

CLEAN DEVELOPMENT MECHANISM

CDM-EB72-AA-A07

Nairobi Framework Partnership 2012 Annual Report

Version 01.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. This report is the closing document of project 56 of the clean development mechanism (CDM) Management Plan for 2012, entitled “Improve coordination of activities related to regional distribution, including through the Nairobi Framework partnership”.
2. The Nairobi Framework Partnership (NFP) was initiated by the United Nations Secretary General at the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in 2006, with the goal of helping developing countries, especially those in sub-Saharan Africa, to improve their level of participation in the CDM.
3. The CMP welcomed the NFP, and has requested partners to provide support to Parties and stakeholders to enhance regional distribution of the CDM, including at its last session (CMP 8) in Doha, Qatar.

2. Purpose

4. The purpose of this document is to report on the activities carried out by partner agencies and cooperating organizations of the NFP during the year 2012. It includes both the activities included in the 2012 workplan of the NFP, and activities that were additional to those originally planned.

3. Key issues and proposed solutions

5. The NFP provided in-person capacity-building and direct support to over 1,000 stakeholders worldwide during 2012. An even greater number benefitted from additional initiatives.
6. Several proposed standardized baselines and recommendations of microscale renewable energy technologies for automatic additionality, as well as CDM project activities and PoAs have been prepared with support from the NFP and cooperating organizations.
7. 2013 presents an additional challenge for the NFP, due to the situation of the carbon markets, where depressed prices are a disincentive to the development of new CDM projects.

4. Impacts

8. The NFP supports the development of CDM projects worldwide, with a special focus on Africa, least developed countries (LDCs), small island developing States (SIDS), and countries with fewer than 10 registered project activities as of 31 December 2010.

5. Proposed work and timelines

9. A workplan for the NFP in 2013 will be developed by the partners and cooperating organizations through virtual coordination means. Implementation will cover the complete calendar year, according to the mandates and timelines of the partners.

6. Budget and costs

10. The budget to cover the UNFCCC secretariat's role as coordinator in the NFP is included as a core support activity in the CDM Management Plan for 2013.

7. Recommendations to the Board

11. The Board may wish to take note of the report, and thank the Nairobi Framework partner agencies and cooperating organizations for their work during 2012.
12. The Board may also wish to invite the partners to continue their efforts during 2013.

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1. Introduction

1. During 2012, the UNFCCC secretariat implemented project 56 of the clean development mechanism's (CDM) Management Plan (MAP). The project aimed to enhance the coordination and impact of the Nairobi Framework Partnership. This report closes project 56 by providing a summary of the activities conducted by the Nairobi Framework partners during 2012 and its main achievements.
2. The Nairobi Framework Partnership (NFP) was initiated by the then Secretary General of the United Nations, Mr. Kofi Annan, at the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) in 2006, with the goal of helping developing countries, especially those located in sub-Saharan Africa, to improve their level of participation in the CDM.
3. Subsequently, in its decisions 1/CMP.2 (Further guidance relating to the clean development mechanism) and 6/CMP.2 (Capacity-building under the Kyoto Protocol), the CMP welcomed the Nairobi Framework and encouraged Parties to undertake a number of actions in this area.
4. The Framework was originally composed of the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), including the UNEP Risoe Centre (URC), the World Bank Group (WB), the African Development Bank (AfDB), and the secretariat of the United Nations Framework Convention on Climate Change (UNFCCC).
5. In 2009, two more international agencies joined the NFP: the United Nations Conference on Trade and Development (UNCTAD), and the United Nations Institute for Training and Research (UNITAR).
6. The NFP has also benefited from cooperation with other international organizations, including the International Emissions Trading Association (IETA), the Asian Development Bank (ADB), the Inter-American Development Bank (IADB), and the Institute for Global Environmental Strategies (IGES).
7. More recently, during the seventh session of the CMP in December 2011, Parties renewed their call to NFP partners to enhance their capacity-building activities under the Framework, in particular in least developed countries (LDCs), small island developing States (SIDS) and African countries, for, inter alia, the following:
 - (a) Skills enhancement and training to assist designated national authorities (DNAs), applicant and designated operational entities (DOEs) and project participants with regard to technical matters related to the clean development mechanism;
 - (b) Institutional strengthening through, inter alia, support to designated national authorities in the development and submission of standardized baselines and microscale renewable energy technologies that are automatically defined as additional;
 - (c) Activities of designated national authorities and stakeholders in the implementation of the guidelines on standardized baselines and suppressed demand through system development and application.

