



CARBON MECHANISMS REVIEW

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Ambitious Action

**Promoting ambition raising
under Article 6**

**A question
of attribution**

Blending climate finance and
carbon market financing

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editorial

Dear Reader!

The recent IPCC Special Report on the Ocean and Cryosphere has again made it crystal clear that timely, ambitious and coordinated action is needed to limit global warming to the lowest possible level. Only a collective effort by all nations alike can lead to the fundamental and urgent transformations needed to avert the climate crisis.

Cooperative action is one of the key factors needed to achieve the scale of action required for this task. Article 6 of the Paris Agreement can play its part here, as it is designed to foster raised climate ambition among Parties embarking on cooperative approaches. This issue of the Carbon Mechanisms Review looks at this core feature of Article 6 and asks how ambition raising can take place in cooperative action, what the pitfalls are and how action can be best aligned with host country policies. We are proud to present to you a cover feature on this written by a collective of the finest experts in the field.

When it comes to financing large scale transformative action, that action is often supported by several sources of finance. We therefore look at this kind of blended climate finance and at carbon financing schemes, and analyse ways to attribute the mitigation outcomes.

Other articles look at how double counting can be avoided under CORSIA and how sustainable development benefits can be promoted through various approaches under Article 6. Finally, we review the Latin American and Caribbean Climate Week and look at its carbon market related results.

On behalf of the editorial team, I wish you an interesting and informative read.

Christof Arens, Editor-in-chief



Wuppertal Institut

Carbon Mechanisms Review (CMR) is a specialist magazine on cooperative market-based climate action. CMR covers mainly the cooperative approaches under the Paris Agreement's Article 6, but also the broader carbon pricing debate worldwide. This includes, for example, emission trading schemes worldwide and their linkages, or project-based approaches such as Japan's bilateral offsetting mechanism, and the Kyoto Protocol's flexible mechanisms CDM/JI. CMR appears quarterly in electronic form. All articles undergo an editorial review process. The editors are pleased to receive suggestions for topics or articles.

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Trading up

Ensuring that Article 6 promotes ambition in the Paris Agreement

by Juerg Fuessler (INFRAS), Derik Broekhoff (SEI), Anik Kohli (INFRAS), Nicolas Kreibich (Wuppertal Institute), Sascha Lehmann (Fraunhofer ISI), and Randall Spalding-Fecher (Carbon Limits)

Raising ambition is at the core of the Paris Agreement, and yet current commitments fall far short of achieving the stated goals. Provisions in the Paris Agreement that can increase ambition over time are therefore key to reaching its long-term goals. What can countries do in the design and implementation of international carbon market mechanisms under Article 6 of the Paris Agreement to foster higher ambition in mitigation? Building on other recent studies, we identify and discuss options on how to operationalize both Article 6.2 and the Article 6.4 mechanism in the context of the Paris Agreement so that they may contribute to ambition-raising.

Article 6 may help in ambition-raising but also provides perverse incentives against it

While Article 6 is explicitly introduced as a means for increasing ambition, in practice there are various challenges and perverse incentives that may run counter to this purpose. The opportunity to purchase internationally transferred mitigation outcomes (ITMOs) could lower the cost of mitigating climate change and thereby help acquiring countries to adopt more ambitious mitigation targets. The prospect of Article 6 transfers, however, could also incentivize host countries to set less ambitious mitigation targets, in order to be able to “sell” (transfer) a larger quantity of mitigation outcomes. In addition, there is a risk that acquiring countries may pursue less mitigation domestically, which could lead to “locking in”

emission-intensive technologies and delaying the necessary rapid decarbonization of their economies.

A general condition for whether Article 6 cooperative approaches could be said to raise ambition is whether participation in them results in lower global GHG emissions than would have occurred in the absence of participation. We recommend that countries seek to raise ambition through Article 6 using a combination of three approaches.

First, countries can directly raise ambition by either adopting more ambitious NDCs as part of engaging in Article 6 or by implementing provisions for overall mitigation in global emissions (OMGE) so that part of the achieved emission reductions are not used by any country for NDC compliance.

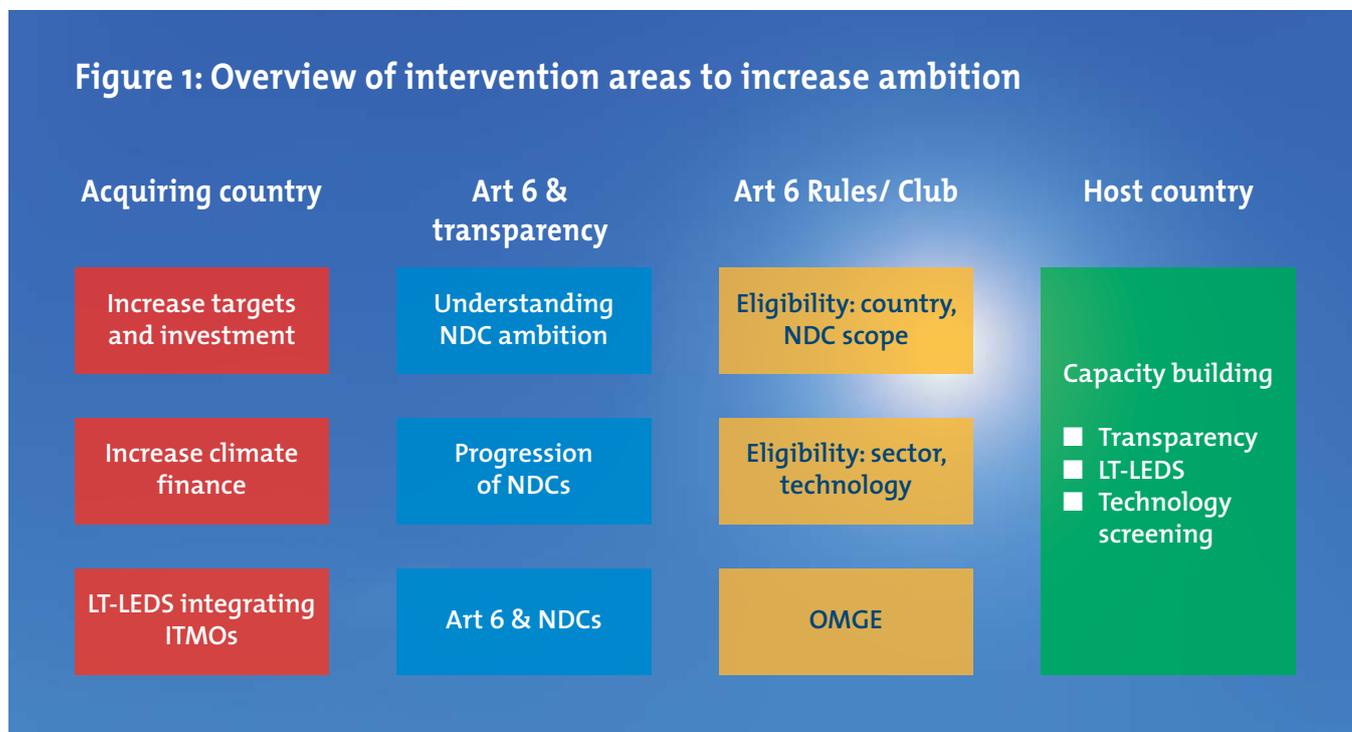
Second, countries could foster the raising of ambition through a range of actions, including requirements for countries to provide relevant information or to implement certain measures in order to participate in Article 6 cooperation.

Third, as a prerequisite for raising global ambition, countries could ensure that environmental integrity is ensured in any Article 6 activities¹.

The first approach will lead to lower global emissions compared to a scenario where such approaches are not adopted, while the second approach also has the potential to do this. The third approach ensures global emissions are not higher than in the absence of any Article 6 participation. The third approach is necessary because some countries may have unambitious NDC targets (i.e., set above “business-as-usual” emissions), which could allow them to transfer away “hot air”

¹ Note that ensuring environmental integrity in Article 6 activities will not necessarily lead to ambitious NDC pledges, because this depends on whether the original goal in the NDC is below business-as-usual, regardless of the quality of the traded offset units.

Figure 1: Overview of intervention areas to increase ambition



Source: Authors.

emission reductions. The first two approaches alone would only reduce the number of “hot air” transfers, and therefore could fail to actually raise ambition associated with Article 6 participation.

Interventions to raise ambition from all three approaches are discussed in four broad categories, as shown in the figure below. Please note that the meaning and role of “clubs” is discussed later in this article.

Abbreviations: LT-LEDS: Long-Term Low Emission Development Strategies, ITMO: Internationally Transferred Mitigation Outcomes, NDC: Nationally Determined Contribution, OMGE: Overall mitigation in global emissions

Acquiring countries are well positioned to use Article 6 for ambition-raising

An important reason for acquiring countries to engage with carbon markets is to take advantage of lower cost mitigation opportunities in host countries, in order to reduce the overall costs of compliance (i.e. assuming that marginal abatement costs are lower in the host country). Demand for ITMOs is determined by the ambition level of potential acquiring countries and by their policy decisions on how to meet their goals (i.e. the balance between domestic action and international cooperation). Supply, on the other hand, depends not just on what mitigation opportunities are available in potential host countries (i.e. as was the case under the Clean Development Mechanism, CDM), but also the ambition level of those countries’ NDCs (i.e. since this will determine which mitigation activities are necessary to meet the host countries’ goals) and which mitigation actions the countries wish to prioritize for use under Article 6. For markets to lead to



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Towards ambitious mitigation action: Article 6 approaches can help foster ambition-raising.

higher ambition, some of the “gains from trading” would need to essentially be “reinvested” in incremental mitigation. Interventions for individual acquiring countries to increase ambition by going beyond their original NDCs as part of engaging in carbon markets are presented in Table 1. Actions that could be taken by a group of acquiring countries are discussed below, because these generally involve a “club” or group of countries enforcing rules on the use of Article 6 that go beyond what is agreed at UNFCCC level.

