

# A fresh start Carbon markets after Paris

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## Article 6

### The mechanism article

- Three different approaches to international cooperation
- No explicit mentioning of markets, but enabling Carbon markets
- New: applicable to *all* Parties (≠ CDM)

The Article 6 approaches are:

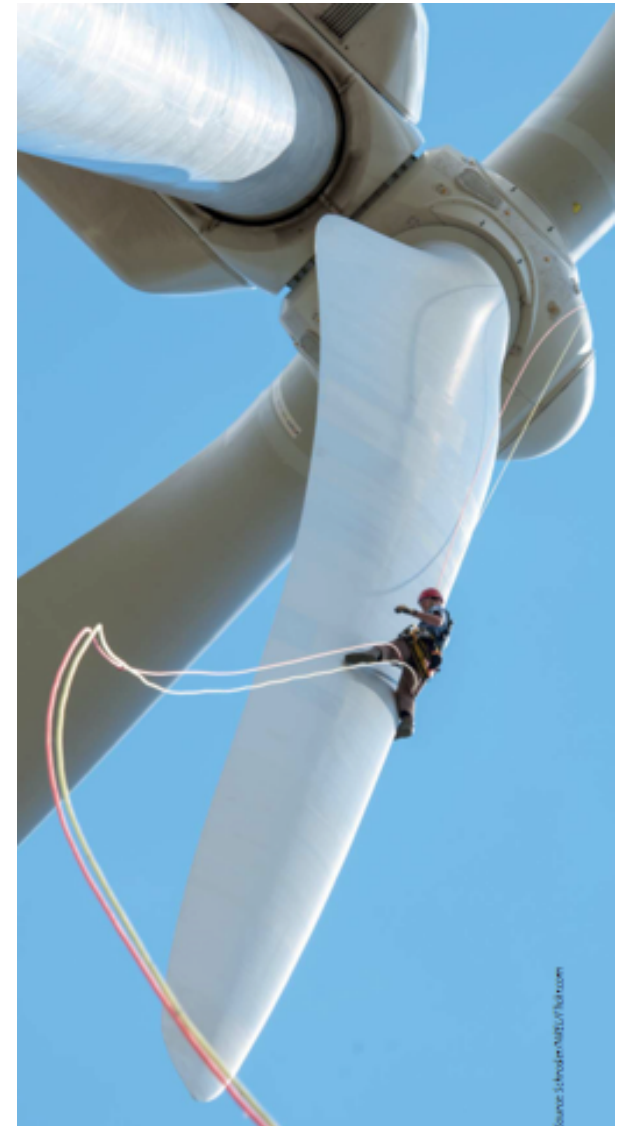
- ‘cooperative approaches’ under Article 6.2 (≈FVA)
- a new mitigation ‘mechanism’ under Article 6.4
- (‘non-market approaches’, Articles 6.8 and 6.9)



## Article 6

### Key principles

- „Sustainable development“ and „environmental integrity“ = key principles for all Art. 6 activities
- All activities must lead to „increased ambition“ of NDCs (net mitigation)
  - New definition of „additionality“
- Contributions to Sustainable development more prominent than in Kyoto world
- Mentioned in Article 6.1, 6.2, 6.4 as well as 6.8
- Operationalization subject to negotiation



## Article 6.4

### A new central UNFCCC mechanism

- **‘mechanism to contribute to the mitigation of GHG emissions and support sustainable development’ (SDM)**
- **Elements known from Kyoto**
- UNFCCC oversight (Board, registry, credits)
- Modalities & procedures (to be developed)
- Private sector participation
- Third party validation and verification
- **New elements**
- Not limited to project-based activities
- Applicable to all Parties
- Net mitigation effect, no pure offsetting any more



- › Broad definition - ‘transfer of mitigation outcomes’
- › Bilateral activities or in groups
- › Guidance and transparency (to be developed), but no central oversight
- › ‘Robust accounting’ and ‘avoidance of double counting’ = key principles
- › Relation to NDCs (*‘Raising ambition’*) unclear
- › Possible inroad for ETS-linking, JCM
- › Many open questions



- **new opportunities for premium products regarding Art. 6.4 activities**  
(applicably to all Parties to UNFCCC, possibly sectoral activities)
- **possibly also with regard to cooperative approaches, but limited**
- **however, quality defined by robust rules & principles, additionality provisions (still to be developed, will take years)**
- **enhanced linkage to SDGs in Paris Agreement, but practical implications unclear**

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- enhanced visibility under UNFCCC:
  - p.ex. Lima-Paris Action Agenda (focus on non-state actors)
- dedicated paragraph in Paris Text on non-state actors
- situation is more complex in the Paris world
  - > caps in former "non Annex I" limit potential
- activities in host countries need to be notified (minimum requirement)
- need to avoid double counting or claiming
  - > clear separation from NDC, new additionality challenge

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- **New complex world of Carbon market opportunities**
- **Mod. & procedures, Guidance will need time to develop**
- **Early action (6.2)?**
- **Enhanced role of SD as opportunity for premium products**
- **New challenges regarding additionality (,on top of NDC‘)**
- **CDM will continue until 2020 (transitioning to Art. 6.4?), but at a low level**





**Thank you very much  
for your attention!**

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