8. Based on the mandate from the CMP, and taking advantage of the different mandates and assets of each partner, a coordination meeting of partner agencies and collaborating organizations was held in Bonn, Germany, in January 2012, where the annual workplan for the year was developed. This allowed the identification of synergies among partners, for enhanced impact of the planned activities.

2. Goals of the Nairobi Framework Partnership

9. To promote the enhancement of regional distribution of the CDM, the partner agencies defined five specific objectives:
 - (a) Build and enhance capacity of DNAs to become fully operational;
 - (b) Build capacity in developing CDM project activities;
 - (c) Promote investment opportunities for project activities;
 - (d) Improve information sharing/outreach/exchange of views on activities/education and training;
 - (e) Inter-agency coordination, led by the UNFCCC secretariat.
10. Under the general coordination of the UNFCCC secretariat, partners and cooperating organizations have undertaken a series of initiatives, each according to their own mandates, in order to achieve the above-mentioned goals.

3. Activities completed in 2012

3.1. Global activities

11. At a global level, the UNFCCC secretariat and the URC continued implementation of the CDM Bazaar, a web platform that facilitates match-making among CDM experts and project developers, and provides updated information on the CDM. Regular newsletters with relevant and latest developments were generated three times in the course of the year and distributed to users and the general public.
12. The World Bank delivered the online courses "Clean Development Mechanism & Joint Implementation: Navigating the Kyoto Project-Based Mechanisms", open to participants worldwide, but with a special focus on Africa.
13. The UNFCCC secretariat delivered a global training event for DNAs on programmes of activities (PoAs) in Bonn, Germany, in March 2012. It focused on technical aspects and experience-sharing among DNAs and project developers.
14. The CDM Loan Scheme was launched by the UNFCCC secretariat. The scheme, implemented by the United Nations Office for Project Services (UNOPS) in collaboration with URC, awarded a total of 26 loans in 2012. Implementation will continue in 2013.
15. The CDM and the DNA Help Desks were launched by the UNFCCC secretariat. The DNA Help Desk targets DNAs from LDCs, SIDS, African countries, and Parties with fewer than 10 registered projects as of 31 December 2010. The CDM Help Desk supports stakeholders developing projects in these countries. Support is ongoing and will continue in 2013.

16. The IADB presented the Carbon Finance Platform <<http://finanzascarbono.org>> at the Knowledge Booth during the Carbon Expo in Cologne, Germany, in collaboration with the World Bank (WB) and the Carbon Finance Options (CFO). The Platform provides relevant, up-to-date information and resources on carbon markets, including the CDM, to all stakeholders. It also hosts communities of practice and webinars for Spanish-speaking stakeholders. The platform, led by IADB, is a collaboration with UNEP, WB, URC, UNDP, and the Torcuato di Tella Foundation.
17. The IADB provided continuous live coverage from the eighteenth session of the Conference of the Parties and the eighth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP18/CMP8) to Latin American stakeholders, in Spanish.
18. The central web-based platform for information-sharing and coordination among NFP partners and cooperating organizations has seen delays in its implementation due to the overall delay in the SDM-IS project.
19. URC delivered two CDM courses for project developers, aimed at participants from LDCs. One course was organized with Twente University, and the second one with the Danida Fellowship.
20. URC sponsored the participation of two government representatives from countries located in Latin America and the Caribbean (LAC), Africa, and the Pacific in Carbon Expo 2012 in Cologne, Germany, to promote the identified potential CDM projects in their countries.

