

Climate Teams

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The challenge

Globally need to get to net-zero long-lived gases

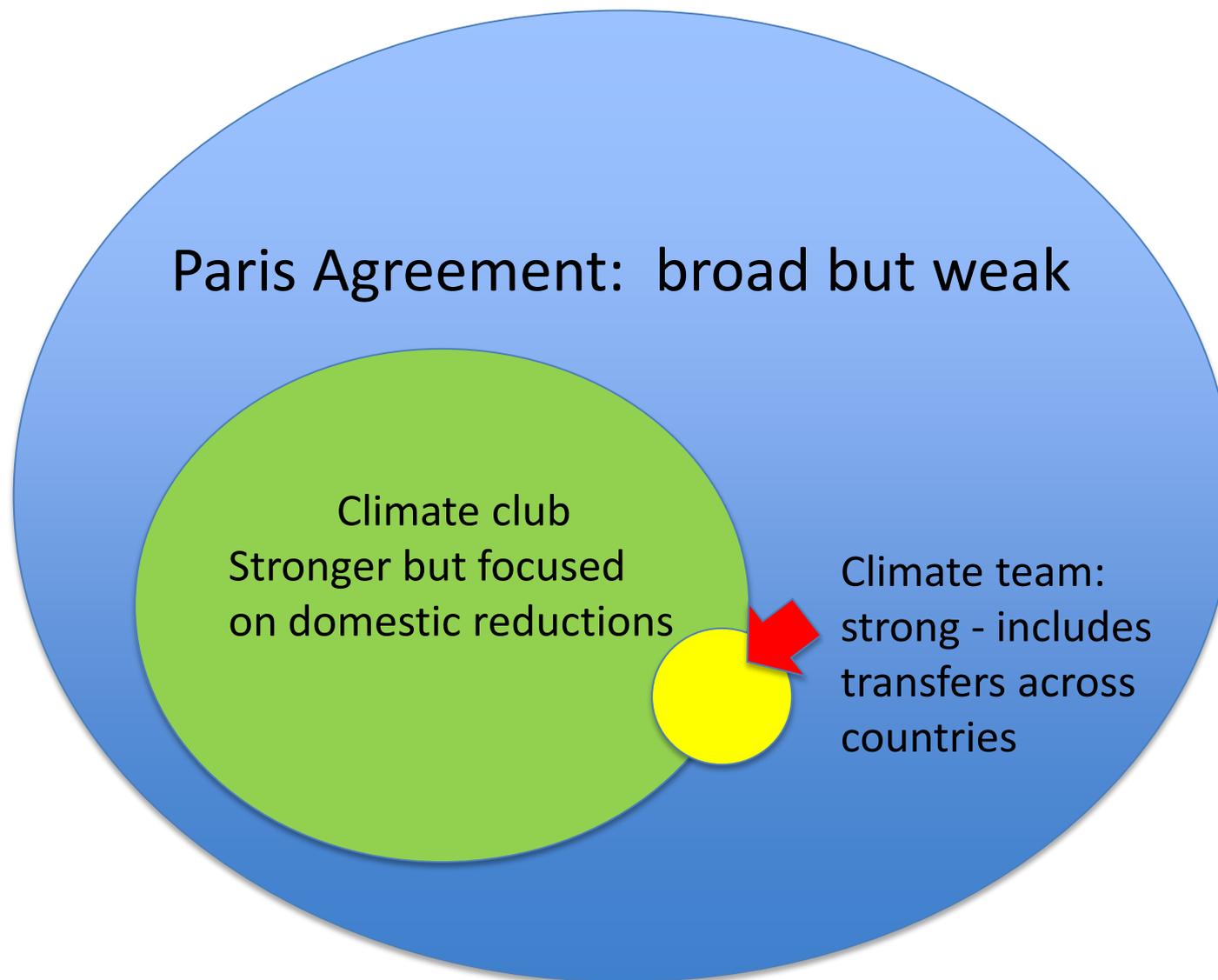
Mismatch between mitigation opportunities and resources to mitigate

e.g. Colombia
New Zealand, Korea...

