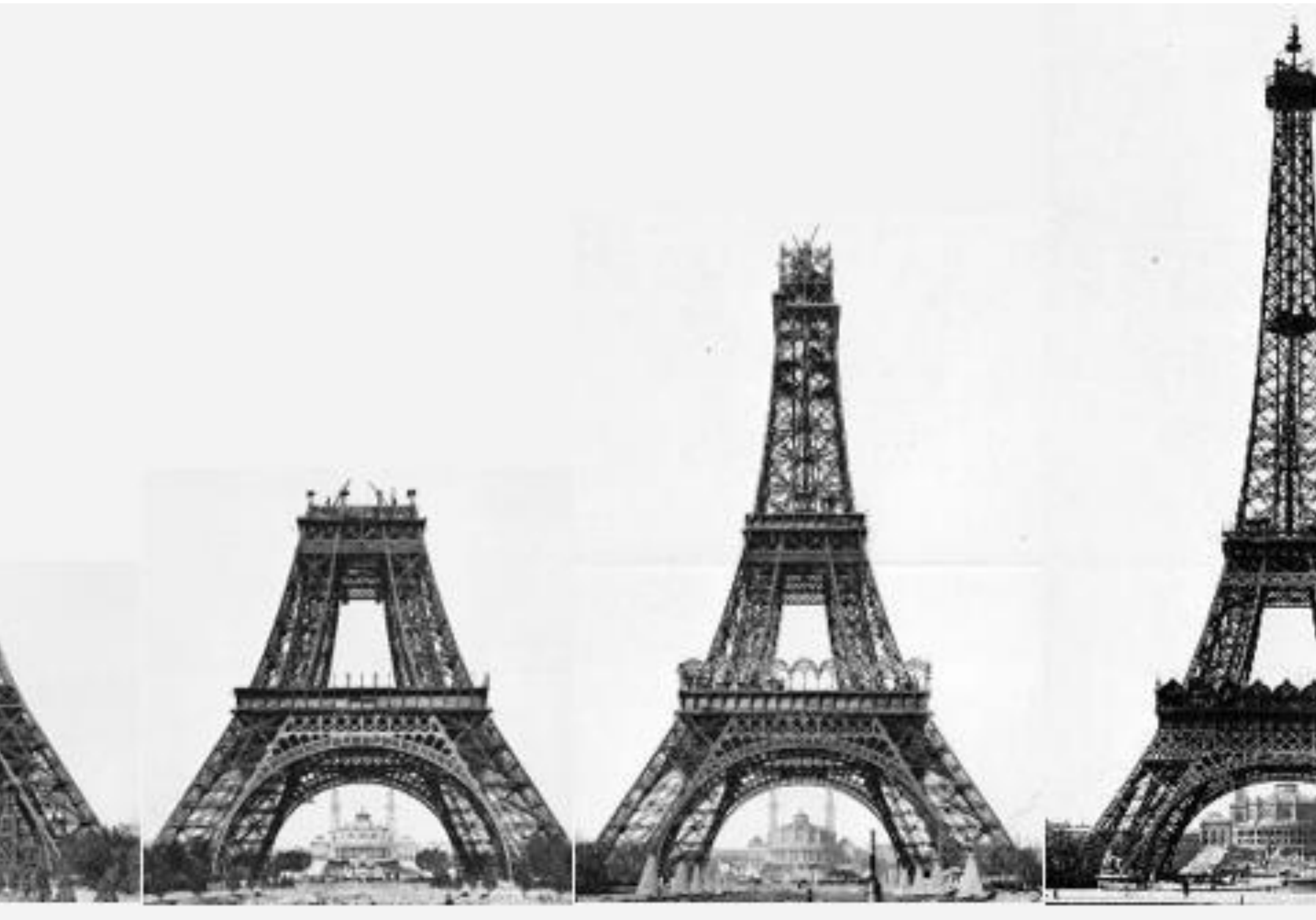

Recommendations related to the role of carbon markets in the Paris Agreement

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Carbon Market Watch

Introduction

The twenty-first session of the Conference of the Parties (COP21) will take place from 30 November to 11 December 2015, in Paris, France with the aim to flesh out a future Paris climate agreement to replace the Kyoto Protocol from 2020 onwards.

