DNA Forum Interaction at EB 94

2 May 2017 Bonn, Germany

Aim of the presentation

- The aim of the presentation is to:
 - give a good picture on how the DNAs see the current situation of the CDM and the future of the market mechanisms;
 - deliver suggestions to the Board on what work they could do to address the concerns/suggestions of the DNAs;
 - receive feedback from the Board.



Generic inputs to EB 94 at a glance (1/2)

These recently received DNA inputs (See Annex for a summary of inputs received) resonate the voice raised by DNAs during the break out sessions of the last DNA global forum meeting in Marrakesh (Nov. 2016):

Importance of the CDM:

• CDM project activities and PoAs will form bulk of the solutions to today's environmental challenges.

Role of DNAs:

- Continued DNA role to sensitize developers to implement CDM project activities and PoAs is important.
- DNAs expressed their desire for a systematic participation of DNAs at the COPs.

Reform of the CDM:

• Further simplification of the CDM rules and procedures (e.g. determination of baselines and additionality) is needed.

Generic inputs to EB 94 at a glance (2/2)

NFP project portfolio launched at global DNA forum meeting in Marrakesh:

• DNAs wish to see NFP projects implemented at their country level, particularly in the Francophone Africa, where the countries had not benefited greatly from the CDM.

Support and capacity building needs:

- Formulation of domestic carbon market schemes and establishing of standardized baselines are instrumental to achieve mitigation targets, but support needed.
- An intermediate technical meeting for the DNAs is requested before the annual forum meeting to focus on DNA capacity building.

CDM as tool to attract green investment:

- Existing CDM pipeline can benefit from the GCF to catalyse implementation.
- A mechanism is needed to save existing projects with unsold CERs.

A platform to share information on SD:

• There needs to be an international tool to assist countries and participants on sharing information on SD in the activities and the assessment thereof.

More specific inputs to shape up the future work of the Board

- Linkage between the CDM and climate finance: Saint Lucia has proposed that vulnerable projects are identified and proposed to the GCF for funding. → The Board may play a role here.
- Financing the CDM: Côte d'Ivoire has proposed that host countries should provide funding for CDM projects that may stop. → Do the Board has a role to play? What existing channels could be useful to support this work?
- Domestic processes and domestic use of markets: Colombia describes how the CDM has led them to develop a full registry to track the emission reductions → The Board may discuss how such positive experiences could support the development of Art. 6 under the Paris Agreement.
- Enhanced interaction between DNA Forum and the Board: Both DNAs (through its Forum) and the Board need to see this interaction as an added-value.

 \rightarrow More frequent feedback: Few DNAs responded to the call vs. no inputs received from the Board members

 \rightarrow Improved communication: EB interacts with the DNA co-chairs or DNAs themselves by providing feedback.

High level outcome of the 17th Global DNA Forum meeting

- Highlighted the continued relevance of CDM in the post-Paris world.
- Thanked the CDM Executive Board for its continued support to the Global Forum
- Requested the Board to further strengthen its support to local and regional DNA activities, including through strengthened RCCs.
- Called upon CMP to provide clear guidance, as a matter of urgency, about CDM's continued operation beyond the end of the second commitment period of the Kyoto Protocol.
- Elections of the new Co-Chairs and Alternate Members for the DNA Forum Chairing Committee 2017 took place.



Global DNA Forum Meeting 2016, Marrakesh

Survey results for gathering feedback on the Forum (1/2)

- With regard to **usefulness of annual forum meetings** following views were expressed by the respondents:
 - Annual forum meetings provide a platform for DNAs to have face to face interaction. It is useful to learn from other countries experience and perception about CDM. These meetings also provide an opportunity to DNAs to brainstorm ideas and advantage and disadvantage of the current process of implementing.
 - DNAs acquired useful information and updates on new developments on the CDM which are of much importance and help DNAs to build their capacity on the CDM.
 - DNAs have better understanding on how other countries assess the current scenario of the CDM following the adoption of the Paris Agreement.
 - DNAs, from countries where the CDM has never been used, now better understand the CDM.
 - In forum meetings mostly very important topics were covered. Hence, DNAs learned lessons from the discussion.
- In general, through out the whole meeting, DNAs could improve their knowledge on the CDM - from the presentations during the plenary sessions and discussions that took place in break-out groups.

