The 8th annual Strategic Dialogue of the Carbon Market Platform (CMP)
October 23-24, 2023

• CMP is a G7-led initiative, started by Germany in 2015, aiming to strengthen international co-operation on carbon pricing approaches.
• OECD acts as Secretariat and provides CMP with analysis on strategic issues.
• The 8th Strategic Dialogue focused on:
  ✓ Voluntary-compliance carbon market interplay and environmental integrity
  ✓ Enhancing environmental integrity in voluntary carbon markets
  ✓ Enhancing Article 6 implementation and NDC ambition
Key messages on topic 1: Market interplay and environmental integrity

• Voluntary and compliance carbon markets are fragmented, evolving, limited transparency, interplay in multiple ways - hindering efforts to enhance integrity.

• “G7 Principles of High Integrity Carbon Markets” highlight the importance of end-to-end integrity across these credit markets; applying these principles could help governments to engage with carbon markets in a joined-up way.

• It is difficult to create incentives for increased integrity, but this is needed.

• Governments have policy levers that could be further developed to guide market players and maximise synergies from parallel VCM, CCM and Article 6 integrity frameworks.

• Governments could also clarify if, and how, they plan to engage in VCM and Article 6 … but need to avoid *analysis paralysis*. 
Key messages on topic 2: Enhancing integrity in VCMs

- Environmental integrity has multiple dimensions and assessing it is complex.
- The end-to-end ecosystem for strengthening environmental integrity in VCMs is rapidly advancing, and could have implications for future assessments e.g.
  - Development of different tools (e.g. quality benchmarks, risk rating)
  - Standards for high-integrity practices and transparency
  - Host party capacity building for Article 6 readiness, and rooting carbon market activities in NDCs
- Market governance, oversight and infrastructure in VCMs will also become increasingly important if the market scales further.
- Governments may engage with VCMs in a way that aligns with domestic priorities, but this can be done collaboratively to avoid fragmentation.
Key messages on topic 3: Enhancing Article 6 (A6) implementation and NDC ambition

• Countries are making strong efforts to develop national A6 frameworks, while analysing how these fit with NDCs and domestic climate policies.

• A6 implementation is happening in parallel with processes for raising NDC ambition. Raising awareness of the potential of A6 to unlock new mitigation potential will be important for new NDCs.

• The G7 Principles call for alignment of carbon markets with Paris Agreement temperature goals. This could have profound practical implications, which could be further explored.

• Diversity in potential seller countries re sectors for A6 activities, what is included in A6 support packages, and how to agree a “fair” carbon price.

• Innovative approaches to policy, finance and international collaboration under A6 will be key for markets to scale with integrity.