



Unlocking Global Gateway investments in nature and the green economy

Brussels, July 7-10



Basics of carbon markets

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EU Global Support Facility for Nationally Determined Contributions (NDCs)

By analyzing climate policies, strategies, and programs in partner countries, the Climate Facility supports the European Commission in **designing investment initiatives**.

This ensures these programs are "climate-proof" through the integration of climate change **mitigation / adaptation / and disaster risk reduction measures**, contributing to low-carbon and more resilient economies in Partner Countries.

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**INTPA.F1
Climate Facility**





Learning outcomes

- What's the big picture on carbon markets?
- What do all carbon projects have in common? What differs under Article 6?
- Who owns the credits? Who receives the money?
- What are the risks and benefits for host countries?
- What kind of projects involve nature?
- How can the EUDel support the host country through our Facility?

Carbon pricing

Carbon markets

- Carbon tax
- Emissions trading systems
- International aviation (CORSIA)

Accepts
nature-based
solutions



Such as:

Compliance markets

Policy requirements

National
mitigation targets
Paris Agreement
(NDCs)

Credits sourced to
comply with:

Article 6.2

Article 6.4

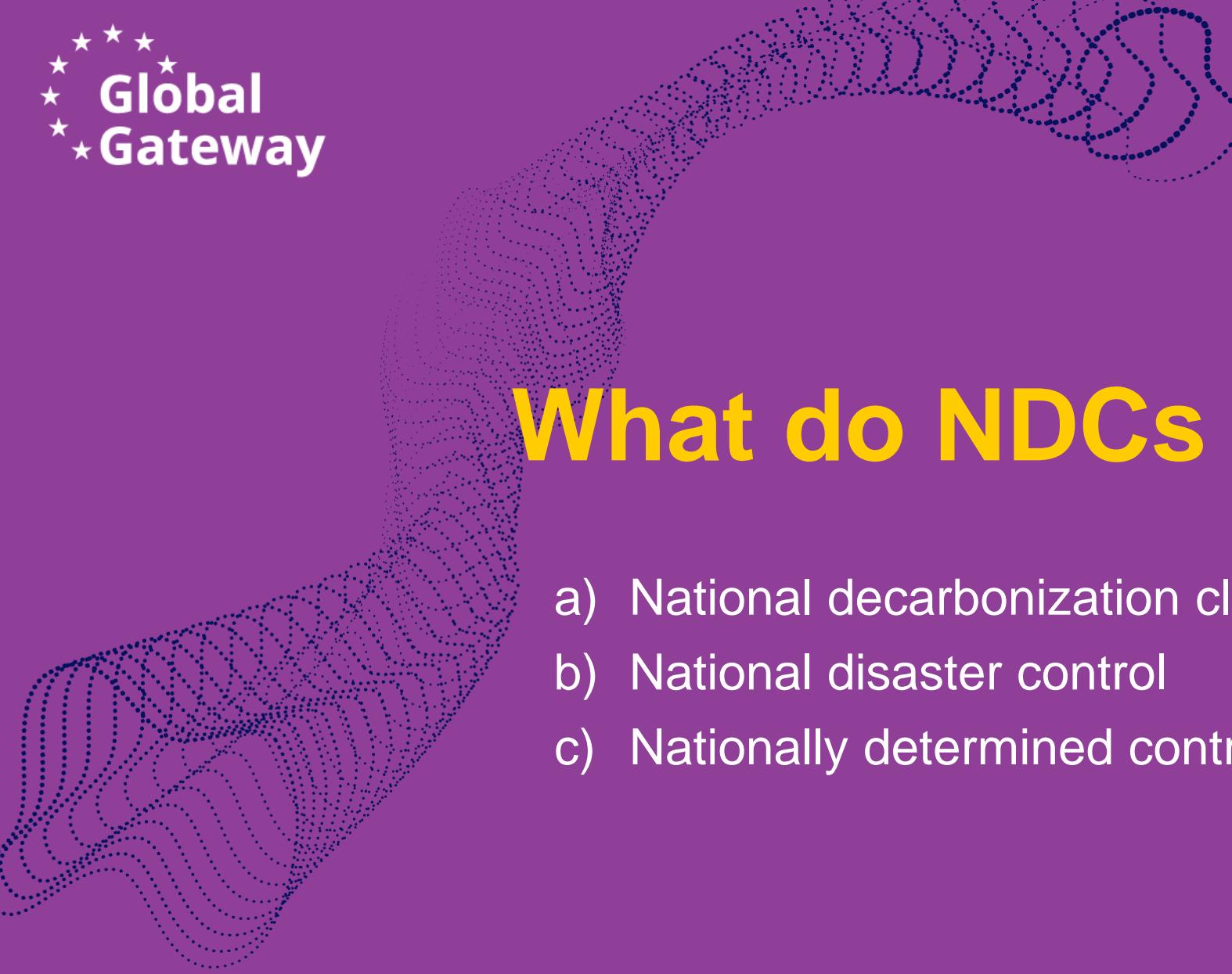
Fully
operational

Rules defined by:

Countries
(bilateral
agreements)

UNFCCC





What do NDCs mean?

- a) National decarbonization climate strategy
- b) National disaster control
- c) Nationally determined contributions



What does every carbon project have in COMMON?

Regardless of whether it is developed for the use of voluntary or compliance markets, *all* projects involve:

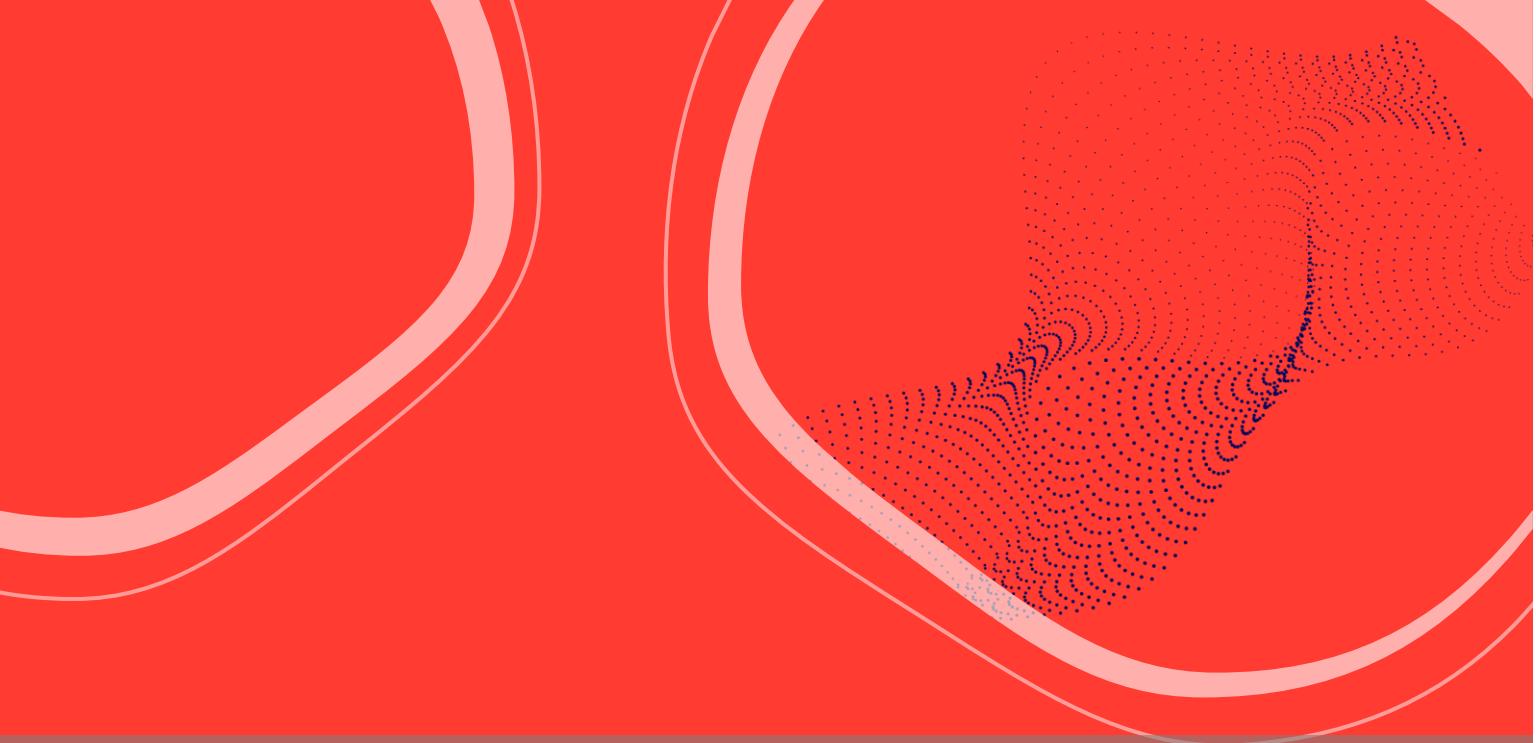
MAIN ASPECTS:

- GHG reductions: 1 ton CO_{2e} = 1 credit
- Process: validation/verification, project documents
- Auditors
- Registries
- Quantification protocols
- Meeting **additionality**: needs credits for financial viability (ROI), not required by national policies
- Ensuring **permanence**



real, verifiable, permanent reductions

**These are issues related to:
INTEGRITY**



A word of **CAUTION...**

- Unfortunately forestry projects have been questioned for **integrity** issues related to “non-permanence” of projects -for example when a forest burns after having issued credits.
- Quantification protocols in nature-based solutions have also been questioned for **over-crediting** (overestimating GHG mitigation outcomes).
- Measuring, reporting and verification (MRV) is much more **complicated** in nature-based solutions relative to technology-based solutions

What does every carbon project have in COMMON?

PROJECT STAKEHOLDERS, usually the following:

- Carbon project developer
- Owner of facility/land
- Investor
- Community -*sometimes*
- Buyer of credits
- Buyer country
- Host country

Likely to approach EU Delegations

Not always the same!

Article 6





Who owns the credits?

- a) Carbon project developer
- b) Owner of facility/nature
- c) Investor
- d) Community



Who receives payments?

- a) Carbon project developer
- b) Owner of facility/nature
- c) Investor
- d) Community

Wait.. but what if the carbon project is owned by the private sector?

Would there be income for host country governments?



So.. if there's potential income for the host country government, even if small, why hesitate moving forward?

Article 6



CORRESPONDING
ADJUSTMENTS
of GHG emissions
reported to the
UNFCCC



Corresponding Adjustments

Host countries don't use the GHG emission reductions towards their own target (NDC). Only the buyer country does so.