Host countries can take action to raise ambition and will need support

Host countries can take action to raise ambition over the longer term by integrating Article 6 mechanisms into their national climate policies and strategies, as the various ambition-raising interventions presented later in this article show. This might include enhancing their transparency and reporting systems, developing long-term low emission develop-

Table 1. Ambition-raising actions by the acquiring countries

Actions	Advantages (+) and disadvantages (-)
Increasing NDC goal and government purchase of additional ITMOs	<ul style="list-style-type: none"> + transparent demonstration of increased ambition - increased pressure on government budgets where additional ITMOs are procured directly by the government
Increasing NDC goal and strengthening domestic carbon pricing (e.g. reduce ETS cap) with offsets	<ul style="list-style-type: none"> + transparent demonstration of increased ambition - emissions impact of change in domestic policies may vary - no increase in ambition if national savings lead to ITMO sales
Broadening scope of NDC	<ul style="list-style-type: none"> + relatively easy to implement, as long as GHG inventories are comprehensive - requires updating NDC goal in order to ensure that ambition level is enhanced
Directly investing in low-carbon technologies	<ul style="list-style-type: none"> + creates more mitigation in the acquiring country directly - would likely only increase mitigation by a fraction of the ITMOs actually transferred - difficult to ensure that mitigation investments are beyond the acquiring country's NDCs
Voluntary cancelation of ITMOs	<ul style="list-style-type: none"> + transparent demonstration of increased ambition - no formal process for recognizing this voluntary cancelation in the Biennial Transparency Reports (BTRs), since the ITMOs would not be used for compliance
Transformational non-market approaches using climate finance	<ul style="list-style-type: none"> + facilitates investment in high-impact mitigation interventions in the host country that would be difficult to integrate into carbon markets - may be difficult to ensure that mitigation activities go beyond the host country's NDCs
Long-term strategies linking ITMO purchases to higher ambition	<ul style="list-style-type: none"> + could reduce risk of "carbon lock-in" and clarify how purchasing ITMOs would still support long-term domestic decarbonization - limited short-term impact
Linking use of mitigation outcomes to domestic mitigation activities	<ul style="list-style-type: none"> + Easy to implement and ensures investments in low carbon technologies - National actions must not contribute to NDC achievement - Possible opposition from transferring country, which sees its market endangered

ment strategies and identifying key technology areas for carbon markets. In some developing countries, many of these actions will require significant capacity building efforts. Setting up a system for reporting through BTRs, for example, will already require significant investments in institutional, regulatory, technical and administrative capacity simply to com-

ply with the Paris Agreement rules. Going beyond this to show how Article 6 cooperation will support NDC implementation and long-term decarbonization will require additional resources in programs such as the Capacity Building Initiative for Transparency (CBIT) and the LEDS Global Partnership (LEDS-GP).

Comprehensive reporting and transparency are the backbone of ambition-raising

The requirements for upfront information, transparency, reporting and review as agreed in the Katowice Climate Pack-

age have important implications for ambition-raising using Article 6 cooperation. Given the lack of agreement on the detailed rules for Article 6 implementation, these provisions become even more important. The analysis identifies possible areas for “further development of the rules” in the context of Article 6 that would facilitate increased transparency of ambition levels in NDCs and support ambition-raising

Table 2: Overview of proposals for further developments of the rules in the context of Article 6

Elements of the Paris Agreement	Relevant provisions in the Katowice Climate Package	Suggested further developments of the rules in context of Article 6*
NDCs	Information on the intention to use Article 6	Require Parties to include, amongst others, information on the quantified amount to be transferred or acquired
	Information on the NDC planning process	Require Parties using Article 6 to provide a Long-Term Low Emission Development Strategy (LT-LEDS)
Accounting	Accounting in accordance with methodologies and common metrics	Require sound and consistent accounting framework, including definition of ITMOs, avoidance of double counting etc.
Reporting requirements	National Inventory Reports (NIRs)	Minimum NIR quality, e.g. higher tier applied in the inventory for sectors with Article 6 activities
	Tracking NDC progress in Biennial Transparency Reports (BTRs)	Ask for specific information on how Article 6 has allowed the Party to increase ambition
Review	No review of self-determined application of flexibility ²	Limit flexibilities for Parties that are making use of Article 6
	Members with knowledge on Article 6 in Technical Expert Review (TER) teams	Dedicated Article 6 TERs
	Multilateral consideration of progress	Opportunity to raise questions about use and impact of Article 6
Global stocktake	Ex-post assessment of collective progress	Include information on the use of Article 6 and how it has helped Parties to increase ambition
Compliance mechanism	Different triggers allow the committee to consider non-compliance cases	No proposal, but considerations on how some triggers may allow the committee to discuss Article 6 related issues

* Most of the suggestions could be part of a global agreement on the rules for Article 6 implementation or taken up by a club.

² “Flexibility” refers here to the context of the Enhanced Transparency Frameworks (ETF) modalities, procedures and guidelines.

through the use of Article 6. While these suggestions could be part of a UNFCCC-based agreement on the rules for Article 6 implementation, they could also be taken up by a group of countries as part of a “club” (see discussion below). Table 2 provides an overview of suggestions for further development of international rules in the context of Article 6.

Article 6 approaches should be designed and implemented to foster ambition-raising

Since the Katowice Climate Package did not include rules on Article 6 and the international negotiations are ongoing,

there are still important opportunities to agree on international rules for Article 6 that can contribute to ambition-raising. We present recommendations in two broad groups: first, options for designing guidance and rules for Article 6 so that the use of the mechanisms will increase ambition; and second, a discussion of how the Article 6.4 mechanism (and possibly Article 6.2 approaches) may increase ambition by contributing to OMGE (Table 3).

Designing Article 6 to ensure environmental integrity is a prerequisite to prevent an actual decrease in ambition levels (i.e. increases in net emissions). Defining eligibility criteria may also help ensure that Article 6 action is implemented in such a way as to foster host country ambition raising (e.g. through the use of ambitious baselines or short crediting

Table 3. Options for designing Article 6 rules to increase ambition and overall mitigation in global emissions

Approach to ambition-raising	Options to maintain or raise ambition with Article 6
Options for designing Article 6 to contribute to ambition-raising	<p><i>Ensuring environmental integrity in international transfers, as a prerequisite for ambition raising</i></p> <p>Defining eligibility criteria for the use of Article 6</p> <ul style="list-style-type: none"> • Requiring ambitious or (progressively) decreasing crediting baselines • Requiring reporting on how use of Article 6 fosters ambition-raising • Requiring ambitious and quantified NDC targets • Requiring economy-wide NDC targets, or accounting for transfers outside of the NDC through corresponding adjustments • Requiring host countries to have LT-LEDS • Restricting eligibility of technologies or mitigation activities • Restricting crediting periods • Requiring inclusion of emissions targeted by Article 6 activity into future NDC
Operationalizing overall mitigation in global emissions	<p><i>Different approaches to implement an overall mitigation in global emissions</i></p> <ul style="list-style-type: none"> • Applying adjustments by host countries for all mitigation outcomes, while cancelling or withholding the transfer of a fraction of the mitigation outcomes • Requiring that more than one mitigation outcome be acquired for every adjustment applied by an acquiring country • For mitigation outcomes outside the coverage of NDCs, reducing baselines, crediting periods, or eligibility of activities <hr/> <p><i>Incentivizing OMGE</i></p> <ul style="list-style-type: none"> • Establish a central reporting platform for net global emission reductions achieved (i.e. not counted towards any NDC)

Source: Authors

baselines that facilitate host countries ratcheting-up ambition after a few years). Of course, ideally Article 6 would be as open for participation by Parties as possible. However, the need to prevent dilution of ambition levels and fostering ambition-raising with Article 6 may require eligibility restrictions. If not at the CMA³ level, these may also be implemented at the level of clubs or individual countries.

While not directly related to raising the ambition of Parties' NDC pledges, ensuring that any use of international transfers results in OMGE could raise ambition as a direct consequence of Article 6 cooperation. As defined here, OMGE would mean that a portion of the emission reductions achieved by host countries is not used by any country to achieve its NDC (i.e., neither by host countries nor acquiring countries). OMGE could be implemented in different ways, as outlined in Table 3 above. Please note that having host countries agree to not transfer a portion of mitigation outcomes would require that host countries still apply adjustments for mitigation outcomes that are not transferred; this may require further clarification of how and when corresponding adjustments could be applied. Although OMGE is formally associated with Article 6.4, it could in principle be applied under Article 6.2 as well.

Climate clubs as a strategy for ambition-raising through Article 6

While it may be politically difficult to implement some of these interventions at the UNFCCC/CMA level, given the complexities of the negotiations, almost all the interventions could be implemented by a group of countries as a "club" (or even at the level of individual countries). For example, it might be politically very difficult to agree at the CMA level on some of the proposed eligibility criteria for Article 6 participation, such as an assessment of NDC ambition. Instead, a club of countries could decide on a list of eligibility criteria and only buy from host countries that meet them. Such a club approach has already existed under the Kyoto framework, where, for instance, the European Union decided to restrict the eligibility of certain CDM project types

(e.g. Certified Emission Reductions (CERs) from some industrial gas projects and later all projects not in Least Developed Countries, LDCs) for compliance use under its emission trading scheme.

The concept of climate clubs has been widely discussed as both an alternative and complement to the UNFCCC negotiations. The underlying idea is that a group of like-minded countries with common interests can cooperate on mitigation more effectively than trying to introduce more stringent rules within the UNFCCC, given the diverging interests of many Parties. Clubs can only be effective if they can provide exclusive benefits to members which make participation worthwhile. In addition, clubs can only increase global ambition if the sum of the members' increased ambition is higher than the potential weakened ambitions of the non-club members. In the case of Article 6 cooperation, the benefits of participating in an "ambition-raising club" would be the opportunity to create a larger and more liquid market to sell mitigation outcomes as well as to assure quality and reduce (legal, reputational) risks, with these leading possibly to a price premium. For host countries in particular, the attractiveness of the club will depend on whether it provides sufficient demand for ITMOs relative to demand from non-club Parties. In addition, if the club is also used to provide additional capacity building support for increased transparency, development of LT-LEDS and identifying the specific roles of different sectors and technologies in Article 6 cooperation, it will be more likely to attract potential host countries, even if the club has additional eligibility requirements and rules for Article 6 cooperation.

Ambition-raising and Article 6 – a call to action

Ambition is fundamental to the implementation of Article 6 of the Paris Agreement, not only because Article 6.1 states that such cooperation should "allow...for higher ambition", but also because of the global context - the massive gap between current collective global pledges to mitigation and what is necessary to prevent catastrophic impacts of climate change. Ambition in the context of Article 6 means not only

³ Conference of the Parties serving as a Meeting of the Parties to the Paris Agreement.

ensuring that such cooperation does not increase global emissions (i.e. reducing risks to environmental integrity), but also adopting policies and rules that result in more global emission reductions than are counted towards achieving countries' NDCs, and pursuing measures that encourage the adoption of more stringent NDCs, in current and/or future NDC cycles. All three of these dimensions of ambition are necessary for Article 6 cooperation to make a definitive contribution to the long-term goals of the Paris Agreement.

