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Report on the regional workshop on the clean development mechanism and nationally appropriate mitigation actions for the Latin American and Caribbean region

Summary

This report provides a summary of the regional workshop on the clean development mechanism (CDM) and nationally appropriate mitigation actions (NAMAs) for the Latin American and Caribbean region, which took place in Bogota, Colombia, from 31 August to 2 September 2014. This first-of-its-kind joint workshop on the CDM and NAMAs brought together CDM designated national authorities (DNAs) and focal points and mitigation experts from the region, as well as CDM project developers and representatives of non-governmental organizations and international organizations, to discuss various issues related to the promotion of the CDM and NAMAs.

It aimed to facilitate the sharing of experiences and lessons learned in relation to the CDM and the process of the preparation and implementation of NAMAs. In addition, it updated DNAs and other stakeholders on recent developments in priority areas of NAMAs and the CDM. Furthermore, it provided an opportunity for an exchange of knowledge and experience among DNAs and practitioners to enable them to carry out their roles in the promotion and implementation of NAMAs and the CDM. Bilateral and multilateral agencies present at the workshop provided the participants with information on their NAMA and CDM support programmes. Also, countries were provided with a platform, the NAMA Marketplace, for the initiation of dialogue with international organizations on potential support opportunities for the implementation of their NAMA proposals.

Contents

Summary of the workshop proceedings

1. The regional workshop on the clean development mechanism (CDM) and nationally appropriate mitigation actions (NAMAs) for the Latin American and Caribbean (LAC) region took place in Bogota, Colombia, from 31 August to 2 September 2014.

A. Opening of the workshop

2. The workshop was opened by a representative of the Colombian Ministry of Environment and Sustainable Development, Mr. Rodrigo Suarez. He thanked the secretariat for its efforts in bringing this first-of-its-kind joint workshop on the CDM and NAMAs to Colombia and stressed the potential for using those mechanisms in a complementary manner to promote sustainable development and contribute towards global efforts in addressing climate change. He emphasized that the CDM can provide valuable lessons and experience for the successful design and implementation of NAMAs. He stated that the workshop provided a great opportunity for mutual learning and sharing of good practices among the LAC countries with regard to mitigation actions at the national level, and he encouraged the participants to capitalize on this opportunity. He mentioned that Colombia, as one of the countries taking the lead in the process of the preparation and implementation of mitigation actions, including CDM projects and NAMAs, was happy to host and contribute towards meeting the objectives of the workshop. He welcomed the participants and wished for a successful workshop.

3. A representative of the secretariat provided opening remarks and outlined the importance of the workshop. She mentioned that NAMAs, being the newer mechanism, can benefit immensely from the valuable experience gained and lessons learned from the implementation of the CDM, and that the workshop provided a unique opportunity to the participants to explore synergies and complementarities between the two mechanisms and to make optimal use of these two important instruments to promote sustainable development and contribute towards global efforts in addressing climate change. She stressed that the international community, Parties and non-State actors must work together to address climate change and highlighted the critical importance of government leadership in facilitating relevant stakeholders in playing their roles. She mentioned that it is only with collaboration and innovation that an effective climate response in the light of the gap in mitigation ambition in the pre-2020 period can be achieved. She expressed her hope that the workshop would provide the necessary forum for countries to learn and share experiences and seek the needed support and solutions to scale up their efforts in addressing climate change.

4. Another representative of the secretariat provided an overview of the workshop's objectives. She mentioned that the workshop comprised two main pillars, namely training and the promotion of the CDM and NAMAs, with a focus on: standardized baselines (SBLs); programmes of activities (PoAs); stakeholder consultations; the process of issuing letters of approval/authorization (LoAs) for CDM projects; measurement, reporting and verification (MRV) of NAMAs; the operation of the NAMA registry; the linkage of the CDM and PoAs with NAMAs; sustainable development co-benefits; and institutional arrangements and financial mechanisms for the implementation of the CDM and NAMAs. She also mentioned that the workshop aimed to update designated national authorities (DNAs) and national focal points (NFPs) and other stakeholders on recent developments in priority areas of the CDM and NAMAs as well as to provide an opportunity for an exchange of knowledge and experience among DNAs and NFPs and practitioners to enable them to carry out their roles in the promotion and implementation of the mechanisms.

