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# How Can the Voluntary Market Contribute to Ambition Raising?

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Presentation at the ICROA COP24 Workshop

## Research Project Article 6.4 Design Options

Project Aim: Development of Recommendations for

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

## Major paradigm shifts of the Paris regime

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

### 1. From partial to global participation

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

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

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

## The Voluntary Market

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

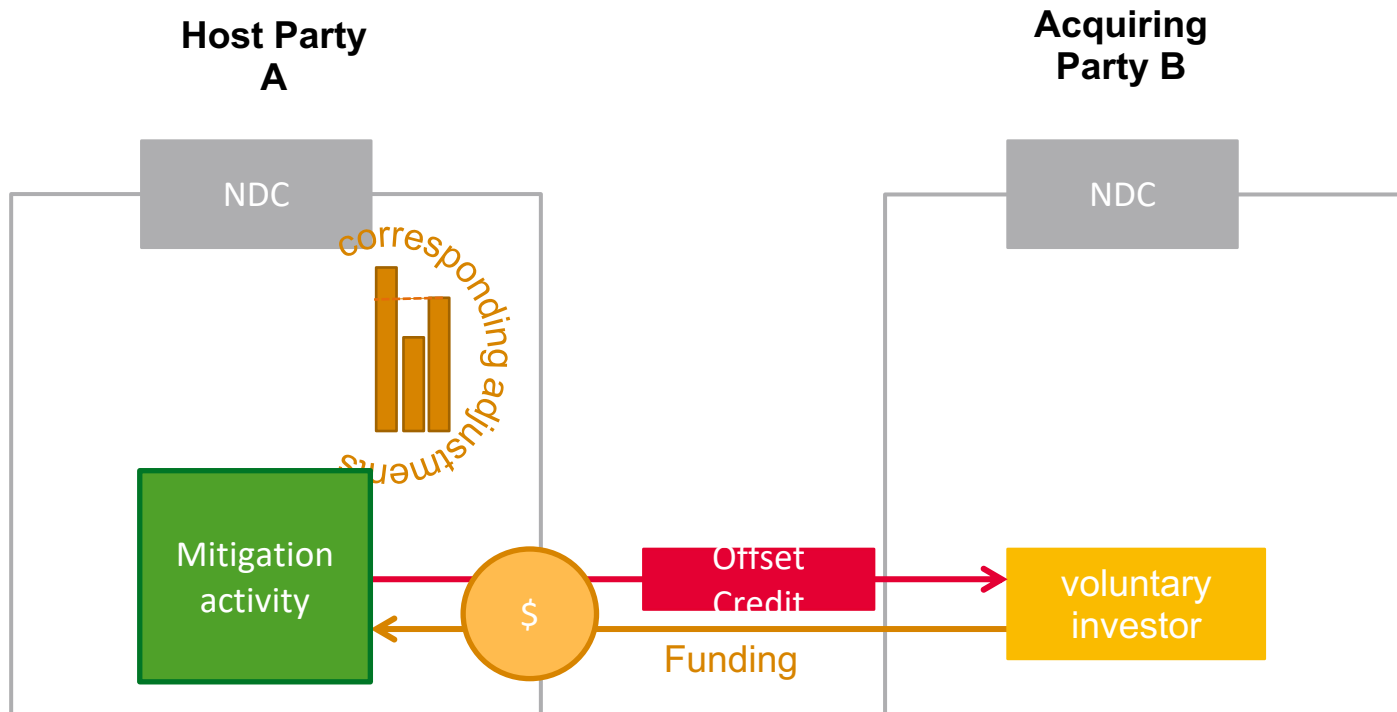
**Role 1: Buyer of carbon neutrality credits**