Survey results for gathering feedback on the Forum (2/2)

- Suggestions to improve next Forum meeting's content are:
 - **CDM updates:** Keep updating the DNAs on the new opportunities for the CDM
 - Link between the CDM & NDCs: CDM role in the implementation of the mitigation targets and MRV system for avoiding double counting
 - Role of the CDM & DNAs in the context of Article 6 of the Paris Agreement:
 Currently there is no clarity on the future of the CDM under the Paris
 Agreement therefore new developments needs to be shared as they emerge.
 - Need for support: More DNA capacity building, including proposal writing skills for DNAs
 - Financing implementation: How to link countries with opportunities that can kick off CDM project activities
 - Information sharing: Experience of success story or good institutional set up of a DNA
- Recommended topics for future events (as above) are currently being considered at the design stage of the upcoming Forum in September 2017.

Thank you!

Anne Omambia, DNA Kenya Laurence Mortier, DNA Switzerland Global DNA Forum Co-chairs

Annex

DNA inputs to EB 94 1st Round Free Format, no questionnaire 2nd Round Questionnaire Format

DNA inputs -1^{st} round free format (1/2)

DNAs	Inputs
Burkina Faso	 Recalled the proposals made during the 17th DNA forum held on 5 and 6 November 2016 in Marrakech: 1) an intermediate, technical meeting for the DNAs be envisaged before the annual forum meeting and to focus on capacity building; 2) DNAs expressed their desire for a systematic participation of DNAs at the COPs; 3) Wish to see country level implementation of projects in NFP portfolio.
Kenya	 Requested clarification on: 1) Role of DNAs in the new market mechanisms established in the Paris Agreement; 2) How existing CDM pipeline can benefit from the GCF to catalyse implementation
Comoros	 Highlighted: 1) The role of DNA, NAMAs and CDM to develop mitigation projects; 2) Technical assistance to develop mitigation projects; 3) Technical assistance for the implementation of NDCs; 4) Capacity building (training); 5) Use of mitigation experiments of another island country as a basis. 11

DNA inputs -1^{st} round free format (2/2)

DNAs	Inputs
Philippines	 For registered and implemented CDM projects with unsold CERs a mechanism is needed to allow the host country to use the ERs to meet the commitment under the Paris Agreement. DNAs, given their experience with the CDM and PoAs, are ideally placed to be involved in the transition to the new international, post-Paris Agreement architecture particularly in relation to implementing ER activities under their countries' NDCs and the international transfer of mitigation outcomes (ITMOs). In developing the parameters of the ITMO architecture, the Board should continue to address the transaction cost barriers that have brought the CDM and PoAs/ inclusion of CPAs to their knees in recent years, among which are the need for further simplification of rules and procedures (vis baselines and determination of additionality), the continuing low price for carbon credits, and encouraging the extension/ expansion of markets for carbon credits.
Burundi	 Issues related to CDM: future of CDM post-2020 (at the end of KP CP2 and the beginning of implementation of Paris Agreement. Continued DNA role on PoA development is important, but financial support is needed to sustain the DNA.

	•
DNAs	How do the DNAs see their role in the cooperative approaches and the new market mechanism established in Article 6 of the Paris Agreement?
Kenya	Project/programme approval, stakeholder capacity building on the new market opportunities
Sierra Leone	Currently playing positive role in the new market mechanism through cordial inter-ministerial relationship
Dominican Republic	A very important role to play due to the similarities with the CDM
Burundi	The role of DNA in the cooperative approaches is to ensure more bilateral in nature (joint approaches), and in the new market mechanism is to ensure that Burundi get the benefit from a rapid application of the Mechanism for Sustainable Development.
Saint Lucia	Ensuring environmental integrity, identifying and making public their criteria for ensuring that Article 6 activities promote SD, setting baselines, supporting accounting and corresponding adjustments, ensuring transparency around Article 6 activities and their governance, and ensuring the avoidance of double counting. DNAs will also have to assist in ensuring that use of Article 6 provides an overall global mitigation in emissions and delivers a share of proceeds for adaptation.

