

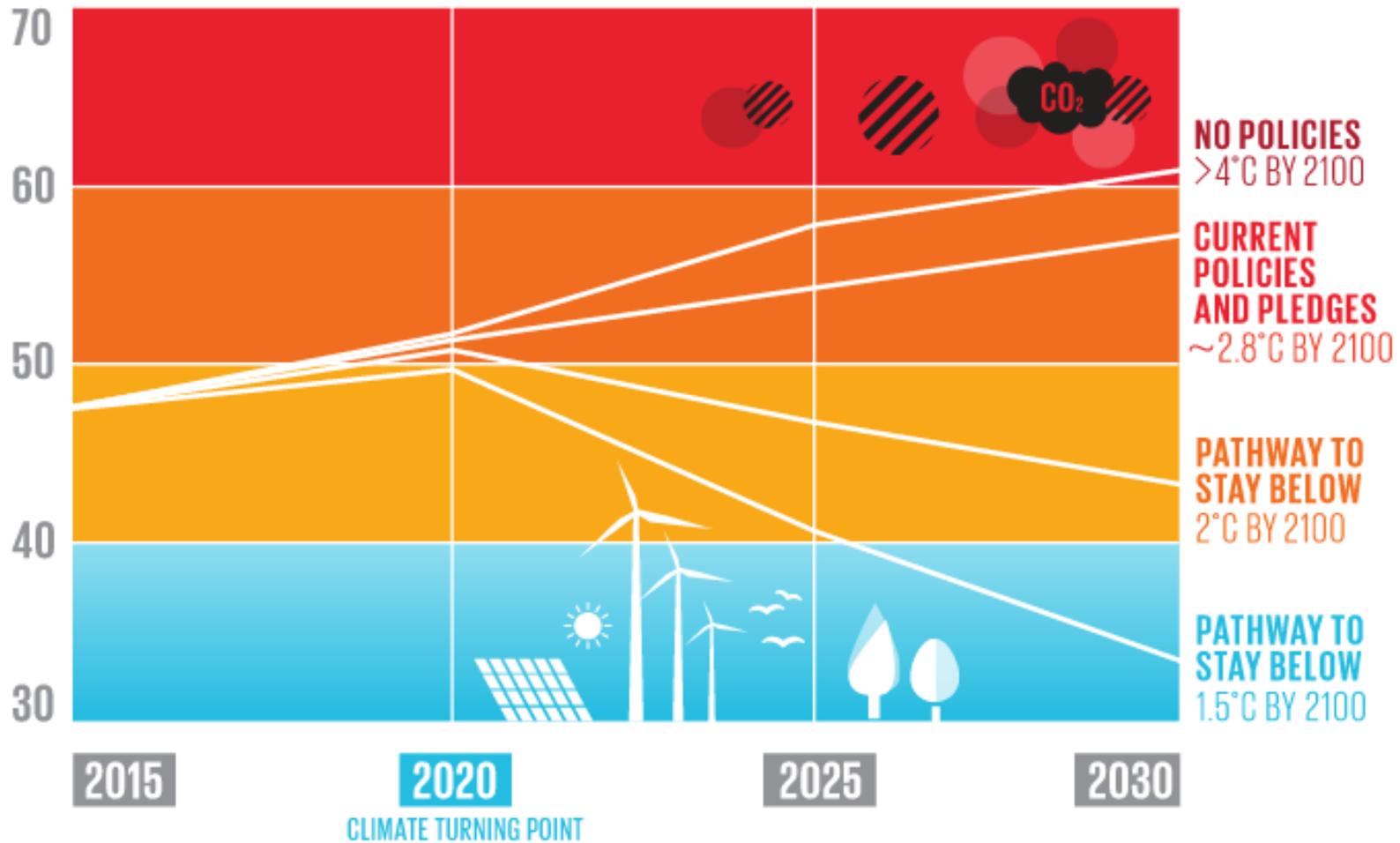
# A 'Climate Team' with Chile?

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29 August, 2019

Santiago

# Bending the curve internationally



BASED ON ANNUAL GLOBAL TOTAL GREENHOUSE GAS EMISSIONS (GtCO<sub>2</sub>e)

Source: Adapted from UNEP Emissions Gap Report 2016, Climate Action Tracker and Climate Central

Source: Carbon Tracker Initiative et al. (2017). 2020: *The Climate Turning Point*. Mission 2020.

# Key messages

1. The world needs to transition to net zero emissions.

Effective transfers across countries will help us go faster.

