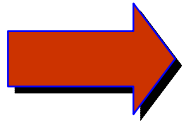




Leveraging Carbon Finance for Sustainable Development UNDP's Approach

**Implementing the Nairobi Framework
A Mobilization Event
SB 26, Monday 14th May, 13.00-15.00**

Outline



UNDP's carbon strategy

CDM capacity development in sub-Saharan Africa

Next steps



**UNDP's Core Objectives:
Expanding Geographic and Sectoral coverage**

Expand carbon market to new developing and transition countries

Increase sectoral coverage and maximize sustainable development dividend

Build capacity to combine & sequence different funding sources

Africa (North Africa and Eastern Africa): 11 countries
Balkans and Central Asia: 11 countries
Asia and the Pacific: 6 countries
Arab States: 4 countries
Latin America: 8 countries

Energy efficiency: demand-side EE
Renewables: wind, solar & geothermal
Transport: bio-fuel
Bio-sequestration: "traditional" forestry, land management

Scale up of GEF market transformation initiatives
Public Policy Instruments
Payment for Ecosystems Services and Access to Voluntary markets

UNDP 3-pronged approach to remove barriers to carbon finance

Step 1:

Remove barriers to direct investments key sectors/industries (EFR, GEF, ODA)

- analysis of key barriers for targeted sectors
- initiation of policy dialogue with regulatory authorities on barrier removal strategies
- Development of sector-specific strategies
- Implementation of barrier removal activities

Step 2:

Establishment of efficient host-country procedures for CDM&JI review and approval (EFR, ODA)

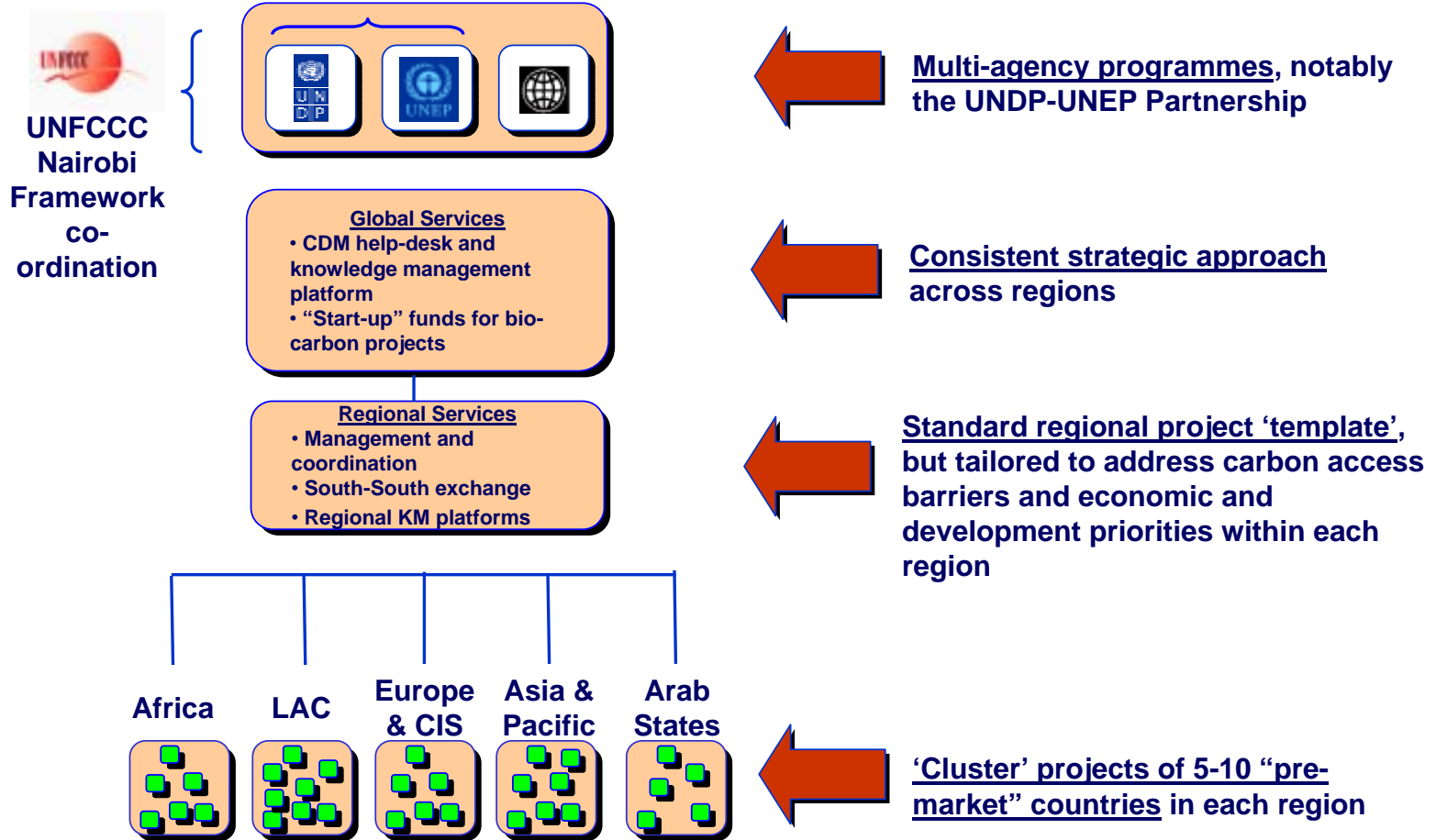
- knowledge management platform
- South-South cooperation
- assistance in establishment of DNA and project criteria/approval procedures
- training for DNA staff and decision-makers
- Public awareness raising workshops
- etc.

