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Jamaica's National Strategy and Roadmap For Article 6 and Carbon Pricing

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About the Study

This report was prepared as part of the Collaborative Instruments for Ambitious Climate Action (CiACA) Initiative, launched during the twenty-second session of Conference of the Parties (COP22) to the United Nations Framework Convention on Climate Change (UNFCCC), held in Marrakesh in 2016. CiACA aims to support countries around the world in adopting carbon markets and carbon pricing instruments to align with the goals of the Paris Agreement. The initiative is implemented through the United Nations (UN) Climate Change Secretariat and is supported by the German Federal Government through the Federal Ministry for the Environment, Climate Action, Nature Conservation, and Nuclear Safety (BMUKN).

Within this framework, the Government of Jamaica, through the Ministry of Economic Growth and Job Creation (MEGJC), with technical support from the UN Climate Change Secretariat's Regional Collaboration Centre (RCC) for the Caribbean, is developing a National Strategy for Article 6 and Carbon Pricing, supported by an assessment of national readiness and a participatory stakeholder engagement process to advance the implementation of NDC 3.0 and the LT-LEDS.

Disclaimer

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The report was prepared by an independent consultant and does not necessarily reflect the views of the UNFCC secretariat, the United Nations, or the Government of Germany.

Table of Contents

List of Acronyms and Abbreviations **6**

Executive Summary **8**

Introduction **12**

1 CONTEXT FRAMEWORK: EXPERIENCE AND OPPORTUNITIES **13**

1.1 Climate Policy and Mitigation Framework 13

1.1.1 Climate Mitigation Policy Targets 13

1.1.2 Climate Policy Framework 14

1.2 Macroeconomic and Fiscal Context 15

1.3 Carbon Markets and Carbon Pricing Experience in Jamaica 16

2 STRATEGIC FRAMEWORK FOR CARBON MARKETS AND CARBON PRICING **19**

2.1 Strategic Approach 19

2.2 Objective of the strategy 23

2.3 Guiding Principles 23

3 ENABLING FOUNDATIONAL CONDITIONS FOR IMPLEMENTATION OF THE CARBON MARKETS AND CARBON PRICING STRATEGY **25**

3.1 Legal and regulatory considerations 25

3.1.1 Legal nature of carbon credits, ITMOS and allowances 26

3.1.2 Carbon Tax legal Considerations 26

3.2 Governance and institutional arrangements 26

3.2.1 Policy Decision Level 27

3.2.2 Strategic Level 27

3.2.3 Coordination Level 27

3.2.4 Transparency Level 28

3.3 Data, MRV and information systems 29

3.3.1 GHG inventory processes 29

3.3.2 MRV and climate reporting processes 30

3.3.3 NDC tracking and progress monitoring 30

3.3.4 Sectoral information considerations 31

3.3.5 Article 6 considerations: Inventories, ITMOs Tracking and Registries 31

3.4 Climate finance tracking 33

3.5 Stakeholder engagement and capacity building 33

3.5.1 Relevant stakeholders for capacity building and engagement 33

3.5.2 Capacity Needs and Recommendations by Stakeholder Group 34

3.5.3 Phased Capacity Building Roadmap 36
3.5.4 Transparency, inclusion, consultation and participation 39
3.6 Sectoral Readiness: Characteristics and Capacity 40
3.6.1 Conceptual Approach for Potential Pilot Mitigation Activities 42
3.7 Implementation roadmap for enabling conditions 42
4 PARTICIPATION PATHWAYS: ARTICLE 6 AND EXPLICIT CARBON PRICING 46
4.1 Article 6 Pathway 46
4.1.1 Article 6 Implementation Roadmap 46
4.1.2 Article 6: Institutional Arrangements 52
4.1.3 Use of mitigation outcomes, crediting approaches and eligibility framework 54
4.1.4 Approval of activities 61
4.2 Carbon Pricing Pathway 61
4.2.1 Implementation roadmap for carbon tax 62
4.2.2 Principles for price setting, adjustment, and revenue use 64
4.2.3 Distributional impacts and revenue recycling 64
4.2.4 Institutional Arrangements for Carbon Pricing 65
5 ENVIRONMENTAL AND SOCIAL SAFEGUARDS FOR CARBON MARKETS AND CARBON PRICING 67
5.1 Environmental Integrity Safeguards 67
5.2 Social Integrity and Safeguards 68
6 FINANCING AND PARTNERSHIPS 71
6.1 Revenue streams and financing opportunities 71
6.2 Strengthening the role of financial institutions 71
6.3 Blended finance and sector-specific investment strategies 72
6.4 OMGE and Share of Proceeds considerations 72
6.5 Strategic partnerships and market engagement 73
6.6 Potential sources of International Demand 73
7 IMPACT ASSESSMENT AND REVIEW MECHANISMS FOR THE STRATEGY 75
8 Bibliography 79
ANNEX 1. GENERAL AND SECTORIAL POLICIES AND INSTRUMENTS RELEVANT FOR CLIMATE CHANGE MITIGIATION 80
ANNEX 2. ARTICLE 6 PARTICIPATION REQUIREMENTS AND FORMS ESTABLISHED BT CMA DECISIONS AND SUPERVISORY BODY GUIDANCE 81

List of Tables

Table 1. Sustainable Finance, Fiscal Measures, and Enabling Conditions Relevant to Carbon Pricing and Carbon Markets 15
Table 2. CDM Projects Registered 17
Table 3. Recommended Training and Capacity Building Focus and delivery methods for Stakeholders 34
Table 4. Capacity Building Roadmap, stakeholders and delivery methods 36
Table 5. Sectoral Readiness Analysis for Carbon Markets and CPIs 40
Table 6. Enabling Conditions Roadmap 43
Table 7. Article 6.2 Implementation Roadmap 48
Table 8. PACM Implementation Roadmap 50
Table 9. Activity types and eligibility indicative assessment Electricity 55
Table 10. Activity types and eligibility indicative assessment AFOLU 56
Table 11. Activity types and eligibility indicative assessment Transport 57
Table 12. Activity types and eligibility indicative assessment Buildings 59
Table 13. Activity types and eligibility indicative assessment Industry 59
Table 14. Activity types and eligibility indicative assessment Waste 60
Table 15. Roadmap for Carbon Pricing Implementation 62
Table 16. Environmental Integrity Evaluation Criteria 67
Table 17. Social Integrity Evaluation Criteria 69
Table 18. Implementation Framework: Results Based Timeline 76

List of Figures

Figure 1. Cascading and Sequencing Approach of Carbon Markets and CPIs 22
Figure 2. Strategic, Policy and Governance Institutional Arrangements for the Carbon Markets and Carbon Pricing Strategy 29
Figure 3. Main Stakeholders to be involved in the Strategy 34
Figure 4. Project Cycle for Crediting Mechanisms and Specific Government functions under Article 6 considerations 47
Figure 5. Institutional proposal and procedural map for Article 6 functional approach 53
Figure 6. Proposed Functional Governance for Carbon Tax 65

List of Acronyms and Abbreviations

A6.2	Article 6.2 of the Paris Agreement
A6.4	Article 6.4 of the Paris Agreement
A6.4ERs	Article 6.4 Emission Reductions
AEF	Agreed Electronic Format
AFOLU	Agriculture, Forestry and Other Land Use
BAU	Business As Usual
BGA	Bureau of Gender Affairs
BSJ	Bureau of Standards Jamaica
BTR	Biennial Transparency Report
BUR	Biennial Update Report
CA	Corresponding Adjustment
CARICOM	Caribbean Community
CCB	Climate Change Branch
CCAB	Climate Change Advisory Board
CCFPN	Climate Change Focal Point Network
CDM	Clean Development Mechanism
CDB	Caribbean Development Bank
CPI / CPIs	Carbon Pricing Instrument(s)
DNA	Designated National Authority
ETS	Emissions Trading System
EUC	Emission Units Eligibility Criteria
FD	Forestry Department
FREL / FRL	Forest Reference Emission Level / Forest Reference Level
GCF	Green Climate Fund
GCT	General Consumption Tax
GEF	Global Environment Facility
GHG	Greenhouse Gas
GFPN	Gender Focal Point Network
ICS	International Crediting Standards
IPCC	Intergovernmental Panel on Climate Change
IRP	Integrated Resource Plan
ITMOs	Internationally Transferred Mitigation Outcomes
JANAAC	Jamaica National Agency for Accreditation
JCA	Jamaica Customs Agency
LT-LEDS	Long-Term Low Emissions Development Strategy
LULUCF	Land Use, Land-Use Change and Forestry
MDAs	Ministries, Departments and Agencies
MEGJC	Ministry of Economic Growth and Job Creation
METT	Ministry of Economic Transformation (as referenced in the document)

MIIC	Ministry of Industry, Investment and Commerce
MLGCD	Ministry of Local Government and Community Development
MoFPS	Ministry of Finance and the Public Service
MRV	Monitoring, Reporting and Verification
MCU	Mitigation Contribution Unit
MWECC	Ministry of Water, Environment and Climate Change
NDC	Nationally Determined Contribution
NEPA	National Environment and Planning Agency
NSWMA	National Solid Waste Management Authority
NTWG	National Transparency Working Group
NWC	National Water Commission
NWA	National Works Agency
ODPEM	Office of Disaster Preparedness and Emergency Management
OIMP	Other International Mitigation Purposes
OMGE	Overall Mitigation in Global Emissions
PACM	Paris Agreement Crediting Mechanism
PIOJ	Planning Institute of Jamaica
QA/QC	Quality Assurance / Quality Control
RADA	Rural Agricultural Development Authority
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SCT	Special Consumption Tax
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SOP	Share of Proceeds
SRC	Scientific Research Council
TAJ	Tax Administration Jamaica
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VCM	Voluntary Carbon Market
VVBs	Validation and Verification Bodies
WRA	Water Resources Authority

Executive Summary

This strategy establishes Jamaica's first structured and integrated framework for the use of carbon markets and Carbon Pricing Instruments (CPIs) as part of its climate policy toolkit. It moves beyond assessment to define how Jamaica will engage, in what sequence, and under what conditions, ensuring that participation supports the implementation of its Nationally Determined Contribution (NDC) and Long-Term Low Emissions Development Strategy (LT-LEDS), safeguarding national mitigation objectives and supporting sustainable and economic development.

Jamaica enters this process with a solid policy foundation but limited operational readiness. Key enabling elements require further development and consolidation, including regulatory frameworks, authorization procedures, integrated Monitoring, Reporting and Verification (MRV) systems, and registry infrastructure, which this strategy seeks to identify and advance in a structured manner, anchored in national circumstances.

At its core, the strategy positions carbon markets and carbon pricing not as standalone instruments, but as complementary tools within Jamaica´s broader mitigation framework, each serving distinct but reinforcing functions. Based on the readiness assessment and national circumstances, carbon markets, particularly under Article 6, are positioned to support early mobilization of finance and unlock mitigation opportunities that are currently constrained by investment barriers. CPIs primarily through a potential carbon tax and contingent on further analysis and decision-making, are positioned as a longer-term approach to strengthen domestic mitigation incentives, reinforce economy-wide price signals, and enhance alignment between fiscal policy and climate objectives. This sequencing reflects Jamaica's current readiness conditions, including existing experience with project-based carbon market activities, the need for additional legal and regulatory development for broader carbon pricing instruments, and the progressive strengthening required for MRV, tracking, authorization, accounting, and inter-institutional coordination systems.

To operationalize this approach, the strategy introduces a set of key strategic decisions:

- **Phased engagement**: Jamaica will prioritize early participation in Article 6.4 through project- and program-based activities, while progressively building the institutional and technical capacity required for Article 6.2 cooperation.
- **Management of overselling risk**: Jamaica will assess and manage the authorization for NDC and/or Other International Mitigation Purposes (OIMP) to ensure alignment with national mitigation needs.
- **Progressive development of carbon pricing**: Carbon pricing will build on existing fiscal structures, particularly fuel taxation, as an entry point, allowing for a gradual transition toward explicit carbon pricing if assessments indicate alignment with national policy and economic conditions.

- **Integrated policy design**: The strategy addresses interactions between instruments, ensuring that carbon markets and pricing mechanisms reinforce, rather than undermine, each other and broader sectoral policies.

Beyond these decisions, the strategy identifies and elaborate on the core enabling conditions and steps required for implementation, including:

- A clear legal and regulatory framework for carbon markets and CPIs.
- Defined institutional roles and coordination mechanisms for approvals, authorizations, and oversight.
- Strengthened MRV systems and data integration to support national tracking and Article 6 requirements.
- A phased approach to registry development, enabling early participation while building long-term infrastructure.

These elements represent progress from a primarily planning-based framework to an operational system capable of supporting real transactions, tracking mitigation outcomes, and ensuring alignment with international requirements.

The strategy translates this framework into a sequenced implementation pathway as illustrated in the figure below. In the short term, the strategy prioritizes enabling early participation in Article 6.4 Paris Agreement Crediting Mechanism (PACM), establishing core institutional functions, identifying key legal and analytical work, and strengthening the foundational elements required for future participation under Article 6.2. In the medium term, it foresees the full operationalization of Article 6.2 participation, the strengthening of MRV and registry systems, and the development of CPIs mainly through a carbon tax. An Emissions Trading System is not recommended in the short /medium term given the low readiness and limited potential for its implementation.

A key feature of the roadmap is the inclusion of decision elements that guide engagement in more advanced pathways, such as the readiness of systems or the feasibility of integrating CO_2 considerations into existing fiscal instruments. These elements allow for flexibility and ensure that progression along each pathway remains aligned with national capacity, policy priorities, and NDC implementation. Importantly, while the pathways are presented in parallel, they are not mutually exclusive and may be pursued sequentially, concurrently, or selectively, depending on evolving circumstances. This approach enables Jamaica to advance early opportunities while managing risks, particularly those related to environmental integrity and the potential overselling of mitigation outcomes.

Overall, this strategy provides Jamaica with a clear direction for moving from readiness to implementation, defining not only the opportunities of carbon markets and pricing, but also the conditions, safeguards, and sequencing required to ensure that these instruments contribute effectively to national climate goals, economic development, and long-term resilience.

Carbon markets and pricing roadmap for the short and medium term

Component	Short Term Actions (0–6 months)	Medium Term Actions (6–24 months)
Article 6 participation *(PACM + 6.2)*	**Readiness:** confirm participation requirements, prepare submission of BTR **Early engagement:** initiate PACM activities **Partnerships:** start discussions with Article 6.2 partners and buyers (e.g. CORSIA demand) **Approval framework:** design procedures and workflows **Integrity:** define and adopt eligibility criteria, safeguards, and risk screening **Finance:** assess revenues, fees, and transaction structures **OMGE/SOP:** define national position for Article 6.2 (voluntary approaches)	**Operationalization:** adopt and implement authorization procedures **Article 6.2 implementation:** operationalize cooperative approaches **Pipeline:** develop project/programme pipeline across sectors **Integrity:** implement safeguards, caps, and screening procedures **Registry & reporting:** submit initial report, operationalize tracking and corresponding adjustments **Finance:** implement fees and cost recovery mechanisms **Grievance:** operational grievance mechanisms for national stakeholders **Market engagement:** formalize agreements with buyers and partners
Carbon pricing *(tax pathway)*	**Analytical phase:** assess feasibility of CO_2 integration into SCT **Sector focus:** analyse sector focus **Impact analysis:** price and distributional effects **Legal review:** identify legislative pathways **Institutional coordination:** engage MWECC, MoFPS, TAJ, JCA	**Design & implementation:** define tax scope, rates, and structure **Legal adoption:** enact changes **Systems:** integrate emissions into tax administration **Equity measures:** design compensation mechanisms **Policy alignment:** align with energy and fiscal policies **Revenue use:** define approach (potential earmarking or potential fund)
Enabling conditions *(strategic, legal,*	**Strategic & legal:** define policy direction, identify legal instruments, initiate legal analysis of carbon units **Governance:** clarify and formalize institutional roles and coordination **MRV & data:** assess systems, advance Biennial Transparency Report (BTR)	**Strategic & legal:** adopt strategy, enact regulatory instruments **Governance:** formalize coordination bodies, strengthen staffing

Component	Short Term Actions (0–6 months)	Medium Term Actions (6–24 months)
MRV, finance, capacity)	**Registry:** initiate exploration of Article 6 registry, design mitigation tracking framework for activities **Finance:** initiate climate budget tagging **Capacity building:** launch foundational training programmes (all stakeholders) **Partnerships:** initiate regional dialogue (e.g. Caribbean cooperation) to identify potential programmatic opportunities **Validation and Verification**: explore with JANAAC and BSJ alternatives to create local capacity for validation and Verification Bodies	**MRV and Registry:** operationalize registry approach and mitigation tracking system **Finance:** implement climate budget tagging, define fiscal treatment of carbon flows **Capacity building:** roll out specialized training (MRV, Article 6, pricing), develop project pipeline support **Partnerships:** operationalize cooperation with regional/international partners **Validation and Verification**: implement the local capacity strategy to promote creation of local VVBs for Jamaica and the Caribbean Region

Introduction

Jamaica, as a Small Island Developing State (SIDS), faces significant and increasing vulnerability to the impacts of climate change. Rising temperatures, sea-level rise, and the growing frequency and intensity of extreme weather events pose substantial risks to the country's natural resources, economic stability, and social well-being, particularly in key sectors such as tourism, agriculture, water, infrastructure, and energy. These impacts have already resulted in considerable economic losses, with repeated storms, floods, droughts, and hurricanes affecting growth and placing additional pressure on public finances. Recent events, such as Tropical Storm Melissa (2025), further illustrate Jamaica's continued exposure to climate-related shocks. These vulnerabilities are compounded by structural factors, including the concentration of infrastructure and settlements in coastal areas and the country's dependence on climate-sensitive sectors

In response, Jamaica has developed a comprehensive climate policy framework aligned with its national development priorities. The Climate Change Policy Framework (2023), together with the NDCs and the LT-LEDS, defines the country's approach to strengthening resilience, advancing low-carbon development, and mobilizing climate finance. These frameworks outline sectoral mitigation pathways, particularly in energy, transport, and land use, while emphasizing an integrated, multi-sectoral approach supported by governance, institutional coordination, and evidence-based decision-making. They also reflect Jamaica's reliance on both domestic action and international support to achieve more ambitious targets.

Despite these commitments, implementation gaps remain. Achieving NDC targets and advancing toward long-term decarbonization will require sustained investment, strengthened institutional capacity, and access to predictable and scalable sources of finance. This creates a need to explore complementary policy instruments that can mobilize resources, enhance efficiency, and support cost-effective mitigation across sectors.

In this context, CPIs and international carbon markets under Article 6 of the Paris Agreement represent potential tools to support implementation. Carbon pricing can help internalize the social cost of carbon emissions, incentivize low-carbon investment, and generate public revenue, while Article 6 cooperation can facilitate access to international finance and enable cost-effective mitigation through cooperation with other countries. At the same time, their application requires careful design to ensure alignment with national priorities, environmental integrity, and the achievement of Jamaica's NDC. In response, this strategy defines a coherent and phased framework for Jamaica's engagement with carbon pricing and international carbon markets, aligned with national climate commitments, institutional capacities, and development priorities.

The strategy follows an integrated approach that moves from strategic direction, guiding principles, and sequencing considerations toward the foundational enabling conditions and participation pathways required for implementation. Building on these elements, it develops Article 6 and carbon pricing pathways, together with implementation roadmaps, safeguards, financing considerations, and review mechanisms to support progressive operationalization over time.

1 Context framework: experience and opportunities

Jamaica's policy, institutional, and economic context provides the foundation for considering the role of carbon markets and carbon pricing. This context is shaped, first, by the national Climate Change Policy Framework (Government of Jamaica, 2021, 2023), the NDCs and the LT-LEDS (Ministry of Water, Environment and Climate Change , 2023), which define mitigation priorities and long-term pathways. It also includes Jamaica's experience with carbon market mechanisms and related policy initiatives, as well as by macroeconomic and fiscal conditions that influence the enabling environment for mitigation action. Together, these elements inform the assessment of readiness and the strategic direction set out in subsequent sections.

1.1 Climate Policy and Mitigation Framework

Jamaica's climate policy instruments provide the basis for assessing the role of carbon markets and carbon pricing in supporting NDC implementation. In particular, the NDC and LT-LEDS establish key parameters for the use of mitigation outcomes, including the distinction between unconditional and conditional targets, sectoral priorities, and long-term decarbonization pathways. These elements are critical for determining the scope for international cooperation under Article 6, as well as for ensuring alignment with national targets and maintaining environmental integrity.