Only very few countries have outlined in their Intended Nationally Determined Contributions (INDCs) that they will use international trading as a means to help achieve their climate goals. From the industrialised countries, only Switzerland, New Zealand and to a certain extent Norway have indicated the use of markets under the Paris climate treaty. On the other hand, numerous developing countries have announced interest for an international carbon market to play a role in the future. Several countries, such as Albania, Barbados and Togo, suggest that they might continue to generate offset credits and others, such as Cabo Verde, Ghana, Mexico and Uganda plan to achieve their conditional pledges with the use of markets.

Despite the limited role of markets expressed by most industrialised countries in their INDCs, such as the EU and the US, the political reality regarding domestic carbon pricing schemes looks different: jurisdictions responsible for 40% of the global economy have already implemented carbon pricing mechanisms. Despite its domestic nationally determined mitigation commitment (NDMC), the EU is currently negotiating linking its Emissions Trading System with Switzerland with a view to a global carbon market at a later stage. China is currently fleshing out the rules to implement its national carbon market from 2017 onwards and in the Americas, carbon markets have also been linked in California and Quebec and could be expanded through linking to other regional emissions trading schemes, such as Ontario.

The latest Bonn negotiations have significantly changed how carbon markets are being discussed. There was initially no mention of them in the draft treaty text going into the October session. However, about 5 pages of language proposals for carbon markets have been added by Parties.

Article 3 (mitigation) includes key principles, such as avoiding double counting, ensuring that “mitigation outcomes” are “real, permanent, additional and verified”, and ensuring that carbon markets are “supplemental to domestic action”. A paragraph on “cooperative approaches” is expected to allow countries to achieve their pledges jointly e.g. by linking their emissions trading systems or through the use of offset credits. Paragraphs have been added for a “mechanism to support sustainable development” (Article 3ter) paving the way for the continuation of a revised version of the CDM or a New Market Mechanism. The establishment of a new “REDD-plus mechanism” (Article 3bis) is proposed separately and includes a suggestion for a Joint Mitigation and Adaptation Mechanism (JMA), which could be market or non-market. The accompanying draft decision text includes several paragraphs (para 30 and 34) on technical elements for implementing the treaty principles.

Below is more detailed information about these recommendations, including proposals for textual edits in the draft negotiation text regarding the key principles as well as specific recommendations for the REDD-plus mechanism (Article 3bis) and the mechanism to support sustainable development (Article 3ter).

The text is open to discussion on all forms of carbon markets, including currently ineligible project types of credits, such as REDD. While there are well known concerns about the effectiveness of carbon markets, there is also a risk that the absence of clear international rules would allow countries to implement carbon markets without harmonised standards, rules to avoid double counting, necessary safeguards, and international oversight.

Carbon Market Watch Recommendations:

1. **Art. 3: Help ensure the environmental integrity of carbon markets**, by including the following key principles for the use of markets:

    - **Avoid double counting of mitigation efforts:** Retain the principle in Art.3(10) and mandate the operationalization through COP decisions

    - **Avoid double counting of mitigation efforts and financial flows:** Retain principles of transparency of support and double counting in Art. 9 – Option 2 (3c, e) and enhance by including the need to ensure clarity in tracking and a uniform MRV system that provides consistent and comparable information of financial resources provided by developed and developing country Parties. Reflect this principle under Art. 6(11) and Art. 3ter

    - **Ensure supplementarity**: Retain the principle in Art.3(10) and ensure that it applies also to cooperative approaches for countries that intend to meet their commitments jointly (Art.3 (16)

    - **Avoid the trading of hot air credits**: In addition to applying the key principles for all international trading of units, establish a ratchet up mechanism similar to Art.3.7ter under the Kyoto Protocol (Doha Amendment)

