

Integrating PoAs into NAMAs

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Content

Introduction to South Pole

Brief introduction to NAMAs

How to develop NAMAs by integrating PoA elements

Case studies: examples by South Pole

About us



Who we are

We offer comprehensive climate change mitigation solutions and services.

Our staff of 110 employees worldwide are passionate about fighting climate change.

Our advisory services include climate policy, climate finance, NAMA & MRV-related activities.

Developing solutions worldwide



Regional office



Headquarters



Emission reduction projects

Impact

Created
270+ projects



Saved 50 million
tonnes of CO2



Measured USD 30 bn+
of investments



Impact



Created almost
20,000 jobs



Saved 17,000+
hectares of forest



Enabled 35,000 GWh
of renewable energy

Our expertise

Climate Change

Forest and Land use

Water

Sustainable Cities
and Buildings

Renewable Energy
and Energy Efficiency

Our clients

Products	 BARCLAYS	 ERGO	 starwood Hotels and Resorts	 coop	 Coca-Cola	 ESB IDEEN, INNOVATIONEN, ENERGIE.	 SAP	 Post.at
	 McKinsey & Company	 ups	 PIRELLI	 DPD	 VONTobel	 HSBC	 bp	 CREDIT SUISSE
	 Interface FLOR	 Develey SENF & FEINKOST	 pwc	 Unilever	 GLS Bank das macht Sinn	 RWE The energy to lead	 National Australia Bank	 RICHEMONT
	 UniCredit Bank	 Tetra Pak PROTECTING TODAY'S GOOD	 KPMG	 cdc climat	 RBC	 WINGAS	 INTERNATIONAL MONETARY FUND	 trans-o-flex Logistics Group
	 WPP Group plc	 SWISS POST	 a3po	 Munich RE	 Atos	 energie360°	 SW/M	 VATTENFALL
Analytics	 ClimateCounts.org	 HSB - där möjligheterna bor	 envi-ma	 Kempartner	 bring CITYMAIL	 sverigesRadio	 Roslagens Sparbank	
	 Bancolombia	 NM Mobility Motors	 UMEÅ ENERGI	 www.fracht.com	 SVENSKA POSTKOD LOTTERIET	 SYDSVENSKAN	 Sala Sparbank slapar välbefärd	
	 skandia	 if...	 Luleå Energi BÄRNET OCH SVARNA	 Visit Sweden	 elanders	 NATURKOMANIET	 JCDecaux	
Sustainable Finance	 CREDIT SUISSE	 Steyler Bank	 Julius Bär	 CDP DRIVING SUSTAINABLE ECONOMIES	 DE PURY PICTET TURETTINI & CIE SA	 Church of Sweden	 SWED WATCH	
	 JOSEPH ROWNTREE FOUNDATION	 fondazione cariplo	 norsif Norsk Forum for ansvarlig og bærekraftig investering	 SEB	 Church of Sweden	 THE FINNISH EVANGELICAL LUTHERAN CHURCH	 WWF	
Consulting	 International Partnership on Mitigation and MRV	 giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH	 Syngenta Foundation for Sustainable Agriculture	 SNV	 Australian AID	 DFID Department for International Development	 United Nations Framework Convention on Climate Change	
	 World Business Council for Sustainable Development	 pmr PARTNERSHIP FOR MARKET READINESS	 KFW Bank aus Verantwortung	 CAF DEVELOPMENT BANK OF LATIN AMERICA	 seco Sveitskonferansen för Miljø og Klima Secretariat of the Swiss Conference of Secretaries of State for Economic Affairs Sveitskonferansen för Miljø og Klima	 IDB Inter-American Development Bank	 reep renewable energy efficiency partnership	
	 CONSERVATION INTERNATIONAL	 THE WORLD BANK	 European Investment Bank	 European Bank for Reconstruction and Development	 GLOBAL ALLIANCE FOR CLEAN COOKSTOVES	 UNEP	 Australian Government Department of Industry, Innovation, Science, Research and Tertiary Education	