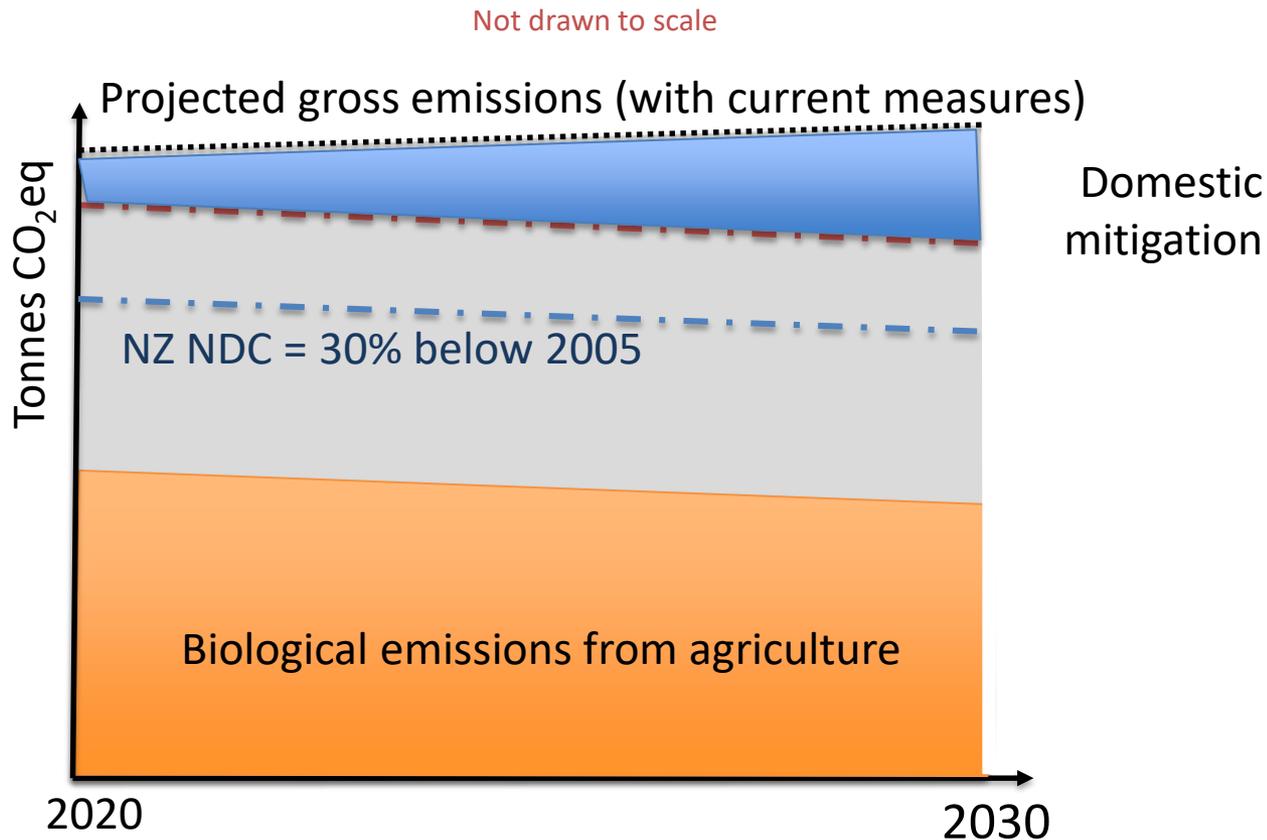
NZ and Korea (partners) could work with Colombia (host) so Colombia can make the transition to low emissions more quickly.



Layers of global cooperation



New Zealand's need to fund credible mitigation abroad



Previous NZ Government predicted we will need to purchase \$170 m tonnes at ~US\$30 = \$5 billion



What 'hosts' need

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

Institutions for low emissions transition

energy transition

- public transport infrastructure
- electrification of vehicles

2. Expertise
3. Access to capital
4. Co-benefits from contract



What 'partners' need

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

....and beyond – can continue to contribute to others' mitigation

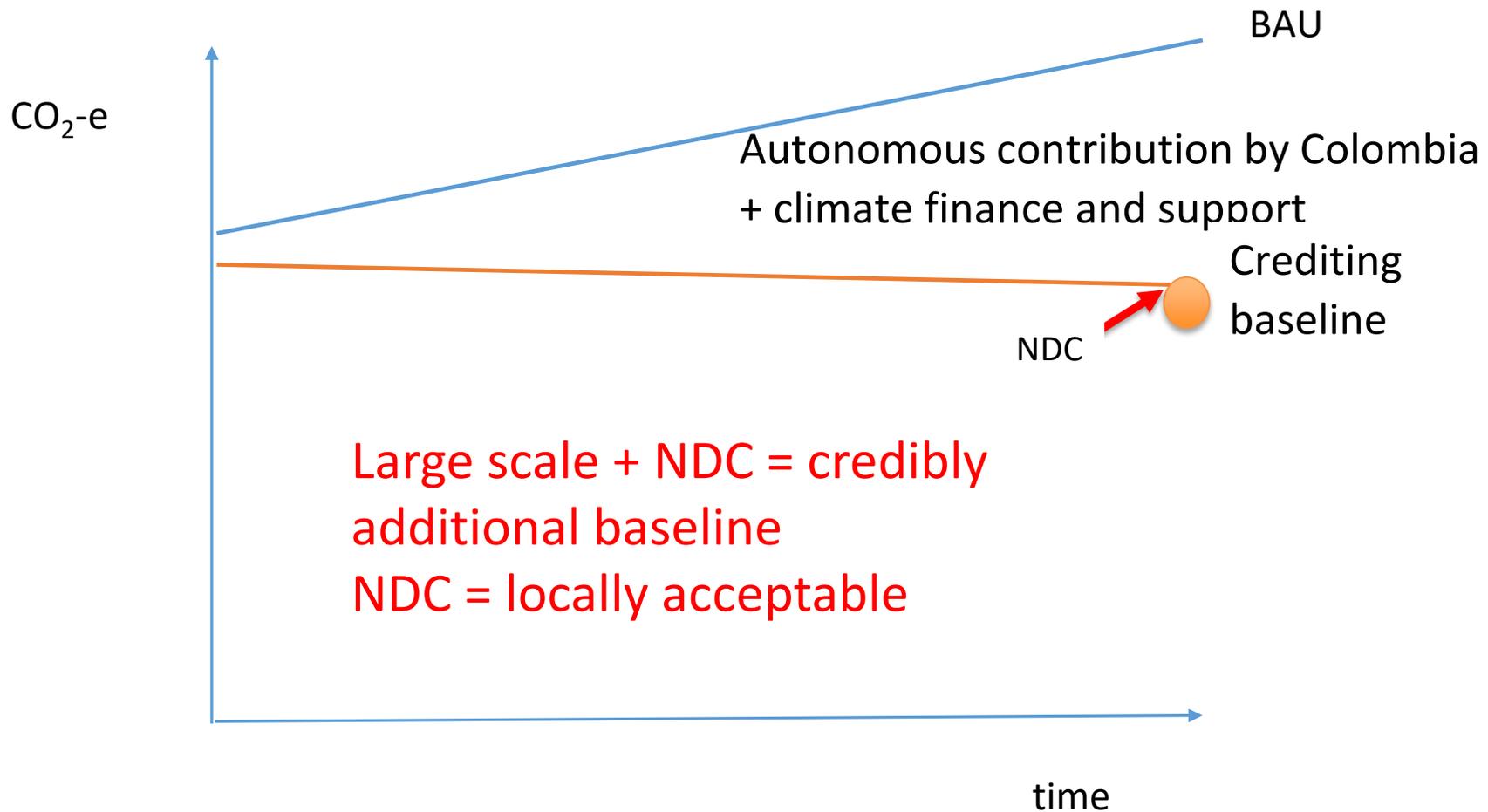
2. Credible units in the eyes of domestic taxpayers and voters

