

>>> **MRV of NAMAs in Relation to a new Market Based Mechanism**

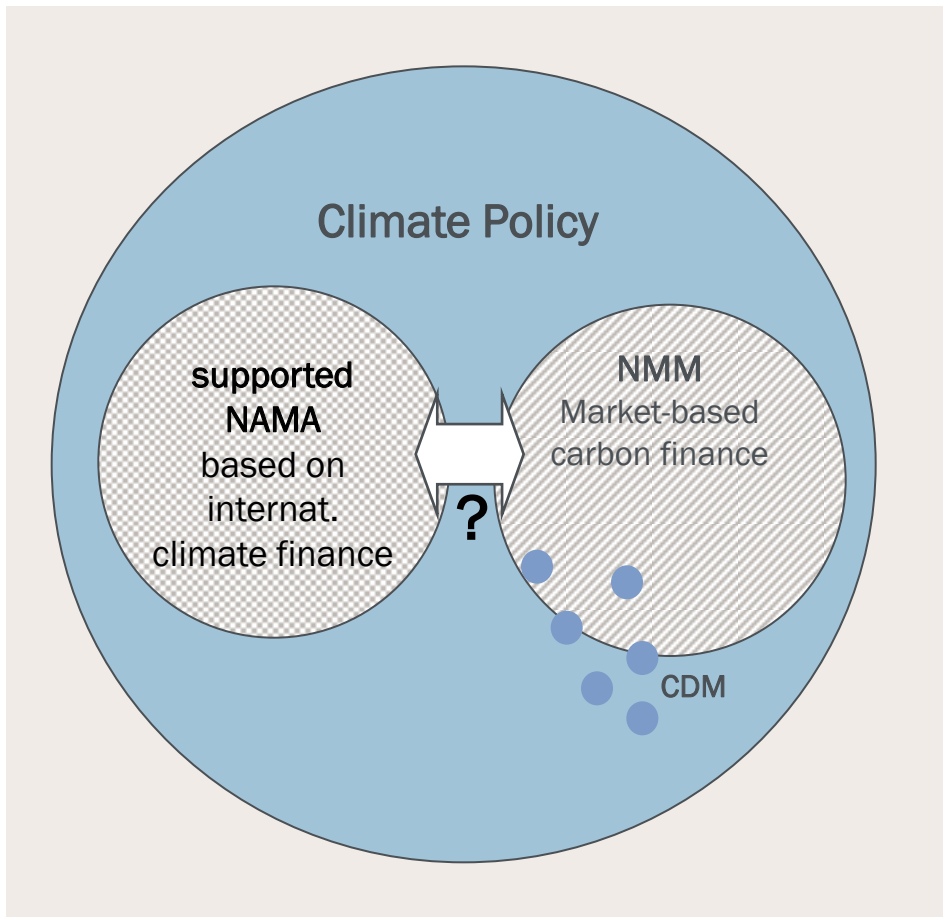
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Bank aus Verantwortung

KFW

»» NAMA and NMM

The greater Picture



Unilateral / Supported NAMAs

finance via host country /
international support

New Market based Mechanism(s)

„complementing support for NAMAs“
[1/CP16 para. 80]

NAMA Crediting

not officially mentioned in COP decisions;

Concepts share **common ground** but lack
of precise COP definitions leaves room for
interpretation with respect to interactions

»» The roots of MRV

Definition and relevance

M – Monitorable/measurable

R – Reportable

V – Verifiable

- › MRV was introduced under the Bali Action Plan / 2007 - along with NAMAs.
- › MRV and national reporting will probably be part of a new global agreement
- › MRV is used in two dimensions: GHG (CO₂-eq) and finance (USD)
- › MRV is the backbone of the CDM & a key element of a prospective new market mechanism



Source: GIZ

»» Requirements for Financing NAMAs Proposed by KfW

Level of ambition

- › Significant GHG reduction potential and cost effectiveness of emission reductions
- › Potential for transformation (e.g. replicability, potential for sectoral change, use of national systems)

National interest & ownership

- › Initiative for financing from national actors and broad ownership among different ministries
- › NAMA embedded in an existing climate and development strategy
- › Co-benefits

Maturity and bankability

- › Financial viability + sustainability
- › Financial capacity of implementation partners
- › Comprehensiveness and conclusiveness

MRV system

- › Conclusive MRV approach, incl. indicators for actions, baselines, milestones
- › Availability of data for MRV-system
- › Costs of proposed MRV approach

»» Program-based Approaches (PBA) as a Looming Framework for Financial Support of NAMAs