Brief Introduction to NAMAs



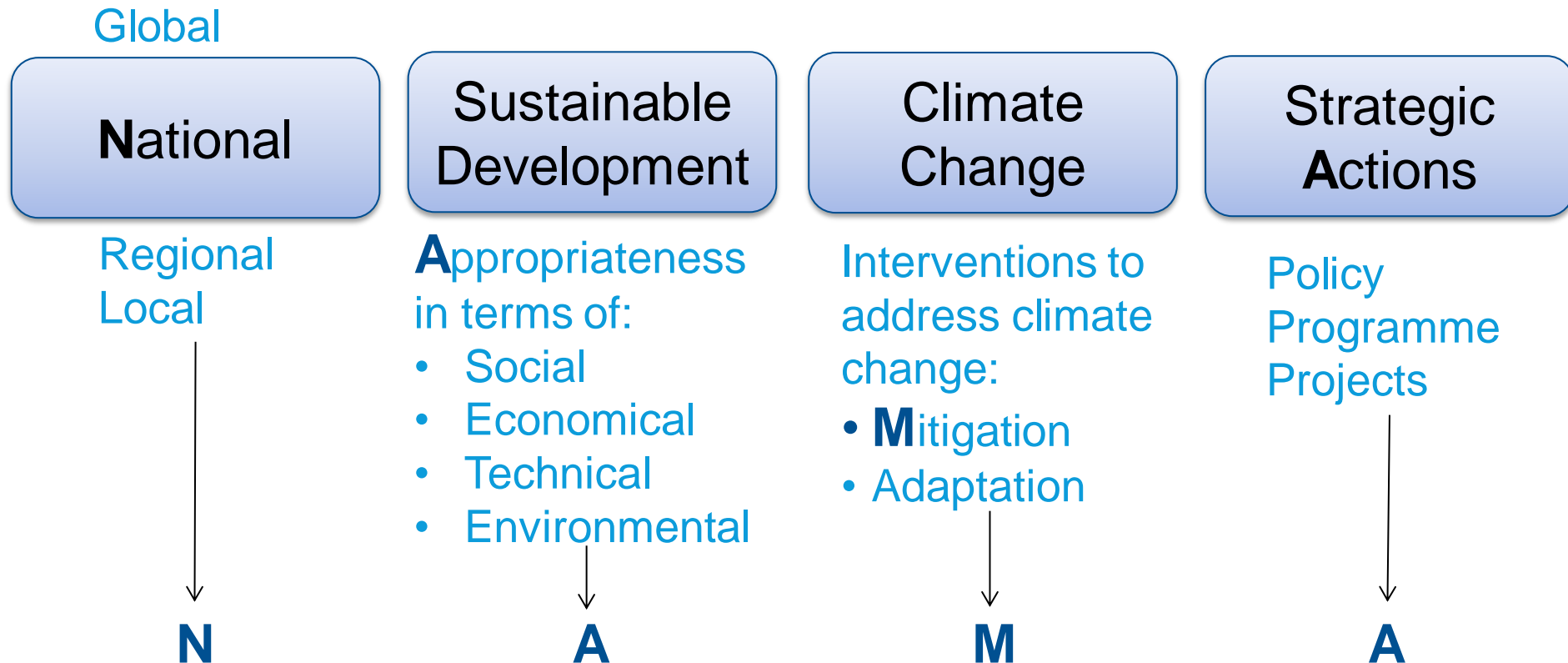
Terminologies

- NAMA: Nationally Appropriate Mitigation Action
- LEDS: Low Emission Development Strategy
- LCDS: Low Carbon Development Strategy
- BUR: Biennial Update Report
- INDC: Intended Nationally Determined Contribution
- NC: National Communication
- LECRDS: Low-emission, climate-resilient dev. strat.
- MRV: Measurable, Reportable & Verifiable
- MRV (II): Monitoring, Reporting & Verification

What is a NAMA?