**Role 2: Supporter of NDC implementation**

**Role 3: Driver of ambition**

# The Voluntary Market as an investor

## Role 1: Buyer of carbon neutrality credits



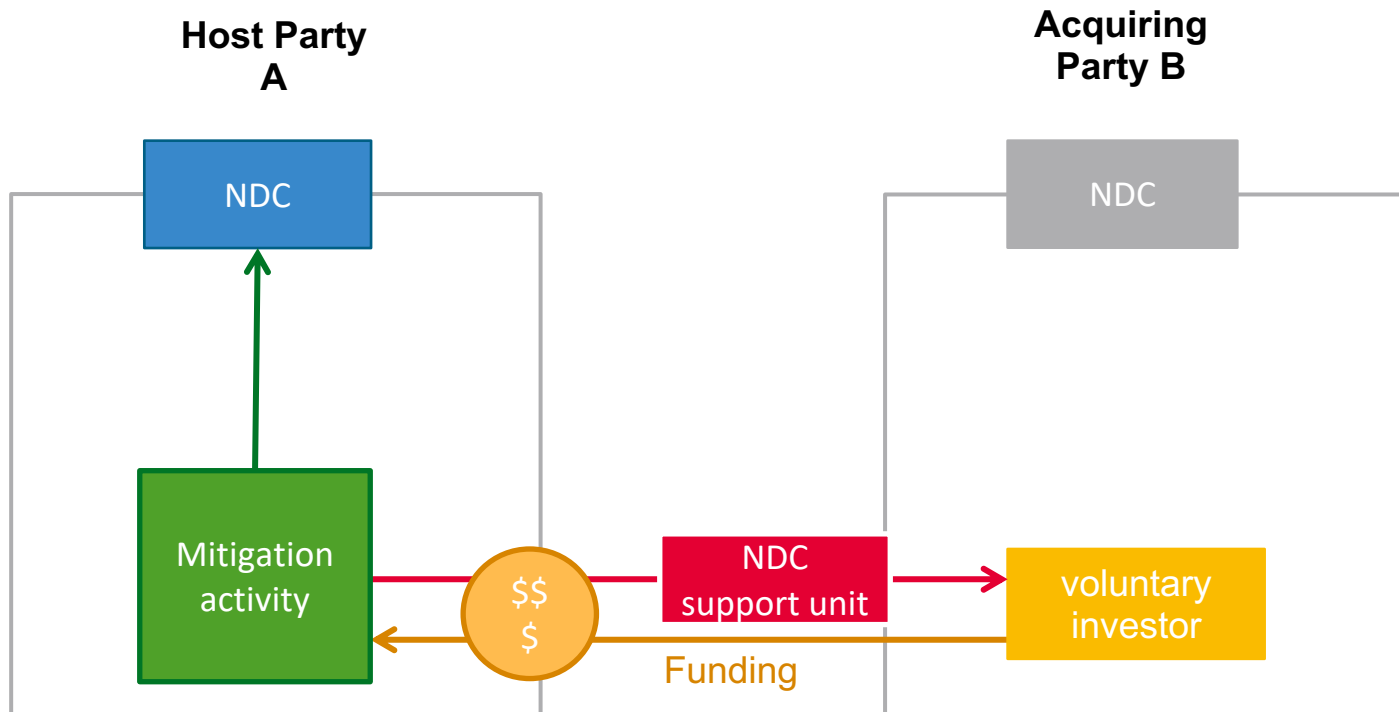
**Paris Agreement puts this role at risk by reducing “uncapped environment”**

Future potential will depend on:

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

# The Voluntary Market as an investor

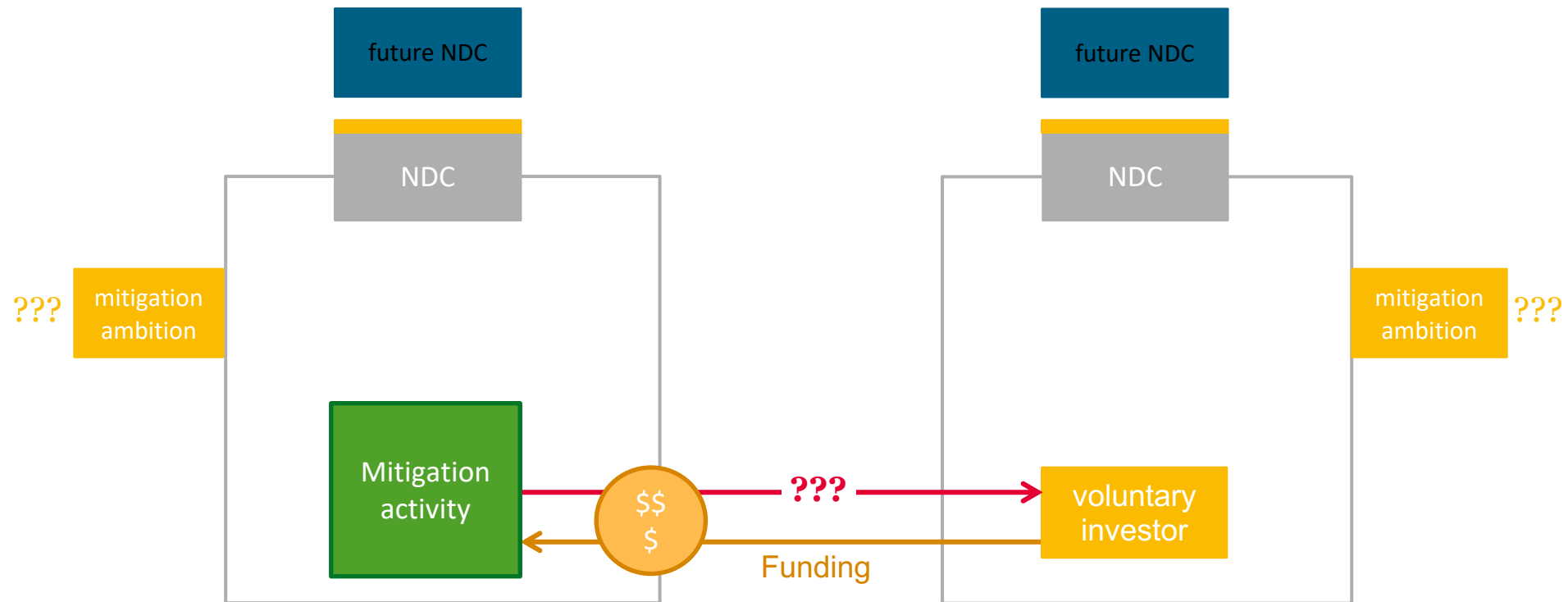
## Role 2: Supporter of NDC implementation



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

# The Voluntary Market as an Investor

## Role 3: Driver of ambition



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

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

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

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

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

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

#### **Supporting NDC implementation**

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

#### **Driver of ambition**

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



# The Voluntary Market

## Roles in Summary

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

## Beyond Accounting

### Questions of Quality

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

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**Many thanks  
for your attention**

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