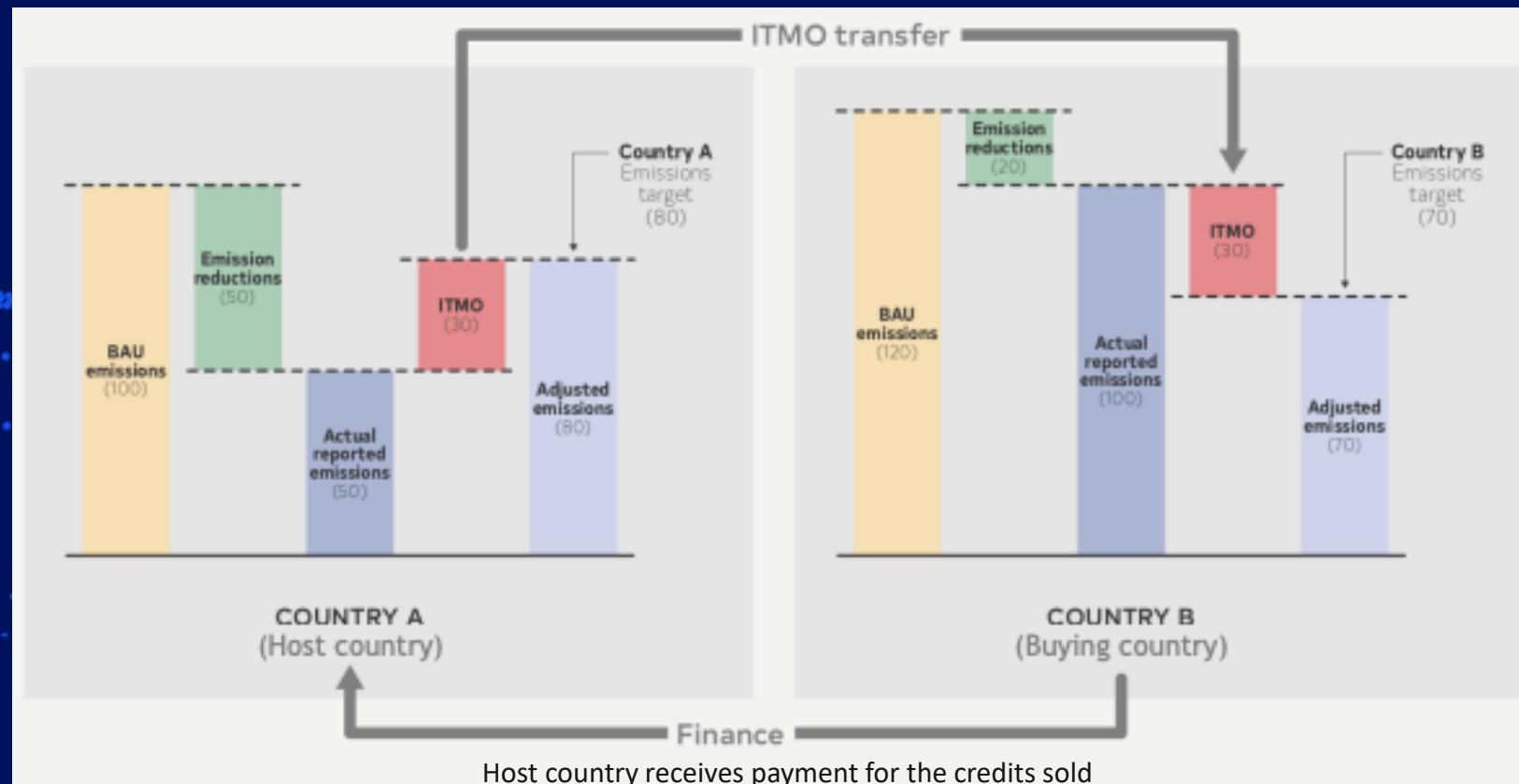
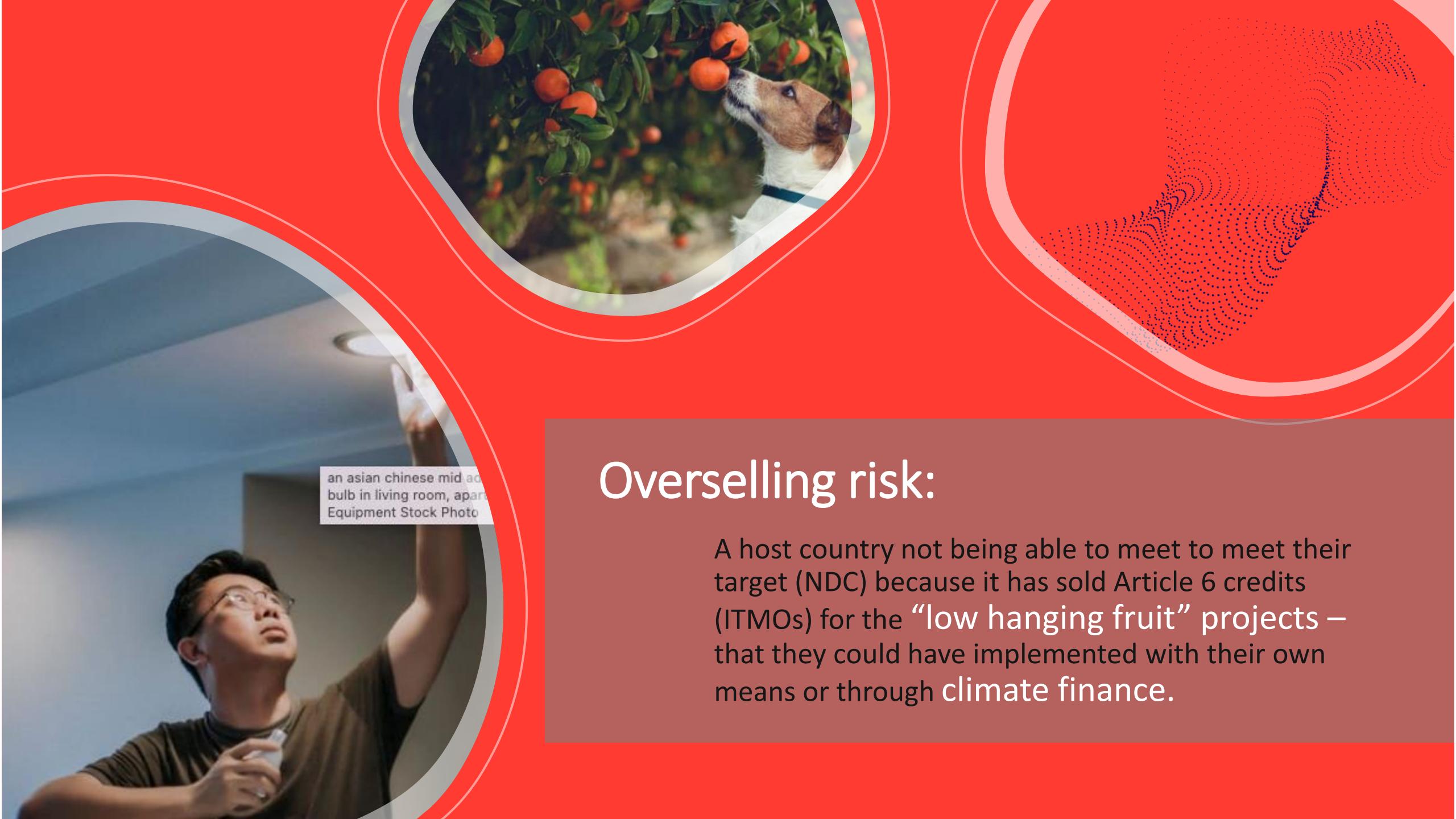


Image: Partnership for Market Implementation





Overselling risk:

A host country not being able to meet their target (NDC) because it has sold Article 6 credits (ITMOs) for the “low hanging fruit” projects – that they could have implemented with their own means or through climate finance.

If there's a risk, and not always a lot of cash flow for the government...



Why should a host country be interested?

