

# IETA'S ART. 6 CAPACITY BUILDING AND SUPPORT TO MARKET FORMATION

Article 6 Implementation Partnership 1<sup>st</sup> Plenary Meeting



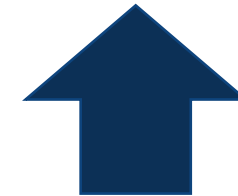
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## Why the private sector cares about Article 6

### Investment opportunities in mitigation projects

Energy; transport; waste management; agriculture, forestry and land use (AFOLU); etc.



NDCs and political momentum on climate change

### Access to cheaper abatement options

To be used as offsets in domestic carbon tax or or cap-and-trade schemes



Moderate growth; carbon pricing schemes on the rise globally, but use of int'l offsets not always allowed

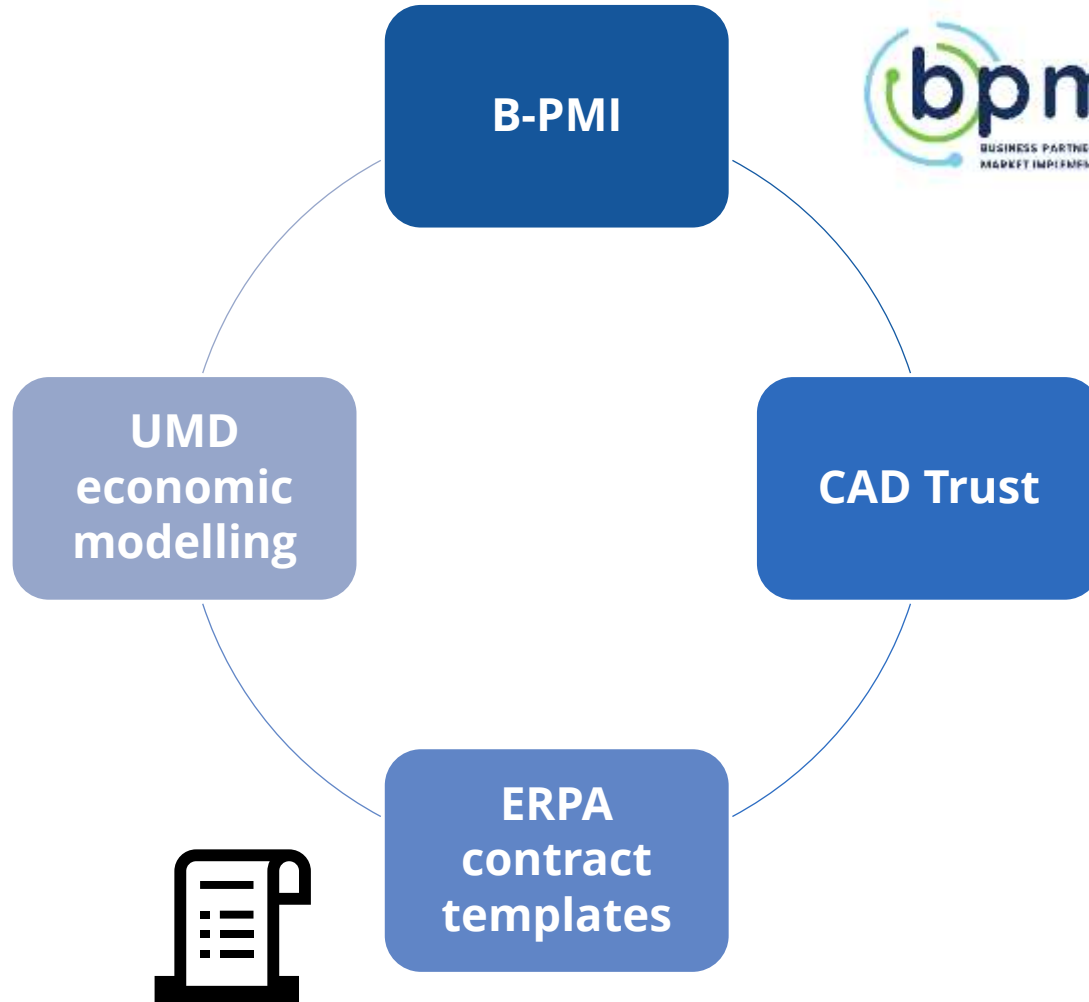
### Voluntary emission reduction objectives

