

THE PARIS AGREEMENT

The role of market mechanisms

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Context

- Purpose of the Agreement
- Operation of the Agreement

Markets and mechanisms

- What the Agreement says
- What may happen next





CONTEXT



Increased ambition of the long term goal

2°C

1.5°C



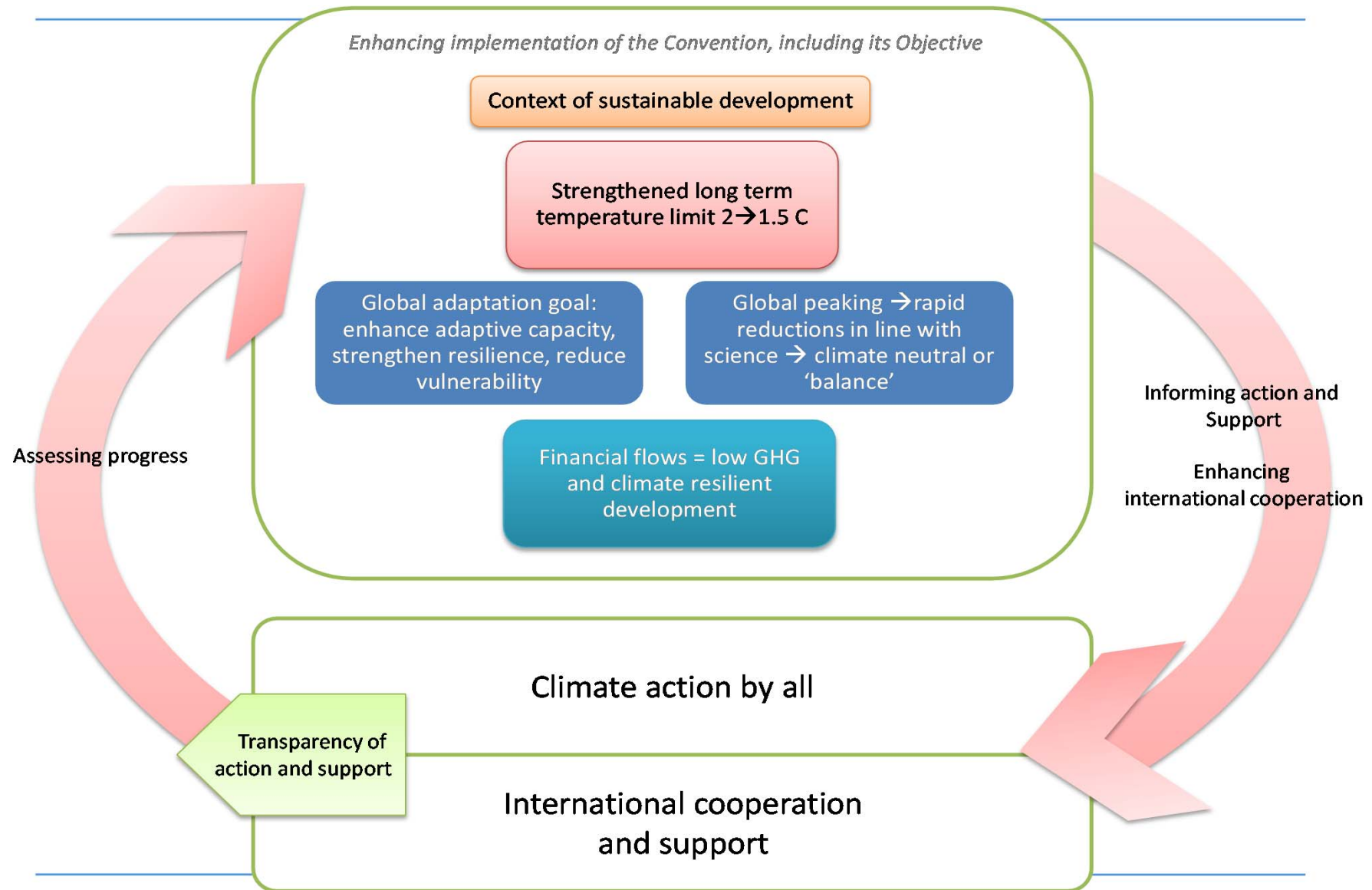
Dissecting the purpose

Sustainable development – through limiting the temperature increase

<i>Pursue the limitation</i>	Global peak emissions – asap Rapid reductions – asap Global balance by 2 nd half of century
<i>React to the increase</i>	Enhancing adaptive capacity Strengthening resilience Reducing vulnerability
<i>Enable</i>	Making ALL flows consistent with these goals



How will it work?





MARKETS AND MECHANISMS



What is included?

- ✓ *Means to allow Parties to cooperate*
- ✓ *Means to allow authorized entities to directly engage*
- ✓ *Means to connect and integrate the range of mechanisms*



Cooperative approaches

What the Agreement says

- Voluntary
- Shall promote sustainable development and environmental integrity
- Shall apply robust accounting to avoid double counting

What it may mean

- Linkage of emissions trading schemes
- Facilitation of crediting mechanisms



Mechanism for sustainable development

- Mitigation by private and public entities
- Deliver net mitigation and sustainable development
- Not restricted to project level



- Supervisory body
- Share of proceeds

Non-market framework

What the Agreement says

- Promote ambition
- Facilitate participation in NDC implementation
- Enhance coordination across instruments

What it may mean

- Opportunity for recognition of the roles and efforts of non-Party stakeholders
- Cohesion in the operation of the financial and technology mechanisms



Increased pre-2020 mitigation actions

- INDCs kick-started long term planning
- Climate finance
- CDM demand
- Sustainable development co-benefits



United Nations Framework Convention on Climate Change