Carbon projects:

- Attract **investments** for sustainable development
- Make **conservation** and other ecosystem projects financially viable
- Contribute to **adaptation** and disaster risk reduction
- Benefits for **local communities** and **ecosystems**
- Create **green jobs**
- GHG reductions: **Helps the planet!!**



*Tell me
more!!*

What kind of nature-based solutions?

Carbon project types:

- Mangrove restoration (blue carbon)
- Afforestation, reforestation
- Forest conservation
- Soil carbon (regenerative agriculture)
- Enteric fermentation (livestock)
- Efficient cookstoves



A real-world example:

ABC Mangrove Project

(Blue Carbon) -Senegal

Coastal mangrove restoration project



ABC Mangrove | This Is What Climate Action Looks Like on the Ground



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...

Watch the full video (4-min) here:

https://www.youtube.com/watch?v=c7MH_2uYkso

- **Marine protected area:** +28,000 hectares
- **Restoration:** 7000 hectares; progress to date: 2000 hectares
- **Private-sector** initiative, replicable
- **Community-driven**, syndicated model: community and government are rightful owners and receive income
- **Biodiversity benefits:** fauna has already returned to the area, including water species (gastropods, oysters, molluscs) and birds (cormorant)
- **Fish stocks** improving
- **GHG/credits:** 2,000,000 tCO₂e (40 years)

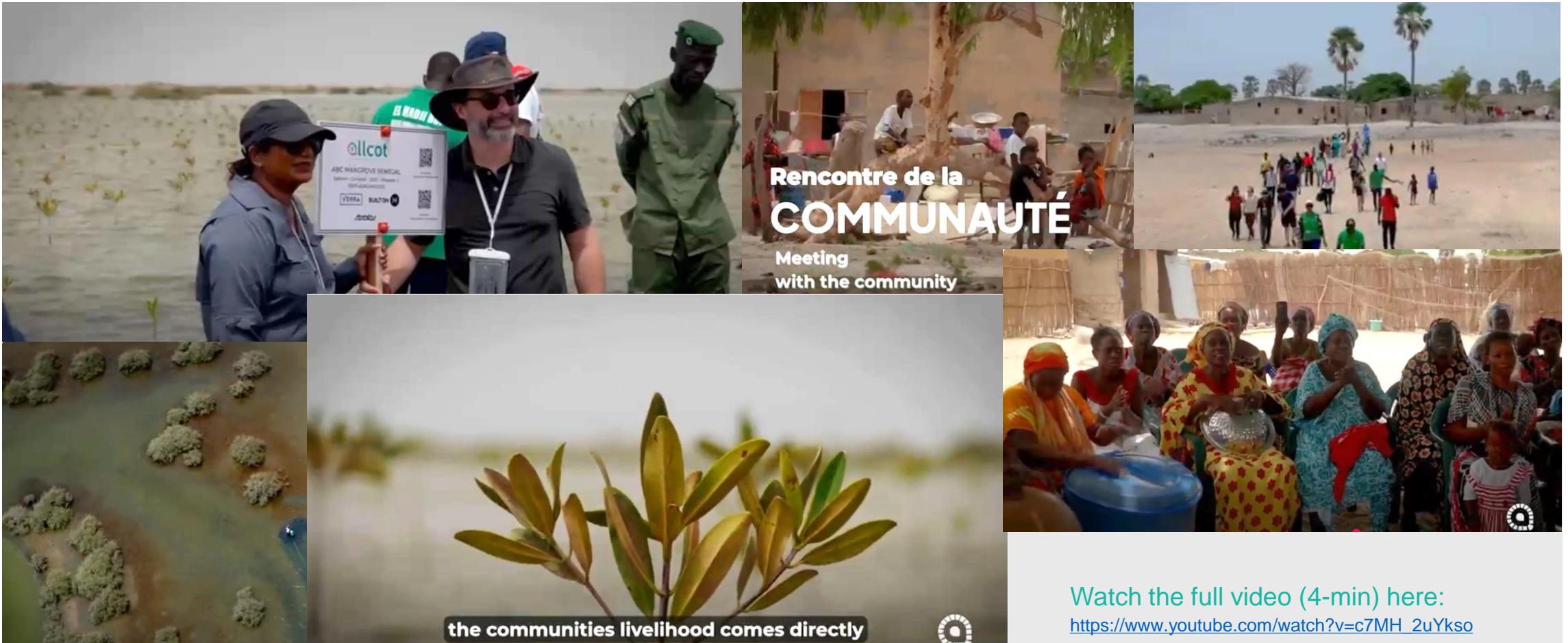


A real-world example:

ABC Mangrove Project

(Blue Carbon) -Senegal

Coastal mangrove restoration project



Tell me
more!!

What are other types of carbon projects?

Carbon project types:

- Waste management:
 - Compost plants
 - Methane capturing from landfill sites or wastewater treatment for
 - Flaring or
 - Electricity generation
- Energy efficiency in
 - Built environment
 - Industry
- Low carbon transport systems



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Interesting!

So, how can my country
reduce risks of overselling and
engage in carbon markets?

Have a plan!

CLIMATE POLICY BEFORE ACTION

- **Strategic analysis** of the strengths and benefits for carbon markets development and implementation
- **NDC implementation plan**
- **Marginal abatement cost curves**: analysing the alternatives with costs/benefits (\$/CO_{2e} reduced)



We can
help!!

But wait!

There's more..

Article 6.2 readiness also involves:

- Capacity building
- Institutional arrangements
- Bilateral agreements



We can help!!



We can help!!





