

# Lessons learned from JI towards Article 6

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## Parisian Governance

- Facilitate and promote participatory  
“Nationally Determined Contributions”
- Types and levels of governance
  - “Shoulds”; “Shalls”
- Guidance/Rules, Modalities and Procedures
- Accounting (Article 4.13)
- Transparency (Article 13)
- Compliance (Article 15)



## “higher ambition” – but how?



- What do transfers mean for ambition?
  - To what extent do cheap mitigation options lead to more ambition, or to domestic lock-in?
- For offset sellers...
  - Perverse incentive to not include sectors in domestic contribution?
- For trading participants...
  - Perverse incentive to set unambitious targets in order to have hot air air to sell?
- For credits under a cap...
  - Strictness of the cap as a control measure for the environmental integrity of the credits sold?

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## Tension: decentralized governance and central oversight

- Relative elegance of Kyoto Accounting
- Decentralized aspects:
  - Individual Kyoto target
  - JI track 1

➤ Effect of hot air on incentive to ensure robust credit quality?



Image: "Generating Hot Air for the Balloon" by Clark licensed under CC by 2.0

## (Better) outcomes with multilateral oversight

### • JI Track 1 Result: lack of environmental integrity

- Audit service quality
- Methodologies and application thereof
- Project approval
- Changes post registration
- Monitoring

➤ **Vast majority (~3/4) of ERUs likely not additional.**

### • JI Track 2 & CDM

- Environmental integrity more plausible
- (Comprehensive review of projects still needed)

➤ **Better results through multilateral oversight and consistent application**

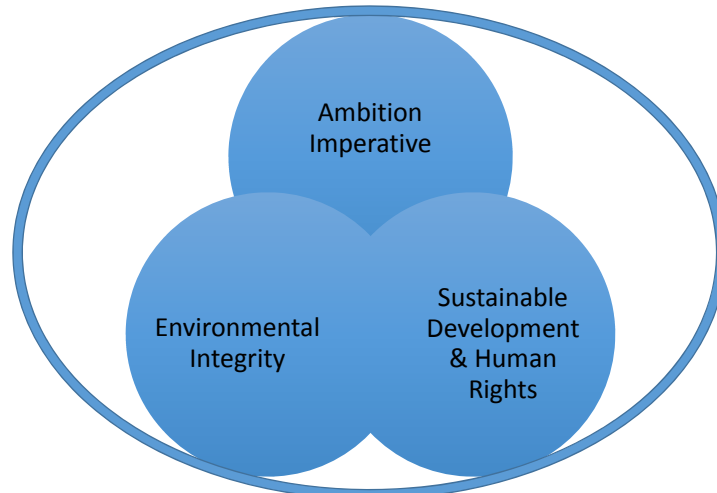


## Similarities and Differences

Kyoto	Paris
Uniform target format	Various target types
Uniform accounting	?
CDM & JI Track 2 with central supervision	SDM with central supervision
JI Track 1 ( <i>developed countries</i> )	Cooperative Approaches? ( <i>197 countries with varying capacities</i> )
Doha Amendment to address hot air	?



## Three Elements for Robust Markets



Thank you!

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