



Regional Climate Week

Latin America and the Caribbean

Panama City, Panama – 23-27 October 2023



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Welcome Remarks



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Regional Collaboration Centres
UN Climate Change



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ICEBREAKER: Let's get to know each other!!!



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Icebreaker Activity

1. First Step

Think about your favourite place (**Mountain** or **Beach**) and find your group.



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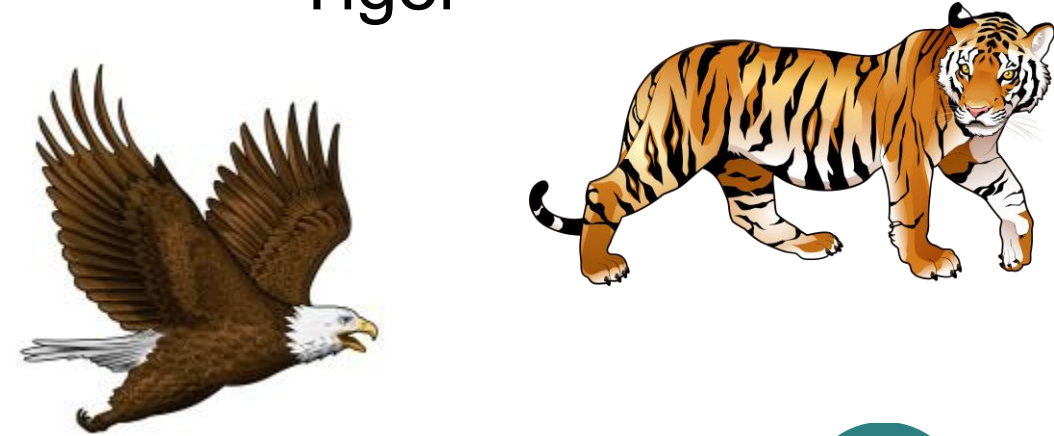
Icebreaker Activity

2. Second Step

Mountain Group:

Who identifies as an:

- Eagle
- Tiger



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Beach Group:

Who identifies as an:

- Water
- Sand



Icebreaker Activity

3. Now, you ALL divide in 4 groups:

- Choose a song music that they relate with or identify with the group.
- Name a group.
- Present the name of the group and explain why you have chosen the song.
- Play the song loud in the room, (dance possible).



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Agenda of Day 01: Monday, October 23rd, 2023

Time	Topic
09:30 – 10:30	Session 1a: Consideration of instruments
	Session 1b: Introduction to Carbon Pricing and Domestic Consideration
	Session 1c: Carbon Pricing Approaches.
10:30 – 10:50	Coffee Break
10:50 – 13:00	Session 1d: Carbon Pricing Approaches
	Session 2: Domestic Considerations in choice of carbon pricing
	<ul style="list-style-type: none"> • Countries Experiences: Lessons Learned, Opportunities and Challenges • ETS (Quebec, Dominican Republic) • Carbon Tax (Colombia, Trinidad and Tobago) • Offsetting System (Panama)
	Special Presentation
13:00 – 14:30	Lunch
14:30 – 16:00	Session 3: Introduction to international compliance carbon markets.
16:00 – 16:30	Coffee Break
16:30 – 17:30	Session 04: Introduction to international voluntary carbon markets.
17:30 – 18:00	Wrap Up and Closing



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RediCAP + Article 6 Training + DNA Forum

Stay tuned...

*Follow our channel
on WhatsApp*



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Housekeeping Rules

- Put your cellphone in silent mode. 
- Be punctual. 
- Raise hands for questions. 
- Interpretation is available in English and Spanish.
 - **Other Option: Download the App and choose your language wearing your headphones.**



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Landscape of Instruments: Reflections to start with...



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Landscape of instruments

Basic premise:

Achieving the objectives of the Paris Agreement will require instruments to:

Make high emitting solutions
less attractive
(e.g fee / obligations)

and/or

Make low-carbon solutions
more attractive
(e.g support / incentive)



Decision 1/CP.21: §136. *Also recognizes* the important role of providing **incentives for emission reduction activities**, including tools such as domestic policies and **carbon pricing**;



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Landscape of instruments

Basic premise:

Achieving the objectives of the Paris Agreement will require instruments to:

**Make high emitting solutions
less attractive**
(e.g fee / obligations)

- Mandates/standards (GHG/Efficiency)
- Fees (carbon tax; energy tax; etc.)
- Obligations to reduce/offset GHGs

and/or

**Make low-carbon solutions
more attractive**
(e.g support / incentive)

- Support to investments (Grants, tax credits, etc.)
- Result-based funding (carbon credits, feed-in tariff, etc.)
- Other support (rebates, incentives etc.)