3.2. Africa

21. Several countries received support to calculate their grid emission factor (GEF) during 2012. IGES developed a GEF calculation sheet that was used by URC in its development of the GEF for the nine interconnected countries of the Southern African Power Pool. The GEF was submitted to the CDM Executive Board (the Board) for approval as a standardized baseline and is currently under consideration.
22. The UNFCCC secretariat has initiated activities to calculate the GEF for Uganda, which will continue in 2013.
23. URC supported Cote d'Ivoire in the calculation of the GEF, and establishing the definition of forest.
24. URC developed a GEF for Sao Tome and Principe, which is in the final stage of preparation and will be ready in 2013.
25. UNDP, in collaboration with the UNFCCC secretariat, delivered two training workshops on PoAs under the CDM for Eastern and Southern Africa in Luanda, Angola, and for Central and Western Africa in Dakar, Senegal. Approximately 80 participants from public, commercial, and not-for-profit entities from 17 countries attended the training. Recommendations from the workshops have been made available to the UNFCCC secretariat and the Board.
26. The UNFCCC secretariat conducted a regional DNA training workshop for Africa. Seventy-eight delegates from 39 countries received capacity-building training on practical roles of DNAs for the submission of proposed standardized baselines,

- recommendations of microscale renewable energy technologies for standardized baselines, and suppressed demand under the CDM.
27. Immediately after the regional DNA training, the World Bank and the UNFCCC secretariat delivered a Regional Workshop on Accelerating Low Carbon Energy in Africa through Carbon Finance. A total of 128 participants from DNAs, power utilities, rural energy agencies and other CDM stakeholders were made aware of the opportunities to promote low carbon energy access in the continent.
 28. The World Bank organized a Regional Francophone Capacity-Building Workshop on CDM Reform and Carbon Finance in Dakar, Senegal, where relevant governmental focal points of francophone African countries received hands-on training on the latest developments in the CDM, new approaches for financing mitigation activities, as well as new market mechanisms.
 29. A Regional Workshop on Low Carbon Development for Inclusive Growth was also delivered by the WB for national representatives of finance, planning, environment and energy from Morocco, Tunisia, Jordan, Egypt, Lebanon and a number of countries from the Gulf Cooperation Council (GCC) to discuss issues concerning low carbon development, nationally appropriate mitigation actions (NAMAs), and related matters.
 30. Two events in Malawi delivered by the WB highlighted opportunities for mitigation. The Carbon Market Capacity-Building in Malawi: Knowledge Sharing, Capacity Diagnosis, and Roadmap workshop, and a video conference virtual session for Malawi government officials, managers, extension workers, practitioners and farmers in ongoing irrigation and agriculture projects. In addition, a number of practitioners from Kenya, India, Indonesia, and Japan participated.
 31. The WB initiated development of specialized online courses to increase the reach of capacity-building activities, including the World Bank Institute Climate Change (WBICC) Climate-Smart Agriculture Program: e-Course on Carbon Monitoring of CDM Afforestation and Reforestation Projects, and e-Course on Water Footprint. Virtual training also took place in the form of a webinar series on low emission development and NAMAs for MNA Network on Low Carbon Development for Inclusive Growth.
 32. WB and TerrAfrica launched a regional capacity-building programme entitled "Sustainable Land-Water Management: Towards Climate Smart Agriculture" with an event at the African Institute for Capacity Development (AICAD), and produced an outreach video on "Conservation Agriculture - How has Zambia Scaled up?" to showcase good practices.
 33. URC provided direct support to several African countries, including Ghana, Cote d'Ivoire, Rwanda, and Nigeria, by providing training on CDM project development, developing project idea notes, and several project design documents (PDDs).
 34. Support was also provided by URC to Botswana where PDDs for biogas and energy efficiency PoAs were developed, and to Malawi where one programme of activities design document (PoA-DD) for off-grid electrification with renewable energy and energy efficiency industry is under development.
 35. Sao Tome and Principe with the support of URC registered its DNA with the UNFCCC secretariat. The DNA also received training from URC on its roles.

