

24 January 2024

THE STATE OF ARTICLE 6: Trends & Opportunities for the Private Sector

IETA

What happened at COP28?

- Largest COP ever
 - 80,000+ participants
 - Full agenda, thousands of scheduled meetings and events
- Article 6 negotiations breaking down
 - Definition of a “cooperative approach”
 - Authorisation
 - Interoperability and functionality of registries
 - Emissions avoidance and conservation enhancement
 - Removals recommendations and methodological requirements under 6.4
- The “no agreement” outcome creates uncertainty about the process
 - Discussions on the same mandate will continue at SB60 in Bonn next year
 - Article 6.2 will continue to be implemented – early movers may set the standards, stakeholders learning by doing
 - Article 6.4: SB asked by CMA to continue its work to operationalise, but unclear what it will prioritise

Implementation continues...



Key Announcements on Carbon Markets

Article 6.2 Bilateral Agreements

- 9 new agreements during COP28
 - MoUs
 - ✓ Morocco with Norway
 - ✓ Rwanda with Kuwait and Singapore
 - ✓ Fiji, Senegal and Costa Rica with Singapore
 - Bilateral agreements
 - ✓ Chile and Tunisia with Switzerland
 - ✓ Papua New Guinea and Singapore (implementation agreement)
 - Sweden and Switzerland cooperation on negative emission technologies



National and Regional Frameworks Developments

- **Rwanda carbon market framework** launched with a focus on engagement with Article 6 of the Paris Agreement
- **Vietnam** domestic compliance market: pilot mandatory carbon credit market planned for 2025; expected to be operational in 2028
- **Turkey's ETS**: pilot phase planned to start in 2025, initially not open to non-compliance and trading players
- **Nigeria** appointed «special committee» to draft the **national carbon market strategy**, including an ETS, a carbon registry and a framework for high-integrity carbon credits
- **UAE** is developing a **carbon registry** (with the objective to support compliance and voluntary markets in the future)
- **ECOWAS** announced they will launch a “standardised carbon market” in West Africa