2. Large-scale transfers for additional mitigation and enhanced mutual ambition require shared vision, trust and true collaboration

Not just arms-length market transactions

3. Chile could form a 'climate team' to mobilise resources to accelerate its transition to a low emissions economy.

# Working together to accelerate mitigation

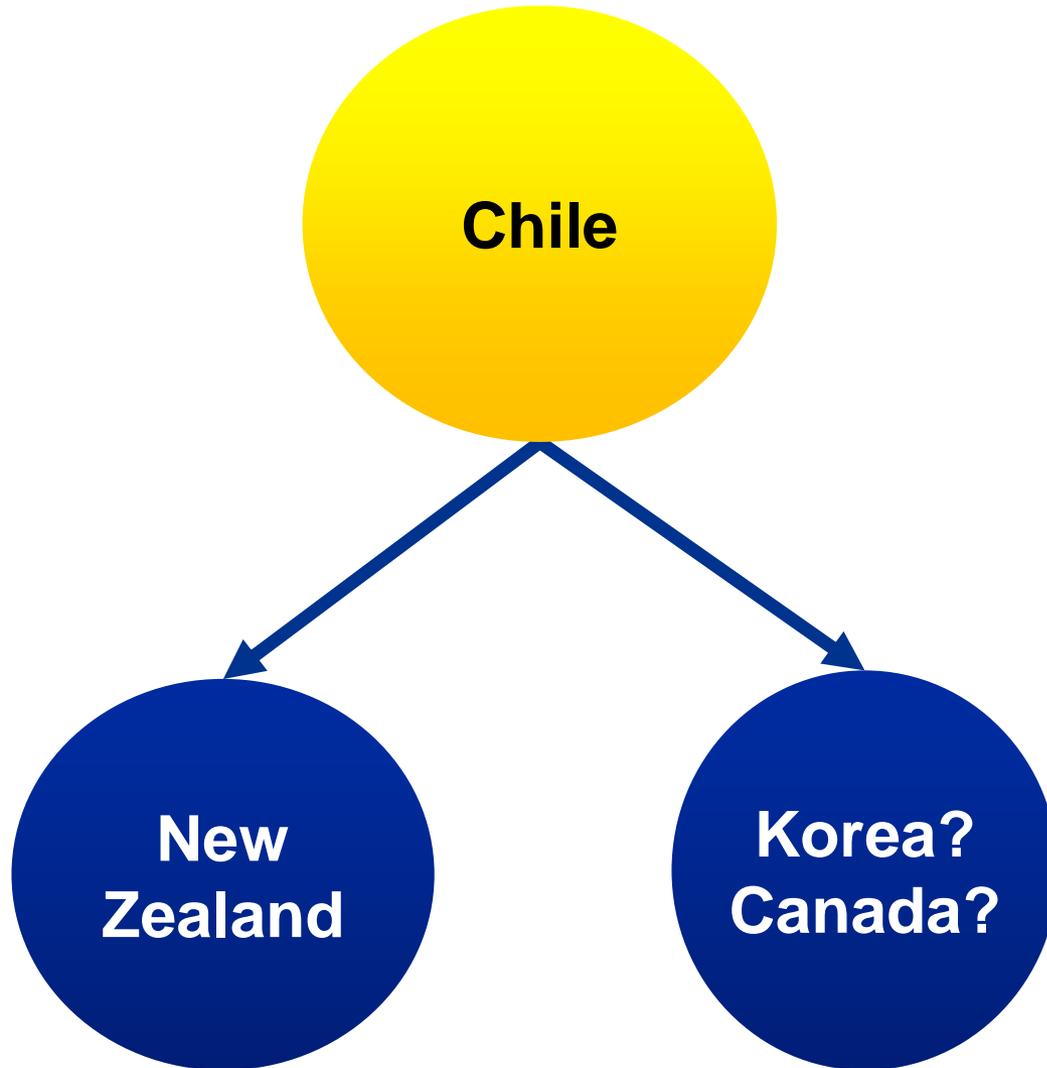
Host

**Chile**

Partners

**New  
Zealand**

**Korea?  
Canada?**



# Climate teams: funding credible international mitigation

## What 'hosts' need

1. Guarantee of income flow if they make large, costly (economically or politically) systemic changes

e.g. Transition to renewable electricity sector  
institutions to facilitate closure of coal  
large scale solar plants, micro-hydro?  
grid infrastructure to manage intermittency

### Electrification of transport

Electrification of bus fleet (or hydrogen)  
Charging infrastructure for electric vehicles

# What 'partners' need

1. 'Internationally transferrable mitigation outcomes' to meet ambitious international targets during period of domestic transition to low emissions