B. State of play: the clean development mechanism and nationally appropriate mitigation actions[1]

5. This session of the workshop provided the participants with an overview of the status of negotiations on the CDM and NAMAs. It highlighted the role of these mitigation actions in contributing towards closing the pre-2020 ambition gap as well as contributing towards the post-2020 climate regime. In addition, it updated the participants on the status of preparation and implementation of NAMAs in the LAC region and on how the success of the CDM could be further utilized. The session consisted of three presentations made by representatives of the secretariat on the status of negotiations on the CDM and NAMAs and the contribution of the CDM to global climate actions. The presentations were followed by an interactive dialogue among participants.

6. The first presentation made by a representative of the secretariat provided information on the concept of NAMAs, the status of climate negotiations on NAMAs and the NAMA registry. In addition, the presenter discussed the requirements for the MRV of mitigation actions under the UNFCCC. The key points highlighted in the presentation were as follows:

(a) There are two channels for developing countries to engage in NAMAs: firstly, Parties can engage politically by responding to an open invitation of the Conference of the Parties (COP) for them to submit NAMAs; secondly, they can engage technically by submitting to the registry NAMAs for recognition or NAMAs seeking support for their preparation and/or implementation;

(b) At the political level, the NAMAs submitted to the secretariat have now been compiled into one document, which contains submissions from 57 developing countries and a joint submission from the African States on the NAMAs that they intend to implement;[2]

(c) Thirty-five per cent of developing country Parties and 27 per cent of countries in the LAC region have engaged in the political process by communicating their intention to implement a diverse range of NAMAs;

(d) At the technical level, in order to facilitate the preparation and implementation of NAMAs, the NAMA registry prototype was released in April 2013 and the fully functional registry, open to the public, was made available in October 2013;[3]

(e) The LAC region is leading in terms of engagement in the NAMA registry, with the largest number of submissions having come from that region in comparison with other developing country regions;

(f) As of now, the NAMA registry contains 10 entries from international organizations on support available for NAMA preparation and implementation and two on the matching of NAMAs with support;[4]

(g) With regard to reporting information on their NAMAs, developing country Parties need to prepare biennial update reports (BURs), which contain their updated national greenhouse gas (GHG) inventories, and information on mitigation actions and support needed and received. The "UNFCCC biennial update reporting guidelines for Parties not included in Annex I to the Convention" were adopted at COP 17;[5]

[1] All presentations referenced are available at <http://unfccc.int/focus/mitigation/items/8496.php>.
[2] FCCC/SBI/2013/INF.12/Rev.3.
[3] The public registry is available at <http://www4.unfccc.int/sites/nama/SitePages/Home.aspx>.
[4] See <http://www4.unfccc.int/sites/nama/SitePages/Home.aspx>.
[5] Decision 2/CP.17, annex III.

(h) The BURs will undergo international consultation and analysis (ICA) under the Subsidiary Body for Implementation (SBI), with BURs and ICA together forming an MRV framework for developing country Parties' efforts. The modalities and procedures for conducting ICA were also adopted at COP 17;[6]

(i) The United Nations Environment Programme (UNEP) *Emissions Gap Report 2013* states that, even if countries meet their pledges for emission reductions, in 2020 there is likely to be an emission gap of 8 to 12 gigatonnes of carbon dioxide equivalent over the level compatible with the 2 C goal;

(j) At the United Nations Climate Change Conference in Warsaw, Poland, under work stream 2 of the Ad Hoc Working Group on the Durban Platform for Enhanced Action, Parties resolved to enhance pre-2020 ambition and to ensure the highest possible mitigation efforts by all Parties. To that end, Parties that have not yet submitted NAMAs are encouraged to submit NAMAs that are ambitious.

7. The second presentation made by a representative of the secretariat was on the status of negotiations on the CDM. It focused primarily on on-going climate negotiations with regard to potential changes to the modalities and procedures for the CDM. It highlighted the following key points:

(a) Following SBI 39, decision 4/CMP.9 requested the secretariat to prepare a technical paper, by 19 March 2014, on the following issues relating to possible changes to the CDM modalities and procedures, including their implications, for consideration at SBI 40: the membership and composition of the CDM Executive Board; the liability of designated operational entities (DOEs) to compensate for the issuance of certified emission reductions (CERs) resulting from significant deficiencies in validation, verification and certification reports; provisions for PoAs; the length of the crediting period; requirements for the demonstration of additionally; the further elaboration of the role of DNAs; and the simplification and streamlining of the project cycle for certain project categories;

(b) Three Parties and eight observer organizations submitted inputs to the technical paper. SBI 40 decided that the review of the CDM modalities and procedures would continue at SBI 41.