36. The fourth edition of the Africa Carbon Forum (ACF) was organized by the Nairobi Framework Partners in Addis Ababa, Ethiopia, with collaboration from the Government of Ethiopia and the UN Economic Commission for Africa (UNECA). A total of 750 participants from government agencies including DNAs, ministries of environment, energy and finance, project developers, CDM consultants, DOEs, non-governmental organizations, and the general public discussed and received capacity-building over the course of three days. Topics covered included relevant CDM developments and business opportunities. The event attracted more participants than in any previous year.

3.3. Latin America and the Caribbean

37. In LAC, URC developed a GEF for Belize. Publication is expected in early 2013.
38. The UNFCCC secretariat developed a GEF for Uruguay. An updated version will be prepared in early 2013.
39. A webinar on the calculation of GEF was held by IADB in cooperation with the Torcuato di Tella Institute (ITDT), Argentina.
40. Further webinars for the Carbon Finance Platform <<http://finanzascarbono.org>> users were delivered by IADB on opportunities for project development in the waste management sector, transport, recent new CDM methodologies, solar power, promotion of renewable energies, non-conventional renewable energies, energy efficiency, experiences in the development of PoAs, and biofuels.
41. Additional webinars by IADB included emerging sectors such as NAMAs, agriculture, REDD+, and forestry in general. Some of these events also focused on low carbon development (LCD) strategies in general. Some webinars were delivered in cooperation with other NFP partners, such as UNDP and the UNFCCC secretariat. A total of 35 webinars were delivered during the year.
42. A new community of practice on Agriculture was launched by IADB on the Carbon Finance Platform.
43. A draft set of documents to comply with the Quality Assurance/Quality Control Guidelines for the development of proposed standardized baselines as per the CDM guidelines was developed by the UNFCCC secretariat with the DNA of Uruguay.
44. A regional DNA training and workshop was organized by the UNFCCC secretariat in Belize City. Thirty-four delegates from 19 countries received hands-on capacity-building training on the practical roles of DNAs for the submission of proposed standardized baselines, recommendations of microscale renewable energy technologies for standardized baselines, and suppressed demand under the CDM.
45. URC organized a workshop on CDM project identification and development in Trinidad and Tobago. Several Project Initiation Documents PINs and PDDs were prepared as a result of year-long support.
46. The Latin American Carbon Forum (LACF) was postponed by the organizing partners until 2013.

3.4. Asia and the Pacific

47. For the third consecutive year, ADB, IGES, and the UNFCCC secretariat, in cooperation with URC, organized the Workshop on Enhancing the Regional Distribution of CDM Projects in Asia and the Pacific. With 182 participants from 35 countries, the event targeted participation from countries with fewer than 10 registered CDM projects in Asia and the Pacific, especially LDCs and SIDS, but had participation from other countries as well, to promote experience-sharing.
48. Following the Workshop on Enhancing the Regional Distribution of CDM Projects in Asia and the Pacific, ADB sponsored a side event at Carbon Forum Asia 2012 that aimed to explore ways to enhance the regional distribution of CDM projects in the region. The open discussion generated suggestions on available technologies to carry forward the proposed CDM projects and programmes and became a platform for knowledge-sharing.
49. IGES developed a proposed standardized baseline for the rice mill sector in coordination with the DNA of Cambodia. The proposed standardized baseline has been submitted to the Board for approval.
50. At the same time, IGES has prepared a draft proposal of a standardized baseline for a composting project in the Lao People's Democratic Republic.
51. A study meeting on the carbon markets and CDM was organized by IGES for the DNA of Cambodia, providing updated information on international negotiations and the current status of carbon markets, dissemination of the standardized baselines approach in the CDM, and awareness-raising for new market mechanisms (NMMs) other than the CDM. A total of 60 participants benefited.
52. As a sequel to the study meeting, IGES delivered a workshop on PoAs and NMMs in Cambodia, explaining the regulation and implementation of PoAs, including experience-sharing with a PoA developer.
53. A CDM Programme of Activities Training event was delivered by IGES in Mongolia, for DNA staff, government officials, and project developers. The PoA templates developed by IGES were presented as well.
54. ADB also carried out missions to the Solomon Islands and Bangladesh, in coordination with the DNAs, to prepare road maps on standardized baselines for cooking in Solomon Islands and for waste management (composting) in Bangladesh. The same is being explored for boilers in Mongolia.
55. ADB provided direct support to the DNA of Maldives, with the objective of conducting CDM and carbon market training for representatives of the DNA, and providing assistance in setting up the CDM project host country approval process.
56. URC supported several countries, including Vanuatu, Tonga and Samoa by organizing workshops to introduce the basic concepts and steps of CDM implementation, including DNA establishment and roles. The participants also discussed national policies regarding the CDM, and identified potential projects.
57. URC developed 24 PINs in collaboration with Samoa.
58. URC funded the participation of representatives from Fiji, Vanuatu, Tonga, Samoa, Papua New Guinea and the Solomon Islands in the Australasia Carbon Expo to present

