

## **Summary of Parallel Session 15: Market Mechanisms for Implementing the 2030 Agenda and the Paris Agreement**

Reducing greenhouse gas emissions requires international cooperation on many levels including the use of market-based mechanisms. The Paris Agreement provides a strong mandate to ensure integrated assessment and linked implementation of climate actions and sustainable development through both market and non-market based approaches and Parties are currently negotiating the implementation rulebook. While there are inherent synergies in the context of market mechanisms, Parties to the Paris Agreement will still need to build a bridge to the normative framework of the Sustainable Development Goals of Agenda 2030. This can help overcome some of the more abstract challenges of defining what sustainable development means under the Paris Agreement and can also support actors on the ground align their efforts to support achievement of both climate and sustainable development objectives.

Lessons from existing systems such as the Kyoto Protocol and voluntary schemes, particularly the CDM SD tool, highlight the importance of sufficient and clear governance structures and processes for designing the assessment of efforts and actions that may be applicable under the cooperative approaches of the Paris Agreement. Specifically, monitoring and reporting guidelines, independent validation and verification, and at the very least, safeguards should be developed to determine compliance with agreed requirements.

One approach explored during the session was the sustainability labelling of climate mitigation outcomes. This method would score climate actions according to their contribution to sustainable development and apply a grade determined by the parameters of the tool. This approach as described would consider climate actions based on economic, social and environmental elements and applies different weights for different sustainable development criteria. This approach could provide a practical system for promoting sustainable development goals through climate actions. The diversity of interests of various stakeholders can lead to conflicts and tradeoffs between climate and sustainable development actions, but the approach of sustainability labeling helps to overcome this challenge by enabling a price signal to be applied to climate actions with sustainable development benefits.

The final presentation explored the specific case of demand side management with household appliances to show overlap between climate mitigation and sustainable development for a specific project type that could be applicable under the cooperative approaches of the Paris Agreement. The application of sustainability indicators, safeguards and labeling approaches become more complex at

the granular project level, but provides a useful case for further exploration particularly to help clarify the buyer's perspective.

There are additional challenges in terms of ensuring uniform application of approaches across the diversity of climate actions. Additionally, the overall function of the cooperative approaches under Article 6 could be further explored as well as the linkages to processes for accounting and tracking progress of NDCs which are also being discussed within the Paris Agreement rulebook negotiations.