



Carbon Partnership Facility

First experiences

**Programmatic CDM and JI: first experiences with
Programmes of Activities (PoAs)**

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Addressing climate change, a key development priority for the World Bank



- External expectations for the Bank to:
 - Support increased financial flows and technology transfer
 - Scale up investment towards climate-friendly development and technologies
- In response and as part of its strategic framework:
 - Scaling up of Bank lending and analytical work
 - New initiatives
 - Climate Investment Funds (including clean technology fund, adaptation pilot fund, etc.)
 - Carbon Finance – Carbon Partnership Facility (CPF) and Forest Carbon Partnership Facility (Forest CPF)

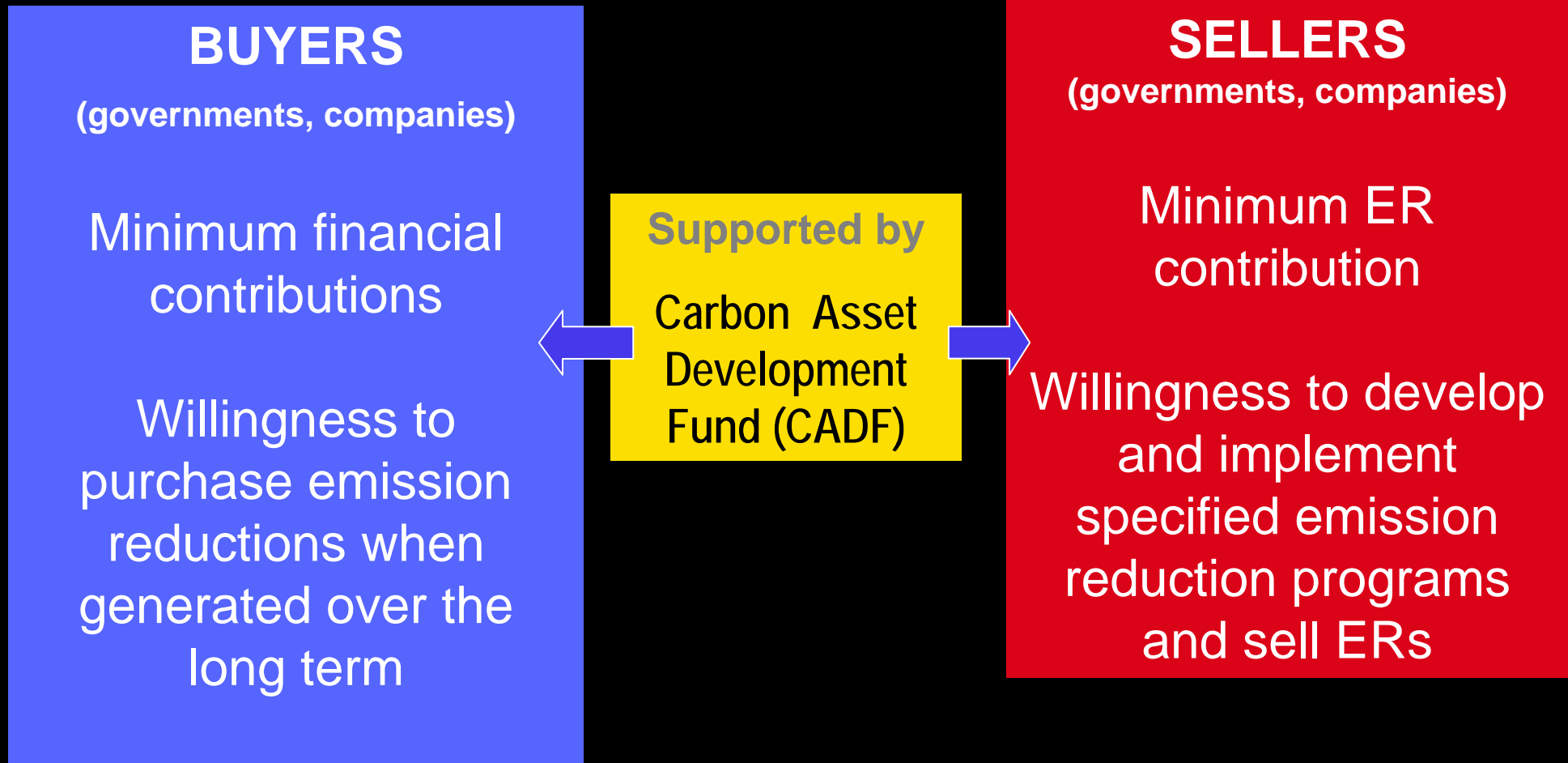
Objectives and Features of the CPF



- Objectives
 - Target long-term emissions
 - Scaling up
 - Strategic, transformational interventions in sectors
- Features
 - Programs, away from individual projects
 - Partnership between buyers and sellers
 - Fostering both demand and supply in uncertain market



CPF - Buyers and Sellers in a Partnership





Carbon Fund

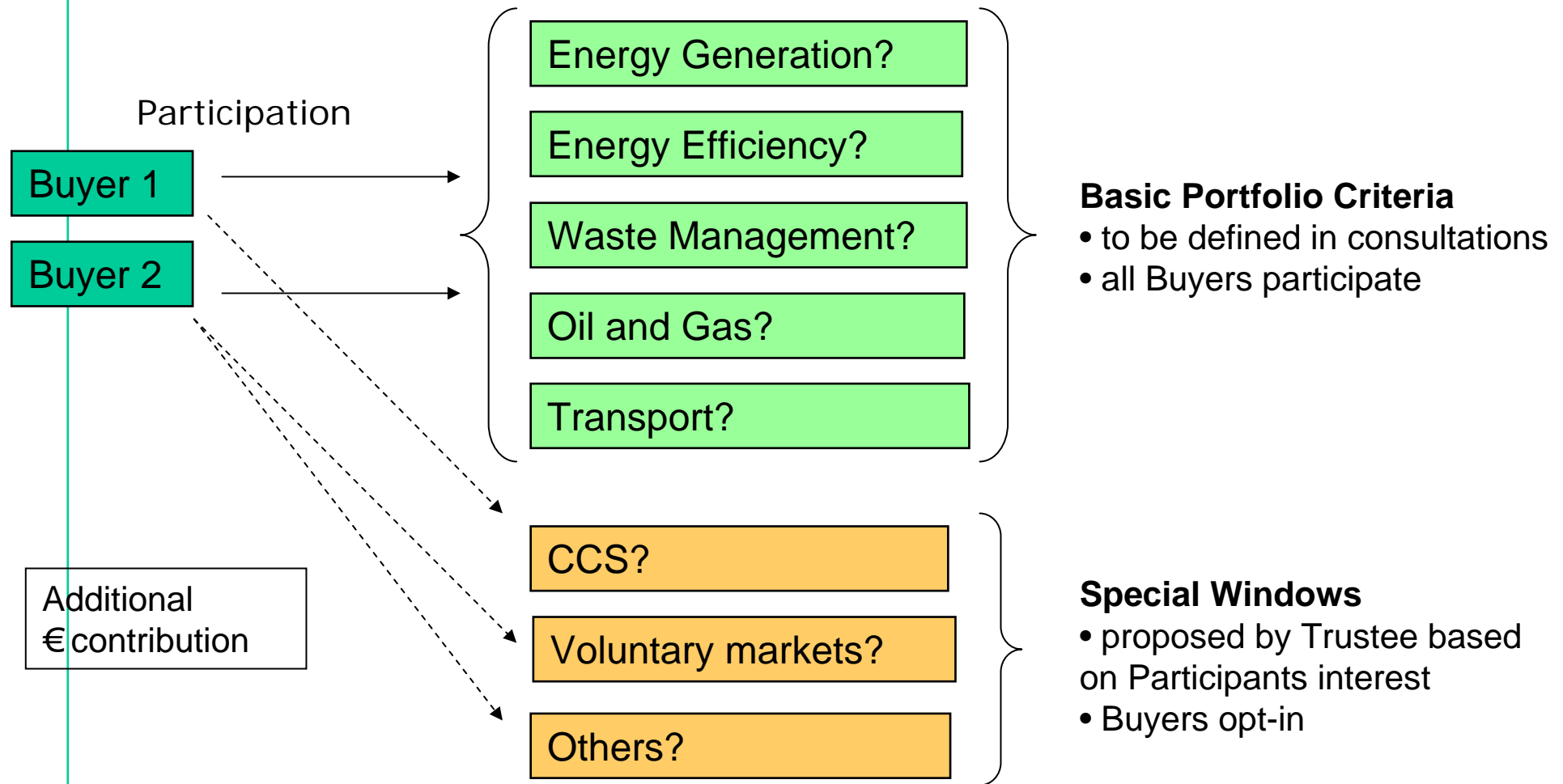
- To purchase ERs generated by programs proposed by the Seller Participants
- To be funded by:
 - Contributions from the Buyer Participants
- Target size:
 - €5 billion over 5 years
 - First tranche: €200 million

