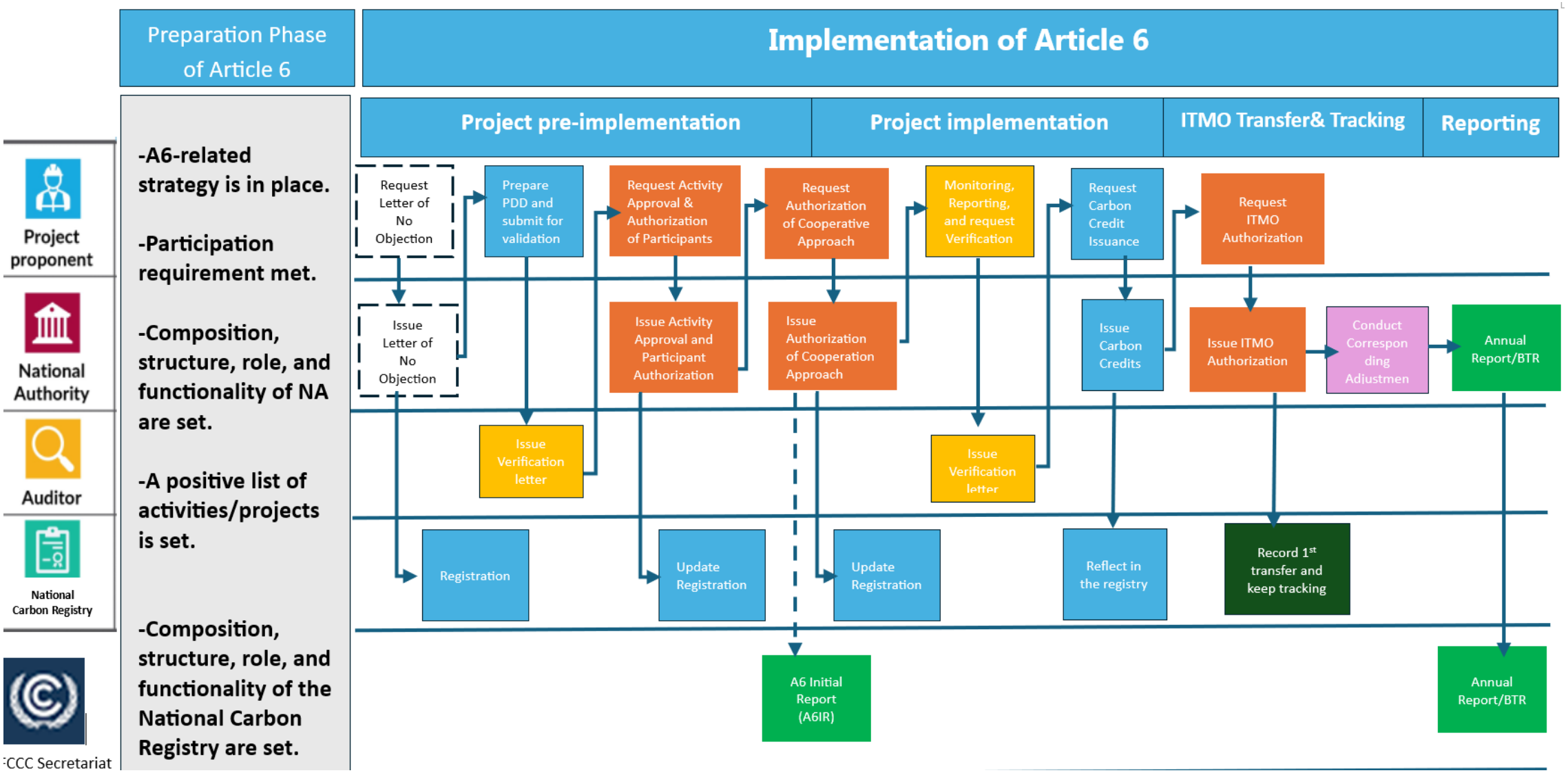
Proposed A6 General Implementation Approach in Uzbekistan



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Drive convergence on high integrity
Build shared definitions, practices and capacities, starting with social integrity.

Boost market confidence
Help unlock investment and support price premiums for high-quality credits.

Provide practical guidance
Demonstrate how to integrate, measure, monitor, verify and validate social and environmental safeguards and SDG impacts.

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High-Integrity Carbon Markets Toolkit

Realizing social integrity

Standard setting bodies (Carbon crediting programmes and ICVCM)

Require robust social and environmental safeguards aligned with international human rights law.

Buyers

Prioritize credits that adhere to robust safeguards and respect for human rights; and build internal due diligence systems to verify compliance before purchasing.

Project developers

Apply rigorous procedures to identify, assess, manage, monitor and report potential social and environmental impacts, including those affecting Indigenous Peoples' rights.

Carbon credit rating agencies

Integrate assessment of safeguards quality into ratings to provide a fuller picture of project and credit integrity.

Host countries

Establish legal and policy frameworks for Article 6 and voluntary carbon markets to ensure all projects align with strong safeguards and international obligations.

Validation and verification bodies

Strengthen methodologies and staff capacity to conduct social audits and assess compliance with international obligations, including Indigenous Peoples' rights.

Indigenous Peoples, local communities, women and other rights holders

Actively engage in the design, implementation, monitoring and governance of carbon market activities to ensure respect for their rights, equitable benefit sharing and participation in decision-making.