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

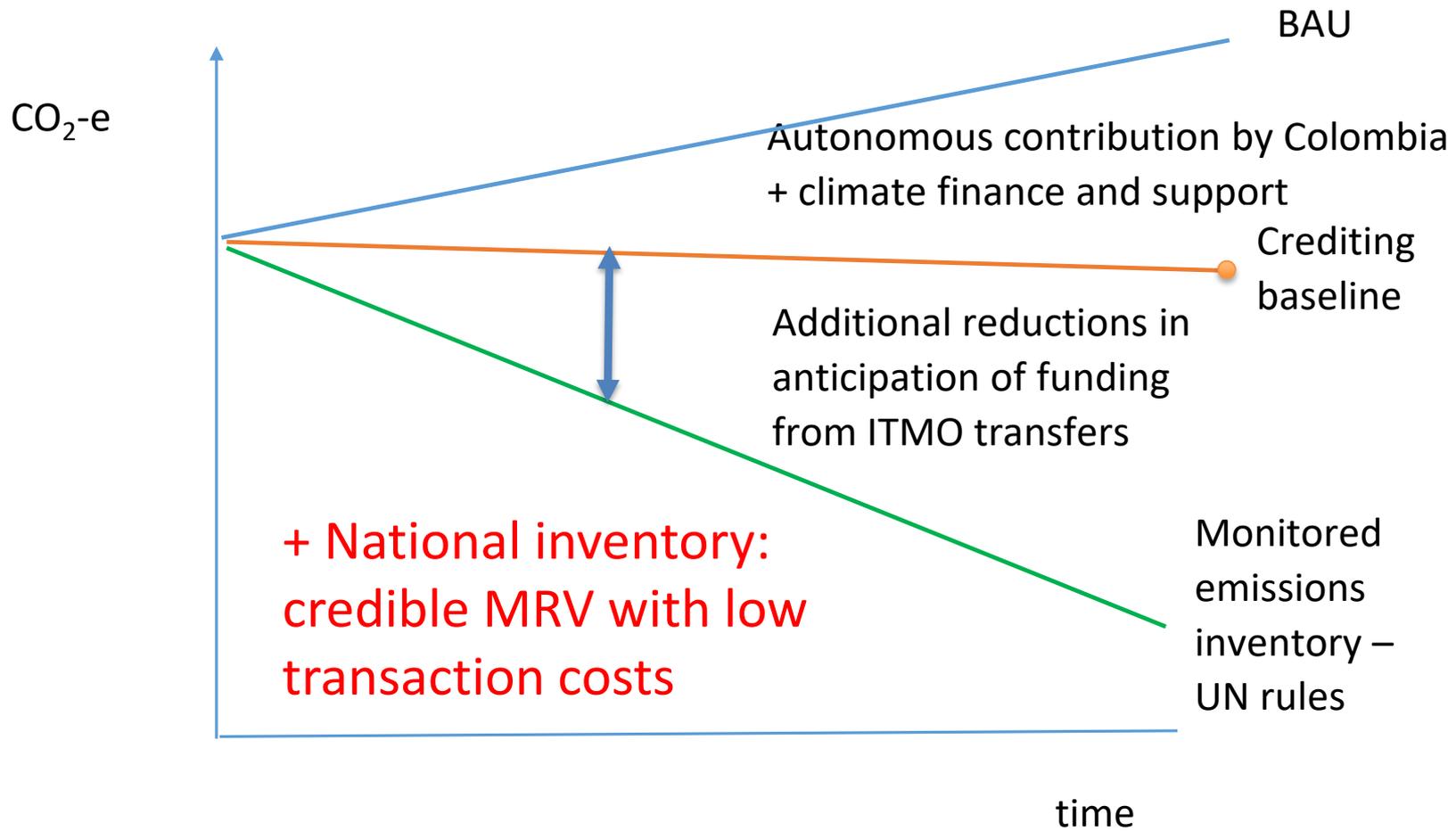
co-benefits associated with resource transfers
– e.g. poverty reduction