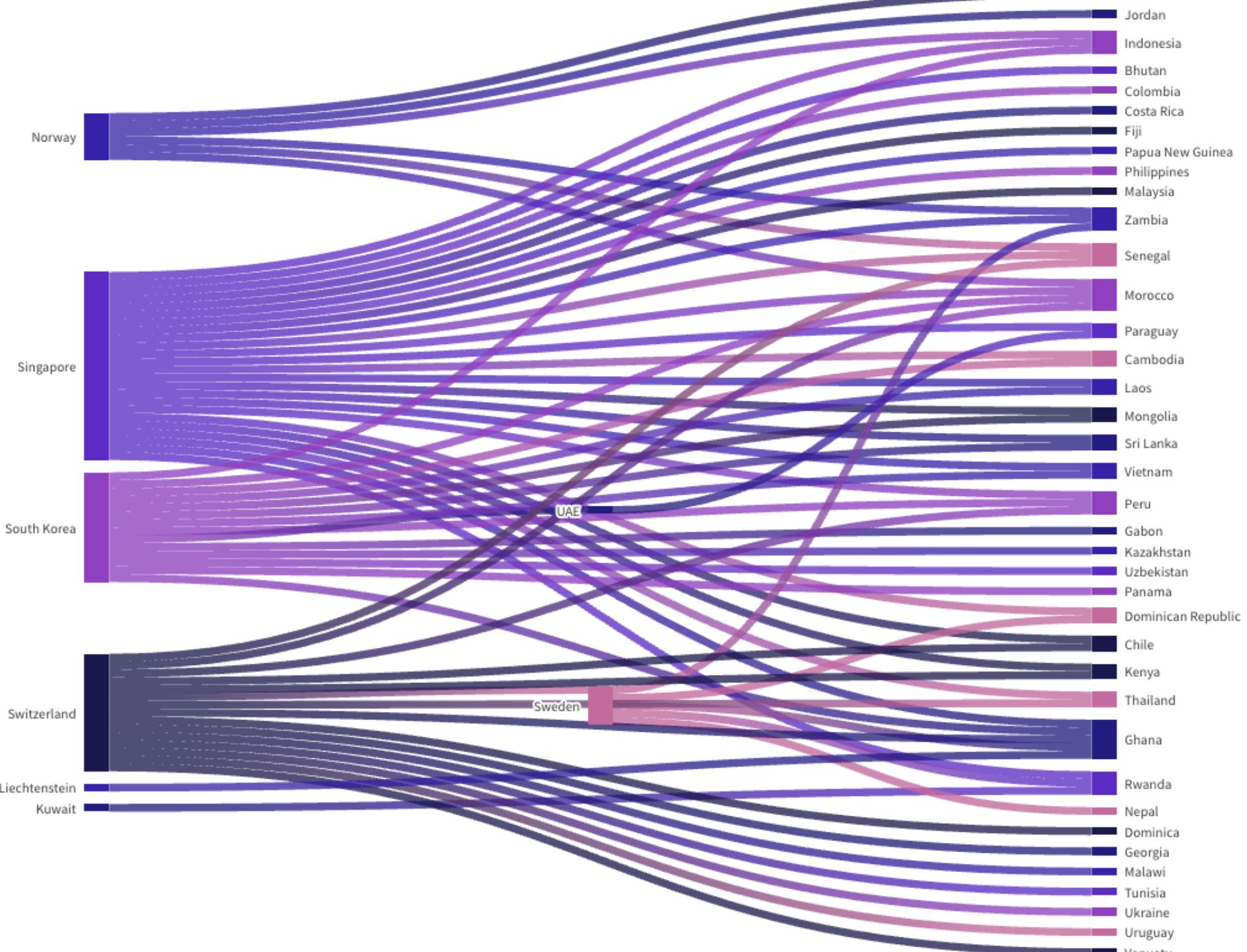
Global Gateway

Many countries are engaging in bilateral agreements under Article 6.2

Is your country
already into
Article 6.2
negotiations?



