

Elements of the Nairobi Framework

The attached table below shows the basic structure for the Nairobi Framework (NF) based upon the initial table prepared in Nairobi by the partner agencies and extrapolated upon by previous analyses of CDM capacity building needs in Africa.

In preparing this table and the following more detailed list of needs that should be addressed as part of (or related to) the NF, CDM Executive Board deliberations on regional distribution and CMP2 decisions on the CDM and CDM capacity building have also been taken into consideration.

The following sections present preliminary details on the main objectives of the Nairobi Framework and types of activities required to achieve them. While not being exhaustive, the activities are indicative of the capacity building interventions that will need to be undertaken by agencies, donors and other stakeholders to the CDM process.

NF 1 Enhance Designated National Authorities / Establish legal framework

This element of the Nairobi Framework consists of six main groups of tasks, four covered under country-specific/national activities and two under regional activities as follows:

1.1 Determine barriers. Wherever barrier studies have already been undertaken, these should be reviewed first. Otherwise this is an essential first step before undertaking any activities to build CDM-related capacity.

1.2 Establish CDM framework. This group of tasks consists of:

- Assisting the national authorities to incorporate the Kyoto Protocol into national legislation (beyond simple ratification) through mobilizing and involving various arms of government, as well as undertaking policy/legislative reviews and interventions, and
- Development of the required legal framework for the CDM to function.
The types of activity envisaged here are:
 - Advising the DNA (designated)
 - Preparing background papers/studies/ draft documents
 - Identifying / preparing SD criteria
 - Preparing a national CDM Strategy
 - Holding legal seminars.

1.3 Related (legal) issues. While this group of tasks are not CDM-specific, they could well be required for the CDM to be successful in certain cases / countries.

- Training on developing policy instruments for an enabling environment
- Dispute settlement in case there are disagreements among CDM project partners
- Duties & taxes might be reviewed as extra encouragement for investment
- Incentives might be reviewed as extra encouragement for investment
- Energy pricing is often a disincentive for CDM projects so fuel subsidies might be addressed where in place and energy codes reviewed
- Macro-economic stability would be an added encouragement to investors
- Other sectors of the economy and other line ministries should be made aware of the potential of and requirements for the CDM so 'mainstreaming' is an important and frequently-used keyword when considering other stakeholders' involvement and potential contributions / support.

1.4 — Institutional framework. There are seven groups of tasks for this item:

- Assisting in establishment and operation of a national CDM committee
- Assisting in operationalizing a CDM Office *inter alia* through establishment of review and approval procedures and linking up with other line ministries and stakeholders

- Help in organizing other types of dialogue sessions/national workshops with stakeholders
- Both the public and private sector will need to be mobilized to establish suitable investment and financial frameworks with associated incentives and fiscal instruments
- Financial framework (ditto)
- Without an active national innovation/technology support system incoming technologies may not thrive, projects may not find suitable encouragement for replication or adaptation to national circumstances. Therefore, technology systems, institutions and engineers may need assistance
- A national information system/Web site will be required for stakeholders within the country as well as interested parties from abroad. This will require assistance and training (plus delivery of equipment) in basic information system development and management as well as in specific data handling techniques for emissions monitoring and reporting

1.5 — DNA forums (Regional). These are planned to be held as part of the suggestion for outreach and networking among countries to be assisted under the Framework

1.6 — Policy harmonization (Regional). With the increasing trend towards regional trading and economic blocks, discussions already include issues related to regional investment, trade, energy, environment, and technology so it would be possible to extend such dialogue into the incorporation of climate change / CDM issues in future discussions.

NF 2 Build CDM capacity

This element of the Nairobi Framework consists of four main groups of tasks, all to be undertaken at the national level.

2.1 — CDM champions. As part of the promotion of CDM in a host country, there will be a need for local persons, experts and/or institutions that ‘champion’ the cause as well as showcasing of successful cases (whether countries, projects or sectors). This will also foster required networking and south-south co-operation.

2.2 — Trained CDM professionals. While there will be a significant amount of training for the public sector under NF 1, the private sector will require the most training that should cover:

- The CDM project cycle (in general)
- Establishment and application of baselines
- Contract negotiations (technology agreements, PPAs, ERPAs etc.)
- Emissions monitoring (this should include quality control skills and well-equipped laboratories)
- Preparation of bankable project proposals as knowledge of PDDs, baselines and monitoring alone may not ‘sell’ a project to investors/CER buyers.
- In addition, training might include (for those countries/institutions with such aspirations) issues related to becoming an accredited operational entity as these are sorely needed in NAI countries.