Offsetting claims



Dramatic growth in last 2-3 years; trend expected to continue

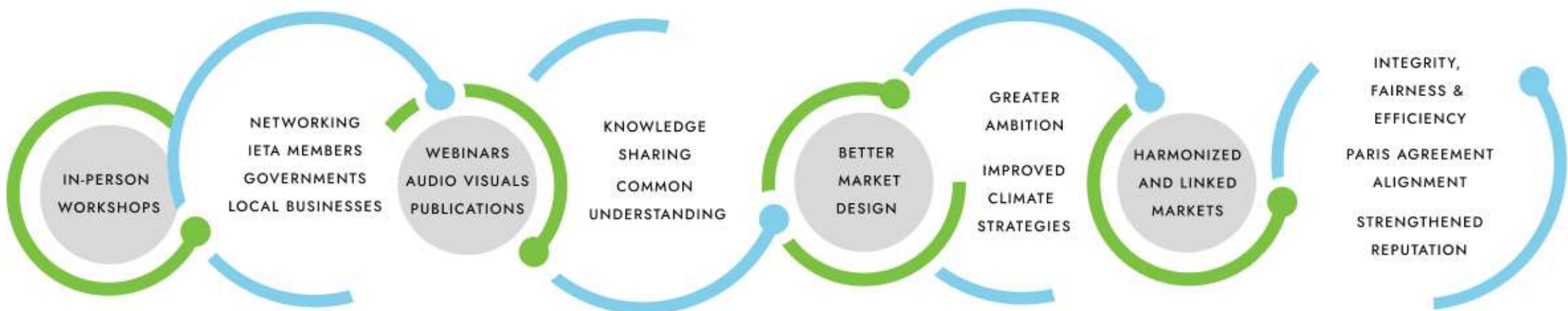
# IETA'S ONGOING INITIATIVES



# BUSINESS PARTNERSHIP FOR MARKET IMPLEMENTATION (B-PMI)



- Launched in 2022 to promote public-private dialogues and business-led capacity building on carbon markets and Art. 6
  - ❑ **Bridges of Knowledge** – Promote dialogues between governments and the business community and build bridges of knowledge across sectors and geographies to increase climate ambition.
  - ❑ **Synergies with the World Bank** – Create synergies with the World Bank’s programme, helping businesses identify opportunities provided by voluntary and compliance markets as well as Article 6.
  - ❑ **Business-Led** – Focus on business-led and business-to-business engagement to inform policies and increase support for carbon pricing mechanisms aligned with climate targets and Article 6.



# BUSINESS PARTNERSHIP FOR MARKET IMPLEMENTATION (B-PMI)



## 2022 WORKSHOPS



Expert Workshop and Training: Article 6 in Latin America and Colombia

19 – 20 May 2022  
Bogota - Colombia

Carbon Market Developments & Outlooks in Mexico: National, Subnational and International Review and Future Opportunities