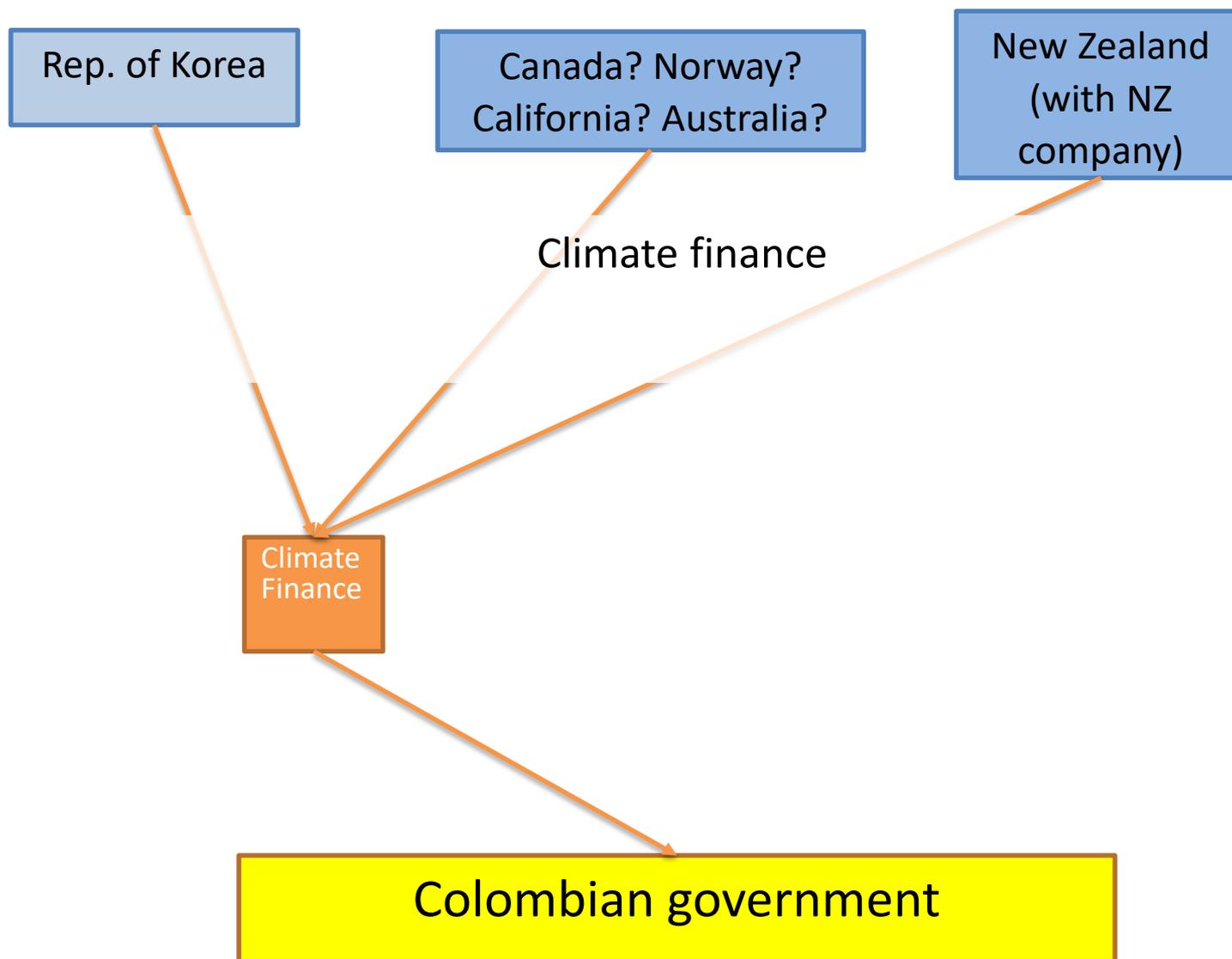
How can Internationally tradable mitigation outcomes (ITMOs) be created in Colombia?



