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Strengthening Madhya Pradesh to unlock opportunities from Carbon Markets for strong Climate Action

15 January 2025 | Courtyard by Marriott, Bhopal

Context

The recently released [UNEP Emissions Gap Report 2024](#) finds that countries must deliver stronger ambition and action to stay within the Paris Agreement's 1.5°C goal. The greenhouse gas (GHG) emission cuts of 42% are needed by 2030 and 57% by 2035 to get on track for 1.5°C.

The impactful climate action will require concerted and sufficient investment, knowing that the [costs of inaction](#) will be far higher. Developing countries will require [up to US\\$6 trillion by 2030](#) to finance not even half of their climate action goals. The IPCC report finds all countries are falling short, where financial flows are [three to six times lower than levels needed by 2030](#). The financial ambition agreed upon at COP29 is also starkly lower than the expectations to implement stronger climate action. Hence, the question is, how do we drive and finance the transformation needed to address the climate crisis? Many [countries are looking to carbon markets](#) as part of the answer.

A carbon market allows government and non-government actors to trade carbon credits, representing a reduction or sequestration of one metric ton of carbon dioxide (CO₂) or equivalent greenhouse gases (GHGs). The aim is to achieve climate targets and implement climate actions cost-effectively. Pricing GHG emissions through carbon markets is gaining traction as a pivotal strategy to combat climate change. For example, the carbon market mechanisms under the Paris Agreement can reduce the cost of meeting nationally determined contributions (NDCs) by an [estimated \\$250 billion per year in 2030](#) and facilitate an additional reduction of approximately [5GtCO₂ per year in 2030](#).

At COP29, held in Baku, Azerbaijan, **Article 6** of the Paris Agreement was a significant focus. The Article 6 includes three components:

1. **Article 6.2** enables bilateral or multilateral trading agreements for emission reductions between countries.
2. **Article 6.4** establishes a centralized, UN-managed global carbon market.
3. **Article 6.8** allows countries to support (financially or technically) other countries without any expectations of trading emission reduction units (also called a non-market approach).

While progress continues, challenges remain, such as loose transparency requirements and the need for methodologies and standards. Article 6 is vital for achieving the Paris Agreement's emission reduction goals while fostering international cooperation.

Potential in Madhya Pradesh

The city of Indore, which is also considered the commercial hub of Madhya Pradesh, took a pioneering step in environmental innovation by entering the carbon market. The city's success story began with its commitment to sustainability, mainly through waste management and renewable energy projects. Indore Municipal Corporation (IMC) transformed its solid waste management practices, creating a model for other cities to follow. From segregating waste at the source to setting up biogas plants, the city converted organic waste into energy and compost—this drastically reduced methane emissions from landfills, a significant contributor to greenhouse gases.



In 2023, by leveraging its eco-friendly initiatives, IMC earned its first carbon credits under international standards, which were subsequently commercialized in the global carbon market. The proceeds were reinvested into further green initiatives such as expanding renewable energy projects, improving public transportation, and afforestation. Indore's successful commercialization of the carbon credits demonstrates how local actions can contribute to global climate goals, blending innovation with environmental responsibility stewardship. Despite its potential, Madhya Pradesh faces challenges in fully leveraging carbon markets. Lack of awareness, technical expertise, and financial resources among local communities and institutions hinder participation.

Challenges and Opportunities

For Indian states to leverage the ever-evolving landscape of the carbon markets and implement strong climate action, several challenges must be addressed. These challenges may include but not limited to:

- Limited technical expertise and resources to understand the complex structure of carbon markets.
- Identifying projects and initiatives that can deliver high-quality emission reductions.
- Equitable distribution of carbon revenues to appropriate stakeholders.
- Lack of specialized agencies or institutional arrangements to ensure smooth participation in carbon markets.
- Compliance with the global standards to participate effectively in compliance and voluntary carbon markets.
- Limited technical expertise regarding the aspects of commercialization of emission reduction units.
- Perception regarding the effectiveness of carbon markets to curb emissions and long-term sustenance of carbon revenue.