1.1.1 Climate Mitigation Policy Targets

NDCs: Jamaica has submitted successive NDCs to the United Nations Framework Convention on Climate Change (UNFCCC), most recently its updated NDC 3.0 in 2025. NDC 3.0 establishes mitigation targets expressed as relative reductions in Greenhouse Gas (GHG) emissions measured both against a 2012 historical base year and relative to a business-as-usual (BAU) scenario. The NDC distinguishes between unconditional commitments, implemented through domestic resources, and conditional commitments, dependent on international support.

Unconditional (including LULUCF)	• A reduction of 26.3% in emissions by 2030 compared to 2012 levels, equivalent to a 26.2% reduction relative to BAU, and • A reduction of 27.1% in emissions by 2035 compared to 2012 levels, equivalent to a 33.8% reduction relative to BAU.
Conditional (including LULUCF)	• A reduction of 30.6% in emissions by 2030 compared to 2012 levels, equivalent to a 30.5% reduction relative to BAU, and • A reduction of 41.7% in emissions by 2035 compared to 2012 levels, equivalent to a 47.1% reduction relative to BAU.

The NDC explicitly acknowledges the role of international cooperation in achieving its conditional mitigation targets and states Jamaica's commitment to engaging in discussions on voluntary cooperation under Article 6 of the Paris Agreement. The NDC notes:

As Article 6 becomes fully operational, Jamaica indicates its intention to explore how these mechanisms could be used either to support the achievement of its own NDC or to provide additional mitigation outcomes to support NDC attainment by other countries. (Government of Jamaica, 2025, p. 20)

LT-LEDS: In 2025, Jamaica submitted its long-term low GHG emissions development strategy, in accordance with Article 4.19 of the Paris Agreement[1], providing a strategic framework to guide the country's transition toward a low-emission and climate-resilient development pathway through 2050, aligned with Vision 2030 Jamaica. The LT-LEDS defines clear mitigation options by sector, identifying priority transformation pathways. (Ministry of Water, Environment and Climate Change , 2023).

> LT-LEDS. Jamaica intends to undertake broad mitigation efforts, across the economy, reducing emissions 73% below 2020 levels (7.25 MtCO2e) by 2050. Jamaica will aim to achieve net zero emissions by 2060.

The LT-LEDS acknowledges the potential role of international carbon markets as a complementary instrument to support the achievement of Jamaica's long-term mitigation objectives and notes that cooperative approaches under Article 6.2 of the Paris Agreement could offer opportunities to mobilize finance and support mitigation activities aligned with national priorities. At the same time, the strategy recognizes that effective participation in carbon markets would require strengthened legal, regulatory, institutional, and technical frameworks. The LT-LEDS also identifies some mitigation potential activities that could be of high, medium and low impact in emissions as mitigation outcomes for Article 6.

1.1.2 Climate Policy Framework

Jamaica's Climate Change Policy Framework is a strategic national policy instrument, not yet established through dedicated climate legislation, that guides national climate action, including mitigation, adaptation, governance, and climate finance coordination. First adopted in 2015 and updated in 2023, the framework has progressively aligned with the Paris Agreement and strengthened coherence with the NDC and long-term decarbonization objectives. Over time, the framework has evolved from an initial focus on adaptation and "no-regret" mitigation actions toward a more comprehensive approach emphasizing implementation, accountability, and alignment with international transparency requirements. Institutional arrangements have been reinforced, including coordination mechanisms and reporting functions under the UNFCCC transparency framework.

[1] This Article indicated that all Parties should strive to formulate and communicate long-term low GHG emission development strategies.

The Climate Change Policy Framework recognizes the role of carbon market mechanisms through references to Jamaica's participation in the CDM and the development of a National Policy for the Trading of Carbon Credits, which aims to establish a legal, financial, and institutional framework for participation in carbon trading, including voluntary schemes. The most recent updates to the Policy Framework in 2023 do not incorporate explicit references to Article 6 of the Paris Agreement; however, they retain these earlier references to carbon market approaches, primarily through recognizing previous efforts under the CDM rather than as part of an updated or integrated strategic framework for carbon markets and carbon pricing.

As mentioned before, Jamaica has explored participation in carbon markets through the Draft National Policy for the Trading of Carbon Credits (Ministry of Energy and Mining, 2010). Although not formally adopted, the policy outlines an early strategic vision for engaging in both compliance and voluntary markets. While not operational, the policy provides relevant experiences and insights for the current carbon market strategy development.

1.2 Macroeconomic and Fiscal Context

Jamaica has established a macroeconomic framework characterized by fiscal discipline, improved tax administration, and sustained efforts to reduce public debt. This stability provides a supportive foundation for the implementation of climate policies and the potential introduction of CPIs. As summarized in Table 1, a range of existing and ongoing fiscal measures, financial instruments, and policy frameworks already contribute to shaping the enabling environment for mitigation action, including sustainable finance initiatives, environmental fiscal measures, and energy taxation structures.

Table 1. *Sustainable Finance, Fiscal Measures, and Enabling Conditions Relevant to Carbon Pricing and Carbon Markets*

Area	Current status and key elements
Sustainable Finance and Market Instruments	• An initial framework for thematic bonds (green, blue, sustainability-linked) has been established through the Jamaica Stock Exchange, broadly aligned with international principles • Discussions and preparatory work are ongoing for additional instruments, including sovereign green/blue bonds, blended finance approaches, and the development of a national sustainable finance taxonomy
Environmental Fiscal Measures and Incentives	• Environmental levies are applied to selected imported goods • Fiscal incentives are in place to support renewable energy and energy efficiency, including tax exemptions and duty suspensions • Additional support measures exist for electric vehicles and distribute solar energy deployment
Public Financial Management and Climate Integration	• Climate considerations are reflected in national policy frameworks (Vision 2030), with increasing efforts to integrate them into public investment planning • Initial steps are being taken to incorporate climate risk considerations into decision-making processes, although standardized screening approaches are not yet fully established
Energy Taxation and Implicit Carbon Pricing	• No explicit carbon tax is currently in place

	• Fuel taxes are applied upstream across energy products through existing fiscal systems. The tax is not explicitly designed as a climate policy instrument • Effective carbon rates vary by fuel type
Fossil Fuel Subsidies	• No explicit fossil fuel subsidies are identified (such as direct fiscal transfers or administered price controls)

In addition to the overarching Climate Change Policy Framework and Macroeconomic context, Jamaica has developed a range of sectoral and cross-cutting policies that contribute directly or indirectly to mitigation outcomes across key emitting sectors. These include energy, transport, land use, and waste-related policies, as well as fiscal and financial measures that influence investment and consumption patterns. A summary of those policies or legal instruments can be found in Annex 1.

1.3 Carbon Markets and Carbon Pricing Experience in Jamaica

Carbon pricing and carbon market approaches encompass a range of policy instruments designed to drive GHG mitigation through price signals and the generation of tradable units. CPIs such as carbon taxes and Emissions Trading Systems (ETS) are typically implemented within regulated (compliance) frameworks, where participation is mandatory and emissions are subject to a defined price or cap, thereby establishing a regulatory price signal that drives emission reductions across the economy.

Crediting mechanisms on the other hand, generate emission reductions or removals from specific activities that can be quantified, verified, and issued as tradable units. These units can be used within compliance systems, such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) or traded in voluntary markets, allowing mitigation to be financed and implemented where it is most cost-effective. Jamaica has had limited but concrete engagement with carbon markets and CPIs, providing useful foundations for future participation. Its experience reflects broader trends across Caribbean SIDS, where participation has been relatively small in scale and concentrated in a limited number of sectors.

Clean Development Mechanism (CDM). The CDM established under the Kyoto Protocol, represents a baseline-and-crediting approach through which emission reductions were generated from project or program-based activities and issued as tradable units. Jamaica's primary experience in carbon markets stems from its participation in the CDM from the Kyoto Protocol, under which two renewable energy projects were successfully registered. None of the projects have requested transition to the PACM, given that the activities are not eligible.

Table 2. *CDM Projects Registered*

Projects	Registration Year	Sector / Technology	Crediting Period	Estimated Annual Reductions	Transition to Article 6.4
Wigton Wind Farm (Phase I)	2006	Onshore wind 20.7 MW	2004–2014	52,000 tCO_2e	Not eligible (crediting period finalized before 2021)
Wigton Wind Farm (Phase II)	2011	Onshore wind 18 MW	2012–2019	40,300 tCO_2e	Not eligible (crediting period finalized before 2021)

Beyond these projects, additional mitigation activities were explored but did not reach registration, including initiatives in cement production, water purification, energy efficiency, and small-scale hydropower. These experiences reflect structural constraints such as high transaction costs, methodological complexity, and declining carbon prices, which limited the viability of smaller or standalone projects. Futures engagement may benefit from more scalable and programmatic approaches, combined with broader investment strategies, to improve the viability of mitigation activities.

CORSIA. Is a global mechanism under the International Civil Aviation Organization (ICAO) that requires airlines to offset the growth of their international aviation emissions by purchasing eligible carbon credits, or Eligible Emissions Units. Jamaica's voluntary participation in CORSIA implies that airlines operating international flights to and from the country may be in the future subject to these offsetting requirements. While reporting obligations rest with aircraft operators, the scheme requires national institutional capacity to support oversight, verification, and compliance processes. In addition, if Jamaica chooses to supply eligible mitigation outcomes to meet CORSIA demand, this will require strengthened national capacity for the authorization, accounting, and tracking of outcomes, consistent with Article 6 requirements and national climate objectives.

Article 6. Under the Paris Agreement, Article 6 establishes the international framework for cooperative approaches. Article 6.2 enables decentralized cooperation between Parties through the transfer of Internationally Transferred Mitigation Outcomes (ITMOs), supported by reporting and accounting requirements. Article 6.4 establishes PACM, a centralized and multilateral crediting mechanism under UNFCCC, building on the CDM experience, through which emission reductions or removals are generated and issued. Emission reductions generated under PACM (A6.4ERs) may be used domestically or, authorized for NDC and/or OIMP by the Host Party following Article 6.2 guidance.

Jamaica is at an early stage of engagement. While no bilateral agreements under Article 6.2 have been formalized, private sector interest is emerging under PACM, including the submission of a Notification of Prior Consideration for the Midnightsun PV Solar Park, a renewable energy project with estimated emission reductions of approximately 78,000 tCO_2e per year. Jamaica has

designated the MWECC as the Designated National Authority (DNA) for the PACM. These developments highlight growing interest from project developers and the need for clear national frameworks to guide participation and manage associated risks and opportunities.

Voluntary Carbon Markets (VCM). VCM enable companies and individuals to purchase carbon credits to offset emissions on a voluntary basis, outside of regulatory requirements. Jamaica currently has no active participation under major independent crediting standards (ICS). Key barriers identified by market analysts, as in many other countries, include the absence of defined carbon rights, limited regulatory guidance, and land tenure complexities, particularly for nature-based activities.

Implicit Carbon Tax: A carbon tax is a policy instrument that sets a price on GHG emissions by charging a fee on fuels or activities based on their carbon content, creating an incentive to reduce emissions. Jamaica's experience with carbon pricing has been primarily through indirect price signals embedded in fuel taxation, rather than explicit emissions-based instruments. The Special Consumption Tax (SCT) on petroleum products constitutes the main price-based instrument that might be influencing emissions and reflects the presence of established fiscal and administrative systems, including upstream taxation at the point of import or production, standardized fuel classification, and existing reporting structures.

At the same time, Jamaica's experience highlights the importance of aligning fiscal measures with broader policy objectives. Existing fuel taxes are primarily structured as revenue instruments, which means that their environmental effectiveness depends on how price signals interact with other policies, including energy pricing, incentives, and regulatory measures. In addition, past fiscal adjustments and targeted support measures demonstrate the government's capacity to respond to price impacts and address affordability concerns. This experience is particularly relevant for carbon pricing, if that is the selected pathway.

2 Strategic framework for carbon markets and carbon pricing

The assessment of carbon pricing and carbon market opportunities in Jamaica considers both individual instruments and their interactions within the broader policy landscape. Instruments such as carbon taxes, ETS, and Article 6 approaches have distinct implementation requirements and roles within Jamaica's mitigation strategy, while their combination may create complementarities, trade-offs, and broader system-wide effects. Building on this context and strategic direction, the following section outlines the overall implementation approach, sequencing logic, and interaction between instruments proposed under the strategy.

2.1 Strategic Approach

The strategy framework follows a cascading approach that moves from cross-cutting enabling conditions at the national level to more instrument-specific actions as shown in Figure 1.

This approach is grounded in the national context presented in the previous section and further informed by the assessment undertaken to support the development of this strategy. These elements define both the starting point and the constraints for implementation and therefore inform the need for a structured and phased progression from foundational elements to more advanced instruments.

The first level of activities focuses on strengthening foundational elements that are relevant across potential mitigation instruments both for carbon pricing and carbon market participation. These include strategic and institutional elements necessary to support a coherent national approach before advancing into instrument-specific implementation steps. Strengthening these cross-cutting foundations is expected to provide the policy, institutional and operational basis required for the subsequent development.

The second level, Article 6 and CPI pathways, are specific instruments selected and are not mutually exclusive. Jamaica may choose to pursue one or several of these instruments in parallel or sequentially, depending on policy priorities, institutional readiness, and evolving mitigation opportunities. While the strategy is structured around pathways corresponding to different instruments, these do not imply always simultaneous implementation. There are readiness elements that need to be in place before advancing in operation.

Given differing levels of institutional readiness and complexity across instruments, a phased implementation approach is proposed.

① Early action focuses on PACM activities, where existing conditions enable more immediate engagement with project- and program-based mitigation opportunities. Article 6 mechanisms are advanced to mobilize international finance and support mitigation in priority sectors, particularly where investment barriers persist. In parallel, Jamaica advances the institutional and technical

frameworks required for participation under Article 6.2, including authorization, accounting, and reporting systems necessary to manage international transfers and ensure consistency with NDC implementation.

The strategy distinguishes between different uses of mitigation outcomes under Article 6, particularly between ITMOs and mitigation contribution units (MCUs). ITMOs are authorized for NDC and/or OIMP and require corresponding adjustments, while MCUs are retained for domestic use and contribute directly to Jamaica´s NDC achievement. This distinction supports strategic decision-making, enabling Jamaica to balance participation in international markets with national mitigation objectives and manage the risk of overselling. Sectoral readiness and mitigation potential assessments provide key inputs to inform this differentiation.

(2) In parallel, Jamaica advances the analytical and policy development of CPIs, building on existing fiscal structures. The current fuel taxation system is positioned as the entry point for explicit carbon pricing, as it already provides an implicit carbon price and is supported by established administrative arrangements, including upstream collection at the point of import or production. On this basis, the integration of GHG considerations into the fuel tax framework is explored, including the use of standardized emission factors to translate fuel quantities into CO_2 equivalent emissions. To strengthen the role of carbon taxation within the fiscal framework, the strategy also proposes enhancing the link between fuel tax revenues and climate objectives, including through the introduction of climate budget tagging to track public expenditures contributing to mitigation and adaptation outcomes.

Carbon pricing is integrated within the broader policy mix supporting the energy transition. Alignment is particularly important with renewable energy deployment, energy efficiency, and transport electrification policies to ensure that incentives and tariffs across the energy system remain consistent and mutually reinforcing. If the introduction of a carbon tax is pursued, distributional and sectoral impacts will be assessed to ensure economic and social considerations are addressed.

Consistency is maintained between carbon pricing and participation in international carbon markets, recognizing that domestic price signals influence mitigation incentives, the generation and use of mitigation outcomes, and authorization decisions under Article 6. These interactions are especially relevant in sectors where the same stakeholders, such as fuel importers, electricity generators, and transport operators, are exposed to multiple instruments simultaneously. Assessing the cumulative impact of these instruments is therefore critical to ensure that they collectively strengthen mitigation incentives while maintaining economic efficiency and administrative feasibility.

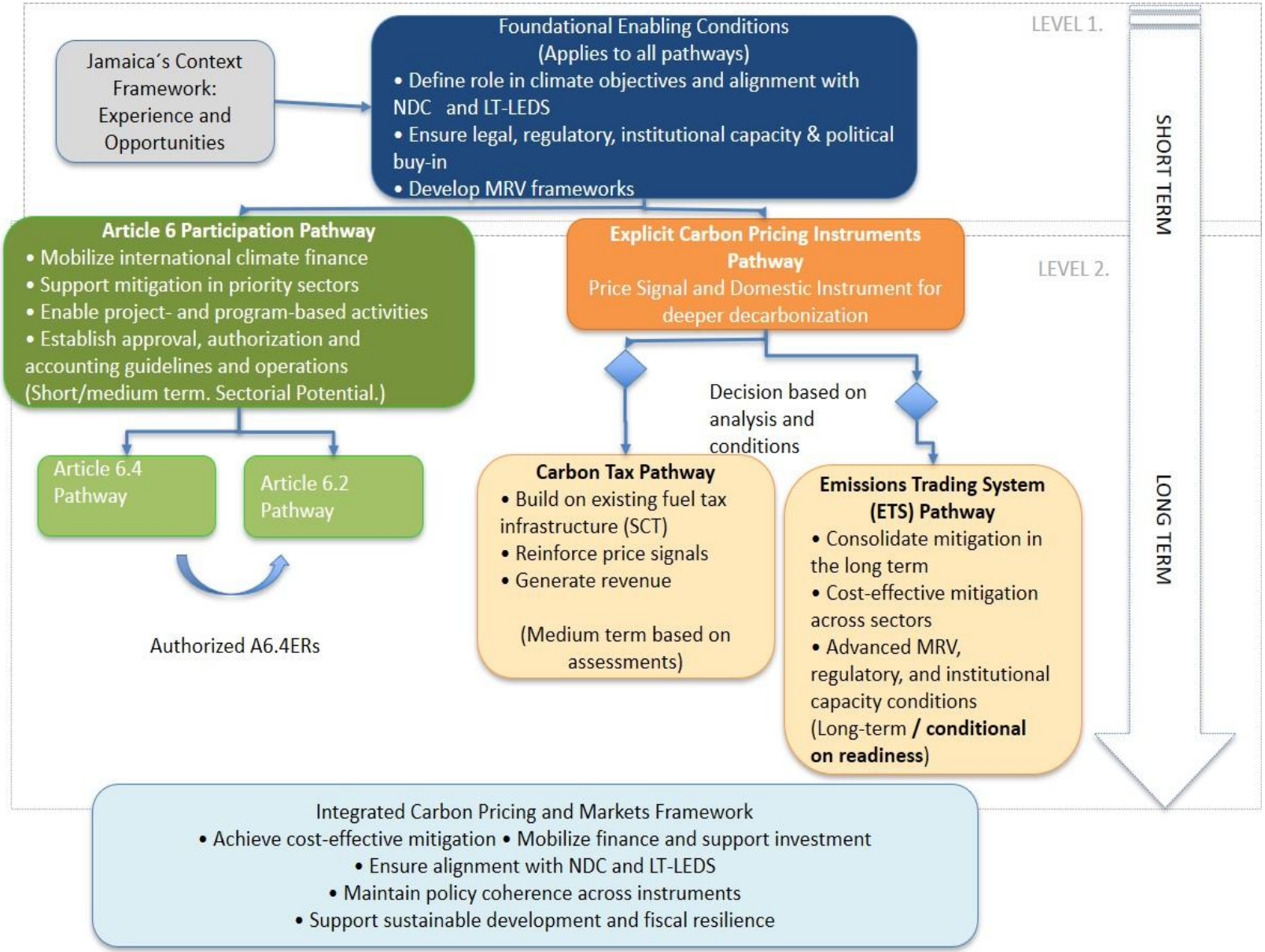
The combination of instruments also is considered in light of Jamaica's ongoing energy transition. The expansion of renewable energy under national planning frameworks and the NDC is expected to reduce reliance on fossil fuels over time, potentially narrowing the tax base associated with fuel imports and use. This has implications for both revenue generation and the long-term design of fuel-based pricing instruments. In this context, building on existing tax infrastructure remains a practical approach in the short to medium term.

3 VCM can also support private sector engagement and unlock additional mitigation opportunities, provided alignment with national priorities and integrity considerations is ensured. Stakeholders involved in VCM activities will be required to provide relevant information to the Government.

ETS are considered as a potential long-term instrument to support cost-effective mitigation across multiple sectors through market-based allocation mechanisms. However, their introduction is contingent on the development of sufficient sectoral coverage, market scale, and institutional capacity, as well as robust MRV systems, regulatory frameworks, and governance arrangements.

The strategy provides the policy direction for this evolution, but some elements require specific legal or regulatory instruments to become operational. These include any move toward explicit carbon taxation, the legal treatment of carbon units and mitigation outcomes, formal Article 6 approval and authorization procedures, and any mandatory oversight or reporting requirements for market actors.

