

Global Carbon Market



India

Context

With the adoption of the Paris Agreement in 2015 the international community committed to limit global temperature rise to 1,5 or well below 2 degrees Celsius. To reach this goal, states need to drastically reduce their greenhouse gas (GHG) emissions. Market-based approaches, such as emission trading schemes, are an effective way to mitigate as they reduce the cost of emission reduction and incentivize climate-friendly investments.

Against this backdrop, in 2008 the German Ministry of Environment, Conservation and Nuclear Safety (BMU) commissioned the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) with the [Global Carbon Market](#) project. The initiative was launched with the aim to support partner countries in using flexible mechanisms under the Kyoto Protocol and other types of market-based instruments at national and regional scale. Since 2018, the project is being implemented in India, Chile, Tunisia and Uganda with a focus on novel forms of cooperation that may arise under Article 6 of the Paris Agreement, the voluntary carbon market and dedicated carbon pricing instruments.

India is the third largest CO₂ emitter in the world and has been one of the most active players under the Clean Development Mechanism (CDM). The country therefore plays a critical role in international climate policy and the negotiations on Article 6. In India, the [Global Carbon Market project](#) promotes carbon markets to reduce emissions and prepare partners for the new generation of carbon market mechanisms. The vibrant private sector landscape builds a lever for an active participation in future (voluntary) carbon markets in India.

Approach

The *Global Carbon Market* project pursues the following approach:

- 1) **Providing policy advice and capacity development support to the public sector** on carbon market and climate finance instruments.
- 2) **Building capacities with the private sector** to strengthen their participation in the development and implementation of carbon market and climate finance instruments.
- 3) **Fostering India's international positioning as an active carbon market player** in various platforms at the national and international level.

Global Carbon Market

Commissioner	German Ministry of Environment, Nature Conservation and Nuclear Safety (BMU)
Partner Country	Chile, Uganda, Tunisia, India
Political Partner	Ministry of Environment, Forests and Climate Change (MoEFCC)
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Activities

- 1) **Policy Advice and Capacity Building for the Public Sector**
 - In India, *Global Carbon Market* organizes workshops and trainings with the umbrella organization of public companies, the Standing Conference of Public Sector Enterprises, in order to build capacities in the public sector on carbon markets and climate finance.

- The project further provides technical advice to the Ministry of Environment, Forest and Climate Change (MoEFCC) with policies briefs and studies, for example, analyses of CDM and voluntary carbon market (VCM) portfolios.
- The project also facilitates a continuous policy dialogue between Indian and German negotiators on Article 6 of the Paris Agreement.

2) Capacity Building for the Private Sector

- The project conducts policy studies, market analyses and trainings identifying opportunities for market-based climate action in India in order to strengthen private sector capacities.
- Together with the Entrepreneurship Development and Innovation Institute in Tamil Nadu, Gujarat and IIT-Madras, Maharashtra State Innovation Society the project strengthens the capacities of companies regarding VCM through workshops and webinars.
- Companies are also directly supported in the development of pilot projects for the VCM and in the scaling up of activities. The project accompanied projects, e.g. on *Municipal Solid Waste management* and *Alternate Wet and Drying of Rice Cultivation* in developing a Programme of Activity (PoA) for the VCM.
- A VCM pilot on reducing stubble burning, which significantly reduces local air pollution (an important co-benefit of climate change mitigation), is developed with the Confederation of Indian Industry Foundation.

3) International Positioning of India

- In India, the *Global Carbon Market* project facilitates various national workshops and technical working groups to bring forward the debate on Article 6 of the Paris Agreement.

Results

- ✓ The *Global Carbon Market* project has trained 175 stakeholders from public sector enterprises regarding carbon markets and climate finance.
- ✓ It also facilitated the process of CDM project approval and monitoring; as a result, several host country approvals were granted by the national CDM authority.
- ✓ The piloting of several projects for the VCM has been supported, building capacities and leading to the development of two PoAs.
- ✓ As a result of engagement on Article 6 of the Paris Agreement, MoEFCC has established two working groups on providing inputs on market negotiations.



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