    - **Ensure that carbon credits are real, permanent, additional and verified and contribute to sustainable development:** Retain the principle in Art. 3(10), expand to Art. 3(16) and Art.3ter, mandate to the operationalization through COP

    - **Ensure a net atmospheric benefit**: Retain the principle in Art.3 ter, option 2 and delete "where desired by participating Parties"

    - **Place a share of proceeds on all UNFCCC carbon markets**, to provide financing for adaptation and loss and damage for developing countries

2. Art. 3ter: Ensure that all market principles (including those on supplementarity and double counting) apply to a **mechanism to support sustainable development** and establish a **project type negative list** and an **institutional safeguard system** to prevent social and environmental harm of climate mitigation actions and uphold human rights

3. Art. 3bis: Do **not allow the inclusion of REDD-plus into carbon markets**

4. **Ensure environmental integrity of pre-2020 mitigation action (WS2)**: Avoid establishing artificial supply for AAUs, JI and RMU credits through eligibility for voluntary cancellation and do not allow banking forward of pre-2020 credits

5. **Address the international aviation and shipping sectors**: Amend Art. 3 (19) to request ICAO and IMO to develop sectoral targets and the policies as well as measures to achieve them, commensurate with their fair share of the 1.5ºC goal and to request that ICAO and IMO establish a levy on the market to provide a source of finance for adaptation and loss and damage

6. **Protect human rights in all climate related action**: Include human rights in the operative part of the core agreement under Art. 2(2) to ensure a human rights-based approach to climate policies inter alia to prevent potential negative impacts of projects implemented through the financial mechanisms established under the UNFCCC.

Key principles for the use of markets

Avoid double counting of efforts

Double counting occurs when a single emission reduction or removal, achieved through a mechanism issuing units, is counted more than once towards emissions reductions targets or obligations. If emission reductions are double counted, actual global GHG emissions are higher than the sum of what individual countries report.

Double claiming is one form of double counting, which occurs when the same emission reductions are accounted twice towards emissions reductions targets or obligations despite only one unit being issued. This happens when a credit is accounted in the country where the reductions occur, through reporting of its reduced GHG emissions or in its national GHG inventory, and then also by the purchasing country using the unit issued for these reductions. For example, existing accounting rules under the Kyoto Protocol for the period from 2013-2020 do not include any provisions on how host countries selling CDM offset credits must account for these emission reductions in their own greenhouse gas accounting. This can lead to double counting if the host country has a reduction target or pledge. It is important to note that all major CDM host countries have made emission reduction pledges for 2020. Double-counting of international offsets could reduce the ambition of current pledges (of both developed and developing countries) by up to 1.6 billion tonnes CO_2e in 2020, equivalent to roughly 10 per cent of the total abatement required in 2020 to stay on a 2°C pathway.

The following rules ensure that double counting is avoided:

→ Host countries that sell internationally traded units must subtract those internationally traded units from the allowable emissions of their INDC, or alternatively buyer country must not be allowed to use the purchased internationally traded units for meeting their mitigation commitment

→ Buyer countries should not count offset credits both towards their mitigation pledge and towards their climate finance obligations

This will imply to establish a work program to elaborate the common accounting rules that will guarantee this, including common guidelines for reporting, verification and tracking of traded units.

There a several placeholders for this key principle in the Paris negotiation text, including in **Article 3(10).** It is of utmost importance to keep the principle in the text and to subsequently create the structures whereby it is implemented through COP decisions. Even though it may be difficult to establish at this stage how to ensure that double counting is avoided, it must be a core objective to uphold the integrity of the Paris Agreement.

Avoid double counting of financial flows and mitigation commitments

Similarly, financial flows should only be counted once. For example, the purchase of credits towards their mitigation target should be counted only by the buying country and not as financial assistant to the host country. Double counting of financing financial flows may reduce the total amount of financial support from developed countries to developing countries and thus reduce the emission reduction that could occur otherwise.

