

# Carbon Markets and Net Zero

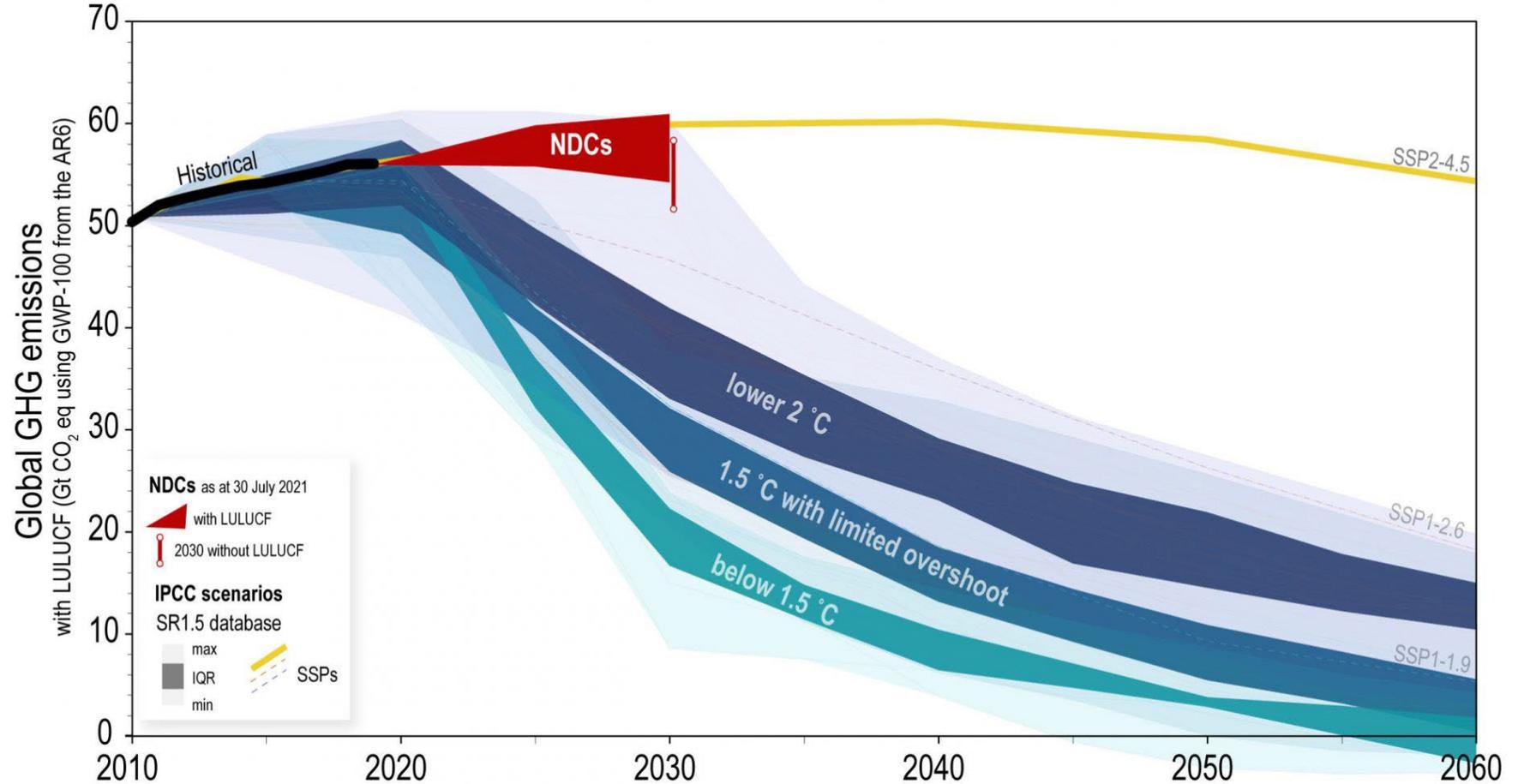
50 GT Emissions

50 GT Target

25 GT where we need to be

500 GT the budget left to 1.5

1200 GT in forest sink (50% total)



# Emission Trading and the EU

## EU ETS

Flagship Policy in the EU

Started 2005

Phase 4 2020-2030

Delivering 62% reduction in emissions

Covering 41% of Emissions

Significant Auctioning Revenues

ETS for Maritime Emissions

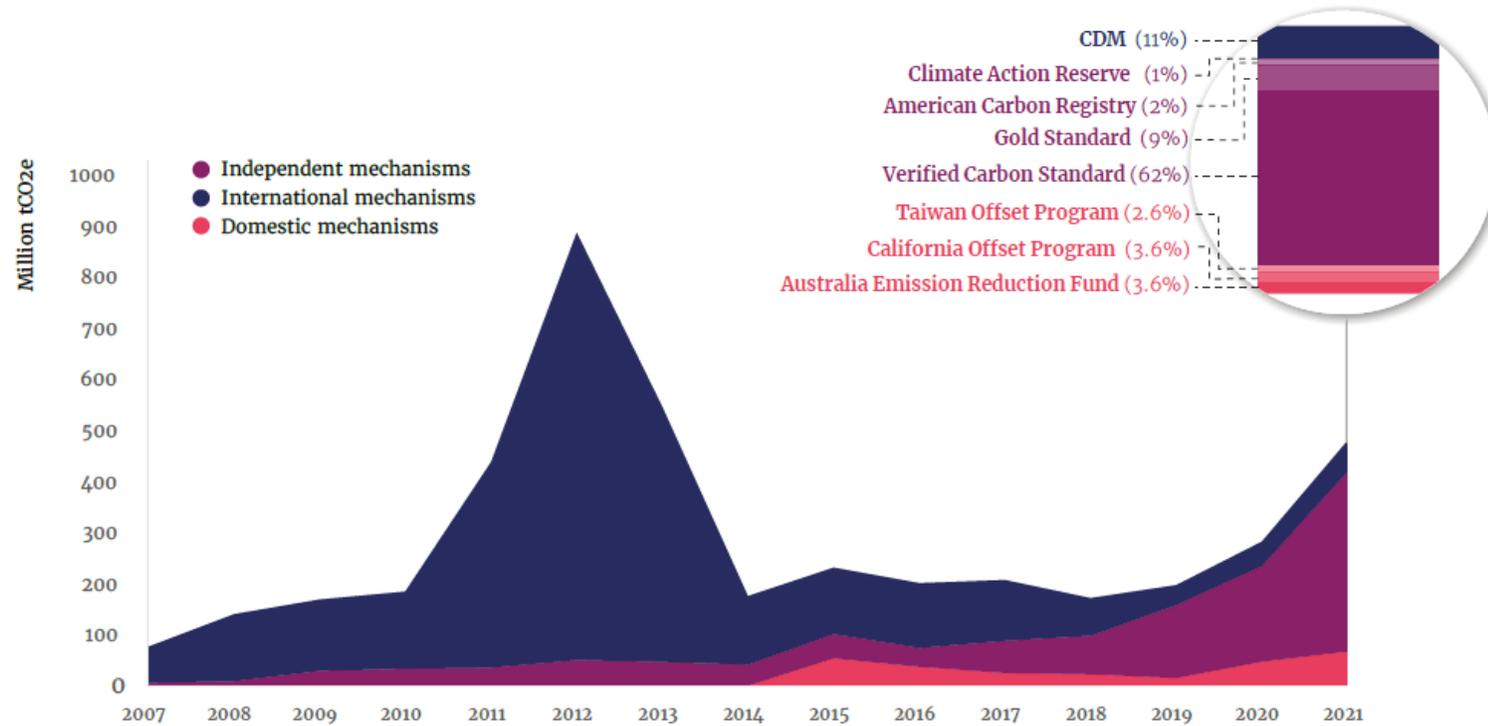
ETS for Buildings and Transport

## International Domestic Carbon Pricing

Canadian Challenge to Extend to 60% of  
Global Emission by 2030

Currently covers 23% of Global Emissions  
(WB)

# History of Credit Markets



EU has traditionally been the major credit buyer but no longer, we have a domestic target

Voluntary Market has grown rapidly in the last years driven by domestic targets

Projections are based on assumptions that remain to be realised

There are costs as well as benefits to participation

# Article 6 of Paris Agreement – Carbon Value

## **Carbon Markets and Offsetting (Zero Sum)**

Compliance Markets – Driven by Compliance Targets

Voluntary Markets – Driven by Corporate Claims – Net Zero

## **Accounting Adjustments**

- Prevent double counting of results

## **Permanence and Leakage**

- Liability Reversals/Jurisdictional Approaches

## **Baseline and Additionality**

- Quantifying results
- Consistency with targets
- Host country mitigation benefit

## **Results Based Finance and Contributions (Additional Mitigation)**

Public Funding – Norway, UK

Private Funding ??????

## **Initiatives**

REDD+ and Article 5 (UNFCCC)

LEAF – 4 windows

Bilateral Finance

# EU Initiatives on Markets

## Carbon Pricing Leadership Challenge

- Extend Carbon Pricing to 60% of Global Emissions by 2030

## Integrated Assessment for Article 6 (IAAS)

### - UNEP

- Inventory and Cost Data
- Project Data/Modelling
- Wise Choices

## Observations

- Support to capacity rather than promotion of international markets per se – moral hazard
- Ensure that mitigation benefits of funded activities are clearly monitored
- Note that use of public money for offsetting reduces the carbon impact of investment

**For additional questions on carbon pricing, markets and credits, contact the NDC Facility:**

---

[NDCFacility@dai.com](mailto:NDCFacility@dai.com)