



Carbon Markets

Climate Policy in Action
#ClimateAction

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Carbon Markets Vision

Countries, communities, and companies each have significant opportunities when it comes to carbon markets, but the decision-making process is complex, due to different kinds of markets that can potentially play a role in private and government climate action. Still, these groups need a strategic approach to maximize welfare through the interactive implementation of the cooperative mechanisms within the Paris Agreement, carbon prices (taxes and ETS), and voluntary carbon markets.

CCAP offers a holistic vision by understanding markets and their uses beyond serving as single and homogeneous tools. We see this ecosystem as a set of instruments that can work in specific situations according to national capabilities, emission profiles, and the challenges that organizations face in a changing world. Understanding that diversity and functionality is the secret to

successfully implementing a carbon market system and changing carbon-intensive behaviors, CCAP centers its action around the critical role communication plays amongst governments, the private sector, and local communities, focusing on co-benefits in markets as a pillar for climate action.

Maximizing Social Welfare Through Carbon Markets

CCAP contributes to the creation of local carbon markets knowledge and governance through:

- Studying the state of the local communities regarding the carbon markets in Latin America and the Caribbean by recognizing and understanding the challenges, risks, needs, and opportunities for the ambitious and transparent implementation of Article 6 of the Paris Agreement and other carbon markets, ensuring the protection of social and environmental safeguards.



- Examining the state of play regarding the agreements between intermediaries and local communities, assessing communities' experiences, understanding, perspectives and needs for carbon markets, and evaluating the level of transparency and mechanisms that could affect or promote community governance.
- Creating capacity-building workshops and governance-strengthening models for carbon markets.
- Providing recommendations to decision-makers to promote best practices for projects with an emphasis on environmental and social safeguards, including recommendations for governments, international certification programs, and frameworks to improve markets. CCAP advises decision makers on social components regarding environmental integrity and nature-based solutions, maximizing community welfare.



Article 6 Advocacy

CCAP promotes requirements for developing mechanism methodologies in the new global carbon markets. Article 6 detailed rules that must be used as local welfare tools. To accomplish this, the Article 6 implementation should monitor its local community performance. Therefore, CCAP promotes:

- Including the concept of fair agreements and social welfare maximization.
- Recommendations on methodologies addressing the avoidance of negative environmental and social impacts.
- Including a monitoring system to measure the avoidance of other negative environmental and social impacts over time and the processes to maximize social welfare throughout the activity implementation.
- CCAP also suggests that the social impact in the reports should be submitted after quantifying the achieved carbon stocks and social effects.

With these suggestions, CCAP hopes the operationalization of Article 6 will create new opportunities for financing local climate action and improve the benefit-sharing models focusing on community investments.



Carbon Pricing and Carbon Markets Highlights

2022 - 2023

Maximizing social welfare through carbon markets

- Configuring analytical tools to strengthen the role of local communities concerning carbon markets in Latin America and the Caribbean
- Assessing the challenges, risks, needs, and opportunities for the ambitious and transparent implementation of Article 6 of the Paris Agreement and carbon markets, ensuring the protection of social and environmental safeguards, and the participation of various actors in these mechanisms
- Guidelines for just agreements in the context of REDD+ Voluntary Carbon Markets projects for Pacific and Amazonian regions
- Researching globally the carbon tax offsetting models and their influence on carbon price signals

Impact and viability carbon price assessment

- Evaluated the carbon pricing programs in the Asia-Pacific (focused in Cambodia, Fiji, Indonesia) to provide practical advice to improve the emissions impact of each program towards realizing domestic climate goals while improving the overall economic, employment, and equity impacts

Build Momentum for US Cap and Trade Policy

- Convened stakeholders' dialogues aimed at building consensus around win-win cap and trade policy designs, aimed at both legislative and regulatory contexts
- Shared modelling studies and analysis of policy designs, forming a common knowledge base
- Developed win-win solutions for consideration by stakeholders

2019 - 2022

2019 - 2021

2016 - 2019

2016

Article 6 Paris Agreement virtual Pilots

- Identified and elaborated specific opportunities in the Philippines, Peru and Chile to generate ITMOS
- Through structured dialogue and capacity building programs, CCAP engaged high-level government and business leaders in six Asian countries—Indonesia, Malaysia, Pakistan, Philippines, Thailand, and Vietnam

Clean Power Compliance

- CCAP worked closely with the Minnesota Pollution Control Agency to prepare a plan to comply with the US Clean Power Plan. CCAP staff delivered technical presentations on different aspects of the trading system design, engaged directly with key stakeholders, and identified promising solutions.