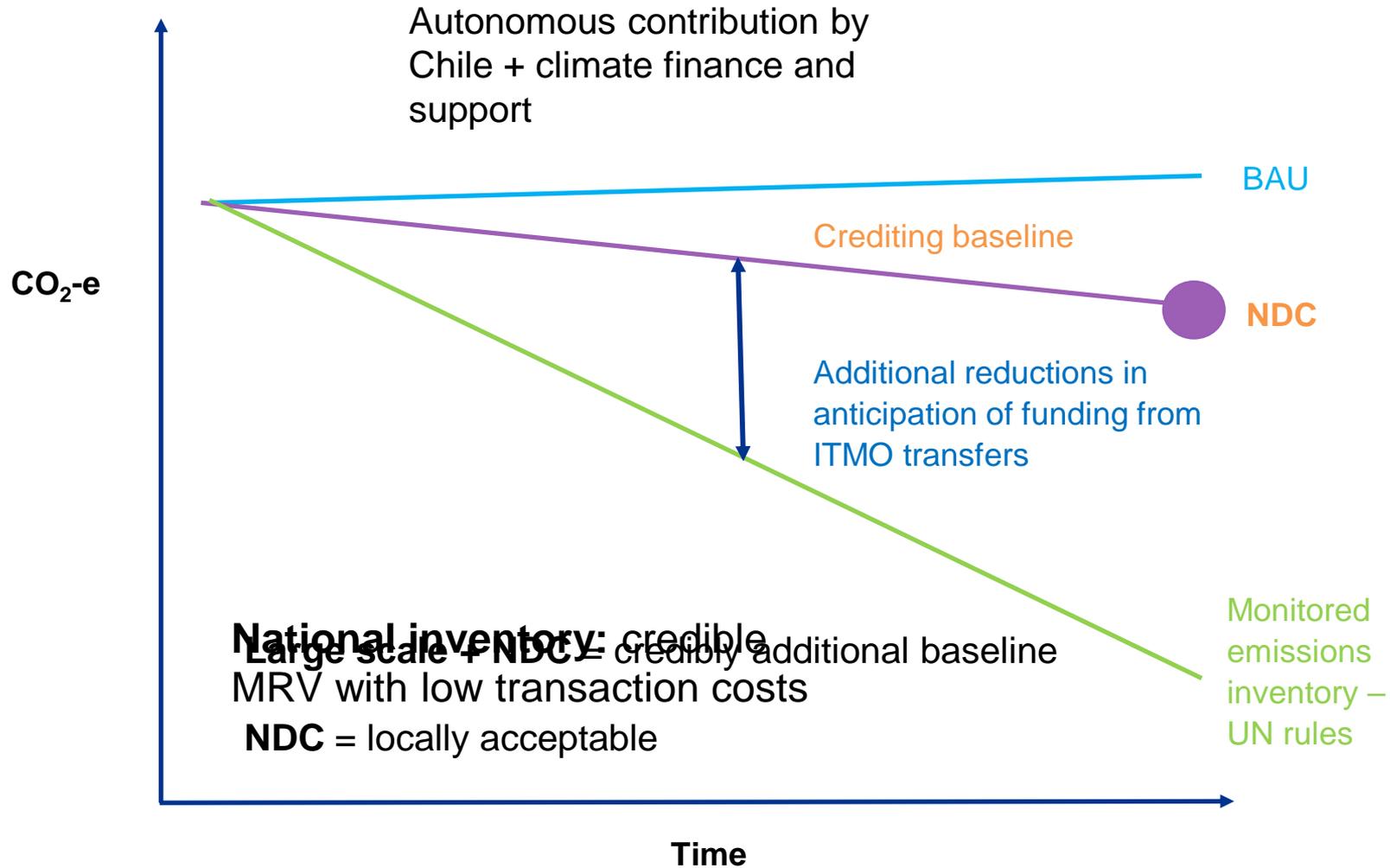
2. Credible units in the eyes of domestic taxpayers and voters