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Landscape of instruments

	Kyoto Protocol	Paris Agreement
Non-Annex I countries	No climate targets	<div> All Parties have Nationally Determined Contributions (NDCs) Article 6 </div>
Annex I countries	Binding climate targets <div> CDM ↓ JI ↔ IET ↔ </div>	
Instrument of collaboration	CDM (between Annex I and non-Annex I countries) JI (between Annex I countries) IET (between Annex I countries)	Article 6 of the Paris Agreement (between any Parties) <ul style="list-style-type: none"> • Article 6.4: mechanism for the creation of units (tCO₂e): A6.4ER • Article 6.2: transfers of mitigation outcomes for NDCs and OIMP • Article 6.8: non-market approaches



Landscape of instruments

What changed in the Paris Agreement landscape compared to the Kyoto Protocol

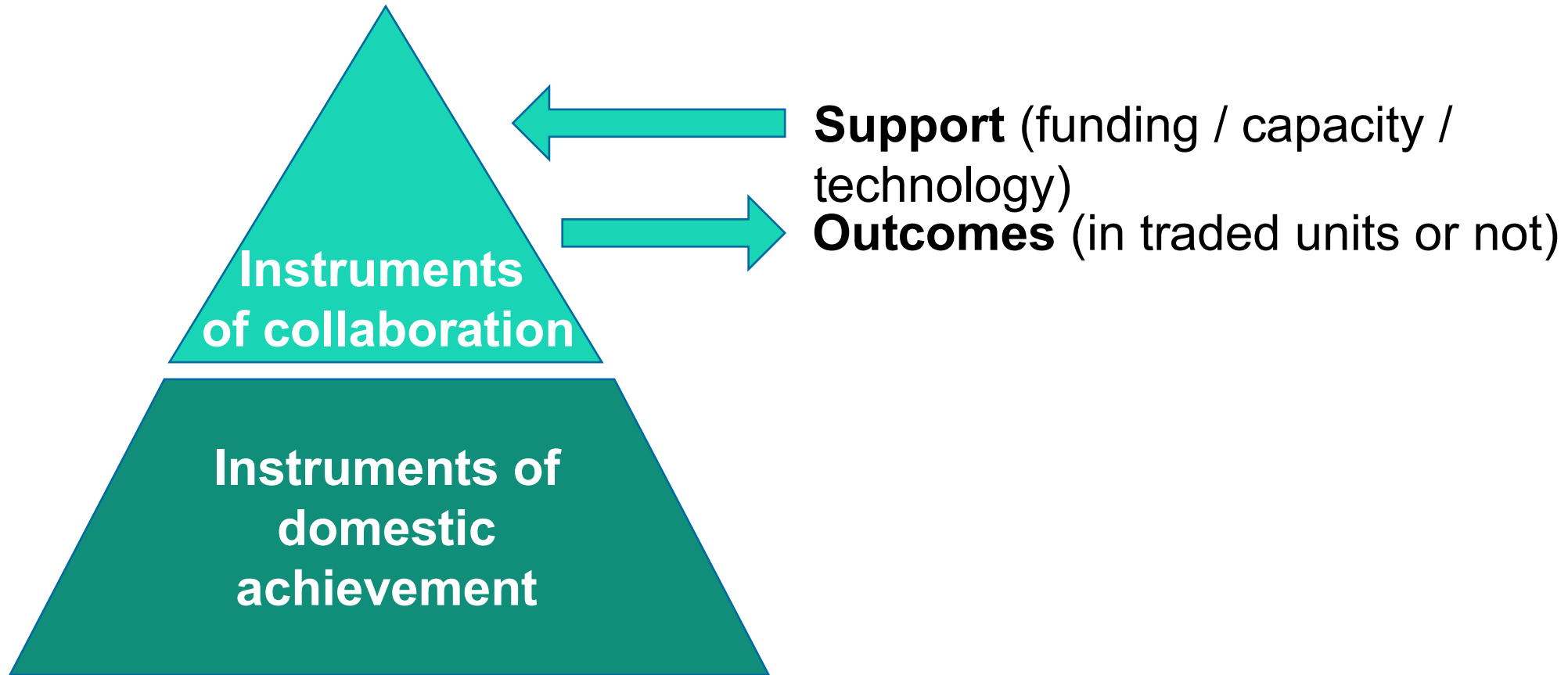
- Need for ALL Parties to **achieve their own self-set targets** (Nationally Determined Contributions).
 - Need for domestic instruments, measures and/or actions to curb domestic GHG emissions.
- Instruments of **cooperation** still exist:
 - Allow Party A to invest in measures in host Party B to cut emissions and claim the outcomes. *(but then host Party B cannot claim these outcomes as part of its NDC achievement)*
 - Two main instruments for carbon units:
 - One central mechanism for creating mitigation outcomes.
 - One instrument for transferring mitigation outcomes.