- › NAMAs should be aligned to the criteria of program-based approaches (PBA) in order to shift away from stand-alone projects and to achieve NAMA requirements:
 - › Leadership of the host country
 - › Single comprehensive program and budget framework
 - › Formalized process of donor coordination and harmonization of donor procedures for reporting, budgeting, financial management and procurement
 - › Use of local systems for program design and implementation, financial management, monitoring and evaluation
- › PBA framework allows a high flexibility to implement different types of NAMAs:

NAMAs as PBA-1

- › Projects as part of a coordinated program

NAMAs as PBA-2

- › Basket-financing / common pooled funds / multi-donor trust funds

NAMAs as PBA-3

- › Budget support and policy loans

»» NAMA Agenda and Financing Activities at KfW

1. Establishing implementation standards and capacity development within KfW
2. Implementation of pilot projects, e.g. Ecocasa Program Mexico
3. Establishing a project pipeline of NAMA projects with partners and the German government
4. Support of international standardization processes

NAMA Financing Activities:

Regional focus	Sectoral focus	Access and instruments
<ul style="list-style-type: none">› Starting with Latin America: Mexico, Chile, Brazil, Colombia, Ecuador...› Africa: Ghana, South Africa, MENA, ... ?› Asia: Philippines, Indonesia, Vietnam, India	<ul style="list-style-type: none">› Energy and efficiency: SMEs and housing› Transport: Municipal public transport› Waste: waste mgmt. systems, biogas utilization› Renewable Energy	<ul style="list-style-type: none">› Access to funds via bilateral government negotiations› Use of grants, concessional loans, commercial loans

»» Features of MRV in NAMAs and NMM

A snapshot

MRV elements for measures with clear causality between action & reductions:

1. Definition of boundaries

- › Spatial (countrywide - installation level)
- › Gases and sources (e.g. direct emissions and energy use)
- › Timeframes (crediting period vs. project lifetime)

2. Definition of a reference and an implementation scenario

- › Definition of a 'without program' scenario (e.g. based on historic data)
- › Comparison to the program scenario and its (envisioned) impacts

3. Monitoring & Verification (evaluation)

- › Following a monitoring approach that tracks the actual emission reductions

Principles for MRV:

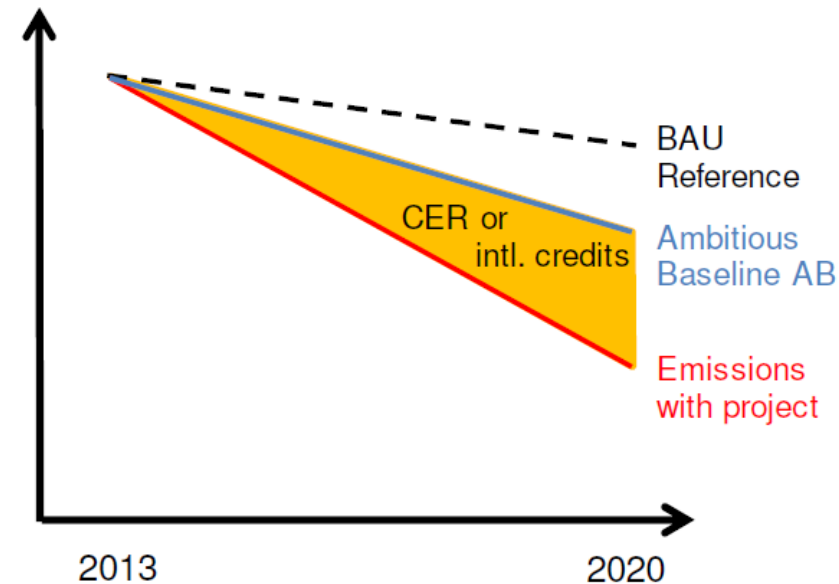
- › Completeness, consistency, accuracy, comparability, transparency & verification

NAMAs focused on policy support may not allow to track specific mitigation impacts!

