

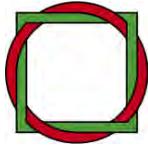


# **JIKO** **POLICY** **BRIEF**

No. 04/2015

## **Update on the Role of Market Mechanisms in Intended Nationally Determined Contributions**

**Wolfgang Obergassel and Markus Gornik**



**Wuppertal Institute**  
for Climate, Environment  
and Energy

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### **Internet**

[www.carbon-mechanisms.de](http://www.carbon-mechanisms.de)

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# Summary

This paper surveys Parties' intended nationally determined contributions (INDCs) to gauge the potential scope of market mechanisms in the forthcoming Paris agreement. A chart and table annexed to the paper gives an overview of all countries.

At the time of writing, 147 Parties had submitted INDCs. Among these, 66 are planning and 20 are considering to use international market mechanisms.

While 86 is a high number, the vast majority intend to be sellers in the carbon market. In addition, these countries are mostly low-income countries which have so far not had much success in using the CDM. Only thirteen Parties intend to buy units: Canada, Costa Rica, Japan, Liechtenstein, Mexico, Moldova, Monaco, New Zealand, Norway, San Marino, South Korea, Switzerland, and Turkey. Notably, only about half of them are large emitters.

Five Parties that do not intend to use international mechanisms highlight their use of domestic systems: China, EU, Gabon, Iceland and India. In addition, a number of countries envisage using both international and domestic systems: Belize, Costa Rica, Ivory Coast, Liechtenstein, New Zealand, Norway and South Korea.

What this indicates is that there are ongoing dynamics at national and sub-national levels, but demand for units from international mechanisms continues to be low, the decline of their role is therefore unlikely to be reversed soon.

Of the Parties that may use international mechanisms, the majority does not specify which mechanisms they intend to use. 23 Parties specify the Clean Development Mechanism (CDM), six reducing emissions from deforestation and forest degradation (REDD+), four the new mar-

ket mechanism (NMM), four (credited) nationally appropriate mitigation actions (NAMAs), and one the Framework for Various Approaches (FVA).

There is thus a comparatively strong call for continuation of the CDM. The low-income countries that want to use mechanisms as sellers may indeed not have much scope for mechanisms at sectoral level, as envisaged for the NMM.

While the INDCs do not necessarily deliver a full picture, using them as basis suggests that reform of the existing CDM and capacity building for its use by low-income countries may be a significantly higher priority than development of new mechanisms.

Large emitters are apparently taking the route of domestic emission trading systems rather than international mechanisms. While domestic emission trading systems could in theory be linked with each other, based on the current political discussions these will in practice for the foreseeable future probably be limited to the regional level.

# 1 Introduction

Market mechanisms – the Clean Development Mechanism (CDM), Joint Implementation (JI) and Art. 17 emission trading – have been a central feature of the Kyoto Protocol. The Parties to the United Nations Framework Convention on Climate Change (UNFCCC) intend to adopt a new comprehensive climate agreement at this year's Conference of the Parties (COP) in Paris. The shape of the new agreement is emerging only slowly, including the role market mechanisms will play.

On 1 October 2015, the UNFCCC's soft deadline for submitting intended nationally determined contributions (INDCs) ended. As of the time of writing, 147 Parties had provided submissions.<sup>1</sup> To gauge the potential scope of market mechanisms in the forthcoming Paris agreement, this paper surveys the submitted INDCs on the question to what extent they envisage the use of market mechanisms. In detail, the paper looks at five questions for each INDC:

Does the INDC make any mention of market mechanisms? In the negotiations, some Parties have been strongly in favour of market mechanisms while others have been strongly opposed.

Does the Party plan to use market mechanisms to achieve its contribution to the Paris agreement? The answer to this question will allow to gauge the potential demand for units from market mechanisms under the new agreement. In the Kyoto Protocol, various Parties were in favour of market mechanisms but did not

themselves use them for compliance with their targets.

If a Party intends to use market mechanisms, does the INDC specify which mechanisms or types of units the country intends to use? In addition to the Kyoto mechanisms, Parties are discussion to establish a new market-based mechanism (NMM) under the Convention. Furthermore, several Parties are in the process to develop bilateral mechanisms or to link domestic emission trading systems (ETS), and the UNFCCC is discussing whether and how such nationally-driven mechanisms could be governed under a UNFCCC Framework for Various Approaches (FVA). There are also discussions to use market mechanisms for reducing emission from deforestation and forest degradation (REDD+).