· · ·	
DNAs	How do the DNAs see their role in the cooperative approaches and the new market mechanism established in Article 6 of the Paris Agreement?
Guinea	DNAs can continue to carry out their usual activities bilaterally or multilaterally, using a collaborative approach, expanded to other mechanisms more widely known in terms of partnership.
Côte d'Ivoire	DNAs should play a role in the local NDC team as a main pillar since the challenges to overcome are huge.
Switzerland	DNAs should be important partners/co-decision-makers in the national discussion of the use of international carbon markets and bring to the attention of other ministries all issues related to international carbon markets (experience with the CDM, future challenges related to accounting, overview of existing projects on the national territory and needs in terms of tracking and accounting of emission reductions, etc.).
Vietnam	Participation of DNAs in activities related to Article 6 is important.

DNAs	How do the DNAs see their role in the cooperative approaches and the new market mechanism established in Article 6 of the Paris Agreement?
Colombia	 It would be necessary to review the functions of DNA related with the scope of the new mechanism, i.e., if the DNA would be the one that gives the accreditation for the other international standards/ initiatives/ programmes outside the UNFCCC that would be involved under 6.4., or just inform to the governing body through a national approval. Also the DNA's role should continue as the current CDM, in terms of administrative functions. Nevertheless, it would be necessary to review under the scope of the new mechanism, the evaluation process of the contribution to sustainable development, the appropriation of the tools that the convention have already had, and the process of accreditation for the new mitigation initiatives that would participate in this one.

DNAs	How do the DNAs see the CDM after 2020 in relation to Article 6 of the Paris Agreement? Stop? Transition? How?
Kenya	Transition: guide countries in formulation of domestic carbon market schemes and establishing of standardized baselines. SBs for various sectors as set in NDCs could attract investment.
Sierra Leone	Transition: CDM activities will form bulk of the solutions to today's environmental challenges and will at the end of the day geared towards economic growth.
Dominican Republic	Transition: but we need to define very well what will be the CDM role to play in relation to Article 6.
Burundi	Transition: to the new mechanism for Sustainable Development which is a Market-based approach that serves as a tool for funding outcome- oriented mitigation measures.

DNAs	How do the DNAs see the CDM after 2020 in relation to Article 6 of the Paris Agreement? Stop? Transition? How?
Saint Lucia	Saint Lucia does not see the current CDM as fit for use as a crediting tool under Article 6. Fundamental changes would be needed to ensure environmental integrity, to avoid the double counting of the same reductions by multiple Parties (hosts and acquiring Parties), to provide greater transparency in holdings by Party and by year, to ensure additionality and to deliver an overall mitigation in global emissions. There has been little progress in addressing these issues under the Kyoto Protocol in the context of the review of the CDM modalities and procedures.
Guinea	CDM will have to continue to exist in order to establish demand once again and to mobilize new investment, redefining the accessibility of investment for all member states and improving procedures.
Côte d'Ivoire	If there is no set price of carbon at the international level, the DNAs role will be confined within their country maybe in the domestic market system (to be eventually established) in order to bring their expertise and experience in the GHG calculation methodologies, SD tools and approval and assist local projects and initiatives.

DNAs	How do the DNAs see the CDM after 2020 in relation to Article 6 of the Paris Agreement? Stop? Transition? How?
Switzerland	Transition: By - Ending the CDM after the end of the true-up period of the 2nd commitment period of the KP (2022/23) and integrating its main elements/infrastructure that are useful for post-2020 in the new mechanism (with the necessary adaptations of these elements to the post-2020 context); - Integrating and transitioning a revised CDM that has been adapted to fit the post-2020 context as a window of the new mechanism. This requires also an in-depth reform of the concept of CDM. CDM projects could e.g. re-register under the new mechanism if these projects meet the rules of Art. 6 and the modalities and procedures of the new mechanism.
Vietnam	Continuation of CDM after 2020 is unclear. Promoting the effectiveness of CDM activities, supporting the implementation of the NDC's mitigation goals, requires a clear legal market mechanism. Specific provisions on CERs for CDM projects in the period before and after 2020 should be specified. The price of carbon credit is low so it could not encourage stakeholders develop and implement CDM projects. 18

DNAs	How do the DNAs see the CDM after 2020 in relation to Article 6 of the Paris Agreement? Stop? Transition? How?
Colombia	CDM should have a transition period, in which the procedures, modalities and rules need to be changed in order to be more flexible. It would be necessary to redefine the rules, taking in mind that it must to be linked with the others market mechanism or economic instruments that have been developed in the countries, and with the cooperatives approaches under the 6.2.