Although the Cancun and the Durban and Doha agreements mention the necessity of avoiding double counting, there are no rules in place to define how double counting can be prevented. The risk of double counting across financing flows and between financial support and mitigation commitments is increased due to the lack of uniform definition of what climate finance is and lack of methodology to assess new and additional climate finance. Providing understanding on how different public and private finance flows are tracked and measured would help reveal if they are truly additional. For this reason governance structure with clear rules, oversight and harmonized data base is needed to avoid double counting of financial aid.

Article 9 Option 2 - (3c and e) contain the principles on transparency of support and double counting, which should be retained and enhanced by including the need to ensure clarity in tracking and a uniform MRV system that provides consistent and comparable information of financial resources provided by developed and developing country Parties.

It is important that these principles are kept in the text, and reflected in the placeholder under **Article 6(11)** on avoiding double-counting. As the Paris negotiation text foresees the establishment of a "mechanism to support sustainable development" under a new Article 3ter, it is important that this mechanism adheres to the principles of the agreement, especially to the principle of avoiding double counting of both, efforts as well as financial flows.

Ensure supplementarity

Carbon markets are not a goal by themselves but are employed by countries in order to fulfil their climate pledges at lower cost in the near term. The purchase of international units (be it credits or allowances) should at all times be supplemental to domestic action and lead to more climate ambition. This is because the challenge of limiting global warming to below 1.5°C requires that all countries implement more ambitious climate targets at home. Current pledges are wildly off track to meet the decarbonisation objective. The focus should not be on offsetting, but on the transformative structural changes needed, including in infrastructure and technologies, to achieve decarbonization by 2050. Richer countries furthermore have a role to play in financing additional emission reductions in developing countries.

With a few exceptions, most countries have outlined their Intended Nationally Determined Contributions (INDCs) to be based on domestic reductions only. The use of carbon market units must therefore be supplementary to the presented climate pledges and must come on top of the proposed nationally determined mitigation commitments (NDMCs).

The Paris negotiation text foresees the principle in various places, including in the treaty section under **Article 3 (10. Accounting), option 3 (b) (v)** which will be important to retain. In addition, the principle of supplementarity should be added to **Article 3 (16. cooperative approaches)** to ensure that those countries that intend to link up their emissions trading systems will only use international carbon market units to go beyond their domestic commitments.

Avoiding hot air trading

A key consideration for the Paris treaty is how to incentivize real additional climate action while avoiding the build up of bogus "hot air" credits. Hot air credits refers to emission allowances that do not represent real additional emission reductions. If used by countries to count towards mitigation pledges, they increase overall emissions. For example, under the Kyoto Protocol, an estimated loophole of 11 gigatonnes[1] of hot air credits was created, undermining the viability of the first international climate treaty.

The EU has so far used millions of these hot air permits instead of implementing deeper emissions reductions. More than 500 million hot air permits were bought by EU countries to comply with their Kyoto Protocol targets in the 2008-2012 period for example. Another 2 billion tonnes of hot air CO2-

[1] Point Carbon (2015), presentation by Andreas Arvanitakis on "Carry-over of AAUs from CP1 to CP2" see here

eq are lingering in the EU under the disguise of EU ETS surplus allowances. It will be crucial to avoid the carry-over of these allowances to the post-2020 period.

Although the parameters of the Paris agreement will be different to the Kyoto Protocol - where emission permits were handed out according to an agreed carbon budget - a key challenge will be to assure that the potential use of market mechanisms leads to new and additional climate action, rather than the build up of hot air.