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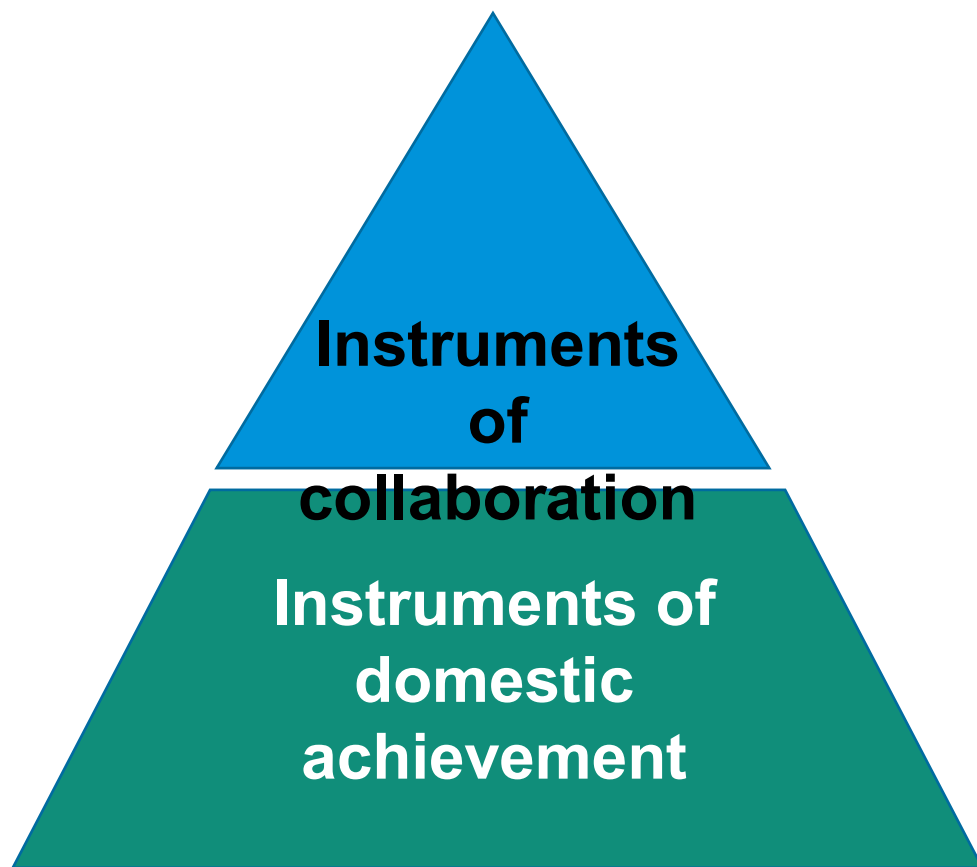
Landscape of instruments



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Landscape of instruments



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Where do these fit?

Art. 6.4

Art 6.2

ETS

Carbon tax

Domestic

crediting

VCM

Many others...

How can I use them?