Carbon markets also present a range of opportunities for subnational governments to achieve their climate goals and transition to a low-carbon economy:

- Monetizing emission reductions by accessing opportunities within the compliance and voluntary carbon markets provides the subnational government with an additional revenue stream.
- Implement new technologies that have yet to mature and diffuse (i.e., become a common practice within a region) and fill the viability gap fund through the revenue stream generated through carbon markets.
- Carbon markets can attract technological innovation and private and international investments.
- Subnational governments can contribute to India's climate goals by accelerating the implementation of strong and ambitious climate actions.
- It's an opportunity for the subnational government to demonstrate strong leadership in implementing climate action while ensuring sustained economic growth.

Expectations from the Workshop

Madhya Pradesh is one of the pioneering states in implementing climate action while driving economic growth. However, strong climate action would require various sources of investment. By integrating carbon market mechanisms into its development strategies, the state could achieve a dual goal: fostering sustainable economic growth and contributing to national and global climate action.

In this context, WRI India and EPCO are jointly organizing a workshop with key government departments, academia, think tanks, research agencies, and civil society organizations on January 15, 2025, in Bhopal. The workshop aims to build the capacities of key stakeholders, including state



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government officials, on various aspects of carbon markets. The workshop aims to identify opportunities to develop potential projects that can be leveraged to earn carbon finance and to implement strong climate strategies in the short, medium, and long term. The workshop will equip stakeholders with the knowledge required for effective participation in carbon markets.



Agenda

Timing	Sessions
09.30 – 10.00 AM	Registration and Welcome
10.00 – 10.30 AM	Inaugural Session <ul style="list-style-type: none"> Introduction and Context Setting: Mr. Lokendra Thakkar, Coordinator, SKMCCC, EPCO Welcome Remarks: Ms. Uma Maheshwari R., Executive Director, EPCO Address: Ms. Ulka Kelkar, Executive Program Director, CEF, WRI India Special Address: Dr. Navneet Mohan Kothari, Principal Secretary, GoMP, Department of Environment and Director General, EPCO Keynote Address: Mr. Manu Shrivastava, Additional Chief Secretary, GoMP, Department of New & Renewable Energy
10.30 – 10.50 AM	Presentation on “ <i>Article 6 new rulebook and Current global status of carbon markets</i> ” by Mr. Subrata Chakrabarty , Associate Program Director, CEF, WRI India
10.50 – 11.10 AM	Presentation on “ <i>Scenario of domestic carbon market in India</i> ” by Mr. Varun Agarwal , Senior Program Manager, CEF, WRI India
11.10 – 11.30 AM	Tea Break
11.30 AM – 12.45 PM	Panel Discussion “ <i>How can State of Madhya Pradesh leverage on the opportunities of carbon markets?</i> ” Moderator <ul style="list-style-type: none"> Ms. Ulka Kelkar, Executive Program Director, CEF, WRI India Panelists <ul style="list-style-type: none"> Ms. Mahua Acharya, Founder CEO, International Energy Transition Platform Mr. Vivek Sen, Director India, Climate Policy Initiative Ms. Shuchi Malhotra, Director - Sustainability & Climate Change, Deloitte India Mr. Niroj Mohanty, Managing Director, Core CarbonX Mr. Manish Dabkara, Director, EKI Energy Services Ltd. Ms. Kasturi Navalkar, Head, Partnerships, Value Network Ventures Pte Ltd. Dr. Lokesh Chandra Dube, Senior Manager, Standard Development & Innovation, Gold Standard Mr. Vikash Yadav, Senior Regional Manager, Climate Projects, South Pole
12:45 – 01:00 PM	Q&A
01:00 – 01:10 PM	Conclusion and Way Forward – Mr. Lokendra Thakkar , Coordinator, SKMCCC, EPCO
01:10 – 01:15 PM	Vote of Thanks – Mr. Saransh Bajpai , Associate Program Director, CEF, WRI India
01.15 PM onwards	Lunch