It will also be important to create a strong ratcheting system as part of the overall Paris agreement, to spur increasing ambition. Key elements of this will include:

- → A review in 2018 of the existing INDCs, taking into account technological and economic developments, with a view to increasing the ambition
- → Commitment cycles to operate on 5-year commitment periods, which should be defined in the treaty, the mandate for which should be based on Kyoto Protocol Article 3.9, defining when the required establishment of commitments for subsequent periods shall begin
- → No backsliding and a progression in ambition for all countries for each subsequent commitment period
- → Collective and individual adequacy reviews of the commitments, based on strong common MRV requirements
- → Common upfront information requirements for the commitments, corresponding to the mitigation list given in Option 3 of the Lima draft decision text, ADP.2014.12.DraftText

However, this only will not suffice to avoid the build-up of hot air. It is also important that Parties that intend to use markets have ambitious targets below the conservatively projected business-as-usual scenarios in line with the 2°C target, that these targets are expressed as carbon budgets with quantified, absolute emission limitations and that there is economy-wide MRV and accounting of emissions.

If countries or regions intend to fulfill their mitigation commitments jointly through cooperative approaches – as is proposed in Art.3 (16), it is also important to draw on the lessons of the Kyoto Protocol that foresees in Art.4 a special rule known as the "EU bubble rule". It requires that those countries that intend to fulfill their targets jointly must show this in their combined aggregate CO2-eq emissions, e.g. by submitting joint INDCs for those sectors where the emission reductions are intended to be achieved jointly.

The Paris negotiation text foresees in **Article 3 (16.), option 1** that *"Parties may also cooperate in the implementation of NDMCs".* It is understood that this paragraph should allow countries to achieve their pledges jointly, such as through the international trade of market units. To avoid the build-up of hot air through such cooperative approaches, this para should be extended with the following requirements:

- Require the submission of a joint INDC for sectors covered by the joint fulfilment plans
- Ensure supplementarity
- Avoid double counting of efforts and financial flows
- Ensure no carryover of the Kyoto hot air into the post-2020 agreement
- In addition, ratcheting of ambition, e.g. in the form of the KP article 3.7ter, will be crucial to avoid future hot air

Avoid double counting of financial flows and mitigation commitments

Similarly, financial flows should only be counted once. For example, the purchase of credits towards their mitigation target should be counted only by the buying country and not as financial assistant to the host country. Double counting of financing financial flows may reduce the total amount of financial support from developed countries to developing countries and thus reduce the emission reduction that could occur otherwise.

Although the Cancun and the Durban and Doha agreements mention the necessity of avoiding double counting, there are no rules in place to define how double counting can be prevented. The risk of double counting across financing flows is increased due to the lack of uniform definition of what climate finance is and lack of methodology to assess new and additional climate finance. Providing understanding on how different public and private finance flows are tracked and measured would help reveal if they are truly additional. For this reason governance structure with clear rules, oversight and harmonized data base is needed to avoid double counting of financial aid.

Article 9(3), option 2, contains the principles on transparency of support and double counting, which should be retained and enhanced by including the need to ensure clarity in tracking and common modalities, procedures and guideline for the MRV that ensure that there shall be no double counting of financial resources provided, and the environmental integrity of the Agreement. It is important that these principles are kept in the text, and reflected in the placeholder under the Article 6(11) on avoiding double-counting.

As the Paris negotiation text foresees the establishment of a "mechanism to support sustainable development" under a new Article 3ter, it is important that this mechanism adheres to the principles of the agreement, especially to the principle of avoiding double counting of both, efforts as well as financial flows.

Carbon credits must be real, permanent, additional and verified

To ensure environmental integrity of carbon markets, Parties have already agreed in Durban (decision 2/CP.17, paragraph 79) and Doha (1/CP.18 paragraph 42) on a set of core principles that must govern the use of markets under a 2015 agreement, namely that the promotion of environmental integrity shall include the recognition that any standards must deliver *"real, permanent, additional and verified mitigation outcomes, avoid double counting of effort, and achieve a net decrease and/or avoidance of greenhouse gas emissions".*

One offset credit is supposed to represent one tonne of emissions reductions and – if made eligible - can be used by Parties with emission reduction obligations to compensate for their emissions. It is therefore essential to ensure that every offset credit is "real, permanent, additional and verified" and that these principles are sufficiently implemented and enforced.