<https://publicdomainvectors.org/en/free-clipart/Adjustable-wrench-icon-vector-image/23097.html>

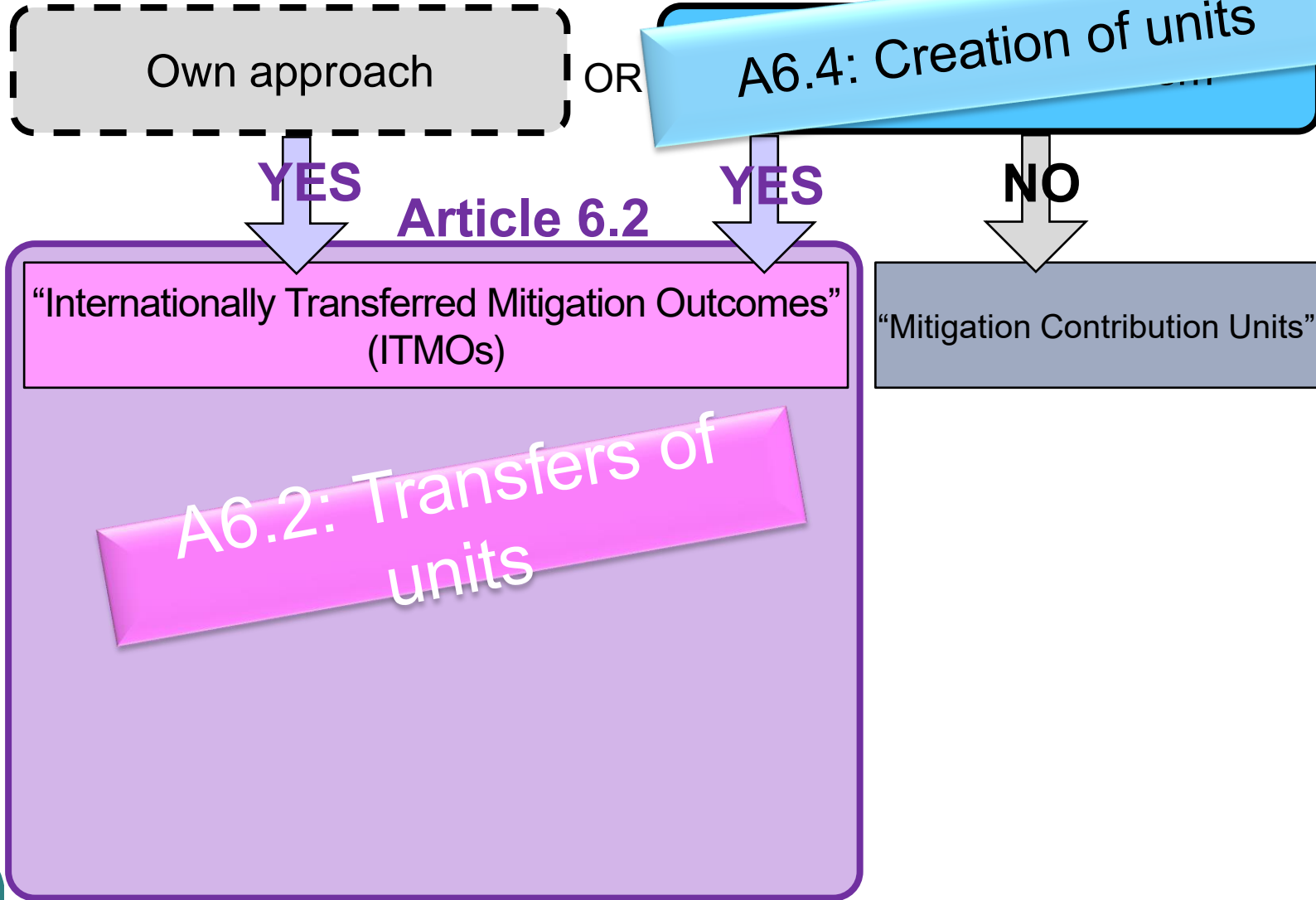
Landscape of instruments

Creation of carbon
units

(e.g. carbon credits):

“Authorized*” units?:

Type of units:



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* Authorization of units under Article 6.2 of the Paris Agreement opens the right to transfer units from Party A to Party B for NDC use or for “other international mitigation purposes” – but it also creates obligations in terms of participation requirements, the application of “corresponding adjustments” and reporting obligations

Landscape of instruments

Creation of carbon units

(e.g. carbon credits):

“Authorized*” units?:

Type of units:

Requirements:

Use:

Own approach*

OR

A6.4: Creation of units

YES

Article 6.2

YES

NO

“Internationally Transferred Mitigation Outcomes” (ITMOs)

- Participation requirements
- Application of “corresponding adjustments”
- Reporting obligations

A6.2: Transfers of units

Nationally Determined Contributions (NDC)

Other International Mitigation purposes (OIMP)

Others

(Country mitigation targets under the Paris Agreement)

(e.g. to compensate emissions from international aviation under CORSIA)