We have discussed actions that individual host countries and acquiring countries could take, and – perhaps more importantly – how these countries could advance the level of ambition through the design of Article 6 rules and related rules and practices, in particular for reporting and transparency. Given the urgency of increased global climate action, the challenges in the international negotiations, and the real risks that Article 6 cooperation could create perverse incentives to weaken ambition. We argue that almost all of these interventions should be pursued in parallel, at whatever level is currently possible (i.e. UNFCCC/CMA rules and practice, climate clubs and individual country actions). Implementation on a UNFCCC/CMA level may in general be preferred, as then the intervention applies equally to all Parties and there is no risk of “free riders”, who could weaken the environmental integrity of the cooperative mechanisms. Given the “bottom-up” nature of the Paris Agreement and the complexities of the negotiations, however, it may be difficult to implement some of these interventions at this level. Complementary to this, almost all the interventions discussed could be implemented by a group of countries as a club (or even at the level of individual countries). In addition, individual countries – both host and acquiring countries – could take up these actions as part of their Article 6 cooperation strategies. In fact, pursuing ambitious outcomes under Article 6 cooperation is arguably an indispensable part of any ambitious national climate action strategy for any country that wishes to include international cooperation as part of its suite of climate policies.

As the IPCC 1.5 Special Report has highlighted, the need for raising ambition in all aspects of national and international climate action is urgent, and the rules for implementing voluntary cooperation under Article 6 are no exception. Only a dramatic change in approach from previous cooperation

mechanisms, with explicit guidance and rules to increase ambition, will ensure that carbon markets can reach their full potential to support solutions to the climate challenge, and avoid the potential to weaken the Paris Agreement. By acting in cooperation at multiple levels – from the UNFCCC negotiations to a range of collaboration by groups or clubs of countries – both potential acquiring countries and host countries can ensure that Article 6 cooperation becomes a model for ambitious global climate action.

Further reading:

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Giving Credit where Credit is due

How to attribute mitigation outcomes from blended climate finance and carbon financing

by Juerg Fuessler, INFRAS; Thomas Kansy, Vivid Economics; and Randall Spalding-Fecher, Carbon Limits

Large scale transformative mitigation programs in developing countries are often supported by numerous international and domestic sources of finance. They may mix commercial with concessional loans and other climate finance instruments. Furthermore, contributions from international climate finance may be blended with income from carbon markets.¹ This has been the case for many mitigation programs developed in the past, where Kyoto Protocol markets have played a role, as well as in the programs under development in emerging funds meant to include carbon financing streams under Article 6 of the Paris Agreement.

With the Paris Agreement, host countries have emission reduction pledges and “double counting” is explicitly ruled out. Therefore, any international transfers of mitigation outcomes under carbon markets will affect the host country’s ability to achieve their mitigation pledges.² This leads to new methodological issues with blending financing, including how emission reductions should or should not be attributed to these different sources of financing. In addition, developed countries have committed themselves to the substantial provision of climate finance to support developing countries in climate action. Some climate finance donors have raised concerns about their funding essentially subsidizing carbon

markets, if all the mitigation achievements from large programs supported by a range of climate finance and carbon market instruments are converted into tradable emission reduction units.

The Paris Agreement is, however, silent on how these two financing modalities for international cooperation interrelate. Can they be blended, i.e., combined in the support of the same mitigation program? And if so, whether and how should the resulting mitigation outcomes be attributed to climate finance and carbon markets? This article discusses three alternative approaches to the attribution of mitigation outcomes from a perspective of environmental integrity and economic efficiency.³

Whether and how to attribute

We outline three main conceptual approaches to attributing emission reductions from large-scale programs supported by both climate finance and carbon markets.⁴ Below, these different approaches are explored and put into the context of earlier experience (i.e. CDM) :

1 In this article, “climate finance” refers to international climate-related financing that supports mitigation in host countries that does not result in any international transfers of emission reductions units or mitigation outcomes under Article 6 of the Paris Agreement. “Carbon markets”, on the other hand, refers to international payments for mitigation outcomes (by public or private actors) that are transferred from one country to another under Article 6 of the Paris Agreement, generate “corresponding adjustments” for the host country, and are used by the acquiring country for compliance with its NDC target. Another category would be ITMOs that are purchased and cancelled, and so not used as offsets. The impact of this financing is closer to that of “climate finance”, because it can result in net global emission reductions.

2 This is because all transfers are subject to “corresponding adjustments” to the host country’s reported emissions, so mitigation activities that result in transferred mitigation outcomes cannot, by definition, reduce the host country’s final reported emissions.

3 For a more detailed analysis, cp. the underlying discussion paper (see box at the end of the article)

4 As discussed earlier, for a program supported by both climate finance and payments from carbon market, to ignore the issue of attribution is essentially the same as the “all to carbon markets” approach described here. So, the question is not whether to attribute emission reductions, but how to attribute them.



Picture credits: by Tyler Casey (<https://unsplash.com/photos/ficbiwfOPSo>) on Unsplash (<https://unsplash.com/@tylercasy>)

Whether and how: combining climate finance and carbon financing raises the question of how mitigation outcomes should be attributed.

■ **All to carbon markets:** this approach would mean that, regardless of the contribution from different streams of climate financing, all the calculated emission reductions are used to generate internationally transferable emission reduction units. This is essentially the same as the idea of “no attribution”, because the implicit assumption is that only the carbon market contribution was responsible for generating the emission reductions. For a large sectoral program, for example, even if the climate finance contributions had a value of several hundred million dollars, all of the emission reductions would be attributed to carbon market payments that could be, for example, only tens of millions of dollars. This was, in fact, the case for many CDM projects that received both domestic or international concessional loans / grants and revenues from selling the CERs. In this case, the argument was that, even with the concessional loans, the project was only

viable when the carbon market payments were included in the financial analysis (i.e. an “investment analysis” justification for additionality). In other words, attributing all the emission reductions to carbon market payments was justified by arguing that the project would not have happened at all without those payments. This situation is obviously more complex as the scale of the mitigation program increases and where large numbers of investments are required, each with different mixes of financing and, in some cases, facing different types of barriers to implementation.

■ **All to climate finance (separation of climate finance and carbon markets):** for this approach, any support to a given emission reduction program from climate finance would mean that none of the emission reductions would be attributed to carbon markets and internationally

transferred⁵ under an Article 6 mechanism, so there would consequently be no financial contribution from carbon markets. This does not exclude carbon markets from engaging in other sectors, or even other (non-overlapping) programs in the same sector, but simply separates programs supported by climate finance from those that are not. Under the CDM, examples of this approach included programs such as the Ugandan GET FiT scheme where donors stated that a project supported by their concessional loans or grants would not be able to register for the CDM.⁶ These donors felt that allowing these projects to sell CERs would essentially mean that the mitigation impact of their financing was re-sold and that the donors were subsidizing the price of carbon for markets, and therefore wanted to keep these two forms of financing separate. However, this was obviously easier to track for an individual project than for a large program, sectoral investment program, or sectoral policy changes.

- **Proportional attribution relative to financial contribution:** the implicit assumption behind this approach is that, because all the streams of grant-equivalent⁷ mitigation financing are necessary to achieve the mitigation goals, the attribution of the resulting emission reductions should somehow reflect the proportional grant-equivalent value of these financing contributions. This does not mean that units would be issued and transferred for the climate finance contributions, but that units would only be issued for the portion of the total emission reductions that reflect the financial contribution from carbon markets. Determining the proportions could be done either ex-ante or ex-post. The planning phase of a large mitigation program could involve putting together a comprehensive package of different climate finance contributions and potential carbon market payments based on expected emission reductions. These could be used to establish what portion of mea-

sured emission reductions for the overall program could be issued as transferable mitigation outcomes. Knowing this in advance would provide greater certainty to carbon market participants, who might sign forward contracts with the program owner for purchase of emission reductions units, or even provide some upfront financing based on expected emission reductions. In practice, however, it may be difficult to predict what different sources of climate finance will support a program, particularly if it is a large-scale or sectoral mitigation initiative. This means that some form of ex-post calculation or adjustment may be needed on a regular basis. This would not be unusual, because carbon market programs already make ex-ante estimates of emission reductions but can only issue units for actual ex-post monitored performance.

Implications of attribution approaches

These three approaches to attribution can be analysed using a simplified model of cooperation between a potential “host country” and an “acquiring country”, where the acquiring country (or authorized actors within that country) could provide both climate finance and/or carbon finance.⁸ The simplifying assumptions include that: both countries meet their ambitious, economy-wide NDC pledge; there is a global market price for ITMOs; transferred ITMOs are based on real, additional reductions in the host country and are used as offsets (i.e. the acquiring can increase their emissions and still meet their pledge); and that the climate finance contribution from the acquiring country is fixed (i.e. it does not decrease with more carbon market contribution).

The “**all to climate finance**” approach provides no incentive for carbon markets, but it does result in additional global

5 The assumption here is that units that are transferred are what trigger corresponding adjustments, not simply units that are issued. If a purchasing country transferred units and cancelled them, the host country would still be required to make a corresponding adjustment, so the implications for their NDC targets would be the same as if the purchasing country used the units for NDC compliance.

6 An example is the Uganda GET FiT program, in which once climate finance was provided to top off the renewable energy feed-in tariffs, none of these renewable energy projects were allowed to apply for CDM registration (see discussion in World Bank 2017a; Kreibihl 2013). Other European donors also often applied this restriction to projects supported by climate finance.

7 The “grant equivalent” value of a concessional loan or other financial instrument is the difference between face value of the instrument (e.g. the loan) and the present value of the repayments using a commercial interest rates as the discount rate.

8 For the full analysis, please see the underlying discussion paper (cp. reference at the end of this article)



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All to markets, all to finance or proportional attribution: mitigation outcomes can be attributed in three different ways.

mitigation action. Without attribution, there is no reason for carbon markets to contribute to an emission reductions program that also receives climate finance. This leads to a strict separation of programs: those that receive only climate finance, and those that receive only carbon market funds. This approach would therefore fragment international climate cooperation into two arenas: mitigation activities supported by international climate finance versus mitigation activities supported by international carbon markets. Such a fragmentation could reduce the efficiency of carbon market mechanisms, particularly of international carbon markets. In carbon markets, disbursements happen ex-post, once verified emission reductions are delivered to the buyer of the credits. Carbon markets therefore cannot directly address upfront financing barriers of mitigation activities or barriers due to lack of technical capacity. Markets may help indirectly, of course, if credit buyers are willing to provide partial upfront payments or if carbon revenues become high enough to pay for risk premiums of providers of commercial finance. Car-

bon markets might still find areas of application under an ‘all-to-climate finance-approach’, therefore, but the exclusive usage of a results-based instrument to overcome implementation barriers would be less efficient than addressing such barriers directly through other, more appropriate, instruments.

Compared with the reference case of no carbon markets and no climate finance, this approach does not change the costs of achieving the NDC pledges in the acquiring country or the acquiring country). The total “resource cost” of achieving the emission targets are unchanged, because both the acquiring country and host country still achieve their NDC pledges solely with domestic emission reductions. However, additional emission reductions created by climate finance may not be the most cost-efficient options available, because the selection of options is not subject to any market pressure. In contrast to action driven by carbon markets, climate finance has multiple and sometimes competing objectives beyond emission reductions. This attribution approach is therefore



Striking the balance: proportional attribution of mitigation outcomes as a means to blending climate finance and carbon market instruments

unlikely to achieve the global least-cost emission reductions, as there may be lower cost emission reduction programs either in the same host country or other host countries. More importantly, however, climate finance alone cannot mobilize the resources needed to achieve the below two degrees warming target of the Paris Agreement.