For example, numerous reports have presented evidence that the Kyoto's offsetting mechanisms may have delivered much fewer emissions reductions than were sold. One study[2] estimates that up to 70% of all offset credits issued from the Clean Development Mechanism (CDM) between 2013 and 2020 may not represent real emissions reductions. Another study[3] finds that bogus carbon offsets issued under the Kyoto Protocols' Joint Implementation (JI) offsetting mechanism to date have increased global emissions by 600 million tonnes CO2.

Every country now needs to be implementing the sustainable development goals agreed in September 2015. It is however impossible to develop sustainably without it being in a climate-resilient low carbon manner. Similarly, climate action needs to ensure that it contributes to sustainable development, whether by providing co-benefits for people through job creation, or through poverty reduction or access to basic services, or through having additional environmental impacts, such as reducing air pollution or conserving biodiversity.

[2] SEI (2012) Transitioning Away from Large-Scale Power Projects: a Simple and Effective Fix for the CDM?
[3] SEI (2015) Has Joint Implementation reduced GHG emissions? Lessons learned for the design of carbon market mechanisms

The Paris negotiation text foresees this principle in various places, including in the treaty section under **Article 3(10)**, which will be important to retain in the Paris treaty as binding prerequisites for Parties who intend to use of offset credits.

Para 16 on cooperative approaches, option 2, and Article 3 *ter* propose a 'mechanism to support sustainable development' (page 11). Option 2 of Article 3 *ter* is preferable, but needs to include a mandate for sustainable development criteria and safeguards to be developed.

These article in the agreement shall be accompanied by a draft decision that mandates a work programme to design the enforceability of these criteria and the mandate to revisit existing rules.

Achieve a net decrease and/or avoidance of greenhouse gas emissions

Achieving a stabilization of the climate below 1.5ºC of warming will require very substantial reductions in GHG emissions in all sectors. Given the mitigation imperative we are facing, any new mitigation approaches must go beyond pure offsetting, as it is currently practiced in the CDM and JI.

A net decrease should not simply help host countries achieve their emission targets. It should instead lead to emission reductions beyond the mitigation targets, i.e. a net atmospheric benefit. Only a net atmospheric benefit will lead to additional mitigation action beyond the targets and pledges.

Carbon Market Watch believes that discounting of internationally traded units is the best way to ensure net atmospheric benefits. Discounting works by purchasing more units than are used towards attaining the mitigation target. The additional internationally traded units are then cancelled and not used for compliance: this in effect means that carbon markets become a tool of providing climate finance to the host country, rather than of mitigation for the purchaser. For example, for each tonne that needs to be mitigated a covered entity could be required to purchase two or more offsets or allowances.

Article 3 ter, option 2, contains the principle, which should be retained, but the caveat "where desired by participating Parties" should be deleted. The same applies for the decision text in para 34, Option 1 (b), although the strong preference would be to have this language in the core legal agreement.

Allocate share of proceeds for climate finance

The CDM has a 2% levy on its projects, which helps to provide finance to the Adaptation Fund. This sets a useful precedent for the establishment of a similar share of proceeds on all markets developed or used to comply with obligation under the UNFCCC. While the amount raised will depend on the price of credits, such levies create a useful additional source of climate finance.

To provide a new and additional source of climate finance for adaptation and loss and damage, Paris should require all carbon trading used for compliance to UNFCCC obligation be subject to a levy.

Role of Clean Development Mechanism post-2020

Numerous developing countries, such as The Gambia, Ethiopia, Rwanda, Haiti and Cambodia, submitted INDCs that are largely predicated on being able to sell offsets. While there does not seem to be scarcity of supply, hardly any developed countries have put forward the intention to use offset credits to meet their INDCs. While this limited offset demand is a welcoming move because it focuses on the domestic mitigation efforts of countries, it does not mean that developing countries should not continue to receive financial support for climate mitigation projects in their countries.

On the contrary, richer countries need to ensure that adequate climate finance is made available to those developing countries. The UN's Clean Development Mechanism could be an appropriate channel for some of that finance if money spent is counted towards climate finance obligations and reductions achieved towards the host countries' conditional targets. This option would also reduce the risk of mitigation double counting - as a credit and then towards the donor country's INDC.