“Mitigation Contribution Units”

A6.4 Participation requirements

Other purposes

- Result-based climate finance
- Voluntary climate action
- Domestic carbon pricing compliance

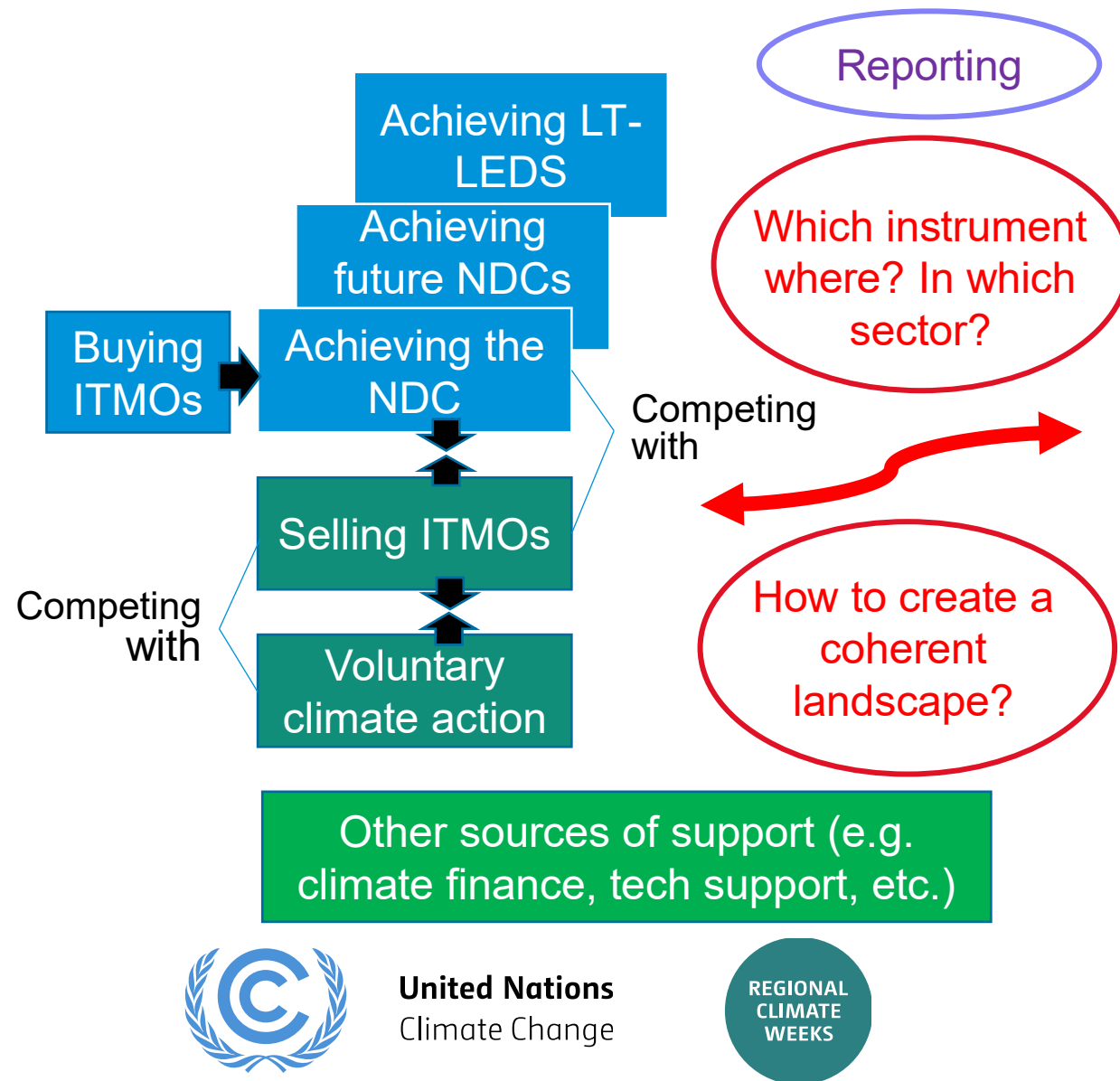


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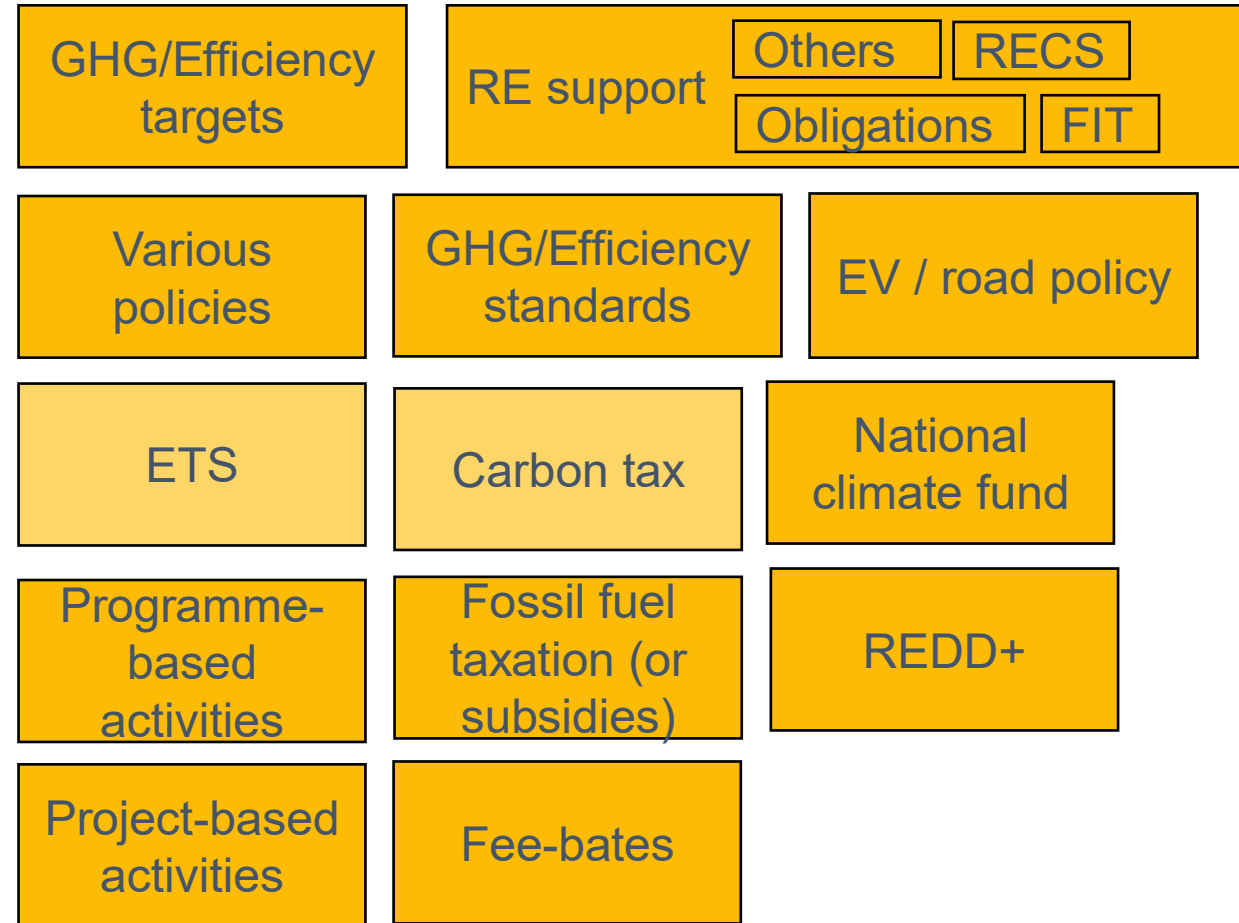
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Landscape of instruments



Which measures have which cost/effort?



Landscape of instruments

Some key questions

- Which is the relative cost/effort of mobilizing various measures?
 - How can I harvest all-low-cost measures?
- Where is the most promising abatement potential in my country (current and future)?
- Which sectors can easily be mobilized with which instruments?
 - What is the nature of the barrier to implementation? Cost? Adequate financing? Technology? Capacity building? Institutional? Lack of mandate? Others?
 - Which instrument fits best?
 - Economic instruments? Which ones? Incentives? Penalties? Both?
 - Mandates?
 - Awareness-raising and support?

National
Mapping
exercise



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Landscape of instruments

Some key questions and points

- Which type of support is available? Which is fitting for which area?
- Do I need/want private sector involvement
- What is in the current NDC? What will be in my future NDCs?
 - Which sectors/measures should I start mobilizing for future NDCs?
 - Am I on track to achieving my NDC?
- What are the co-benefits of measures?
 - How do I capture them?
- Do I have adequate institutions or need to build them up?
 - Which support is available?