experiences and results of the ACP-MEA project, including PINs developed in the Pacific countries.

59. ADB also organized a CDM Training Program for Development of Composting Projects under CDM Programme of Activity (PoA) for Bangladesh, including government representatives and DOE staff.
60. IGES organized a workshop for 30 members of the DNA of Philippines, providing the regulatory framework for GEF calculation and the submission of recommended microscale renewable energy technologies for automatic additionality. Both the GEF and the microscale additionality proposals are being prepared.
61. A Workshop on CDM and New Market Mechanisms was organized by IGES for 20 participants from the DNA of Mongolia. The latest updates on PoA regulations and decisions of the COP were shared.
62. A regional DNA training and workshop for Asia, the Pacific and Eastern Europe was organized by the UNFCCC secretariat in Manila, the Philippines, in collaboration with IGES, ADB, and URC. Forty-seven delegates from 29 countries received hands-on capacity-building training on the practical roles of DNAs for the submission of proposed standardized baselines, recommendations of microscale renewable energy technologies for standardized baselines, and suppressed demand under the CDM.
63. An analysis of the potential of CDM and carbon financing in underrepresented countries and sectors was developed to guide the work of ADB during 2013.
64. Direct project support was provided by ADB in project financing for the Brick Kiln Energy Efficiency Project in Bangladesh, and for PDD finalization and validation of the PoA for Promotion of the Improved Water Mills (IWM) in Nepal.

4. Brief summary

65. During 2012, the majority of the activities planned by NFP partners at the beginning of the year were completed. These were enhanced with a significant number of additional initiatives that were not identified or confirmed at the time when the 2012 workplan was finalized.
66. Coordination among partners and cooperating organizations enhanced many of the activities, increasing efficiency and reducing duplication.
67. The initiatives covered a wide range of types, including:
 - (a) Capacity-building through training, hands-on workshops, e-courses, webinars, and forums;
 - (b) Direct support to DNAs to implement national host country approval procedures, recommend microscale renewable energy technologies for automatic additionality, prepare proposed standardized baselines, calculate grid emission factors, and other matters;
 - (c) Direct support to project developers for financing, PDD development and validation;

- (d) Prospecting the potential for further CDM development in underrepresented countries;
 - (e) Communication and awareness-raising among stakeholders, including DNAs, DOEs, project developers and national authorities;
 - (f) Development of tools to facilitate project development, such as PoA templates and GEF calculation tool.
68. The total number of CDM stakeholders that participated in in-person capacity-building events during 2012 exceeded 1,000, even though the Latin American Carbon Forum was postponed. Virtual events further increased this number.
69. Support by Nairobi Framework Partners was instrumental in the development of several proposed standardized baselines and recommended microscale renewable energy technologies for automatic additionality, as well as for some projects and PoAs.

