

Foundation KliK: Experiences with Art. 6 pilots

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IETA & ICTSD Businessdialogue, Glion 16.10.18

- **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

- **Tenders** KliK > € 500M, starting 2019
& direct submissions

Pilot Activities – Lesson I

Originating Countries Readiness

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

Pilot Activities – Lesson II

Structure under Art. 6.2

ERPA: Counterparty has no beneficial title in ER

Bilateral agreement needed for mutual & automatic recognition

Heavy: state contract, governs creation & transaction of ITMO

Government involvement is key, ownership

No silver bullet, very targeted structure

- Additionality, MRV is balanced by corresponding adjustment
- Potential for streamlined governance, conservativeness
- Role of carbon: justification of spending levy, risk mitigation

Pilot Activities – Lesson III

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**

Status: Switzerland talks to 3 countries from Pacific Alliance. Two Pilot activities under development, results in 2019.

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)?



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