Does the Party quantify the extent to which it intends to use market mechanisms? Under the Kyoto Protocol, use of mechanisms has been supposed to be supplemental to domestic action, though this principle has never been quantified.

Does the Party specify how the use of mechanisms will ensure environmental integrity and avoid double counting? The emergence of nationally-driven mechanisms without UNFCCC oversight has given rise to concerns about their environmental integrity. Furthermore, a proliferation of mechanisms may lead to double counting of emission reductions. Finally, market mechanisms will to a large extent operate within the boundaries of countries' contributions. If not properly accounted for, emission reductions could be claimed by the host countries and by the unit buyers.

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<sup>1</sup> Submitted INDCs are available online at <http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx>

# 2 Results

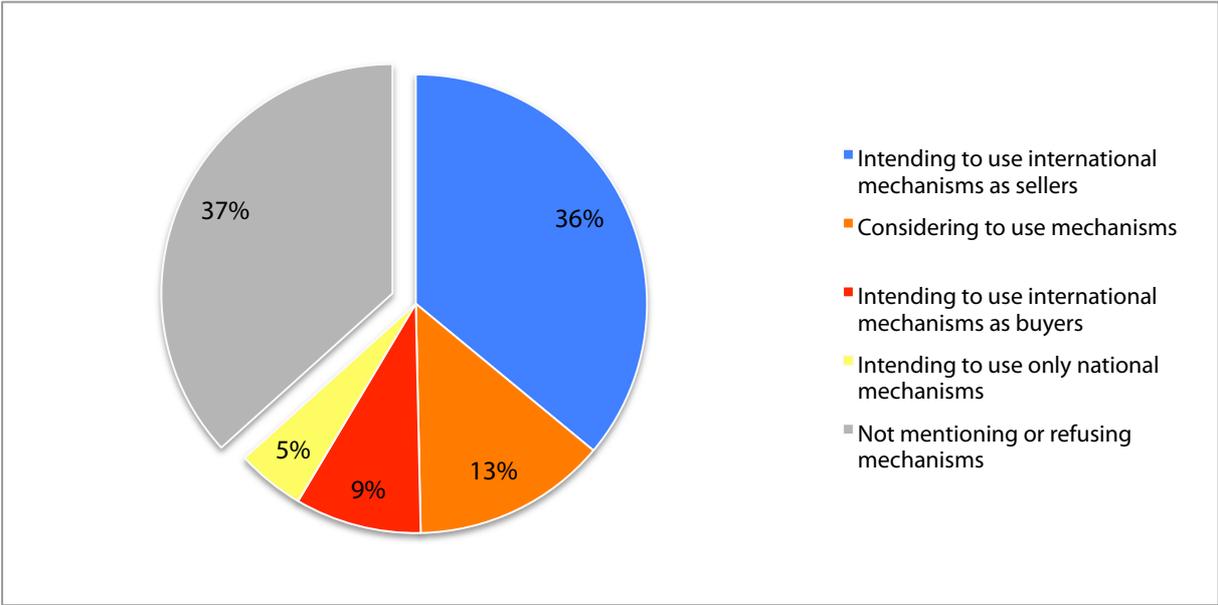
Of the 147 INDCs surveyed, 66 are intending and 20 are considering to use international market mechanisms. The other Parties either do not discuss the issue or explicitly do not envisage use of international market mechanisms. The following figures and Table I in the Annex provide an overview of the submissions.

Of the 66 Parties that intend to use market mechanisms, 53 intend to be sellers. Typically, they stipulate that market mechanisms could be used to finance the conditional parts of their INDCs. The remaining thirteen Parties are considering to buy units: Canada, Costa Rica, Japan, Liechtenstein, Mexico, Moldova, Monaco, New Zealand, Norway, San Marino, South Korea, Switzerland, and Turkey (Figure 1).

Five of the Parties that do not intend to use international market mechanisms highlight their use of domestic systems: China, the EU, Gabon, Iceland and India. Egypt stipulates that it “may establish” a national market. In addition, a number of countries envisage using both international and domestic systems: Belize, Costa Rica, Ivory Coast, Liechtenstein, New Zealand, Norway and South Korea.

Of the 86 Parties that may use international mechanisms, the majority does not specify which mechanisms they intend to use. 23 Parties specify the CDM, six REDD+, four the new market mechanism, four (credited) NAMAs, and one the FVA (Figure 2).