Carbon Asset Development Fund



- Provides Sellers and host country resources for:
 - ER program development
 - Carbon-related elements of feasibility studies
 - Methodology work
 - Enabling environment
- Covers the management costs of the Facility and World Bank due diligence and appraisal costs
- Funded by
 - Fees from Buyers and Sellers
 - Donor contributions
- Fee structure:
 - Upfront and annual fee from Buyers
 - Deduction from ERPA payments from Sellers
- Equitable distribution of the fee between Buyers and Sellers under consideration

Basic Portfolio & Special Windows



Significant methodology development needed



- May use CDM/JI methodologies, CDM Program of Activities approach
- Other programmatic/sectoral approaches would be explored, e.g.,
 - A common baseline for, e.g., power or a product, expressed as a carbon intensity/emission per unit of production
 - “Deemed savings” approach (pre-determined emission credit per activity) in lieu of tracking over time
 - Agreed “automatic” eligibility of certain technologies/ activities to claim credits (in a country and timeframe)
 - Standardization, benchmarks



Types of CDM Projects

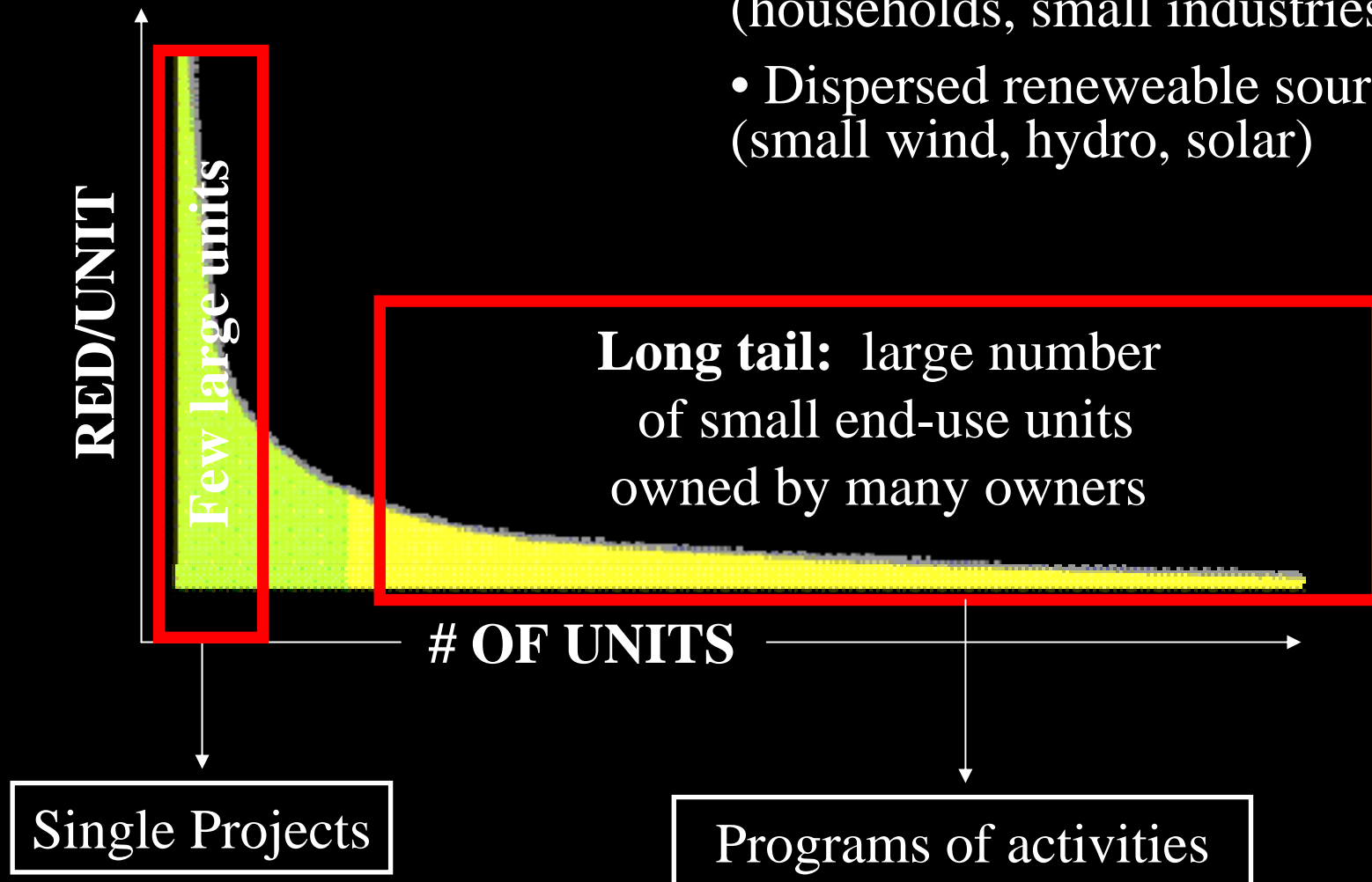
Single Project	Bundle of Projects	Program
Single location	Multiple locations	Multiple locations, across countries
Single project participant (PP)	Multiple project participants (PP)	Multiple project participants (PP)
1 project at a time	A number of activities submitted as 1 project activity at a time	A number of activities submitted as coherent groups (CPA) over the life-time of the POA
One crediting period	Uniform crediting period for all activities	Each CPA has own crediting period
PP known ex-ante	All PP known ex-ante	At least one PP known ex-ante, rest join later



Application of Programme Approach

Source: ESMAP and CFU (2007)

- End-use energy efficiency (households, small industries)
- Dispersed renewable sources (small wind, hydro, solar)





Examples

Project Activities (CPA) under a Program (POA)

