



Second National Forum on Climate Change Cambodia

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CC Mitigation: Status and prospect of the voluntary carbon market

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nexus
Carbon For Development



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About Nexus

Nexus will contribute to **reduction of poverty** and greenhouse gas emissions by creating pathways to **access ethical climate finance** for the implementation of **climate friendly, equitable and sustainable development projects**, in a fair, transparent, and responsible manner.

**Nexus
alliance**

**Nexus
fund**

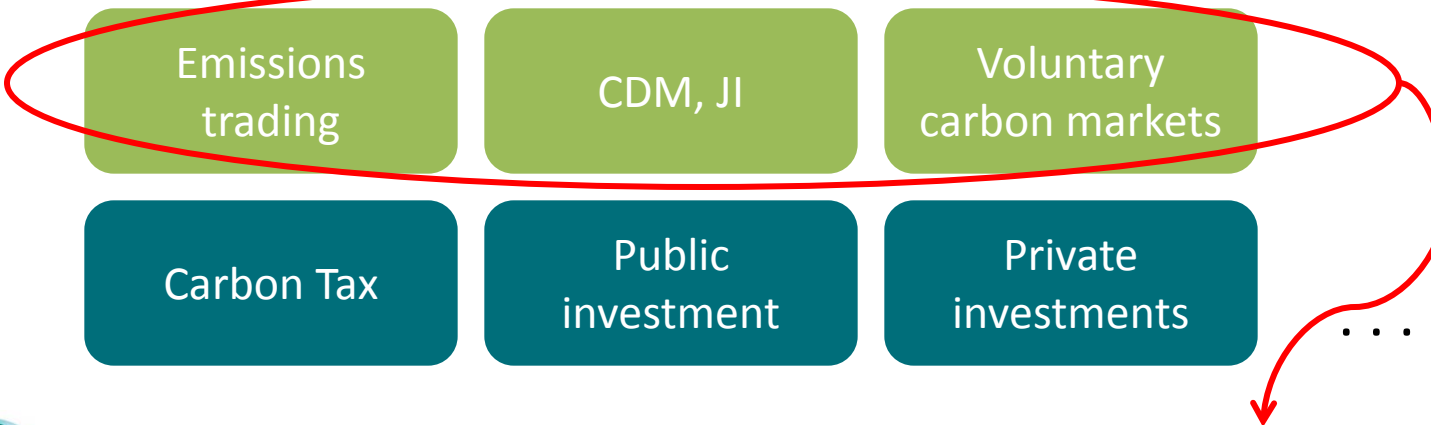
**Nexus-beyond
offsetting**

- **Non Profit cooperative** of field development practitioners (15 members incl GERES, Hydrologic and CEDAC in Kh)
- Provides affordable funding for the **mass dissemination of pro-poor low carbon technologies**
- Partnership platform for **responsible actors** (private companies, institutions or individuals)

Climate Finance

- Climate finance = transfer of resources from developed to developing countries to cover costs of dealing with CC impacts

- Sources of climate finance:

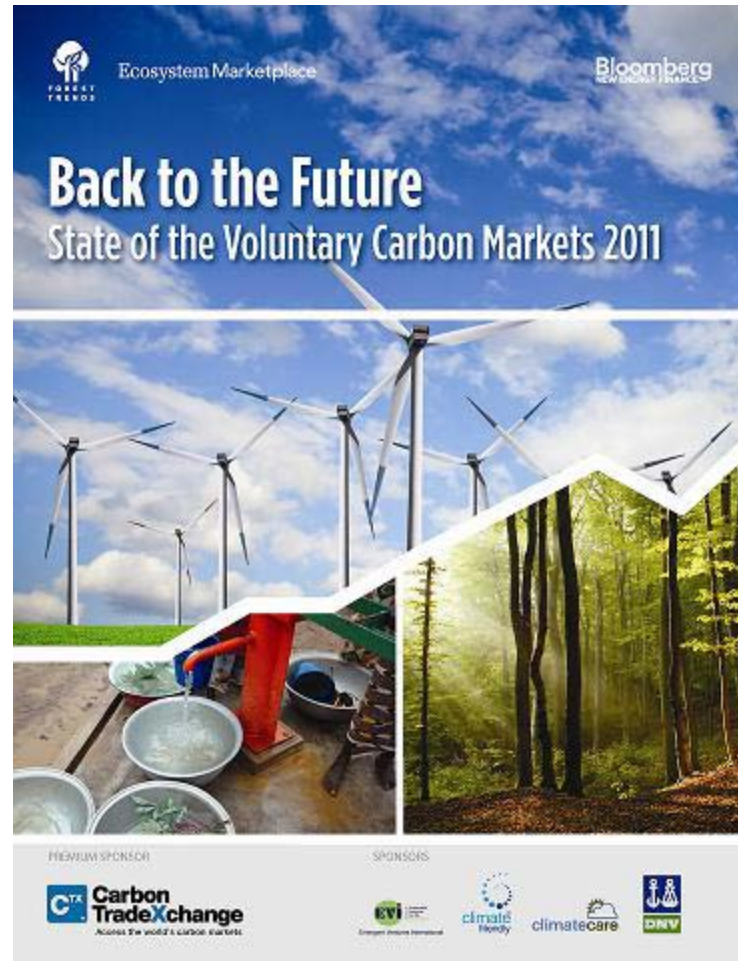


CDM vs Voluntary Carbon Markets (VCM)

- CDM
 - Kyoto driven
 - Highly regulated (UNFCCC)
 - Typically long and complicated registration process
 - High costs
 - Prices are more predictable
- Voluntary
 - NON KYOTO (not necessarily voluntary per se)
 - Less regulated, flexibility in terms of innovations in project finance, methodologies etc.
 - Various standards
 - Shorter and less costly registration process



VCM: Key facts and figures



VCM: Key facts and figures

- 2010 = record year , **131MtCO₂e** traded , +34% from 2009
- 97% of trades are done Over The Counter (OTC)
- Volume weighted average price of **\$6/tCO₂e**
- **46%** from land based credits
- **35%** from North Americas, **17%** from Asia
- Standards: VCS is n°1 with **34%** market share, followed by CCBS with **19%** market share.
- Flight for quality: **registries** are being created (CDC Climat, Markit, NYSE blue etc)
- Plans for domestic emissions trading in developing countries (Brazil, China, India, Kazakhstan, Mexico and South Korea)

VCM projects in Cambodia

- GERES ICS project (VCS)
- NBP/SNV domestic biogas project (VGS)
- Oddar Meanchey REDD project (CCB and VCS)
- Hydrologic water filter project (VGS)



VCM and Cambodia: opportunities and challenges

- Opportunities

- In Cambodia, 49% of GHG emissions from land use change and forestry, and 44% from agriculture
- High potential for agriculture and forestry activities
- VCM as a catalyst of innovations

- Challenges

- Attract private capital
- Measure and value “pro poor” benefits
- Lack of available methodologies for land use projects
- Ensure transparency and fairness

A National Framework :

- Set the rules (high quality projects)
- Risks and revenues sharing
- Foster innovative approaches



The future of the VCM

- VCM = non Kyoto....might have a bright future!
- 3 main trends:
 - Compliance market might be restricted to LDCs, VCM expected to surge in non LDCs developing countries
 - Implementation of domestic trading schemes will foster
 - Increased appetite from private companies non subject to caps to become « carbon neutral » or « climate friendly »
- 2 main risks:
 - Price uncertainty because demand is uncertain
 - Liquidity/fongibility issue reduces investors' appetite

THANK YOU !



For more information:

www.nexus-c4d.org

