Foundation KliK: Enabling private Sector engagement in Art. 6

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- **Swiss NDC** - 50% of 90’s, at least - 30% domestic effort

- **Fuel importers** to offset part of emissions = levy on fuel

- **2008 – 2012** [Climate Cent Foundation](#) Voluntary agreement of industry with government

- **2013 – 2020** [Foundation KliK](#) ... domestic offsets
  Obligation under CO2 law, 6.5 M t CO2 @ avg 75 EUR / t

- **2021 – 2030** [Foundation KliK](#) ... domestic and ITMOs
  Obligation extended to international offsets.

  **draft law**: 22 M t CO2 domestic, 54 M t CO2 intl
Prospective engagements

- **Ci-Dev**  CCF € 19M, programmatic, CDMish
- **TCAF**  CCF € 10M, novel & innovative mech’s
- **Pilot Activities**  CCF € 17M, bilateral arrangements Art 6.2
- **WBG Transaction facility**, KliK € tbd, Carbon Markets

Procurement Programme  [http://international.klik.ch](http://international.klik.ch)

- **Tenders**  KliK > € 500M, starting 2019, Art 6.2 & direct submissions
Switzerland requires **corresponding adjustment**

**ITMO transaction** occurs against:

- NDC implementation: LEDS, policies and measures
- Transparency Framework (Art. 13)

Many countries started concretising policies recently, but are **cognizant of risks** (overselling, capacity, negotiation position).

**Serious process, takes time**

Existence of **interministerial bodies on CC** helps greatly.
Intervention must be complementary to domestic NDC policies

How are the mitigation outcomes additional to what the country would / should do anyways to reach its NDC goal?

Engagement of government required:
- Identify sectors / measures where Art. 6 is wanted
- Detail policy roadmap in perimeter of intervention
- Explain how intervention is not part of policies, and why

Active involvement in baseline determination
Enabling Factor III
Create compelling business case

**Bilateral agreement** needed for mutual & automatic recognition

→ state contract, governs creation & transaction of ITMO

Government ownership and support in business case

**No silver bullet**, very targeted structure possible

- **Additionality**, MRV is balanced by corresponding adjustment
- Potential for **streamlined governance**, conservativeness
- **Role of carbon**: justification of spending levy, risk mitigation
- **Transformative** development, buyer(s) to exit after 7 years
Enabling Factor IV
Strive for Win-Win Situation

Benefit for originating country after corresponding adjustment?

Transaction only works if **win-win**:

- Conservative baseline: keep share as contribution to NDC
- Joint action: Contribute to capacity for mitigation programme
- Access expensive measures that would not be cost effective

Heavy involvement and influence of government

Upper end of MACC, conservativeness & sharing

→ high costs per mitigation unit expected
Switzerland: piloting activities with Colombia, Mexico, Peru and Thailand. Includes the development of a bilateral agreement. First arrangements will serve as blueprints

- **Replication** of mitigation activities suited for Art. 6.2
- Elements of **bilateral agreements**: common framework for clubs, originating and acquiring countries?

As countries **concretise policies** they get ready to consider Art 6

Independent assessment of (sufficient) **NDC ambition** (hot air)?