Source: IETA May 30 2025





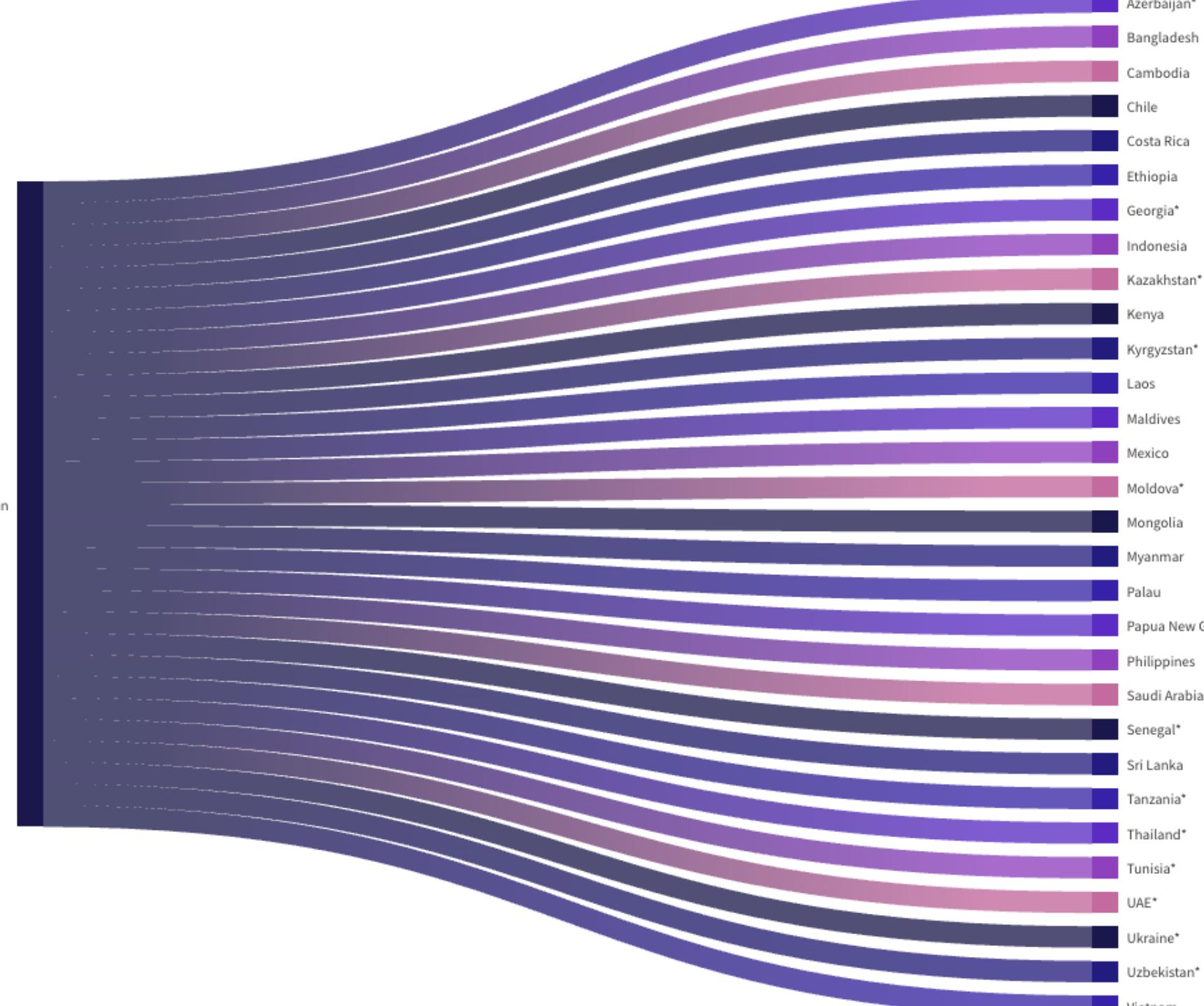
Global Gateway

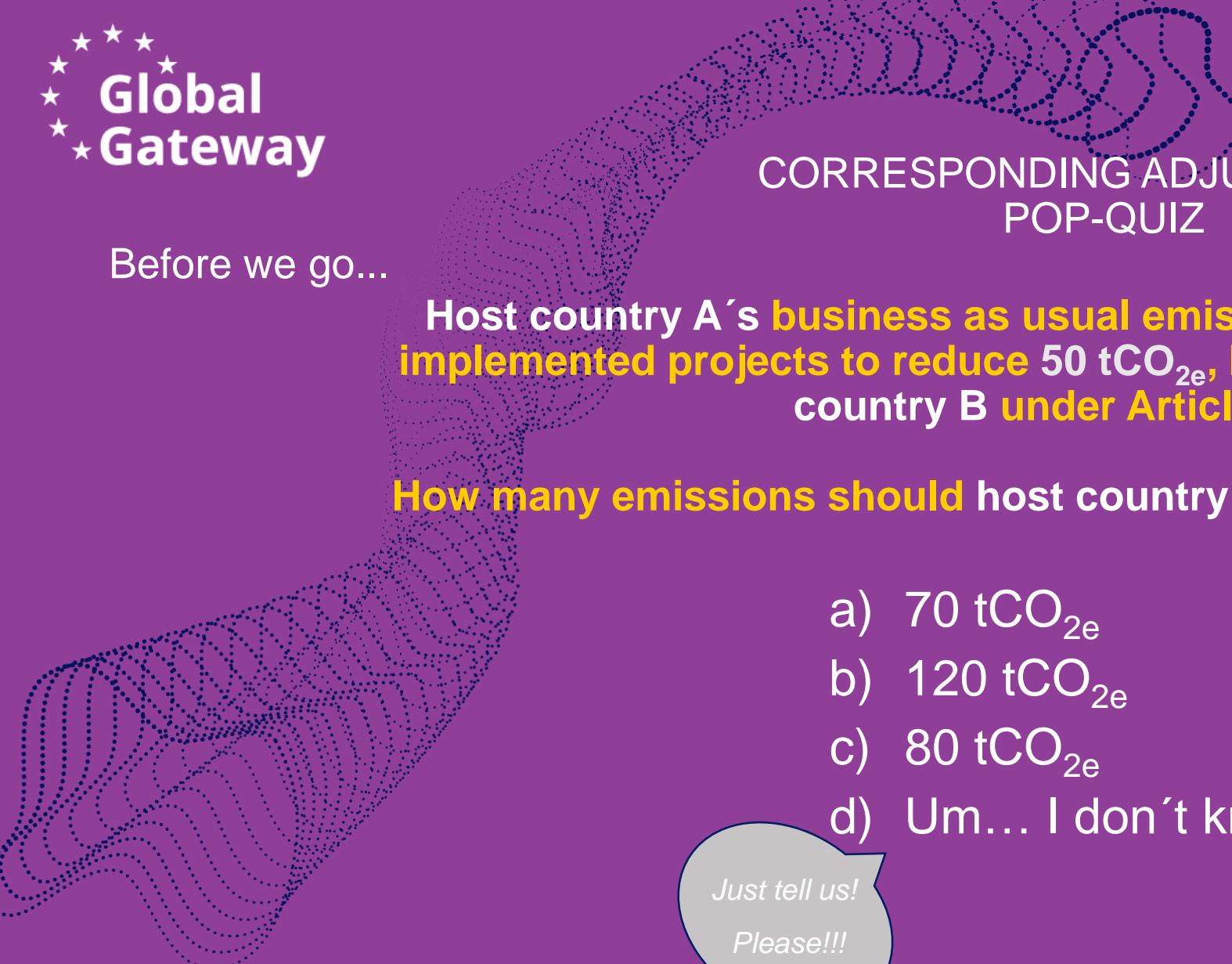
Many countries are engaging in bilateral agreements under Article 6.2

*Is your country
already into
Article 6.2
negotiations?*



Source: IETA May 30 2025





CORRESPONDING ADJUSTMENTS POP-QUIZ

Before we go...

Host country A's business as usual emissions were 100 tCO_{2e}. It implemented projects to reduce 50 tCO_{2e}, but sold 30tCO_{2e} to buyer country B under Article 6.2.

How many emissions should host country A report to the UNFCCC?

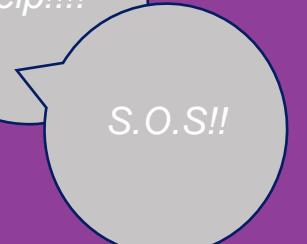
- a) 70 tCO_{2e}
- b) 120 tCO_{2e}
- c) 80 tCO_{2e}
- d) Um... I don't know!



Just tell us!
Please!!!



Help!!!!