and in the eyes of other countries – to encourage reciprocal cooperation

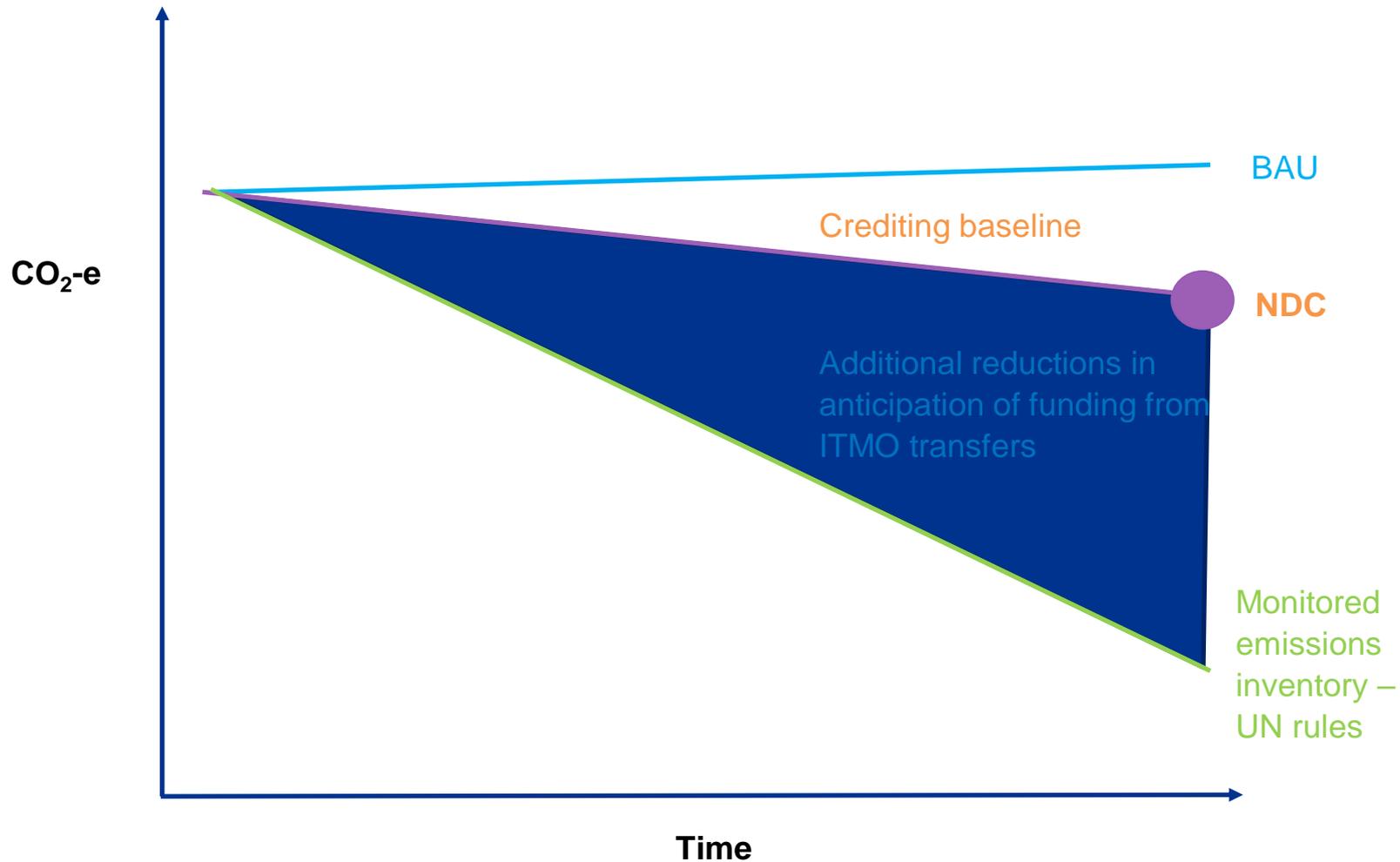
Both value co-benefits associated with resource transfers

– e.g. air quality, poverty reduction

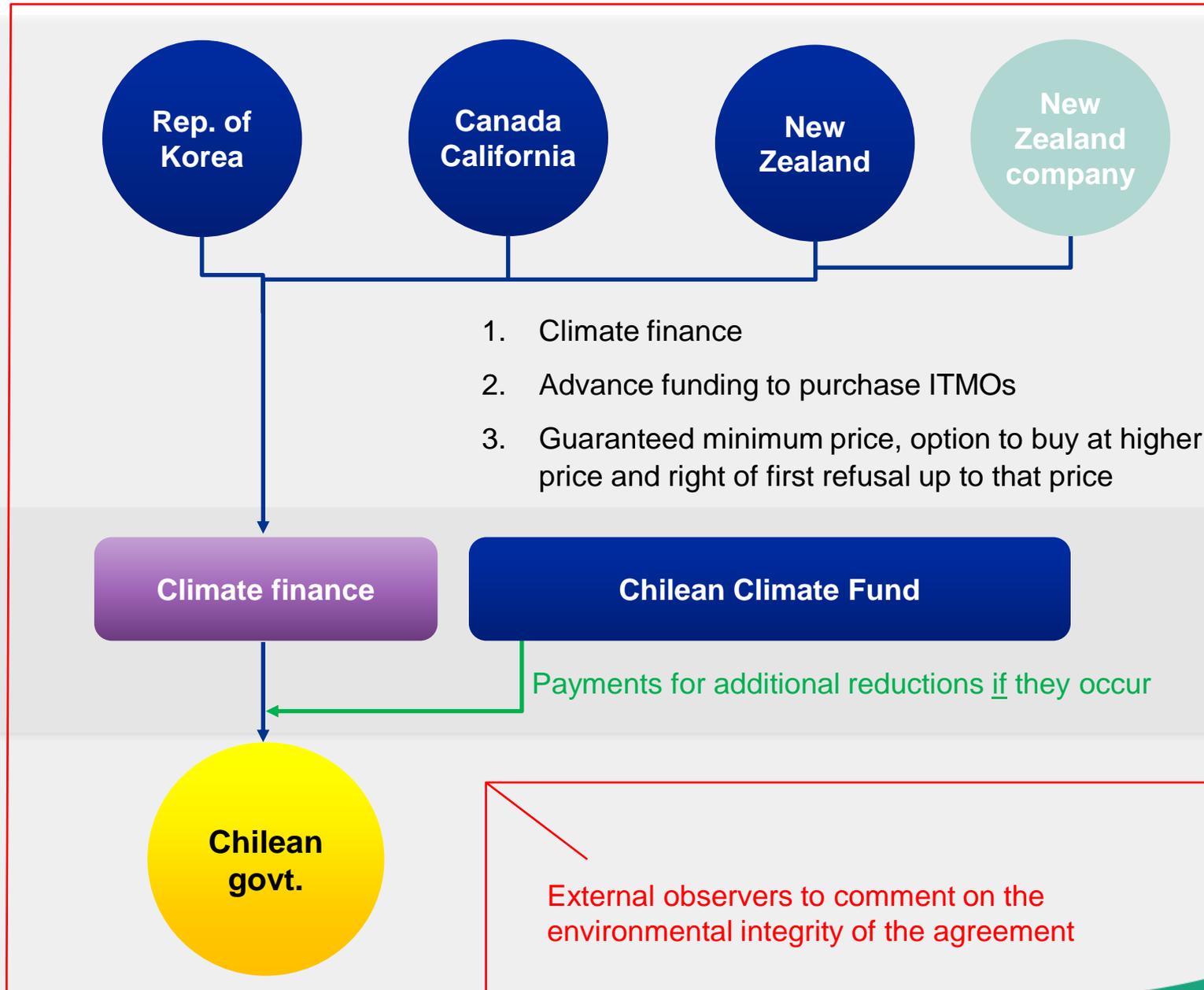
# Creating Internationally tradable mitigation outcomes (ITMOs) in Chile



