



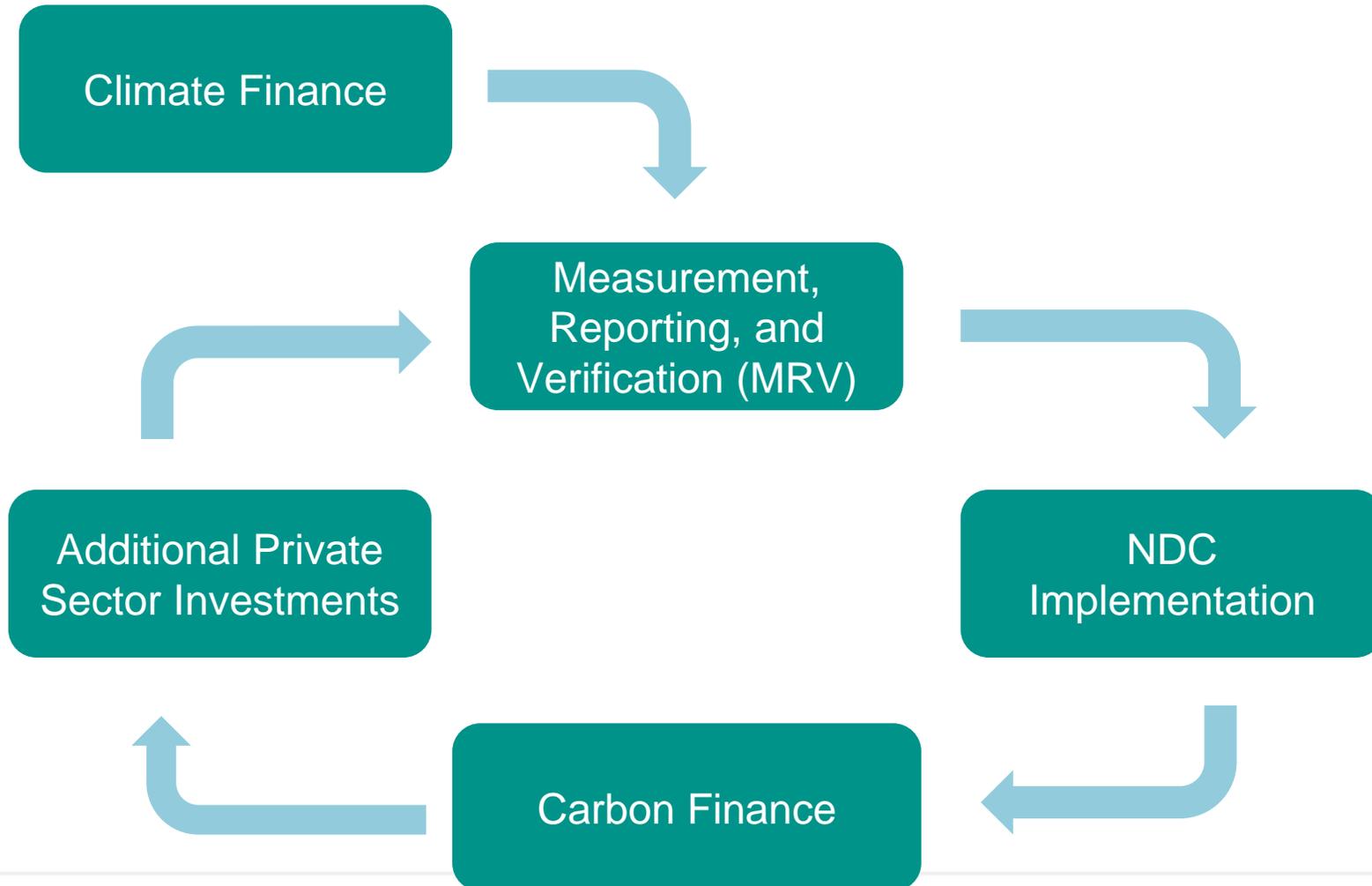
Opportunities with International Carbon Market Mechanisms to Help Implement Waste Management Projects