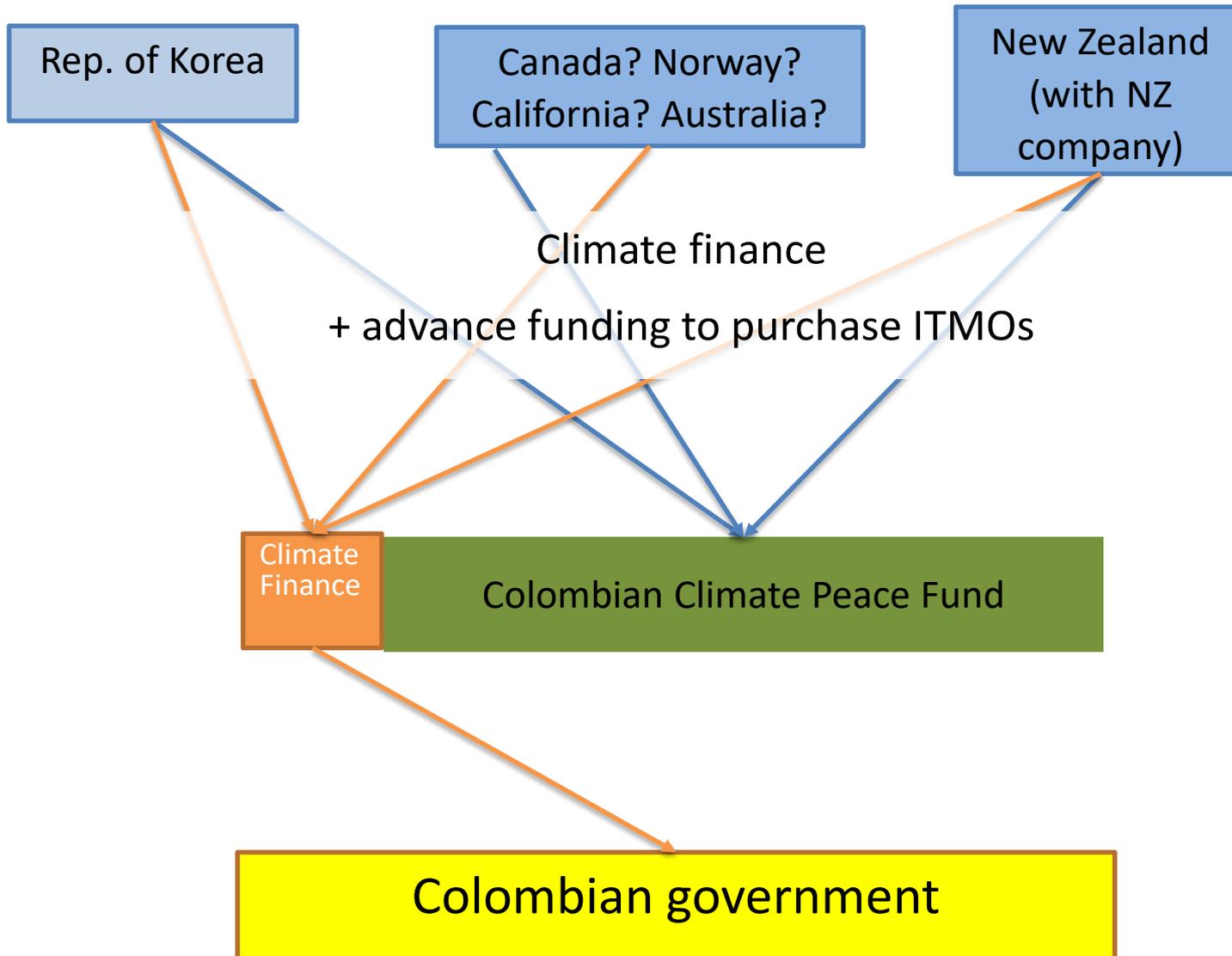
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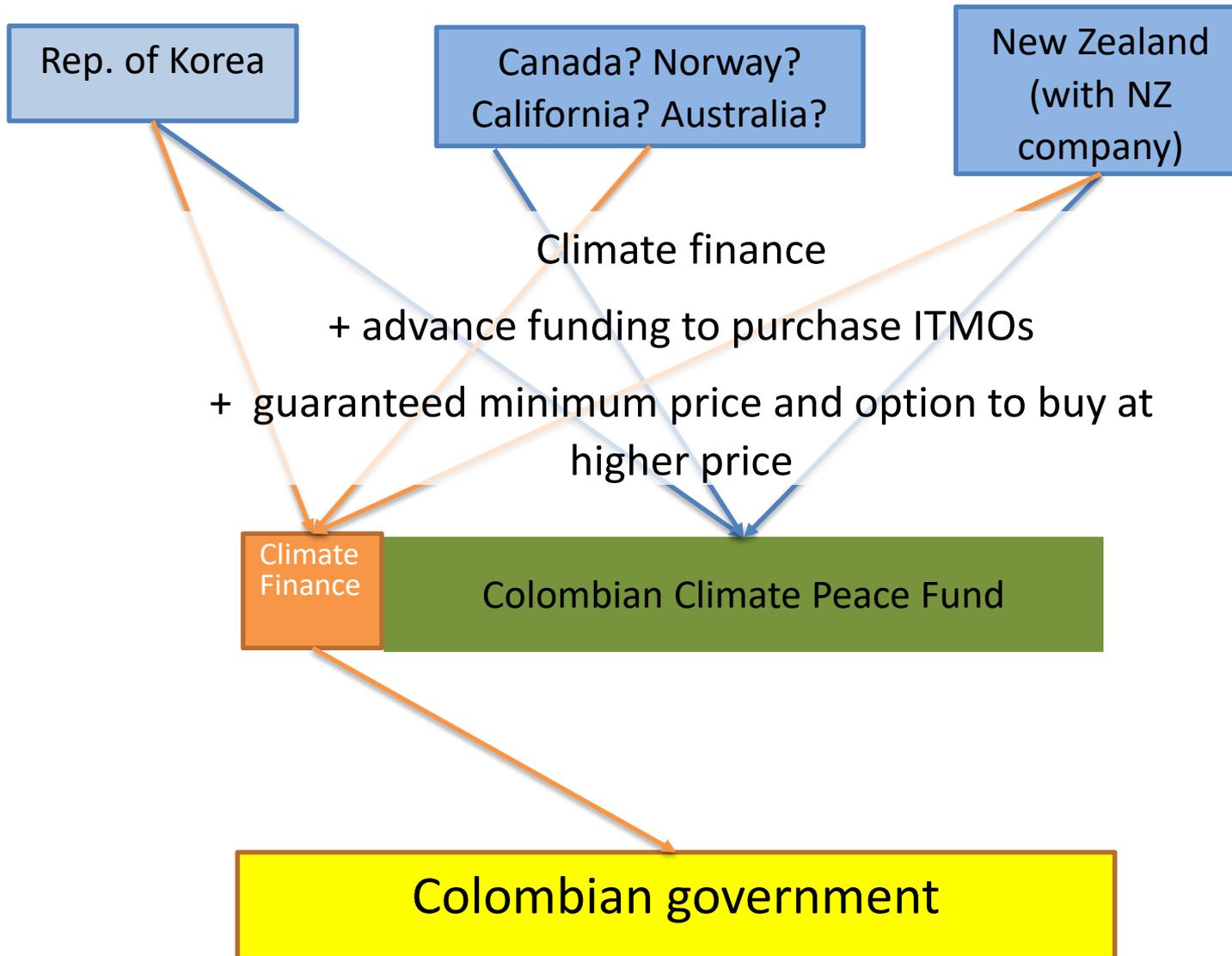
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