

*7 December 2018 | Katowice*

# How Can the Voluntary Market Contribute to Ambition Raising?

---

Nicolas Kreibich, Wolfgang Obergassel

Presentation at the ICROA COP24 Workshop

## Research Project Article 6.4 Design Options

Project Aim: Development of Recommendations for

- Overall Mitigation of Global Emissions
  - Use of Benchmarks for Baselines
  - Integration of Private Actors
  - Raising Ambition
  - Potential Contributions by the Voluntary Market
  - Role of Art. 6 on the way to a zero-emissions world
- 
- **Side event Saturday 18.30 EU Pavilion**
-

## The Voluntary Market

### Major paradigm shifts of the Paris regime

Current modus operandi: Use of private standards for emission reductions in “uncapped environment” for offsetting/claiming carbon neutrality

#### 1. From partial to global participation

- Reduction of “uncapped environment”
- Increased risk of double counting
- Corresponding adjustments needed

#### 2. Ambition raising as a key component of market-based cooperation

- No ‘pure offsetting’
- Regular strengthening of Parties’ **mitigation targets** and an increase of their **mitigation actions**

## The Voluntary Market

### The voluntary market as an investor – Three Potential Roles

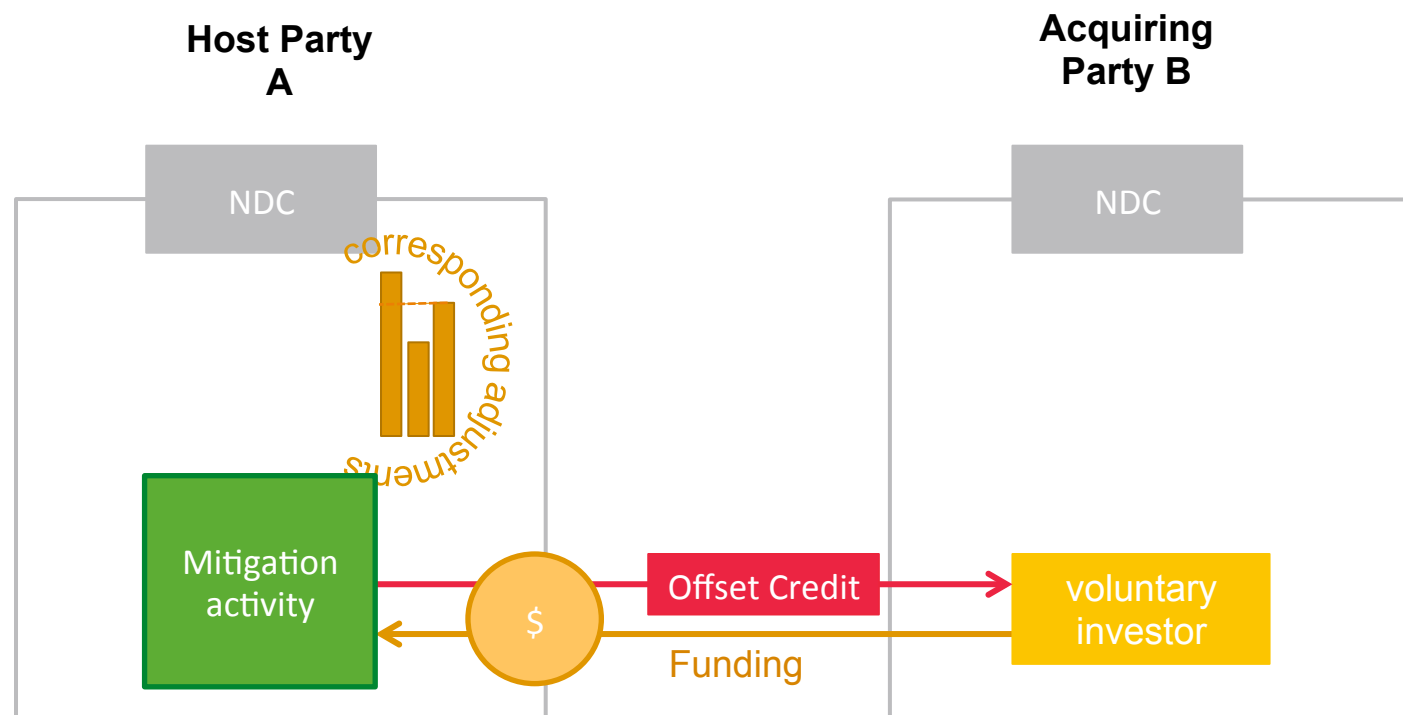
**Role 1: Buyer of carbon neutrality credits**