What is a NAMA

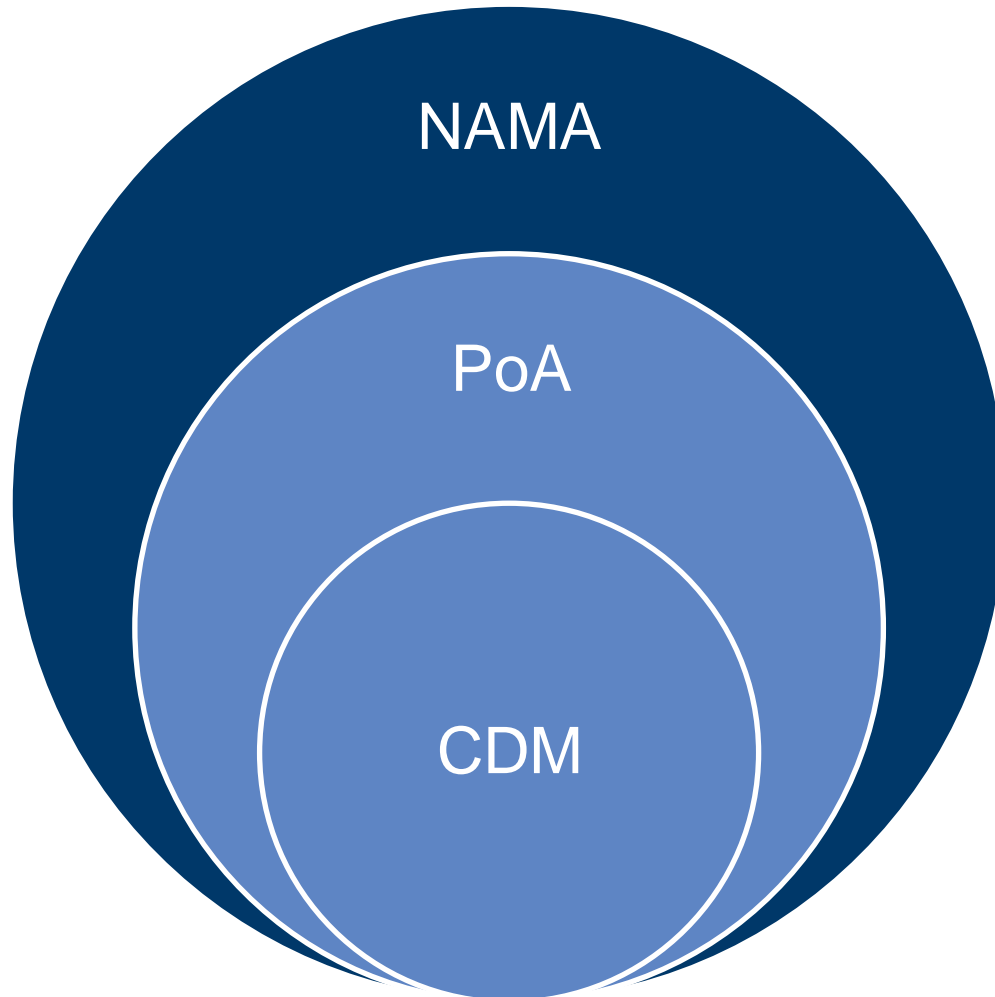
NAMA = Nationally Appropriate Mitigation Action



What is a NAMA

- NAMAs are in principle GHG mitigation instruments that seek to achieve appropriate, yet ambitious ER by:
 - Bringing together public and private players into a coordinated operational framework and an overarching financial architecture
 - Blending wisely domestic and international resources (whenever applicable) to be able to scale-up the most promising mitigation actions
- NAMAs are fund mobilisation instruments conditional to measurable returns in terms of:
 - Environmental effectiveness (mitigation potential)
 - Cost-effectiveness (least cost mitigation)
 - Direct and indirect sustainable development (SD) co-benefits

NAMA Objective: Upscaling mitigation



How to develop NAMAs by scaling up PoA elements



Why PoA to NAMA?