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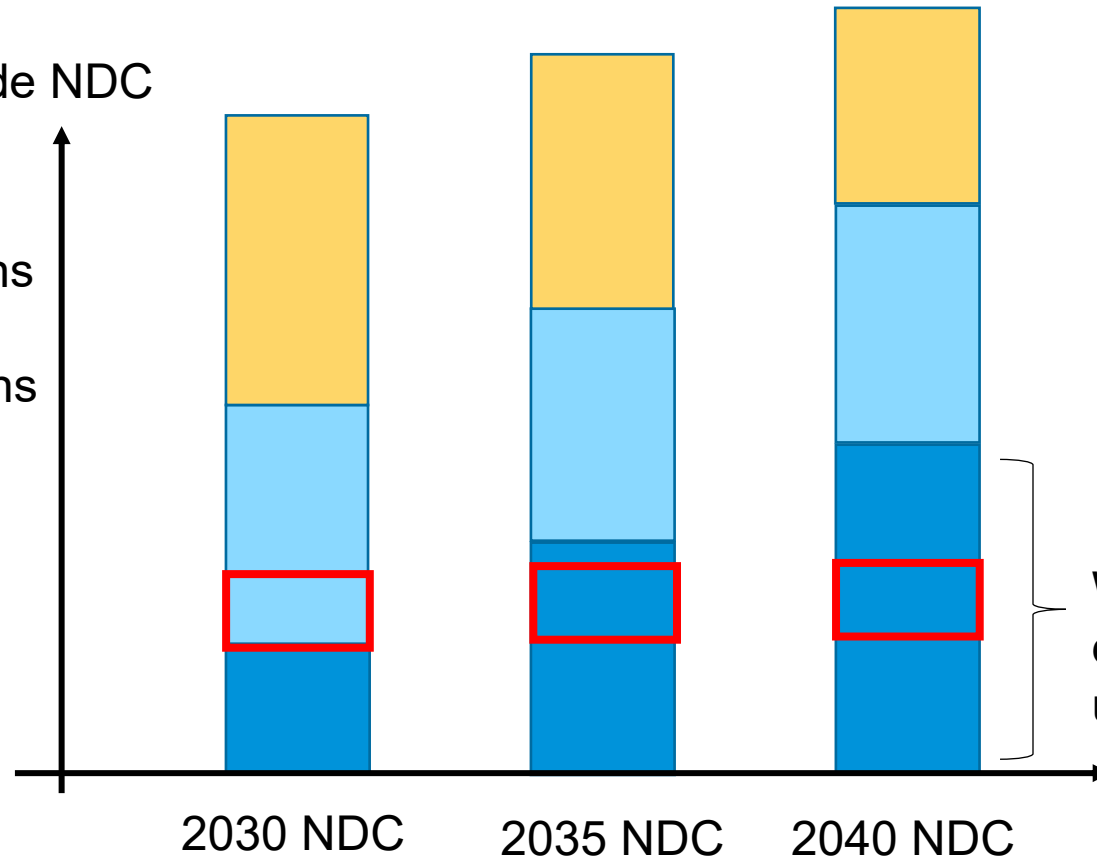


Reflection: Where will measures fit?

Conditional part of NDC
Unconditional part of NDC

Outside NDC

GHG
emissions
and
reductions



Types of support

- Climate finance
- Capacity building
- Technology
- Carbon finance (compliance and VCM)



Which instrument(s) of delivery for the unconditional NDC?



