



Requirements for carbon Markets: an NGO perspective

CARBON MARKET WATCH . ORG

CONQUERING GLOBAL CARBON MARKETS



#1 It must deliver new emission reductions

(Not rely on units from the past)



4 billion

Credits

Number of CDM credits potentially
available after 2020



200 million ERUs

Around 15 billion AAUs (“emission
permits” from the Kyoto Protocol)

#1 It must deliver new emission reductions

(Not rely on hot air from weak NDCs)

Around 20 billion tonnes of hot air
in current NDCs

EMISSIONS

NDC TARGET

HOT AIR!

BAU?

The carbon market **should produce real, new emission reductions...**

#2 It must incentivise good projects

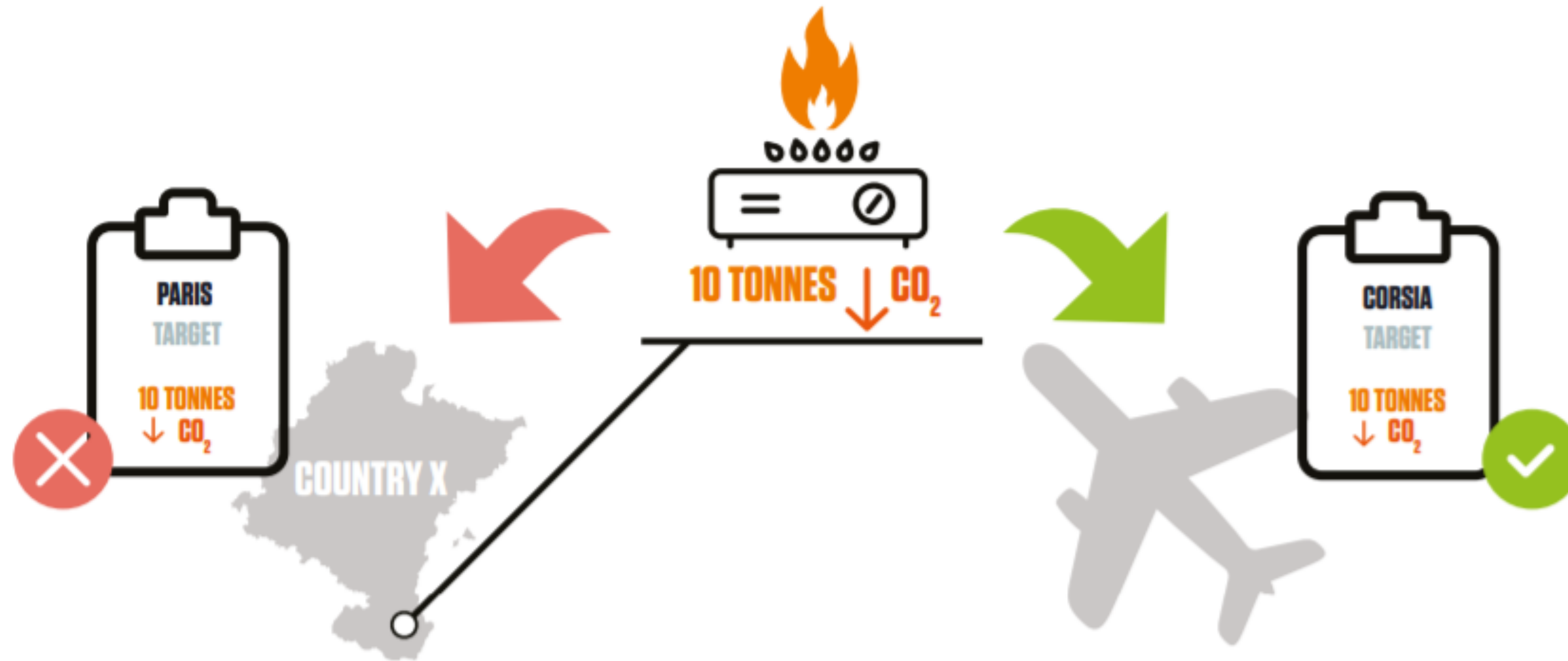
Projects should benefit local communities and contribute to sustainable development.

Baselines should be set at a conservative level, below business as usual, and projects should undergo additionality testing.



The carbon market should produce real, new emission reductions from high quality, additional projects which contribute to sustainable development...