»» MRV and NMM

Lessons learnt from (a reformed) CDM

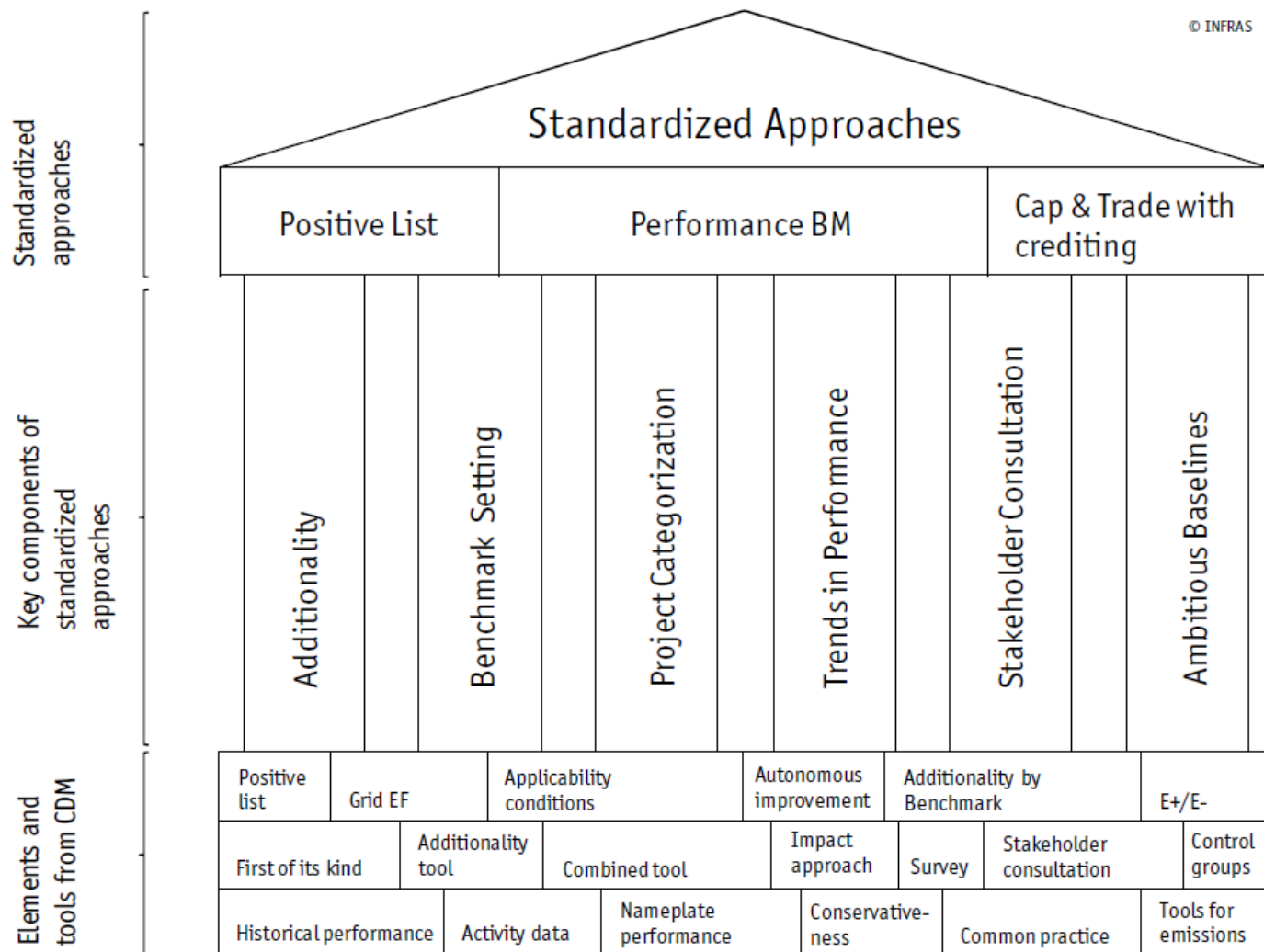
- › The CDM reform process made substantial steps forward towards standardization on sector level!
- › Standardization has a limit. Effective governance structures remain key.
- › The CDM rulebook may serve as important reference point for MRV of NAMAs and NMM.
- › Shortcomings in data will result in uncertainties. Mediation through conservative assumptions and buffering through ambitious baselines.



Another key lesson from CDM:

Private sector opts in, if the regulatory setup and cashflows become predictable!

»» Building Blocks for Standardized Approaches



»» A Personal Outlook on NAMAs and MRV

- › Significant NAMA funding is likely to become available starting in 2012/13 (bilateral funds, EU facilities, ... multilateral development banks... GCF)
- › Development of the UNFCCC framework for NAMAs including MRV will need years
- › Criteria for design & implementation of NAMAs is and will remain donor specific: agree upfront what donor government, bank & host country government want
- › Challenge without binding international agreement or national emission ceilings: mitigation as co-benefit of other policies & low-carbon development
- › NAMA should become a quality standard for internationally funded mitigation programmes (ambitious but scalable and economically/politically sustainable)
- › Effective MRV is essential - transaction costs should not become a barrier for NAMA implementation
- › MRV for NAMAs should be “nationally appropriate” - lessons learnt on MRV for NAMAs relevant for NMM

»» Contact Details

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