Figure 1. *Cascading and Sequencing Approach of Carbon Markets and CPIs*



2.2 Objective of the strategy

The objective of this strategy is to define a coherent framework for Jamaica's participation in CPIs and carbon market instruments that supports the achievement of its current and subsequent NDC and LT-LEDS, while enhancing mitigation ambition over time. It aims to identify and guide the selection, combination, articulation and sequencing of instruments in a manner that reflects national circumstances, builds on existing policy and institutional foundations, and maintains flexibility as technical and institutional capacity evolves.

The strategy seeks to leverage carbon pricing and market-based approaches to strengthen mitigation incentives, mobilize financial resources, and support investment in priority sectors and activities, while ensuring environmental integrity, transparency, and consistency with national development objectives.

2.3 Guiding Principles

The design and use of CPIs and carbon market instruments in Jamaica are guided by a set of principles reflecting national circumstances and drawing on international experience and frameworks. These principles described below, establish the basis for determining how different instruments are selected, combined, and sequenced, while framing policy choices on how they shape mitigation incentives, influence investment decisions, generate public revenues, and distribute costs and benefits across sectors and communities. Therefore, enabling a coherent approach to implementation that balances economic, environmental, and social objectives.

- **Environmental Integrity, Transparency and Mitigation Ambition**

This principle establishes that CPIs and carbon market instruments must deliver real, measurable, and credible mitigation reductions and removals that contribute to Jamaica's climate objectives. It requires that mitigation activities and instruments are aligned with the country's NDC and LT-LEDS, and that they support domestic ambition, while safeguarding NDC achievement and maintaining transparency of processes and results. This requires conservative design approaches where uncertainty exists, the use of robust methodologies, and clear rules for verification. This principle reinforces that market participation should complement national mitigation efforts and contribute to progressively increasing ambition over time.

- **Robust Accounting, MRV, and Traceability**

This principle establishes that all mitigation outcomes associated with CPIs and carbon market instruments must be subject to robust systems for monitoring, reporting, and verification, supported by transparent and consistent accounting practices. It requires that mitigation outcomes can be tracked over time. In the context of Article 6, this includes the application of accounting approaches that prevent double counting and consistency in the tracking and reporting of mitigation outcomes, including their authorization, transfer, and use.

- **Sustainable Land Use and Protection of Ecosystems**

This principle establishes that mitigation actions, particularly those related to land use and nature-based approaches, must be consistent with the sustainable management of natural

resources and the protection of ecosystems. Recognizing the role of nature-based mitigation in delivering multiple benefits, including climate, environmental, and socio-economic outcomes, activities should avoid adverse impacts on forests, mangroves, watersheds, and biodiversity, and contribute to their conservation and restoration.

- **Equity, Participation and Just Transition**

This principle establishes that the design and implementation of CPIs and carbon market instruments must take into account their impacts and ensure inclusive and equitable outcomes. It requires that interventions consider how costs and benefits are distributed across sectors, communities, and population groups, with particular attention to vulnerable groups. This includes promoting meaningful stakeholder participation, ensuring transparency in decision-making, and incorporating measures to address affordability and competitiveness concerns. In addition, recognizes the shared responsibility of public and private actors in ensuring fair, transparent, and effective implementation. It also reflects the importance of supporting a just transition by considering impacts on livelihoods and enabling fair and inclusive participation in emerging low-carbon opportunities.

- **Governance, Policy Coherence, and Accountability**

CPIs and carbon market instruments should be implemented within a coherent institutional and policy framework that ensures clarity of objectives, roles, effective coordination, and accountability. Implementation of any instrument requires alignment between climate policy, fiscal measures, energy planning, land use strategies, and broader development objectives, avoiding fragmentation or conflicting incentives.

3 Enabling foundational conditions for implementation of the carbon markets and carbon pricing strategy

3.1 Legal and regulatory considerations

The implementation of carbon markets and carbon pricing instruments (CPIs) in Jamaica is established in alignment with the existing legal and administrative framework, drawing on instruments across different regulatory levels. At the legislative level, Acts of Parliament, particularly the proposed Climate Change Law, can provide the legal foundation for carbon market participation and CPIs, including institutional roles, the prioritization of instruments, and mandates for specific implementation conditions (such as in the case of a potential carbon tax, which would depend on the outcome of further assessments).At the next level, secondary legislation (regulations issued under Acts) would provide the operational detail required for implementation. These regulations could establish authorization requirements for international transfers, define obligations for market participants, the conditions and criteria for activities to be eligible, and set registry and information requirements, as well as criteria for the recognition of credit ownership.

At a more granular level, orders, rules, or similar instruments issued by competent authorities can define technical parameters, including activity eligibility, approval criteria, and limits on international transfers as well as the establishment of a Technical Committee.

In addition to legislative instruments, updates to the Climate Change Policy Framework could provide an early entry point to guide carbon market participation and carbon pricing approaches while the Climate Change Law progresses through its legislative and procedural process. Such update could define national priorities and sequencing, high-level criteria for eligibility of actions and authorization, principles for the use of mitigation outcomes, and institutional roles, including the potential establishment of a technical committee. This would allow key elements of the strategy to be initiated in the short term, while being further formalized through legislation.

Administrative instruments, such as guidelines and procedures, further support implementation by providing operational guidance for processes including authorization, monitoring, reporting and verification (MRV), and registry systems. These instruments enable the practical operationalization of Article 6 arrangements within existing institutional mandates.

Finally, contracts and agreements between public and private actors will be essential to define credit ownership, benefit-sharing arrangements, and project-level rights and obligations, particularly in the absence of explicit legal provisions at early stages.

3.1.1 Legal nature of carbon credits, ITMO and allowances

The strategy recognizes the importance of providing clarity on the treatment of carbon units generated under different mechanisms, including A6.4ERs and ITMOs, within Jamaica's existing legal and financial frameworks. While international experience shows that these units may be characterized as a form of intangible asset, digital asset, or a bundle of contractual rights, depending on the applicable legal and regulatory framework, the Government of Jamaica will undertake this task to ensure full clarity, adopting a phased approach. In an initial phase, through regulatory or administrative instruments related to approvals and authorizations, key concepts such as authorization, ownership, and transferability of carbon units will be clarified.

In parallel, the accounting treatment of these units will also be addressed, in coordination with the Ministry of Finance and the Public Service and relevant authorities, including the Tax Administration Jamaica (TAJ). From a fiscal perspective, several aspects require clarification, including the application of income tax to revenues derived from the sale of credits, the potential treatment of credit transfers under General Consumption Tax (GCT) as a taxable supply, and the relevance of customs duties, if for some reason applicable. In the absence of specific provisions, carbon credits may be treated under existing tax frameworks.

This approach allows Jamaica to provide early guidance to market participants while progressively advancing toward a more comprehensive legal and fiscal framework. The development of dedicated climate change legislation may also provide an appropriate window to include elements for the definition of the legal nature and treatment of carbon units within Jamaica's regulator and fiscal context.

3.1.2 Carbon Tax legal Considerations

Jamaica's existing fuel taxation framework provides a strong starting point for carbon pricing; however, the introduction of an explicit carbon tax would require legislative amendments. In particular, moving from fuel-based taxation to a CO_2-equivalent tax base or portion of the tax base would require redefining the current tax base, incorporating emission factors, and ensuring consistency with the SCT framework and broader fiscal legislation.

The use of revenues from any future carbon tax requires consideration within Jamaica's public financial management framework. Fuel tax revenues are currently not linked to climate objectives or systematically tracked in the budget. While revenues are generally consolidated, the legal framework allows for earmarking in specific cases where this is established through legislation or linked to designated funds. In this context, strengthening climate budget tagging provides a near-term option to improve alignment with climate priorities, while any future earmarking of revenues for climate or social purposes would require explicit legal authorization and consistency with existing fiscal governance arrangements.

3.2 Governance and institutional arrangements

The institutional arrangements required to support carbon markets and CPIs in Jamaica build on the readiness assessment and strategic vision. This section focuses on cross-cutting governance

elements common across instruments, including institutional roles, mandates, leadership, and coordination mechanisms, while assessing how existing structures can be leveraged or strengthened. More specific institutional and operational arrangements are addressed within each corresponding pathway, reflecting their differentiated requirements and the phased approach adopted in the strategy. ETS are recognized as a longer-term option and are therefore not addressed at this stage, given their more specialized institutional and technical requirements.

3.2.1 Policy Decision Level

At the policy decision level, and in accordance with Government of Jamaica guidelines, national policy documents are subject to **Cabinet** approval. As such, the Cabinet serves as the principal decision-making body for government policy, including the approval of national policy frameworks and updates to the Climate Change Policy Framework. It is recommended that future updates to the Policy Framework incorporate key elements of this strategy, including institutional and technical considerations related to carbon markets and carbon pricing, to ensure alignment with national priorities.

3.2.2 Strategic Level

At the strategic level, leadership is anchored in the Ministry with responsibility for the climate change portfolio, currently the **Ministry of Water, Environment and Climate Change (MWECC),** which oversees climate policy implementation and ensures alignment with national development priorities, including participation in carbon markets and consistency with the NDC and long-term mitigation objectives. Supporting this role, the **Climate Change Branch (CCB)** serves as the central coordinating and technical entity, providing oversight of climate initiatives, coordinating mitigation and adaptation actions across government, supporting national GHG inventories and UNFCCC reporting, and facilitating information sharing among ministries, departments, and agencies (MDAs).

The strategy recommends expanding its role to include coordination of carbon market participation, including support to Article 6 processes, alignment with national mitigation objectives, and provision of technical inputs for authorization and oversight. This could be reflected in future updates to the Climate Change Policy Framework and/or the proposed Climate Change Law.

The **Ministry of Finance and the Public Service (MoFPS)** play a central role in relation to CPIs. While not explicitly defined in the existing institutional framework or functions, its mandate over fiscal policy and taxation positions it as the lead institution for the design and potential implementation of carbon taxation, including the assessment of fiscal impacts, revenue use, and alignment with the broader tax system. Coordination between MWECC and MoFPS is therefore essential to ensure coherence between climate and fiscal policy objectives.

3.2.3 Coordination Level

Coordination across government is supported by existing mechanisms established under the policy framework. The **Climate Change Focal Point Network (CCFPN)** facilitates the integration

of climate change considerations into sectoral policies and supports coordination, monitoring, and reporting across MDAs, ensuring that mitigation actions are aligned with national priorities. In the context of carbon markets and carbon pricing, this coordination function is strengthened to support the identification of sectoral mitigation opportunities, alignment of activities with NDC targets, and integration of market-based approaches within sectoral planning and implementation

The **Climate Change Advisory Board (CCAB)** provides advisory support to the Minister, bringing together representatives from the public sector, private sector, academia, and civil society to inform strategic decision-making and stakeholder engagement. In the context of carbon markets and carbon pricing, its role could extend to advising on participation priorities, integrity considerations, and provide inputs for the design of approaches that balance mitigation objectives with economic and social impacts. The CCAB also could provide a platform for structured dialogue with stakeholders, including the private sector, supporting the identification of mitigation opportunities and addressing implementation challenges.

In addition to these mechanisms, this strategy proposes the establishment of a dedicated **technical committee on carbon markets and carbon pricing** that could further strengthen coordination and operational coherence. This committee would serve as a technical platform to support the design and implementation of carbon market participation and pricing instruments.

The committee would operate at a technical level, complementing the coordination role of the CCFPN and the advisory function of the CCAB. Composed of technical representatives from key ministries and agencies (e.g., MWECC, MoFPS, MIIC, MEGJC, MLGCD, METT, PIOJ, NEPA, JANAAC, BSJ, TAJ, FD, NWC, NWA, NSWMA, and RADA), its functions could include:

- Supporting the identification and prioritization of mitigation opportunities and sectoral eligibility.
- Providing technical inputs to inform the approval of projects, programmes, and activities, including alignment with NDC targets and assessment of risks such as overselling.
- Supporting the development of MRV systems, registries, and data frameworks aligned with Article 6 requirements.
- Reviewing methodological approaches and safeguards to ensure environmental integrity.
- Facilitating coordination on technical aspects of implementation, including data flows and tracking of mitigation outcomes.
- Providing inputs to inform authorization decisions, including authorization for NDC and/or Other International Mitigation Purposes (OIMP)
- Reviewing community engagement approaches for carbon market projects and programmes to strengthen links between national priorities and local implementation.

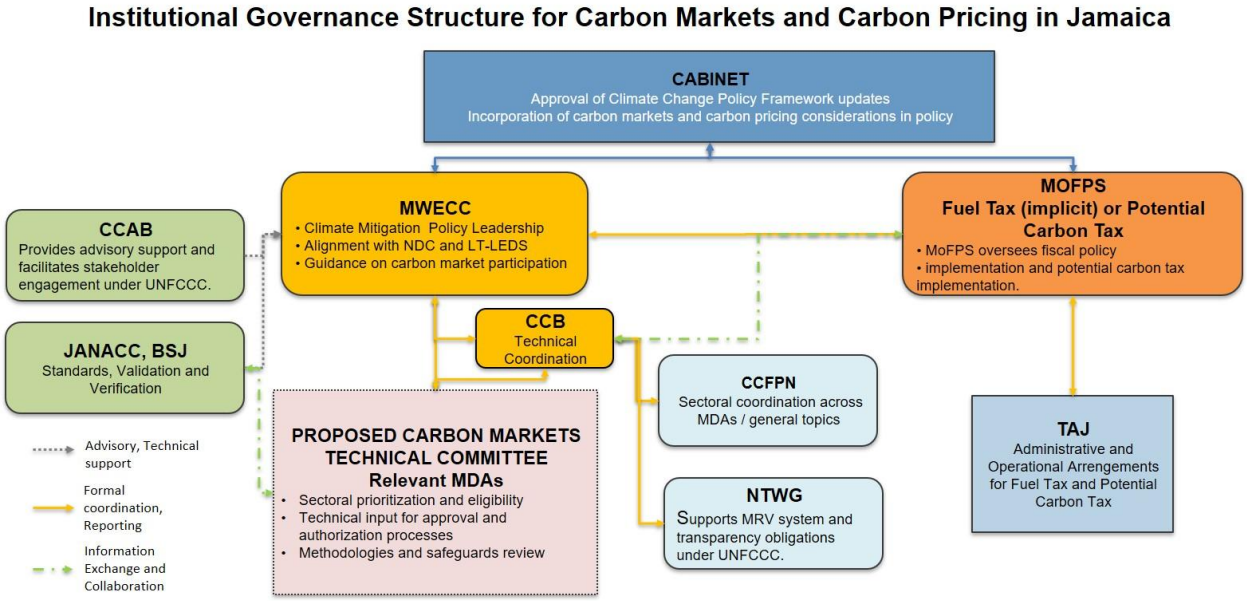
3.2.4 Transparency Level

In addition, the National Transparency Working Group (NTWG) supports the implementation of Jamaica's monitoring, reporting, and verification (MRV) system and transparency obligations under the UNFCCC. Its role is particularly relevant for carbon market participation, including ensuring consistency between the national GHG emissions balance, NDC progress tracking, and

mitigation outcomes generated under Article 6; supporting reporting on ITMOs; and contributing to the technical basis for corresponding adjustments. This function is critical to maintaining the integrity of Jamaica's accounting framework and ensuring compliance with international reporting requirements.

Figure 2 summarizes the key institutional arrangements across policy, strategic, coordination, and transparency levels.

Figure 2. *Strategic, Policy and Governance Institutional Arrangements for the Carbon Markets and Carbon Pricing Strategy*



3.3 Data, MRV and information systems

Jamaica has established a set of institutional arrangements and reporting processes for the estimation of GHG emissions and the tracking of climate action, primarily driven by its obligations under the UNFCCC. These arrangements provide a foundation for emissions accounting and transparency; however, they remain largely reporting-driven and are not yet consolidated into fully integrated, continuous national systems for data management, tracking, and operational use in carbon markets or pricing instruments.

3.3.1 GHG inventory processes

Jamaica prepares national GHG inventories under the UNFCCC, coordinated by the Climate Change Branch through a multi-sectoral data collection process involving relevant ministries and agencies.

- Compiled using the 2006 IPCC Guidelines, primarily Tier 1 methodologies, with higher-tier methods applied where data permits
- Based on periodic sectoral data inputs from energy, industry, agriculture, LULUCF, and waste sectors

The process includes QA/QC, uncertainty, and key category analyses. However, data availability and consistency vary across sectors, with some categories relying on default assumptions or limited datasets. Enhancing data availability and progressively applying higher-tier methodologies in key sectors would improve accuracy. The inventory remains a coordinated process for periodic estimation rather than a system with continuous data flows and centralized infrastructure. More systematized and continuous data flows will be needed to support carbon markets and pricing instruments.

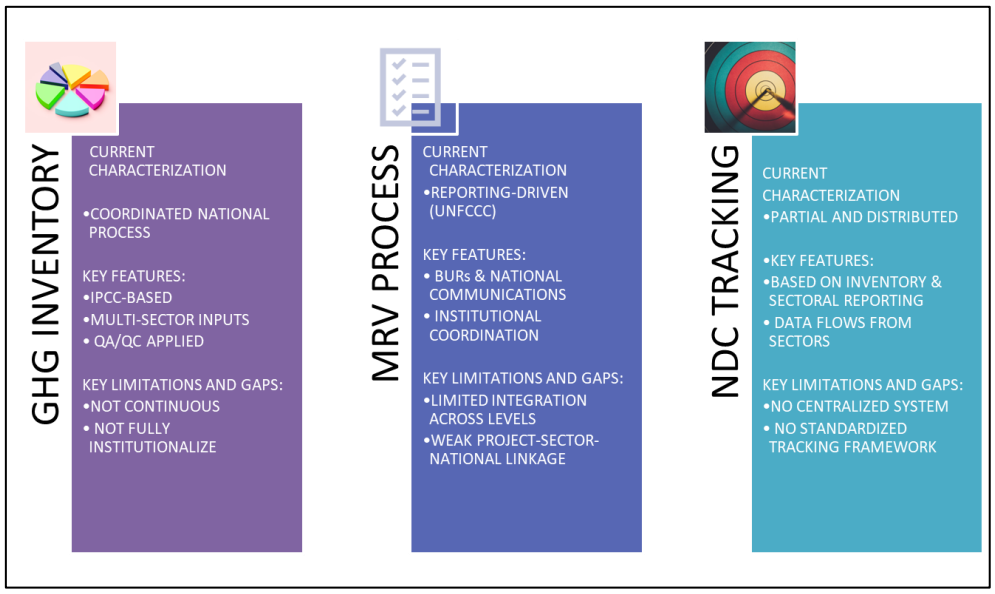
3.3.2 MRV and climate reporting processes

MRV in Jamaica is currently embedded within the broader UNFCCC transparency framework, including BURs and National Communications coordinated by the Climate Change Branch. Existing systems support national emissions accounting and reporting but are not yet designed for unit-level tracking, Article 6 authorization and accounting, or facility-level monitoring required for more advanced market instruments such as an ETS.

The current approach relies primarily on national and sectoral reporting processes rather than on an integrated framework linking mitigation activities, emissions outcomes, and NDC progress. At the same time, Jamaica's existing fuel taxation system provides a strong foundation for a potential carbon tax, as fuel quantities are already monitored through centralized customs and tax systems using standardized reporting procedures. This enables emissions estimation through standardized emission factors without requiring facility-level monitoring systems.

However, the system does not yet incorporate emissions-based parameters, including legally defined CO_2 emission factors and stronger integration with GHG information systems. Further development of integrated MRV, tracking, and accounting systems will therefore be necessary to support Article 6 participation and any future carbon pricing instruments.

3.3.3 NDC tracking and progress monitoring



Progress toward Jamaica's NDC is currently tracked through a combination of existing reporting and planning processes, rather than through a dedicated, centralized tracking system. Tracking relies on periodic updates of the NDC, sectoral data collection and reporting and integration with national climate policy and planning processes. Institutional coordination for NDC tracking is facilitated through the CCB and sectoral focal points; however, monitoring remains distributed across sectors and programmes, without a unified framework that systematically links mitigation actions, emissions outcomes and progress toward targets.

NDC tracking can be described as a combination of reporting and coordination mechanisms, rather than a formalized system with standardized indicators, centralized data management, and continuous tracking functionality.

Under Article 13 of the Paris Agreement, the Enhanced Transparency Framework (ETF) is established. Article 13.7 further requires Parties to regularly provide a national inventory report and information necessary to track progress towards NDC implementation and achievement. For Jamaica, strengthening the systems and institutional arrangements associated with the BTR process is also directly relevant for participation in carbon markets and Article 6 cooperative approaches. In particular, maintaining a national greenhouse gas inventory and providing the most recent national inventory report are participation requirements under Article 6.2 guidance, while robust MRV and transparency systems are necessary to support the tracking of mitigation outcomes and corresponding adjustment reporting under Article 6.