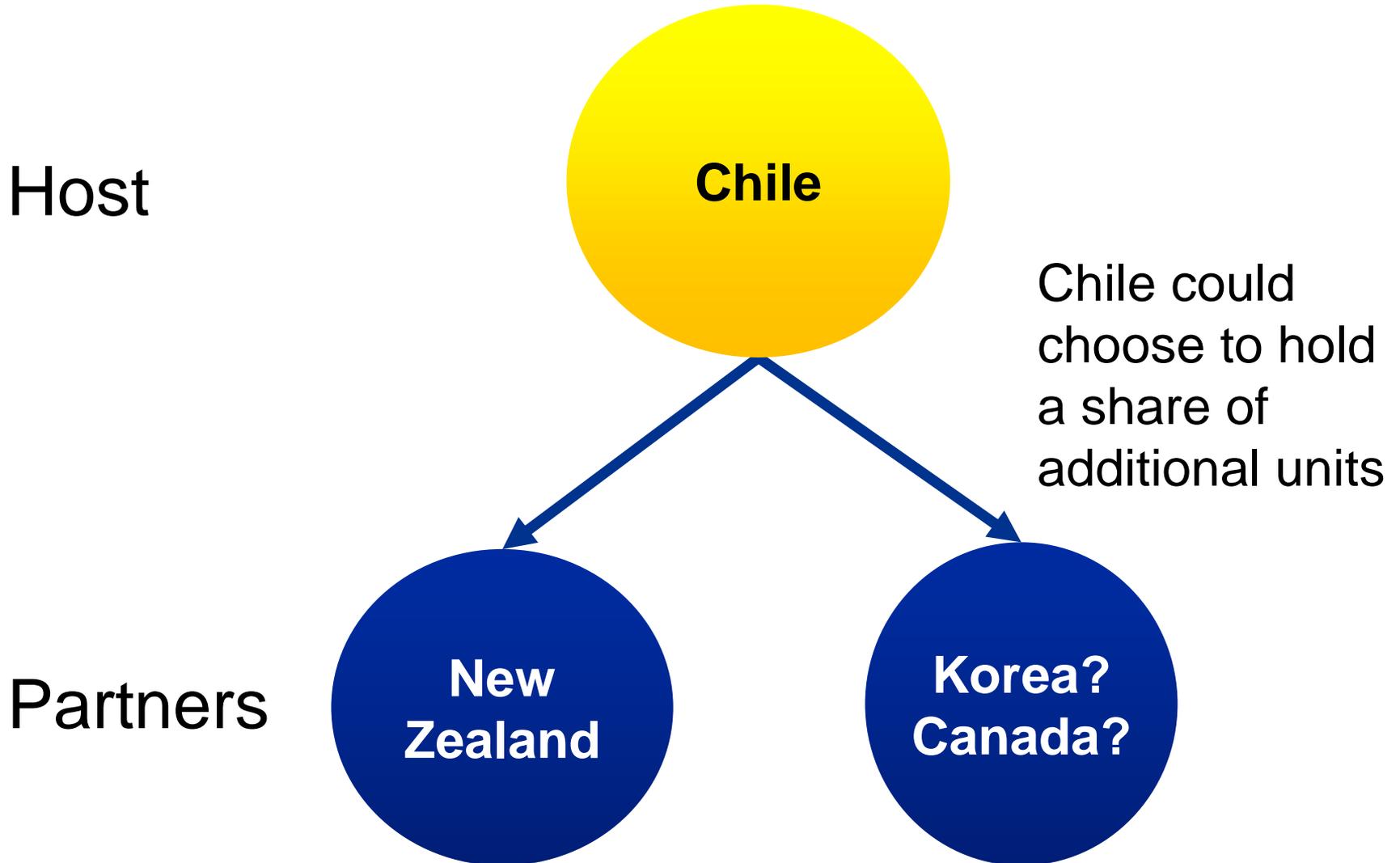
# Creating Internationally tradable mitigation outcomes (ITMOs) in Chile