However, as pointed out at numerous occasions before, also in a revised form, the CDM would need fundamental reform, including technology eligibility assessments, do-not harm safeguards, sustainable development indicators and rules to avoid double counting.

The Paris negotiation text foresees the establishment of a "mechanism to support sustainable development" under a new **Article 3ter** which as it stands would open doors for the continuation of the CDM or a similar mechanism. It is important that this mechanism adheres to the principles of the agreement, especially to the principle of avoiding double counting of both, efforts as well as financial flows, as well as genuinely contributing to sustainable development.

It will be crucial to establish a negative list to exclude technology types with low likelihood of additionality, high risks of perverse incentives and project types where baselines and additionality are intrinsically difficult to determine as well as to introduce additionality reassessment at the renewal of the crediting period.

Moreover, it is vital to establish an institutional safeguard system under the UNFCCC to prevent social and environmental harm of climate mitigation actions and uphold human rights, including a safeguard system as well as a robust grievance mechanism and monitoring system.

The current para 30 and 34 of the Paris draft decision should specify the need to establish an independent accountability mechanism for the mechanism to support sustainable development, which is a well-established practice within multilateral (and some bilateral) financial institutions. In parallel and as the basis for this mechanism, international sustainable development criteria or safeguards should be adopted, which are consistent with international obligations, including human rights standards.

Forests & carbon markets

The role of forests and carbon markets has long been disputed, on a number of grounds. First, that markets treat fossil and biological carbon as fungible, despite both operating on very different timescales in different parts of the carbon cycle. Fossil carbon has been stably sequestered for over 300 million years, while biological carbon fluxes on far faster, even intra-annual timescales: treating them as fungible replaces a stable sink with a far less stable one. Second, that biological carbon is far more susceptible to the impacts of climate change, through fires, insect attacks or simple die back as the conditions change, and so cannot be treated as permanent. There are also real concerns related to leakage, additionality and crediting baselines, and corruption and perverse incentives inadvertently caused or exacerbated by a REDD+ project.

The decision about the Warsaw Framework for REDD-plus was a sign of countries to favour non-market approaches to address deforestation and degradation of forests.

The Paris negotiation text includes numerous proposals to open doors for the inclusion of REDD into carbon market, including the establishment of a "REDD-plus mechanism" in the new **Article 3bis**, which could be market or non-market, and should be the latter. The inclusion of REDD into markets may also implicitly be allowed through the use of "mitigation outcomes" that does not only include reductions, but also sequestration.

While there is a need to address deforestation through targeted policies and payments, including from levies on carbon trading, including the Warsaw Framework for REDD-plus, Carbon Market Watch strongly recommends against the inclusion of REDD-plus into carbon markets . Instead finance could be raised, as for the Adaptation Fund from the CDM, by placing a levy on markets to fund the GCF

Mitigation action pre-2020

Since Warsaw, a proposal to promote the voluntary cancellation of offset credits from the Clean Development Mechanism has been under discussion. This has recently taken the form of the new UNFCCC Go Climate Neutral Now initiative, a new online shop to purchase and cancel CDM offsets in response to the diminishing demand of carbon credits. The initiative aims to make the CDM competitive on the voluntary market. The platform is an integral part of the UN's latest push to offer CDM offset credits to governments, companies and individuals, avoiding broker fees.

Moreover, there is a risk that some Parties may wish to use the "cancelled" credits as "early action" to meet their post-2020 targets.

It will be key to ensure that any possible credits for early action only count towards commitments up to 2020 and not be used for compliance for the new global climate agreement. Allowing early action credits to count towards the post-2020 targets will not serve to contribute to the needed rapid action to reduce emissions and will undermine the goals that climate science indicates are necessary. It is not only the 2020 climate targets, but also the post-2020 commitments submitted for the new global climate agreement, that fall short of what is needed to stay below 1.5º/ 2°C warming. Allowing early action credits to count towards the post-2020 commitments will therefore at best only delay the problem of insufficient targets not driving the required deep mitigation actions.