Step 3:

Provision of project management services to individual project developers (carbon finance)

- identification of priority sectors, key stakeholders and prospective projects
- development of pilot/demonstration projects with MDG Carbon
- compilation, analysis and dissemination of experiences and lessons learnt
- on-going technical assistance
- etc.

UNDP's Carbon Implementation Framework

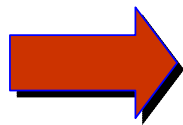


Next steps:

- **Scale-up on-going assistance for carbon finance capacity development:**
 - Multi-donor CDM capacity development programme for 25-50 “pre-market” countries
 - 5 regional projects tailored to address region-specific carbon finance access barriers and sustainable development priorities
- **Operationalize MDG/Carbon Finance linkages:**
 - Launch MDG Carbon Facility
 - Open UNDP/Spain MDG Fund for CDM capacity development (May 2007)
- **Mobilize resources and establish a global ‘start-up’ fund for bio-carbon projects:**
 - “Bio-carbon” offers significant sustainable development benefits & is abundant in the least developed countries
 - Represents the interface between mitigation and adaptation

Outline

UNDP's carbon strategy



CDM capacity development in sub-Saharan Africa

Next steps



Objective: Enhance public and private sector capability in sub-Saharan African countries to access carbon market and generate associated sustainable development benefits

Countries: the Democratic Republic of Congo, Ethiopia, Kenya, Mauritius, Mozambique, Tanzania and Zambia

Step 1:

Remove barriers to direct investments in key sectors/industries (EFR, ODA, GEF)

- Identification of priority sectors, key stakeholders and prospective projects
- Analysis of key barriers for targeted sectors and initiation of stakeholder consultation
- Development of sector-specific strategies
- Industry-specific workshops
- Technical assistance to identify and/or develop appropriate methodologies in relevant sectors (e.g. afforestation / reforestation)
- Initiation of policy dialogue with regulatory authorities on complementary instruments (ODA, GEF, EFR)

Step 2:

Establishment of efficient host-country procedures for CDM review and approval

- Assistance for DNAs through direct advice and on-the-job training
- Analysis of capacity gaps and barriers
- Training workshops on DNA structures, functions and establishment
- Workshops on development of nationally-tailored sustainable development criteria
- Workshops for enhancing private sector awareness
- Establishment of information sharing and outreach mechanisms
- Establishment of a South-South technical exchange network

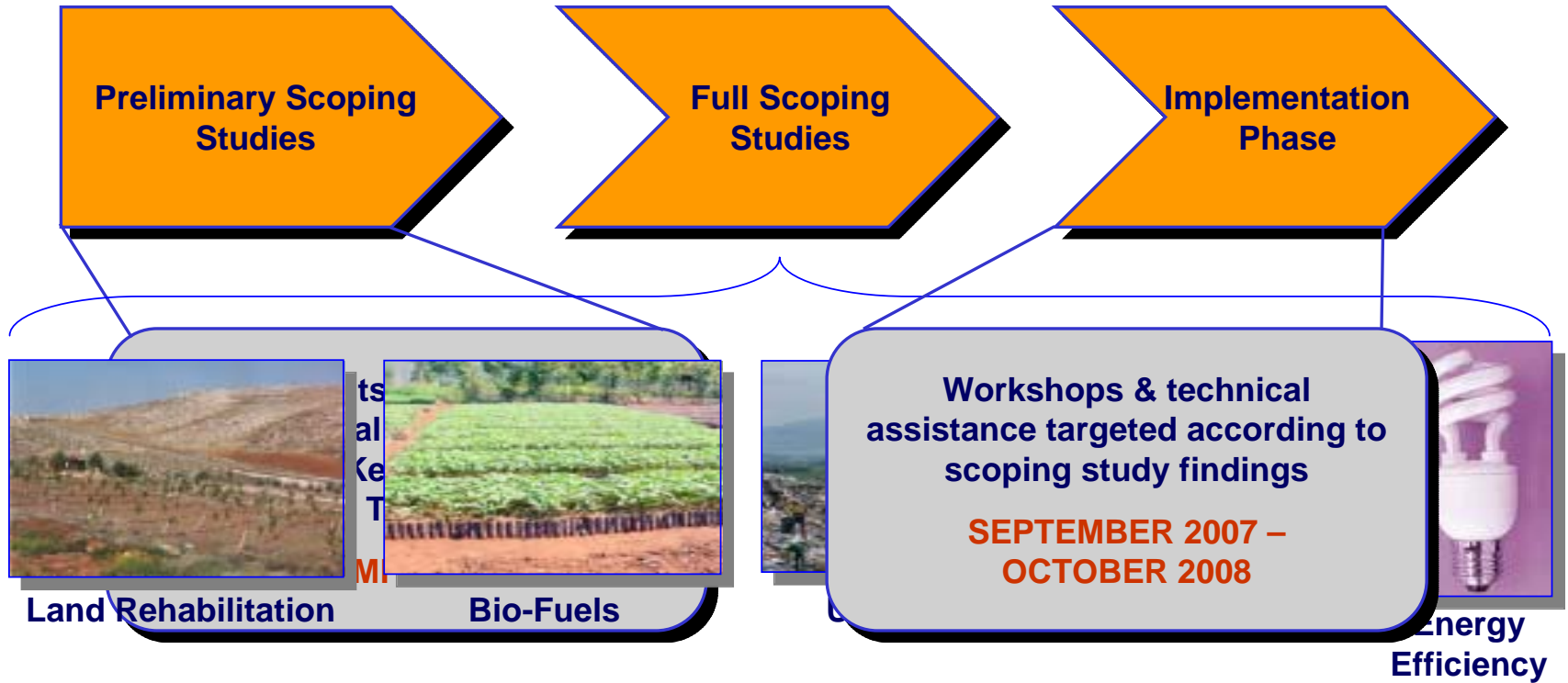
Step 3:

Provision of project management services to individual project developers

The MDG Carbon Facility offers an integrated package of project management services on a full cost-recovery basis. Services include assistance in

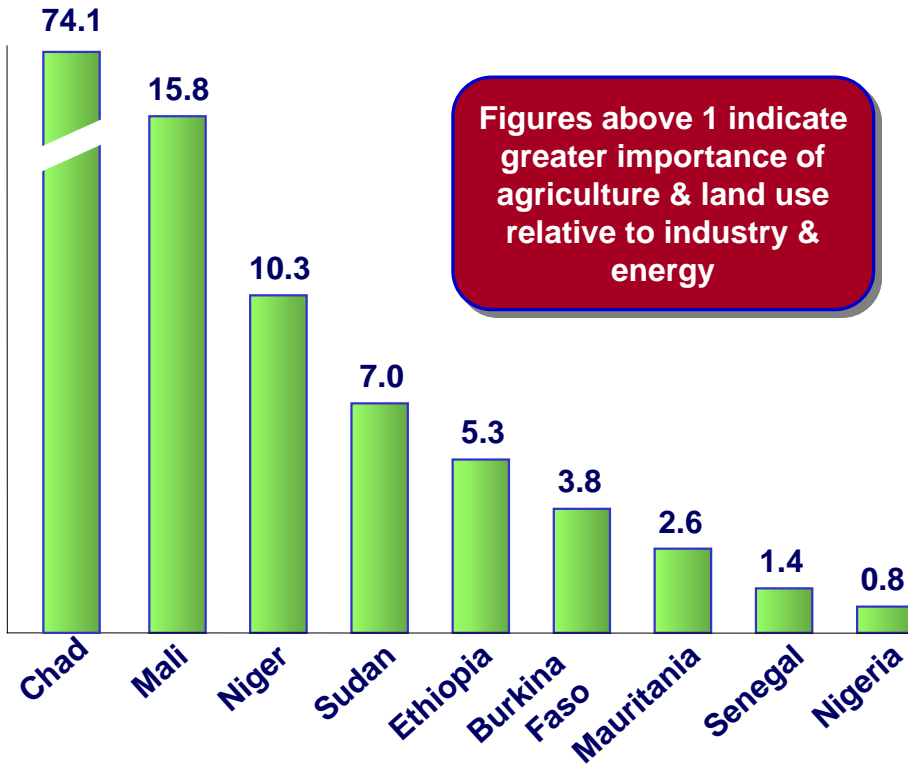
- Project identification and development
- CDM processes and project documentation
- Project evaluation in a rigorous due diligence framework
- Sequencing of financial sources
- Identification of investors and buyers of CERs

Focused approach



Africa's abundant yet untapped 'bio-carbon' opportunities: agriculture and land-use

Importance of Carbon Fluxes from Agriculture & Land Use Relative to Fluxes from Industry & Energy



Figures above 1 indicate greater importance of agriculture & land use relative to industry & energy



Reforestation on Marginal & Degraded Land



Rangeland Improvement



Agro-Forestry



Dryland Rice



Bio-Fuels / Bio-Energy

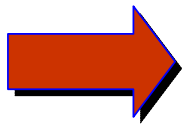


Soil Restoration / Soil Organic Carbon

Outline

UNDP's carbon strategy

CDM capacity development in sub-Saharan Africa



Next steps



Next Steps: Nairobi Framework

- Complete joint **UNDP/UNEP/WB mapping exercise** and engage other UN agencies and IFIs
- Agree on **geographic and substantive scope of each partner's** carbon finance capacity development activities and associated funding needs
- Start implementation of **first joint UNDP/UNEP project** in Sub-Saharan Africa
- Look for **new joint programming opportunities** in Africa and beyond
- Establish **global CDM help-desk** and knowledge management platform
- Design and operationalize **modalities of cooperation** at the global, regional and national level; and
- Report on the **results at next DNA Forum** in October 2007