**Figure 1: Use of Mechanisms**

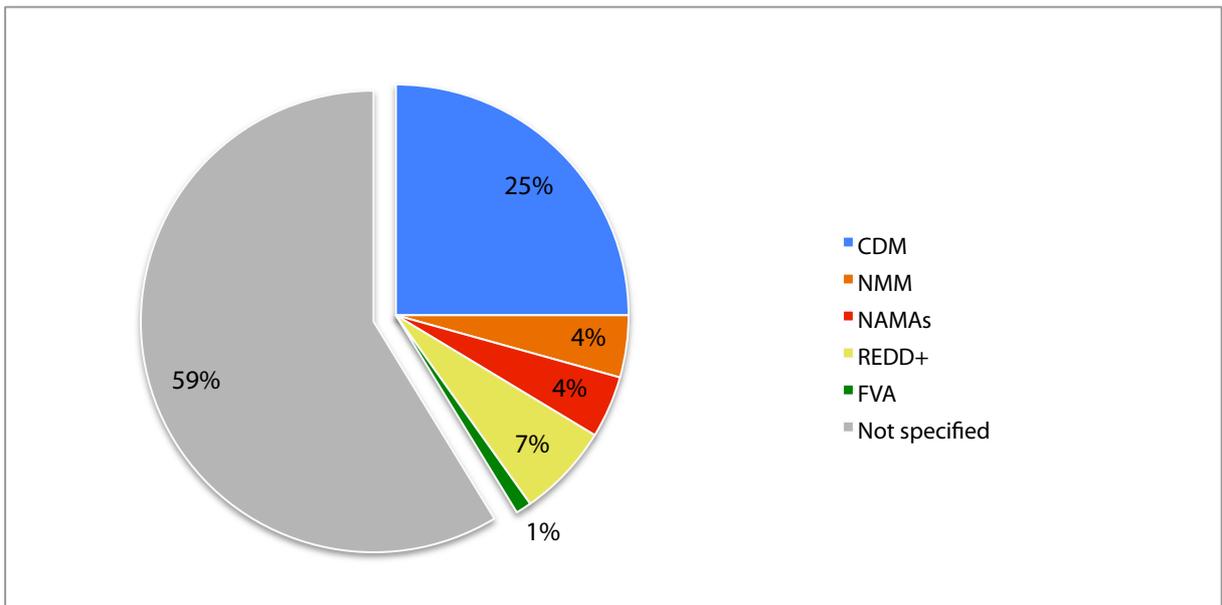


Source: Wuppertal Institute

Only few Parties discuss limits on the use of mechanisms. Armenia stipulates that it will sell surplus units if emissions stay below its target. Japan expects to purchase 50-100 Mt CO<sub>2</sub>-eq. Liechtenstein, Moldova, Monaco, San Marino, and Switzerland stipulate a primary focus on domestic reductions, but provide no quantification. By contrast, New Zealand requires “unrestricted access” to market mechanisms.

35 Parties highlight that environmental integrity needs to be preserved but only few go into details. Brazil stipulates that it will not recognise use by other Parties of emission reductions achieved on Brazilian territory that have been acquired through instruments outside the Convention, the Kyoto Protocol or the Paris agreement. Switzerland assumes that only the purchasing country will account for the emission reductions covered by the credits.

**Figure 2: Types of Mechanisms**



Source: Wuppertal Institute

## 3 Discussion

While there is a high number of Parties that are intending or considering to use market mechanisms, the vast majority of them intend to be sellers. In addition, these countries are mostly low-income countries which have so far not had much success in using the CDM. The buyer side is similarly limited. Only thirteen Parties intend to be buyers, and only about half of them are large emitters (Canada, Japan, Mexico, South Korea and Turkey).

However, interest in markets is not limited to the 86 Parties considering to use international mechanisms. Several large emitters – China, the EU and India – that do not intend to use international market mechanisms highlight their use of domestic systems.

One may note that Kazakhstan and Switzerland have domestic systems but do not mention them in their INDCs. Similarly, a significant number of US states and Canadian provinces are already operating trading systems.

The lack of emphasis on international markets in the INDC of the EU is somewhat odd, given its strong engagement in the discussions on the reform of existing and the development of new mechanisms. The EU has been the main driver of establishing the NMM and it has also advocated for the inclusion of market mechanisms in the Paris agreement, but as its INDC currently stands, it would not provide demand for such mechanisms in the post-2020 period. The same applies to Norway for its 40% target, but it stipulates its openness to adopting a stronger target with use of international mechanisms.