# What is a 'Climate Team'?



# Host constrained to transfer to team

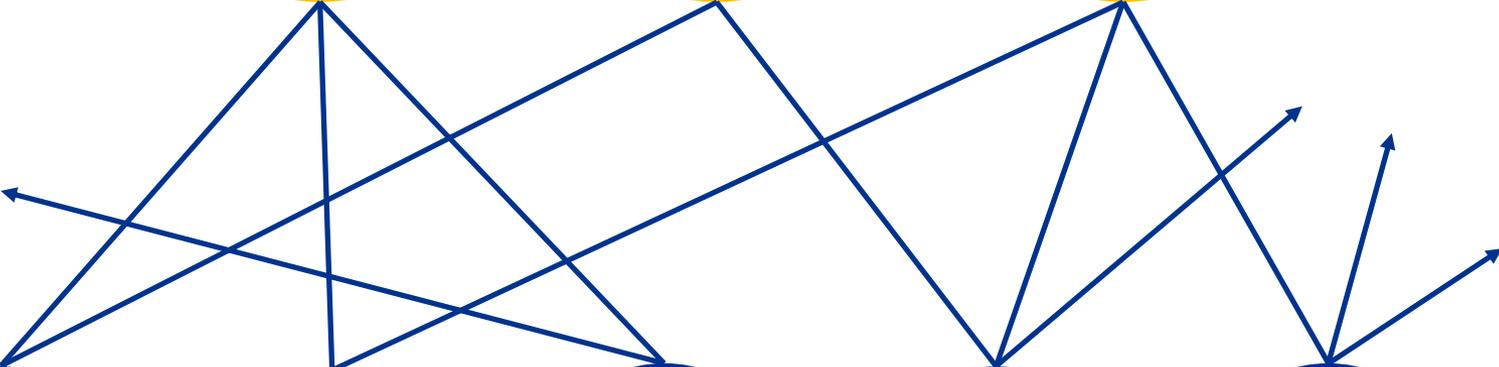


# Network of climate teams?

Host



Partners



# Key components of a climate team agreement

1. Agree on a crediting baseline – at least as ambitious as NDC  
Use ‘climate finance’ strategically to help host reach crediting baseline and NDC
2. Agree on a minimum credit price – to protect the host  
The ‘partners’ are required to pay at least this amount
3. Agree on a maximum credit price – to protect the partners against high international prices
4. The host may not transfer ITMOs out of their registry unless the partners agree – this includes offset projects and ITMOs from other sectors not included in climate team agreement
5. Agree on a level of funding committed in advance by the partners.  
Once this is spent on ITMOs, the contract ends
6. Complement contract with aligned finance and expertise – including from private sector

# Next steps

Engage in discussions with potential partners to explore forming a Chilean Climate Team.

- a) Create a credible case that Chile is able to achieve its NDC and mitigate beyond that within the time frame of the agreement
  - b) Establish robust monitoring of sectoral and national emissions
  - c) Recruit partners to form a Climate Team
- 

# Design the Chilean climate teams agreement

Address issues of:

## **Environmental integrity**

Enhanced ambition by all team members

## **Efficiency**

How do we get the most mitigation possible at acceptable costs?

## **Equity**

Sharing of gains and risks

## **Endurance**

Anticipating change and creating governance that allows response to changing conditions