8. The third presentation made by a representative of the secretariat highlighted the role played by the CDM in contributing towards global efforts in addressing climate change. In addition, the achievements of the CDM to date were presented. The presentation highlighted the following points:

(a) The CDM offers a 'flexible mechanism' under the Kyoto Protocol to help Parties included in Annex I to the Convention (Annex I Parties) to meet their emission reduction targets, while bringing sustainable development co-benefits to the CDM host countries;

(b) During its 10-year history, the CDM has been able to achieve and demonstrate the following tangible outcomes:

(i) The development of over 200 methodologies in 25 different sectors;

(ii) The establishment of over 125 DNAs;

(iii) The accreditation of over 40 validators/verifiers (DOEs);

(iv) The establishment of four regional collaboration centres (in Africa and Latin America and the Caribbean);

(v) The creation of a pool of countless CDM experts worldwide;

[6] Decision 2/CP.17, annex IV.

(c) As of now, more than 7,750 CDM projects and PoAs have been registered, involving 155 countries, covering 100 host countries and issuing 1.5 billion CERs;

(d) Approximately USD 215 billion has been mobilized for GHG emission reduction activities due to the CDM, which is equivalent to the total annual official development assistance (ODA) flow in 2011;

(e) In addition to contributing to reducing emissions, the CDM has also built capacity and channelled financing towards sustainable development and adaptation funding. The Adaptation Fund is financed by a share of proceeds from CDM projects, which amounts to 2 per cent of CERs issued for a CDM project activity.

9. The following issues were discussed during the question and answer session that followed the presentations:

(a) Participants inquired how the expected CERs from the registered CDM projects (8 billion t) were estimated. It was mentioned that the expected CERs were estimated on the basis of the emission reduction potentials presented in the project design documents (PDDs) of the registered projects;

(b) Participants also inquired about the potential contribution of the CDM to net mitigation. It was explained that the CDM was originally designed as an offsetting mechanism under the Kyoto Protocol, whereby industrialized countries (Annex I Parties) can use CERs generated from CDM projects in developing countries to offset their GHG emissions. According to the concept of 'net mitigation', the part of the emission reductions achieved by CDM projects is not used for offsetting Annex I Parties' emissions. Now the increased contribution to climate change mitigation by all Parties, and the role of carbon market mechanisms, including the CDM, in delivering net mitigation beyond offsetting are being discussed in the climate negotiations. There are 13 ways, according to available literature and views of think tanks, to achieve net mitigation.[7] The CDM modalities and procedures may require minor improvements and changes to accommodate some of these ways;

(c) Participants raised questions about the efforts that were made to sustain the CDM in the light of the drop in CER price. It was mentioned that the presented CER price was the secondary market price and that good projects with significant sustainable development co-benefits can obtain a higher price. It was also mentioned that, in addition, some developed countries and supporting agencies have launched initiatives to buy CERs from CDM projects that are struggling to continue their activities.

C. Institutional arrangements

10. This session of the workshop consisted of discussion on national institutional arrangements for mitigation, including the roles and structure of CDM DNAs and robust institutional arrangements for the preparation and implementation of NAMAs. The participants considered how existing CDM institutional arrangements could be utilized/enhanced to coordinate the preparation and implementation of NAMAs. The session consisted of presentations made by representatives of the secretariat, an international organization (UNEP DTU Partnership) and country representatives (of Guatemala, Dominican Republic and Colombia) on their experiences with providing support for setting up or enhancing institutional arrangements related to mitigation actions,

[7] For information on net mitigation through the CDM, see http://www.energimyndigheten.se/Global/Internationellt/Net%20mitigation%20through%20the%20CDM.pdf.

including the CDM and NAMAs, and with setting up required CDM- and NAMA-related institutions.

11. The key messages arising from the first presentation made by a representative of the secretariat on the roles and responsibilities of DNAs were as follows:

(a) The main task of DNAs is to assess whether proposed CDM projects assist the host country in achieving its sustainable development goals and, subsequently, to provide an LoA to such CDM projects;

(b) Other tasks of DNAs include:

(i) Providing acceptance of the default values for the fraction of non-renewable biomass;

(ii) Proposing specific small-scale renewable energy technologies to the CDM Executive Board to qualify them for automatic additionally status;

(iii) Submitting their recommendations on special underdeveloped zones to the CDM Executive Board for approval in relation to micro-scale projects for automatic additionally status;

(iv) Submitting proposals for SBLs applicable to new or existing methodologies, for consideration by the CDM Executive Board.

