



Event report, 26 June 2019

Bonn Climate Change Conference Side Event: [Making safeguards and sustainable development an integral part of carbon markets](#)

Carbon markets have a poor track record in providing benefits to local communities. New markets should improve this and deliver sustainable development. Are they up to the challenge?

This side event discussed and reflected on whether and how markets have contributed to sustainable development, and how to improve it.

This event contributed to debate around the need to put sustainable development at the heart of future carbon markets, and that there are safeguards in place to ensure that climate projects not only reduce emissions but improve people's lives.

Below is a summary of the presentations and discussion:

The debate was moderated by Sabine Frank from Carbon Market Watch.



Gilles Dufrasne from Carbon Market Watch started his presentation by showing a short-film documentary Barro Blanco – not an exceptional case. The film takes one to Tabasará river, Panama, where local indigenous Ngäbe communities have led an over a decade-long struggle against the Barro Blanco hydroelectric dam. The dam -now deregistered from the UN system- was meant to issue carbon credits under the UN's Clean Development Mechanism.

Reminding the audience that the cryptic texts and rules have real impacts on people on the ground, Gilles explained what has gone wrong with the Kyoto Protocol carbon markets and how these mistakes can be avoided in the future:

- We have to learn from Barro Blanco and ensure that future international market mechanisms don't have any loopholes which would allow such projects to go forward
- Kyoto Protocol market mechanisms had an excessive emphasis on meeting targets at the least cost possible, with sustainable development being a mere afterthought. This led to countries focusing on the purchase of credits as cheaply as possible. Investing in marginally more expensive projects might have allowed projects to improve the local peoples' lives.

- They lack essential safeguards including effective provisions for local stakeholder consultation and ways for affected communities to seek redress. Negative impacts were made more likely due to the lack of these safeguards.
- How do we make this right for the Paris Agreement Article 6? We need to make reporting on sustainable development mandatory and put safeguards in place, such as mandatory local stakeholder consultations and a grievance mechanism, governed by an independent body.
- It is also a question of marketing; the focus should move away from climate neutrality to emphasize the positive impacts of climate projects. Of course, this should not come at the expense of environmental integrity, as projects under Article 6 should deliver both sustainable development benefits and lead to high quality emission reductions.

Sven Braden, representing the Sustainable Development Initiative, SDI talked about the SDI's mission to lobby for strong sustainable development provisions in Article 6 of the Paris Agreement:



- SDI has a three-fold work plan:
 - A party-driven dialogue which includes round-table discussions, Article 6 text recommendations and knowledge-sharing from pilot projects
 - Piloting of SD approaches, including testing and production of case studies
 - Outreach to relevant carbon market players (plan B if we don't get strong rules for Article 6)
- We will start piloting our tool with Art 6 activities. Our goal is to demonstrate through real-life cases that SD assessment can be implemented in a robust, yet practical manner and delivers multiple benefits to all players involved.
- Our SD assessment grid builds on 6 high-level options that we identified in 2018 and provides a set of requirements to assess selected SD approaches.
- Our next steps include formulating recommendations to users, expanding the list of tested approaches and producing a final report in July 2019.

Dr Kerstin Burghaus, Manager Climate projects, Atmosfair explained how Atmosfair implements sustainable development elements in their climate projects:

- Our projects contribute to many UN development goals. They bring social and economic benefits such as raising household incomes, improving health projection and creating jobs.
- Three ingredients to achieve SD benefits:
 - We tailor our projects to local conditions.
 - We carry out very thorough assessment of local conditions and needs, taking into account the country's development status. For example: if we want to replace kerosene lamps, we have several options: We can subsidise solar home systems or we can connect many houses to mini-grid or regional grid. If we can, we prefer grid connection because it also has a positive impact for local business development.
 - We involve local stakeholders in line with the Gold Standard and CDM provisions. We carry out local stakeholder consultations and have a grievance mechanism in place. We keep an open eye and ear also after the projects have started.
 - We involve the wider project environment and try to create new value chains and new sources of income for also those who are not directly involved in the project. This element is currently not sufficiently covered in the CDM and GS provisions.
- Our goal is to support transformation and transition.



Q&A Session

The discussion included topics such as how to ensure the respect of property rights in carbon market projects, how can sustainable development be measured and promoted through the linking of emissions trading systems, and what is the relationship between additionality and sustainable development benefits of specific projects.

Resources:

Presentations

[Gilles Dufrasne](#), Carbon Market Watch

[Sven Braden](#), The Sustainable Development Initiative SDI,

[Dr Kerstin Burghaus](#), Atmosfair

[Practitioner's guide](#) for local stakeholder consultation

Barro Blanco – not an exceptional case ([video](#))

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