2.3 — Related capacities. There are other skills that will be required to ‘enable’ the CDM in host countries some of which will be common, others specific to their geographical and economic situation. For instance:

- General and project management skills
- Energy auditing / efficiency skills
- Forest management
- Journalistic skills

2.4 — Development of CDM projects. A commonly-used phrase in the CDM is to ‘learn-by-doing’ that is especially applied to those countries that have so far received little attention from investors and the capacity-building community. In order to follow this course, the Framework suggests two groups of tasks that will first identify the most suitable sectors and opportunities for

CDM in a host country and secondly will 'walk through' one or two sample projects. The latter would typically consist of assisting in preparing PINs/PDDs, obtaining national approvals (both stakeholders and DNA) and consideration of project financing. It is worth noting here that sectoral specialists will be required for certain project types and it is recommended that specialized agencies be involved in their implementation.

NF 3 Promote investment

There are national, regional and global approaches to this item of the Nairobi Framework. There is an urgent need to obtain funding to support the development of CDM documentation and related processes as well as to finance the underlying projects. To the extent possible, national resources should be encouraged and tapped from the private financial, business and industrial sectors. However, in the target countries this will still leave a gap significant enough to hinder the development of CDM projects so new and innovative means of financing should be developed. Some suggestions are:

- A revolving fund for CDM project development
- A venture capital fund to finance the underlying projects
- Improving financial flows through investor forums
- Training in investment negotiations
- Assistance in establishing linkages and working relationships with financial institutions.

In addition, projects could be promoted through:

- development of national CDM catalogues/investor guides
- the CDM Bazaar
- having a stand at various events, or
- submitting projects to a carbon fund

NF 4 Information exchange

Apart from national requirements for information/data collection management and exchange, the UNFCCC Secretariat will establish a Web-based platform to show progress towards achieving the objectives of the Nairobi Framework. This will be a means for sharing information and experience on activities (being) undertaken, for outreach and for linking/networking among the partners and recipient countries and for presenting an overview of achievements and gaps. In addition, the Secretariat will, according to the CMP 2 decision, set up the CDM Bazaar as a platform for exchange of information on CDM project opportunities. The partners to the Nairobi Framework will also develop some promotional and educational material and tools that can be made accessible through hyperlinks in the Secretariat's Web facility/portal.

NF 5 Coordination

One of the objectives of the Nairobi Framework is to enhance the ability of the partner agencies to co-operate and co-ordinate their capacity building activities under the first three items for the recipient countries. Item four provides the means of informing on progress. This paper/Web page provides the skeleton for the specific tasks in that co-operation that will progressively be addressed by the implementing agencies in the target countries. The Secretariat will keep track of the implementation and act as a catalyst and facilitator for the Nairobi Framework.

NF CODE	POSSIBLE ELEMENTS OF THE NAIROBI FRAMEWORK		LEVEL
1 Enhance Designated National Authorities (DNAs) / Establish legal framework			
1.1	Determine barriers		National
1.2	Establish Clean Development Mechanism (CDM) framework	Climate change/Kyoto Protocol ratification in national legislation Develop CDM legal framework	National National
1.3	Related (legal) issues	Training: Policy instruments Dispute settlement Duties and taxes Incentives Energy pricing Macroeconomics Sectoral plans / mainstreaming Stability and governance	National National National National National National National National
1.4	Institutional framework	Review structures National committee CDM Office Dialogue sessions / national workshops Investment framework Financial framework National innovation / technology system National data / information system	National National National National National National National National
1.5	Designated National Authority (DNA) forums		Regional
1.6	Policy harmonization		Regional
2 Build Clean Development Mechanism (CDM) capacity			
2.1	CDM champions		National
2.2	Trained CDM professionals	Develop package (1 time) CDM project cycle	National National National

NF CODE	POSSIBLE ELEMENTS OF THE NAIROBI FRAMEWORK		LEVEL
2.3	Related capacities	Operational entities Accreditation	National National
2.4	Develop CDM projects	Management training Energy efficiency training Journalist training	National National National
		Study: Identify sectors Learning-by-doing CDM projects	National National
3	Promote investment/Financing/CDM Fund		
		Mobilize sectors Promote projects Training: Investment Revolving Project Development Facility Venture capital fund Financing forums	National National National Regional Regional Regional
4	Information exchange		National
5	Coordination		National
6	Other support		Regional