Single Technology : Single Location

Industrial Chiller in a factory

Single Technology : Several Locations

Efficient Light-bulbs (CFLs) in several homes

Several Technologies : Single Location

Energy Efficiency measures in water pumping station

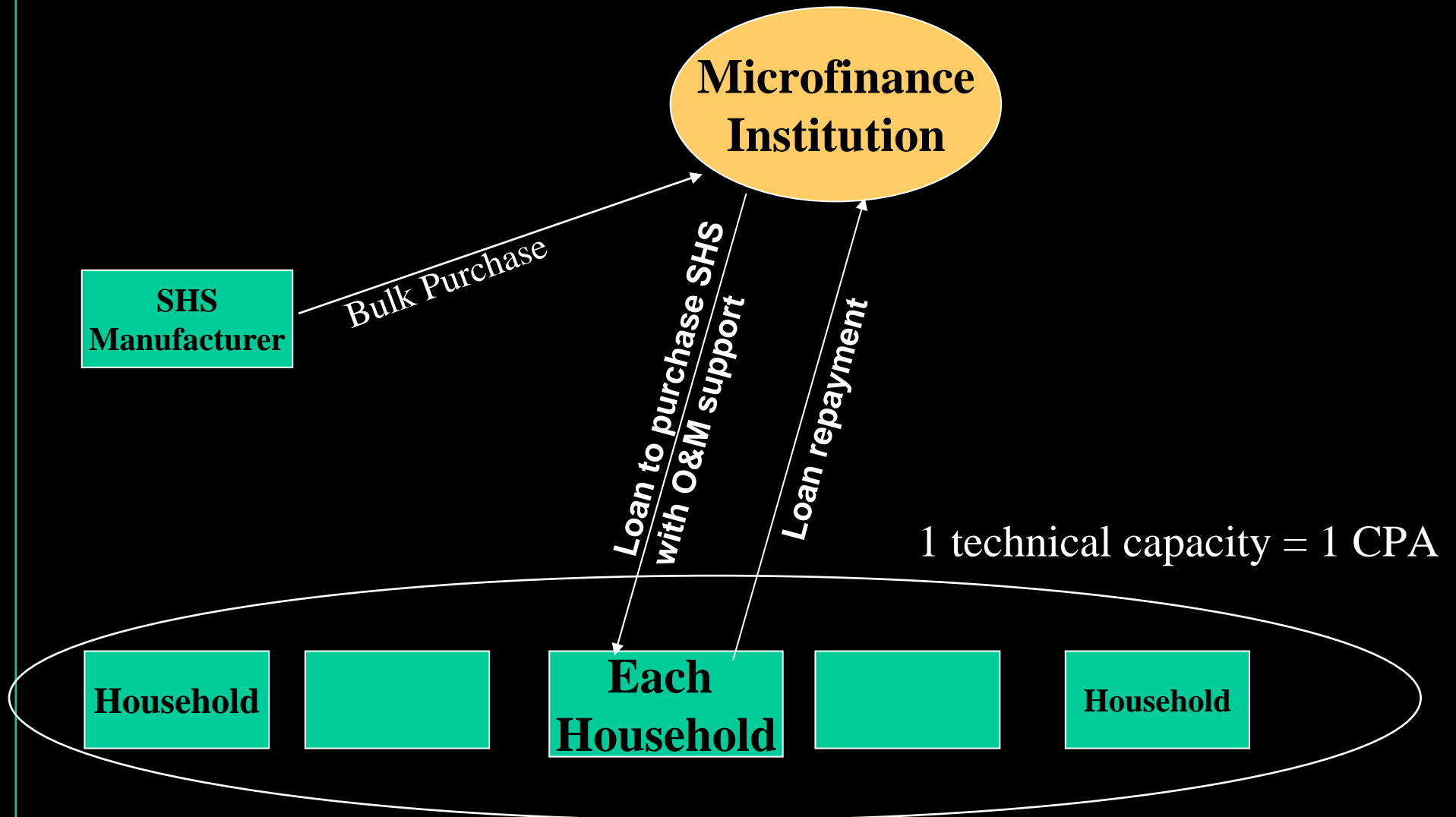
Several Technologies : Several Locations