*Lessons Learned from
the Canada-Chile Reciclo Organicos Program*

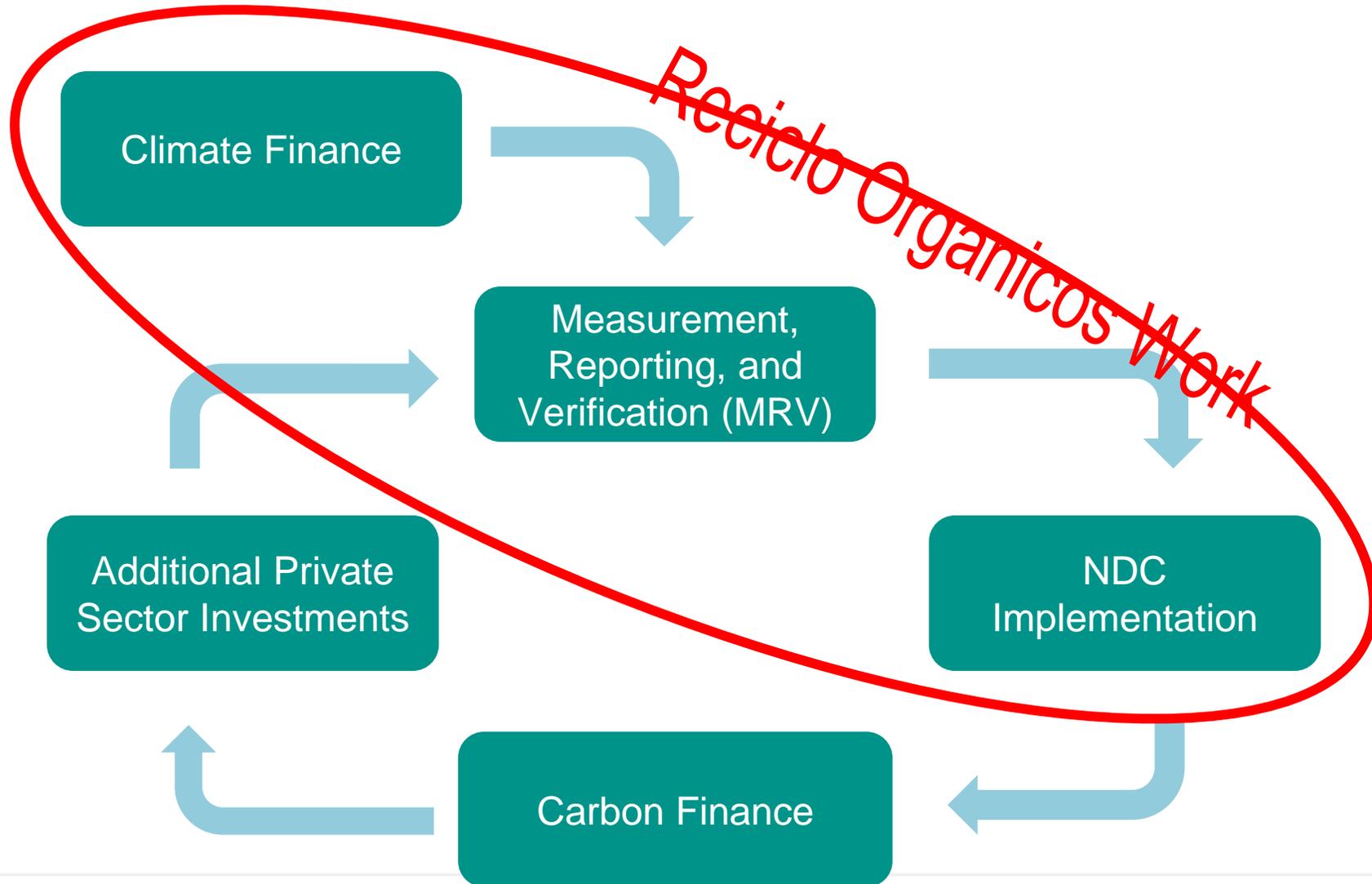