12. The second presentation made by a representative of the secretariat on utilizing the existing CDM institutional arrangements for NAMAs explained that:

(a) According to surveys conducted by the United Nations Development Programme (UNDP) Low Emission Capacity Building Programme, approximately 76 per cent and 70 per cent of respondents in the Asian and African regions, respectively, agreed that the existing CDM infrastructure can be used for the design and implementation of NAMAs;

(b) NAMAs can benefit from the existing CDM infrastructure in the following ways:

(i) By broadening the scope of the existing roles and responsibilities of CDM DNAs, they can serve as a coordinating and managing agency for NAMAs;

(ii) DNAs are a key source of information and dissemination of knowledge, such as on emission levels, technologies and sustainable development, which would be useful for the design and implementation of NAMAs;

(iii) DNAs have facilitated the creation of networks among relevant actors in key sectors, both nationally and internationally, which can be mobilized for the design and implementation of NAMAs;

(iv) In their countries CDM DNAs have created a basis for interlinking national sustainable development objectives with mitigation opportunities in the economy, as well as providing a certain level of expertise in mitigation issues;

(v) The CDM DNA knowledge base could be leveraged to coordinate and provide guidance on the development and implementation of NAMAs;

(vi) The CDM Executive Board, the methodological approval process, the registry process and the accreditation structure in CDM institutions may be used in the design and implementation of NAMAs aimed for carbon markets.

13. A representative of the UNEP DTU Partnership spoke about the institutional aspects of climate change and NAMAs. She presented one approach to setting up an institution for climate change mitigation at the national level and discussed the roles and responsibilities of various units under such an institution. She highlighted the following points:

(a) A national mitigation strategy should be defined in the context of medium- to long-term development plans, focusing on:

(i) Decoupling economic growth from GHG emission growth;

(ii) Reducing the carbon intensity of the economy;

(iii) Leap-frogging the high-carbon development path of today's 'business as usual' trajectory;

(b) Countries should develop institutional frameworks that encompasses national development priorities and deviation from 'business as usual' GHG emissions, while satisfactorily reporting on mitigation achievements to the UNFCCC;

(c) For the NAMA operational and institutional set-up, the following important aspects need to be considered:

(i) NAMAs need to be developed in the context of sustainable development. They should be integrated into the development planning process, with the responsibility for implementation lying with the ministries responsible for policymaking;

(ii) Emphasis should be given to enhancing coordination and collaboration among responsible ministries to ensure synergies and alignment with the national climate change policies;

(iii) The role of and relationship between national and local governments should be clarified in advance. The planning and implementation should be decentralized, guided by common guidance on integrating policy into sectoral or regional planning;

(iv) National and local governments should be empowered with the capacity and skills with regard to dialogue and consultative processes, effective coordination, submissions,, finance and MRV;

(v) Roles and responsibilities should be distributed within the existing structures and entities;

(d) The institutional arrangements may consist of the following four coordinating bodies: climate change policy coordination unit; NAMA coordinating authority; MRV management and international reporting unit; and climate finance coordination unit. However, this is just one of the various suggested approaches and institutional arrangements may vary and can be constituted considering national circumstances and needs;

(e) The major roles and responsibilities of the climate change policy coordination unit would be:

(i) Establishing the national climate change policy;

(ii) Putting in place periodic evaluation of implementation;

(iii) Revising information received;

(f) The NAMA coordinating authority, accountable to the climate change policy coordination unit, could be responsible mainly for the overall coordination of the development and implementation of NAMAs;

(g) The following tasks could be assigned to the MRV management and international reporting unit:

(i) Ensuring MRV systems are consistent with national needs and circumstances but also in accordance with international reporting requirements (BURs, national communications and MRV of NAMAs);

(ii) Assessing and reporting the multiple co-benefits of mitigation actions;

(h) The climate finance coordination unit would deal with the financial aspects of mitigation actions, such as by:

(i) Ensuring the adequate and effective allocation of financial resources;

(ii) Assessing gaps in climate financing;

(iii) Reporting on climate financing in a transparent manner in accordance with national and international requirements.