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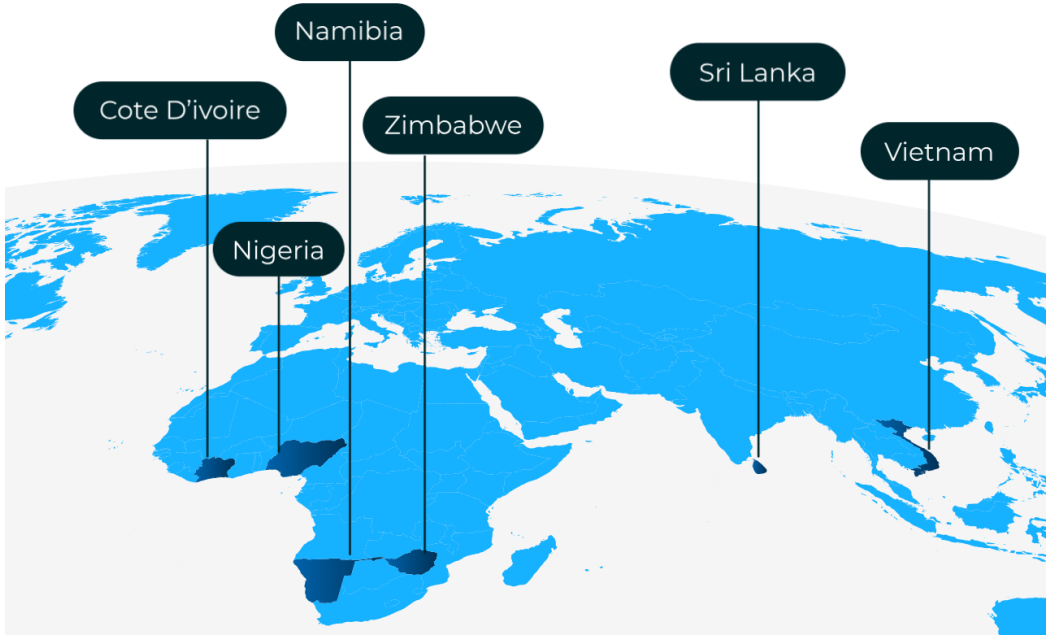
UNDP Open Source National Carbon Registry



Governments

oversight and governance of national carbon markets according to national policy

Project Developers

register and track projects that generate emission reductions

Certifiers

carry out verification and certification processes

Buyers

access transparent information on carbon credits and transactions

Initial Request Phase

Projects Aimed At Reducing Or Removing Carbon Emissions Sign Up To The Registry And Are Assigned An Independent Certifier.

Project Authorisation

After The Project Design Document (PDD) Is Reviewed, The Project Is Officially Authorised And Recorded On The Registry's Ledger.

Implementation Phase

Once Implemented, Projects Are Monitored, And Emission Reductions Are Reported. Carbon Credits Can Be Issued And Serialised Following Verification.

Credit Transfer & Retirement

Issued credits can be traded domestically or internationally. Credits can be tracked, retired, or cancelled within the Registry, ensuring proper ownership transfer and preventing double counting.

Planned: Peru, Ukraine, Phillipines, Pakistan, Chile, Cambodia, Nepal

Digitalforplanet@undp.org

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UNDP's high-integrity carbon market offers

UNDP adopts a portfolio approach

1. Readiness support (Offer 1) and
2. Implementation support for Article 6 (Offer 2), for voluntary jurisdictional carbon markets (Offer 3) and for domestic carbon market schemes (Offer 4).

✓ **Carbon Cooperation** digital platform
help countries process ITMO projects more transparently & efficiently
✓ **Article 6.2 capacity development online course**

If and when to engage in carbon markets	How to finance NDCs	The role of carbon markets in NDC achievement	Establishing legal and institutional frameworks	Ensuring high-integrity carbon market activities
▶ Assess the potential of engagement in carbon markets ▶ Determine which roles the host country government will play ▶ Identify the existing market: mapping of VCM and CDM activities	▶ Determine finance needs for implementing NDC ▶ Identify financing instruments available for implementing NDC ▶ Facilitate finance for mitigation through carbon markets	▶ Article 6 readiness workshops and trainings ▶ Clarify when emission reductions and removals count towards the host country's NDC achievement ▶ Consider double counting and double claiming ▶ Develop a policy on corresponding adjustments ▶ Avoid risks related to carbon market engagement	▶ Clarify carbon rights ▶ Address institutional and regulatory issues ▶ Regulatory and institutional frameworks for Article 6 implementation ▶ ITMO workflow platform and registry (the two systems are already linked)	▶ Align carbon market activities with host country policies ▶ Put in place national carbon accounting rules ▶ Ensure high-quality supply of carbon credits ▶ Ensure high-integrity use of carbon credits

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Key recommended actions

01

Adopt the Cabinet Resolution

Finalize the legal framework enabling A6.2 cooperative approaches and providing certainty for investors.

Immediate priority

02

Develop a national carbon registry

Build or access existing systems (JCM, Gold Standard, Verra) as an interim solution to track ITMOs.

Immediate priority

03

Prepare project eligibility criteria

Establish positive and negative lists for A6 projects to reduce uncertainty and attract credible pipelines.

Urgent requirement

- 20% of credits retained for NDC achievement reduces tradable volumes
- Multiple regulatory, technical, financial, and oversight functions within a single institution may create potential conflicts of interest and would benefit from stronger independent review and appeal mechanisms

04

Establish a centralized MRV system

Build a digital platform integrating methodologies, templates, and real-time tracking to ensure transparency.

Institutional

05

Scale up the project pipeline

Expand mitigation activities in renewables, energy efficiency, and agriculture; diversify portfolio for resilience.

Market integration

06

Submit A6 Initial Report to UNFCCC

Signal readiness to the private sector and international actors once the Cabinet Resolution is adopted.

Milestone signal

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