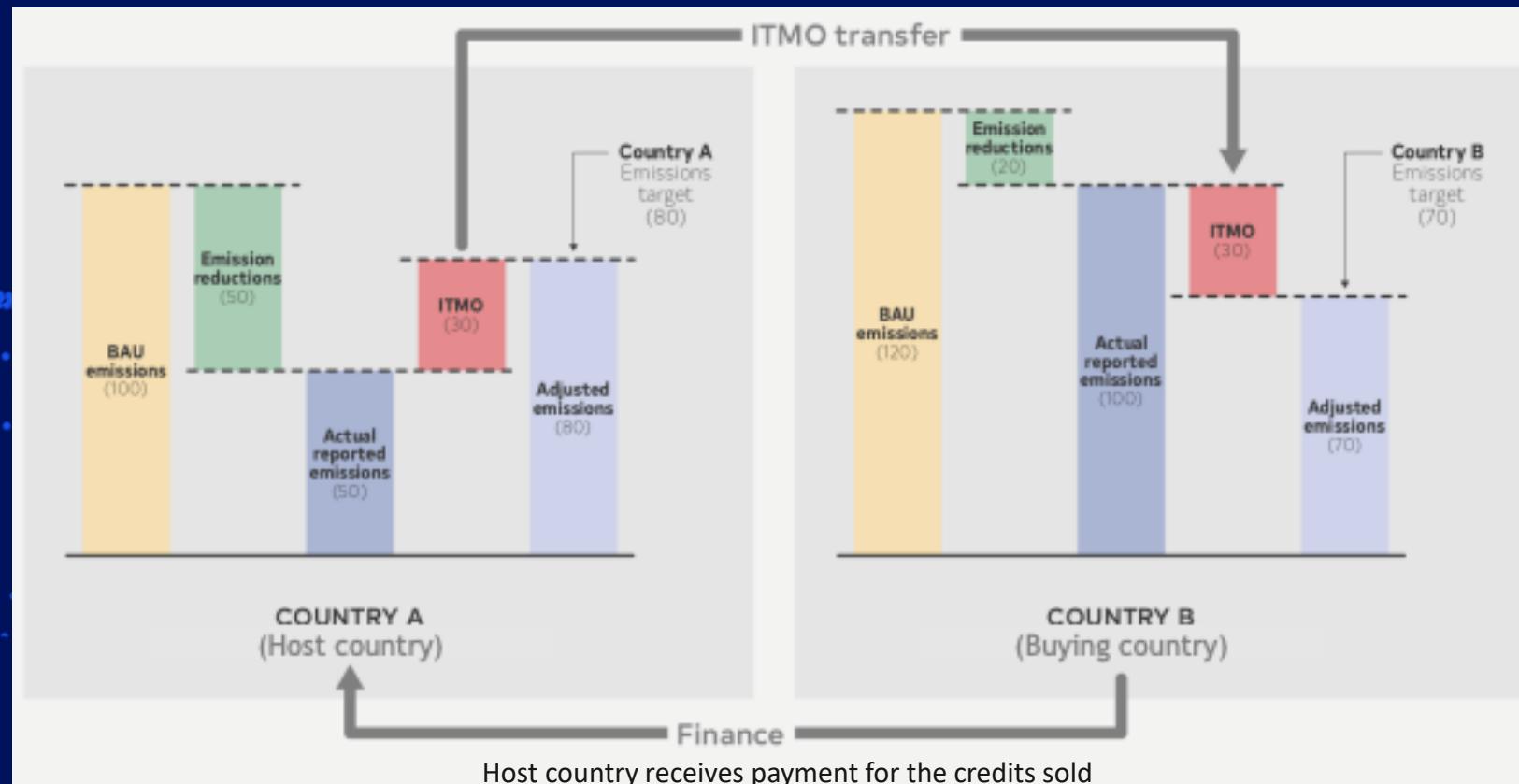


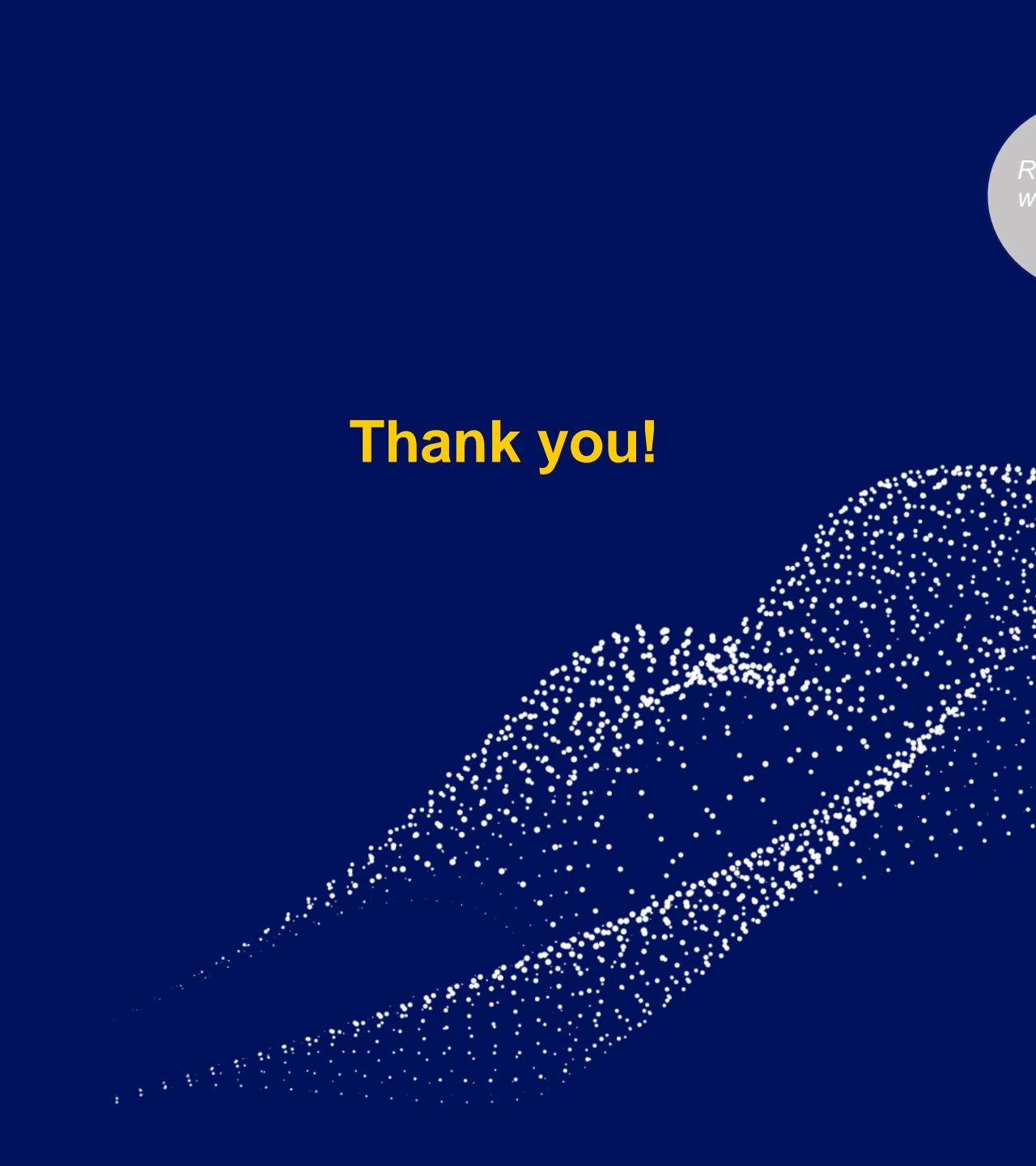
S.O.S!!