DNAs	Article 6 of the Paris Agreement states that this voluntary cooperation has to promote sustainable development and environmental integrity. What is your experience with the CDM (positive and negative) and what would you like to see after 2020 in terms of international guidance/rules?
Kenya	The Kenyan experience has been both positive (SD impacts) and negative (drop in CER price).
Sierra Leone	After 2020 and even at present, I would like to see a situation in which both developing and developed countries will continue to put hands on deck and take the CER aspect as a top priority in their different country agenda.
Dominican Republic	In general the CDM contribution to promote sustainable development have not been the best. This should be improved after 2020 developing an appropriate international guidance/rule that help to promote and quantify the contribution of the project/program to the sustainable development and the environmental integrity.

DNAs	What is your experience with the CDM (positive and negative) and what would you like to see after 2020 in terms of international guidance/rules?
Burundi	It is crucial to allow projects currently implemented under the CDM to be transferred to the new mechanism. African DNAs after 2020 should also demand that concerted approaches be subject to strict international rules to avoid a race to the bottom and the eventual eviction of the new Mechanism for Sustainable Development.
Saint Lucia	 The guidance/rules post-2020 under Article 6 should directly address environmental integrity, the promotion of SD and robust accounting to ensure the avoidance of double counting. Eligibility rules should be in place to ensure that Parties participating in transfers of mitigation outcomes have national systems in place for generating reliable GHG inventories, have clear, transparent and understandable NDCs, and have quantified their NDCs in tonnes of CO2- equivalent emissions. The SD criteria applied to activities should be made public and be readily accessible. In this context, there should be opportunities for greater stakeholder input and redress.

DNAs	What is your experience with the CDM (positive and negative) and what would you like to see after 2020 in terms of international guidance/rules?
Guinea	Before 2020, we would like to see the new mechanism improved by improving procedures (simplified, national capacities and reinforced approaches, institutional and systemic partnership). After 2020, we would like to see the public procurement programs broadly extended; The CDM to become an effective market-based instrument and a tool for obtaining funding for results-based adaptation and mitigation; To see the links between the carbon market and climate finance.
Côte d'Ivoire	Normally SD criteria are specific to each country but it will be good to elaborate some general SD criteria templates to be adjusted (add or remove some) later on by each country according to its specificity. The same should be done for the environmental integrity aspect.
Switzerland	SD: Activities should be consistent with the SDGs, the SD objectives and strategies of the Parties involved and be consistent with and represent no threat to human rights. There needs to be an international tool to assist countries and participants on sharing information on SD in the activities and the assessment thereof.

DNAs	What is your experience with the CDM (positive and negative) and what would you like to see after 2020 in terms of international guidance/rules?
Switzerland	EI: We need to have international guidance on EI for cooperative approaches as well as M&P on EI for the new mechanism. This guidance and the M&P provide an essential common framework on what is internationally acceptable/credible for DNAs and national authorities for respectively authorizing projects (LoAs) and defining national rules on the use of the CERs (buyer perspective).
Vietnam	New guidance/rules have to be clear and should be made from CDM tools which have been researched, developed and implemented.
Colombia	Clear and transparent international rules and procedures for participation in the market mechanism under 6.4 as a reduction generation system, and the accounting for the NDC.

DNAs	How can the existing CDM pipeline further help deliver climate finance?
Kenya	Use the existing CDM pipeline in host countries to tap into the GCF since they are fully developed proposals which have followed approved methodologies and procedures and have calculated the carbon mitigation potential.
Sierra Leone	We need to have more cooperation and collaboration at local and international levels.
Dominican Republic	Through an alliance with financial institutions like, for example, the GCF.
Burundi	It is envisaged that the CDM will be supported by climate finance institutions, such as the GCF, but a constant pressure is required from developing countries like Burundi.
Guinea	A new scheme committed to purchase 500 million tons and a minimum purchase price of 5 euros/ton by 2020, i.e. 2.5 billion euros of income directly injected into innovative projects to combat climate change in Africa. A part of the GCF funding would find an immediate, concrete and mobilizing project content.

DNAs	How can the existing CDM pipeline further help deliver climate finance?
Saint Lucia	 The existing pipeline could be examined to identify which project activities are jeopardized through the loss of funding from the sale of CERs. The CDM EB could then identify these projects to the GCF, with a recommendation that funding be provided to continue these activities. The CDM EB could also recommend that funding be provided by host countries directly to continue these activities, particularly where these activities will now assist Parties in implementing and achieving their NDCs.
Côte d'Ivoire	Draft and frame the current CDM projects or programmes in order to match the climate finance requirements.
Switzerland	Synergies between the CDM and all institutions/stakeholders involved in climate finance should be encouraged. The EB and the Secretariat have here an important role to play to inform about instruments, tools and methodologies that are useful for climate finance (in particular MRV).