The US silence on markets is similarly somewhat surprising, given that various US states and Canadian provinces are already engaging in cross-border emission trading. To have clear accounting, these transfers should be account-

ed for when assessing the achievement of contributions under the Paris agreement. The US had in the past acknowledged this necessity in discussions on the FVA.

In summary, there are ongoing dynamics at national and sub-national levels, but the decline of the role of international mechanisms is unlikely to be reversed soon. While many Parties want to use market mechanisms under the new agreement, only a very limited number want to do so as buyers, and these include only a few large emitters. This is mirrored by the interest on the seller side, which mostly comes from low-income countries, which have so far not had much success in using the CDM.

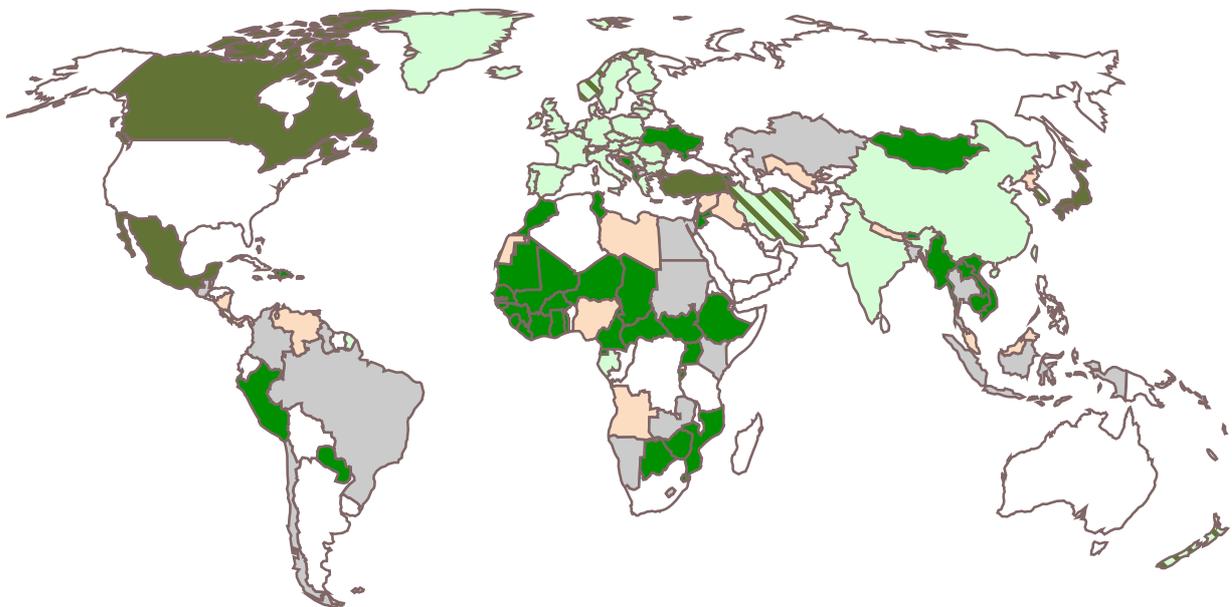
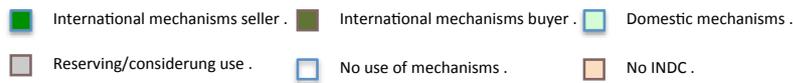
In terms of mechanisms, there is a comparatively strong call for continuation of the CDM (by 23 countries), while only few countries specify the NMM or REDD+. The low-income countries that want to use mechanisms as sellers may indeed not have much scope for mechanisms at sectoral level, as envisaged for the NMM.

While the INDCs do not necessarily deliver a full picture, using them as basis suggests that reform of the existing CDM and capacity building for its use by low-income countries is a significantly higher priority than development of new mechanisms. While indications of demand in the INDCs are low, the countries that want to use mechanisms as sellers will similarly not be able to deliver a large supply. The future landscape may therefore be characterised by a better balance of demand and supply than currently, albeit at a low level.

Large emitters are apparently taking the route of domestic emission trading systems rather than international mechanisms. While domestic emission trading systems could in theory be linked with each other, based on the current

political discussions these will in practice for the foreseeable future probably be limited to the regional level. The EU is discussing a link with Switzerland and there will likely be a North American market at some point. Linkages across regions do currently not look likely to become a viable perspective before the mid-2020s.