Draft decision text on **WS 2, para 2** extends the possibilities for voluntary cancellation beyond CDM offset credits to other "certified emission reductions". It is essential to contain the potential dangers of this draft decision that may incentive the voluntary cancellation of other certified emission reductions that may include JI, AAU or RMU credits. In addition, the Kyoto units must not be able to be banked forward. This will remove considerable amounts of hot air and low additionality credits from the system.

While early action should be promoted, it is extremely difficult to ascertain if early action credits amount to more than hot air. Early action should instead be supported through the mobilization of new and additional climate finance for pre-2020 mitigation measures in developing countries and through increasing the 2020 targets of developed countries.

International aviation

The International Civil Aviation Organization is currently developing its market based measure to limit net CO_2 emissions, but not other radiative forcers, from the sector. Decisions on markets in the UNFCCC will have important interactions with the ICAO offset purchasing market. The UNFCCC calling on ICAO to do its fair share towards the 1.5ºC goal would establish an important benchmark against which ICAO climate action could be assessed. The UNFCCC should additionally request ICAO and IMO agree that a share of proceeds from trading of credits under any market based measure should be used to provide financing for adaptation in developing countries.

The ICAO market is expected to become a significant buyer of offset credits, and unless the UNFCCC puts in place clear accounting systems, there is the risk that it will become a significant driver of double counting of credits. Ensuring that rules for trade in emissions are stringent and offer high quality, sustainable emissions reductions will also help to ensure that ICAO's measure goes beyond greenwashing.

Article 3 (19) foresees language to address aviation and shipping emissions, however, does not provide sufficient mandate for the ICAO and IMO to develop sectoral targets and the policies and measures to achieve them, to stay within the 1.5ºC goal. To this end, the paragraph should be amended as follows:

"Parties shall pursue the reduction of greenhouse gas emissions from international aviation and marine bunker fuels, working through the International Civil Aviation Organization and the International Maritime Organization, respectively, with a view to agreeing concrete and effective measures addressing these emissions, consistent with the 1.5ºC objective."

In addition, the treaty should call on any markets developed to address these sectors to raise a share of proceeds towards adaptation and loss and damage, to allow for the damages caused by the sector and to guarantee that double counting is avoided.

Human Rights & Climate Change

Climate change poses one of the greatest human rights challenges of our time. Not only does man made climate change has a significant effect on several human rights, but also certain actions to address climate change can directly result in adverse impacts on human rights.
Addressing this challenge, Parties to the UNFCCC emphasised the importance of respecting human rights in all climate related actions as part of the Cancun agreement in 2010, insisting that "*Parties should, in all climate change-related actions, fully respect human rights*"

However, a closer look at the instruments established under the UNFCCC to address climate change reveals that so far, the Cancun mandate has been weakly operationalised and enforced. In addition, the lack of harmonised rules has resulted in a fragmentation of criteria and standards, with current mechanisms applying very heterogeneous and inconsistent approaches to the consultation of local communities and access to redress mechanisms.
A human rights-based approach to climate policies is critical to prevent the negative impacts, showcased in numerous past or on-going projects implemented through the financial mechanisms established under the UNFCCC.

In this context, robust human rights language in the operative part (Art. 2) of the Paris treaty is needed that would guarantee the effective integration of human rights in all climate related actions. This is especially significant as the Paris climate deal will set the framework for a wave of climate adaptation and mitigation activities to be implemented in developing countries.

To ensure that Paris also delivers for the most marginalized and vulnerable people, amend **Article 2(2)** to include the following wording "*while ensuring the respect, protection, promotion and fulfillment of human rights, including the rights of indigenous peoples; gender equality and the full and equal participation of women; intergenerational equity; a just transition of the workforce that creates decent work and quality jobs; food security; and the integrity and resilience of natural ecosystems."*

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