3.3.4 Sectoral information considerations

Jamaica's sectoral data foundation varies across mitigation-relevant sectors. While energy-related emissions benefit from relatively strong data systems, other sectors, particularly agriculture, waste, and LULUCF, face more significant constraints related to data availability, consistency, and level of detail. In several cases, existing data are sufficient for national inventory purposes but remain limited for detailed MRV, mitigation tracking, and potential participation in carbon market mechanisms.

3.3.5 Article 6 considerations: Inventories, ITMOs Tracking and Registries

National Inventory: The preparation of the first Biennial Transparency Report (BTR) represents an important step toward strengthening transparency and reporting under the Paris Agreement. The submission of the most recent National Inventory is a participation requirement for Article 6.2 and therefore the relevance on advancing in the preparation of the BTR.

ITMOs. On Article 6, ITMO tracking and corresponding adjustments require maintaining a consistent emissions balance over time that integrates mitigation outcomes with national accounting for NDC tracking. Under Article 6.2, corresponding adjustments are applied to an emissions balance used for NDC tracking, by adding or subtracting mitigation outcomes that are transferred or used internationally. This results in an adjusted emissions balance, which is the basis for assessing progress toward the NDC.

In practical terms, mitigation outcomes that are authorized for NDC and/or OIMP cannot be counted toward domestic NDC achievement and must therefore be added to the emissions balance, while mitigation outcomes acquired from other Parties may be subtracted. To ensure coherence across reporting and accounting, these adjustments are expected to be consistent with the scope of the NDC, the emissions covered by it for accounting purposes, including sectors, GHGs and time periods.

The requirement above, implies the need for systems capable of linking mitigation outcomes to the relevant years and emissions data used for NDC accounting. and represents a significant step-up from existing MRV systems. Strengthening data integration, registry infrastructure, and cross-sector MRV coordination will therefore be critical to ensure consistency across inventory data, NDC accounting, and international reporting, and to avoid inconsistencies during technical expert review.

Registry. A registry is the system through which mitigation outcomes are recorded, uniquely identified, tracked, and accounted for throughout their lifecycle, including issuance, authorization, transfer, use, and cancellation. Under Article 6, registries provide the infrastructure to ensure transparency, traceability, and consistency in the tracking of ITMOs, and to link transactions with corresponding adjustments and reporting requirements.

In this context, registry arrangements are a key enabling condition for MRV and NDC accounting under Article 6. Jamaica will adopt a phased hybrid approach to registry arrangements, combining the use of international, partner, and potentially national systems as capacity evolves. In the short term, Jamaica will rely on existing international infrastructure, particularly the UNFCCC Article 6.2 international registry and the PACM mechanism registry, while maintaining flexibility to engage with partner or third-party registry systems used in cooperative approaches for Article 6.2

This hybrid approach (combination of registry solutions) allows Jamaica to participate early in carbon markets while avoiding premature investment in standalone infrastructure, and to adapt its registry arrangements as participation evolves. In parallel, Jamaica will build the institutional and technical capacity to track mitigation outcomes across their lifecycle and ensure that registry data are fully integrated into national MRV systems, NDC accounting, and Article 6 reporting.

In the medium term, the proposal is to develop a national framework for tracking mitigation activities (projects, plans, and programs), supported by a registry system to consolidate information on implementation status, expected emission reductions, financing sources, and alignment with NDC targets. This would provide a structured and transparent overview of mitigation efforts, enabling the Government of Jamaica to identify investment gaps, prioritize interventions, and assess opportunities for participation in carbon markets, including under Article 6.

Over time, this system could be progressively developed into a national registry capable of tracking mitigation outcomes at the unit level and supporting authorization, issuance, and transfer processes. Its design should ensure alignment with Article 6 accounting and reporting requirements, including interoperability with international registries, and be scaled in line with participation levels and administrative capacity.

3.4 Climate finance tracking

The introduction of climate budget tagging can support the systematic identification, classification, and tracking of public expenditures that contribute to climate mitigation and adaptation objectives. In the context of existing fuel tax revenues, and particularly in the event that a carbon tax is implemented, it becomes important to assess and track the extent to which such revenues are associated with climate-related investments. Integrating climate-relevant markers into public financial management systems would enhance transparency on the use of public finance revenues for Climate Change, support alignment between fiscal policy and climate objectives, and inform decisions on potential revenue recycling mechanisms. Climate budget tagging can also strengthen the link between CPIs and climate outcomes, enhance accountability, and support the mobilization of additional climate finance by demonstrating the effective use of domestic resources.

3.5 Stakeholder engagement and capacity building

Capacity building and stakeholder engagement are critical enabling conditions for the effective implementation of carbon markets and CPIs in Jamaica. Participation in mechanisms such as Article 6 requires not only technical readiness within Government, but also the ability of private sector actors, financial institutions, and civil society to understand, access, and contribute to emerging carbon market opportunities. Strengthening capacities across these groups is therefore essential to ensure environmental integrity, facilitate investment, and support informed decision-making.

In this context, stakeholder engagement also plays a central role in ensuring transparency, inclusiveness, and policy coherence. Jamaica's experience in developing its NDC, BURs, NCs, and LT-LEDS demonstrates the importance of multi-stakeholder processes involving public institutions, private sector representatives, academia, and civil society organizations. Existing coordination structures, such as the CCAB and the CCFPN, provide an institutional platform to support continuous dialogue and alignment across sectors.

3.5.1 Relevant stakeholders for capacity building and engagement

Jamaica already has an institutional base on which capacity building and engagement for carbon markets and carbon pricing can be developed. The CCB is the focal institution for coordinating climate change initiatives, supported by the CCAB and the CCFPN. For this strategy, the most relevant stakeholder groups for capacity building and engagement include those identified in the next figure:

Figure 3. *Main Stakeholders to be involved in the Strategy*



3.5.2 Capacity Needs and Recommendations by Stakeholder Group

In addition to stakeholder-specific needs, there is a foundational, cross-cutting requirement to develop a common understanding of carbon markets (including Article 6.2 and 6.4) and CPIs across all stakeholder groups. This foundational layer should ensure that all actors, public, private, and non-state, share a baseline understanding of key concepts such as mitigation outcomes, corresponding adjustments, MRV systems, and carbon pricing mechanisms. This will support coherent decision-making, facilitate coordination across institutions, and reduce implementation risks. Building on this common foundation, the following table outlines priority capacity needs and recommended areas of support by stakeholder group.

Table 3. *Recommended Training and Capacity Building Focus and delivery methods for Stakeholders*

Stakeholder Group	Role	Priority Capacity Needs	Recommended Focus	Delivery Method
Cross-cutting (all stakeholders)	Common foundation for participation	Carbon markets and CPIs. Core concepts (ITMOs, MRV, additionality, CA)	Introductory national training Awareness and communication materials	Workshops; Intro training; Toolkits; Online platforms

Stakeholder Group	Role	Priority Capacity Needs	Recommended Focus	Delivery Method
	and coordination	Linkages with NDC and LT-LEDS		
Core public institutions (CCB, PIOJ, MoFPS, NEPA, sector ministries)	Design, regulate, and oversee instruments	Article 6 procedures and reporting MRV and data systems Registry systems CPI design Legal aspects	Technical training on Article 6 and MRV Policy design and pilot exercises, Legal and regulatory training	Technical workshops; Hands-on training; Technical Assistance; Policy labs; Peer exchange
Climate coordination mechanisms (CCAB, CCFPN, NTWG)	Coordinate across sectors and support MRV	Carbon markets and CPI understanding MRV coordination Stakeholder engagement	Training for focal points Tools for coordination and reporting	Training programmes; Coordination workshops; Reporting tools
Sector agencies (FD, NSWMA, NWC, etc.)	Identify and implement mitigation activities	Eligible activities and methodologies MRV at sector level Project pipeline development	Sector-specific technical training Guidance for project identification	Sector workshops; Technical guides; On-the-job training; Pilot projects
Private sector	Identify, develop and invest in projects and programs	Strategy awareness NDC alignment and additionality MRV and safeguards Carbon pricing signals	Awareness and guidance on participation MRV and safeguards training Pricing and risk tools	Industry roundtables; Training sessions; Guidance materials; Pilot exercises
Civil society, academia, communities	Ensure transparency and inclusion	Awareness of carbon markets Participation and safeguards Benefit-sharing Communication strategy on the socio-economic impacts of carbon pricing and carbon markets	Outreach and capacity building on safeguards and participation	Outreach campaigns; Workshops; Academic partnerships; Consultations
Regional and international partners	Provide technical and financial support	National priorities Coordination of support Aggregation of activities	Coordination mechanisms Alignment with roadmap and priorities Targeted support missions	Coordination meetings. Joint programmes; Knowledge exchange

Stakeholder Group	Role	Priority Capacity Needs	Recommended Focus	Delivery Method
Technical/service providers (VVBs, consultants)	Provide technical and integrity services	Capacity for establishment of local VVB Methodologies and MRV Validation and verification Registry systems	Training for validation/verification towards development of local expertise	Specialized training; Accreditation programmes; Mentoring

3.5.3 Phased Capacity Building Roadmap

In addition to stakeholder-specific needs, there is a foundational, cross-cutting requirement to develop a common understanding of carbon markets (including Article 6.2 and 6.4) and CPIs across all stakeholder groups. This foundational layer should ensure that all actors, public, private, and non-state, share a baseline understanding of key concepts such as mitigation outcomes, corresponding adjustments, MRV systems, and carbon pricing mechanisms. This will support coherent decision-making, facilitate coordination across institutions, and reduce implementation risks. Building on this common foundation, the following table outlines priority capacity needs, recommended areas of support by stakeholder group and timeline of implementation.

Capacity building for carbon markets and carbon pricing in Jamaica will be implemented through a phased approach, aligned with the country's readiness level and institutional context. The roadmap combines a cross-cutting foundational layer, applicable to all stakeholders, with progressively more specialized and institutionalized capacities over time.

Table 4. *Capacity Building Roadmap, stakeholders and delivery methods*

Capacity Building Area	Stakeholder Focus	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)	Delivery Methods
Core awareness, governance and coordination	Public institutions, coordination bodies, private sector, civil society	Introductory training on carbon markets and pricing (Article 6.2, 6.4, VCM, carbon tax, ETS); awareness of institutional roles, governance structures, and	Continuous and structured training programmes across institutions; strengthened inter-institutional coordination and stakeholder engagement platforms; operational	Institutionalized training systems integrated into government, academia, and professional programmes; sustained knowledge-sharing and coordination mechanisms	Introductory workshops, awareness campaigns, online platforms, coordination workshops, peer exchange, policy dialogues, academic partnerships

Capacity Building Area	Stakeholder Focus	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)	Delivery Methods
		coordination mechanisms; outreach and stakeholder engagement activities	understanding of policy interactions and implementation roles		
Article 6 readiness and implementation	Climate authorities, sector ministries, project proponents, coordination bodies	Training on participation requirements, authorization processes, corresponding adjustments, safeguards, integrity risks, and project eligibility	Operational training on authorization workflows, reporting, corresponding adjustments, safeguards implementation, and integrity screening procedures	Advanced capacity to manage large-scale Article 6 participation, including authorization, reporting, integrity management, and continuous refinement of procedures	Technical workshops, hands-on training, policy labs, peer exchange, technical assistance, simulation exercises, operational guidance materials
MRV, accounting, registries and reporting	MRV institutions, technical agencies, sector ministries	Training on MRV fundamentals, emissions data, reporting requirements, NDC tracking, and BTR processes; identification of initial data gaps; introduction to registry concepts and mitigation tracking systems	Specialized training on MRV systems, registries, corresponding adjustments, sectoral data integration, and NDC accounting; operationalization of tracking systems and reporting processes	Fully operational and integrated MRV, registry, and reporting systems aligned with UNFCCC requirements and sustained national transparency capacity	Technical training, reporting tools, on-the-job training, registry demonstrations, technical assistance, guidance manuals, digital platforms
Project and programme development	Sector agencies, private sector, project	Capacity building on project design, methodologie	Support for development of sectoral project pipelines; training on	Mature and continuously updated project and programme	Sector workshops, pilot projects, mentoring, technical

Capacity Building Area	Stakeholder Focus	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)	Delivery Methods
	developers, consultants	s, additionality, safeguards, standards, and programmatic approaches; initial project identification and pipeline development	baseline setting, monitoring, scaling of mitigation activities, and development of bankable projects	pipeline across sectors with expanded methodologies and large-scale implementation capacity	guides, project incubation support, hands-on training, knowledge exchange
Finance and market participation	Ministry of Finance, financial institutions, private sector, investors	Introductory training on carbon finance, revenue streams, market structures, and funding opportunities; initial engagement with financial institutions and potential buyers	Capacity building on carbon finance structuring, transaction models (ITMOs, ER sales), blended finance, and engagement with investors and buyers (Article 6.2, CORSIA, VCM)	Advanced capacity to design and manage financing instruments, including potential domestic offset schemes or ETS-related financial structures	Industry roundtables, financial workshops, investor dialogues, technical assistance, policy discussions, market engagement sessions
Tools, systems and operational guidance	Public institutions, technical agencies, project developers	Development of guidance materials, templates, toolkits, and operational procedures for MRV, authorization, safeguards, and project development	Operational use and refinement of tools, registry systems, tracking infrastructure, and implementation procedures across institutions	Continuous updating and full integration of tools and systems into national institutional workflows and procedures	Toolkits, templates, operational manuals, online platforms, technical support, software demonstrations, institutional working sessions
Regional cooperation and	Regional partners, international organization	Initiation of regional dialogue, consultations,	Participation in regional cooperation platforms,	Sustained regional cooperation mechanisms	Regional workshops, coordination meetings, joint

Capacity Building Area	Stakeholder Focus	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)	Delivery Methods
stakeholder engagement	s, private sector, civil society	and knowledge exchange, particularly within the Caribbean context	public-private dialogue mechanisms, and regional capacity-building initiatives; strengthened collaboration with international partners	and long-term partnerships supporting continuous market participation and knowledge exchange	programmes, consultations, partnership platforms, knowledge-sharing initiatives
Technical expertise and market services	Universities, consultants, VVBs, technical providers	Initial exposure to validation, verification, and technical advisory services; awareness of future market service needs	Development of national technical expertise, including MRV specialists, project developers, and consultants; expanded technical support capacity	Establishment of domestic validation and verification capacity (future VVBs) and specialized national carbon market services	Specialized technical training, accreditation programmes, mentoring, academic partnerships, certification support, expert exchanges

In the short term, efforts will focus on building a common understanding of carbon markets and pricing instruments and initiating core technical training. In the medium term, the focus will shift toward operational readiness, including MRV systems, registries, and project development. In the long term, capacity building will be institutionalized within national systems, with the development of domestic expertise and sustained implementation capacity.

3.5.4 Transparency, inclusion, consultation and participation

Transparency, consultation, and stakeholder participation in public decision-making in Jamaica are supported by established policy instruments that apply across the public sector. These include the Consultation Code of Practice for the Public Sector (Cabinet Office, Government of Jamaica , 2005), the Guidelines for the Development of National Policies (Cabinet Office, Government of Jamaica , 2017) , and the Open Government Partnership National Action Plan (2024–2026), which together promote early engagement, structured consultation processes, transparency, and multi-stakeholder participation.

In the context of carbon markets and CPIs, these frameworks provide a strong institutional basis to ensure that policy design and implementation are conducted through transparent and participatory processes. This includes early stakeholder engagement, clear communication of policy objectives and impacts, and systematic documentation of consultations. Given the cross-

sectoral nature and potential distributional implications of these instruments, these elements are critical to build trust, strengthen legitimacy, and reduce implementation risks.

Existing coordination mechanisms further support this approach. The CCAB and the CCFPN, coordinated by the Climate Change Branch, facilitate cross-sectoral coordination and integration of climate considerations across MDAs. In parallel, the Bureau of Gender Affairs (BGA) and the Gender Focal Point Network (GFPN) support gender mainstreaming, including the integration of gender-responsive approaches, disaggregated data, and capacity building across institutions.

3.6 Sectoral Readiness: Characteristics and Capacity

Sectoral readiness for participation in carbon markets and CPIs in Jamaica varies depending on mitigation potential, data availability, policy integration, scalability, and MRV feasibility. Some sectors benefit from stronger institutional arrangements and clearer emissions data, facilitating the application of CPIs, while others are better suited to project- or program-based carbon market approaches, particularly when supported through aggregation. Alignment with national policies and mitigation targets remains essential to ensure that participation supports, rather than undermines, Jamaica's climate commitments. The table below summarizes sectoral readiness in Jamaica across these dimensions to help identify priority areas and guide sector-specific approaches under Article 6 and carbon pricing pathways.

Table 5. *Sectoral Readiness Analysis for Carbon Markets and CPIs*

Sector	Structural characteristics	Carbon market suitability	Carbon pricing suitability	NDC 3.0 Coverage	LT-LEDS Coverage
Electricity	Centralized generation system; strong regulatory framework; relatively robust energy data and MRV infrastructure	**Low–Medium** – mitigation largely embedded in system-wide energy transition; additionality for project-based crediting should be carefully analysed	**High** upstream pricing feasible due to concentrated fuel imports and power generation structure	Mitigation target includes electricity decarbonization; renewable electricity targets: 50% by 2030 and 63% by 2035; reduction of electricity system losses	Core pillar of long-term decarbonization; renewable expansion, grid modernization, and storage deployment central to transition
Transport	Highly dispersed fleet; strong dependence on imported fuels; emissions largely linked to fuel consumption	**Medium–High** – potential through programmatic or sectoral approaches, though MRV complexity due to	**High** – fuel taxation already applied upstream; infrastructure allows extension to carbon	EV penetration targets and fuel efficiency improvements; electrification of public and private vehicle fleets	Key transition sector under long-term strategy; progressive electrification and efficiency improvements essential for decarbonization

Sector	Structural characteristics	Carbon market suitability	Carbon pricing suitability	NDC 3.0 Coverage	LT-LEDS Coverage
		dispersed actors	pricing signals		
Buildings	Fragmented actors across residential and commercial sectors; limited centralized data systems	**Low–Medium** – dispersed mitigation activities complicate project-level MRV	**Medium** – indirect price signal through electricity tariffs and energy prices	Covered indirectly through energy demand reduction measures and efficiency improvements	Supports electricity sector decarbonization through demand-side efficiency improvements
Industry	Limited number of identifiable large emitters; energy-intensive subsectors such as cement production	**Medium** – project-based mitigation opportunities exist in specific subsectors	**Medium** – feasible to target large industrial emitters in CPIs	Cement sector mitigation reflected through clinker factor reduction commitments	Industry modernization and efficiency improvements identified as long-term mitigation pathway
Forestry / Land Use	Large national forest cover; significant carbon sink potential; monitoring supported through national forest inventories	Medium - High – removals and restoration activities suitable for crediting approaches	Low – sector not well suited to CPIs	Performance-based commitments including maintaining forest cover and expanding sinks relative to baseline	Strengthening land-based carbon sinks and ecosystem restoration central to long-term mitigation pathway
Agriculture	Highly decentralized sector with small-scale producers; limited MRV systems	Medium - Low – potential through programmatic or aggregated approaches	Low – CPIs difficult due to diffuse emission sources	Sector included through mitigation practices and sustainable land management measures	Sustainable land-use management and productivity improvements identified as long-term mitigation pathway
Waste	Methane emissions from landfill and wastewater; data limitations remain	Medium – methane capture projects potentially suitable for crediting	Low–Medium – sector less responsive to carbon price signals	Mitigation actions include improved waste management and methane reduction	Improved waste management systems contribute to broader decarbonization pathway

This section provides a high-level identification of mitigation opportunities and sectoral entry points and a more detailed characterization of specific activities suitable for carbon market participation will be presented in the Article 6 pathways section. This will include a more granular

definition of activity types, eligibility considerations, potential pilots and alignment with cooperative approaches under Article 6.2 and the PACM mechanism, building on the sectoral readiness assessment developed above.

3.6.1 Conceptual Approach for Potential Pilot Mitigation Activities

Pilot mitigation activities can be designed and implemented at different scales and levels of aggregation, each with distinct implications for environmental integrity, transaction costs, and alignment with national mitigation objectives. In the context of Jamaica, three broad categories can be considered:

- **Project-based approaches:** These involve discrete, site-specific interventions (e.g., a renewable energy installation or a reforestation activity). They are typically easier to implement and monitor, with lower upfront complexity, but may face higher transaction costs per unit of mitigation outcome and limited scalability.
- **Programmatic approaches:** These aggregate multiple similar activities under a single framework (e.g., distributed renewable energy systems, energy efficiency programmes, or fleet transitions). Programmatic approaches can reduce transaction costs, enhance scalability, and improve consistency in monitoring and reporting, while still maintaining a level of control over individual activities.
- **Sectoral approaches:** These operate at a broader scale (e.g., sector-wide or national-level interventions such as forest programmes or transport policies). They offer the highest potential for addressing systemic drivers of emissions, but require robust institutional capacity, comprehensive MRV systems, and careful accounting to avoid double counting, over-crediting and over selling.