**Figure 3: Mentions of Mechanisms in INDCs**



World map by [www.freeworldmaps.net](http://www.freeworldmaps.net) .

Source: Wuppertal Institute, based on world map by [www.freeworldmaps.net](http://www.freeworldmaps.net)

## Annex:

Table 1: INDCs and Mention of Market Mechanisms

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intended?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Afghanistan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Albania</b>	Yes	Yes, as seller, to help with emission pathway and sustainable development	Not specified	Not specified	Supports "effective accounting rules to ensure environmental integrity of the mechanisms"	No mention
<b>Algeria</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Andorra</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Antigua and Barbuda</b>	Yes	Yes, as seller	Reformed CDM	Not specified	Supports a "system that guarantees transparency and environmental integrity, and delivers real, permanent and verified emissions reductions and ensures that double counting is avoided."	No mention
<b>Argentina</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Armenia</b>	Yes	Yes, sale of surplus if emissions stay below its target	Not specified	Sale of surplus units	Not specified	No mention
<b>Australia</b>	No	N.a.	N.a.	N.a.	N.a.	No mention
<b>Azerbaijan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Bahamas</b>	Yes	Open to consider	Not specified	Not specified	Not specified	No mention
<b>Bangladesh</b>	Yes	Does not rule out use	Not specified	Not specified	Not specified	No mention
<b>Barbados</b>	Yes	Yes, as seller to achieve contribution	CDM and NAMAs	Not specified	Not specified	No mention
<b>Belarus</b>	No	No	N.a.	N.a.	N.a.	N.a.
<b>Belize</b>	Yes	Intends to explore	Not specified	Not specified	Willing to explore mechanisms that "prevent double counting" and "demonstrate environmental integrity"	Development of mechanisms to support energy efficiency and renewable energy
<b>Benin</b>	Yes	No	N.a.	N.a.	N.a.	No mention

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Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intended?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Bhutan</b>	Yes	Yes, as seller, to fulfil contribution	CDM or other mechanisms	Not specified	Not specified	No mention
<b>Bolivia</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Bosnia-Herzegovina</b>	Yes	Yes, as seller to support conditional reductions	Not specified	Not specified	Not specified	No mention
<b>Botswana</b>	Yes	Yes, as seller to achieve contribution	Mechanisms under the Convention	Not specified	Not specified	No mention
<b>Brazil</b>	Yes	Reserves its position	N.a.	N.a.	Brazil will not recognise use by other Parties of emission reductions achieved on Brazilian territory that have been acquired through instruments outside the Convention, the Kyoto Protocol or the Paris agreement.	No mention
<b>Burkina Faso</b>	Yes	Yes, supports use of CERs to achieve contribution	CDM	Not specified	Accounting rules for environmental integrity and avoidance of double counting	No mention
<b>Burundi</b>	Unclear	Yes, intends to rely on "international compensation mechanisms" to compensate for economic losses from mitigation activities.	"Compensation mechanisms"	N.a.	N.a.	No mention
<b>Cambodia</b>	Yes	Yes, as seller to channel finance	Not specified	Not specified	Not specified	No mention
<b>Cameroon</b>	Yes	Yes, as seller to help finance parts of INDC	Not specified	Not specified	Need for an appropriate accounting framework, environmental integrity and transparency	No mention
<b>Canada</b>	Yes	Yes, as buyer	Not specified	Not specified	Use of mechanisms is "subject to robust systems that deliver real and verified emissions reductions"	No mention
<b>Cape Verde</b>	Yes	Yes, as seller to finance conditional measures	CDM, NMM, credited NAMAs	Not specified	Accounting system needs to be established to avoid double counting	No mention
<b>Central African Republic</b>	Yes	Yes, as seller to help finance investments	CDM	Not specified	Not specified	No mention
<b>Chad</b>	Yes	Yes, as seller to encourage investments	CDM, REDD+	Not specified	Not specified	No mention
<b>Chile</b>	Yes	Does not rule out use	Not specified	Not specified	Not specified	No mention
<b>China</b>	Yes	No	N.a.	N.a.	N.a.	Yes, domestic ETS

