



Why NDRMF is supporting Development of Carbon Markets in Pakistan?

Despite its pitfalls and weaknesses, Clean Development Mechanism (CDM) under the Kyoto Protocol proved the concept that carbon trading can significantly contribute in meeting the global carbon mitigation targets in a cost efficient manner. It also ensures the flexibility within the broader system of regulatory requirements in complying with the targets and commitments made in the Nationally determined contributions. And if designed smartly and applied robustly, carbon markets have the potential to offer a number of co-benefits particularly to developing countries.

Ostensibly, these are the reasons that carbon markets are an integral part of The Paris Climate Agreement. Article 6 of the Paris Agreement introducing the concept of Cooperative Mechanisms includes both Market (Article 6.2 & 6.4) and Non-Market Mechanisms (Article 6.8). The overarching goal Article 6 is enabling international cooperation and market based principles to Greenhouse gas reductions internationally. It is based on the understanding that developing countries have the potential for cost effective GHG emissions reductions which can be unlocked through private sector investments.

Like many other developing countries, Pakistan also have huge and so far untapped potential for carbon investments but enjoys with few added advantages.

First of all, Pakistan in its NDCs have committed to cut down its overall projected emissions by 50% from projected level by 2030. Although considerable efforts are being undertaken on many fronts, such as, energy, transport and agriculture but some sectors have so far remained largely untouched. Industry is certainly one such sector where some sporadic and individual efforts are being pursued but given the potential a lot remained to be done. Contributions of industry in the overall emissions inventory is 25.76 MtCo₂e and estimates show that the major contributing sectors will be energy, agriculture and industry in the coming years.

Furthermore, as per the study undertaken back in 2016, industry, energy and agriculture sectors exhibit low marginal abatement costs for emissions reductions as compared to countries in the region. Although the study is in desperate need of upgrading and aligned with new economic and industrial growth realities but it can be safely assumed that many sectors of economy in Pakistan will fall into attractive carbon investment profile both for domestic and international investors.

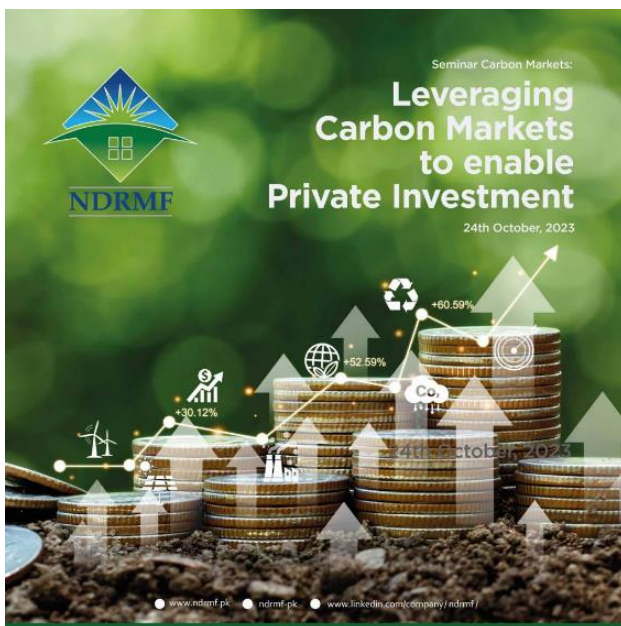


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In NDRMF, we believe that the Pakistan being one of top ten vulnerable and climatically at risk country have much to gain from international carbon markets. Opportunities in carbon reductions can assist in meeting the much wanted energy and process efficiencies in industry, contribute in energy transition and support in already underway transformation of agriculture sector. Similarly, prospects in decarbonizing the urban transport sector are substantial and so far untapped. Essentially assisting Pakistan in meeting its NDCs commitments through a combination of concessional finance as well carbon focused investments.

It is also believed that operationalization of Carbon Markets involves complexity and industry and private sector at large need support. Apart from guiding on technical and regulatory requirements facilitating international interlinkages and establishing cooperation is critically important.

To do so, NDRMF has initiated a number of information sharing, knowledge building events and sessions. Moving forward, NDRMF will be offering a suite of tailor-made technical solutions as well as transaction advisory services to the industry.



In this context, NDRMF Seminar **“Leveraging Carbon Markets to enable Private Investment”** to be held on Tuesday, 24th October in Karachi is aimed to build understanding of Private Sector regarding Carbon Markets and explore the Private sector potential, role of private sector and devise a road map to avail this opportunity in a timely manner.

The Seminar is bringing together a large number of participants from the private sector as well as experts from international organizations to discuss and share their experiences and enhance understanding on rapidly evolving carbon markets.