Efficient equipment (refrigerators, ACs, etc) in several homes



Solar Home Systems

Under validation

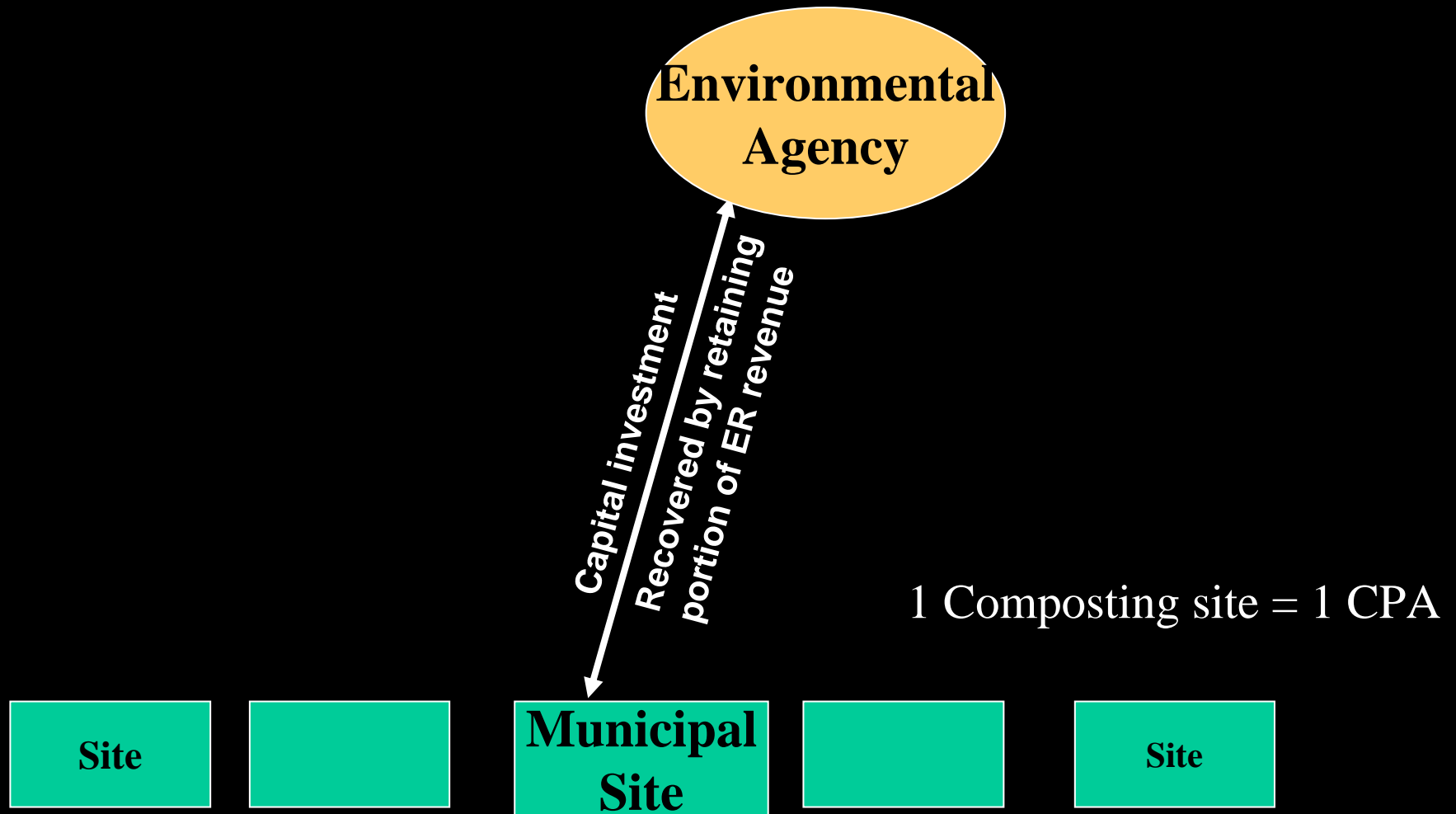


Methodology: AMS I.A. Renewable Energy generation for user