Corresponding Adjustments

Remember:
the host country adds the GHG
reductions transferred under Article
6 back to their inventory





Thank you!

*Remember..
we can help!!*

Contact INTPA.F1:

EU-ND^C-FACILITY@ec.europa.eu

Carbon markets

Global Gateway Nature and Green Economy Seminar

July 8, 2025



Key messages

- Credible engagement in (international) carbon markets requires **prioritising integrity over scale** – credits need to be of high quality and host countries need to have robust strategic approaches in place to integrate the use of carbon markets into their climate and development strategies.
- The **EU is currently not a credit buyer** for use towards its climate targets and while the recently proposed 2040 target amending the EU climate law includes several flexibilities including the potential, limited use of high-quality international credits from 2036, the near-term implications will likely be limited (at least, until final agreement on the revised climate law and the mechanisms to implement it).
- However, we do anticipate an **increased number of incoming questions** from partner countries – and there might be a growing need to manage expectations even as we scale up our support.
- **To help you deal with these requests, we are developing a set of recommendations** – key points include prioritising EU support for the development of robust strategic approaches at national level and refraining from providing concessional support directly to activities that aim to generate carbon credits.



EU perspective on (international) carbon markets

- **Quality of carbon credits is key** and we see a need to prioritise integrity over scale. **Article 6.4 (PACM) is a new quality benchmark.**
- **Cheap abatement is a valuable asset:** partner countries should take a long-term perspective when accessing markets to sell carbon credits. Low-hanging fruits should be kept for own NDCs vs. focus on most transformational projects for international markets.
- **Approach Article 6 strategically and holistically:** getting it right takes significant effort to ensure integrity and readiness (e.g., NDC, LTS, modelling, MRV, registry, regulations, stakeholder engagement, capacity building).
- **Ensure Article 6 implementation is fair to host countries and communities** > social safeguards (incl. FPIC), benefit sharing, sustainable development.
- **Article 6 is not a substitute for deep domestic cuts** and all countries should prioritise domestic action. The EU has opened the possibility to buy a limited amount of high-quality international credits from 2036 to achieve its 2040 targets. The climate law and mechanisms to implement it should first be agreed by co-legislators.

What is the EU doing to achieve climate neutrality?

- The European Climate Law sets binding targets for the EU to reduce net GHG emissions by at least **55% by 2030** compared to 1990 levels and reach **net zero emissions by 2050**.
- So far, the EU has achieved steady decreases in emissions since 1990, reaching **-37% by 2023** (while the economy grew by 67%).



2040 target: EC proposal for -90%

On July 2nd, the Commission proposed a (net) emission reduction target of 90% by 2040 vs. 1990 emission levels

– as an interim target between our existing 2030 (-55%) and 2050 (net zero / climate neutrality) targets

The proposal includes several flexibilities, including the potential, limited use (3%) of high-quality international credits (under Article 6 of the Paris Agreement) – which could turn the EU into an “Article 6 buyer”

However, near-term implications will likely be limited as the development of credible national strategies remains the priority and credits used towards the 2040 target must be from activities in 2036-2040

We do anticipate an increased number of incoming questions from partner countries – and there might be a growing need to manage expectations even as we scale up our support.

DG CLIMA's Task Force International Carbon Pricing and Markets Diplomacy remains available to help you deal with those questions.

Responding to requests for support in relation to (international) carbon markets

- We receive **different types of requests from partner countries**, ranging from strategic policy support, to technical assistance for infrastructure development (e.g., MRV, registries), and early-stage project-level funding. Often, those are tactical rather than strategic.
- To help you deal with these requests, **we are developing a set of recommendations – key points include:**
 - Partner countries' **priority should be to develop a robust strategic approach** towards international carbon markets in the context of their own climate targets (NDCs), long-term climate strategies, and development strategies – considering both risks and opportunities.
 - Accordingly, **we recommend that EU support focuses on the development of such approach** (e.g., by helping partner countries conduct a strategic assessment determining the relevance and potential for engaging in international carbon markets as a complement to other policy options such as domestic carbon pricing and climate finance).
 - Until a decision and more advanced strategy have been determined for the potential purchase of credits and the mechanism to do so, **the EU should refrain from providing financial support directly to activities that aim to generate carbon credits** – due to e.g., impact on additionality, issue of subsidisation.
- **We will soon share with INTPA the full set of recommendations.**

Task Force International Carbon Pricing and Markets Diplomacy – introduction

Our Task Force's strategic focus

- Follows through on the **Call to Action for Paris-Aligned Carbon Markets** (2023)
 - Expand and strengthen **domestic carbon pricing instruments** (e.g., carbon taxes, emission trading systems) – *currently enjoys “CBAM pull”*
 - Support the full implementation of the agreed rulebook for international compliance markets under **Article 6 of the Paris Agreement** – *COP29 (Baku) outcomes accelerate momentum*
 - Call for high integrity in voluntary carbon (credit) markets – *continues to be a challenge*
- **Engages with and supports partner countries** on the above priorities – to tackle climate change and contribute to sustainable development
 - Approaches incl. political engagement, technical support, policy dialogue, etcetera
- Advocates for carbon pricing and markets that work **in support of partner countries' national climate and development strategies** (in addition to global climate ambition)
 - Benefits incl. fiscal revenues, clean trade / investment, CBAM compliance, climate finance, co-benefits / sustainable development
- **Works closely together with Member States** (Team Europe approach) and **other international partners** (e.g., WB / PMI, GGGI, ICAP, OECD)
- **Coordinates with colleagues in DG CLIMA and other DGs to ensure consistency** among our policies (incl. Global Gateway for DG INTPA, MENA and ENEST)

Thank you for your attention



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To learn more, feel free to also look at our [Task Force's web page](#)