As an alternative, the **“all to carbon markets”** approach attributes all mitigation outcomes to carbon market mechanisms. Carbon market mechanisms could therefore be blended with climate finance in support of the same mitigation activity. In this case, climate finance subsidizes carbon markets in this approach by providing direct subsidization within a given mitigation program. Climate finance is used for part of the program, not only for de-risking the program and thereby indirectly reducing the cost of capital, but also by reducing the amount of resources that need to be provided by carbon markets to achieve the total emission reductions.

The direct subsidization implies using public climate finance to leverage private finance through carbon markets. Climate finance could target multiple emission reduction opportunities to reduce their price – but not the actual resource cost – to the (potentially) lower level of the global carbon market price. This could contribute to the realizing further emission reductions in the host country compared to all to climate finance or proportional attribution. However, this does not lead to further emission reductions on a global scale, because the internationally transferred emission reductions are cancelled out by higher emissions in the acquiring country.⁹ This approach could, in fact, crowd out lower-cost emission reductions in the acquiring country. Carbon market actors in the acquiring country would have the incentive to contribute as little as possible to the emission reduction program, because they will receive all the emission reductions regardless of their contribution.

⁹ This is assuming that the buyer uses the ITMOs for NDC compliance. If the buyer cancels the ITMOs, then the impact is closer to the example of using only climate finance (i.e. global mitigation increases).

This approach is straightforward to implement and provides the strongest incentive for the development of carbon markets and for related instruments to evolve and was generally the practice under the CDM. Many CDM projects were partially funded by official development assistance (ODA). ODA rules prohibited using aid to purchase certified emission reductions but not that this funding could support the underlying project. CDM rules required confirmation from ODA providers of “non-diversion” of ODA to CDM projects and demonstration that CDM revenues were necessary to make the project happen.¹⁰ As long as these rules were respected, a CDM project could claim the entirety of the achieved emission reductions and buyers of those emission reductions could use all of them for offsetting purposes – irrespective of the underlying ODA funding.

This attribution approach raised some concerns in the donor and the climate policy community, related to both environmental integrity and economic efficiency. Environmental integrity concerns emerged from the inherent difficulty in demonstrating CDM additionality for the entirety of a project’s emission reductions in cases where projects had already benefited from concessional finance and where CDM revenues were small or even marginal compared to project costs or other revenues. Concerns about environmental integrity also emerged when providers of concessional finance wanted to increase overall global mitigation beyond the Kyoto targets. Allowing the entirety of the emission reductions generated by the supported projects to be used for offsetting purposes conflicted with this objective and diluted the mitigation impact of concessional finance provided. This would be a potential concern under the Paris Agreement as well.

Furthermore, economic efficiency was questioned in a context where CDM revenues, dependent on an exogenous carbon price, were added on top of committed concessional finance without any readjustment, which could lead to ‘overpaying’ for emission

reductions. From an economic perspective, such practices would be subsidizing carbon market transactions, which could lead to a suboptimal global distribution of mitigation activities, inefficient allocation of resources (i.e. because, with subsidies, resources may not flow to the most cost-efficient mitigation potentials) and therefore reduced economic efficiency.

Under the Paris Agreement, all countries have some type of nationally determined contribution (NDC) for mitigation - unlike under the Kyoto Protocol. This raises a further concern, namely the issue of host country target achievement. International climate finance may support mitigation activities in developing countries that could contribute to their target achievement. Transferring the entirety of the emission reductions generated by a climate finance-supported mitigation program to a buyer country would nullify the contribution of climate finance to target achievement because of the “corresponding adjustments” triggered by the transfer of mitigation outcomes.

Compared to these two approaches, the “**proportional attribution**” approach attributes mitigation outcomes to climate finance and to carbon market mechanisms proportionally to their (grant-equivalent) financial contribution in supporting a mitigation activity. This approach aligns the value carbon markets place on emission reductions with the cost of generating those emission reductions. Carbon market actors in the acquiring country would provide funds up until the marginal cost of domestic emission reductions in the acquiring country (which in a competitive international market would be the international market price for carbon credits). As there is no subsidization, the marginal cost of the emission reduction program in the host country – and the price of those mitigation outcomes – is unchanged, as is the marginal cost of emission reductions in the acquiring country. However, this obviously means that climate finance does not

¹⁰ UNFCCC, CDM rules and reference, <http://cdm.unfccc.int/Reference/index.html>

incentivize carbon markets to participate as much as the all to carbon markets approach does.

This approach basically attributes to climate finance and to carbon market mechanisms what they respectively paid for and therefore avoids cross-subsidization. No mitigation outcomes paid by climate finance would be available for offsetting. Such mitigation outcomes would either count toward the host country's mitigation target or contribute to increase global mitigation, depending on the arrangements between the funders and host country.

The proportional attribution approach could address concerns about the net impact on global emissions of the “all to carbon market” approach and could potentially increase economic efficiency compared with both of the alternatives above. The reason for this is that there is no cross-subsidization (as in “all to carbon markets”) while there is still an incentive for carbon markets to participate (in contrast to “all to climate finance”). It would also ensure that climate finance providers and recipients could support host country target achievement and/or achieve net global mitigation. However, the “proportional attribution approach” requires more information on the financial flows involved, and so could have higher transaction costs.

Conclusions

The three attribution approaches considered have both strengths and weaknesses in relation to different objectives of donors, acquiring and host countries:

- The “all to climate finance” approach allows for a clear separation between climate finance and carbon markets, so that programs must be financed either by climate finance or by carbon market instruments. While climate finance would increase overall global mitigation, this approach does not capitalize on the synergies of blending different financing sources to maximize the upscaling of climate action. In addition, because of the lack of a market signal, climate finance may not target the least-cost global emission reduction opportunities.
- The “all to carbon markets” approach is straightforward to implement and provides the strongest incentive for the development of carbon markets and for related

instruments to evolve. However, this subsidization of carbon markets by climate finance does not allow climate finance to generate net global emission reductions and raises concerns about environmental integrity and economic efficiency. It also could make it more difficult for host countries to reach their NDC mitigation pledges.

- Compared to these two approaches, the “proportional attribution” approach requires more information on the financial flows involved. By not subsidizing the price for the mitigation outcomes, the approach provides less incentive for carbon market development. On the other hand, it allows a balanced blend of climate finance and carbon market instruments in one program, fully maintains environmental integrity, achieves additional global emission reductions and provides adequate incentives to foster economically-efficient mitigation solutions.

Overall, we would recommend that donors, carbon market actors and program developers explore the “proportional attribution” approach to see how it would work in practice. Pilot programs for Article 6 crediting, for example, could investigate what climate finance is expected within the boundary of the crediting program, and how this could impact the generation, issuance and attribution of mitigation outcomes. In addition, it would be useful to explore whether the analysis of attribution changes as the assumptions mentioned earlier are relaxed (e.g. if amount of climate finance is variable or depends somehow on the market contribution).

Further information:

The underlying discussion paper ‘Blending climate finance and carbon market mechanisms’ can be downloaded from https://cpf.wbcarbonfinance.org/sites/cpf_new/files/Documents/Blending%20climate%20ofinance%20and%20carbon%20market%20mechanisms_FINAL%28Clean%29_March.2019.pdf

Avoiding Double Counting for CORSIA

By Lambert Schneider (Öko-Institut), Derik Broekhoff (Stockholm Environment Institute), Timothy Mealey (Meridian Institute), Isabella Soparkar (Meridian Institute)

To reduce carbon emissions from international aviation, the International Civil Aviation Organization (ICAO) adopted the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) in 2016. CORSIA aims to achieve carbon neutral growth for the international aviation industry after 2020. One component of CORSIA's proposed pathway to carbon neutral growth involves airlines purchasing emission reduction units to offset the increase of their emissions above 2020 levels ("offset credits").

In 2019, the ICAO published "emissions unit criteria" which set out the requirements that carbon-offsetting programs must meet to issue offset credits that can be used by airlines to fulfil their obligations under CORSIA. A key requirement of these criteria is that the greenhouse gas (GHG) emission reductions represented by offset credits must not be "double counted" – i.e., counted more than once toward a GHG emissions target or reduction obligation. Such double counting could, for example, occur if the offset credit's associated emission reduction is used both by an airline to fulfill its obligations under ICAO and by the country hosting the mitigation project to achieve its nationally determined contribution (NDC) under the Paris Agreement. Carbon-offsetting programs that intend to issue offset credits for use under CORSIA need to put standards and procedures in place to ensure that such double counting is

avoided. How carbon-offsetting programs can ensure this, however, was not specified by ICAO.

Recognizing this gap, the Avoiding Double Counting Working Group was formed in 2017, see box. From mid-2017 to mid-2019, the group developed "Guidelines for Avoiding Double Counting Under CORSIA" through a multi-stakeholder consensus decision-making process. The group defined consensus as no dissent. The group met in-person on a quarterly basis and corresponded via email and conference calls between in-person meetings as needed.

The Avoiding Double Counting Working Group

In 2017 ClimateWorks Foundation approached Meridian Institute to help create and facilitate a working group to produce a consensus set of guidelines that could support carbon-offsetting programs to avoid double counting for CORSIA. The Avoiding Double Counting Working Group was formed, comprising representatives of the American Carbon Registry, Carbon Market Watch, Climate Action Reserve, Environmental Defense Fund, the Gold Standard Foundation, the International Emissions Trading Association, Verra, and the World Wildlife Fund. In addition, critical input was provided by outside experts, including members of the airline industry. The group was supported by two subject matter experts: Lambert Schneider (Öko-Institut) and Derik Broekhoff (Stockholm Environment Institute).

In June 2019, the Working Group published a first version of the Guidelines online, see <https://www.adc-wg.org/>. At the time of writing, Parties to the UNFCCC have not yet reached agreement on international rules for carbon market mechanisms under Article 6 of the Paris Agreement. When and if they need to do so, the Working Group may reconvene to update the Guidelines to ensure consistency with relevant decisions under the Paris Agreement.

This article provides an overview of the Guidelines and briefly highlights how the Guidelines are considered by carbon-off-setting programs in the ongoing application process under ICAO.

Overview of key elements of the Guidelines

Types of double counting addressed in the Guidelines

Double counting can occur in three ways: (1) double issuance of emissions units; (2) double use of emissions units; and (3) double claiming of the same emission reductions or removals by both the country in which the emission reductions or removals occur and an airline using emission units under CORSIA. The Guidelines describe policies, standards, procedures, and operational capabilities that programs can adopt to prevent all these types of double counting.