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intend ed?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Colombia</b>	Yes	Will explore use	Not specified	Not specified	The use of market mechanisms „that guarantee the principles of transparency and environmental integrity ... and prevent double counting“.	No mention
<b>Comoros</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Cook Island</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Costa Rica</b>	Yes	Yes, reserves right to buy to accomplish reduction goal	Not specified	Not specified	Compensation units traded abroad will be registered in the National Emissions Inventory to avoid double counting	Yes, Domestic Compensation Market
<b>Cuba</b>	Yes	No, market mechanisms are unstable and volatile, industrialised countries need to prioritise public funding	N.a.	N.a.	N.a.	No mention
<b>Democratic Republic of the Congo</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Djibouti</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Dominica</b>	Yes	Yes, as seller to promote efficiency and in the transport sector	Not specified	Not specified	Not specified	No mention
<b>Dominican Republic</b>	Yes	Yes, considers that it has potential	Not specified	Not specified	Must ensure environmental integrity nationally and internationally	No mention
<b>Ecuador</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Egypt</b>	Yes	Not specified	Not specified	Not specified	Not specified	National market for carbon trading “may be established”, “may further be developed into regional market”
<b>El Salvador</b>	No	N.a.	N.a.	N.a.	N.a.	No mention
<b>Equatorial Guinea</b>	Yes	Yes, as seller, INDC conditional on correction of distortions of existing mechanisms	Not specified	Not specified	Target conditional on correction of distortions of existing market mechanisms	No mention
<b>Eritrea</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Ethiopia</b>	Yes	Yes, as a seller	Not specified	Not specified	Supports „the development of effective accounting rules“ and market mechanisms which guarantee environmental integrity	No mention

## Update on Market Mechanisms in Intended Nationally Determined Contributions

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intend ed?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>EU</b>	Yes	No	N.a.	N.a.	N.a.	Yes, EU ETS
<b>Fiji</b>	Yes	Yes, to achieve conditional target	CDM or comparable	Not specified	No mention	No mention
<b>Gabon</b>	Yes	No	N.a.	N.a.	N.a.	Yes, domestic SD offsets
<b>Gambia</b>	Yes	Yes, as seller to reach conditional reductions	CDM and NMM	Not specified	Need for standards that „deliver real, permanent, additional and verified mitigation outcomes, avoid double counting of emissions“	No mention
<b>Georgia</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Ghana</b>	Yes	Yes, as seller, access to mechanisms important component to mobilise support to achieve conditional target	Not specified	Not specified	Mechanisms „must have robust accounting rules and stadards, avoid double counting and ensure environmental integrity“	No mention
<b>Grenada</b>	Yes	Willing to explore	Not specified	Not specified	Need for environmental integrity	No mention
<b>Guatemala</b>	Yes	Considering participation	Not specified	Not specified	Not specified	No mention
<b>Guinea</b>	Yes	Yes, as seller, to help finance investments	CDM	Not specified	Need for an appropriate accounting system	No mention
<b>Guinea Bissau</b>	No	N.a.	N.a.	N.a.	N.a.	No mention
<b>Guyana</b>	Yes	Yes, as seller	REDD+	Not specified	„Guyana“s robust MRV system can ensure the integrity of our emission reduction efforts“	No mention
<b>Haiti</b>	Yes	Yes, as seller, to finance parts of conditional INDC	New mechanism like CDM	Not specified	New mechanism to be guided by principles of environmental integrity, transparency, and absence of double counting	No mention
<b>Honduras</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Iceland</b>	Yes	No	N.a.	N.a.	N.a.	Yes, EU ETS
<b>India</b>	Yes	No	N.a.	N.a.	N.a.	Yes, Perform Achieve and Trade (PAT), Renewable Energy Certificates (REC), Renewable Purchase Obligation (RPO)
<b>Indonesia</b>	Yes	Maybe, as seller, to support own efforts	Welcomes “bilateral, regional and international market mechanisms“	Not specified	Not specified	No mention

