

13th IEA-IETA-EPRI Annual Workshop on Greenhouse Gas Emission Trading

Putting climate policy into practice

Paris, France

11 – 12 September 2013



UNFCCC Secretariat

Sustainable Development Mechanisms programme

➤ **Three work programmes** were established:

1. **Framework for Various Approaches (FVA)**
2. **The New Market-based Mechanism (NMM)**
3. **Non-Market-Based Approaches (NMA)**

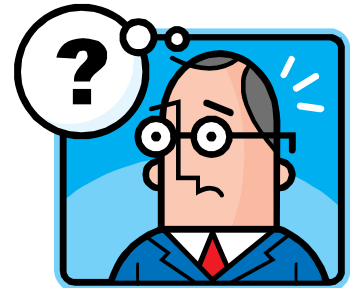
What happened in Bonn: SBSTA 38 (FVA)

➤ On the role of the FVA

- a) **Purpose and scope**
- b) Possible **links between the FVA and other matters**
- c) Operation of the elements of the **FVA under the principles, provision and commitments** of the Convention – if so, how

➤ On the technical design of the FVA

- a) **Elaboration of the elements** given options on purpose and scope
- b) **Experiences** from existing mechanisms, domestic and regional schemes, existing institutional arrangements
- c) **Assessment of the institutional arrangements** of various approaches
- d) Role of a **share of proceeds**
- e) **Common accounting rules, standards, criteria and/or procedures**



✓ Submissions

✓ Technical synthesis

✓ Workshop



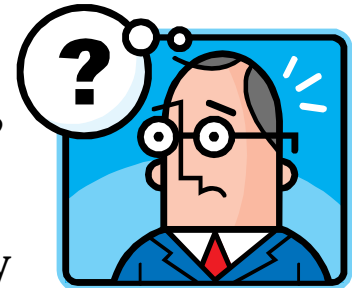
What happened in Bonn: SBSTA 38 (NMM)

➤ On the role of the NMM

- a) Difference between **NMM** and **existing market-based mechanisms**
- b) Relationship between a **Party's level of mitigation ambition** and its use of **NMM**
- c) **Ensuring consistency of the NMM** with the Convention, science and environmental integrity

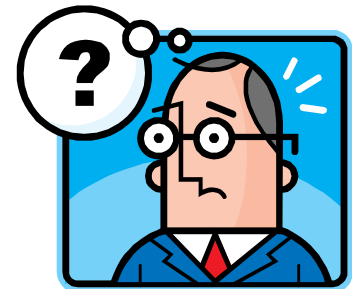
➤ On the technical design of the NMM

- a) Operation **under the guidance of the COP** – institutional arrangements?
Role of the UNFCCC?
- b) **Voluntary participation** – incentives?
- c) **Development and application of standards** – lessons learned?
- d) **MRV requirements** – lessons learned?
- e) **Stimulating mitigation** across broad segments of the economy



What happened in Bonn: SBSTA 38 (NMM) con'd

- f) Criteria for **establishing, approving and periodic adjustment** of ambitious reference levels and for periodic issuance of units
- g) Criteria for **accurate and consistent recording and tracking** of units
- h) **Supplementarity**
 - i) A **share of proceeds** to cover administrative expenses and assist vulnerable developing countries
 - j) Promoting **sustainable development**
 - k) Facilitating the **effective participation of private and public entities**
 - l) Facilitating a **prompt start**
- m) **Eligibility** criteria
- n) Role of the **implementing Party**
- o) **Governance**



✓ Submissions

✓ Technical synthesis

✓ Workshop

What happened in Bonn: SBSTA 38 (NMA)

➤ Defining an NMA

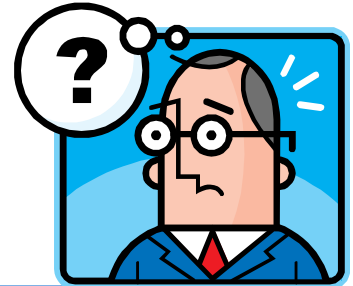
- a) What is **understood by** “non-market-based approaches”?
- b) **Scope** of activities