Functional capabilities of program registry and project database systems

To avoid all three types of double counting, programs should administer robust registry and project database systems that support offset credit issuance, transfer, and cancellation functions, and make relevant information on projects and offset credits publicly available. In particular, a program's offset credit registry system should

- be capable of securely and transparently effectuating the issuance, transfer, and cancellation of offset credits;
- allow the tagging of each offset credit with a unique identifier (e.g., a serial number) so that information relevant for avoiding double counting can be assigned to each offset credit;

- make relevant information on offset credits available to users and the public;
- incorporate offset credit cancellation procedures that ensure that cancellation is clearly indicated, irreversible, and unambiguously designated for an intended purpose.

Avoiding double issuance

To avoid double issuance, the Guidelines recommend that programs should adopt a series of standards and procedures. These include procedures that avoid double issuance due to double registration of the same projects (both within the same registry system and across multiple registries), as well as procedures for avoiding more indirect ways of issuing credits for the same emission reductions to different projects (e.g. one project claiming emission reductions for the production of biofuels and one project claiming the same reductions from the consumption of a biofuel).

Avoiding double claiming with climate change mitigation under the Paris Agreement

Much of the Guidelines is devoted to avoiding double claiming with climate change mitigation under the Paris Agreement. The Guidelines recommend a series of steps to be taken by both programs and countries (see Figure 1). To effectively avoid double claiming, countries need to account for offset credits used by airlines. Using the terminology of the Paris Agreement, the Guidelines refer to "adjustments" as the effective book keeping entries that countries use to account for the use of an offset credit under CORSIA. Programs should adopt standards and procedures that will provide transparency on the use of offset credits under CORSIA and facilitate the transparent application of adjustments by countries.

In particular, to facilitate the transparent application of adjustments, as well as transparent reporting by countries on the use of offset credits under CORSIA, programs should adopt standards and procedures to identify for each offset credit:

- The country (or countries) in which emission reductions/removals occurred;
- The calendar years in which the emission reductions/removals occurred;



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Maintaining integrity: offsetting aviation emissions can only be effective if double counting is avoided.

- Whether associated project activities and/or emission reductions/removals are covered by NDC targets;
- Whether an adjustment is needed to avoid double claiming with regard to the use of the offset credits under CORSIA.

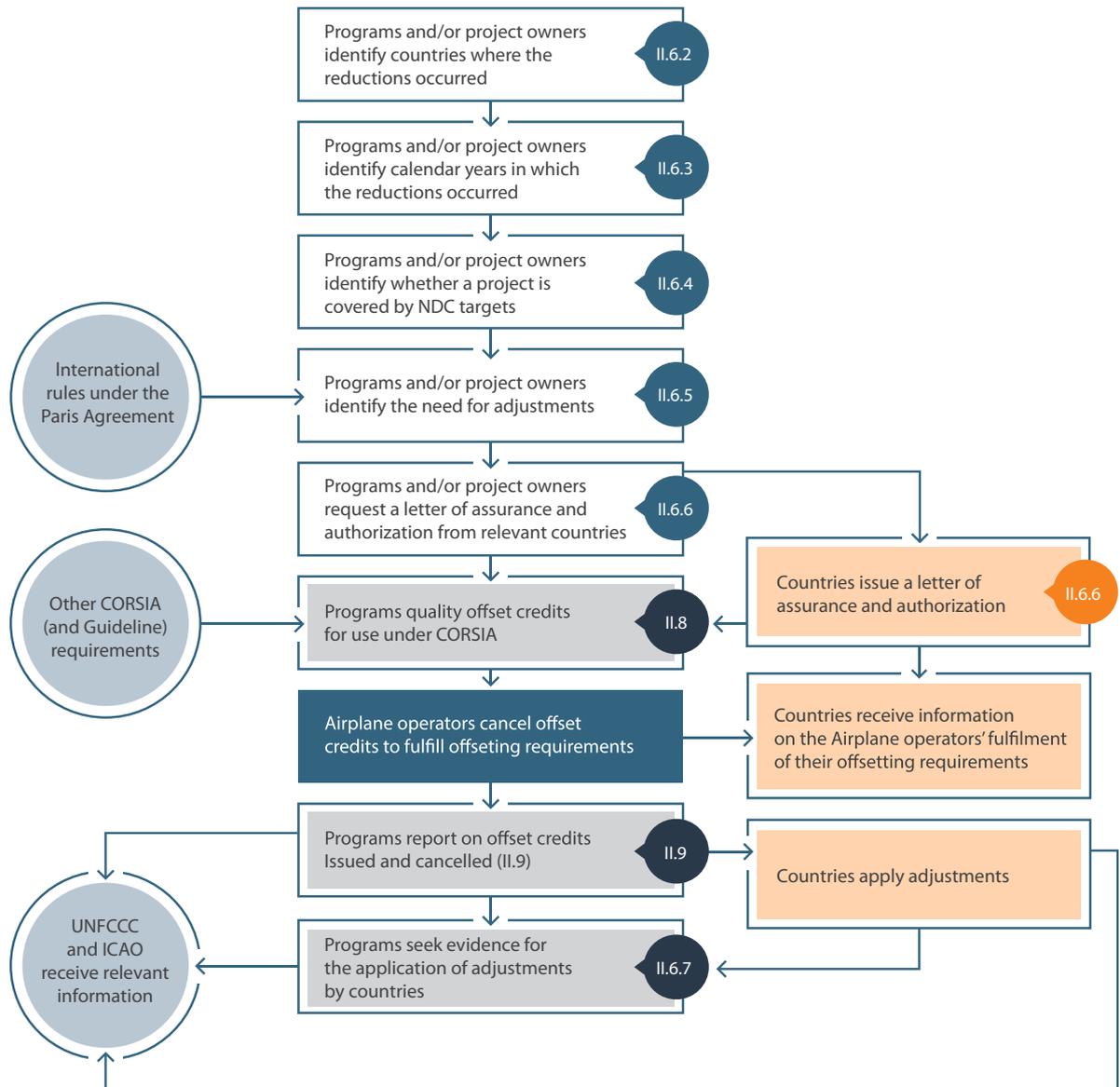
It will take some time before countries apply and report on adjustments, because the relevant accounting systems still have to be developed and implemented and because the first biennial transparency reports under Article 13 may only be submitted in 2024. Therefore, the Guidelines envision that countries can, as long as this does not infringe future decisions under the Paris Agreement, publicly declare in a “letter of assurance and authorization”

that they will apply relevant adjustments later (see example, Figure 2). These letters should, inter alia:

- authorize the use of the project’s emission reductions or removals, issued as offset credits, by airlines in order to meet offsetting requirements under CORSIA;
- declare that the country will not use the project’s associated emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC and will account for their use by airlines by applying relevant adjustments.

Once such a letter is received, programs may qualify offset credits from projects referenced in the letter for use under CORSIA, as long as all other CORSIA

Figure 1. Steps for programs and countries for avoiding double claiming with climate change mitigation under the Paris Agreement



requirements and provisions in the Guidelines have been met.

Finally, programs should establish procedures to follow up on whether countries have applied adjustments and – if they have not – take appropriate actions, such as ceasing to qualify offset credits from the country and informing the UNFCCC and ICAO.

Avoiding double claiming with mandatory domestic mitigation targets

The Guidelines also recommend that programs should adopt standards and procedures to avoid double claiming with mandatory domestic climate change mitigation targets, such as emissions trading systems. In general, programs may address potential double counting or overlap related to

Figure 2. Example of a letter of assurance and authorization with further optional elements

Government of country X

To program Y

Letter of assurance and authorization related to project Z

With regard to the project Z, as described in the project documentation attached to this letter, we hereby acknowledge that the project may reduce emissions in country X and that program Y has issued, or intends to issue, offset credits for these emission reductions.

We hereby authorize that the project's emission reductions, issued as offset credits by program Y, may be used by aeroplane operators to meet offsetting requirements under CORSIA or by other countries towards achieving their NDC, subject to the following restrictions:

- We authorize only the use of those project's emission reductions, for which program Y has issued or will issue offset credits, that occur in the period from 1 January 2021 to 31 December 2030; and
- We authorize only the use of a maximum of 50,000 tCO₂e of the project's emission reductions, issued as offset credits by program Y, for each calendar year.

We hereby request program Y to submit annual reports to us, no later than by 31 March of each year, on the actual issuance of offset credits, as well as the use of the offset credit's associated emission reductions by other countries or entities, including volumes canceled for use by each country and entity.

We hereby declare that country X will not use the project's emission reductions to track progress towards, or for demonstrating achievement of, its NDC and that country X will account for the use of the project's GHG emission reductions by aeroplane operators under CORSIA or by other countries through adjustments in the structured summary of country X's biennial transparency reports, as referred to in paragraph 77, sub-paragraph (d), of the Annex to decision 18/CMA.1, and consistent with relevant future decisions by the CMA.

We hereby also declare that country X will report on the authorization and use of the project's emission reductions by other countries or entities in a transparent manner in the country's biennial transparency report submitted under Article 13 of the Paris Agreement.

these targets through any of the following options:

- Requiring that, if offset credits are associated with activities or emission reductions/removals covered by these targets, the activities or emission reductions/removals are not counted towards achievement of the targets;
- Not issuing offset credits for activities or emission reductions or removals that are covered by the targets; or
- Not qualifying offset credits for use under CORSIA if the associated activities or emission reductions or removals are covered by the targets.

Use of global warming potentials

ICAO has not established a requirement regarding which global warming potential (GWP) values programs should use to convert non-CO₂ emissions into CO₂ equivalents.¹ This presents potential double counting challenges, if programs issue offset credits based on different GWP values from those used by countries when they account for the use of those offset credits by airlines. In particular, the number of offset credits issued and used under CORSIA may not correspond to the amount of “adjustments” the country applies based on a different set of GWP values.

To address this challenge and facilitate robust reporting and accounting by countries, the Guidelines recommend that programs should use the 100-year time-horizon GWP values from the 4th assessment report of the Intergovernmental Panel on Climate Change (IPCC) for emission reductions or removals that occur before 1 January 2021, and the values from the 5th assessment report for emission reductions or removals that occur on or after 1 January 2021. In addition, the Guidelines require that programs inform countries about the amount of

adjustments that are necessary to effectively avoid double claiming based on the GWP values applied by the countries. This can enable the country to apply adjustments using the same metrics as it uses in its structured summary to report its GHG emissions and to account for its NDC.

Procedures for the qualification of offset credits for use under CORSIA

If a program intends to issue, or has already issued, offset credits for which not all double counting requirements set out in the Guidelines are initially satisfied (e.g. because meeting such requirements is not necessary for their use outside of CORSIA), then the program should establish a procedure under which project owners or offset credit holders can request that offset credits be qualified for meeting offsetting requirements under the CORSIA. The procedure should ensure that offset credits are not qualified by a program for use under CORSIA unless all CORSIA-related program requirements have been satisfied.