Idea originated from a KfW report back in 2011:

“On the Road from PoA to NAMA: How to develop a NAMA by scaling-up ongoing programmatic CDM activities”, by South Pole

http://www.jiko-bmu.de/files/basisinformationen/application/pdf/south_pole_study_poa_to_nama_june_2011.pdf

Advantages of PoA to NAMA approach

Seamless transition: reduces uncertainties and incentive gaps; protects investments already made.

Uses existing resources & know-how: institutions, methodologies, experts, and capacity

Addresses supply/demand issue. PoA ERs can be used to meet NAMA targets (reduces supply, increases demand).

Reduces costs, **simplifies NAMA Design** and...is fair!
Provides a platform for achieving ambitious yet mutually beneficial mitigation agreements between countries.

Opportunity-sharing (NAMAs) instead of burden sharing (KP)

PoA Design Elements can facilitate NAMA Design

	PoA Design Element	Applicable for Scaling Up (standard baselines & NAMA)
PoA Elements	Eligibility Criteria	Technical eligibility criteria provide an “objective” basis to assess eligibility of a facility or activity (type of facility, unit sizes, type of intervention ..) → sets a basic categorization/requirement/scope for the NAMA
	Baseline Setting	<p>Standardized elements that have been developed for CDM methodologies:</p> <ul style="list-style-type: none"> • large-scale benchmarks (carbon intensity of power grid, national or regional NRB usage rates) and standardized (aggregate) baselines • deemed savings (average per household biomass use) • status-quo baselines • modelled baselines <p>...can be used to determine NAMA baselines, NAMA scenarios (BaU, Low Carbon), and NAMA targets</p>
	MRV	<p>A number of CDM MRV procedures are directly applicable:</p> <ul style="list-style-type: none"> • deemed savings approach • methods that focus on large emission sources with simple MRV • requirements that facilitate cost-effective MRV at facility level <p>Others require some modification (and we know which ones...)</p>
	Implementation and Operation	Some CME already operate at aggregate/sector scale and are an integral part of existing support mechanisms, so could easily transition into a NAMA

How PoA to NAMA?

How a PoA and a NAMA Play Together?



An innovative idea, suggested and successfully piloted by **South Pole**, is to combine two regulatory instruments:

- **Regulatory Instrument (RI) 1** sets a target and allows the use of carbon credits to contribute towards target compliance (i.e. **creates demand through target**).
- **Regulatory Instrument 2 (PoA)** facilitates meeting any target-to-actual performance gap via the supply of eligible carbon credits (i.e. **creates supply through eligibility**).

Together, they form a market (demand + supply) instrument that we can structure as a **Nationally Appropriate Mitigation Action (NAMA)**.

Incentive Bridge: companies and governments can use PoA (eligible carbon credits) already today and let them contribute to future NAMA targets. This so-called **Early Action Program** rewards early-movers and effectively creates an incentive bridge between today and a future agreement.