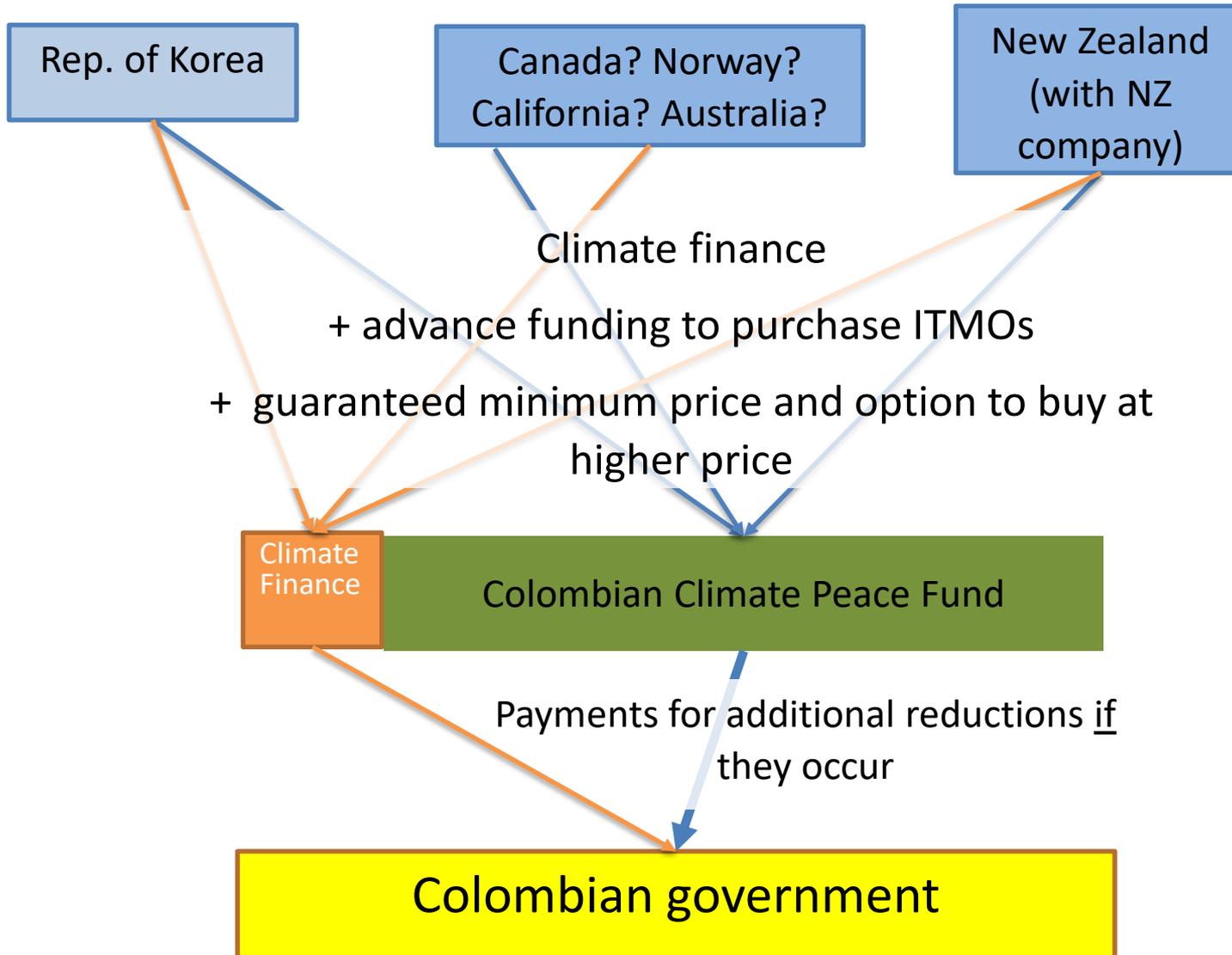
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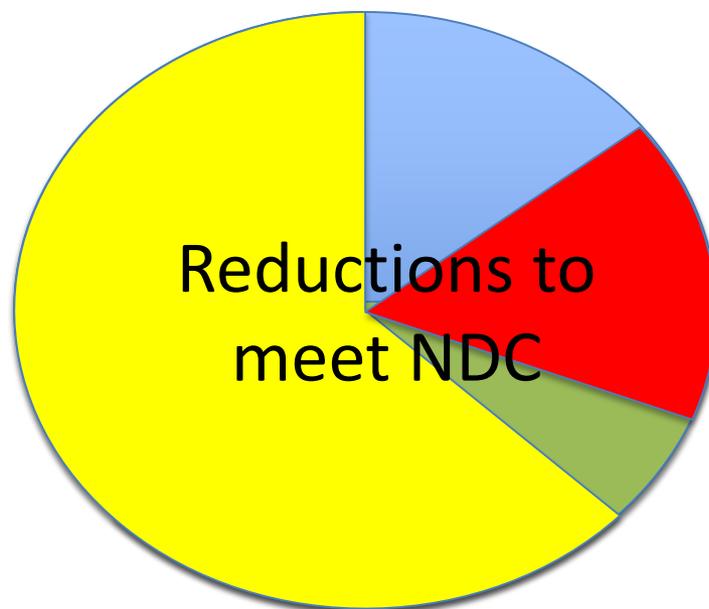
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