



Strategic Approaches for Leveraging Carbon Markets

There is a broad landscape of carbon market opportunities, and they can be leveraged for NDC achievement as well as for beyond-NDC mitigation. There is a need for strategic thinking on why carbon markets are being leveraged and for what objectives.

	Leveraging markets for NDC achievement		Leveraging markets for beyond-NDC mitigation	
	Domestic Carbon Pricing	Non-authorized units used for voluntary purposes (VCM)*	International carbon trading under Article 6	Authorized units used for voluntary purposes (VCM)*
Benefits	Economic efficiencyPublic Revenue	Private investment for NDC achievement	 Diplomatic cooperation Additional demand (e.g., CORSIA) 	 Additional demand (e.g., voluntary buyers seeking units with a corresponding adjustment)
Challenges	 Complex & time consuming to set up Higher costs for businesses and consumers 	Uncertainty of demand	Administrative burden	Administrative burden

Structure of Overarching Article 6 Policy Architecture

National Strategy • Aligns policies, development priorities and plans including national climate goals (NDC). Identifies sectoral and sub-sectoral capacities for mitigation activities and the establishment of eligibility criteria for international carbon markets participation.

Regulatory Framework • Outlines the guiding principles and legal context for participation in carbon markets. It specifies the policies, defines the roles and responsibilities of involved entities, and details the applicable laws and regulations.

Operations Manual • Specifies procedural, operational and day-to-day processes for Article 6 implementation based on the national strategy.

Why is a National Strategy important for Article 6

Plays a key role as a guideline for stakeholders in the Article 6 implementation

Brings confidence and transparency to the market and reduces uncertainty for project participants

Highlights national priorities of host countries and helps to avoid overselling ("good projects")

Strengthens cross-ministerial and cross-sectoral collaborations for authorization and requirements

Identifies benefit sharing (transaction levy, community contributions)

Speeds up Article 6 implementation process and attract international carbon finance

