



Scaling voluntary action within the framework of the Paris Agreement

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Outline

- What is the „voluntary market“ today?
- Paradigm shift: Comparison of market provision in KP and PA
- NDC classification for mitigation outcomes
- Baseline and Additionality



What is the „voluntary market“

- Nation states have bought carbon units above and beyond their Kyoto obligations
- Carbon crediting schemes are being used to disperse international climate finance
- A Carbon ‘Offsetting and Reduction Scheme for International Aviation (CORSIA)’ starts with a voluntary period
- Types of eligible carbon credits has to be decided; likely that a future mandatory system of CORSIA will accept certification standards without UN-oversight.
- **Definition of voluntary vs. compliance carbon market?**



Paradigm shift: Comparison of market provision in KP and PA

Kyoto Protocol: „Target and timetables“:

- „Commitments“ for some parties (Annex I)
- Different mechanisms for parties (JI and CDM)
- The flexible mechanisms of KP aims to **assist countries to achieve their commitments.**
- Compliance control under UNFCCC
- Enforcement provisions



Paradigm shift: Comparison of market provision in KP and PA

Paris Agreement „Pledge and Review“:

- „Contributions“ provided by parties
- Provisions for markets refers to all parties
- **The cooperative approaches of PA aims to allow for higher ambition.**
- Wording for compliance and enforcement is weaker
- „shall be facilitate“, transparency and review



Conclusion for market activities

- The technical rule book for PA is not agreed yet, but the following principals are crucial:
- Art. 6 of the PA and its voluntary cooperative approaches must serve the objectives of the Art. 2 of the PA
- Support the achievement of well below 2°C
- Support to maintain the NDCs and facilitate progression/ambition raising
- **In regard to these principals there is no distinction between market actors**



NDC classification for mitigation outcomes

- **Un-conditional NDCs:** „own contribution“, countries might need support, mitigation outcome should remain in the country.
- Countries with economy-wide un-conditional target could only transfer the emission reductions achieved beyond the target.
- **Role of the voluntary market:**
 - assist countries in achieving its NDC, not claiming for reducing own carbon footprint
 - Support country to make progress beyond its NDC
 - Facilitate private sector involvement



NDC classification for mitigation outcomes

- **Conditional NDCs:** allow trade of mitigation outcomes
- With correspondent adjustments the emission reduction could be used towards another NDC (not host-country) or for voluntary cancelation.
- **Role of the voluntary market:**
 - Support country to make progress beyond its un-conditional NDC
 - Facilitate private sector involvement



NDC classification for mitigation outcomes

- **Outside the scope of NDCs:** allow trade of mitigation outcomes
- Emission reduction could be used towards one NDC or for voluntary cancelation (link between GHG- and NDC-accounting).
- **Role of the voluntary market:**
 - Support country to make progress beyond its unconditional NDC
 - Facilitate private sector involvement



Baseline and Additionality

- What should guide the definition of the baseline?
 - “Business-as-usual” emission,
 - un-conditional NDC
- Risk of over-transfer if the NDC target is above the BAU
- Thus, additionality test remains important to safeguard environmental integrity of the system



Conclusion

- Need for a **robust accounting and transparency framework, all actions need to be incorporate**
- **Room for raising ambition:** cumulative mitigation impact of NDCs does not lead us on track to the Paris goals.
- **Broad engagement** of many stakeholders (including voluntary market players) is needed to path the way to well below 2° C
- In the framework of the Paris Agreement the voluntary market is more a **complementary market**.



THANK YOU!