**Role 2: Supporter of NDC implementation**

**Role 3: Driver of ambition**

# The Voluntary Market as an investor

## Role 1: Buyer of carbon neutrality credits



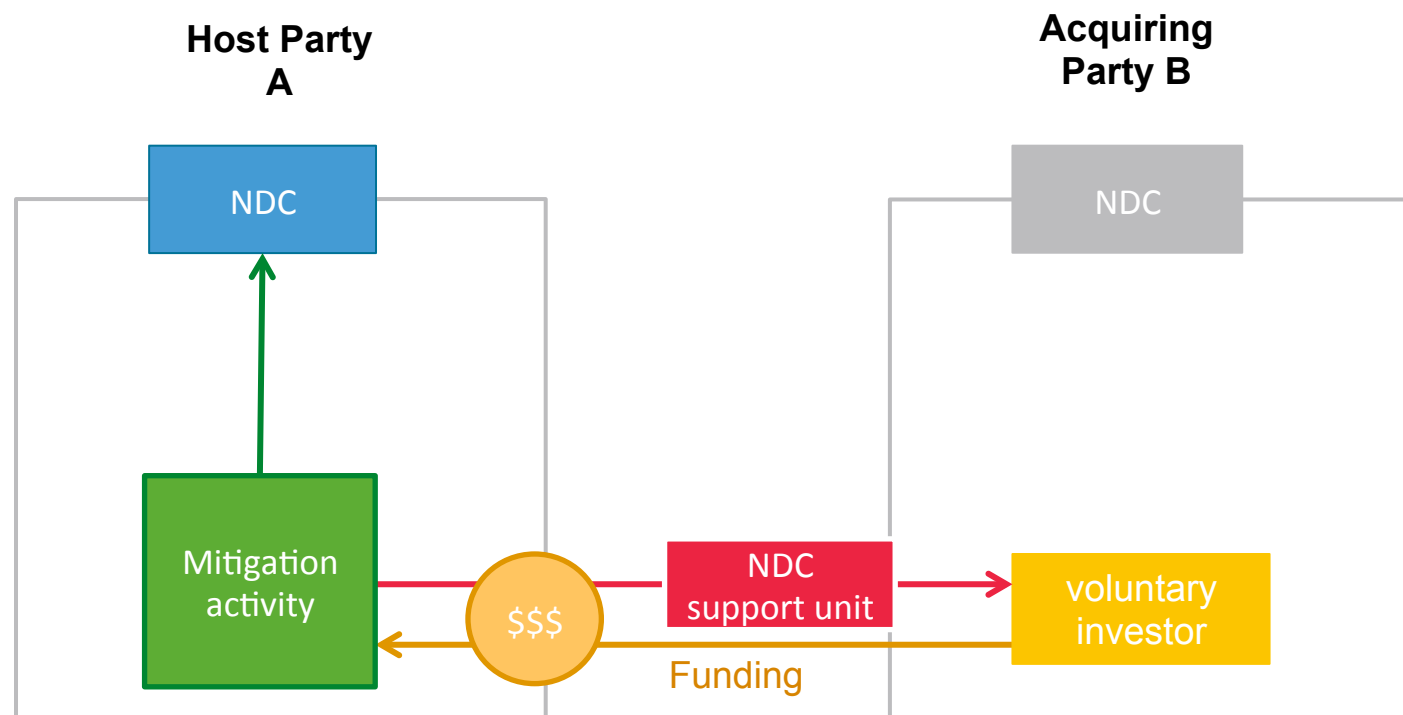
**Paris Agreement puts this role at risk by reducing “uncapped environment”**

Future potential will depend on:

- › The requirements for and willingness of host Parties to account for MOs
- › Domestic capacities to implement corresponding adjustments
- › Transparency and access to the corresponding adjustment framework