Municipal Waste Composting

Under validation

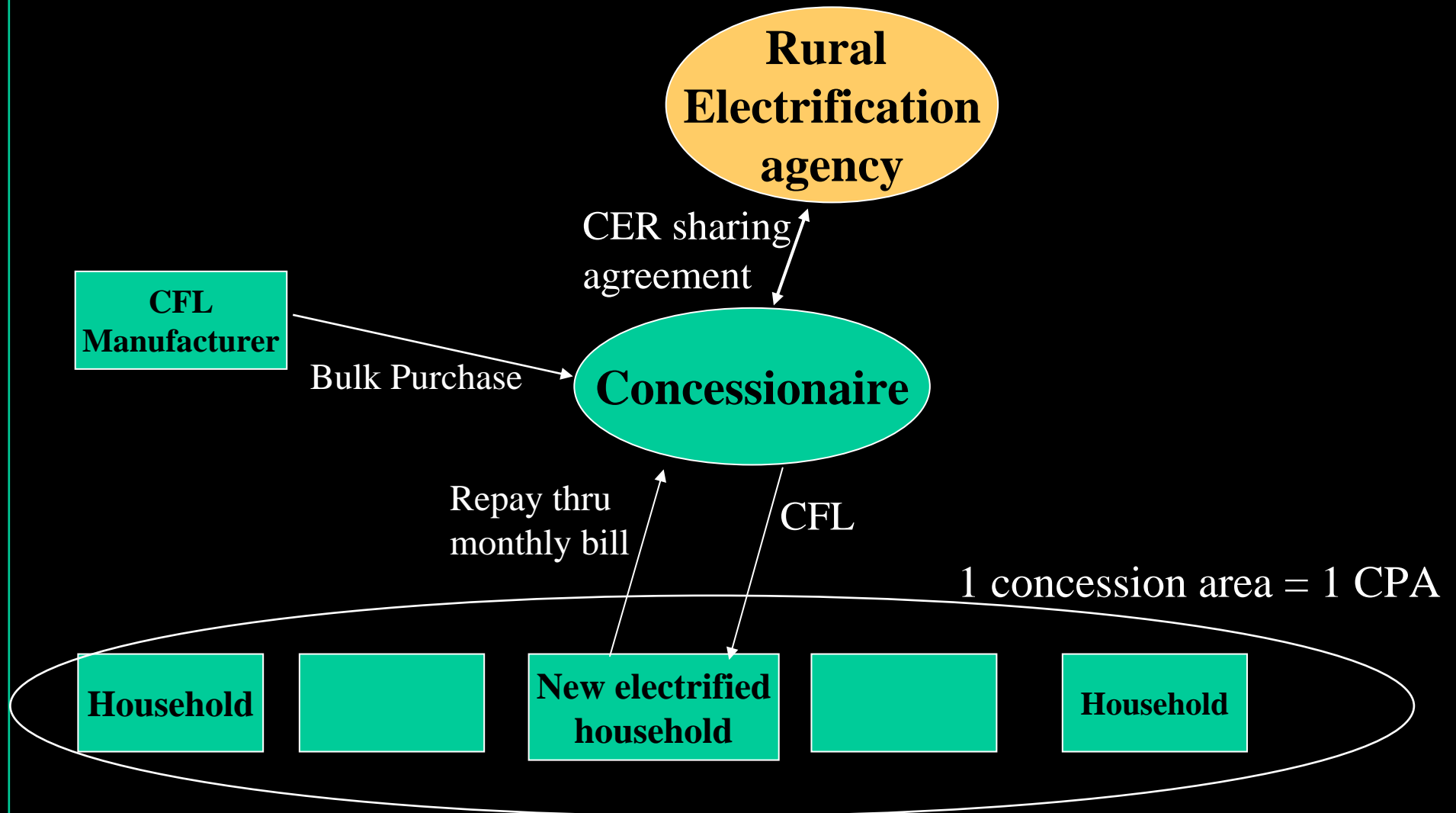


Methodology: AMS III.F Avoidance of Methane emissions through controlled biological treatment of biomass”



