

UNEP SPECIAL EVENT ON ACCESSING CARBON MARKETS TO STRENGTHEN NDC IMPLEMENTATION

Side event for the 11th ASC Meeting
10 July 13:15h - 14:45h EAT, Nairobi

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Outline

- Carbon markets as a policy tool
- The role of carbon markets to promote climate action ambition
- Integrity in carbon markets
- Towards alignment for high-integrity in the voluntary and compliance markets

The use of carbon markets as a policy tool is growing

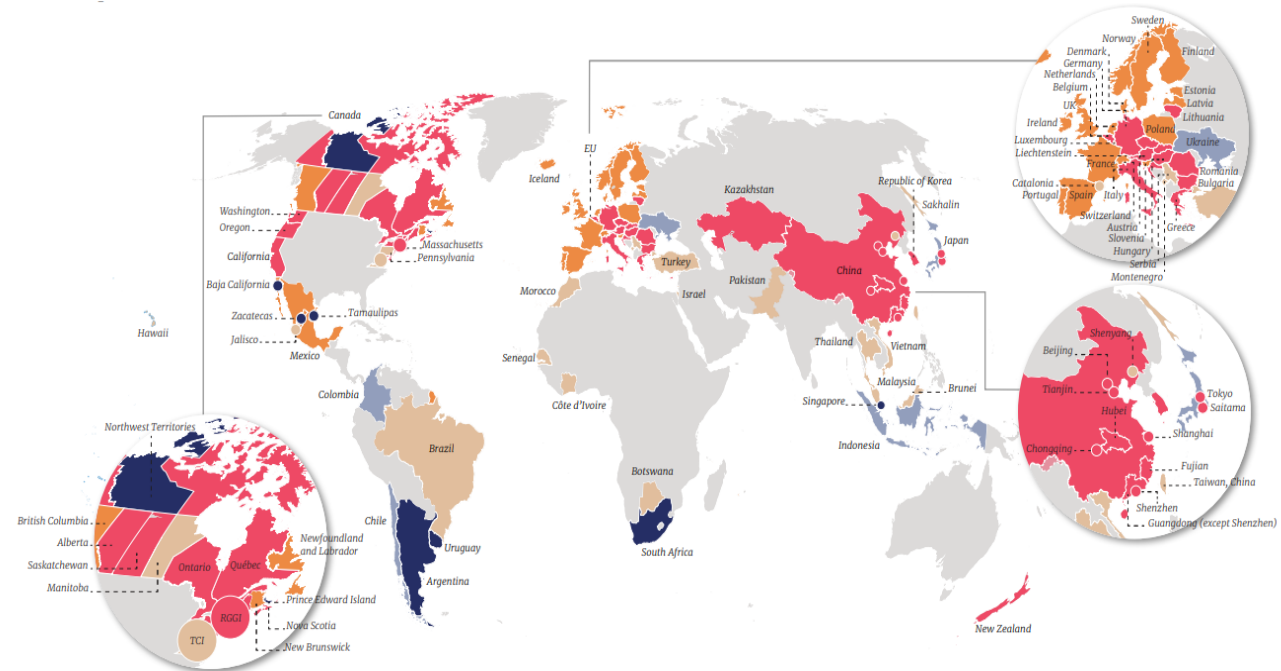
Bridge the emissions gap

4-5
GtCO_{2eq}

Carbon markets can close the emissions gap by 4-5 GtCO_{2eq} per year by 2030 possibly more, enabling cost savings for NDC implementation at 40-60%

120
countries

More than 120 countries representing 87% of the NDCs submitted have indicated their willingness to use Article 6 of the Paris Agreement carbon market and non-market approaches for NDC implementation