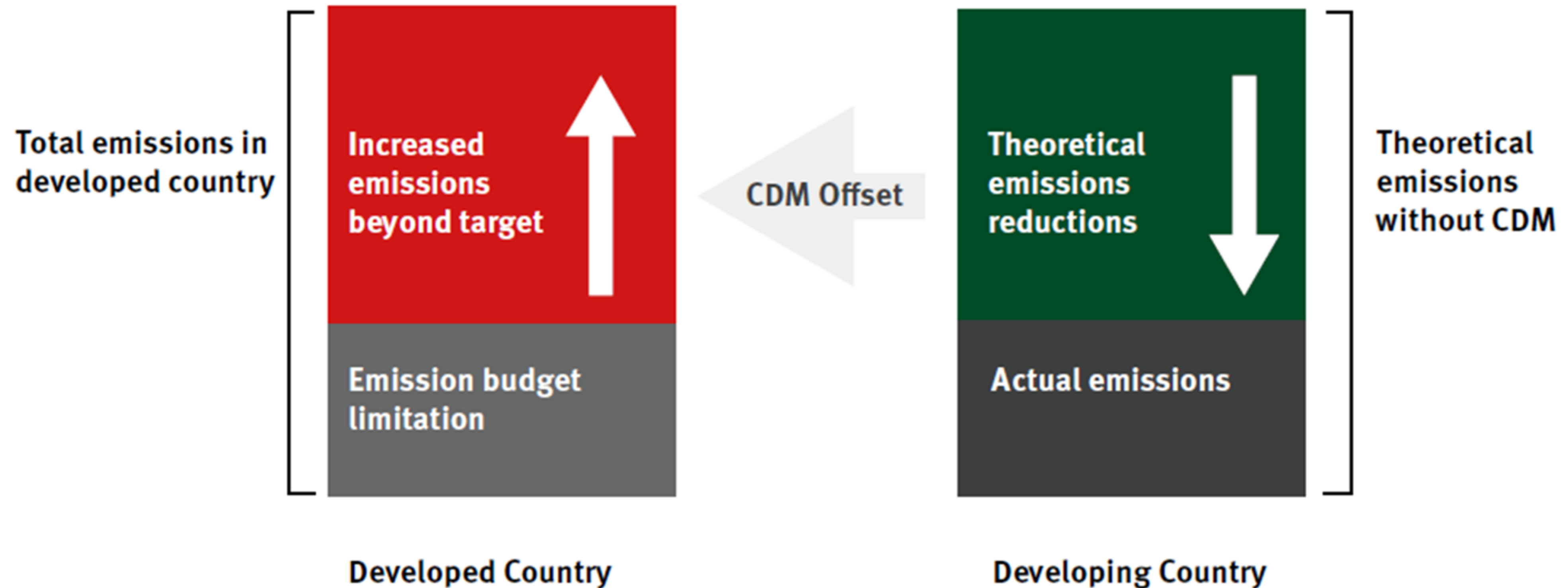
#3 Reductions must be properly accounted for



- Correct the level of emissions reported if reductions are sold to another country
- Transparency is important: need a transparent international transaction log and national accounts

The carbon market should produce real, new emission reductions from high quality, additional projects which contribute to sustainable development. Reductions should be correctly accounted for and transparently tracked...

#4 Must deliver an overall reduction



- Offsetting = no reduction
- Solution: Adopt an **automatic partial cancelation rate** for article 6.
- E.g. If 10 credits are created by a project, only 5 can be sold, the other 5 are cancelled

Requirements for carbon markets:

The carbon market **should produce real, new emission reductions** from high quality, additional projects which contribute to sustainable development. **Reductions should be correctly accounted for and transparently tracked;** and some credits should be cancelled to deliver an overall reduction in emissions.

Protect human rights and the environment

Projects should reduce emissions and benefit local communities by promoting sustainable development.

Go beyond offsetting

A portion of the emission reductions achieved through Article 6 should not be used by any entity, in order to deliver an overall reduction.

Reduce emissions at home

Article 6 should be used to disburse climate finance in a "results-based" manner. Offsetting should never replace domestic emission reductions.

GLOBAL CARBON MARKETS IN A CLIMATE-SAFE WORLD

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Account emissions properly

A credit should correspond to a real tonne of CO₂e reduced, and should be accounted for only once.

Finance good, new projects

Small scale projects which involve and benefit local communities should be prioritised.