## The Voluntary Market as an investor

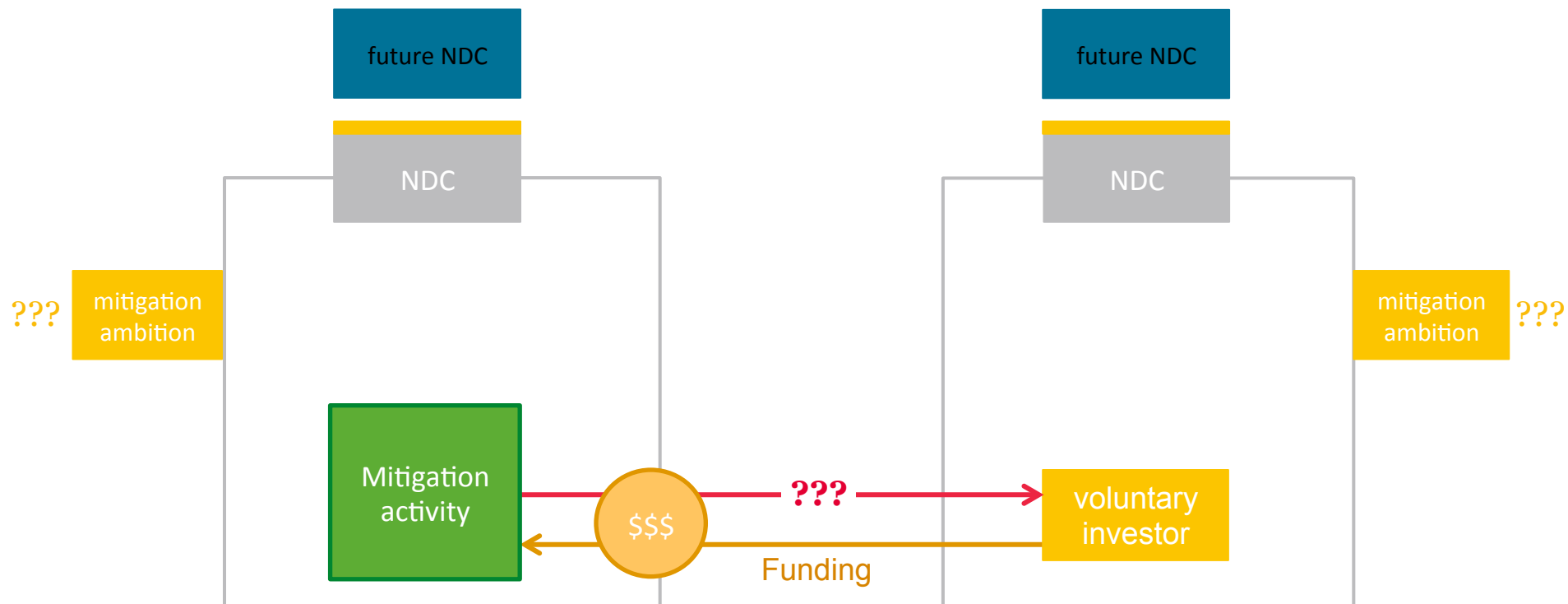
### Role 2: Supporter of NDC implementation



- No need for corresponding adjustment
- New commodity
- Potentially interesting for large companies with global reach
- Possible risks: delinking investments from own emissions could lead to window-dressing and weakening of MRV standards

# The Voluntary Market as an Investor

## Role 3: Driver of ambition



**Interest from the voluntary market to *contribute* to ambition raising, but**

- New commodity
- Double claiming if reductions are used for carbon neutrality and for claiming ambition raising?
- Link to buyer's emissions?

## **The Voluntary Market as an investor**

### **Pros and Cons of the three Roles**

#### **Purchase for carbon neutrality**

- ✓ Is the established product
- ✓ Has a clear link to buyer's emissions
- Need for corresponding adjustments

#### **Supporting NDC implementation**

- ✓ No need for corresponding adjustment
- ✓ Some interest among buyers, especially multi-nationals
- New commodity
- No clear link to buyer's emissions

#### **Driver of ambition**

- ✓ Interest among potential buyers
- New commodity
- Accounting questions
- Link to buyer's emissions?



## The Voluntary Market

### Roles in Summary

- **Driver of ambition:** Interest, but combines problems of two other role
- **Supporting NDC implementation:** Open questions
- **Purchase for carbon neutrality:** Maybe the most promising option if accounting problems can be overcome

## Beyond Accounting

### Questions of Quality

- › The mandate of Art. 6.1
- › Ambitious activities for claims to ambition
- › Quality of NDCs supported

*Wolfgang Obergassel | [wolfgang.obergassel@wupperinst.org](mailto:wolfgang.obergassel@wupperinst.org)*

**Many thanks  
for your attention**

---

Visit our webpages on global climate governance at

[www.wupperinst.org/en/cop](http://www.wupperinst.org/en/cop)

[www.wupperinst.org/en/topics/climate/global-climate-governance/](http://www.wupperinst.org/en/topics/climate/global-climate-governance/)