Bridge the financing gap

12.5
Billion of
carbon
permits

36 ETS cover about 20% of global GHG emissions

900
Billion USD

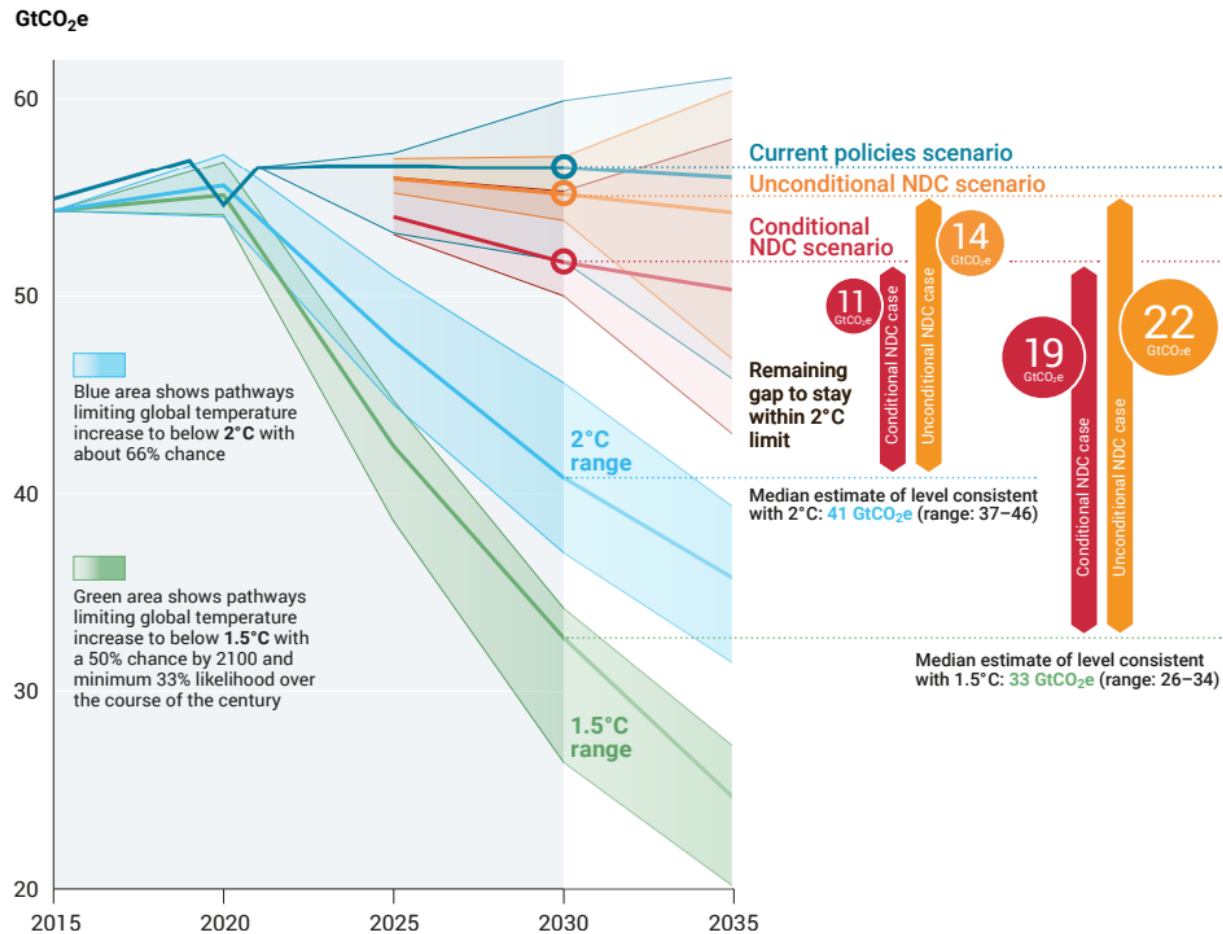
In 2022, The value of traded global markets for carbon dioxide permits reached a record 850 billion euros (\$909 billion) The voluntary carbon markets (VCM) leaped from \$520 million in 2020 to \$2 billion in 2023

40
countries

Carbon pricing schemes, including emissions trading and carbon taxes, are operational in over 40 countries.

The role of carbon markets

Carbon markets can contribute to close the emissions gap (1)