Program reporting to support transparency

To facilitate transparency and the application of adjustments by countries, the Guidelines establish provisions for programs to report on the issuance and use of offset credits. Annually reported information should include, at a minimum:

- Total issued offset credits by country, calendar year, and the need for application of adjustments;
- Total cancelled offset credits by aeroplane operator; and
- The maximum number of emission reductions or removals, from projects registered with the program, authorized by countries for use by

¹ GWP values express the warming effect of different gases over a defined time horizon. Under the UNFCCC, 100 years are used. The assessment reports by the IPCC include GWP values. The values change over time, as they depend on the concentration of greenhouse gases in the atmosphere and as the scientific understanding advances.

other countries or entities, by country and calendar year.

Outstanding issues

Several issues are not addressed in these Guidelines, including whether and how double counting should be avoided in the period up to 2020; whether and how offset credits issued for emission reductions or removals that are not covered by NDC targets should be accounted for; potential double counting issues that could arise in relation to other international frameworks that contribute to mitigating climate change, such as under the International Maritime Organization; whether and how NDC targets in non-GHG metrics should be accounted for; and potential double counting issues that arise from the use of lower carbon aviation fuels or sustainable aviation fuels. Likewise, voluntary climate action is not addressed by the Guidelines. Some of these issues may be clarified through future international negotiations or addressed in future revisions to the Guidelines.

ICAO application process

In 2019, the ICAO established a Technical Advisory Body (TAB) tasked with evaluating applications of carbon-offsetting programs to qualify for CORSIA and making recommendations to the ICAO Council on their approval. In the first application window, opened in June this year, 14 applications were received, including the four programs that were members of the Avoiding Double Counting Working Group. Several applicants have already incorporated parts of the Guidelines in their procedures or plan to do so in the near the future.

Many program applications, however, reveal that there is still a lack of understanding about how double counting occurs and what programs need to do to effectively avoid it. Many programs simply stated

that they will address double counting but did not indicate how they intend to do so. The Guidelines are a ready-to-use tool that can help programs develop appropriate procedures and standards to satisfy CORSIA's requirements on avoiding double counting.

As the application process proceeds, the TAB will have to address a number of critical questions. These include, for example, whether programs need to have all necessary standards and procedures in place before they are approved as CORSIA-eligible programs or whether "plans" to put such procedures in place are deemed sufficient. The TAB will need to consider how to inconsistent use of GWP values could undermine robust accounting, and how to avoid this. Another unresolved issue is how ICAO and carbon-offset programs should address a situation where a country declares in its letter that it will apply necessary adjustments in the future, but later on does not apply such adjustments in its biennial transparency reports under the Paris Agreement.

The overall integrity of CORSIA will depend critically on whether double counting is effectively avoided. Critical decisions on this matter will be forthcoming in the next several months.

Further information:

Find all relevant documentation and further information on avoiding double counting at the Avoiding Double Counting Working Group website, <https://www.adc-wg.org>

The Long Road to a Common Understanding

Sustainable Development and Article 6 of the Paris Agreement

by Sven Braden, Independent Consultant, Karen Holm Olsen, UNEP DTU Partnership and Marion Verles, SustainCert

Article 6 of the Paris Agreement aims to increase NDC ambition by mitigating emissions through voluntary cooperation among Parties. Such cooperation is pursued in three different ways: 1) decentralized cooperative approaches that involve Internationally transferable mitigation outcomes (ITMOs, described in Art. 6.2), 2) a centralized mechanism that generates emission reductions and contributes to sustainable development (Art. 6.4) and/or 3) non-market approaches (Art. 6.8). The three approaches not only differ in scope and governance. The mandate for developing the Article 6 “rulebook” also anticipates different regulatory outcomes for each approach. While cooperative approaches (Art. 6.2) will be regulated by guidance, the Article 6.4 mechanism calls for rules, modalities and procedures. The fact that Article 6.8 only mandates a work programme reveals that the architectural determination of the framework for non-market approaches is still open.

Sustainable Development – a common feature of Article 6 voluntary approaches

Despite the differences between the Article 6 approaches, they also share important common features. Article 6.1 suggests that Parties pursue voluntary cooperation to enable increased climate action ambition and promote SD and environmental integrity. Promotion of SD is reiterated within the paragraphs of the respective approaches.

Between 2017 and 2018 the Sustainable Development Initiative (SDI) examined the positions of all Parties on the draft Article 6 rulebook in order to seek a better understanding of SD in the context of voluntary cooperation, see CMR 03-2018.

The SDI identified six issues that were brought up by Parties and that may be relevant for SD promotion: Governance, Safeguards, Stakeholder Inclusivity, SD Indicators, SD Assessment and Transparency.

In 2018 the SDI organized a series of workshops with Article 6 negotiators and other relevant stakeholders to discuss if and how the identified issues may be implemented as provisions of the Article 6 rulebook. The SDI sees strong provisions on SD in the Article 6 rulebook as crucial in improving the credibility of future carbon markets and regaining public support for

The Sustainable Development Initiative (SDI) is a multi-stakeholder initiative which promotes the implementation of strong SD provisions in Article 6. SDI activities started in 2017 with a Party driven policy dialogue. From 2019 to 2020 the SDI includes (1) a Party driven dialogue with Article 6 negotiators, (2) the piloting of SD approaches in the field and (3) continuous outreach to relevant carbon market players. The SDI is operated by UNEP DTU and the Gold Standard Foundation and supported by the Governments of Belgium, Finland, Germany, Norway and Sweden.

Table 1: Key issues for SD promotion

SD Issues Identified in Parties' Article 6 Submissions	Description
1. Governance	<ul style="list-style-type: none"> • National prerogative • Decision making
2. Safeguards	<ul style="list-style-type: none"> • Identify, prevent and mitigate negative, unintended consequences of Article 6 interventions
3. Stakeholder Inclusivity	<ul style="list-style-type: none"> • Opportunity for stakeholders to engage • Grievance/complaints mechanism
4. Sustainable Development Indicators	<ul style="list-style-type: none"> • Selection of SD indicators • Possible alignment with Sustainable Development Goals (SDGs)
5. SD Assessment, MRV	<ul style="list-style-type: none"> • Ex-ante/ex-post assessment • Quantification of SD contributions (incl. selection of indicators, baseline or reference scenario, monitoring of progress over time)
6. Transparency and Reporting	<ul style="list-style-type: none"> • Information, reporting • Availability of data as required under the Enhanced Transparency Framework of Article 13

environmental markets. However, not all Parties agree on such a strong and common SD position.

Depending on the issue under discussion (Governance, Safeguards, Stakeholder Inclusivity, SD Indicators, SD Assessment and Transparency), the exchange with Parties revealed a wide and diverse spectrum of views and expectations. However, there is consensus between all Parties that the determination of SD is a national prerogative. Even though this argument is often used to avoid substantive discussions on SD, it is important to stress the importance of the national prerogative as a guiding principle of both the Paris Agreement and the SDGs.

On the positive side, we note that no Party has raised objections to the content under the six SD areas. Diverging views mainly occur when it comes to the role of the UNFCCC framework and whether it should provide guidance. Many Parties

see merits in international coordination on how to promote sustainable development under Article 6. They support joint elaboration of voluntary SD tools since they see them as a means to achieve much needed capacity building. Others oppose any form of international oversight, arguing this would undermine their national prerogative.

Nationally determined sustainable development

In addition to continuing the dialogue with Parties and outreach to carbon market players, in 2019 the SDI started preparations for piloting of SD approaches in an Article 6 context. Piloting of SD approaches is based on design considerations to promote SD through the six key issues. The integration of piloting approaches will generate further knowledge on how

nationally determined SD priorities can be promoted and implemented within the framework of voluntary cooperation under Article 6.

Building on existing work by UNEP-DTU, Gold Standard and other partners, the SDI benchmarked existing SD approaches in the context of Article 6 implementation. The SDI developed an Assessment Grid to evaluate existing SD tools and approaches against criteria in each of the six SD areas. This assessment can be used to develop guidance for policy makers and implementers on which tools are suitable for SD development in the various approaches of Article 6 pilots (e.g. policies, programmes and projects). The Assessment Grid was applied to assess four existing SD tools and approaches, see table below.

The results of the evaluation concluded that Gold Standard for the Global Goals and ICAT SDM most comprehensively address the criteria in the six SD assessment areas, cp. table 3.

The main difference between the two approaches is directly attributable to their respective natures: Gold Standard for the Global Goals is managed by an independent, non-profit standards body while ICAT SDM is a procedural, technical guide for practitioners. While ICAT covers policy level interventions not covered under Gold Standard for the Global Goals, the latter includes standard requirements on verification, ex-post monitoring and SD claims management.

UNDP CLIP (see CMR 02-2018) is strong on safeguards, stakeholder inclusivity and SD objectives. However, it does not require or encourage a grievance mechanism nor does it provide detailed guidance on and requirements for MRV or

Table 2: Range of SD tools and approaches assessed for the analysis

SD Tools and Approaches	Description	Link
Gold Standard for the Global Goals (GS4GG)	A broad range of activities, covering standalone carbon mitigation projects, supply chain interventions and impact investment funds, can use Gold Standard for the Global Goals to quantify and certify their contributions to the SDGs.	https://www.goldstandard.org/project-developers/standard-documents
UNDP Climate Action Impact (CLIP)	The tool is designed to help a broad range of stakeholders in managing the design, development, implementation, financing, measurement, reporting and verification of the various types of actions. The tool seeks to enable stakeholders to identify significant impacts, define indicators, quantify impacts, set targets and track the progress of the actions towards the NDCs.	https://climateimpact.undp.org/#/
ICAT Sustainable Development Methodology (ICAT SDM)	The methodology provides an overarching framework and process for assessing the environmental, social and economic impacts of policies and actions. The purpose is to help users assess sustainable development impacts of NDC policies and actions towards multiple SDGs.	https://climateaction-transparency.org/wp-content/uploads/2019/06/ICAT-Sustainable-Development-Methodology-June-2019.pdf
CDM SD Tool	The tool enables Clean Development Mechanism (CDM) project developers to showcase the sustainable development benefits of their projects and programmes of activities. The tool contains a short survey about the project's co-benefits, which is used to create a detailed sustainable development co-benefits report that is then published on the UNFCCC's website for public access.	https://www4.unfccc.int/sites/sdcmicrosite/Pages/SD-Tool.aspx

Table 3: Overview of addressed areas relevant for SD

Assessment areas	GS4GS	ICAT SD Methodology	UNDP CLIP Tool	CDM SD Tool
Governance: Does the approach require Host Party approval?	(✓)	✗	✗	✓
Safeguards: Does the approach provide for generic and specific safeguards to be complied with?	✓	✓	✓	✗
Stakeholder inclusivity, grievance mechanism?	✓	(✓)	(✓)	(✓)
SD impact assessment foreseen, alignment to SDG?	✓	✓	✓	(✓)
MRV and claims management addressed?	✓	(✓)	✗	✗
Transparency and Reporting: Does the approach facilitate aggregation of data?	(✓)	(✓)	(✓)	(✓)

SD claims management. The CDM SD tool appears to be lagging behind in all thematic areas – this is not unexpected and is in line with previous literature on the issue.