# Some key decisions

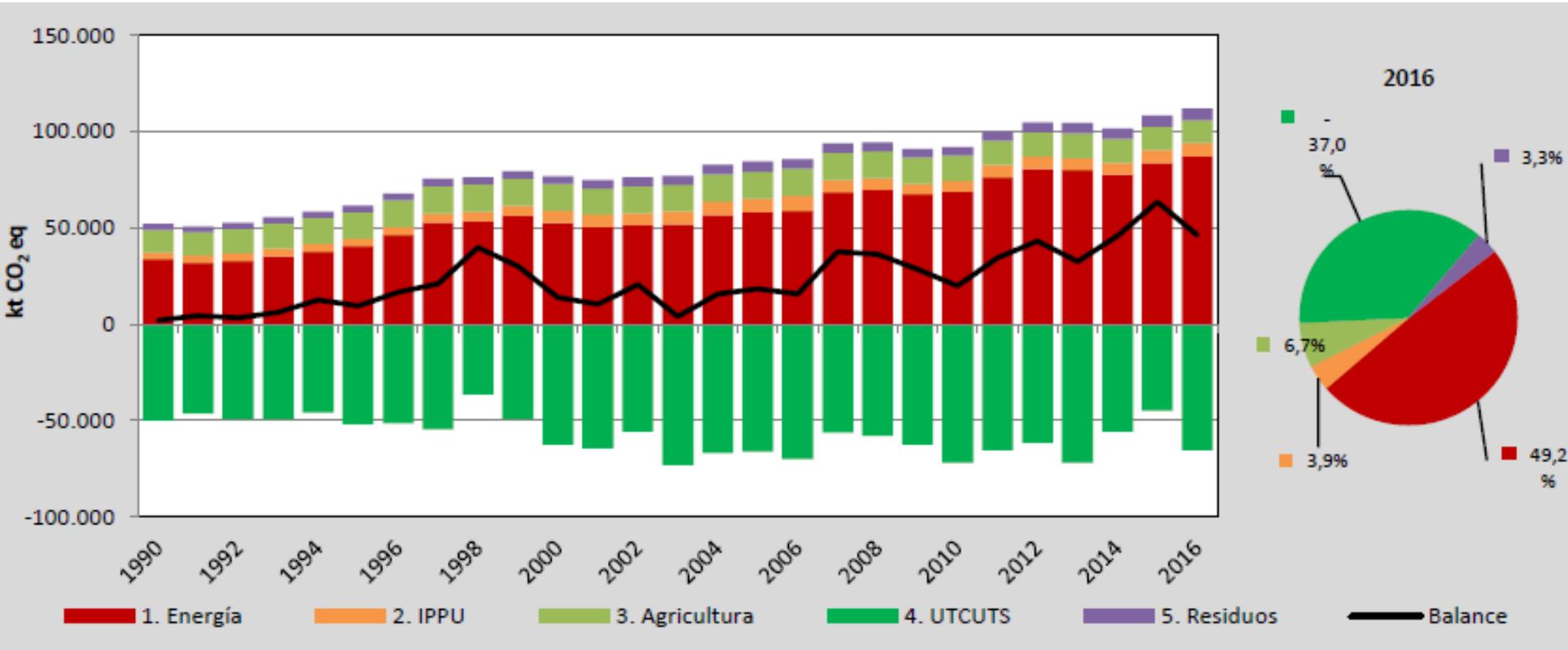
1. Set up governance arrangements
  2. Clearly establish commitments to long-term pathway to net zero emissions for Chile and partner countries
  3. Develop and establish, in negotiation with partners and with external international oversight, a credible baseline for large-scale transfers
  4. Negotiate price range for ITMOs
  5. Establish up-front amount committed by each partner
  6. Agree on timing of payments and actual transfer of ITMOs
  7. Agree on rules about private sector involvement for both host and partners
- 



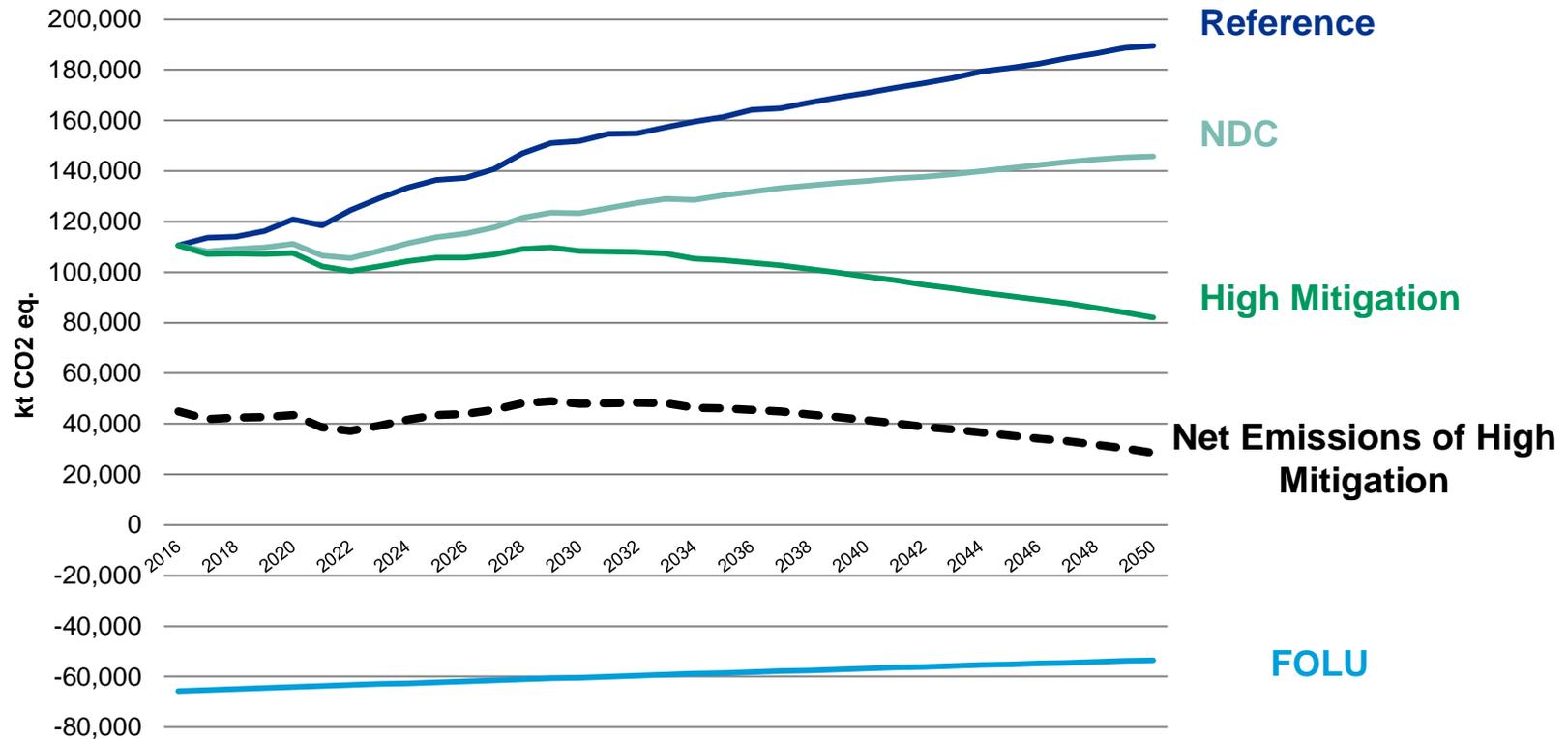
[www.climateteams.org](http://www.climateteams.org)