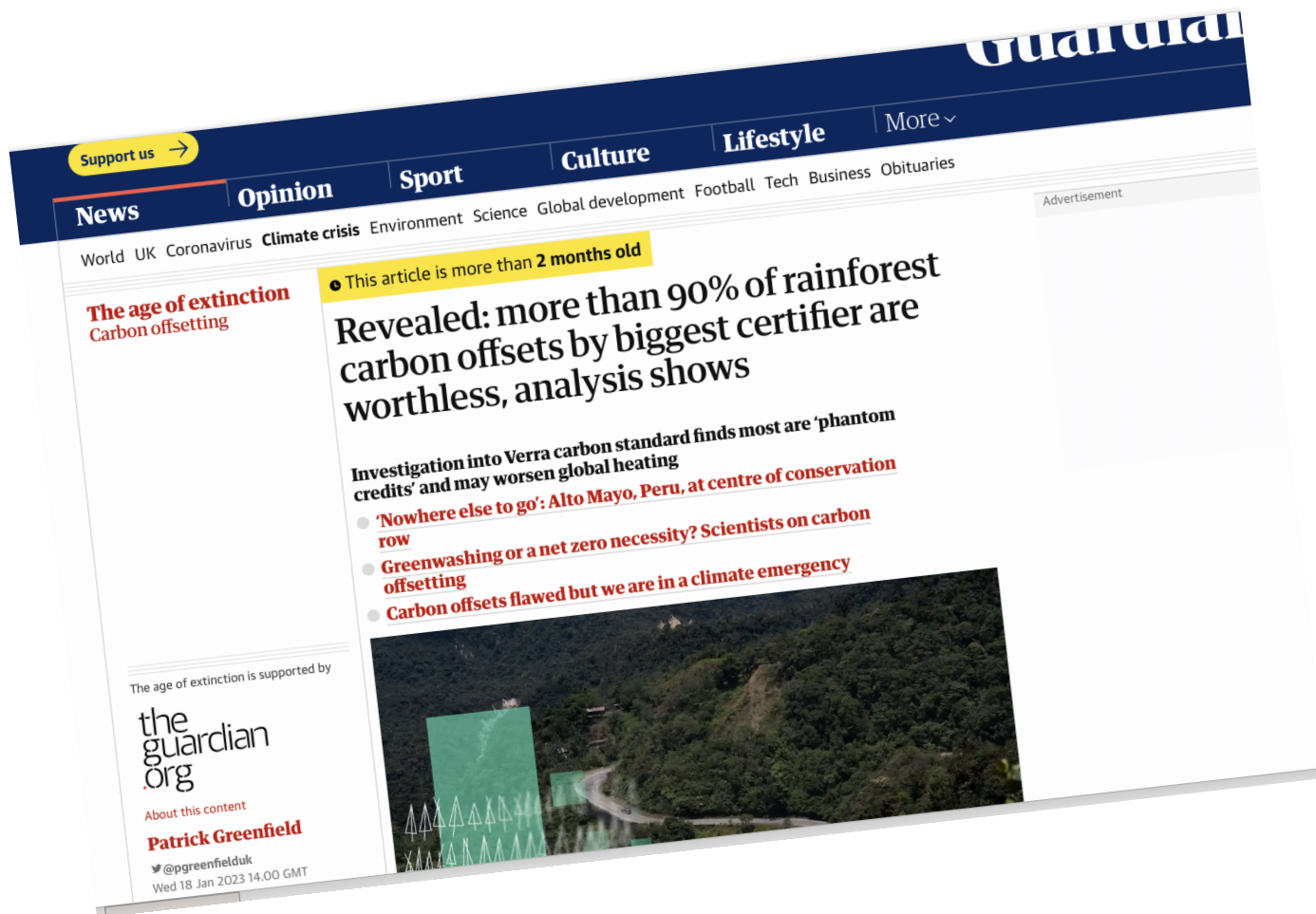


- UNEP’s Emissions Gap Report estimates an **ambition gap of 22 GtCO₂e** in 2030 between unconditional NDCs and 1.5°C pathways with at least 50 per cent chance.
- **Full implementation** of carbon market mechanisms could save **40–60% of the cost of NDC** implementation and could contribute to reduce **4–5 GtCO₂eq per year by 2030**, hence closing the global emissions gap^{2,6,7}.

Sources: [2] [IETA, University of Maryland and CPLC](#); [6] [Fujimori et al.](#); [7] [Edmonds, et al.](#); [8] IKI SPAR6C, “Promoting ambition and transformational change (Guide 1)” – Not yet published. For illustrative purposes only, building on [UNEP](#).

