
Global Climate **Action**
United Nations Climate Change

Carbon markets as a tool for climate action



Background

WHAT IS CLIMATE CHANGE MITIGATION?

Reducing or avoiding emissions of greenhouse gases (GHGs) that cause global warming and climate change.

WHAT IS A CARBON MARKET?

A tool to encourage climate change mitigation, by allowing the generation and trading of carbon credits/permits among polluters.

WHAT ARE CARBON MARKET PROJECTS?

Projects that reduce, avoid or capture GHGs and obtain carbon credits that can be sold. They also support sustainable development.





The purpose of offsetting & carbon markets



What is carbon offsetting?

Basic concept: **compensating** one's greenhouse gas (GHG) emissions.



1 ton of CO₂e



\$\$



1 carbon credit/ offset



What does carbon offsetting really represent?

A **concept** that gives a stakeholder the rationale to invest in projects that reduce, avoid or capture GHGs beyond their direct area of influence.

And a **tool to mobilize much-needed finance**, especially from **private sector**, for emission reduction/avoidance/capture-sequestration projects, and to bring **sustainable development co-benefits** to communities.

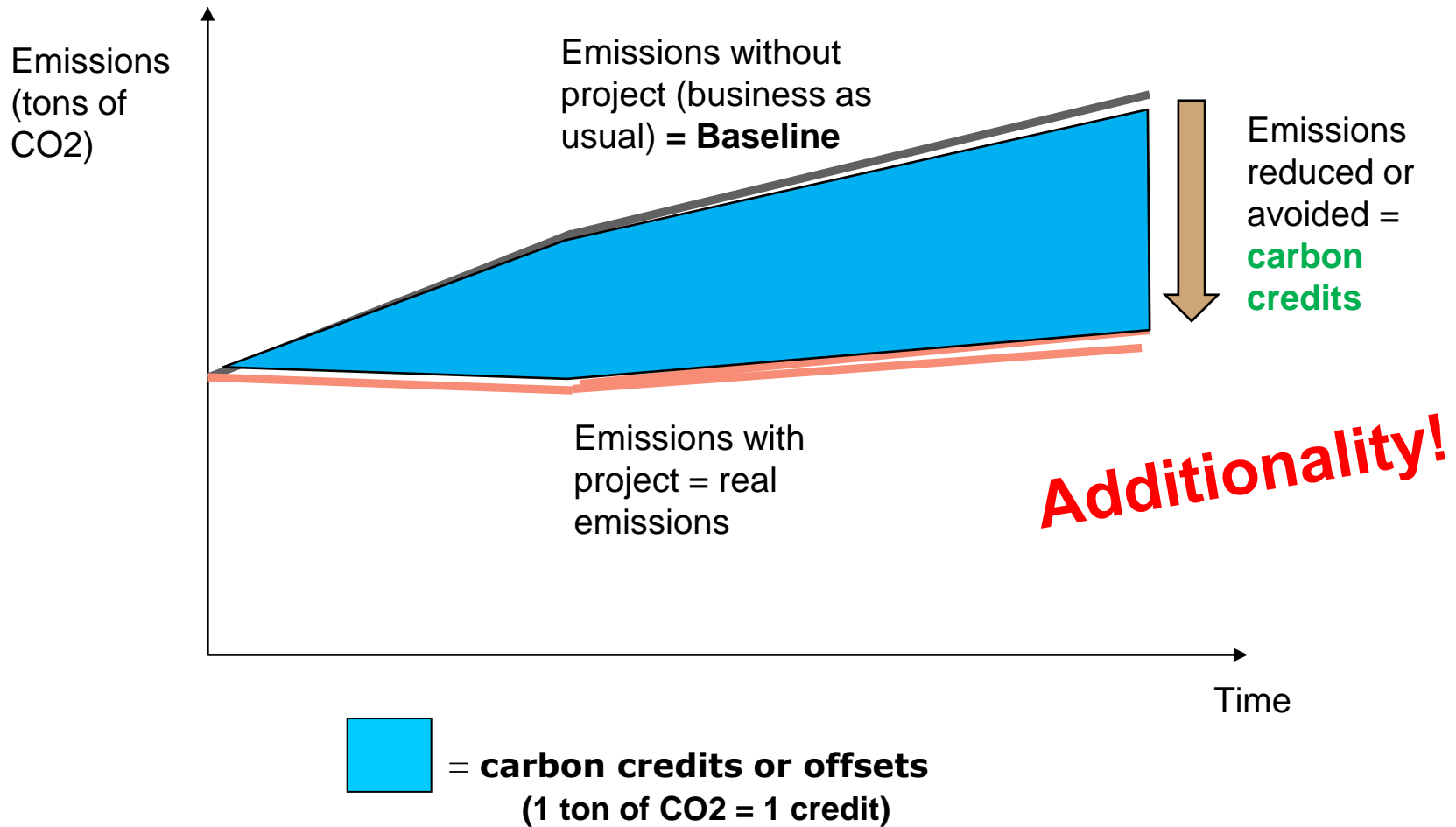


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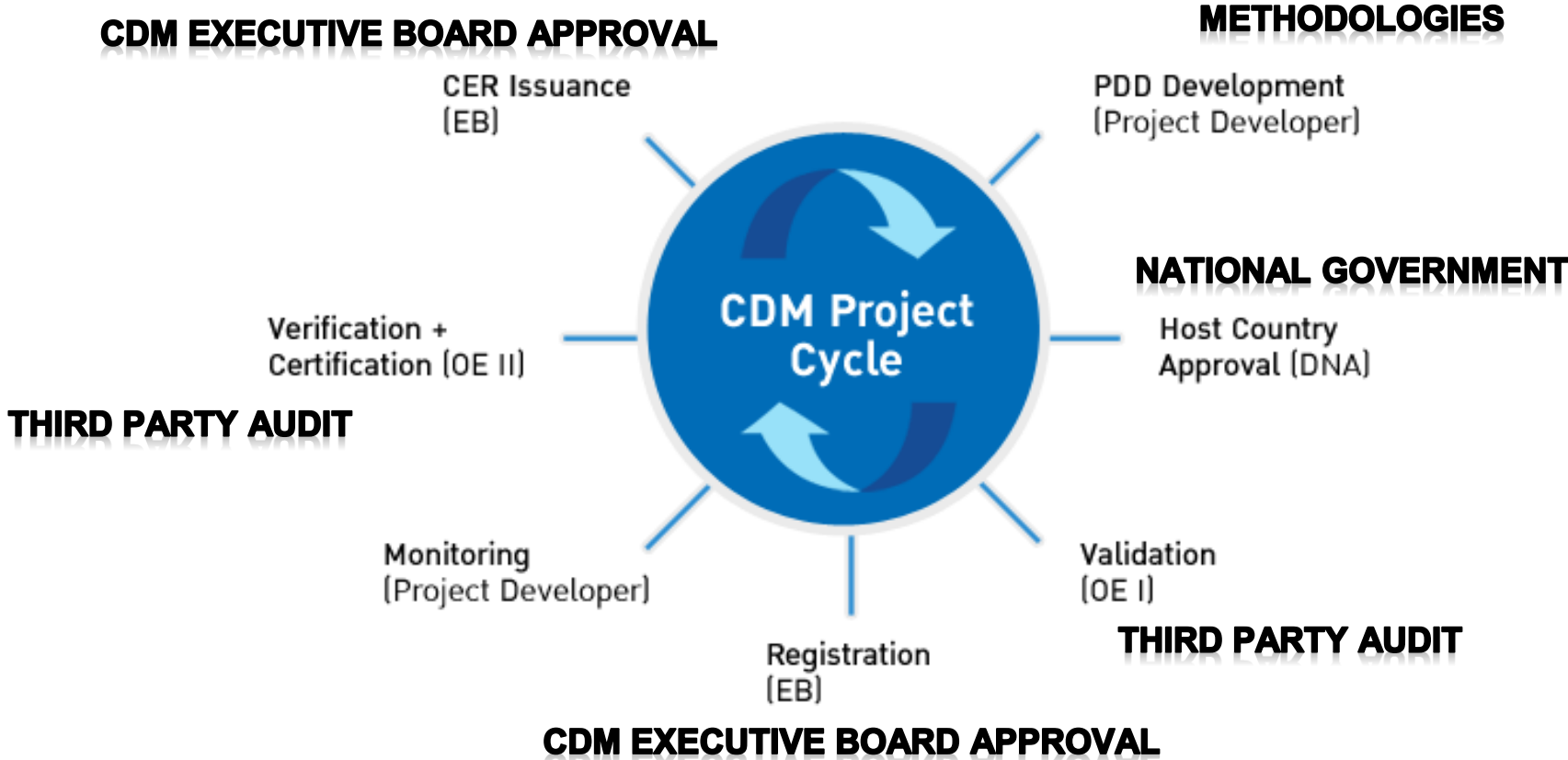
How are carbon credits generated?