Across these approaches, the identification of pilot activities should be guided by a common set of criteria: additionality [2], MRV feasibility, Scalability and replicability, Co-benefits and Risk management.

3.7 Implementation roadmap for enabling conditions

The operationalization of the enabling conditions identified in this strategy requires a structured and phased approach that reflects both current readiness and the sequencing of key institutional, technical, and regulatory developments. In this context, actions are organized across short-, medium, and long-term horizons, allowing for the progressive development of systems and capacities. Early efforts focus on establishing foundational elements, followed by the development and operationalization of key frameworks, and ultimately their consolidation and continuous improvement over time.

[2] Ensuring that mitigation outcomes go beyond existing regulatory requirements, and careful assessment of NDC baseline trajectories.

To support implementation, the roadmap below translates these priorities into a structured set of actions across thematic areas, providing a basis for coordination across institutions, alignment of resources, and tracking of progress.

Table 6. *Enabling Conditions Roadmap*

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
Strategic, legal and policy framework	• Define principles for carbon markets and carbon pricing strategy in alignment with the NDCs and LT-LEDS. • Clarify policy objectives and role of Article 6, explicit CPIs and voluntary carbon markets, including its implementation timelines according to objectives. • Identify potential legal and policy instruments for the strategy and for each mechanism and consider inclusion of carbon markets and carbon pricing elements in the Climate Change Law proposal. • Establish implementation timelines for the adoption of instruments required for each mechanism. • Analize the legal nature of different types of units for each mechanism, such as Article 6.4ERs, ITMOs and allowances.	• Adopt the national carbon markets and carbon pricing strategy through an appropriate policy instrument (in the case of Jamaica, this may include Cabinet approval or another formal government decision). • Develop required legislative or regulatory instruments to adopt and implement the strategy or specific elements of the strategy.	• Periodic review and update of strategy based on implementation experience and implementation timelines of different carbon pricing and carbon markets instruments.
Governance and institutional strengthening	• Clarify institutional roles and mandates and formalize in the strategy and/or relevant related regulatory instruments if required. • Define inter-institutional coordination mechanisms required for implementation and evaluate vs existing ones. • Assess technical capacity and staffing needs.	• Establish or consolidate formal coordination mechanisms. • Strengthen technical staffing and institutional capacity.	• Consolidate governance arrangements and maintain institutional capacity.
Data, MRV and information systems	• Review existing emissions data systems and NDC progress tracking capacity • Identify key sectoral information gaps and reporting constraints • Build capacity for the recording and tracking of mitigation outcomes through the use of the	• Strengthen sectoral emissions data processes and reporting. • Implement improved MRV frameworks (including the potential use of international or national registries).	• Maintain and periodically update MRV systems.

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
	UNFCCC Article 6.2 international registry and the PACM mechanism registry • Advance actions to finalize the Biennial Transparency Report (BTR), which will support the technical design and implementation of carbon markets and CPIs.		
Mitigation and climate finance tracking	• Design a mitigation action tracking concept, to capture existing and planned mitigation initiatives, inform financing needs and carbon market opportunities, and progressively evolve into a unit registry with potential interoperability with the Article 6 international registry. • Assess options for climate budget tagging	• Develop and implement the selected mitigation tracking and registry system, with the appropriate synergies with the Article 6 international registry. • Introduce climate budget tagging • Assess and clarify the tax treatment of units generated under carbon market mechanisms and related fiscal provisions.	Continuous improvement of mitigation tracking systems for emissions and for mitigation activities and outcomes.
Stakeholder engagement and capacity building	• Initiate technical training on Article 6 and carbon markets. • Initiate private sector engagement • Promote and continue regional cooperation including dialogue with regional partners to explore opportunities for collaboration, aggregation, and knowledge exchange on carbon markets and carbon pricing.	• Continue capacity building across institutions. • Strengthen engagement with private sector and potential project developers. •Design and test specific regional cooperation approaches, including pilot aggregation of mitigation activities, and coordination on Article 6 participation	• Maintain continuous stakeholder engagement and knowledge exchange. • Establish structured regional cooperation arrangements including coordinated or plurilateral approaches for carbon market participation
Sectoral Readiness capacity	• Evaluate the alignment of potential market activities with NDC and LT-LEDS •Identify aggregation opportunities in sectors with constraints. • Engage with potential coordinating entities to lead programmatic initiatives in	• Propose and lead sectorial initiatives, including development of sector-specific mitigation pipelines, programmatic approaches, or readiness pilots.	• Institutionalize sector-level systems and processes to sustainably generate, manage, and scale mitigation activities, ensuring integration with national MRV, Article 6 participation

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
	priority sectors such as agriculture, distributed energy, transport, and buildings		frameworks, and long-term transformation strategies. • Strengthen continuous sectoral capacity, including regular updates of baselines, aggregation frameworks, and eligibility criteria to align with evolving NDCs and market opportunities.

4 Participation pathways: Article 6 and explicit carbon pricing

A phased implementation approach is proposed, building on the enabling conditions outlined in previous sections.

In the short term, priority is placed on consolidating these conditions, initiating engagement with PACM activities, and strengthening the systems required for participation in Article 6.2, including authorization, tracking, and reporting. Initial consideration may also be given to carbon taxation, particularly through linkages with the existing fuel tax and climate budget tagging.

In the medium term, this would enable more structured participation in Article 6.2 cooperative approaches and, depending on feasibility, the potential introduction of a carbon tax. Flexibility is maintained to advance specific pathways based on sectoral opportunities, provided minimum conditions are met.

In the longer term, more complex instruments such as an ETS may be considered, contingent on the development of robust MRV systems, regulatory frameworks, and sufficient market scale.

4.1 Article 6 Pathway

Building on the enabling conditions and sectoral readiness assessment, this section sets out Jamaica's participation pathway under Article 6 of the Paris Agreement, translating the strategy into a phased operational framework for engagement in both PACM and Article 6.2 cooperative approaches. The pathway reflects Jamaica's current readiness and supports progressive participation as systems are strengthened, while ensuring alignment with NDC implementation, environmental integrity, and national priorities.

It defines key elements for implementation, including appropriate crediting approaches (project, programmatic, and sectoral), the use of mitigation outcomes (international transfer or domestic use), and priority activity types aligned with climate and development objectives. The pathway is informed by sectoral assessment, guiding the prioritization of activities based on additionality, alignment with national mitigation pathways, MRV feasibility, and policy context, while ensuring that participation does not compromise NDC achievement or create overselling risks.

Finally, the pathway incorporates an indicative sequencing of actions over time, while allowing for flexibility in implementation. This enables Jamaica to initiate specific activities or approaches based on emerging opportunities, sectoral readiness, and investment conditions, provided that minimum safeguards and enabling conditions are in place.

4.1.1 Article 6 Implementation Roadmap

The implementation of Article 6 in Jamaica requires the progressive operationalization of institutional, legal, technical, and procedural elements specific to both cooperative approaches under Article 6.2 and participation in PACM. **A critical initial step for participation under both**

Article 6.2 and PACM is the fulfilment of participation requirements as established under relevant CMA decisions and formal communication in the case of PACM. For Article 6.2, Decision 2/CMA.3, annex, paragraph 4 sets out the requirements that Parties must meet to participate in cooperative approaches, including maintaining an NDC, having arrangements in place for authorization, tracking, and reporting of mitigation outcomes, and ensuring consistency with NDC implementation. For PACM, Decision 3/CMA.3, paragraphs 26–29 establish participation responsibilities for Host Parties, including the designation of a national authority, and the obligation to communicate participation information to the Supervisory Body, including through the Host Party Participation Form. Participation requirements for both Article 6.2 and PACM, and related forms are included in Annex 2 of this strategy.

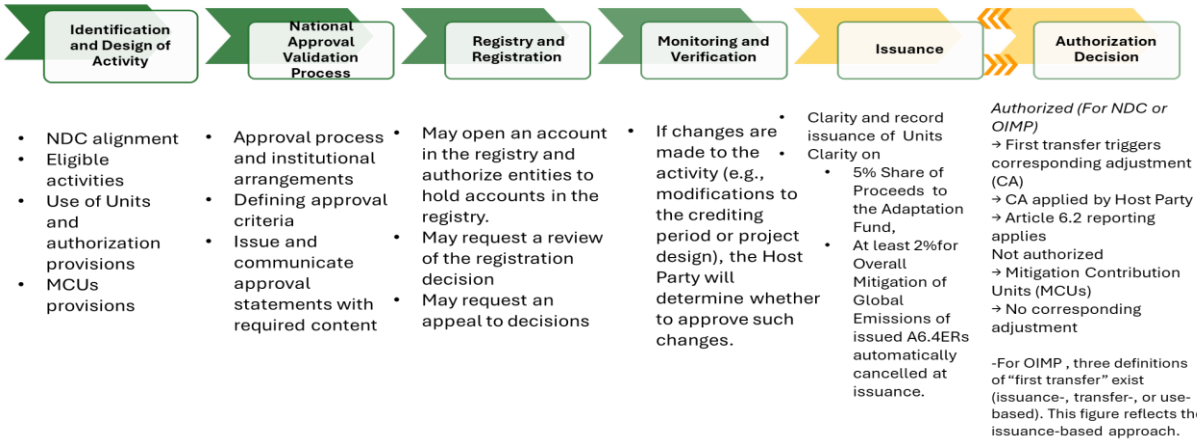
Figure 7 illustrates the lifecycle of a mitigation activity under carbon market mechanisms from the perspective of the Host Government, highlighting key functions and decision points to ensure alignment with national priorities and the integrity of mitigation outcomes.

The process begins with activity design, where the Government defines the regulatory framework, including eligibility criteria, methodologies, and safeguards to ensure consistency with the NDC. This is followed by national approval, where alignment with national objectives, sustainable development, and potential overselling risks are assessed, and initial indications for authorization may be considered.

After approval, the activity proceeds to registration, ensuring traceability and avoiding double counting through national or international registries. The implementation, monitoring, and verification, led by project proponents and independent entities, depends on Government ´s rules, approved methodologies, and treatment of mitigation outcomes.

Following verification, issuance generates carbon units under mechanism-specific requirements and could include the application of share of proceeds and Overall Mitigation in Global Emissions (OMGE). The Government ensures that these implications are understood and reflected in procedural frameworks. Issuance is recorded in registries, providing transparency and supporting national tracking.

Figure 4. *Project Cycle for Crediting Mechanisms and Specific Government functions under Article 6 considerations*



The final stage relates to authorization, of units, where the Government determines whether A6.4ERs may be authorized for NDC and/or OIMP and defines the point of first transfer, which is critical for triggering corresponding adjustments and managing national accounting. However, Article 6.4 guidance allows host Parties flexibility regarding the timing of authorization, including providing authorization as part of the approval process or at a later stage after issuance of A6.4ERs. Jamaica may evaluate authorization requests on a case-by-case basis, taking into account consistency with national climate objectives, NDC implementation, and accounting considerations.

Building on the participation pathway and activities cycle, the implementation roadmap presented in table 4 and 6 introduce the key steps to operationalize Jamaica's engagement under Article 6.2 and the PACM mechanism. It reflects the phased approach of the strategy, identifying priority actions and sequencing across time horizons.

Table 7. *Article 6.2 Implementation Roadmap*

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
Participation requirements and enabling conditions under Article 6.2	• Confirm fulfilment of Article 6 participation requirements under CMA guidance. • Prepare more recent GHG inventory.	• Submit the Biennial Transparency Report to increase readiness in participation requirements. • Integrate Article 6 participation considerations into national mitigation planning and reporting.	Maintain compliance with participation requirements and update participation arrangements as international rules evolve.
Approval and authorization administration / procedural workflows	• Identify potential priority sectors and mitigation outcomes suitable for cooperation. • Identify with potential partners standards to be eligible for Article 6.2 activities and establish eligibility • Define institutional authority responsible for authorization decisions. • Design draft authorization procedures, documentation and internal workflows.	• Adopt formal authorization procedures through appropriate administrative or regulatory instrument (s). • Operationalize evaluation procedures for mitigation activities seeking approval. • Operationalize evaluation procedures for ITMOs authorizations.	Periodically review and update authorization procedures based on implementation experience.
Legal and regulatory interpretation and adoption	• Review existing legal framework to identify whether specific regulatory or administrative	Adopt required regulatory or administrative instruments enabling Article 6 participation and guided by CMA decisions.	Maintain and adjust legal framework as Article 6 practice evolves.

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
of relevant instruments	instruments are required to operationalize Article 6 participation. • Initiate development of regulatory and /or administrative instruments.		
Integrity, safeguards and risk oversight	• Identify key integrity risks (double counting, overselling, safeguards). • Establish risk management measures. • Define preliminary screening criteria for mitigation activities seeking authorization including eligibility lists, and environmental and social requirements for activities	Develop operational risk management and integrity screening procedures for activities approval and authorization of transfers. Integrate safeguards and integrity oversight into authorization processes	Maintain and periodically update integrity safeguards and risk management procedures.
Financial and fiscal responsibilities	• Assess fiscal implications of Article 6 participation (fees, administrative costs, potential revenues). • Define preliminary institutional responsibilities for financial management in specific cases.	Establish and adopt financial procedures related to Article 6 participation	• Monitor financial and fiscal implications of Article 6.2 participation. • Adjust fiscal arrangements based on operational experience.
Registry interaction, accounting, information and reporting	• Evaluate the most cost-effective registry approach for Jamaica. • Define institutional responsibilities for tracking and accounting of mitigation outcomes. • Identify and appoint institutional focal points responsible for engagement with UNFCCC review processes.	• Establish operational procedures for tracking transfers, recording corresponding adjustments, and reporting information under Article 6, aligned with BTR submission cycles and Article 6. reporting requirements and coordinated with national authorization processes. • Operationalize the selected registry approach. • Prepare and submit the Article 6.2 initial report • Develop procedures for responding to Article 6 technical review processes and other	• Maintain registry interaction systems and ensure continued compatibility with international reporting requirements. • Prepare and submit specific Article 6.2 reports: initial report, annual information and regular information. • Maintain engagement with international review processes and update procedures as required.

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
		mechanism-related procedures.	
Grievance processes		Establish or strengthen existing grievance mechanisms to allow stakeholders to raise concerns related to carbon market activities.	Periodically review and strengthen grievance mechanisms

The following table presents the implementation steps for participation in the PACM, structured across short-, medium-, and long-term actions. It reflects the role of the Host Party in establishing policy, legal, and institutional arrangements, including approval and authorization procedures, registry and reporting systems, and financial and operational aspects. It also incorporates safeguards, risk management, and grievance processes, illustrating the progression from initial readiness to full operationalization and periodic review.

Table 8. *PACM Implementation Roadmap*

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
Strategic Policy Coordination	• Identify and prioritize potential activity types consistent with NDC priorities. • Understand decisions related to Article 6.4 ERs (Mitigation Contribution Units / Authorized Units).	Adopt formal strategic guidance for PACM participation and decisions related to Mitigation Contribution Units and Authorized Units.	Periodically review Article 6 participation strategy and alignment with NDC implementation.
Legal and Regulatory Interpretation	Review new PACM/ CMA decisions and Supervisory Body procedures, standards and tools to integrate them into relevant processes.	Adopt administrative or regulatory instruments enabling approval and authorization functions.	Update regulatory instruments as PACM rules evolve.
Participation Set-Up	• Confirm and formalize DNA responsibilities. • Prepare participation information required under PACM rules and submit Host Party Participation Requirement form.	Establish procedures for maintaining and updating participation information.	Maintain and periodically update participation information submitted to the mechanism.
Approval and Authorization	• Develop preliminary procedures for activity approval and participants authorization.	• Adopt formal procedures for approval of activities and authorization of transfers, triggering	Review and update authorization procedures based on implementation experience.

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
	• Establish approval criteria for specific activities.	corresponding adjustments • Establish criteria for First Transfer and authorizations.	
Financial & Fiscal Operationalization	• Identify financial implications of PACM participation (fees, share of proceeds). • Clarify institutional coordination with finance authorities if required. • Estimate budgets required for approval and authorization processes (mainly staff).	Clarify, through legal or regulatory instruments, the fees or administrative costs associated with approval and authorization processes, if applicable.	Periodically update estimates of fees, tariffs, and associated costs.
Registration, Registry, Accounting & Reporting	• Familiarize with the PACM registry to understand features and operational and information requirements and available information. • Consider the establishment of a domestic registry for mitigation actions to start compiling information related to potential initiatives.	Establish procedures for registry interaction and corresponding accounting arrangements when using the PACM registry.	Develop internal reports and connect with Article 6.2 provisions for Article 6.4 ERs authorized for transfers.
Integrity, Safeguards and Risk Oversight	• Identify applicable national safeguards frameworks. • Develop risk screening criteria for activities.	Establish procedures for integrity review during approval and for continuous oversight including monitoring safeguards implementation.	Periodically review safeguards and risk management procedures.
Engagement, Review & Grievance	Identify responsibilities for engagement with Supervisory Body procedures in grievance and appeals processes.	Establish national procedures to manage engagement with grievance and appeals processes.	Maintain institutional capacity for engagement with international review processes.

4.1.2 Article 6: Institutional Arrangements

The institutional arrangements for Article 6 participation in Jamaica are structured around a functional approach, whereby specific roles and responsibilities are defined based on the requirements of the Paris Agreement and informed by international experience.

These functions are derived from:

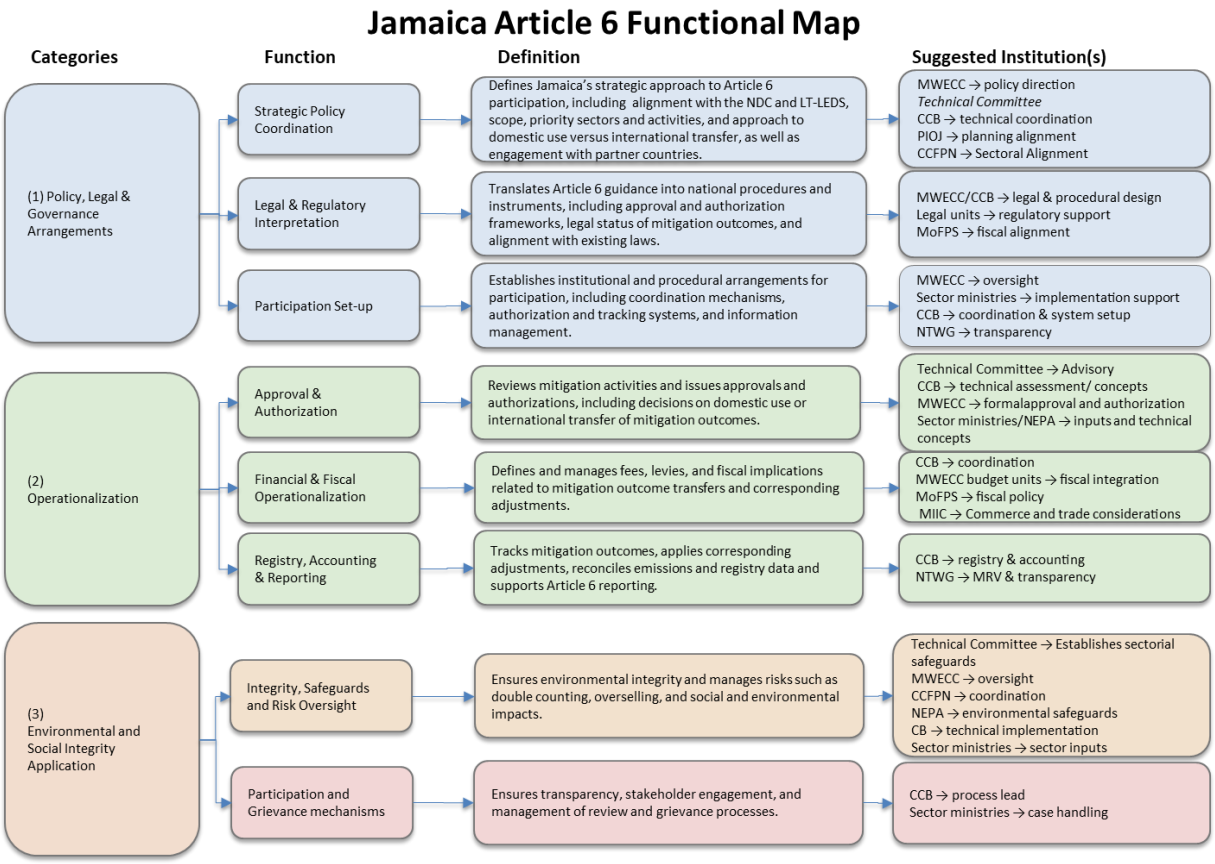
- The CMA decisions, modalities, procedures and guidelines adopted under Article 6 of the Paris Agreement, which establish the core requirements for participation, including authorization, accounting, tracking, and reporting.
- The operational requirements in practice of both Article 6.2 and PACM
- International experience and emerging practices from countries developing institutional frameworks for Article 6
- The assessment conducted during the readiness phase for Jamaica, which evaluated existing institutional mandates, coordination structures, and technical capacities.