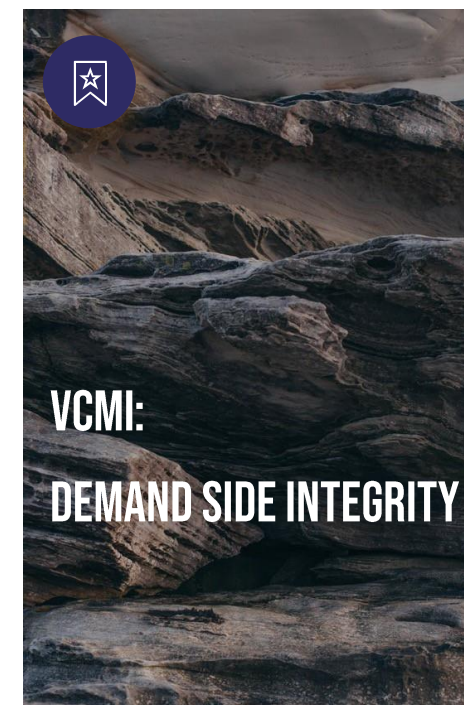
High-integrity to achieve scale

High integrity is a necessary condition for carbon markets



- The Voluntary carbon market has been challenged on grounds of integrity.
- Nature-based projects, particularly Forestry-type took the brunt of the criticism.
- However, differences about requirements for integrity also affected negotiations on Article 6 in Dubai.
- Some domestic trading schemes have also been challenged on the grounds of carbon quantification and additionality.

A net zero ecosystem advocating for change



Consensus on what makes a high-quality carbon credit

UN Principles for Carbon Markets with Integrity and Credibility

By the UN Internal Task Force on Voluntary Carbon Markets

- **Aligned with the goals of Paris Agreement**
- **Governance:**
 - Tracking
 - Accountability
 - Transparency
 - MRV
- **Impact:**
 - Permanence
 - Additionality
 - No-double counting
- **Sustainable development**
 - Social and Environmental Safeguards

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THE CORE CARBON PRINCIPLES

The CCPs set a global benchmark to ensure integrity in the voluntary carbon market.

GOVERNANCE

1. Effective governance
2. Tracking
3. Transparency
4. Robust independent third-party validation and verification

EMISSIONS IMPACT

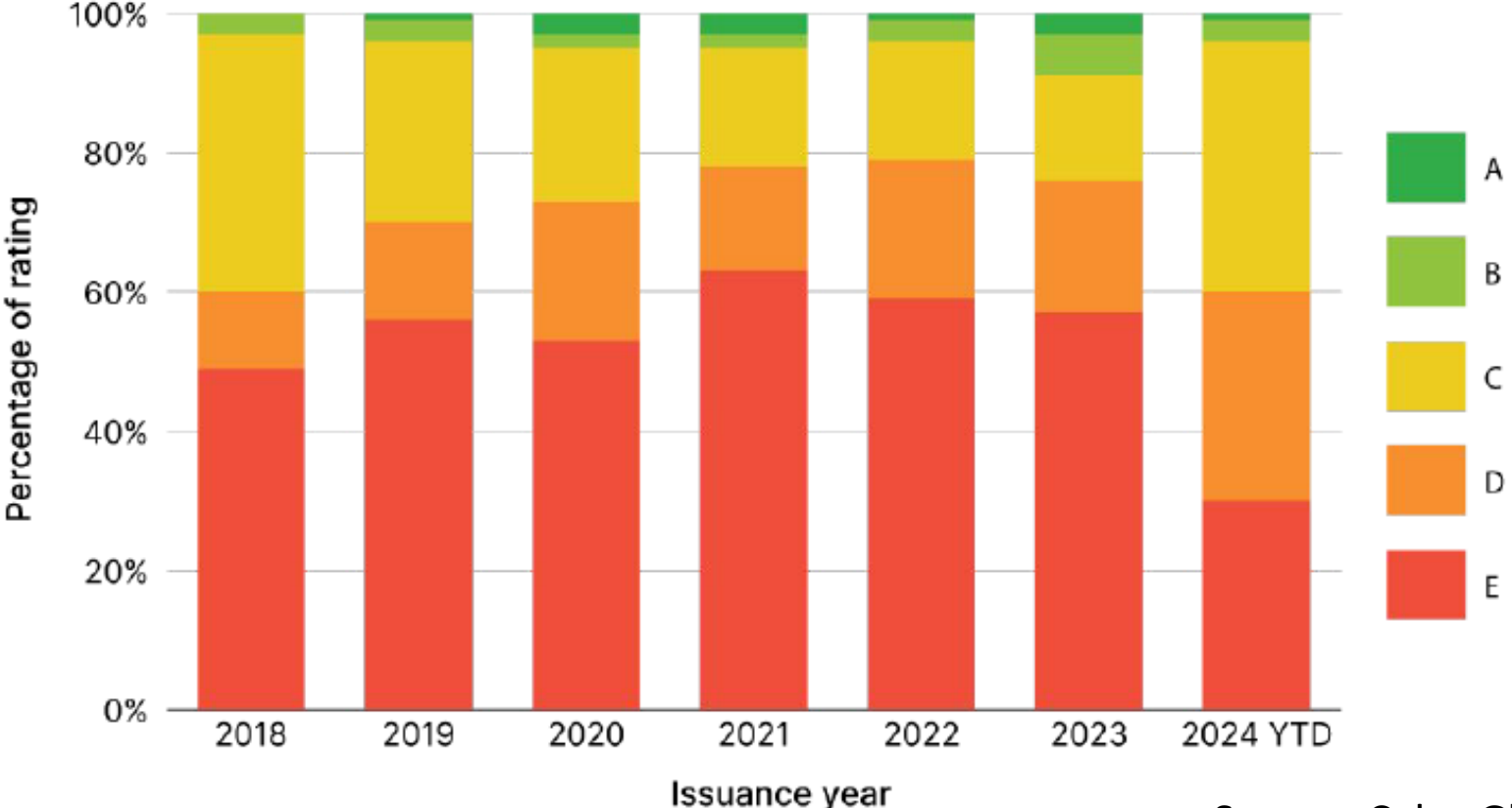
5. Additionality
6. Permanence
7. Robust quantification of emission reductions and removals
8. No double counting