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intended?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Iran</b>	Yes	Yes, as seller, to implement conditional actions	Not specified	Not specified	Not specified	Yes
<b>Israel</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Ivory Coast</b>	Yes	Yes, as seller, to help finance investments	CDM	Not specified	Environmental integrity and transparency	Studies opportunities for domestic and regional systems
<b>Japan</b>	Yes	Yes, as buyer	JCM	Expects 50-100 Mt	Not specified	No mention
<b>Jordan</b>	Yes	Yes, as seller, wants to increase the involvement in carbon markets.	Not specified	Not specified	Not specified	No mention
<b>Kazakhstan</b>	Yes	Retains option to use	UNFCCC mechanisms	Not specified	Not specified	No mention
<b>Kenya</b>	Yes	Does not rule out use	Not specified	Not specified	Not specified	No mention
<b>Kiribati</b>	Yes	Yes, as seller, to support establishment and operation of a National Climate Change Trust Fund	Not specified	Not specified	Not specified	No mention
<b>Kyrgyzstan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Lao People's Democratic Republic</b>	Yes	Yes, as seller to achieve contribution	Not specified	Not specified	Not specified	No mention
<b>Lebanon</b>	Yes	Not at present, but does not exclude possibility	Maybe CDM	Not specified	Not specified	No mention
<b>Lesotho</b>	Yes	Retains possibility to use to achieve conditional and/or unconditional targets	Not specified	Not specified	Not specified	No mention
<b>Liberia</b>	Yes	Yes, as seller, to finance part of INDC	Mechanism such as the CDM	Not specified	Supports „carbon credits taking into account environmental integrity“	No mention
<b>Liechtenstein</b>	Yes	Yes, as buyer	Not specified	“Primary focus on domestic“	Not specified	Yes, EU ETS
<b>Macedonia</b>	Yes	Will consider use	Maybe NMM	Not specified	No specified	No mention
<b>Madagascar</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Malawi</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Maldives</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Mali</b>	Yes	Yes, as seller as part of means of implementation	CDM	Not specified	Not specified	No mention
<b>Marshall Islands</b>	Yes	No	N.a.	N.a.	N.a.	No mention

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Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intend ed?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Mauritania</b>	Yes	Yes, as seller to support financing needs	CDM	Not specified	Not specified	No mention
<b>Mauritius</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Mexico</b>	Yes	Yes, as buyer for conditional target	Not specified	Not specified	Not specified	No mention
<b>Micronesia</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Moldova</b>	Yes	Yes, as buyer, for conditional target	May use “bilateral, regional and international market mechanisms”	Unconditional target through “domestic actions”	Use „subject to robust systems that deliver real and verified emissions reductions.”	No mention
<b>Monaco</b>	Yes	Yes, as buyer, if domestic measures insufficient	Not specified	INDC achievement “by implementing domestic measures”	Emphasis on real, additional, permanent and verifiable nature of net emissions reductions	No mention
<b>Mongolia</b>	Yes	Yes, as seller to implement measures	Not specified	Not specified	Not specified	No mention
<b>Montenegro</b>	Yes	Yes, as seller	Not specified	Not specified	Use of mechanisms is to be conditional on having effective accounting rules developed under the UN-FCCC to ensure the environmental integrity of the mechanisms.	No mention
<b>Morocco</b>	Yes	Yes, may be used for conditional and/or unconditional target	Not specified	Not specified	Not specified	No mention
<b>Mozambique</b>	Yes	Yes, as seller, to get access to clean technologies	Not specified	Not specified	Not specified	No mention
<b>Myanmar</b>	Yes	Yes, intends to build capacity to participate	Not specified	Not specified	Not specified	No mention
<b>Namibia</b>	Yes	Does not rule out use to achieve conditional target	Not specified	Not specified	Demands „agreed accounting rules”	No mention
<b>Nauru</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>New Zealand</b>	Yes	Yes, as buyer	“wide variety of units”	Requires unrestricted access	Standards that ensure environmental integrity, prevention of double-claiming/double-counting, and transparency in accounting	Yes, NZ ETS
<b>Niger</b>	Yes	Yes, as seller	Not specified	Not specified	Not specified	No mention

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intended?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Norway</b>	Yes	Yes, as buyer. Either joint fulfillment with EU with full access to EU flexibilities and no use of UNFCCC mechanisms, or use of UNFCCC mechanisms; possible target beyond 40% with use of UNFCCC mechanisms	Full use of EU flexibilities or use of UNFCCC mechanisms	Not specified	EU ETS ensures that no double counting, will seek agreement on non-ETS sectors If individual, will apply strict criteria	Yes, EU ETS
<b>Oman</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Pakistan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Papua New Guinea</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Paraguay</b>	Yes	Yes, as seller as means of support	Not specified	Not specified	Not specified	No mention
<b>Peru</b>	Yes	Yes, as seller if compatible with target	Not specified	Not specified	Not specified	No mention
<b>Philippines</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Qatar</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Republic of the Congo</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Russia</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Rwanda</b>	Yes	Yes, as seller to achieve green growth strategy	CDM, NAMAs, REDD+	Not specified	Supports "the development of effective accounting rules under the UNFCCC to guarantee the environmental integrity of market mechanisms"	No mention
<b>Saint Lucia</b>	Yes	No	N.a.	N.a.	N.a.	Cap-and-trade and offsetting to be pursued
<b>Saint Vincent and Grenadines</b>	Yes	Yes, as seller to finance part of mitigation target	CDM, REDD+, NAMA in transport sector	Not specified	Supports environmental integrity and transparency	No mention
<b>Samoa</b>	Yes	Yes, as seller	Not specified	Not specified	Not specified	No mention