6 September 2022  
Guadalajara - Mexico

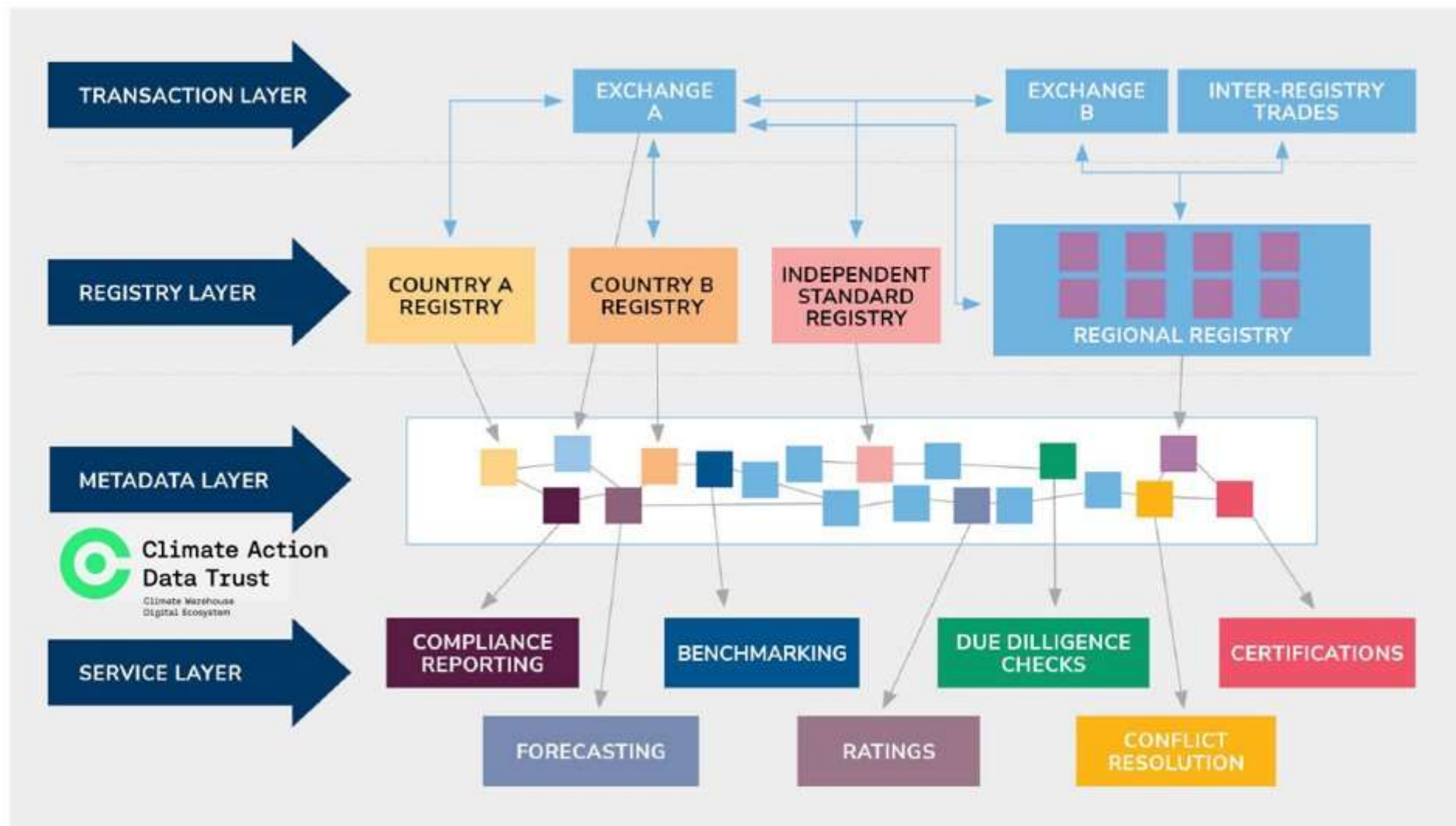
Unlocking Brazil's Carbon Potential: Opportunities for Global Climate Action and Prosperity