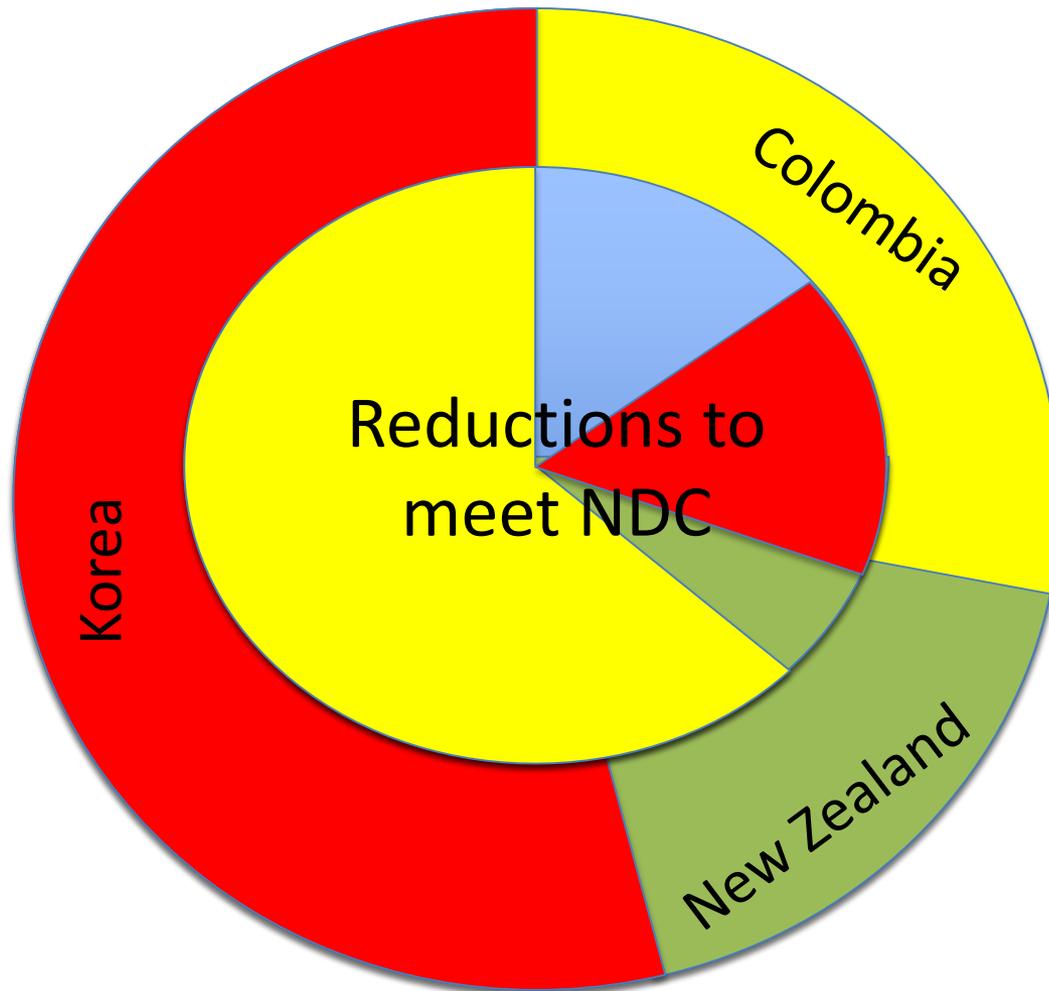
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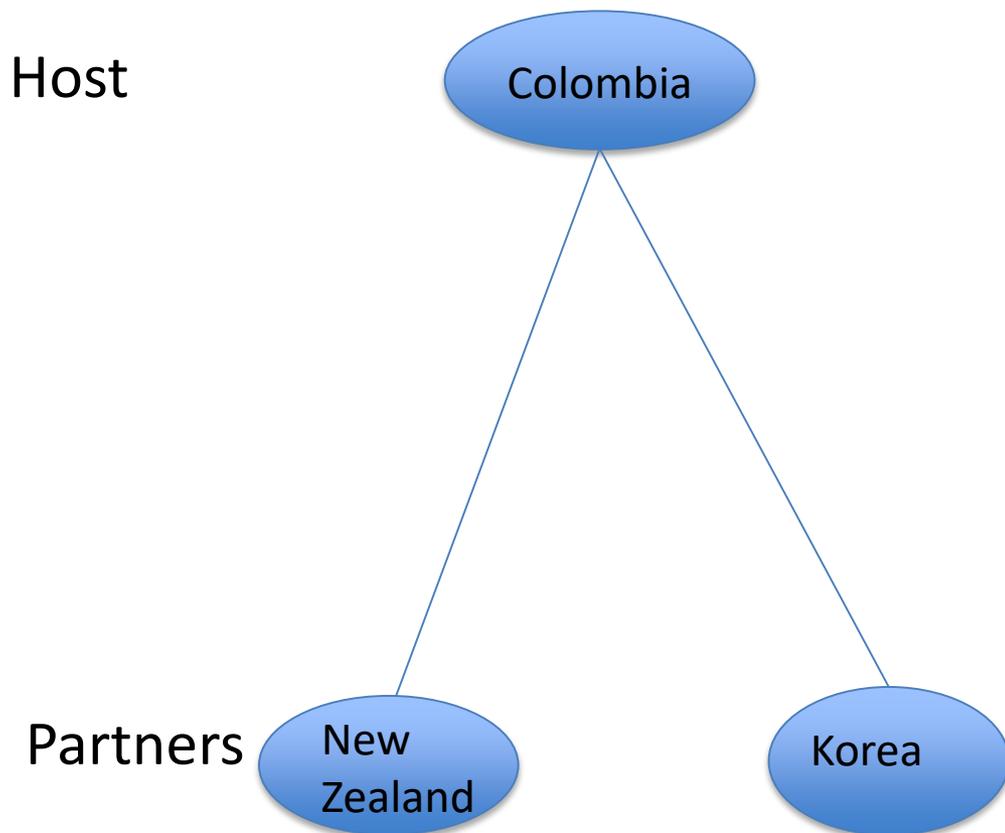
Sharing effort and units



