



# NEW MARKET MECHANISM TO REDUCE CO2 EMISSIONS

**CASE STUDY/INSIGHT**

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With the lesson learnt from the crediting mechanisms of Kyoto Protocol, the Paris Agreement has included the discussions and negotiations with the parties on improving the existing market mechanisms, as well as creating New Market Mechanisms (NMMs) under Article 6. The Article 6 in the Paris Agreement has been made more robust, accountable, transparent and most importantly sustainable as compared to that of the previous market mechanisms.

NMM is intended as a means to stimulate ambitious climate action by the Parties, the public and the private sectors. The key goal of NMM is to scale up the mitigation actions in the developing economies. It focuses on moving beyond the project and programme level activities and towards targeting the broad sectors of the economy and sectoral crediting. A sectoral scope would provide more flexibility to parties in choosing the mitigation policies and measures needed to achieve their sectoral targets and participate in the NMM.

The key aspect in NMM is differentiating the own effort and the creditable effort in terms of emission reductions were, only a share of the emission reduction beyond the “own effort” will be credited, sold and internationally transferred to the other countries. The own effort emission reduction is intended to ensure that the mitigation actions result in net reduction of emissions and can be used by the host country towards their NDC compliance.