

# Declaration for Carbon Markets Fairness

October 2021

Cartagena de Indias, Colombia

We, the undersigned, ministers and government representatives from countries of all regions, gathered at the Latin American and Caribbean Climate Summit in the city of Cartagena de Indias, Colombia, on October 6 and 7, 2021.

*Recognizing* the message of the 6th report of the Intergovernmental Panel on Climate Change (IPCC) on the observed changes in the Earth's climate in all regions and in the climate system as a whole, and that many of these changes are unprecedented in thousands of years, and therefore require an urgent, effective and large-scale response from jurisdictions at all levels: international, national, subnational and local, as well as the private sector and society;

*Also recognizing* that the effects of climate change impact first and most intensely the lowest income and most vulnerable groups, and at the same time, that much of the solution to the challenges of mitigation and adaptation are presented at the community level through nature-based solutions, which also promote biodiversity conservation and social development;

*Reaffirming* our commitment to implement the targets set out in the Paris Agreement, as an indispensable step in the fight against climate change and to progressively increase national, subnational and collective action, including greater ambition in future nationally determined contributions;

*Reaffirming* our commitment to the implementation of the 2030 Agenda and the Sustainable Development Goals so that climate change actions favor the economic and social development of present and future generations;

*Recognizing* the importance of national, regional and international carbon markets as useful and effective instruments to reduce greenhouse gas emissions at a lower cost, drive innovation, facilitate the transfer of clean technology, promote sustainable development and strengthen investment opportunities in the framework of the post-COVID sustainable economic recovery of our countries;

*Welcoming* the continued efforts of national and subnational jurisdictions and companies to introduce carbon pricing and to develop efforts to align with the Paris Agreement.

*Recognizing* that aligning carbon pricing policies and programs, in an environmental integrity framework, can provide substantial benefits and take many forms, including helping to increase investment certainty, strengthen competitiveness, facilitate greater market liquidity and promote administrative efficiency, and internalize the cost of greenhouse gas emissions, thereby reducing externalities;

*Emphasizing* the need to encourage comparable criteria and standards for the measurement, reporting and verification (MRV) of greenhouse gas emissions and mitigation outcomes as a necessary step to develop and facilitate global and regional carbon markets and national and subnational carbon pricing policies;

*Considering* that the functioning of markets should seek to contribute to greater ambition and the protection of "environmental integrity", which has become a call to action for many communities and positions within the climate change negotiations;

*Highlighting* that the San Jose Principles are an instrument that guides the international carbon markets to a path of higher ambition and integrity;

*Recognizing* that the cost of abatement is generally much higher than the price paid for the purchase of tons of CO<sub>2</sub> in current transactions and that this price must consider the situation of the country of origin of the units to be traded to guarantee environmental integrity and ensure fair retribution for the communities and actors involved in the development of the projects;

*Affirming* our shared vision of international cooperation on environmental integrity and equity in carbon markets;

**WE DECLARE** our commitment to:

- ***Creating a declaration for Carbon Markets Fairness***, with like-minded interests that protect environmental integrity and climate ambition through the scaling and development of carbon market opportunities in developing countries based on the premise of high quality offer.
- ***Promoting fair carbon pricing schemes*** as a tool to reduce GHG emissions in a cost-effective and equitable manner for all countries and sectors involved.
- ***Promote international transactions as a mechanism to help reduce mitigation and adaptation costs*** and to scale sustainability benefits in developing countries, in order to increase greenhouse gas emission reductions, drive innovation, facilitate clean technology transfer and **not be detrimental to the fulfillment of the home country's domestic commitments.**
- ***Encourage the benefits of carbon markets to be shared equitably*** between emission reduction agents, communities, developers and owners of emission reduction projects in developing countries.
- ***Leverage post-COVID economic recovery agendas to design and implement innovative financing schemes*** that promote economic development, innovation and value creation, job creation, the fight against climate change and the sustainable use of biodiversity.

- ***Protecting environmental integrity and promoting ambitious goals*** in order to guarantee the existence of a fair market that contributes to limiting the temperature increase to 1.5°C by the end of this century.
- ***Collaborate to strengthen measurement, reporting and verification (MRV) systems*** of greenhouse gas emissions and emissions reductions, in line with international provisions of national MRV and the UNFCCC, as the necessary basis for the coordination of carbon markets.
- ***Encourage the use of common high quality rules*** to ensure the environmental integrity of international carbon pricing mechanisms and a fair distribution of benefits.
- ***Strengthen international and regional collaboration and cooperation*** in an effort to share lessons and improve the technical capacity of the public and private sector in relation to carbon markets.

The Coalition is voluntary and is open to the participation of representatives from the public and private sectors, and any actor whose interests and objectives are reflected in this initiative.

*WE INVITE* the participation of international organizations, governments, provinces, cities, civil society organizations, private sector associations, cooperatives and social groups, and research and development centers committed to the objectives of this initiative.