Country presentations

14. A representative of Guatemala's DNA spoke about the institutional arrangements put in place to implement CDM projects in the country. The key points raised during the presentation were that:

(a) The Guatemalan Government designated the Ministry of Environment and Natural Resources as DNA in 2005;

(b) The National Clean Development Office under the ministry has formulated a procedure for receiving applications and granting approvals;

(c) The required documents for being granted an LoA are PDDs, an environmental impact assessment (EIA) report, approvals from concerned agencies, a stakeholder consultation report and a sustainable development report;

(d) If everything is as per the procedure, the National Clean Development Office will issue a letter to the ministry recommending the provision of an LoA within 15 days.

15. A representative of the Dominican Republic's DNA also presented on institutional arrangements put in place to implement CDM projects in the country. He provided a detailed explanation of the organizational structure of the National Council for Climate Change and the CDM. Figure 1 depicts the detailed organizational structure of the council. The council is acting as the NFP for climate change. The council is also the DNA for the CDM and the NFP for NAMAs. The key objectives of the council are:

(a) To promote and facilitate the implementation of projects regarding renewable energy, energy efficiency, methane capture, use of less carbon-intensive fuels, etc.;

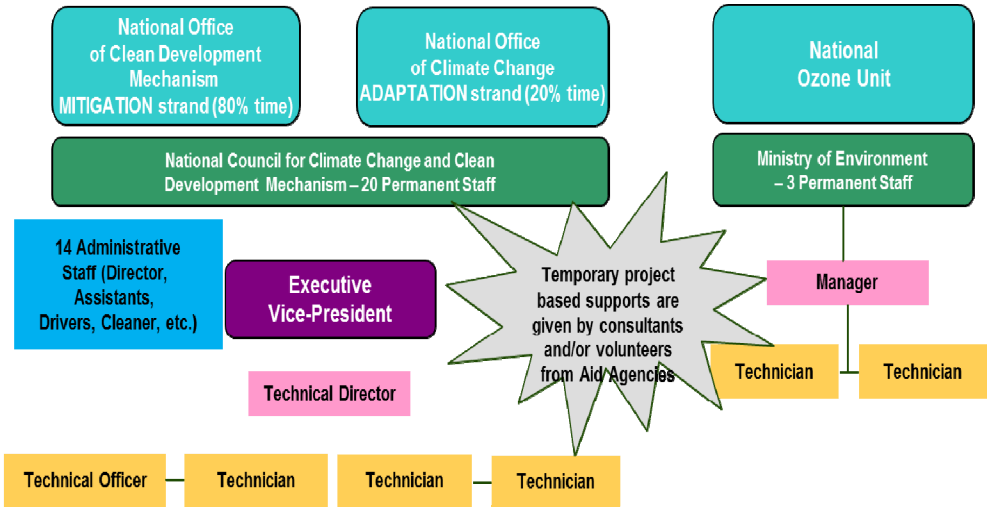
(b) To facilitate the removal of barriers to the implementation of mitigation projects;

(c) To advise the public and private sectors in the preparation of CDM projects;

(d) To identify and promote initiatives in terms of emission reduction purchase agreements on the international market;

(e) To promote the creation and strengthening of local technical capacities for the preparation and development of GHG mitigation projects, following the environmental protection policy of the Dominican State.

Figure 1
Organizational structure of the National Council for Climate Change and the clean development mechanism in the Dominican Republic



Source: Presentation made by the representative of Dominican Republic

16. A representative of Colombia made a presentation on the country's experience with institutional arrangements for national mitigation actions, including NAMAs. She presented the initiatives and policies formulated by the Colombian Government with respect to climate change and mitigation. Also, she discussed the low-carbon development strategy of Colombia. The highlights of the presentation were as follows:

(a) The Government has set four pillars for the country's climate change agenda: the REDD-plus[8] National Strategy; the Strategy for Financial Protection Against Natural Disasters; the Colombian Low Carbon Development Strategy (CLCDS); and the National Adaptation Plan for Climate Change;

(b) CLCDS is a medium- and long-term development programme led by the Ministry of Environment and Sustainable Development, the Department of National Planning and sectoral ministries of Colombia that aims to promote national economic growth with low GHG emissions through the implementation of plans, projects, measures and policies that contribute to GHG mitigation and, at the same time, strengthen Colombia's economic and social development while meeting the global requirements of efficiency, competitiveness and environmental performance;

(c) CLCDS comprises five different components:

(i) Projection of sectoral reference scenarios and identification and formulation of alternatives for low-carbon development;