CFL Rural electrification

Under validation



Methodology: AMS II.C. Demand side Energy Efficiency activities

POA under validation



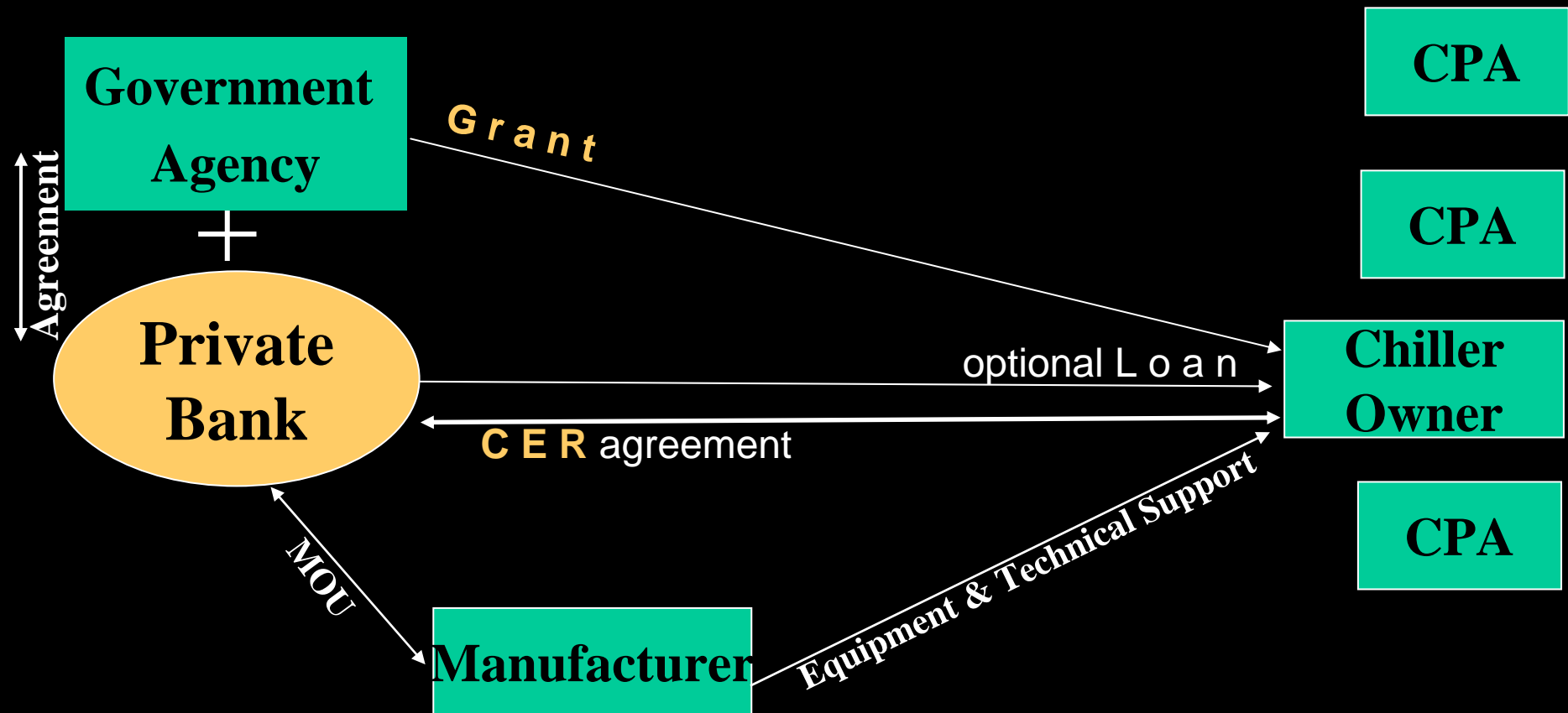
Country	Technology	Methodology	POA Coordinator
<i>Bangladesh</i>	<i>Solar Home Systems</i>	<i>Renewable Energy (AMS I.A.)</i>	<i>Non Governmental Organization</i>
Brazil	Methane Capture from animal waste & Combustion	Waste Management (AMS III.D.)	Meat Product Company
South Africa	Solar Water Heating systems	Renewable Energy (AMS I.C.)	Equipment Supplier
Mexico	Compact Fluorescent Lamps	Energy Efficiency (AMS II.C.)	CDM project developer
<i>Uganda</i>	<i>Municipal waste composting</i>	<i>Waste Management (AMS III.F)</i>	<i>Environmental Agency</i>
<i>Senegal</i>	<i>Compact Fluorescent Lamps</i>	Energy Efficiency (AMS II.C.)	<i>Rural Electrification Agency</i>



Efficient Chillers

Proposed

1 Chiller unit = 1 CPA



Methodology: AM0060 Replacement by Energy Efficient Chillers



CDM Program Design.

- **What** coordinating/managing entity will be most effective for the required tasks
- What is the **relationship** between program and project entities?
- What is the **funding source** for program implementation? Can it be fully and effectively implemented without CDM revenue?
- What are the major **risks** in program implementation?
- How will we **measure and verify** project-related energy saving?



Experience

- Role of coordinating entity is critical in ensuring effective implementation of the program
- Capacity building is key to successful implementation of programs
- Program design should include a detailed control mechanism and incorporate additionality and monitoring & verification requirements



What is needed

- Regulatory guidance and intervention is urgently required from CDM EB on
 - Liability issue of the DOE
 - Application of a single version of methodology to a entire program and all the CPA during one crediting period
 - Use of multiple, logically linked methodologies in a program
 - Application of debundling rule to a Program

- Increased participation by international agencies, to share experience with implementation of their past (non-CDM) programs

- Capacity building of various stakeholders, including government agencies, NGOs, financial institutions, private sector participants and validators



Thank you

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