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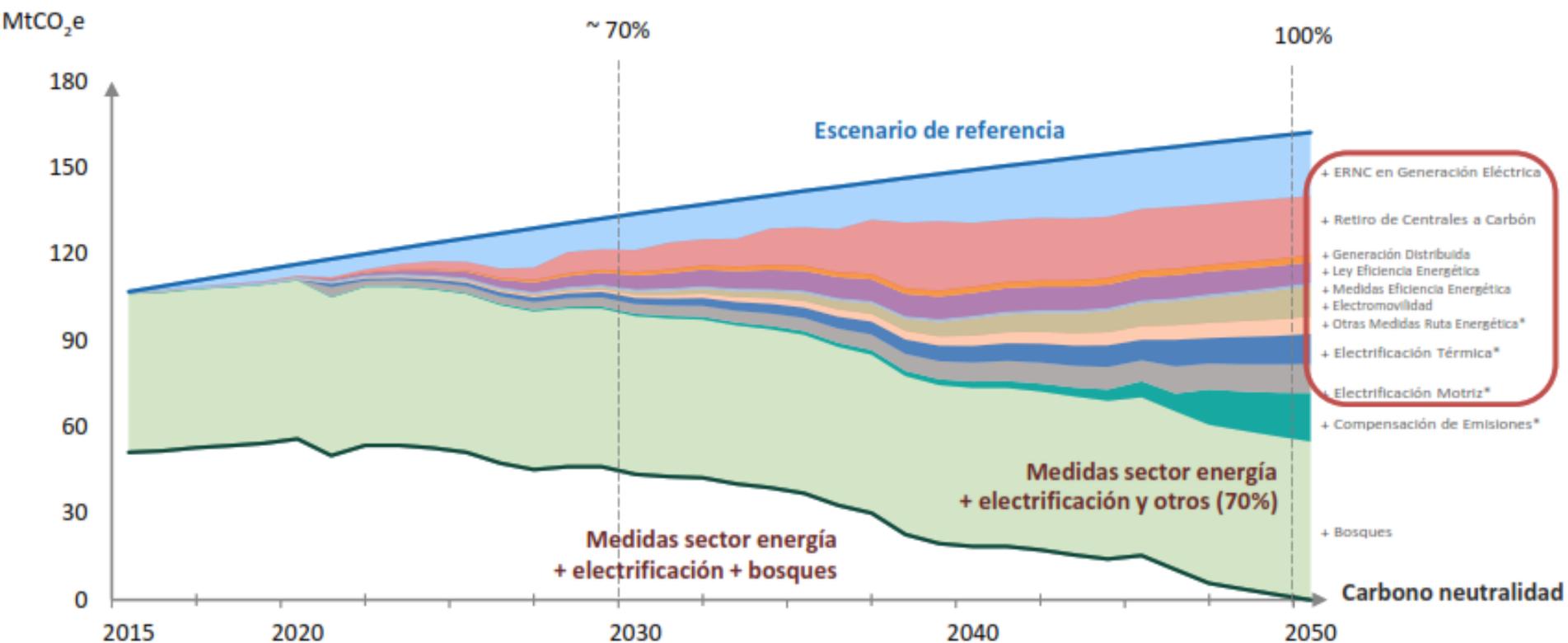
# National GHG Inventory of Chile



# Emission scenarios for Chile



# Achieving Carbon Neutrality



Fuente: División Ambiental y Cambio Climático

Nota: \*Medidas que deben ser estudiados en mayor profundidad para su correcta cuantificación