5. Next steps

70. The Nairobi Framework Partners will prepare a new workplan for 2013, through virtual coordination early in the year.
71. Feedback received from stakeholders during the different interactions in 2012 will be taken into account for planning purposes.
72. A new challenge for the partners in 2013 will be the general situation of the global carbon markets, and the new rules applied by the European Union Emissions Trading System (EU ETS), which have depressed the prices of certified emission reductions (CERs) beyond all expectations. This reduces the interest and opportunities for the development of new CDM projects, and leads stakeholders to focus more on possible future mechanisms, including both those under the UNFCCC and those outside of the convention.

Appendix 1. Status of activities by the Nairobi Framework Partnership planned for 2012

1. The table below provides an overview of the status of those activities that were planned by the NFP partners and cooperating organizations during 2012, excluding additional ones led by the UNFCCC secretariat, which were reported at the seventieth meeting of the Board.
2. Activities that were implemented in 2012 but not included in the original 2012 NFP workplan are not included in the tables below. Their description is included in the main body of this report.

Table 1. Status of global activities by NFP planned for 2012

Activity	Partner(s)	Status
Central web-based platform for information sharing	UNFCCC	Pending
CDM Bazaar update	UNFCCC, UNEP Risoe	Cancelled
Tapping the Carbon Market for Energy Efficiency (EE) in building projects online course	WB	Cancelled
Global DNA PoA Training	UNFCCC	Completed

Table 2. Status of activities by NFP planned for 2012 in Africa

Activity	Partner(s)	Status
GEF for Southern African Power Pool	UNEP Risoe	Completed
GEF for Sao Tome and Principe	UNEP Risoe	Ongoing
GEF for Mali and Senegal	WB, AfDB	Cancelled
GEF for Malawi	UNEP Risoe, AfDB	Ongoing
GEF for Kenya and Uganda	UNFCCC	Ongoing
Online PoA course - updated	WB/UNFCCC	Pending
Regional CME Training Workshops	UNDP, UNFCCC	Completed
Regional DNA Training on standardized baselines, microscale additionality and suppressed demand	UNFCCC	Completed
Capacity-building in the rural energy sector (SSA)	WB, UNFCCC	Completed
Africa Carbon Forum	WB, AfDB, UNDP, UNEP Risoe, IETA, UNFCCC, UNECA	Completed

Table 3. Status of activities by NFP planned for 2012 in Latin America and the Caribbean

Activity	Partner(s)	Status
Capacity-building on carbon finance	IDB, WB	Completed
Training on PoA, NAMAs, future markets	IDB, UNEP Risoe, UNFCCC	Completed
Online PoA course - updated	WB, UNFCCC	Pending
GEF for Uruguay and Dominican Republic	UNFCCC	Completed
GEF for Belize	UNEP Risoe	Completed
Webinars, documentation, communities of practice on FinanzasCarbono.org web portal	IDB/UNEP/WB	Completed
Translation of PoA online course	IDB/WB	Pending
Latin American Carbon Forum	WB, IDB, UNDP, UNEP Risoe, IETA, UNFCCC, OLADE	Postponed

Table 4. Status of activities by NFP planned for 2012 in Asia and the Pacific

Activity	Partner(s)	Status
Capacity-building and direct support workshops for the Pacific	UNEP Risoe, IGES	Completed
GEF for Cambodia, Mongolia, Vietnam and Philippines	IGES	Partial
Development of PoA templates	IGES	Completed
Online PoA course - updated	WB, UNFCCC	Pending
Joint Workshop on Enhancing the Regional Distribution of CDM projects	IGES, ADB, UNFCCC, UNEP Risoe	Completed

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	18 February 2013	Initial publication as an annex to the annotated agenda of EB 72.
Decision Class: Regulatory		
Document Type: Information note		
Business Function: Governance		
Keywords: regional distribution, reporting procedures		