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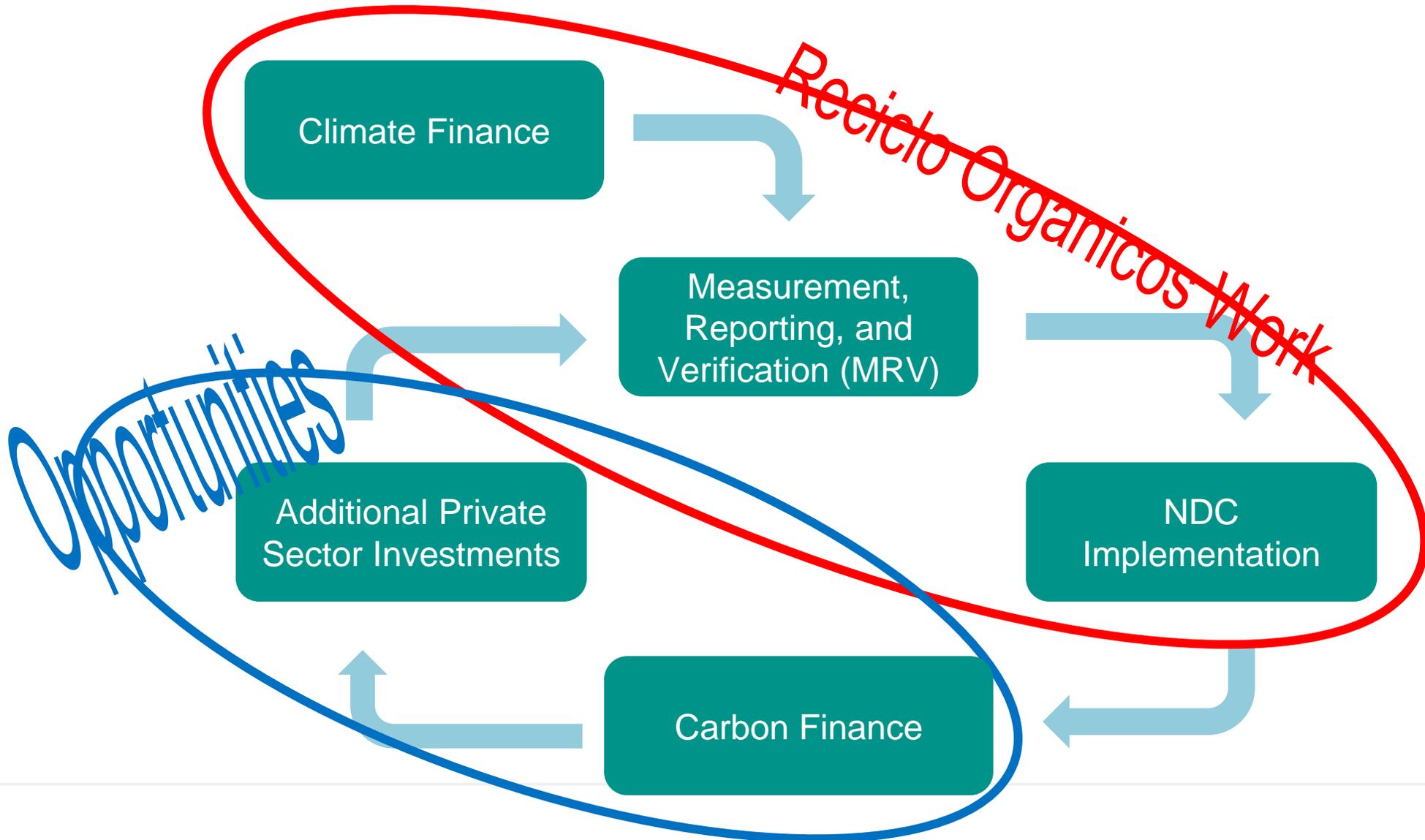
CONTEXT



