

# The role of carbon markets and economic instruments in supporting NDC implementation

Africa Carbon Forum  
Cotonou, Benin  
30-31 June 2017



# The Paris Agreement

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- ✓ Blueprint for global climate action.
- ✓ Commitment & actions expressed as NDCs → clear focus on national ownership (national inventories and action plans)
- ✓ Article 6 provides basis for cross-border cooperation, including transfer of emission reductions.
- ✓ Experience from market based approaches and economic instruments under the Kyoto Protocol shows significant potential.
- ✓ But Art 6 goes far beyond offsetting and emissions trading.
- ✓ May be implemented at national or international levels.



# Carbon markets and economic instruments

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....what for?

- ✓ As a pollution reduction tool
- ✓ As a policy signal to target groups
- ✓ As a finance instrument for climate action
- ✓ As a climate action and cost discovery tool
- ✓ As efficiency & stability measure
- ✓ As means for capacity building & tech transfer
- ✓ As a way to fully engage the private sector
- ✓ As a way to support sustainable development



# Kyoto Protocol 2.0??

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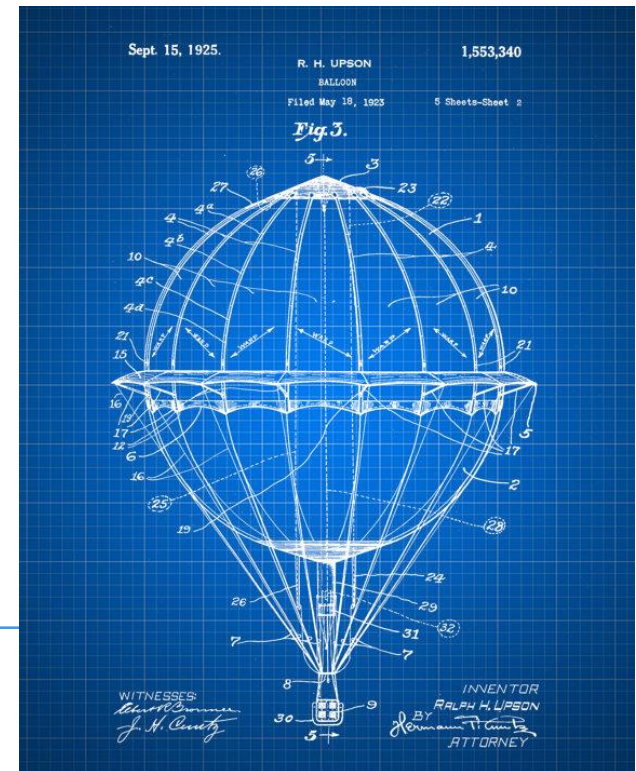
Nope....so what is different?

- ❑ Cooperation beyond offsetting and emission trading  
Cooperative approaches, 6.4 mech, and non-market approaches
- ❑ Different accounting: All countries have NDCs...but not all sectors are covered.
- ❑ Different scale: Moving from project by project and unit by unit towards transformational shifts.
- ❑ SDGs much more essential
- ❑ Robust accounting, environmental integrity, transparency and increased ambition in NDCs
- ❑ But building on capacity and lessons learned from KP.



# What is needed

- ❑ Do not reinvent the wheel
- ❑ Identify potential for markets & economic instruments in national context.
- ❑ ...for what sectors, actions, stakeholders
- ❑ Ensure technical capacity for implementation
- ❑ Understand requirements for international cooperation.
- ❑ Get buy-in from sectors, cross-ministries, financial backers, as well as critics (long-term reliability is essential).
- ❑ Consult → pilot → launch





**Thank You!**