17 October 2022  
Rio de Janeiro - Brazil

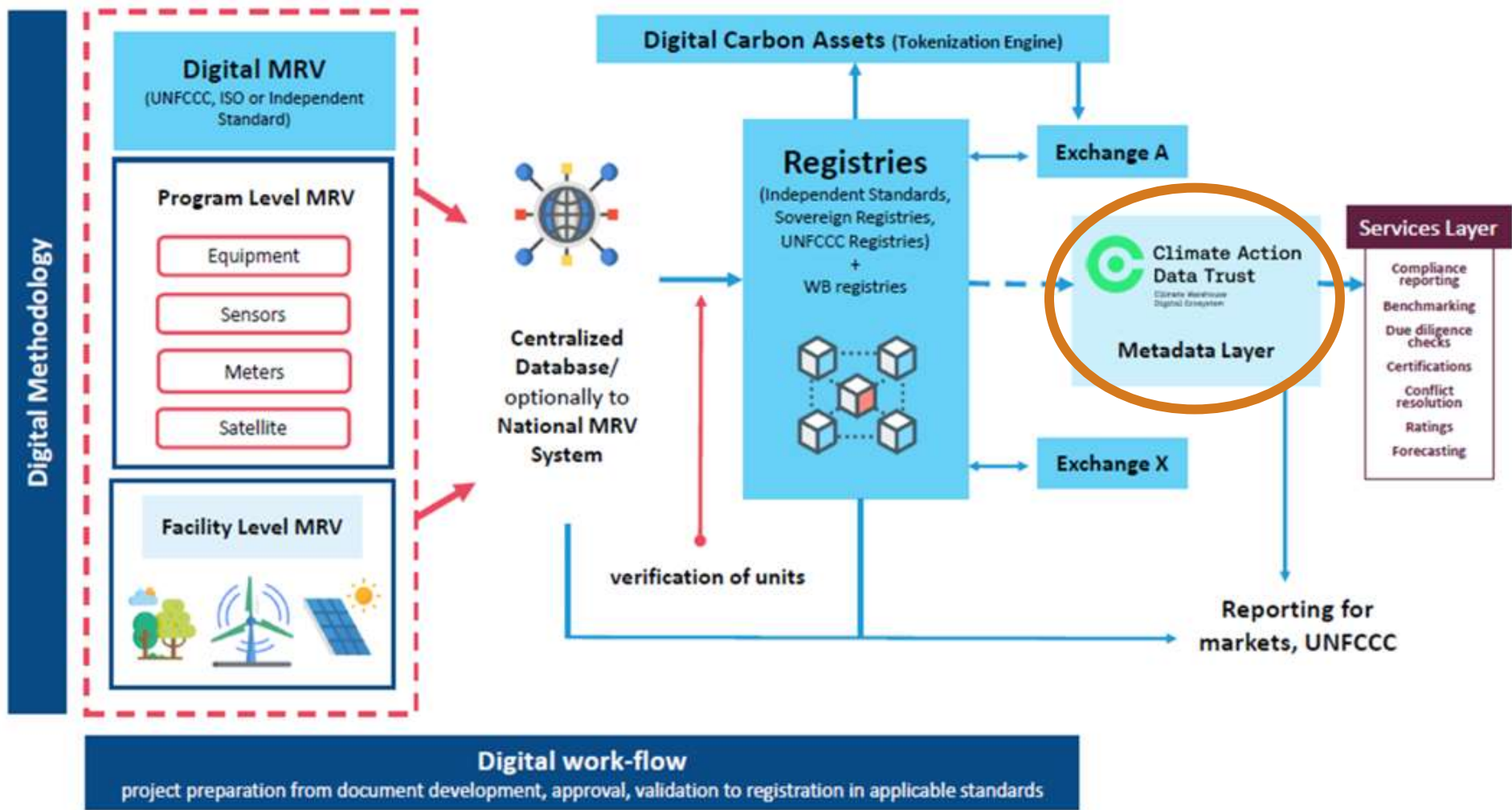


# CLIMATE ACTION DATA TRUST

- Designed as an open shared infrastructure layer
- Common taxonomy of data facilitates communication between entities
- Registry service providers and countries share data to the Climate Action Data Trust (CADT)
- Public and private sector market players can host a node and build out the service layer

