



The Voluntary Carbon Market as a Catalyst of Climate Ambition in Developing Countries

Vision and Action Agenda



The role of the voluntary carbon market in driving climate ambition

The **voluntary carbon market** recognizes the global dimension of climate change and facilitates cooperation between private actors in developing and developed countries

- It offers **tools** to estimate and measure GHG emissions reductions and removals;
- Enables the creation of **tradable carbon credits**, and
- Enables private actors to **drive climate benefits** beyond their own operations and supply chains.



Growing demand for carbon credits provides opportunity to rapidly channel significant additional funds to climate mitigation, especially in developing countries

The voluntary carbon market:

- Fast-tracks emission reductions while governments design, formulate and adopt relevant strategies, policies and laws to abate GHG emissions and mitigate climate change
- Provides access to financial resources that governments can use to increase their mitigation ambitions and attain their Sustainable Development Goal (SDG) target
- In doing so, complements public policy

An Action Agenda

for maximizing climate benefits of
the voluntary carbon market in
developing countries



1.

Governments can use the VCM to tap into additional mitigation potentials

- **Collect information and create a VCM database:** Knowledge and information are essential conditions for engagement.
- **Prioritize sectors or geographic areas for VCM investments:** Governments could approach carbon pricing holistically and consider the VCM as part of their climate policy toolbox
- **Proactively promote VCM foreign investments:** he VCM attracts foreign
- direct investment and channels it into climate mitigation measures.

2.

Governments, companies and GHG crediting programs should promote clear and transparent VCM accounting

- **Establish definitions and a common understanding of accounting approaches:** to mobilize the full mitigation potential of the VCM it is important to establish a common understanding on accounting principles for carbon credits
- **Clarify whether and how corresponding adjustment will be made**
- **Formulate clear and transparent climate claims**



3.

Carbon credit buyers and investors should prioritize transformational VCM investments with broader development benefits

- **Buyers and investors should prioritize projects with positive GHG spillovers:** Companies should channel finance into investments that generate carbon credits but show a clear positive multiplier effect
- **Projects that certify SDG contributions are likely to have positive social and environmental impacts beyond GHG mitigation:** By demanding the certification of SDG impacts of carbon projects, buyers can drive finance towards projects with high benefits.
- **Facilitate upfront investment into projects with high sustainable development benefits:** Governments could communicate SDG priorities and identify project categories that have significant development benefits.



4.

The VCM can empower and strengthen the rights of Indigenous Peoples and Local Communities

- **Allow ILPCs to participate in the VCM on their own terms:** As longstanding defenders and stewards of forests and other key ecosystems, ILPCs should be empowered to define the conditions of their engagement in carbon markets
- **Ensure fair benefit sharing:** fair benefit-sharing allocates benefits to project stakeholders and ensures full and equitable participation
- **Promote ILPC land and carbon rights**

5. Governments and private partners should cooperate in developing VCM transactions at sectoral and jurisdictional scales

- **Develop programmatic and sectoral initiatives:** the larger and more inclusive the VCM activity, the broader its impact
- **Support “nesting” beyond REDD+ as a strategy to integrate accounting frameworks:** the impact of projects increases if they are integrated with national policies
- **Develop sectoral crediting approaches:** GHG crediting programs could develop approaches and methodologies that promote sectoral VCM investments



6.

Governments, companies and carbon market facilitators should initiate regional and national VCM dialogues

- **Create platforms of engagement:** Development agencies, regional organizations, and NGO networks could organize events that bring together groups of countries with similar circumstances
- **Organize capacity-building events and identify technical and methodological needs:** International entities such as the International Carbon Reduction and Offset Alliance (ICROA) and the International Emissions Trading Association (IETA) could provide information to host countries
- **Close knowledge gaps around NDC implementation:** Coordination with governments could clarify the implementation scenarios for NDCs and how they relate to VCM baselines and additionality.