“Offsetting” Projects



The Clean Development Mechanism's Project Cycle



Environmental integrity of carbon credits

Real, permanent, additional = **environmental integrity**

A project certification system (**carbon market mechanism or standard**) that is/has:

1. **Robust** (clear, strong rules)
2. **Independent governing body** (no conflict of interest)
3. **Transparent** (all information publicly available)
4. **Inclusive** (include all relevant stakeholders)
5. **Third-party verification**,
6. Accounting for **leakage**
7. A tracking system (**a registry**) to **avoid double use/double counting/double claiming**.

Paris Agreement Article 6, national rules



Types of projects

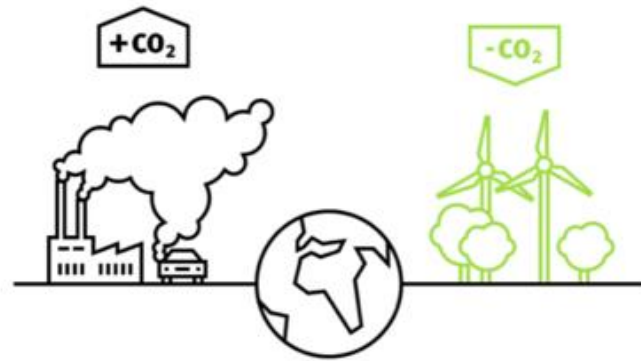




Carbon Market Projects – Benefits for Communities

CDM Sights and
Sounds



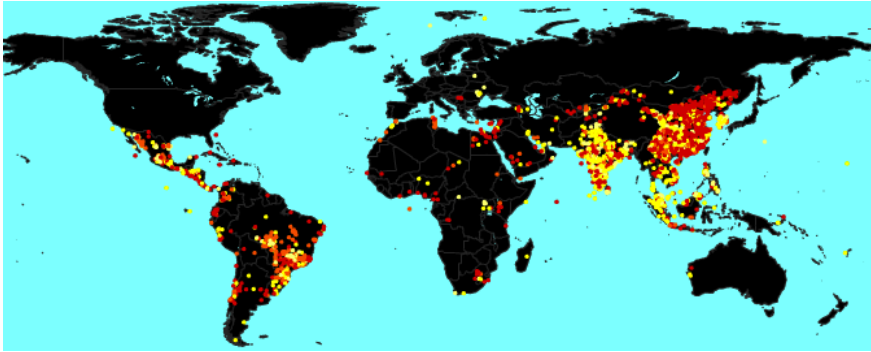


Credit: Nature Office
<https://www.natureoffice.com/en/our-services/consulting-services/co2-reduction>

Do you live in a country where carbon market projects are being used to promote climate change mitigation?

Vote Yes or No





If you did not know the answer to the previous question, it is possibly

“Yes”





The future of offsetting



What will the future bring?

Increased demand for carbon credits – prices are already increasing

Increased understanding that carbon markets or similar mechanisms are necessary to fund reduction/avoidance/capture

Increased expectation from stakeholders to support climate action, including through offsetting

Demand for credible carbon credits

Transition to capture credits



The Paris Agreement

- Article 6 – cooperative mechanisms including carbon markets
- Article 6.2 – credits (ITMOs) generated by countries
- Article 6.4 – credits from a new centralized market mechanism
- Possibility of voluntary use already included.





Thank you