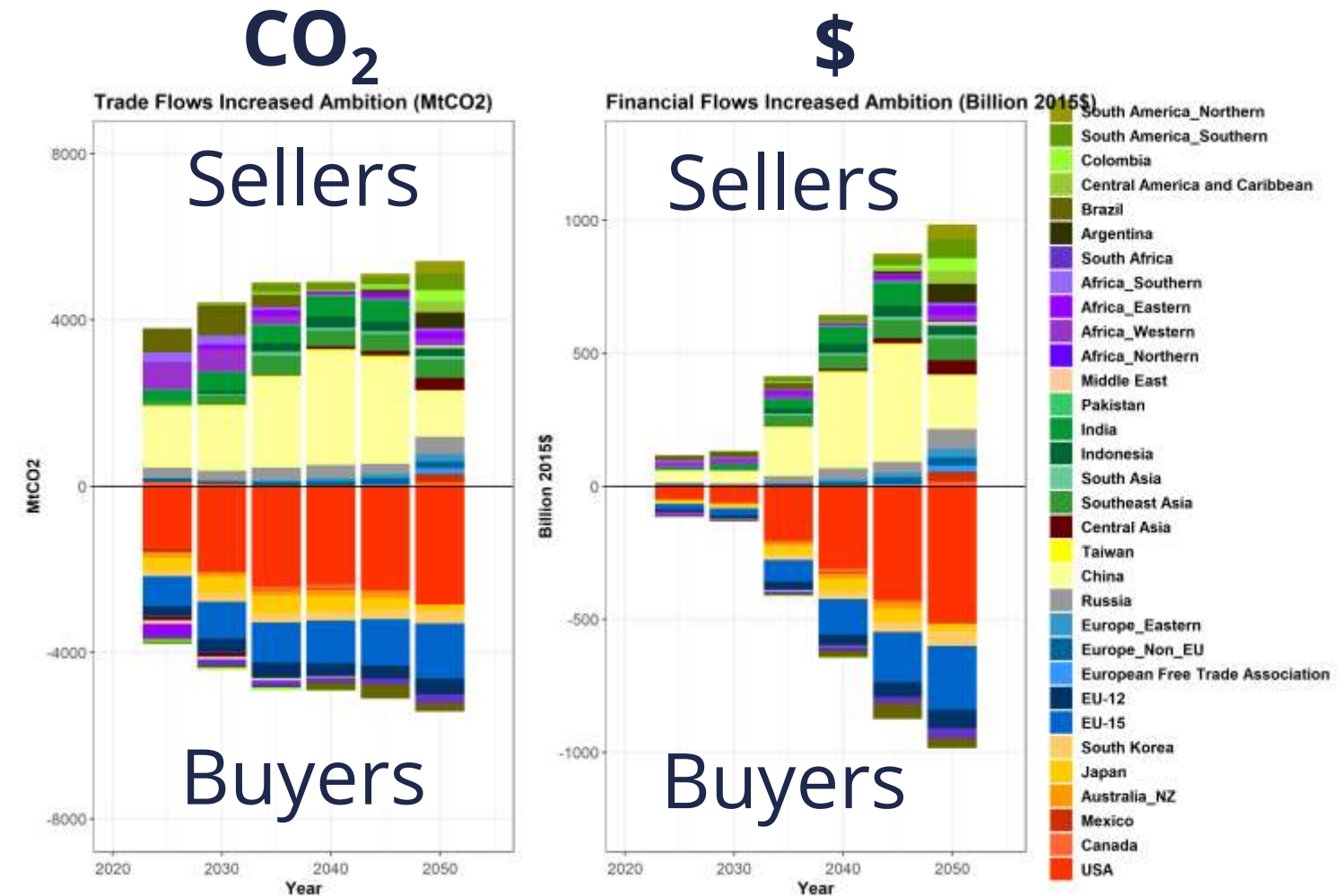


## An end-to-end digital ecosystem for carbon markets



# MODELLING THE ECONOMIC BENEFITS OF ARTICLE 6

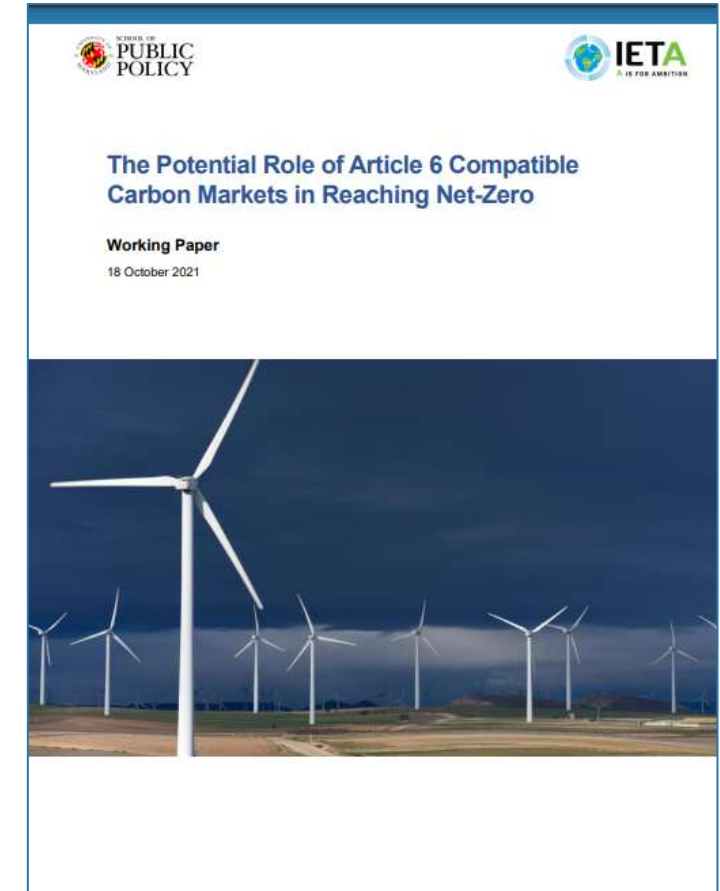
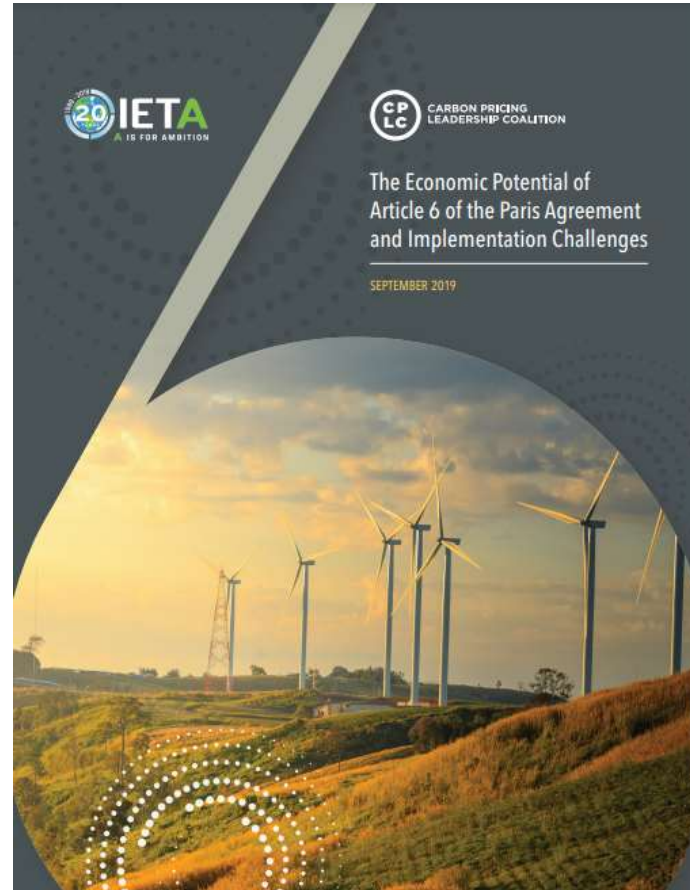
- Research led by IETA, the University of Maryland (UMD) and Pacific Northwest National Laboratory (PNNL)
- Scenario runs using the GCAM model – one of the models used in IPCC assessments
  - ❑ NDCs and enhanced ambition (2019)
  - ❑ Net-zero (2020-2021)
  - ❑ Carbon clubs, impact of drop-outs (2022)





# MODELLING THE ECONOMIC BENEFITS OF ARTICLE 6

- Two papers published in 2019 and 2021, workshop series under Chatham House rules
- Ongoing work: capstone report; voluntary market scenarios; regional/national deep dives
- Workshops and academic symposia can be organised upon request



# TRADING DOCUMENTS FOR EMISSION REDUCTIONS AND REMOVALS



- Comprehensive set of standardised Emission Reduction/Removal Purchase Agreements (ERPAs) relating to the sale and purchase of carbon credits from reduction and removal projects.
- Developed by an international law firm, published between September 2022 and February 2023.
- Intended to provide a minimum benchmark for transacting emissions reduction and removal credits by including basic provisions relating to the transaction of such credits. Options for addressing the risks entailed are outlined in an accompanying guidance document.
- Further work on a model legislative framework being considered.



EMISSIONS REDUCTION OR REMOVAL PURCHASE AGREEMENT  
Version 1.0 February 2023



CONTINGENT SECONDARY EMISSIONS REDUCTION PURCHASE AGREEMENT  
Version 1.0 February 2023



NON-CONTINGENT SECONDARY EMISSION REDUCTION PURCHASE AGREEMENT  
Version 1.0 September 2022

A4739907522 Sep 2022



GUIDANCE DOCUMENT  
Version 1.0 February 2023

# Thank you!

## CONTACTS:

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and counting