(ii) Sectoral mitigation action plans (SMAPs);

(iii) SMAP implementation, and development and implementation of a monitoring system;

(iv) Capacity-building;

[8] In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

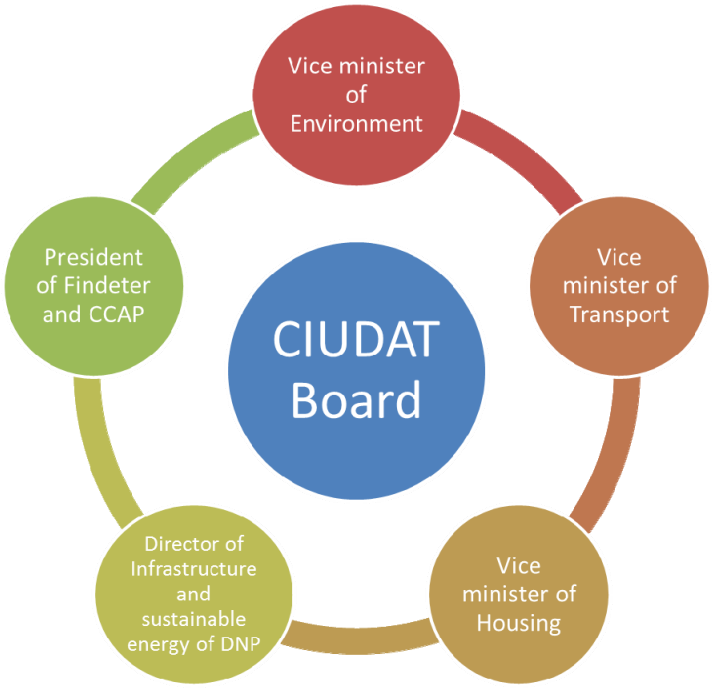
(v) Communication and cooperation platform;

(d) So far, Colombia has approved SMAPs for the transport, mining, electricity, hydrocarbon, housing, solid waste and wastewater sectors. In addition, industry SMAPs have been formulated and agriculture SMAPs are being developed. The respective ministries are responsible for these SMAPs;

(e) Colombia has been able to build partnerships and coordination with various private-sector and academic institutions in designing and implementing NAMAs. In the case of its transit-oriented development NAMA, for example, Colombia has created the Center of Urban Interventions for the Advanced Development towards Transport (CIUDAT) by involving relevant ministries and departments, the private sector and academia. Figure 2 illustrates the organizational structure of CUIDAT.

Figure 2

Organizational structure of the Board of the Center of Urban Interventions for the Advanced Development towards Transport for Colombia's nationally appropriate mitigation action for transit-oriented development



Source: Presentation made by the representative of Colombia

17. After the presentations, the participants discussed the following key issues:

(a) They inquired as to how significantly the private sector was involved in the CDM projects developed in Guatemala and the Dominican Republic. The relevant representatives explained that all of the CDM projects in their countries are developed by the private sector. The DNAs made concerted efforts and conducted training and promotional and outreach activities targeting the private sector from the outset, which helped to gain the full involvement of the private sector;

(b) One of the participants inquired about the process for withdrawing LoAs from projects that are undergoing the registration process. A representative of the secretariat responded that the LoA withdrawal procedure is applicable only to registered CDM projects. However, a DNA can communicate to the secretariat for review during the registration process and the project can be reviewed;

(c) Another participant raised a concern regarding the right balance between regulation and overregulation and how far intuitional arrangements can be robust. It was discussed that institutional arrangements need to be in line with national needs, priorities and context, as well as needing to be dynamic in responding to the changing national context.

D. National approval process: the nationally appropriate mitigation action registry

18. This segment of the workshop comprised two breakout sessions dealing with the following topics: the national approval process for the CDM; and an overview and the operational status of the NAMA registry.

Breakout session on the national approval process for the clean development mechanism

19. The CDM national approval process was discussed, allowing DNA representatives: to share experiences and get a better understanding of the approval process for CDM projects and PoAs; to find alternatives in order to improve the approval process; and to discuss best practices and the standard content of LoAs for different projects and PoAs on the basis of their scale, type and whether they are multi-country or single-country projects or PoAs.

20. A representative of the DNA of Argentina presented challenges faced in the process of issuing LoAs and how to overcome them. Some of the barriers and difficulties faced include: coordination and monitoring among several agencies; changes of the members of DNAs; understanding methodological changes; complexity of projects; and the cost of the administrative process.