SUSTAINABLE DEVELOPMENT

9. Sustainable development benefits and safeguards
10. Contribution to net zero transition

Is the market shifting to higher quality?

Calyx Global ratings for credits issued

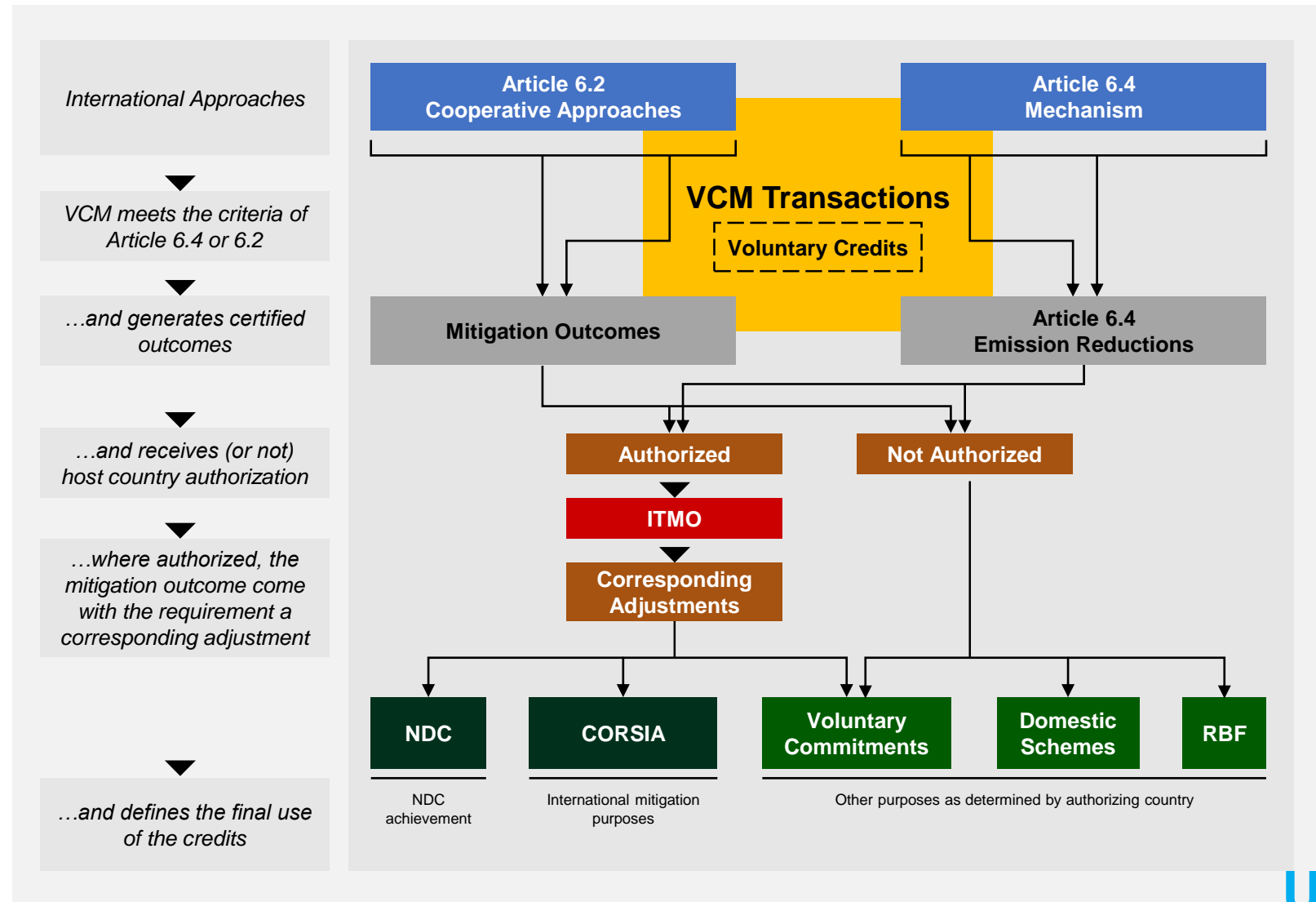


Source: Calyx Global

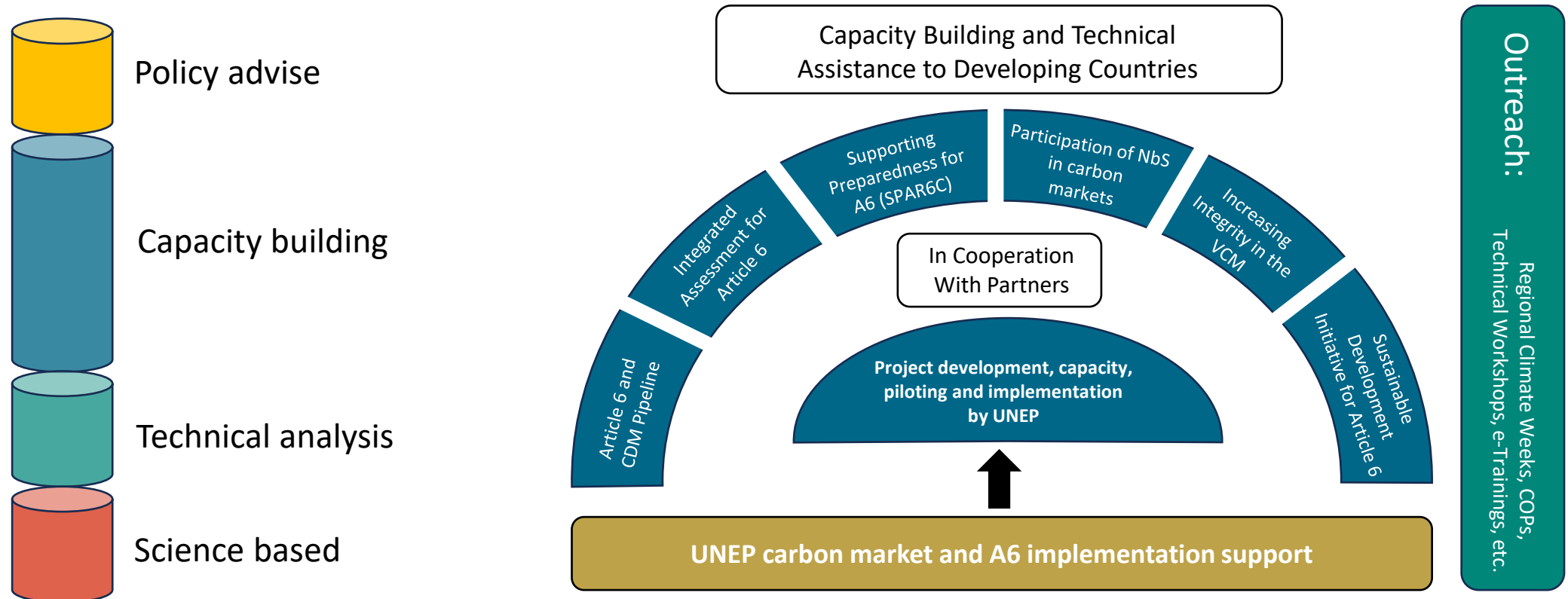
Towards alignment for high-integrity

Towards alignment of high-integrity Article 6 and VCM markets?

- Alignment between high-integrity principles in the VCM and the UN
- Alignment in the application of these principles to project categories
- Methodologies accepted as of high-integrity in the VCM are also accepted for use under Article 6.2 and 6.4
- In the medium and long-term, interoperability of registries.



Overview of UNEP Carbon Market Activities



For more information: [UNEP's carbon market programme](#) and [UNEP CCC capacity building activities](#)

Thank you!

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