NEW MARKET MECHANISMS AND THE FRAMEWORK FOR VARIOUS
ÉcoRessources Inc. – Relevant experience

We are a senior advisory firm founded in 2004, with:

• A team of 31 engineers, economists and policy-making specialists

• A renowned expertise in:
  - Energy
  - Forestry
  - Agriculture
  - Mining

Support Quebec to develop cap and trade and link it with California

NAMA proposal in the energy sector in the DRC

Institutional and legal arrangements for the Domestic Voluntary Carbon Market in Costa Rica

Support Congo basin countries’ focal points during negotiations

NAMA Capacity Building workshops and preliminary NAMA screening in 10 Congo Basin countries

Head Office
 Regional Offices
 Local Partners
New Market Mechanisms

• **Address the demand side**
  – Creating a new NMM (reductions being real, quantifiable, verifiable, additional, etc.) will only provide environmental integrity, not reductions. For that, we need demand for new credits
  – Need for higher mitigation ambitions from countries

• **Ensure involvement of the private sector**
  – Public sector funding is finite, adaptation and mitigation need private investments
  – Need for a strong political commitment to send the right signals to markets
  – Risk being a considerable barrier to private investments, use Carbon Funds as collateral to reduce cost of capital for private investors

• **Avoid double counting / claiming**
  – Will selling credits counted as international support?
  – Will the purchase of credits count as part of $100B target for 2020?
  – There is a risk that a country sells its credits (the low-hanging fruits) and get stuck with the more costly reductions to do to meet its pledge
Framework for Various Approaches

• A bottom up approach for a global market that would allow more flexibility, a framework that enables countries to develop systems that are nationally appropriate.

• The glue for various emerging Emission Trading Schemes
  • It is not impossible to consider fungibility without the implication of the UN ex. Quebec and California (WCI).

• A liquid carbon market with a sustained demand, some ETS may be too small to generate enough liquidity.

• The safe guard for environmental integrity.

• In an optic where there will be different approaches, a flexible mechanisms by which tonnes from various markets could be traded like currencies, where units from various ETS would be adjusted according to the particular circumstances of the regime.
Opportunities for Africa: Be Prepared

• No need to reinvent wheel, use what has worked from CDM
  • Take advantage of your unique position in the market
  • CDM has not reached its full potential in Africa
  • NMM will most likely build from CDM, leverage the existing infrastructures (MRV, DNA, etc.)
  • Develop Standardised Baselines

• Start doing analysis to be prepared
  • Determine which sector offers the best reduction potentials
  • Use MACC to determine where the most economical tonnes are
  • Identification of potential NAMA, based on national development priorities and the potential for co-benefits
  • Think about institutional and legal arrangements

• Even if the mechanisms are not in place, getting ready will position you (e.g. REDD+ in the DRC)
  • Key steps to get prepared for REDD+, use the same steps for industrial sectors
Considerations for Africa: Participate in Negotiations

• Ensure that the Standardize Baseline will be recognized in the NMM to build from CDM work

• Ensure that other options would be considered to demonstrate additionality (eg. Positive List)

• Ensure that MRV requirements are adapted to the realities of the country
  – Availability of data
  – Realistic expectations of requirements

• Ensure that the NMM takes into account the realities of Africa
  – Risks, barriers, technological capacity, etc.
  – Assistance available for capacity building for new mechanisms implementation
  – Strong focus on agriculture and forestry

• Consider new approach for Share of Proceeds for adaptation in NMM
Thank you

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