SD Matrix – a tool to promote SD in ETS linking arrangements

Another part of the SDI pilot activities addresses the linking of emissions trading systems (ETS linking). ETS linking is a cooperative approach which has some major differences compared to the policies, programmes and projects usually discussed under Article 6.2. For example, ETS linking per se does not necessarily lead to GHG reductions in participating jurisdictions. In addition, there is no clear distinction between host and investor Parties. In ETS linking, all participating Parties could be considered “host” Parties. Hence, they are equally in charge of ensuring that the ETS linking pro-

otes sustainable development and/or does not hinder such development.

Unlike other cooperative approaches under Article 6.2, ETS linking is a joint endeavour of participating Parties, hence it does not allow clear allocation of SD prerogatives to one jurisdiction. Consequently, the obligation to promote SD via ETS linking needs to be addressed by joint means (e.g. within linking arrangements, within joint commissions, etc.).

The SDI developed a matrix which puts the six high-level SD issues - Governance, Safeguards, Stakeholder Inclusivity, SD Objectives, Assessment and Transparency - into the specific context of ETS linking. The purpose of the SD matrix is to mitigate the risks and promote the benefits of ETS linking, e.g. by acknowledging domestic legislation and harmonization of ETS rules as a means to embed safeguards in ETS linking. The analysis concludes with respective recommendations on SD in ETS linking arrangements.

One of the main challenges is to determine and monitor relevant indicators on co-benefits related to ETS linking (e.g. improved air quality, increased use of renewable energy or job creation). The selection and monitoring of credible SD indicators will only deliver tangible results if the Parties ensure cross-border collaboration when developing methodologies for selecting and monitoring SD indicators. Further research and piloting is needed here.

Sustainable development in the current negotiations draft

The six SD issues are addressed to an extent in the current draft negotiation texts of the Article 6 rulebook. Aspects of

Governance, Safeguards, Stakeholder Inclusivity, SD Objectives, Assessment and Transparency form part of the discussions that will eventually be concluded at COP 25 in Chile at the end of 2019. An examination of the draft negotiation text (26.06.2019) reveals that operationalization of SD provisions differs in the three Article 6 approaches.

For cooperative approaches under Article 6.2, elements on SD are mainly mentioned as reporting elements within the biennial transparency report. Aspects of governance and SD objectives are mentioned. The same is true for safeguards with regard to avoiding negative environmental and social impacts. However, there is no reference to any ex-post assessment/MRV of SD. Furthermore, the rulebook on Article 6.2 provides no provisions on Stakeholder Inclusivity.

Table 4: SD high level issues in the context of ETS linking

Areas Relevant for SD	Specific ETS Linking Issues	Best Practice Recommendation Linking Arrangements (LAs)
Governance	Are the linking arrangements (LAs) in line with national SD priorities? Are participating jurisdictions ready to assess and mitigate any negative unintended consequences?	Oversight body that represents the interests of ETS linking participants and enables conflicts resolution. Reference to national prerogative.
Safeguards	Are risks that may arise from ETS linking (e.g. increase in domestic emissions, reduction of environmental and social co-benefits, incentivization of weak GHG reduction targets) mitigated by means of safeguards?	Embedding safeguards that address risks of ETS linking through <ul style="list-style-type: none"> • Harmonization of key features of participating ETS • Recognition of domestic safeguard to support social and environmental co-benefits (e.g. air quality provisions, training programmes to address job losses).
SD Assessment	Is progress towards SD of ETS linking objectives monitored during implementation?	Establishment of MRV mechanism that assesses impacts of ETS linking (ex ante and ex post) for envisaged SD objectives. Assessment should be based on selected SD indicators (e.g. SDG indicators).
Stakeholder Inclusivity	Are stakeholders consulted (1) during linking negotiations as well as during (2) the linking phase?	Transparent and inclusive process with clear engagement rules in place, including grievance mechanism. Stakeholder consultation should allow public access to all relevant documents and official reports.
Transparency and Reporting	Do LAs provide for a process to submit appropriate information on how they promote sustainable development, as required by Art. 13 PA and Decision 18/CMA.1?	Establishment of a process to (regularly) submit information (structured summary) on how ETS linking supports progress towards achievement of SD objectives.

With regard to the mechanism under Article 6.4, SD elements are more detailed. SD areas are embedded into the architecture of the mechanism. Governance and national prerogative on SD are part of the participation requirements. SD should be ensured by a statement of the host country confirming that the activity fosters SD. Applicable SD objectives would be specified by Parties and notified to the Supervisory Body of the mechanism, and safeguards are proposed both to avoid negative environmental and social impacts and to promote human rights within the activity processes. The proposed text also addresses Stakeholder Inclusivity, including a grievance mechanism for Parties or other participants in the mechanism to appeal decisions of the Supervisory Board. The Supervisory Body could also receive complaints in cases where the safeguarding provisions of the activity design have been violated. As in the draft text for Article 6.2, there is no reference to ex-post assessment/MRV of SD in Article 6.4.

Article 6.8 contains non-market approaches to assist countries in the joint implementation of their NDCs. The draft mentions focus areas with SD relevance, such as sustainable forest management, energy efficiency schemes or integrated water management. Concrete references to specific elements that may promote SD are largely missing. However, the text on Article 6.8 contains a proposal which is not found in the other Article 6 approaches, namely a reference to SD assessment. As part of a future work programme for activities, the draft proposes the development of tools for measuring and monitoring implementation of non-market approaches in terms of their contribution to SD and poverty eradication.

Conclusions

Though the negotiations among Parties on the rulebook for Article 6 are mainly focused on accounting of mitigation outcomes, discussions on SD clearly have matured over the last two years. The draft rulebook on Article 6 currently proposes combining voluntary cooperation with elements like environmental and social safeguards and nationally determined SD objectives. Promotion of SD, as required throughout Article 6, will not only be pursued by interested Parties within the UNFCCC process.

Experience gained by the SDI indicates that domestic policymakers and non-party stakeholders (such as the private sector) expect SD elements to be prioritized and implemented as soon as the Article 6 rulebook is agreed – regardless of whether they are specifically mentioned in the rulebook itself. This observation suggests a considerable advancement compared to the role SD played during negotiations on the Kyoto Protocol rulebook – better known as the Marrakesh Accords. The ongoing exchange on issues relevant in promoting SD helps to achieve a common understanding on SD in Article 6. These issues may one day serve to inform a portfolio of nationally determined 'best practice' tools and approaches that will be applied under Article 6.

As our analysis has shown, existing SD tools – especially ICAT SDM and Gold Standard for the Global Goals – for use in mitigation policies and projects already address many if not all of the identified SD areas. It is also clear that further work and capacity building is necessary, particularly when it comes to assessing and monitoring SD over time. SD is a central element for many market players and for some Parties, but much needs to be done to achieve a common understanding of how it can be best implemented on the ground. Developing a common body of knowledge through piloting, cases studies and capacity building activities can help alleviate some of the concerns associated with SD and accelerate the adoption of credible SD approaches in the context of Article 6.

The level of international guidance Parties want to provide to assist such common understanding remains unclear. Having SD provisions reflected in the Article 6 rulebook will certainly help in that regard. Embracing this issue could become the legacy of the incoming Chilean COP Presidency. The SDI will continue its policy dialogue beyond COP25. In addition, work on piloting and testing SD approaches will continue with onsite implementation currently envisaged in Costa Rica, Senegal and a yet-to-be-named country in Asia.

Building Momentum

Latin American/Caribbean Climate Week fosters climate action on regional and global scales

by Lydia Ondraczek, Advisor to BMU, and Stefano de Clara, IETA

This year's Latin America and Caribbean (LAC) Climate Week took place in Salvador de Bahia, Brazil. Hosted by the Federal Government of Brazil with the support of the City of Salvador and several co-organizers, LAC Climate Week counted about 4,000 participants from very different stakeholder groups: national, subnational and municipal governments, intergovernmental organizations and agencies, nongovernment organizations, business, think tanks, and academia.

The Climate Week format aims to advance regional climate action and serves as a platform to share experience and best practice, learn what others are planning and already do to implement the Paris Agreement. This meant that several work streams and thematic discussions took place in parallel throughout the week.

With regard to market-based climate action, many actors see carbon pricing as a key element for consideration in climate change strategies to reach the Paris Agreement goal. This was also evident during the Climate Week. According to World Bank, 57 carbon pricing initiatives have been implemented or are scheduled for implementation. Of these, four initiatives originate in LAC and 16 in North America. Chile, Colombia and Mexico already have carbon taxes in place, and going a step further they are considering an ETS. Argentina's carbon tax has been finalized and introduced. The LAC Climate Week offered a great opportunity to bring diverse stakeholders together to discuss and share their latest insights.

Private sector perspectives

The Climate Week sessions focusing on carbon pricing and carbon markets started with an event dedicated to the private sector, which was organized by the International Emissions Trading Association (IETA) and the Brazilian Business

Council for Sustainable Development (CEBDS, the Brazilian chapter of WBCSD). In his opening remarks, Dirk Forrister, IETA's President and CEO, described the potential of international cooperation under Article 6. He presented preliminary results of a research project led by IETA and the University of Maryland which show that Article 6 could result in cost savings in the order of US\$250 billion a year from 2030. These savings represent an opportunity, Forrister said: if reinvested in additional mitigation, they could generate an additional five gigatons of CO₂e abatement per year in 2030 – a 50% improvement. Even more importantly, this research shows that all countries benefit, in terms of GDP growth, from Article 6 cooperation. Forrister stressed that these estimates are based on current NDCs, and that analysts expect Article 6 to play an even more crucial role as NDCs are ratcheted up.

Marina Grossi, President of the CEBDS, described how Article 6 is a crucial component of CEBDS's vision for carbon pricing in Brazil and, as such, is a key priority for Brazilian businesses in 2019. The potential for international partnerships could revitalize clean energy growth in Brazil as well as opportunities for nature-based solutions.

The day proceeded with a scene-setting discussion on Article 6 and on the state of play in the negotiations. This was followed by a session that brought together representatives from the international and local business communities to discuss the private sector views on Article 6 and priorities for COP25. This was an opportunity to once again reaffirm the importance of Article 6 for the business community, as a tool to reduce cost and increase ambition, as a means to engage business in NDC implementation and as a driver for the uptake of carbon pricing policies. Panelists also stressed the importance of having clarity on the Article 6 implementation



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Advancing regional climate action: this year's Latin America and Caribbean (LAC) Climate Week took place in Salvador de Bahia, Brazil.

guidance at COP25 as well as robust rules that ensure environmental integrity and avoid double counting.