VCM Developments

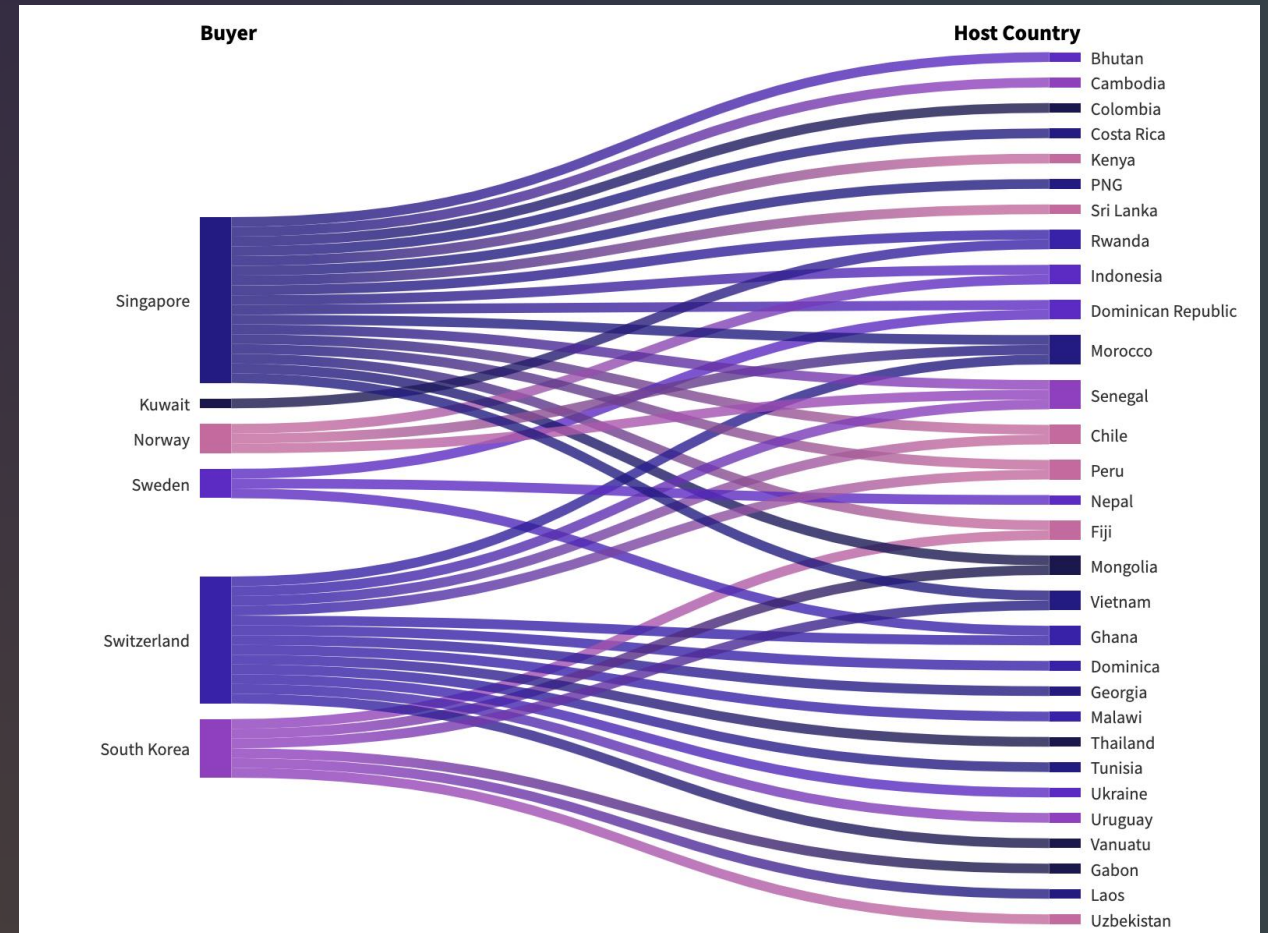
Joint efforts by standards

- **Independent Crediting Programmes Joint Statement** ([HERE](#))
 - ACR, Architecture for REDD+ Transactions (ART), Climate Action Reserve (CAR), Global Carbon Council (GCC), Gold Standard (GS) and Verra are “**joining forces**” to deliver high-integrity carbon markets
 - IETA facilitated this process and will continue to play a role as facilitator through 2024 work programme
- **End-to-End high Integrity Framework** ([HERE](#))
 - SBTi, GHG Protocol, IC-VCM, VCMI, WMB and CDP published an animation to demonstrate how each of them play complementary roles in supporting ambitious climate action
- **CAD Trust Data Dashboard launched on December 15**
Featuring four independent registries including Verra, and one national registry (Bhutan)
- **VCMI Claims Code of Practice** was launched just before COP28 ([HERE](#))
- **VERRA new consolidated REDD+ methodology** ([HERE](#))
- **Framework to “prevent greenwashing” and restore integrity in voluntary carbon markets** proposed in a joint statement by Netherlands, Germany, France, Spain, Finland, Belgium and Austria ([HERE](#))
 - Supporting SBTi approach; Requiring corresponding adjustments for all credits
- **US State Department** promoted the **Energy Transition Accelerator (ETA)** to generate jurisdictional scale credits from the energy sector
 - Chile, Dominican Republic and Nigeria likely pilot countries
- The **Monetary Authority of Singapore (MAS)** launched the **Transition Credits Coalition (TRACTION)** to scale the early retirement of coal plants in Asia through high-integrity carbon credits



Moving Forward: Trends and Article 6 Opportunities in 2024

- Despite uncertainties, VCM retirements in 2023 were very high
- Work on credit quality and integrity is starting to produce results
 - CCP labelled credits will be available in 2024
- Lack of progress on 6.4 will lead more governments to use 6.2 approaches and VCM methodologies for compliance purposes
 - Singapore is a good example
- Demand for authorised credits from CORSIA and VCM will continue to increase
- Expect countries to move forward with authorisation frameworks, bilateral agreements and project-level implementation
- Continued work on operationalising the 6.4 mechanism



IETA's Article 6.2 MoUs, bilateral & implementation agreements tracker [\(HERE\)](#)



THANK YOU!



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