Hubei ETS Pilot

- Supported the design of ETS pilot
- Developed research papers on ETS policy design and allowance allocation methodology
- Co-organized two workshops to train government officials and compliance companies on international ETS standards

California Emissions Trading System (AB32)

- Served as staff to California Market Advisory Committee
- Supported the development of recommendations for California power sector
- Shared series of papers on Cap-and-Trade design considerations for California policymakers
- Provided lessons learned from international trading systems

New York's Greenhouse Gas Task Force

- Developed a comprehensive climate policy strategy, directly leading to the creation of the Regional Greenhouse Gas Initiative
- Two of CCAP's recommendations were implemented in a renewable portfolio standard and regional CO2 emissions trading program

Green Gas Emissions Braintrust

- Discussed trading systems design, methods to allocate allowances, and compliance mechanisms
- The Carbon Trading Papers helped lay the intellectual foundation for US emissions trading system

2013

2011

2008

2005

2001

2000

1996

India's Perform, Achieve, and Trade Mechanism

- Conducted a series of workshops aimed at informing and creating capabilities within stakeholder groups
- The workshops succeeded in binding diverse perspectives to high-level policymakers charged with making key decisions regarding the regulatory and market structure of the PAT mechanism

Slovakian CO2 Trading system

- CCAP's study proposed a national trading system that covered more than 60 percent of Slovakia's CO2 emissions

European Union Emissions Trading System

- Provided options for points of regulation, methods for allocating allowances, and gradual phases of trading
- Addressed tracking of emissions allowances, plus the legal framework needed to implement recommended MRV measures
- CCAP later held workshops to prepare eight European Union accession countries for participation in emissions trading



Stakeholder Engagement Fosters Win-Win Solutions

The “secret sauce” of CCAP’s success over the years has been our dialogue and capacity building work with stakeholders. We recognize the value of this input at all stages of programs, projects, policy design, and execution. In our various global pursuits, we have engaged stakeholders at all levels, from ministers, government negotiators, and board members of the GCF, to experts, entrepreneurs, NGOs, consultants, and industry practitioners.



Establishing Opportunities for Countries

CCAP develops viability analyses for carbon price and carbon market options, designing models that maximize local wellbeing and mitigation results. We combine terrain data with all information collected in our global dataset for projects, countries’ market implementations, and international transactions to offer updates and complete recommendations.



Opportunities for Certification Programs

CCAP provides data analysis, technical inputs, and articulated research to developers and certification programs to obtain high-quality operational procedures and methodological guidelines.



Technical Assistance to Consolidate Offsets in International Markets

CCAP develops technical assistance programs for access to carbon markets at the international level. CCAP promotes the mitigation results’ quality, reputation, and sales options and passes them to global emerging markets such as CORSIA and Article 6 of the Paris agreement.



Article 6 Implementation

CCAP advises host and buying countries in implementing the Article 6 architecture. We provide support for the design of registries, accounting internal processes, and negotiations to achieve international transactions and contributions to Nationally Determined Contributions (NDCs).



Partnerships to Maximize the Local Welfare Through Market Implementation

CCAP creates pedagogical guidelines for capacity building and governance strengthening, while also providing recommendations to decision makers for the appropriation of best practices at the project level with an emphasis on environmental and social safeguards.



Risk Assessments

CCAP supports investors’ sharing of best practices towards understanding opportunities, risks, and benefits from the project’s design up until the accountability schemes and its implementation.

News & Blogs