CONTEXT (2)



CONTEXT (3)



CLIMATE FINANCE

- Financial investments are needed to help communities and jurisdictions around the world to better address climate change and adapt to its harmful consequences in a way that is sustainable and transformational.
- International climate finance plays a key role in achieving this.

Canada
provided
\$7M for RO

Climate finance is a key part of international climate change dynamics.

- Developing countries committed to taking ambitious climate change action
- Developed countries committed to continuing to provide financial and technical support for implementation – subject to ODA rules.
- The obligation for developed countries to provide financial support - collective goal to mobilize USD100B per year - is enshrined in the Paris Agreement.

Canada provided \$7M to the Reciclo Organicos Program as part of its \$2.65 billion in international climate financing to help countries address climate change and support their transition to low-carbon economies under the Paris Agreement.

MEASUREMENT, REPORTING AND VERIFICATION

- Implementation of the Paris Agreement requires **transparency and reliable data** on mitigation governance including emission reductions.
- Solid MRV foundation will help countries:
 - Make informed decisions about domestic climate actions to implement their NDC;
 - Consider how to enhance enhancing ambition

Therefore, building capacity to develop robust methodologies to track emission reductions will add significant value to **NDC implementation**.

Measurement,
Reporting, and
Verification (MRV)

NDC
Implementation

MRV
identified
as a priority
for RO

FORMER INTERNATIONAL MARKET MECHANISMS

Flexible Mechanisms of the Kyoto Protocol (1997)

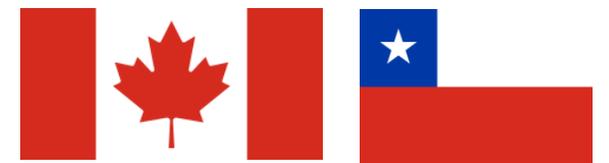
- The Clean Development Mechanism (CDM) and Joint Implementation (JI);
- Early success due to the absence of heavy government involvement which fostered the development and implementation of many projects in developing countries;
- **BUT** ... Major credibility concerns identified that needed to be addressed (for example: additionality, double-counting);
- Best practices to be retained – including its attractiveness for the private sector;
- Credit generated were called: Certified Emission Credits (CER).

Article 6 of the Paris Agreement:

- Recognizes that countries may voluntarily cooperate when implementing their national climate targets to allow for higher ambition than they could otherwise achieve on their own
- **Article 6** provides a framework for countries to cooperate in reducing their emissions levels by trading “internationally transferred mitigation outcomes” (ITMOs), such as through international carbon markets
- An ITMO is an accounting entry that refers to an emission reduction or removal that occurs in one country and is voluntarily transferred for use toward another country’s climate target
- Rules to apply these principles and implement carbon market mechanisms were agreed at COP 26 in Glasgow in 2021, particularly on environmental integrity and avoiding double-counting

CANADA-CHILE VIRTUAL ITMO PILOT

- As part of Reciclo Organicos, Canada and Chile agreed to work together to share views on the use of Art. 6 as a way to support NDC achievement.
- The purpose was develop a virtual and fictive pilot to:
 - Identify opportunities and challenges with exporting ITMOs;
 - Discuss and elaborate potential NDC accounting rules to manage ITMO transfers;
 - Anticipate institutional capacity challenges.



The virtual pilot does not prejudice any future decision by either country concerning the use of ITMOs to achieve their NDC

HOW DOES IT WORK?

- For the seller, selling ITMOs is an **innovative way to channel investments into low-carbon projects.**
- Payments for the ITMOs can leverage finance and stimulate investment into projects that contribute to sustainable development.



ROLE OF PRIVATE SECTOR

Additional Private
Sector Investments

- Public investments and government led-climate finance alone **will be insufficient** to deliver transformational change to achieve the long-term goal of the Paris Agreement.
- It can only be achieved with **scaled up private sector investments** and global finance flows redirected towards resilience and low-carbon economies.
- As such, Art. 6 is expected to play a critical role in creating the appropriate incentives for mitigation activities financed and managed by the private sector.

KEY TAKE AWAY MESSAGES

- **Raising ambition** will require additional and significant investments.
- **MRV (reliable and trusted data)** is the key to unlock financing.
- **Climate finance** is still a great option to build capacity and implement targeted pilots but subject to ODA rules.
- **International carbon markets** represent an opportunity to scale up implementation and fast-track NDC implementation.
- **Private sector investments** will continue to play a significant role to address sector-wide transformational change.



MUCHAS GRACIAS - THANK YOU - MERCI

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