➤ Testing the concept based on an example

- a) **How the approach fits** the description under the UNFCCC
- b) How **does the approach meet the mandate of elaborating the FVA**
- c) **Benefits** of the approach
- d) **Duplication** of effort – is there another process undertaking the same task
- e) **Means of implementation**

✓ Submissions

✓ Workshop



What happened in Bonn: SBI 38 (CDM)

- **No substantive discussion** due to procedural challenges with the adoption of the agenda
- Convened a **workshop on the review of the CDM modalities and procedures** – report has been prepared (FCCC/SBI/2013/INF.6) and will be considered at SBI 39
 - **Simplifying the mechanism** and reducing transaction costs
 - **Increasing participation** in the CDM
 - **Enhancing confidence** in the mechanism
 - **Improving the governance** and simplifying the administration
 - **Increasing the visibility** of the sustainable development benefits
 - **Strengthening the engagement of DNAs**
 - **Clarifying the relationship** between CDM and other market-based mechanisms, funds and NAMAs



Relevant upcoming meetings

➤ UNFCCC

- **Joint Workshops on FVA, NMA & NMM:** 7 – 9 October, 2013 in Bonn, Germany
- **Side-Event** on 11 November, 2013 in Warsaw
- **High-Level Event on Market Approaches** (*second week in Warsaw*)

➤ External to the UNFCCC

- **CEPS Workshop** on a Framework for Various Approaches: 16 & 17 September, 2013 in Paris, France
- **Partnership for Market Readiness** - Assembly Meeting and Workshops: 22 – 25 October, 2013 in Marrakesh, Morocco



Linkages with other processes

- **Complementarity between NAMAs and the mechanisms**
 - Verification of mitigation
 - Facilitation of results-based financing
 - Means to attract private sector climate finance
 - Need for common tracking system
- Linkages also exist with the **GCF and the 6th GEF replenishment**
- Work is underway within the UNFCCC secretariat to assist Parties in exploring and clarifying relationships between CDM and other emerging tools
- Will feed into the NAMA partnership, information to chairs and facilitators, updates to the EB, etc



Towards 2020: What does the future hold?

- Expectations for **Warsaw**?
- The **Durban Platform for Enhanced Action**
 - **Role of markets** in the new agreement?



Making information publicly accessible



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Essential Background

Kyoto Protocol

Cooperation & Support

Finance

Technology

Education & Outreach

Response Measures

Capacity-building

Cooperation with International
Organizations

Activities Implemented Jointly

NAMA Registry

Market and Non-Market
Mechanisms

Science

Market and non-market mechanisms



Combating climate change will require mobilization of substantial resources. Success will demand on the establishment of mechanisms and approaches that incentivize the mobilization of those needed resources. Cooperation between Parties and between private and public-sector stakeholders is considered crucial.

COP.18 (Doha, 2012) requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to conduct three work programmes to elaborate:

- A framework for various approaches
- Non-market-based approaches
- Modalities and procedures for the new market-based mechanism

This **Decision** captured the outcome of several years of negotiations under the AWG-LCA. Pursuant to the **Bali Action Plan**, **COP.16** (Cancun, 2010) decided to consider the establishment of one or more market-based and non-market based mechanisms and agreed on criteria to guide their

Submissions

FCCC/SBSTA/2013/MISC.9
Views on modalities and procedures for the new market-based mechanism.
Submissions from Parties

FCCC/SBSTA/2013/MISC.10
Views on modalities and procedures for the new market-based mechanism.
Submissions from admitted observer organizations

FCCC/SBSTA/2013/MISC.11
Views on a framework for various approaches.
Submissions from Parties

FCCC/SBSTA/2013/MISC.12
Views on non-market-based approaches. Submissions from Parties

FCCC/SBSTA/2013/MISC.13
Views on non-market-based approaches. Submissions from admitted observer organizations

FCCC/SBSTA/2013/MISC.16
Views on a framework for various approaches.
Submissions from admitted observer organizations

[more >>](#)

FURTHER INFORMATION:

<http://unfccc.int>

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