## Update on Market Mechanisms in Intended Nationally Determined Contributions

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intend ed?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>San Marino</b>	Yes	Yes, as buyer, if domestic measures insufficient to achieve target	Not specified	INDC achievement “exclusively through domestic measures” Use of international market mechanisms if domestic reductions insufficient	Not specified	No mention
<b>Sao Tome and Principe</b>	Yes	Yes, as seller to support INDC	Not specified	Not specified	Market mechanisms “with high environmental integrity, contributing to sustainable development”	No mention
<b>Saudi Arabia</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Senegal</b>	Yes	Yes, as seller	Not specified	Not specified	“Will be host to any international mechanism that assures real, permanent, supplementary and verified emission reductions that avoid double counting and respond to its sustainable development objectives”	No mention
<b>Serbia</b>	No	N.a.	N.a.	N.a.	N.a.	No mention
<b>Seychelles</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Sierra Leone</b>	Yes	Yes, as seller to help finance investments mentioned in INDC	Instruments such as the CDM	Not specified	Carbon assets should take into account environmental integrity and transparency	No mention
<b>Singapore</b>	Yes	Maybe, as buyer	Not specified	Not specified	Not specified	No mention
<b>Solomon Islands</b>	Yes	Will consider use to support National Trust Fund	Not specified	Not specified	Not specified	No mention
<b>Somalia</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>South Africa</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>South Korea</b>	Yes	Yes, as buyer	Not specified	Not specified, reports claim objective to purchase 11.3% of BAU emissions in 2030	Use is to be “in accordance with relevant rules and standards”	Yes, domestic ETS
<b>South Sudan</b>	Yes	Yes, as seller to access finance	CDM and REDD+	Not specified	Not specified	No mention

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intend ed?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Sri Lanka</b>	No	No	N.a.	N.a.	N.a.	No mention
<b>Sudan</b>	Yes	Does not exclude use in implementing contribution	Not specified	Not specified	Not specified	No mention
<b>Suriname</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Swaziland</b>	Yes	Yes, as a seller, converting mitigation actions to credits	CDM or similar	Not specified	Use of internationally recognized accounting principles and MRV standards	No mention
<b>Switzerland</b>	Yes	Yes, as buyer	CDM, NMM and FVA	INDC achievement “mainly domestically”	Quality criteria at least in line with current Swiss legislation Assumes only purchasing Party will account for reductions	No mention
<b>Tajikistan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Thailand</b>	Yes	Will study potential	Not specified	Not specified	Not specified	No mention
<b>Togo</b>	Yes	Yes, as seller	CDM, REDD+	Not specified	Not specified	No mention
<b>Trinidad and Tobago</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Tunisia</b>	Yes	Yes, as seller to support specific actions	Not specified	Not specified	Not specified	No mention
<b>Turkey</b>	Yes	Yes, as buyer	Not specified	Not specified	Not specified	No mention
<b>Turkmenistan</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Uganda</b>	Yes	Yes, as seller to meet commitments and/or increase level of contribution	Not specified	Not specified	Not specified	No mention
<b>Ukraine</b>	Yes	Yes	Not specified	Not specified	Not specified	No mention
<b>United Arab Emirates</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>United Republic of Tanzania</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>USA</b>	Yes	No	N.a.	N.a.	N.a.	No mention
<b>Uruguay</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Vanuatu</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.
<b>Vietnam</b>	Yes	Yes, as seller	Not specified	Not specified	Not specified	No mention
<b>Yemen</b>	No	N.a.	N.a.	N.a.	N.a.	N.a.

Update on Market Mechanisms in Intended Nationally Determined Contributions

Country	Any Mention of Market Mechanisms?	Use of International Market Mechanisms Intended?	Mechanisms to be used	Limit on use of markets	Integrity and Double Counting	Use of Domestic Markets?
<b>Zambia</b>	Yes	Does not rule out use to meet reduction target	Not specified	Not specified	Not specified	No mention
<b>Zimbabwe</b>	Yes	Yes, as a seller to mobilise resources	Not specified	N.a.	N.a.	No mention

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