Based on this combined analysis, a set of core functions required for effective participation under Article 6 has been identified. The approach prioritizes:

- Building on existing mandates and institutional structures
- Assigning clear roles and responsibilities
- Strengthening interinstitutional coordination mechanisms, including existing platforms.
- Allowing for progressive development of capacities over time.

The functions described below apply across both Article 6.2 and the PACM, with some differences in operational detail depending on the mechanism. The functions are organized under three categories: 1. Policy, Legal & Governance Arrangements; 2. Operationalization; and 3. Engagement & Participation. This structure helps translate the readiness findings into a practical institutional set-up by linking each function to the most appropriate lead or supporting institution within Jamaica's existing governance framework.

Figure 5. *Institutional proposal and procedural map for Article 6 functional approach*



Climate Change Branch staffing considerations for Article 6 implementation

The recent consolidation of the Climate Change Branch (CCB), building on the former Climate Change Division, represents an important step forward in Jamaica's readiness to engage in Article 6 and broader carbon market activities. The expansion of technical functions related to mitigation, transparency, climate finance, programme coordination, and GHG inventory management provides a strong institutional foundation for the initial stages of implementation. As a result, many Article 6 functions could initially be integrated within existing positions.

Potential internal functions within the CCB

- **Branch leadership positions:** Strategic oversight of carbon markets and carbon pricing instruments, including coordination of any future technical committee.
- **Mitigation and policy positions:** Alignment of Article 6 activities with NDC and LT-LEDS implementation; identification and prioritization of eligible mitigation activities.
- **Transparency, MRV and GHG inventory functions:** supporting reporting requirements, and contributing to accounting and transparency processes.
- **Programme coordination and monitoring functions:** Coordinating implementation activities, monitoring progress and indicators, supporting development of approval and authorization procedures, stakeholder engagement, and oversight of authorized activities.

- **Climate finance functions:** Identification of Article 6 opportunities and support for climate finance mobilization.
- **Regulatory and procedural support (cross-cutting):** Support for approval and authorization procedures, policy analysis, and regulatory processes.

In the near term, interns or short-term technical support could also contribute to the development of foundational systems, including mitigation activity tracking frameworks, data management processes, and initial accounting and reporting arrangements, while longer-term staffing needs are assessed. As participation in Article 6 expands, staffing needs should be reviewed periodically, particularly in areas such as authorization management, reporting, legal support, and transaction oversight.

4.1.3 Use of mitigation outcomes, crediting approaches and eligibility framework

Participation in carbon markets under Article 6 requires clear decisions on the generation, use, and potential transfer of mitigation outcomes, as well as the conditions for their authorization. These decisions are essential to ensure alignment with national climate objectives, maintain environmental integrity, and manage risks such as double counting and overselling.

Under Article 6.2, ITMOs require corresponding adjustments when they are authorized for use toward an NDC and/or for OIMP. Under the PACM, emission reductions are issued as A6.4ERs, with a portion subject to cancellation to deliver overall mitigation in global emissions (OMGE). In both cases, Parties must determine whether mitigation outcomes are authorized for NDC use and/or OIMP or retained for domestic use.

The distinction between authorized and non-authorized outcomes is therefore a key policy decision. Authorization enables international use but has implications for national accounting and NDC achievement, while non-authorized outcomes remain for domestic use without triggering corresponding adjustments.

As a result, participation cannot be based solely on mitigation potential or finance opportunities. It requires a structured assessment of eligibility, risks, and alignment with national targets, particularly in sectors where mitigation is already embedded in existing policies or may affect additionality and accounting. Building on the sectoral assessment presented in this strategy, Jamaica adopted a structured four-step approach to guide decision-making for carbon market participation including a validation process with stakeholders for steps one and two below:

1. Assess NDC design and progress. Identify the granularity and calculation approach of conditional and unconditional targets across sectors and over time, including how mitigation is embedded in baselines, policies, and implementation pathways. In addition, explore progress towards NDC in each sector.

2. Prioritize sectors and activities. Recognize that not all activities carry the same level of risk and classify sectors and activities according to their potential for overselling, additionality constraints, scalability potential, sectoral relevance and MRV feasibility.

3. Define approval and authorization rules. Establish clear approval and authorization processes, including conditions under which mitigation outcomes may be authorized for international transfer or retained for domestic use, supported by eligibility criteria and safeguards.

4. Apply risk management measures. Implement safeguards to ensure environmental integrity, including conservative baselines, phased caps on transfers, and short crediting periods, alongside periodic reassessment of eligibility.

This approach provides the basis for defining in each sector: appropriate crediting approaches (project-based, programmatic, or sectoral); the use of authorized versus non-authorized mitigation outcomes; and a list of activity types, informed by the risk assessment, aligned with national climate priorities, sustainable development objectives, and environmental integrity considerations. Activity types were prioritized primarily based on consistency with Jamaica's NDC and LT-LEDS. As the LT-LEDS is designed to support the long-term national development objectives established under Vision 2030 Jamaica, the selected activities are also broadly aligned with the country's wider sustainable development agenda.

The following tables present indicative activity types and eligibility conditions for this NDC implementation period, subject to formal adoption, and updates as additional information and progress become available.

Table 9. *Activity types and eligibility indicative assessment Electricity*

Electricity Sector **Key Context**	 **Restrictions for Authorization**	**Conditionally Eligible & Key Conditions / Considerations**
Central to NDC; strong RE targets; large share of mitigation required for domestic compliance	Renewable Electricity Generation: Utility Scale restricted or with conditions in the short term. Electricity system loss reduction with attribution uncertainty	**Jamaica may choose one of the following options:** **Option 1. Introduce a cap on transfers for utility scale projects. Cap will be revised and adjusted based on NDC achievement progress.** **Option 2. Adopt a phased approach with specific eligible conditions for utility scale projects in the short term.** All Renewable Energy technologies eligible for projects or programs based on a phased approach: Phase 1. Low risk activities. Small-scale renewable energy activities are eligible, subject to conditions on additionality, conservative baselines, and robust MRV. This includes: • Distributed renewable energy (<10 MW) • Small-scale renewable energy with storage • Battery storage linked to renewable integration For utility-scale renewable energy, eligibility is more selective in the initial phase. Eligibility, approval and potential authorization is limited to a small share of the capacity expected under the NDC pathway (e.g. up to ~20%),

Electricity Sector Key Context	 Restrictions for Authorization	Conditionally Eligible & Key Conditions / Considerations
		and applies only to projects that demonstrate clear additionality and strategic relevance, including more than one of the following: • Projects facing relevant financial, technical, or implementation barriers • Projects that enable system-level integration (e.g. storage, grid stability) • Projects with significant technical, social, or environmental co-benefits • Projects that support market development or unlock further investment Phase 2 – Scaled participation (managed expansion) Expand to include utility-scale renewable energy with managed authorization limits based on NDC implementation progress (e.g. a share of mitigation outcomes may be eligible for transfer) to balance investment and integrity considerations. Phase 3 – Full participation (mature system) No predefined restrictions on eligibility, with authorization decisions based on the conditions. **Option 3. Allow utility scale with no restrictions, but subject to conditions.** **Conditions for all options:** • Additionality assessment including expected implementation under the NDC and energy planning frameworks • Recognition of financing and implementation barriers, including procurement, contracting, and project delivery delays • Authorization linked to implementation progress and project stage • Conservative baselines and robust MRV aligned with national accounting systems • Recognition that early-stage activities may support investment and accelerate implementation • Periodic reassessment of eligibility and authorization conditions as policies, markets, and implementation evolve • Preference for programmatic and aggregated approaches for distributed renewable energy and small storage systems • Alignment with national electricity planning, procurement, and grid integration frameworks

Table 10. *Activity types and eligibility indicative assessment AFOLU*

AFOLU Sector		
Key Context	**Restrictions for Authorization**	**Conditionally Eligible/Key Conditions Considerations**
Major NDC contributor; mitigation largely embedded in baseline and policy through the maintenance of 47.9% of forest cover; implementation of additional activities depends on finance and capacity	REDD+ Activities will be assessed on a case-by-case basis	• Activities • High priority: • Mangrove, wetland, and forest restoration beyond expected implementation levels • Reforestation beyond baseline or policy-driven trajectories • Agroforestry expansion and land-use improvements, including rehabilitation of degraded lands • Medium Priority • Livestock and soil management practices, where feasible and supported by MRV approaches • Conditions / Considerations • Approval and authorizations will consider the following conditions. • Additionality: activities going beyond realistically expected implementation under current policies, plans, and financing conditions. Based on methodologies approved. • Recognition of scaling-up and accelerated implementation as valid: • Expand beyond expected implementation levels (e.g. increased area or adoption), and/or • Are implemented earlier than expected due to the enabling role of carbon finance This should be supported by evidence of constraints and assessed using conservative assumptions to ensure environmental integrity • Evidence of systemic barriers, including financial, technical, institutional, and implementation constraints, recognizing that many AFOLU activities are limited by capacity and resource gaps • Alignment with REDD+ frameworks, including integration with national forest reference levels (FREL/FRL), forest monitoring systems, and national accounting approaches • Spatial and/or programmatic separation from NDC implementation, where relevant, to ensure consistency with national targets and avoid double counting • Conservative baselines and robust MRV • Application of permanence safeguards and risk management measures • Land tenure clarity and stakeholder engagement, including consideration of private land ownership, community participation and benefit-sharing arrangements • Implementation readiness considerations, including availability of technical capacity, nursery systems, inputs, restoration infrastructure and institutional coordination mechanisms. • Priority for programmatic and landscape-level approaches, where aggregation supports MRV alignment, reduces transaction costs, and enables scaling of mitigation outcomes

Table 11. *Activity types and eligibility indicative assessment Transport*

Transport Sector 		
Key Context	**Restrictions for Authorization**	**Conditionally Eligible/Key Conditions Considerations**
Major emissions source; electrification targets partly embedded; mitigation depends on policy and market uptake	Public fleet electrification already planned, procured, or financed	Activities High Priority: • Electrification of public fleets (e.g. buses, taxis) and programmatic fleet approaches • Expansion of public transport electrification beyond planned procurement Medium Priority • Electrification of private fleets and logistics beyond expected adoption trajectories • Fuel efficiency improvements beyond regulatory or market-driven trends • Freight optimization and logistics improvements Other measures could be considered and include: • Modal shift interventions (e.g. expansion and optimization of public transport systems) • Digitalization, eco-driving, and operational efficiency measures Conditions / Considerations • Baseline definition based on observed and expected implementation, including policy-driven and market-driven adoption trajectories • Additionality based on monitoring of realistically expected uptake, considering: o existing policies (e.g. EV incentives, national targets) o market trends and technology adoption rates o public procurement plans • Public procurement and committed investments treated as baseline, including: o government fleet electrification targets o already financed or contracted public transport initiatives • Comparison of observed vs projected uptake, supported by transparent and conservative assumptions, to demonstrate additionality • Consideration of infrastructure and market constraints, including: o availability of charging infrastructure o affordability and access to financing o market readiness and consumer uptake • Recognition of cross-sector dependencies, particularly with the electricity sector (e.g. grid decarbonization and energy supply), in defining baselines and mitigation outcomes • Robust MRV requirements, including: o tracking of activity data (vehicle usage, fuel consumption, electricity use) o consistency with national inventory and reporting frameworks • Preference for programmatic approaches, particularly for: o fleet-based electrification (e.g. buses, taxis, logistics fleets)

Transport Sector		
Key Context	**Restrictions for Authorization**	**Conditionally Eligible/Key Conditions Considerations**
		○ aggregation of dispersed activities to improve MRV feasibility and reduce transaction costs

Table 12. *Activity types and eligibility indicative assessment Buildings*

Buildings Sector		
Key Context	**Restrictions for Authorization**	**Conditionally Eligible/Key Conditions Considerations**
Low direct emissions; mitigation indirect via electricity; no explicit NDC target	Measures embedded in mandatory standards or public programmes	Activities High - Medium Priority • Energy efficiency improvements beyond standards • High-efficiency appliances beyond baseline trends • Efficient Cookstoves for rural Settings • Fuel switching in buildings Other activities could include: • Solar water heating beyond expected uptake • Voluntary private retrofits and efficiency measures Conditions / Considerations • Baselines and Additionality relative to evolving policy and regulatory baselines, including building codes, appliance standards, and public programmes • Recognition of strong policy and regulatory influence, particularly where measures are already embedded in the NDC or supported by existing frameworks • Baseline definition reflecting expected market and policy-driven adoption, including enforcement challenges and gradual uptake • Recognition of behavioural and fragmentation constraints, particularly for: ○ household-level decisions ○ private retrofits ○ appliance replacement • Overcome MRV challenges, due to ○ dispersed activities ○ indirect emissions (electricity consumption) ○ data limitations • Preference for programmatic and aggregated approaches, to: ○ enable scale ○ improve MRV feasibility ○ reduce transaction costs • Need for stronger institutional coordination, including: • Periodic reassessment of eligibility, as: ○ policies evolve ○ technologies become common practice

Table 13. *Activity types and eligibility indicative assessment Industry*

Industry Sector		
Key Context	Restrictions for Authorization	Conditionally Eligible/Key Conditions Considerations
Heterogeneous sector: some measures embedded in NDC (e.g. clinker reduction as a conditional measure). Others less defined in renewable energy or energy efficiency from industry applications.	Measures driven by regulation, market conditions, or embedded in NDC pathways	**Activities**: Energy efficiency and fuel switching beyond legal requirements or standards. Alternative fuels use in industry sectors subject to environmental assessments, clear MRV and methodologies Process improvements beyond NDC trajectory. CHP / co-generation in alumina. Innovative and emerging low-carbon technologies Conditions: Additionality beyond NDC/LT-LEDS pathways and common practice. Case-by-case assessment. Conservative baselines. Periodic reassessment as technologies and policies evolve

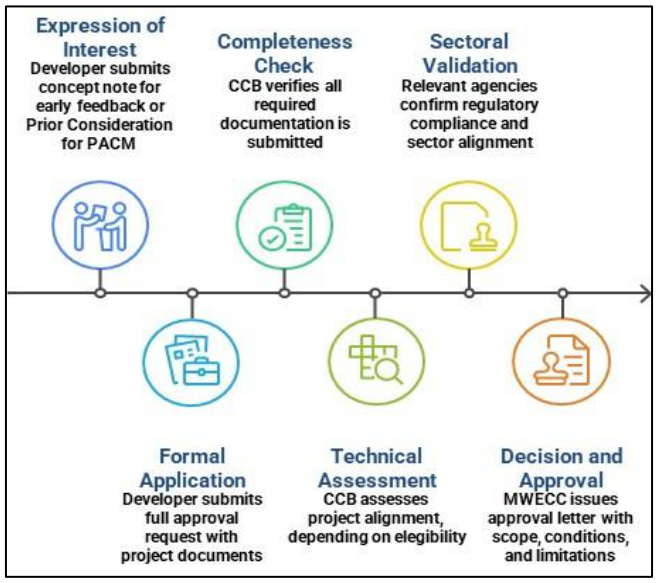
Table 14. *Activity types and eligibility indicative assessment Waste*

Waste Sector		
Key Context	**Restrictions for Authorization**	**Conditionally Eligible/Key Conditions Considerations**
Methane emissions: mitigation linked to infrastructure and system improvements; not embedded in NDC	Activities already implemented or financed under national programmes	Activities Medium Priority • Landfill gas capture • Waste-to-energy • Organic waste treatment • Methane capture in unmanaged waste streams • Wastewater treatment improvements • Decentralized waste solutions Conditions / Considerations • Carbon markets as a potential enabler, particularly to: a. improve financial viability of infrastructure investments b. support scaling of mitigation activities c. attract private sector participation • Baseline and MRV limitations as a central constraint, particularly: lack of engineered landfill infrastructure absence of reliable baseline data for methane emissions need to develop sector-specific MRV frameworks • Additionality defined relative to infrastructure and policy progress, recognizing that: many activities are not yet embedded in national plans (e.g. NDC 3.0) • implementation depends on enabling infrastructure and system upgrades with high up-front investments

Waste Sector Key Context	Restrictions for Authorization	Conditionally Eligible/Key Conditions Considerations
		• Strong dependence on upstream system transformation, including transition from open dumping to engineered landfills improvements in waste collection, segregation, and management systems • Institutional and regulatory coordination needs, including alignment across national and local authorities, development of regulatory frameworks for waste and management and emissions tracking • Recognition of behavioural and cultural factors • Preference for programmatic approaches, especially where: d. activities are dispersed or system-based e. aggregation can support MRV and reduce transaction costs

4.1.4 Approval of activities

The proposed approval process constitutes the formal mechanism through which the Government of Jamaica assesses and endorses mitigation activities (Projects and Programs) prior to their participation in carbon market mechanisms. Its primary objective is to ensure that proposed activities are aligned with national climate policies, including the NDC and LT-LEDS, and comply with defined environmental and social integrity requirements, sectoral priorities, and applicable regulatory frameworks. Depending on the eligibility category, either a full process or a fast-track approach may be applied



Through this process, activities are confirmed as eligible to proceed to registration under relevant standards or mechanisms, such as the PACM mechanism. Importantly, approval does not imply authorization for international transfer of mitigation outcomes but rather establishes the basis for subsequent consideration of such decisions under a separate process.

4.2 Carbon Pricing Pathway

Carbon pricing provides a domestic instrument to strengthen mitigation incentives and align with national climate and development objectives. In Jamaica, this pathway can build on existing fiscal

structures, particularly the current fuel taxation system, allowing for the progressive integration of climate considerations rather than the introduction of entirely new instruments.

A phased approach is therefore recommended. In the near term, priority should be given to strengthening the analytical and institutional foundations required for carbon pricing, including the assessment of options to incorporate CO_2-based elements into the existing fuel tax framework and the introduction of climate budget tagging to better link fiscal policy with climate objectives. In the medium term, this could enable a transition toward a more explicit carbon pricing instrument, such as a carbon tax, depending on policy decisions, feasibility assessments, and stakeholder engagement. In parallel with the assessment of a potential fuel-based carbon tax, Jamaica may wish to examine, in the medium term, the implications for the competitiveness of both domestic industries and exporters, particularly in sectors that are carbon-intensive or exposed to international trade. This could include assessing whether selected carbon-intensive imported materials or products warrant further analysis to help maintain a level playing field between domestic production and imports. Such an assessment would also help identify potential implications for export competitiveness as international carbon-related trade measures continue to evolve. Any such approach would likely require greater administrative, monitoring, and implementation capacity than a fuel-based carbon tax.

The expansion of renewable energy has direct implications for both Jamaica's NDC compliance and the design of carbon pricing, assuming broadly stable population and underlying demand drivers. If renewable generation increases in line with national targets, the use and import of fossil fuels for electricity, particularly fuel oil and diesel, will decline, reducing emissions in the power sector and supporting NDC achievement. At the same time, this would gradually reduce the tax base associated with fuel imports under the current SCT structure, with implications for revenue sustainability and the evolution of the carbon pricing framework. In this context, a carbon-linked component integrated within the existing fuel tax would reinforce the transition by strengthening the price signal in fossil fuel-based generation, while allowing revenues to adjust progressively as fuel use declines. Conversely, if renewable deployment is slower than expected and fossil fuel use remains high, under the same demand conditions, emissions reductions would be more limited, and the carbon pricing instrument would play a more active role in driving mitigation by increasing the cost of carbon-intensive fuels. This dynamic underscore the importance of designing carbon pricing as a flexible instrument that remains aligned with evolving emissions trajectories, energy system outcomes, and fiscal conditions.

4.2.1 Implementation roadmap for carbon tax

Building on the enabling conditions outlined in the strategy framework section, the implementation of carbon pricing in Jamaica is expected to follow a gradual and sequenced approach. This pathway reflects both the existing institutional and fiscal context and the need to progressively strengthen analytical, regulatory, and administrative capacities before introducing more complex instruments.

