



UNFCCC COP23 Side Event

co-organized

by



Market mechanisms 2.0: Whereto from here? Moving from the Kyoto regime to the Paris scheme

Time: Thursday, 9 November 2017 (13:15-14:45)

Place: Meeting Room 4 (101 theatre)

Summary

The negotiations around future market mechanisms in the context of the Paris Agreement commence. Public and private stakeholders and expert organizations are asked to contribute to the discussion, to create mechanisms that build on past achievements, whilst introducing improvements as and where needed, so that the necessary scale can be reached to meet the 2° target.

The event will discuss the following aspects: (1) What can we learn from the flexible mechanisms (emissions trading, CDM/JI) of the Kyoto Protocol with regard to designing the next generation of market mechanisms? (2) Can the existing mechanisms be integrated into the Paris regime, revitalized and co-exist with any new mechanisms? (3) Can sectoral (market) mechanisms act as a stepping stone towards trading schemes?

Keynote presentations (15 min each)

1. *Jürgen Hacker (BVEK) on 'How to avoid carbon leakage and free-riding but strengthen mitigation ambition' – discussing linking, liquid market(s), the EU ETS, different groups/clubs moving forwards at different speeds and players joining scheme(s) at different times.*
2. *Mohamed Nbou (Government of Morocco) on 'The role of market mechanisms in Morocco's NDC implementation strategy' – looking at which CDM elements may continue under Art. 6, how to ensure Africa and other (least) developed countries with a lack of required technical infrastructure will not be left behind again and private sector needs and incentives to get engaged, amongst other.*
3. *Bjarne Steffen (ETH Zurich) on 'Towards an innovative Art. 6.4 Paris Mechanism focusing on de-risking': While the CDM provided additional revenues for costly low-carbon projects in developing countries, major technologies such as renewables recently saw dramatic declines in technology cost. However, risks for investors and high financing cost remain an important hurdle in many developing countries. Thus we propose a mechanism that focuses on the risk side of low-carbon investments, and show how such an approach can increase the efficiency of a "CDM-like Paris Mechanism".*

Panelists' views and comments (5 min each)

- *Lu Xuedu (ADB/China)*
- *Philippe Fonta (WBCSD)*
- *Ambachew Fekadeneh (Ethiopia)*

Panel discussion & audience Q&A (20 min, depending on interest from the audience)

- *Jürgen Hacker (BVEK), Mohamed Nbou (Government of Morocco), Bjarne Steffen (ETH Zurich), Lu Xuedu (ADB/China), Philippe Fonta (WBCSD), Ambachew Fekadeneh (Ethiopia)*

Moderator

- *Robert Tippmann (BVEK)*