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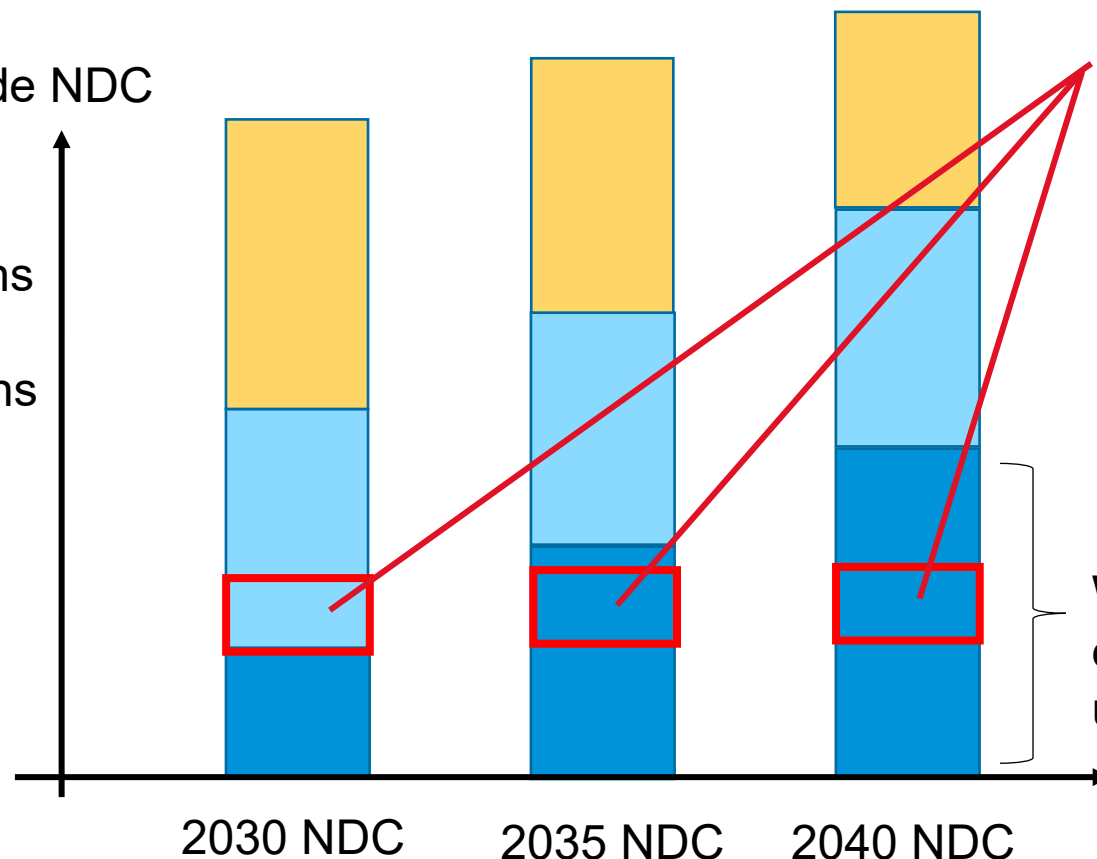


Reflection: Where will measures fit?

Conditional part of NDC
Unconditional part of NDC

Outside NDC

GHG
emissions
and
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Same measure but up to 2030, it is in the conditional part of the NDC and afterwards – part of the unconditional part. What would be wise to do with regard to Article 6?

Types of support

- Climate finance
- Capacity building
- Technology
- Carbon finance (compliance and VCM)



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Reflection: Where will measures fit?

Some key questions and points

- Consideration of tradability
 - Are the outcomes easily identifiable? Can they be MRV'd (Monitored, Reported, Verified)
 - Can the outcomes be easily unitized (turned into units)?
 - Which benefit would the crediting/selling of outcomes bring? Which disadvantages?
 - What do I need to ensure that the selling of outcomes does not endanger the achievement of my current NDC and future NDC? And possibly benefit them?
- How to avoid double counting / double use of outcomes and sources of support?
 - Climate finance
 - Carbon finance
 - Other forms of support



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Some reflections before starting on carbon pricing

- Do I need to actively discourage the emissions from fossil fuels? (to achieve my current NDC, future NDC and LT-LEDs)
 - Now?
 - In the future? – do I already need to plan for it to avoid “stranded assets” (major list of heavy emitting plants by mid-century?)
 - E.g. in my national planning?
- What are the associated benefits?
- Who can help me?
- What about the cost?
 - What is the net cost?
 - Who bears a cost? Who gets benefits?
 - Which costs can be borne easily / which not? By whom?
 - What are the cost mitigation measures?
 - Can I somehow support the cost through cooperative action under Article 6?



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Some reflections before starting on cooperative approaches

- What is included in my current NDC?
 - What is in the unconditional part of my NDC (what will I achieve on my own)?
 - What is included in the conditional part of my NDC? Which support will I use?
 - What is outside my NDC? Do I want to mobilize this and how?
- What could be included in my future NDC?
 - Could I credit sell/credit the results now and at a later point end the crediting and count results towards my NDC?
- What could contribute to my LT-LEDs?



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THANK YOU FOR ATTENDING



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