Table 15. *Roadmap for Carbon Pricing Implementation*

Element	Short term (0–6 months)	Medium term (6–24 months)	Long term (24+ months)
Analytical foundation and integration with existing systems	• Strengthen analytical and institutional readiness for carbon pricing using Jamaica's existing fuel taxation system as the starting point. • Prioritize transport and electricity as initial sectors due to strong links to fossil fuel use, existing fuel taxation coverage, and administrative feasibility. • Assess the feasibility of incorporating a CO_2-linked component into the existing SCT structure, using standardized emission factors while maintaining gradual or fiscally neutral adjustments. • Establish technical and policy foundations for potential future expansion.	• Based on analytical results, consider the design and implementation of an explicit carbon pricing instrument, most likely a carbon tax, depending on feasibility and policy decisions. • Identify priority sectors and imported carbon-intensive goods for further assessment of carbon pricing measures. • Assess import and export exposure in priority sectors and review relevant international approaches.	• Refine and expand the carbon pricing approach based on implementation experience, evolving policy priorities, and decarbonization goals.
Key actions	• Assess options to integrate CO_2-based elements into the SCT framework. • Identify priority sectors for initial implementation, particularly transport and electricity. • Conduct preliminary impact assessments on households, energy prices, and sectors. • Initiate climate budget tagging and review legal and institutional pathways for carbon pricing integration. • Begin stakeholder engagement with key fiscal and sectoral institutions. • Focus on building technical, institutional, and policy readiness rather than immediate implementation.	• Define the scope and coverage of a potential carbon tax, initially focused on fuel-based sectors. • Develop design elements such as tax rates, exemptions, adjustment mechanisms, and alignment with existing fuel taxes. • Advance legal and regulatory reforms and strengthen data and administrative systems. • Design compensation measures for vulnerable groups and continue stakeholder engagement and communication. • Potential transition from implicit to explicit carbon pricing depending on readiness.	• Periodically review and adjust carbon pricing levels and coverage to align with NDC and long-term targets. • Evaluate fiscal, economic, and social impacts. • Assess feasibility of more advanced instruments such as an ETS based on MRV readiness, market size, and institutional capacity. • Explore interactions with international carbon markets under Article 6.

In the longer term, if Jamaica advances both domestic carbon pricing and participation in Article 6 cooperative approaches, additional policy considerations may arise regarding their interaction.

Jamaica may consider a controlled and limited use of mitigation outcomes within a domestic carbon pricing framework as a flexibility mechanism, subject to clear eligibility criteria, quantitative limits, and restrictions in key sectors, to avoid undermining domestic mitigation incentives. At the same time, decisions on the authorization of ITMOs would need to consider potential domestic demand for credits, particularly if a domestic carbon pricing or offset mechanism is introduced. This interaction would need to be carefully managed to avoid double counting, ensure sufficient availability of credits for domestic compliance, and maintain alignment with Jamaica's NDC.

To safeguard environmental integrity and manage overselling risks, Jamaica may consider additional measures, including limits on authorization from sectors covered by carbon pricing, conservative baselines, and price-based safeguards such as minimum price thresholds to maintain a strong domestic mitigation signal. These elements are not immediate priorities but may become relevant as carbon pricing and market participation evolve over time.

4.2.2 Principles for price setting, adjustment, and revenue use

The design of CPIs in Jamaica is guided by the overarching principles defined in this strategy, in particular those related to environmental integrity and mitigation ambition; robust accounting, MRV, and traceability; equity, participation and just transition; and governance, policy coherence, and accountability. These principles provide the foundation for ensuring that carbon pricing contributes effectively to national climate objectives while supporting inclusive and sustainable development.



Building on these overarching principles, the design of CPIs requires additional operational considerations related to price setting, adjustment mechanisms, and the use of revenues.

4.2.3 Distributional impacts and revenue recycling

The distributional impacts of carbon pricing in Jamaica are expected to arise primarily through changes in transport fuel and electricity prices, with both direct and indirect effects across households and sectors. In line with the proposed phased approach, these impacts are expected

to be limited in the short term, as any carbon-related component would likely be introduced gradually and at relatively low levels within the existing fuel tax framework.

Nevertheless, even modest changes in fuel prices can have indirect effects on the cost of essential goods and services. Evidence from Latin America and the Caribbean shows that lower-income households are particularly affected through indirect impacts, as increases in fuel prices are passed through to the cost of public transport, electricity, and food (Feng, Hubacek, Liu, Marchán, & Vogt-Schilb, 2018)

In Jamaica's context, this is particularly relevant given the existing reliance on indirect taxation, including the SCT on fuels. While the integration of a carbon-related component within this framework allows for a gradual approach, it also means that price-based signals build on existing price effects, requiring careful consideration of distributional impacts over time.

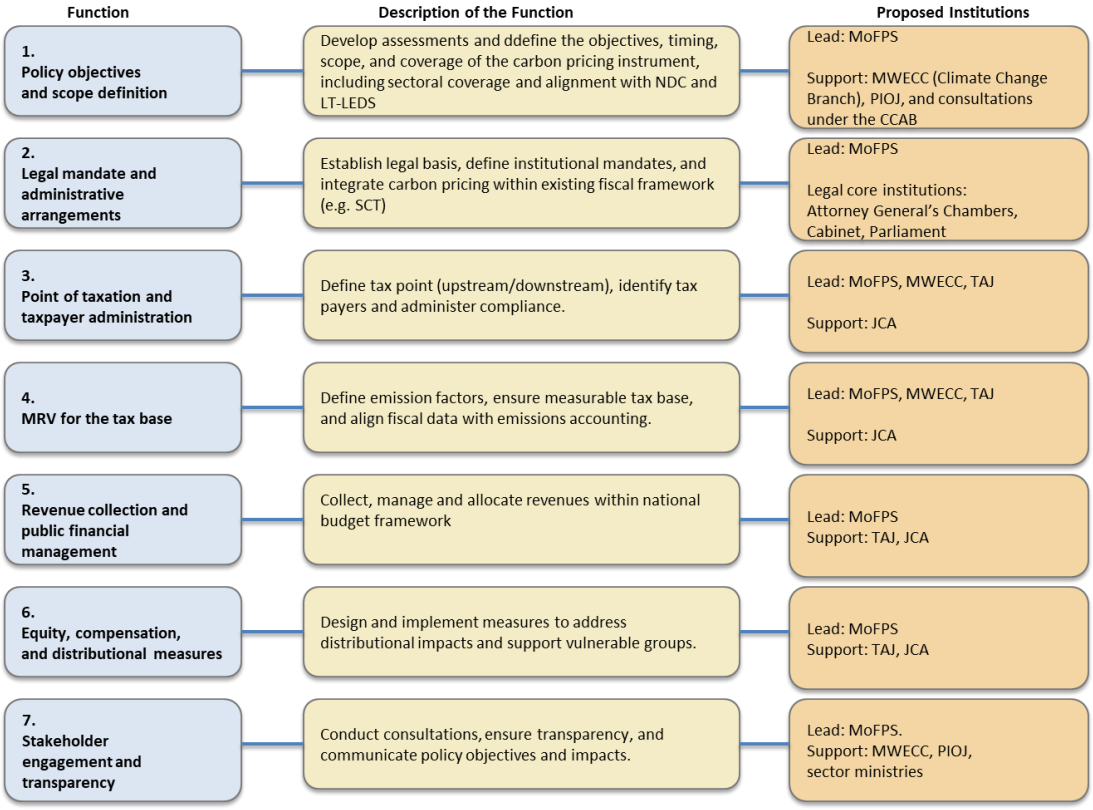
International evidence indicates that only a limited share of revenues is needed to offset welfare losses for vulnerable households, and that targeted measures are more effective than broad-based tax exemptions or price controls (Feng, Hubacek, Liu, Marchán, & Vogt-Schilb, 2018).

4.2.4 Institutional Arrangements for Carbon Pricing

Consistent with the approach applied for Article 6, the institutional arrangements for carbon pricing in Jamaica are structured based on the core functions required for effective design, implementation, and sustainability of a carbon tax, rather than on individual institutions. This functional approach allows for the identification of existing institutional roles, coordination requirements, and potential gaps across governance, operational, and implementation dimensions. The analysis draws on the core functional areas for carbon tax governance, including those presented in Figure 9.

Figure 6. *Proposed Functional Governance for Carbon Tax*

Carbon Pricing Functional Map



5 ENVIRONMENTAL AND SOCIAL SAFEGUARDS FOR CARBON MARKETS AND CARBON PRICING

Environmental integrity, market integrity, and social safeguards are central to the implementation of carbon markets and CPIs in Jamaica. These considerations build on the principles defined in this strategy and support consistency across instruments, while minimizing implementation risks.

Ensuring integrity is essential for maintaining alignment with Jamaica's NDC and long-term climate objectives, as well as for safeguarding the credibility of mitigation outcomes and associated financial flows. This requires a coherent approach that addresses potential risks such as overselling of mitigation outcomes, carbon leakage, and reputational concerns, while also ensuring that social and environmental safeguards are embedded in the design and operation of both market-based and price-based instruments.

In this context, the following considerations aim to operationalize the strategy's principles by identifying key measures to preserve environmental integrity, support equitable outcomes, and ensure that carbon pricing and carbon market participation contribute effectively to Jamaica's climate and development priorities.

5.1 Environmental Integrity Safeguards

Environmental integrity is a central condition for Jamaica's participation in Article 6 mechanisms and CPIs, ensuring that mitigation outcomes represent real, additional, and verifiable emission reductions, while remaining fully aligned with the country's NDC and long-term climate objectives. In practice, this requires safeguards not only at the level of individual activities, but across the entire system, including how mitigation outcomes are generated, authorized, used, and governed.

To operationalize this approach, environmental integrity is proposed to be analysed through a structured set of evaluation criteria applied at both the system level and the activity level. These criteria provide the basis for technical assessment and decision-making throughout the decision making, approval and authorization process, ensuring that only mitigation outcomes meeting defined integrity standards are considered. They are intended to evolve over time as implementation progresses and experience is gained. Table 15 summarizes these criteria, distinguishing between system-level requirements and activity-level considerations.

Table 16. *Environmental Integrity Evaluation Criteria*

Evaluation criterion	Operational guidance
System-level (general requirements for standards or carbon pricing frameworks)	
Robust MRV	Ensure monitoring, reporting, and verification systems aligned with international standards and national frameworks
Avoidance of double counting	Ensure full traceability through registries and application of corresponding adjustments
NDC consistency	Assess potential overlap with national targets and sectoral mitigation pathways

Evaluation criterion	Operational guidance
Complementarity with domestic action	Ensure ITMOs complement, and do not replace, domestic mitigation efforts. Assess impact on NDC achievement prior to approval
Transparency of use	Promote public disclosure of the purpose, use, and transfer of ITMOs. Ensure transparency in decision making for CPIs
Registry and traceability	Ensure the traceability of mitigation outcomes and units under any CPI
Institutional governance for selected standards	Define clear roles, mandates, and procedures for decision-making in selected carbon market standards and CPI frameworks
System transparency of selected standards	Ensure public availability of key decisions, authorizations, and transactions
Registry interoperability	Ensure compatibility with tracking systems relevant for Jamaica's implementation strategy
Integrity risk management (system)	Conduct periodic assessments of risks such as overestimation, inconsistencies, or data gaps
Activity-level (specific requirements for Crediting Mechanisms including Article 6)	
Additionality	Demonstrate that emission reductions would not occur without the mechanism and are not driven by existing policies or trends
Conservative baseline	Apply methodologies with conservative, transparent, and verifiable assumptions
Permanence	Apply risk management measures
Leakage prevention	Identify and mitigate potential indirect emission displacement effects
Sustainable development contribution	Assess co-benefits and alignment with national development priorities and SDGs
Activity eligibility	Verify that activities comply with defined eligibility criteria established in the strategy and subsidiary documents
Integrity risk management (activity)	Apply risk-based safeguards depending on mitigation characteristics

A central element of environmental integrity under Article 6 is the prevention of overselling, ensuring that international transfers remain consistent with Jamaica's NDC targets. As reflected in the sectoral eligibility framework presented above, this is addressed primarily through the definition of eligible activities, alignment with sectoral mitigation pathways, and authorization decisions linked to implementation progress and sector-specific conditions.

Additional safeguards may include sectoral or national limits on ITMO transfers, periodic adjustment of authorization levels based on progress toward NDC implementation, and regular reviews of eligibility conditions and transfer volumes.

5.2 Social Integrity and Safeguards

Social integrity is essential to ensure that participation in Article 6 and the implementation of CPIs contribute not only to mitigation outcomes, but also to fair, inclusive, and socially responsible implementation. In practice, this requires that both carbon market activities and carbon pricing measures, such as carbon taxes, are designed and implemented in ways that avoid social harm, support meaningful and inclusive participation, ensure transparency, provide accessible grievance mechanisms, and promote equitable distribution of impacts and benefits. This applies

at both the system level, through policy design, institutional processes, and decision-making frameworks, and at the activity level, through project implementation and stakeholder engagement. For Jamaica, this implies that participation frameworks and instruments should ensure meaningful engagement of affected stakeholders and communities, inclusive and context-appropriate participation processes, accessible grievance and review mechanisms, and fair and transparent approaches to benefit-sharing where applicable.

This requires attention both to system-level arrangements (crediting standards and Government processes) and to activity-level implementation. Social integrity is therefore not limited to project safeguards alone; it also depends on how the national framework defines participation requirements, review procedures, transparency obligations, and the conditions under which activities may be approved and authorized.

To operationalize social integrity, a set of evaluation criteria is applied across both carbon market mechanisms and CPIs, including carbon taxes. These criteria provide a structured basis to assess whether activities and policies are socially credible, inclusive, and appropriately safeguarded. They support technical review and decision-making processes, and inform approval, authorization, and oversight functions, ensuring that social considerations are systematically integrated prior to implementation.

These criteria are applied at both the system and activity levels and are expected to evolve over time as implementation progresses, allowing the framework to incorporate experience, strengthen practice, and respond to emerging risks. The table below summarizes these criteria.

Table 17. *Social Integrity Evaluation Criteria*

Evaluation criterion	Operational guidance
System-level (general requirements)	
Meaningful stakeholder participation	Require early, timely, and documented engagement in policy design and implementation processes (including CPIs such as carbon tax), as well as across the activity cycle
Inclusive participation	Ensure participation processes are accessible, context-appropriate, and inclusive of affected groups, including vulnerable populations impacted by carbon pricing measures
Transparency of information	Require disclosure of relevant information on policy design, activity impacts, carbon pricing implications, and grievance channels in a timely and understandable manner
Alignment with sustainable development objectives	Ensure policies and activities contribute to national development priorities and SDGs, including consideration of distributional impacts of carbon pricing
Consistency with national and sectoral requirements	Verify alignment with national frameworks governing participation, safeguards, and social oversight, including fiscal and regulatory measures
Institutional review of safeguards	Ensure social safeguards are integrated into approval, authorization, and oversight processes for both carbon markets and CPIs
Monitoring of safeguard commitments	Require system-level provisions to track implementation of participation, grievance, and benefit-sharing commitments over time
Responsiveness and corrective action	Ensure mechanisms exist to address systemic issues, including policy adjustments (e.g. carbon tax design, compensation measures) where social impacts are identified

Activity-level (specific requirements)	
Meaningful stakeholder participation	Require documented engagement with affected stakeholders and communities throughout the activity cycle
Social risk identification	Assess potential impacts on livelihoods, access to resources, community well-being, and local acceptance
Grievance mechanisms	Establish accessible, transparent, and timely mechanisms to receive and address complaints
Benefit-sharing arrangements	Require fair and transparent sharing of financial and non-financial benefits where applicable
Benefit-sharing clarity	Define roles, beneficiaries, allocation approaches, and governance arrangements clearly
Transparency of information	Disclose activity-level information on impacts, benefits, and participation processes
Monitoring of safeguard commitments	Ensure follow-up to verify that commitments are implemented in practice
Responsiveness and corrective action	Ensure activity-level issues trigger corrective measures or revision of conditions where needed

Three elements deserve particular emphasis: participation, grievance, and benefit-sharing:

Participation: Participation should not be treated as a one-off consultation in the case of Article 6 initiatives. It should be understood as an ongoing process that begins early enough to inform activity design and continues through implementation, in particular for activities with a stronger territorial or community interface.

Grievance mechanisms: Grievance mechanisms are a core safeguard requirement. They help ensure that concerns can be raised and addressed in a transparent and predictable manner, and they also strengthen the credibility of the overall framework. At the system level, grievance processes should be linked to review and oversight functions. At the activity level, developers are expected to provide accessible channels for communities and stakeholders to raise concerns.

Benefit-sharing: should be treated as a requirement where relevant, not merely as a voluntary good practice. Where activities generate economic value, the framework should require clarity on how benefits are distributed, who is eligible, how decisions are made, and how implementation is monitored.

Comparable carbon market strategy practice shows that benefit-sharing can include both monetary and non-monetary forms, including:

- revenue-sharing,
- performance-based payments,
- capacity building,
- and community investments.

For Jamaica, this does not necessarily require a single uniform model across all activities. However, it does suggest that the approval process should require: a defined benefit-sharing approach where relevant, transparency on intended beneficiaries, and a minimum governance arrangement for implementation and follow-up.

6 FINANCING AND PARTNERSHIPS

Mobilising finance is central to the success of Jamaica's carbon market strategy. Carbon markets can provide access to private investment and financial flows from the sale of mitigation outcomes, but their impact will depend on how effectively they are integrated with national financial systems, investment priorities, and international market dynamics. Carbon markets should therefore be positioned not as a standalone financing mechanism, but as part of a broader and coordinated national climate finance strategy, where public finance, private investment, and international cooperation are leveraged.

6.1 Revenue streams and financing opportunities

Jamaica may access different types of financial flows through carbon markets, depending on the instruments and approaches adopted. These include:

- Financial flows from the sale of carbon credits, including those generated under the Article 6 mechanism and voluntary carbon market transactions, with revenues accruing to project developers, investors, and, where applicable, the government, depending on the structure of each activity.
- Financial flows under Article 6.2, with payments structured in different ways depending on the design of each agreement.
- Fees to be determined associated with project approval, authorization of transfers, or registry services.
- Potential transaction or administrative fees linked to participation in national carbon market systems or trading platforms

On the other hand, for carbon pricing, given Jamaica's public financial management framework, where tax revenues are typically consolidated, the strategy does not assume strict earmarking of carbon market revenues. Instead, it proposes a progressive approach to revenue management, based on:

- Climate budget tagging, to track and report how public expenditures, potentially linked to carbon-related revenues, support climate objectives.
- Exploration of a dedicated climate or mitigation fund, as a medium-term option, which could serve to channel resources toward priority mitigation and adaptation activities, subject to further assessment of legal and institutional feasibility.

6.2 Strengthening the role of financial institutions

To enable carbon markets to mobilise investment at scale, the strategy proposes to strengthen the integration of carbon market participation within Jamaica's financial and fiscal frameworks, building on the existing role of the Ministry of Finance and the Public Service (MoFPS) and different public and private institutions.

In this context, the strategy proposes to advance in the following elements in the short /medium term:

- **Define the fiscal treatment of carbon-related financial flows**, including the treatment of revenues from credit transactions, taxation considerations, and reporting approaches, to provide clarity and predictability for market participants.
- **Leverage public and development finance instruments**: including those provided by institutions such as the Development Bank of Jamaica, to support the use of guarantees, concessional finance, or co-investment mechanisms, to reduce investment risks and support the development of priority mitigation activities, particularly in higher risk sectors;
- **Integrate carbon market participation into climate budget tagging and fiscal planning processes**, to enhance transparency and align financial flows with national climate objectives.
- **Explore with the private financial sector the use of innovative financial instruments** where mitigation outcomes or carbon-related performance indicators can be incorporated into financing structures.

This approach aims to support a transition from project-based participation toward a more structured and scalable investment framework, enabling carbon markets to contribute more effectively to Jamaica's climate and development priorities.

6.3 Blended finance and sector-specific investment strategies

Given Jamaica's investment needs, carbon markets should be complemented by blended finance approaches, combining public, private, and international capital.

A differentiated approach is required across sectors:

- Energy sector: lower perceived risk, more mature investment conditions, and clearer revenue streams.
- AFOLU and land-based activities: higher transaction costs, longer timeframes, and greater uncertainty.
- Emerging sectors (e.g. transport): evolving policy and infrastructure conditions.

Blended finance can support higher-risk sectors by reducing upfront costs, providing guarantees or risk-sharing mechanisms, supporting aggregation models, and leveraging concessional finance.

6.4 OMGE and Share of Proceeds considerations

Under Article 6, two mechanisms are designed to enhance environmental integrity and support global climate efforts: the Share of Proceeds (SOP) and Overall Mitigation in Global Emissions (OMGE). SOP refers to a contribution from carbon transactions to support adaptation and administrative costs. OMGE refers to the cancellation of a portion of mitigation outcomes to

ensure that part of the mitigation benefit is not transferred but contributes to an overall reduction in global emissions.