The last session of the workshop was dedicated to discussing and exploring Article 6 pilot activities. Projects and initiatives aimed at testing ways to implement Article 6 approaches, at promoting readiness and at building a market infrastructure are already underway, and this session was an opportunity to discuss what is happening in this space and what lessons have been learnt. In particular, after an overview of ongoing pilot initiatives, the discussion focused on an initiative by the World Bank aimed at facilitating a prompt start of Article 6 activities and on examples of cooperation from the West African Alliance on Carbon Markets and Climate Finance.

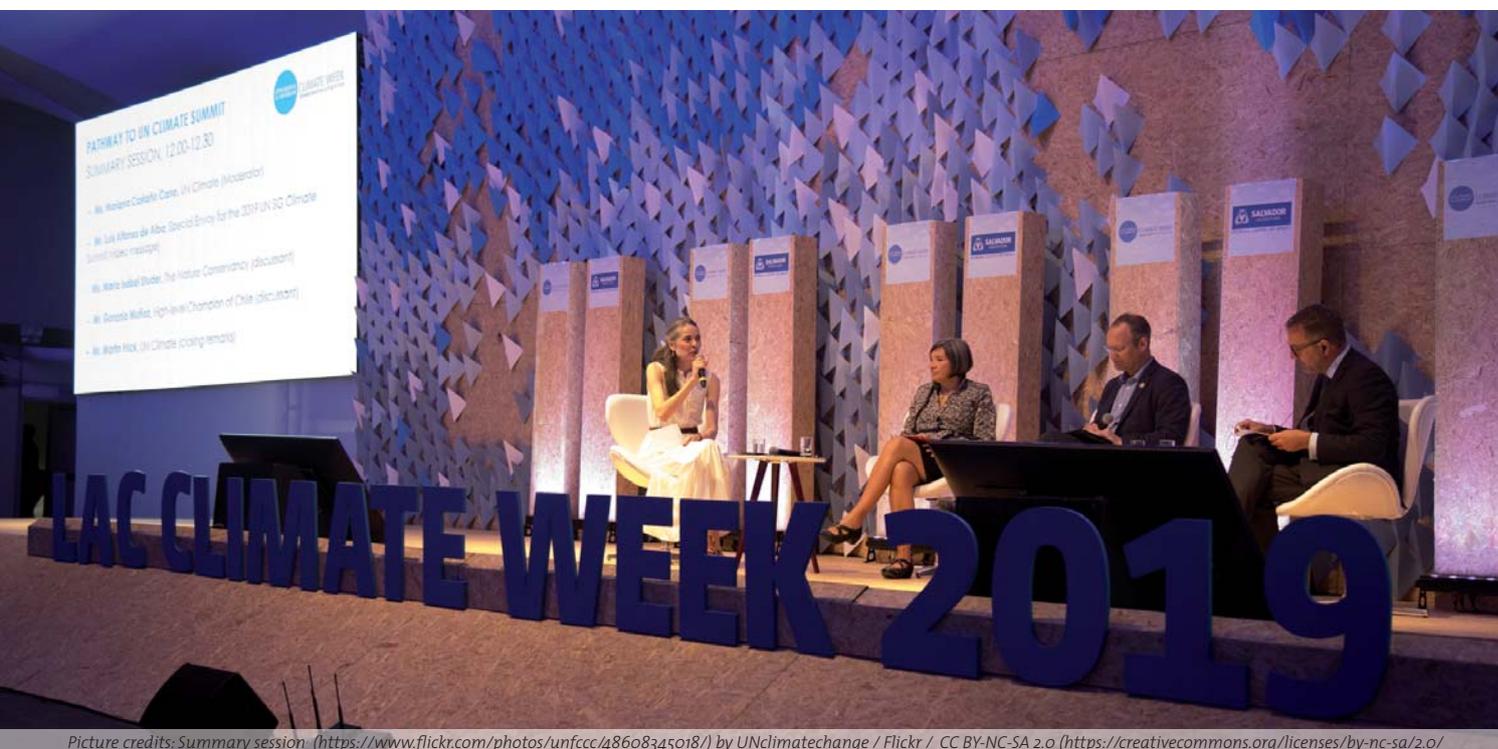
Carbon Pricing in Latin America

The Carbon Pricing Leadership Coalition (CPLC), a World Bank initiative, in collaboration with the World Bank's Partnership

for Market Readiness (PMR), the Inter-American Development Bank (IADB) and IETA organized a full day discussion on Carbon Pricing, Markets and Sustainable Development. The event brought together close to 200 participants from government, businesses, civil society and academia.

The full-day event gave a very good picture regarding the status quo in the development and implementation of carbon pricing instruments in Latin America as well as in regional cooperation. The event highlighted several key issues:

- Carbon pricing has to fit national circumstances (e.g. regarding the sectoral composition of the economy or the way different stakeholders relate to the policy)
- Communicating about why carbon pricing is as important as the design of the instrument
- The role nature-based solutions (i.e. actions to protect, sustainably manage, and restore natural or modified ecosystems) could play



Picture credits: Summary session (<https://www.flickr.com/photos/unfccc/48608345018/>) by UNclimatechange / Flickr / CC BY-NC-SA 2.0 (<https://creativecommons.org/licenses/by-nc-sa/2.0/>)

Fostering cooperation: the climate weeks serve as a platform to share best practice and experience.

■ The importance of regional and international cooperation

Participating in several panels, Ousmane Saar, Coordinator of the West African Alliance for Carbon Markets and Climate Finance, shared experience gained and lessons learned from working with the Alliance. Further, it was also an opportunity for the African representative to obtain an impression on how Latin American stakeholders discuss carbon markets and carbon pricing issues. His take away is “that cooperation and collaboration between Parties can be the key to unlock the negotiations, have a positive outcome in Santiago for Article 6 and pave the way for successful and inclusive implementation of the Paris Agreement”. During several fruitful discussions, cooperation opportunities were identified and will be included in the Alliance’s future work.

The Carbon Pricing day made it transparent that there is great interest in choosing the correct instrument, and in working together to link the initiatives in order to scale up their impact and reduce their overall cost. During the sessions, participants also discussed the effects carbon pricing

instruments can have, the quantities of emission reductions that can be obtained, how much CO₂ can be avoided and what will be done with the carbon pricing revenues obtained.

Regional climate action

Other events related to climate action in Latin America included “Carbon Pricing Instruments and the Clean Development Mechanism as an approach for reducing greenhouse gas emissions in developing countries”, which was part of the UNFCCC Collaborative Instruments for Ambitious Climate Action initiative. Some of the partner countries like Colombia, Chile, Panama presented the status quo regarding their specific carbon pricing activities and the associated experience gained. The presenters also focused on showing how they deal with their CDM Portfolio. Colombia, for example, showed how CDM projects were incorporated into national carbon pricing activities.

The conversation was then continued during the Global Carbon Market Project side event on “Experiences in Latin Amer-

ica with the design and implementation of offset systems”, which focused on the role of emission compensation systems in achieving more ambitious reduction goals by allowing the incorporation of non-regulated sectors. This session shared advances and experiences from Chile, Colombia and Mexico, showing the different emission offsetting system roles and designs that can come into play to foster the transition towards a low-emission economy, and in promoting the development and/or enhancement of measures that are either not common practice or pose barriers.

Chile presented the planned domestic offsetting system related to the existing CO₂ tax, while Colombia gave details of the design of their offsetting system for use in incorporating mitigation from the agricultural, land use and land use change sector. Mexico, on the other hand, related their experience in allowing a limited amount of offsetting, exclusively generated in local CDM projects. The participants underlined the need for an offsetting system to be tailor-made to local conditions in order to be effective. If designed wisely, these systems, on the other hand, represent an opportunity to trigger mitigation action, accompanied by co-benefits in sectors that are otherwise hard to regulate.

Crosscutting issues

During the Carbon Pricing High Level Panel at Climate Week, the World Bank stated that while 20% of global emissions are subject to carbon pricing, only 5% are included in carbon pricing systems that set prices high enough to meet the Paris Agreement goals. It was further concluded that while, at this point, the action that needs to be taken is well known, what is needed right now is for action to be scaled up at a rapid pace.

Another frequently asked question on spending options for carbon revenues was discussed during the launch of a new World Bank/PMR Report: *Using Carbon Revenues*. About 80 participants followed the presentations and discussions as the report provides practical guidance to support policymakers to, among other things:

- Recognize that carbon revenues are expected to increase further in 2019 and in subsequent years, and that this growth has the potential to unlock fiscal opportunities, particularly in developing countries

- Consider carbon pricing as part of a broader fiscal landscape requiring consideration of complex relationships and trade-offs
- Take into account that many forms of revenue use will require only limited new governance arrangements, since they take advantage of existing structures for revenue allocation
- Develop a spending package, outlining six major spending options, including usage to reduce emissions, protect the national economy and achieve other development objectives, like public health and infrastructure projects

The World Bank team is currently organizing several webinars to present the report and to give interested stakeholders the opportunity to discuss this issue with others. The report is an open source product and is available online .

Conclusion

The High Level Panel on Carbon Pricing and Carbon Markets summarized many of the statements and perspectives discussed throughout the week. While the importance of the carbon pricing instrument was recognized, it was nonetheless perceived as only part of the solution, and not the only solution. On the ground, a lot of action is already taking place: carbon pricing instruments are being designed, many of them have already been implemented or are about to be, regional cooperation is taking place, and Article 6 pilots are being set up. But despite this, there was a common understanding that there is a need to agree on Article 6 by means of technical decisions which would allow the actual launch of markets. The next COP is thus crucial when it comes to delivering.

The Latin American Climate Week was indeed a very dynamic and passionate event. It offered a platform for more the 70 events, including technical and thematic dialogues, workshops, side events and exhibitions. The spirit that abounded when it comes to the need for cooperation and synergies in reducing the carbon footprints of entire societies was readily recognizable throughout.

CARBON MECHANISMS REVIEW

Webinar discussed the ‘next generation carbon markets’

In a webinar hosted by the German government, the team of the Climate Finance Innovators project presented and discussed insights from Article 6 negotiations in the lead up to COP25 and analysed the emerging landscape of Article 6 pilots. Find out more at www.carbon-mechanisms.de/en/next_gen

CDM: The continuity question

A new discussion paper analyses how a transition of the CDM – if supported by Parties – into the framework of the Paris Agreement could be managed.

Download at www.carbon-mechanisms.de/en/CDM_post_2020

Glossary

All Carbon Market terms and abbreviations are explained in detail in our online glossary. You can view it here:

www.carbon-mechanisms.de/en/service/glossary/