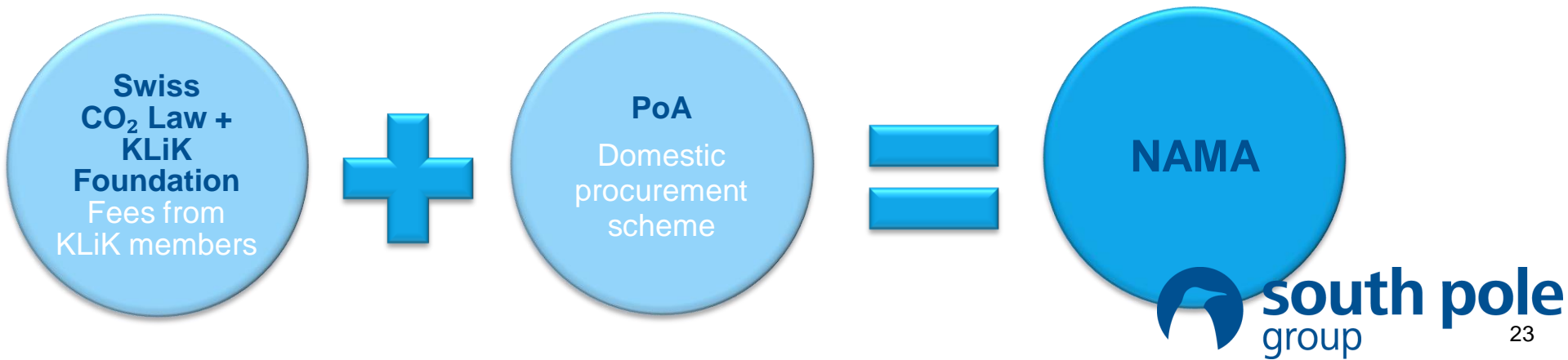
A Few Case Studies



Case-study 1: Switzerland – KLiK Foundation



- **Regulatory Context:** The Swiss CO₂ Law requires fossil fuel producers to offset on average 5% of CO₂ emissions resulting from fuel consumption from 2013-2020. To meet this target producers have to fund GHG reductions from eligible Swiss carbon offset projects.
 - **Implementation Arrangements:**
 - **Domestic carbon credit procurement scheme** within a PoA framework.
 - **Foundation for Climate Protection and Carbon Offset (KLiK)** supported by a small fee from mineral oil companies to facilitate Swiss projects.
 - **Flow of Finance:** KLiK Foundation buys carbon units generated domestically from mitigation projects in Transport, Businesses, Buildings and Agriculture.
- Role of South Pole:** originate carbon units, cooperating with KLiK foundation to create demand, Technical Assistance.



Case-study 2: Indonesia – Cement Industry

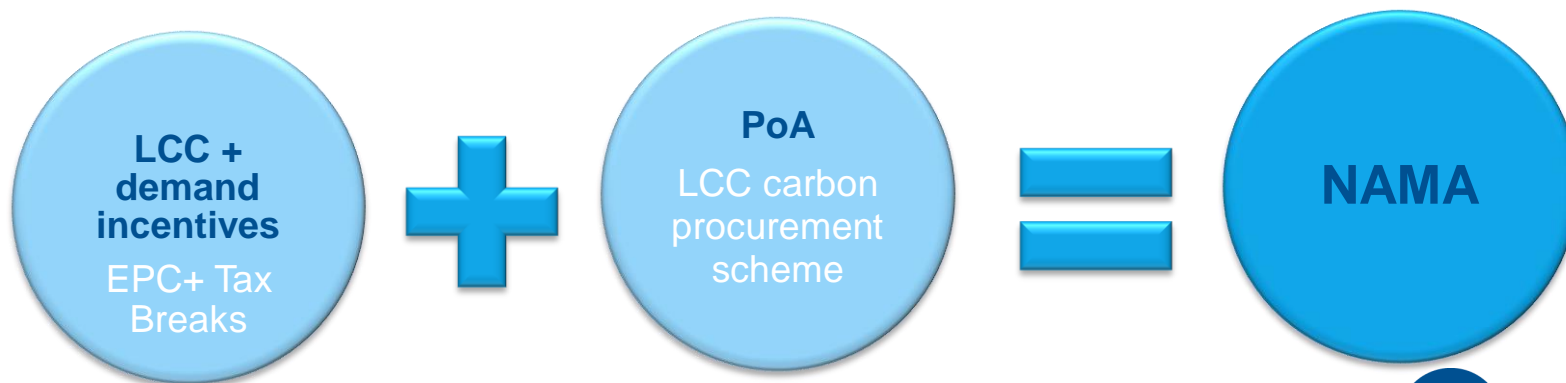
- **Regulatory Context:** Cement regulation in Indonesia target 3% GHG reduction p.a. by 2020 (compared to 2012 levels). Companies may use Indonesian carbon credits.
 - **Proposed Implementation Arrangement:**
 - **Domestic offset procurement programme** for the cement producers. Baseline: historic benchmarks. Structure: PoA framework. Governance: domestic CDM-like rules.
 - **Tax on coal exports** (a small share of tax revenue) to procure carbon credits from cement factories.
 - **Flow of Finance:** carbon credits procurement funded out of a) small share of tax (domestic); b) NAMA funds (supported); d) international carbon markets (credited).
- Role of South Pole:** originate carbon offsets, build demand, operate NAMA, MRV...