While both elements are integral to the design of the PACM mechanism, they are not mandatory under Article 6.2, but strongly encouraged, where Parties have flexibility to determine whether and how to apply similar approaches in cooperative arrangements. In this context, Jamaica may explore the application of SOP in a manner that supports environmental and national priorities, while carefully considering implications for competitiveness. This may include taking into account national circumstances, including those relevant to Small Island Development States.

6.5 Strategic partnerships and market engagement

Jamaica is well positioned to develop partnerships that support both financing and implementation. These include:

- Bilateral partnerships under Article 6.2, for eligible activities and those that contribute the most to Jamaica´s Sustainable Development Goals and the countries resilience
- Engagement with multilateral and development finance institutions, including for blended finance structures.
- Dialogues with the private sector, including project developers and carbon credit buyers;
- Dialogues with technical intermediaries, supporting project aggregation and certification.
- In addition to bilateral and multilateral partnerships, Jamaica may also explore opportunities for regional cooperation, particularly with Caribbean countries facing similar structural and market constraints. Given the scale limitations and transaction costs associated with small island developing States, regional approaches, could support aggregation of mitigation outcomes, enhance market access, and strengthen negotiating positions with international buyers. Such approaches would require coordination on governance, MRV systems, and accounting frameworks, while maintaining the responsibility of each participating country to meet its own reporting and corresponding adjustment obligations.

6.6 Potential sources of International Demand

Jamaica's participation in carbon markets should consider evolving international demand across Article 6, including CORSIA, and the Voluntary Carbon Market (VCM), recognizing differences in integrity requirements, transaction structures, and preferred activity types. Demand is increasingly concentrated on high-integrity mitigation outcomes with strong environmental and social co-benefits, while regulatory developments continue to shape market conditions and demand projections.

Under Article 6, demand for mitigation outcomes may arise through cooperative approaches under Article 6.2, including outcomes generated under PACM, once authorized for use towards NDC and/or OIMP. Early Article 6.2 cooperation has focused on scalable activities aligned with existing policy frameworks, particularly in sectors such as energy and transport. In the context of OIMP, the aviation sector under CORSIA represents a relevant demand segment, as mitigation

outcomes authorized under Article 6 may be used to meet offsetting requirements by international aircraft operators. Demand from CORSIA is expected to increase as the scheme enters its mandatory phase from 2027. PACM may also represent an important entry point for Jamaica, particularly in the early stages of participation, as it provides standardized methodologies, centralized registration and issuance processes, and an internationally governed framework that may facilitate participation while national institutional and technical capacities continue to strengthen.

The VCM may complement these opportunities, particularly for nature-based solutions and activities with strong co-benefits, while supporting early project development and private finance mobilization.

Given evolving market conditions, Jamaica should adopt a phased and flexible engagement approach. In the short term, this includes identifying priority sectors and scalable activities aligned with the eligibility framework, initiating discussions with potential Article 6 partners and CORSIA-aligned buyers, positioning PACM as an entry point for early participation, and developing an initial pipeline of high-integrity mitigation activities.

Across these segments, differences in demand characteristics, such as buyer type (public vs private), transaction structure (bilateral agreements, mechanism-based issuance, or voluntary purchases), and integrity requirements, have direct implications for the design and prioritization of mitigation activities. In the longer term, and depending on the implementation of a carbon tax, Jamaica may also consider the introduction of a domestic offset mechanism, allowing regulated entities to use eligible mitigation outcomes for compliance purposes. This would require careful alignment with Article 6 accounting rules to avoid double counting, while potentially supporting domestic project development and cost-effective mitigation.

7 IMPACT ASSESSMENT AND REVIEW MECHANISMS FOR THE STRATEGY

The implementation of Jamaica's carbon markets and carbon pricing strategy is designed to be adaptive, iterative, and results oriented. Given the evolving nature of international carbon markets, domestic policy development, and institutional readiness, the strategy incorporates mechanisms to monitor progress, assess impacts, and enable periodic review and adjustment over time.

This section presents a structured framework for tracking progress and evaluating implementation across key components of the strategy. It supports the systematic monitoring of actions, the assessment of outcomes, and the identification of areas for adjustment, ensuring continued alignment with national priorities and international obligations.

A key feature of this approach is the integration of monitoring and evaluation (M&E) with existing national processes, including the budget cycle, biennial transparency reporting, and periodic policy reviews. This supports a continuous cycle of learning and improvement, enabling Jamaica to respond to emerging risks, opportunities, and changes in international carbon market dynamics.

In this context, the framework below provides a consolidated view of key implementation actions, associated indicators, and review cycles, supporting transparency, coordination across institutions, and evidence-based adjustments to the strategy as implementation progresses. While the overall strategy recognizes ETS as a potential long-term instrument, the indicators presented in this table focus on short- and medium-term priorities and implementation pathways currently considered most feasible for Jamaica. Future consideration of an ETS would be conditional on the progressive strengthening of enabling conditions, including MRV systems, regulatory frameworks, institutional capacity, and sufficient market scale.

Table 18. *Implementation Framework: Results Based Timeline*

Component	Short term Main Activities (0–6 months)	Medium term Main Activities (6–24 months)	Key M&E Indicators (Short & Medium term)	Review cycles
Enabling conditions (strategic, legal, MRV, finance, capacity)	**Strategic & legal:** define policy direction, identify legal instruments, initiate legal analysis of carbon units **Governance:** clarify and formalize institutional roles and coordination **MRV & data:** assess systems, advance BTR **Registry:** initiate exploration of Article 6 registry, design mitigation tracking framework for activities **Finance:** initiate climate budget tagging **Capacity building:** launch foundational training programmes (all stakeholders) **Partnerships:** initiate regional dialogue (e.g. Caribbean cooperation) to identify potential programmatic opportunities **Validation and Verification**: explore with JANAAC and BSJ alternatives to create local capacity for validation and Verification Bodies	**Strategic & legal:** adopt strategy, enact regulatory instruments **Governance:** formalize coordination bodies, strengthen staffing **MRV:** implement inventory systems and sectoral data integration **Registry:** operationalize registry approach and mitigation tracking system **Finance:** implement climate budget tagging, define fiscal treatment of carbon flows, explore climate/mitigation fund **Capacity building:** roll out specialized training (MRV, Article 6, pricing), develop project pipeline support **Partnerships:** operationalize cooperation with regional/international partners **Validation and Verification**: implement the local capacity strategy to promote creation of	**Short term:** • Strategy adopted (Y/N) • MRV gaps identified (%) • Registry approach defined (Y/N) • Climate budget tagging designed (Y/N) • Number of trainings delivered • Partnerships initiated (#) • Local VVB strategy created (Y/N) **Medium term:** • BTR submitted • MRV gaps addressed (%) • Registry operational (Y/N) • Climate budget tagging implemented • Share of revenues tracked (%) • Number of participants trained (by stakeholder group) • Number of active partnerships (regional/international) • Number of mitigation activities tracked in national system • Number of entities accredited as VVBs (national or regional)	• Annual review aligned with national budget cycle in the case of carbon tax • Biennial review aligned with BTR submission • Mid-term strategy review (3-5 years since adoption)

Component	Short term Main Activities (0–6 months)	Medium term Main Activities (6–24 months)	Key M&E Indicators (Short & Medium term)	Review cycles
		local VVBs for Jamaica and the Caribbean Region		
Article 6 participation (6.4 + 6.2)	**Readiness:** confirm participation requirements, submit BTR **Early engagement:** initiate PACM activities **Partnerships:** start discussions with Article 6.2 partners and buyers (e.g. CORSIA demand) **Approval framework:** design procedures and workflows **Integrity:** define and adopt eligibility criteria, safeguards, and risk screening **Finance:** assess revenues, fees, and transaction structures **OMGE/SOP:** define national position for Article 6.2 (voluntary approaches)	**Operationalization:** adopt and implement authorization procedures **Article 6.2 implementation:** operationalize cooperative approaches **Pipeline:** develop project/programme pipeline across sectors **Integrity:** implement safeguards, caps, and screening procedures **Registry & reporting:** submit initial report, operationalize tracking and corresponding adjustments **Finance:** implement fees and cost recovery mechanisms **Grievance:** operational grievance mechanisms for national stakeholders **Market engagement:** formalize agreements with buyers and partners	**Short term:** • Participation requirements fulfilled and submitted for PACM (Y/N) • Procedures for approval and authorization defined (Y/N) • Eligibility and safeguards framework defined (Y/N) • Number of partner/buyer discussions initiated **Medium term:** • Authorization procedures adopted (Y/N) • Number of Article 6.2 agreements initiated/formalized • Number of activities approved and authorized • Volume of mitigation outcomes estimated (tCO_2e) • Volume authorized vs retained (%) • Initial report submitted (Y/N) • Corresponding adjustments applied (Y/N) • Number of grievance cases handled and resolved • Share of projects with proposed safeguards approved from total (%)	• Annual review of authorization volumes and integrity risks • Biennial review aligned with UNFCCC reporting • Periodic adjustment of eligibility/caps

Component	Short term Main Activities (0–6 months)	Medium term Main Activities (6–24 months)	Key M&E Indicators (Short & Medium term)	Review cycles
Carbon pricing (tax pathway)	**Analytical phase:** assess feasibility of CO_2 integration into SCT **Sector focus:** analyse sector focus **Impact analysis:** price and distributional effects **Legal review:** identify legislative pathways **Institutional coordination:** engage MWECC, MoFPS, TAJ, JCA **Finance linkage:** initiate climate budget tagging	**Design & implementation:** define tax scope, rates, and structure **Legal adoption:** enact changes **Systems:** integrate emissions into tax administration **Equity measures:** design compensation mechanisms **Policy alignment:** align with energy and fiscal policies **Revenue use:** define approach (budget tagging, potential fund)	**Short term:** • CO_2 pricing analytical framework developed (Y/N) • Emission factors defined (Y/N) • Legislative pathways identified (Y/N) • Stakeholder consultations conducted (#) **Medium term:** • CO_2 pricing design completed (Y/N) • Legal amendments adopted (Y/N) • Sectors covered (%) • Estimated emissions covered by the instrument (%) • Revenue generated ($) • Number of households/actors supported through compensation measures • Percentage of carbon tax revenues from total tax revenues (%)	• Annual fiscal review (budget cycle) • Periodic rate review (according to legislation) • Impact evaluation (3 years after adoption)

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Annex 1. General and sectorial policies and instruments relevant for climate change mitigiation

Policy Document or Act	Year	Brief Description
Vision 2030 Jamaica – National Development Plan	2009 (and updates)	Long-term national development strategy integrating sustainable development, resilience, and climate considerations across sectors.
Medium-Term Socio-Economic Policy Framework (MTF)	2024-2027 Ongoing (3-year cycles)	Operationalizes Vision 2030 through rolling planning cycles, including climate-related actions and sectoral priorities.
National Energy Policy (2009–2030)	2009	Establishes energy diversification, renewable energy, and efficiency objectives, with direct implications for emissions reductions.
National Forest Management & Conservation Plan	2017	Provides the framework for forest conservation and sustainable land management, supporting mitigation through carbon sequestration.
National Solid Waste Management Act	2002	Establishes the regulatory framework for solid waste management and the National Solid Waste Management Authority, relevant for methane mitigation.
Environmental permitting and EIA framework (NEPA)	2000s (ongoing)	Provides environmental regulation, permitting, and impact assessment requirements for projects affecting land, water, and ecosystems.
Gender and Climate Change Strategy and Action Plan (GCCSAP)	2022–2025	Supports gender-responsive climate action and integration of social considerations into mitigation and adaptation policies.
Revenue Administration Act	1985 (and amendments)	Establishes Tax Administration Jamaica (TAJ), responsible for tax collection and enforcement, relevant for implementing fiscal instruments.
Financial Administration and Audit Act	1959 (and amendments)	Provides the legal framework for public financial management, relevant for managing revenues from climate-related fiscal instruments.
General Consumption Tax Act (including SCT)	1991 (and amendments)	Establishes consumption taxation, including fuel taxation (SCT), functioning as an implicit carbon pricing signal.
Environmental fiscal incentives (RE, EVs, efficiency)	Ongoing (strengthened in recent years)	Includes tax exemptions, duty reductions, and incentives supporting renewable energy, energy efficiency, and electric mobility.
National Electric Vehicle Policy	2023	Establishes the policy framework to promote electric mobility in Jamaica, including incentives for EV adoption, development of charging infrastructure, and support for fleet electrification.

Annex 2. Article 6 participation requirements and forms established bt cma decisions and supervisory body guidance

Decision 2/CMA.3, annex, paragraph 4, establishes the requirements that Parties must meet to participate in cooperative approaches. The same decision, paragraph 5, further provides: "In relation to the least developed countries and Small Island Developing States (SIDS), pursuant to Article 4, paragraph 6, their special circumstances shall be recognized where this guidance relates to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to this guidance." The participation requirements are presented in Table 2, along with the corresponding assessment for Jamaica, including considerations for SIDS.

Participation requirements for Cooperative Approaches Article 6.2

Requirement/Condition	Assessment for Jamaica
It is a Party to the Paris Agreement.	Jamaica ratified the Paris Agreement on April 10, 2017. UN Treaties and UNFCCC Country Info
It has prepared, communicated and is maintaining an NDC in accordance with Article 4, paragraph 2.	The most recent submission includes: NDC 3.0: Submitted on 22/09/2025. Technical Report Supporting Jamaica NDC 3.0 The 2020 submission included: Updated NDC of Jamaica 2020. Submitted on: 01/07/2020
It has arrangements in place for authorizing the use of ITMOs towards achievement of NDCs pursuant to Article 6, paragraph 3.	Jamaica does not have arrangements in place for authorizing use of ITMOs.
It has arrangements in place that are consistent with this guidance and relevant decisions of the CMA for tracking ITMOs	Jamaica does not have arrangements in place for tracking ITMOs.
It has provided the most recent national inventory report required in accordance with decision 18/CMA.1	The most recent inventory report was submitted as part of Jamaica's BUR on 18 November 2016. The inventory covers the years 2006–2012. No Biennial Transparency Report or updated inventory has been submitted to date.
Its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.	Jamaica's updated NDC recognizes the role of Article 6 and signals the intention to explore cooperative approaches both to support achievement of its own NDC and to potentially transfer additional mitigation outcomes to other Parties. The LT—LEDS also includes a dedicated section on Article 6 and identifies mitigation activities that could be suitable for cooperative approaches in alignment with national targets. Together, these elements provide a strong strategic foundation, while ongoing analytical work aims to further

	clarify the expected role of cooperative approaches and strengthen alignment with long-term mitigation priorities.

Paragraph 5 of the annex to Decision 2/CMA.3 provides that, "in relation to the least developed countries and small island developing States, pursuant to Article 4, paragraph 6, their special circumstances shall be recognized where this guidance relates to NDCs, and other aspects of their special circumstances may be recognized in further decisions of the CMA relating to this guidance." This provision does not modify the participation requirements set out in paragraph 4 but allows for contextual recognition of SIDS in the application of NDC-related guidance. Jamaica falls within the scope of this provision. However, it has submitted its most recent NDC in accordance with Article 4 of the Paris Agreement, including quantified national mitigation targets expressed as reductions in total GHG emissions relative to a base year.

Participation Requirements provided by the Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement

Participation responsibilities for host Parties under the PACM mechanism are established in Decision 3/CMA.3, paragraphs 26–29. These provisions set mandatory participation conditions. Paragraph 26(d) and (e) require that host Parties indicate publicly to the Supervisory Body how participation contributes to sustainable development and to specify the types of PACM activities they would consider approving, including how such activities contribute to their NDC and the LT-LEDS. These requirements establish an obligation not only to fulfil the substantive conditions, but also to formally communicate them to the Supervisory Body. To operationalize this communication, the PACM Supervisory Body has adopted the Host Party Participation Form (A6.4-FORM-GOV-001), which serves as the administrative mechanism through which Parties transmit the required information. Table 3 summarizes the participation requirements established in Decision 3/CMA.3, together with the corresponding assessment for Jamaica.

Participation requirements for PACM

Requirement/Condition	Assessment for Jamaica
It is a Party to the Paris Agreement.	Jamaica ratified the Paris Agreement on April 10, 2017. UN Treaties and UNFCCC Country Info
It has prepared, communicated and maintained an NDC in accordance with Article 4, paragraph 2 of the Paris Agreement.	The most recent submission included: NDC 3.0: Submitted on 22/09/2025. Technical Report Supporting Jamaica NDC 3.0: Submitted on 22/09/2025 The 2020 submission included: Updated NDC of Jamaica 2020. Submitted on: 01/07/2020
It has designated a national authority (DNA) for the mechanism and has communicated that designation to the secretariat	The Ministry of Economic Growth and Job Creation has been appointed to host the DNA. (It is expected to be notified the change to the MWECC)
It has indicated publicly to the Supervisory Body how the country's participation in the PACM mechanism contributes to sustainable development, while acknowledging that the consideration of sustainable development is a national prerogative	Jamaica has not communicated its PACM Participation Requirement Form. Some technical documents including the LT-LEDS, the Technology Needs Assessment initiative, and the NDC 3.0 Technical Report have identified some links between mitigation actions and Sustainable Development Goals.

It has indicated publicly to the Supervisory Body the types of activities under Article 6, paragraph 4 (A6.4 activities) that the country would consider approving pursuant to chapter V.C (Approval and Authorization) of the Rules, Modalities and Procedures (RMPs). Additionally, it has explained how these activities, and any associated emission reductions or removals, would contribute to the achievement of the country's NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.	Jamaica has not communicated its PACM Participation Requirement Form. Jamaica's LT-LEDS includes a dedicated section on Article 6 and identifies, based on general qualitative impact assessments, potential mitigation activities suitable for Article 6 implementation. This strategy provides a comprehensive analysis of potential activities.
Optional specifications	**Assessment for Jamaica**
Baseline approaches and other methodological requirements, including additionality, to be applied for Article 6, paragraph 4, activities that it intends to host, in addition and subject to and consistent with these rules, modalities and procedures, under the supervision of the Supervisory Body, and subject to further relevant decisions of the CMA, with an explanation of how those approaches and requirements are compatible with its NDC and, if it has submitted one, its long-term low GHG emission development strategy;	Jamaica has not reported these optional specifications. These elements may be considered for future reporting through the Host Party Participation Requirements (HPPR) form, should the Party decide to provide additional details. Compliance Assessment Not Applicable
Crediting periods to be applied for Article 6, paragraph 4, activities that it intends to host, including whether the crediting periods may be renewed, subject to these rules, modalities and procedures and under the supervision of the Supervisory Body, and in accordance with further relevant decisions of the CMA, with an explanation of how those crediting periods are compatible with its NDC and, if it has submitted one, its long-term low GHG emission development strategy.	

Forms established in decisions for Article 6.2 processes.

In addition to defining substantive and procedural obligations, CMA decisions under Article 6.2 and PACM establish a structured set of forms, formats, and submission requirements, The tables below provides an overview of the main reporting instruments, including initial reports, participation forms, annual information submitted through agreed electronic formats (AEF), and regular information provided as part of biennial transparency reports.

Information, Forms and Formats mandated in CMA decisions for Article 6.2

Template / reporting element	Relevant CMA decision(s)	**Link to Template**
Initial report / Updated initial report	Decision 2/CMA.3, Annex, Chapter IV.A	Article 6.2: Template for the initial report and updated initial report
Annual information (Agreed Electronic Format – AEF)	Decision 2/CMA.3, Annex, Chapter IV.B	Annual Information AEF
Regular information (BTR Annex)	Decision 2/CMA.3, Annex, Chapter IV.C	Article 6.2: Template for the regular information
Authorization of ITMOs (voluntary template)	Decision 2/CMA.3, Annex, para. 18(g)	Article 6.2: Voluntary standardized template for the authorization of the use of ITMOs

Information, Forms and Formats mandated in PACM decisions[3]

Form / format name	**Decision / regulatory basis**
Host Party participation requirements form	Decision 3/CMA.3, annex, para. 25
Host Party approval of an PACM activity	Decision 3/CMA.3, annex, para. 40
Authorization of activity participants	Decision 3/CMA.3, annex, para. 41
Authorization of A6.4 emission reductions	Decision 3/CMA.3, annex, para. 42
Specification of first transfer when authorizing A6.4ERs	Decision 3/CMA.3, annex, para. 42
Host Party approval for transition of CDM activities to PACM	Decision 3/CMA.3, annex, para. 73
Updates or changes to authorization statements	Decision 3/CMA.3, annex, para. 43

Source: Prepared by the author based on relevant CMA decisions and the Article 6.2 Reference Manual for the Accounting and Host Party Participation Manual for PACM. Prepared by the UNFCCC Secretariat. https://unfccc.int/sites/default/files/resource/Article_6.2_Reference_Manual.pdf

[3] Decisions can be found in: https://unfccc.int/process-and-meetings/bodies/constituted-bodies/article-64-supervisory-body/rules-and-regulations