Sharing effort and units



Risk of lack of supply: host constrained to transfer to team



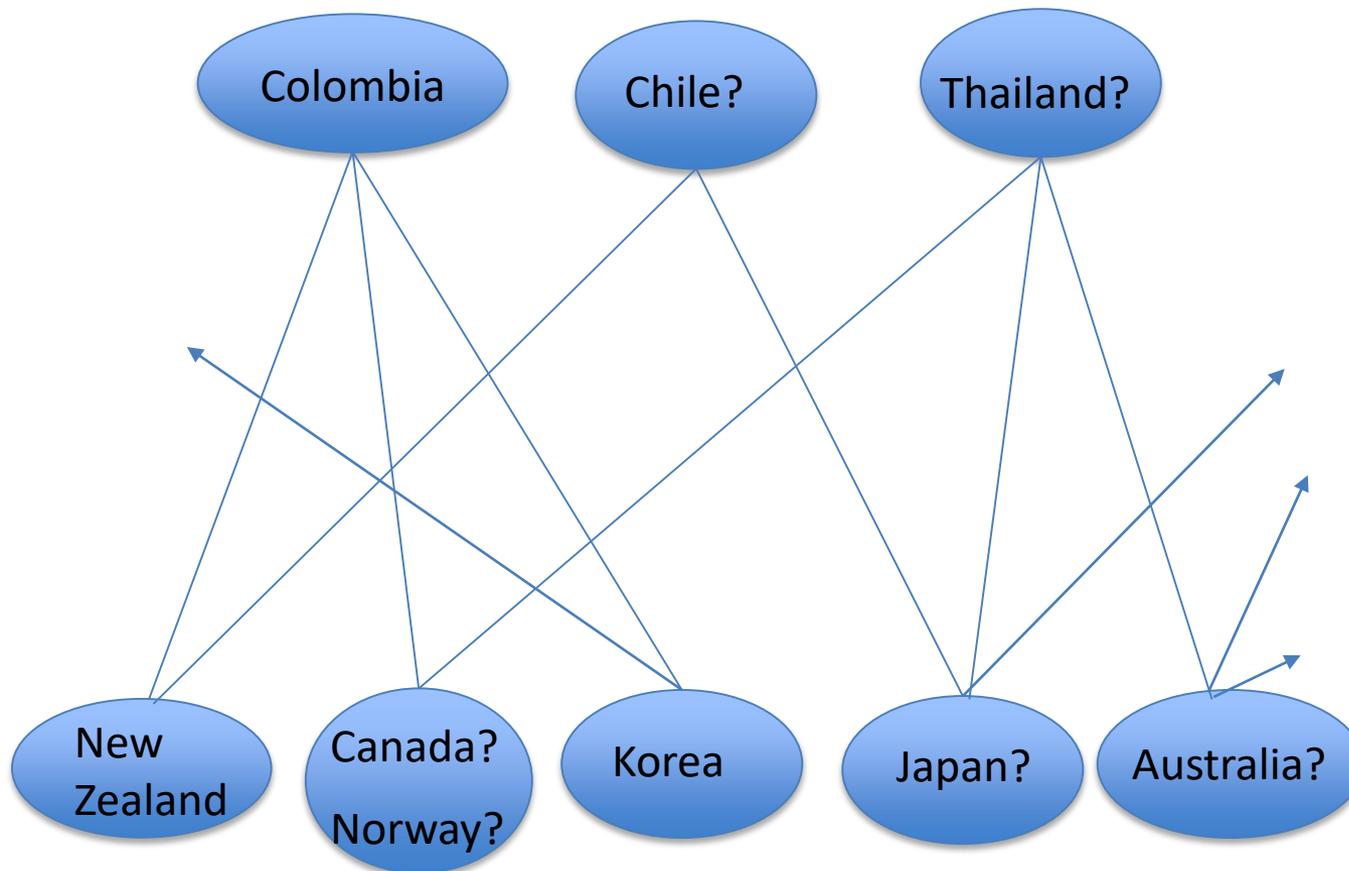
Colombia could
choose to hold a
share of additional
units



Network of climate teams?

Hosts

Partners



Key components of a climate team agreement

1. Agree on a crediting baseline – at least as ambitious as NDC – **international ‘transparency committee’ to approve**
2. Use ‘climate finance’ strategically to help host reach crediting baseline and NDC
3. Agree on a minimum credit price – to protect the host
The partner is required to pay at least this amount
4. Agree on a maximum credit price – to protect the partner against high international prices
5. 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 – **UN registry system controls**
6. Agree on a level of funding committed in advance by the partners – **World Bank manages**
Once this is spent on ITMOs, or at a fixed date, the contract ends
7. Complement contract with aligned finance and expertise – including from private sector (who could also be ‘partners’)