DNAs	How can the existing CDM pipeline further help deliver climate finance?
Vietnam	We need measures for CDM project owners to sell all the unsold CERs with reasonable price, which could encourage and promote stakeholders to continue joining CDM projects.
Colombia	Under the new carbon tax regulation, specifically regarding non-payment of the tax to prove to be carbon neutral, we are including the possibility to use CERs of CDM projects for apply to this exemption.

DNAs	How is your DNA involved in the implementation of the NDC of your country? What role is your DNA playing (or will play) in the clarification of the relation between the NDC and market mechanisms? Baselines issues? Accounting issues??
Kenya	The DNA Kenya is part of the NDC national team and NEMA Kenya, the host institution of the DNA is charge of coordinating implementation of the NDC from the Waste Sector.
Sierra Leone	Sensitization for implementation of the NDC across the country and encouraging actors in the development of RETs to show case leadership in NDC implementation.
Dominican Republic	Our DNA is involved completely with the NDC implementation (through NAMAs), and have a very important role in the clarification of the relation between NDC and market mechanism, baselines and accounting issues.
Burundi	DNA should include the use of market mechanisms in their assessed contributions at national level to promote action in favour of pre-2020 mitigation measures. DNA to advocate that carbon demands be quantified by industrialized countries in their NDCs. Baselines should be fixed in advance.

DNAs	How is your DNA involved in the implementation of the NDC of your country?
Saint Lucia	Our DNA or its successor entity will need to play a role in identifying activities and approaches that may be supported under Article 6, without undermining the delivery of Saint Lucia's NDC.
Guinea	DNA Guinea acts as the focal point for the implementation of the NDC. This is due to the fact that the CDM is perceived as a tool for the promotion of sustainable development through market.
Côte d'Ivoire	The DNA is in charge of the carbon pricing process and will assist during the development of project documents and GHG estimates.
Switzerland	The Swiss DNA is part of the national process for proposing to the Parliament the post-2020 national climate legislation.
Viet Nam	Department of Climate Change (DCC), Ministry of Natural Resources and Environment is not only DNA Viet Nam but also focal point of climate change. DCC is the agency responsible for NDC development in Viet Nam, including the development of baseline. NDC of Viet Nam has identified application of market mechanism to obtain the ER objectives.

DNAs	How is your DNA involved in the implementation of the NDC of your country?
Colombia	One of the DNAs function is to design, implement and periodically update a national CDM project registration system as well as update the national emission reduction certificate (CERs) account of the CDM registry. The DNA will be an important actor for the operation of this platform and for the technical support for the mitigation activities.

DNAs	Any other information that you think would be good to bring to the Board's attention?
Guinea	Stressed the need for DNA representatives participating COPs.
Côte d'Ivoire	The secretariat could suggest a NDC's organization chart to countries that will include DNAs and other entities (REDD+, NAMAs, etc) and may be define their potential roles. It could be a kind of guidance for countries with no clear ideas of how they will conduct their NDCs.
Colombia	Review the current functions of DNAs in the different countries based on the legal document that the country signed when it was designated as a DNA. Also we think the functions of DNAs will be aligned with the current participation of the country in the CDM, it means, depending of the total of projects, DNAs should have more scope, and more help of the regional collaboration centres, specifically in technical support (implementation of methodologies, formulation of the projects, additionality).

DNAs	Inputs received from Paraguay on Friday, 28 April 2017
Paraguay	 Future of the CDM: No need to create a new mechanism, but to use the existing one (CDM) and capitalize on lesson learned. Experience in the CDM (current & future): 2 CDM projects registered, DNA lacking skilled staff. Setting up registry after 2020. Capacity building of DNA needed. Delivery of climate finance through CDM: Exchange of experiences, generation of networks and generation of regulations will facilitate identification of weaknesses in the CDM process. Improvement process will help delivery of climate finance. DNA involvement in NDC implementation: The DNA leads the implementation of measures to achieve the goals established in the NDCs. One of the weaknesses in the process is precisely the accounting for the effective implementation of carbon markets.