Case-study 3: Thailand – Low Carbon City Framework

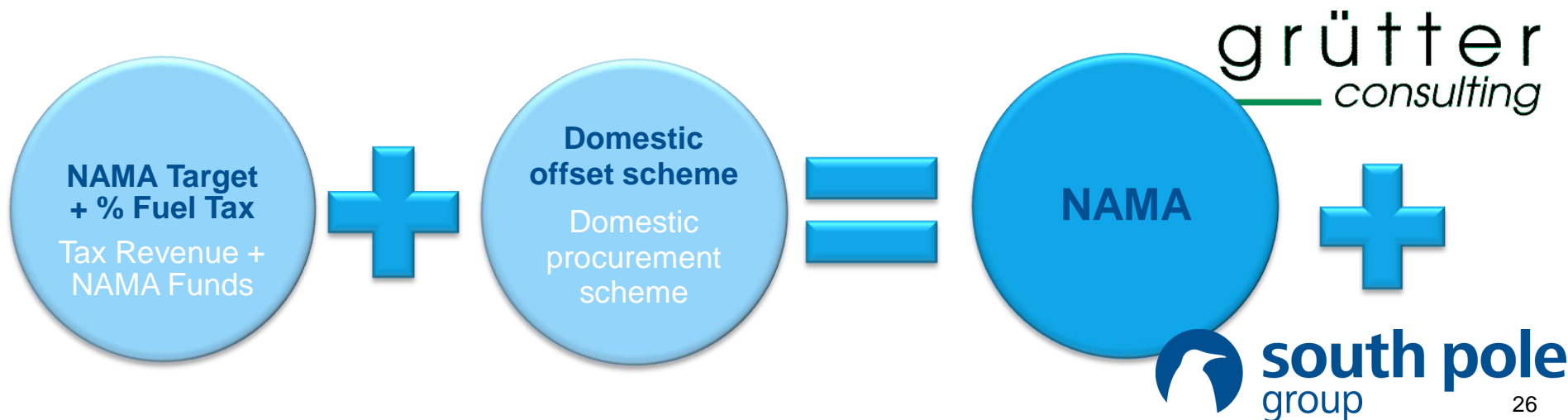
- **Regulatory Context:** The **Low Carbon City (LCC)** framework set GHG ER targets for local governments. LCC will accept certain carbon credits from existing PoAs (domestically funded purchases PoA-CERs will count towards Thai NAMA target).
- **Proposed Implementation Arrangement:**
 - **PoA-style procurement** under LCC. Expected ~200,000 tCO₂e/year (2015-2020)
 - **Incentives to support demand** internationally (carbon credit procurement tender) & domestically (Energy Performance Certificates, tax breaks for domestic CSR, etc.)
 - **Flow of Finance:** demand from a) international carbon credit buyers, b) domestic CSR, EPCs; and c) other domestic climate policy schemes.

Role of South Pole: TA to support international carbon procurement tender, assist LCC in building demand, re-funding mechanisms, NAMA operation, MRV services.



Case-study 4: Colombia – Urban Transport

- **Regulatory Context:** Colombia's *Partnership for Market Readiness (PMR)* aims at developing market-based instruments for urban transport (3 NAMAs) that will accept carbon credits from existing PoAs and CDM projects. Domestic and internationally (NAMA) supported purchases of credits will count towards the Colombian NAMA target.
 - **Proposed Implementation Arrangement:**
 - **Domestic offset scheme + tax on liquid fossil fuel to spur domestic demand.**
 - **3 NAMAs:** public urban transport, non-motorized transit, vehicle performance standard.
 - **Flow of Finance:** demand from a) domestic fund & future climate policy schemes (unilateral) b) international NAMA donors (support) c) carbon credit buyers (credited)
- Role of South Pole (in partnership with Grutter):** Design, pilot and implement the 3 NAMAs, originate domestic offsets, build demand, operate NAMA, MRV services.



Thank you



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