21. In general, DNAs were well informed about the main requirements that need to be taken into account when issuing LoAs. The groups discussed the main requirements and processes that their DNAs have put in place in order to issue LoAs. DNAs from the Caribbean region showed some difficulties, with most of them mentioning that they have no formal procedure for issuing LoAs. Most participants mentioned that there are no differences in issuing LoAs for the different types of project (regular CDM project activity vs. PoA). Except for the DNAs with higher numbers of projects, it was observed that most DNAs do not have requirements to grant LoAs to the project participants (PPs) and coordinating and managing entities (CMEs) in relation to PoAs.

Breakout session on the nationally appropriate mitigation action registry

22. A presentation was made by a representative of the secretariat to provide an overview of the technical aspects of the NAMA registry platform and the operational status of the registry. The participants then worked in groups to discuss barriers related to the submission of information on NAMAs, solutions for overcoming identified barriers, the required support to enhance the use of the NAMA registry, and areas for improvement of the existing web-based platform.

23. The highlights of the presentation were as follows:

(a) The NAMA registry has been developed as a dynamic, web-based platform. Participation is voluntary and the registry contains only information that has been submitted specifically for recording;

(b) A fully functional registry prototype was deployed in April 2013 and feedback thereon was gathered up until the start of the sessions of the subsidiary bodies in June 2013. The first version of the web-based registry was deployed in October 2013 and included improvements suggested by Parties. All content is now accessible to the public;

(c) The registry consists of a database that stores information on NAMAs and support and a user interface that allows the submission of and searching for information contained in the database. There are four key types of user of the registry: NAMA approvers, NAMA developers, support editors and the general public;

(d) To date, only two matches of NAMAs with sources of support have been recorded in the registry:

(i) "Adaptive Sustainable Forest Management in Borjomi-Bakuriani Forest District", designed by Georgia, has received financial support from Austria (EUR 1,940,492) for its implementation. This NAMA aimed to upgrade the existing capacities of the Georgian forestry sector by means of capacity-building, best practice examples, on-site training and participatory pilot activities in order to generate a relevant climate change adaptation and mitigation impact in the Borjomi-Bakuriani pilot region as a basis for up-scaling and policy development at the national level;

(ii) "Nationally Appropriate Mitigation Actions for low-carbon end-use sectors in Azerbaijan", designed by Azerbaijan, has received financial support from the Global Environment Facility (GEF) (USD 100,000) for its preparation. This NAMA aimed to support the State Oil Company of the Azerbaijan Republic in the development and implementation of selected programmatic NAMAs in the low-carbon end-use sectors, where pilot investments will be directed to low-energy and low-carbon technologies that are so far missing on a large scale from the Azerbaijani market;

(e) The following main challenges from the secretariat's perspective were shared:

(i) Despite outreach efforts, the NAMA registry still faces limited use and participation. It still lacks a critical mass of information, which would increase opportunities for matching NAMAs with support and for recognition of NAMAs;

(ii) The content needs to be reliable and complete for the registry to be effective. Limited information is available on some aspects of the registry entries (e.g. incremental costs of NAMAs) and some information may not always be accurate (e.g. some of the quantitative data within the templates);

(iii) The secretariat received limited feedback from Parties and entities on the further improvement of the registry;

(iv) The majority of potential registry users still do not understand the use, role and importance of the registry;

(f) In addition, the secretariat's presentation conveyed the following recommendations for making the NAMA registry more effective:

(i) Find ways to increase the level of participation in the registry, including obtaining access rights and creating registry entries. For developing country Parties, the ability to decentralize the preparation of NAMAs through NAMA developer access rights may facilitate participation;

(ii) Take steps to ensure that the entries in the registry are accurate, complete and up to date;

(iii) Continue to provide the secretariat with suggestions for improving the registry, with the related capacity-building needs, and to make use of relevant technical resources;

(g) Furthermore, it was mentioned in the presentation that the secretariat would continue to ensure the effective use of the NAMA registry by:

(i) Developing the technical resources requested by Parties;

(ii) Building capacity through regional NAMA workshops;

(iii) Improving and undertaking maintenance of the registry platform;

(iv) Providing direct support to individual registry users;

(v) Raising awareness of the platform, encouraging and supporting users and undertaking outreach activities with potential providers of support, including multilateral and bilateral agencies and banks, and the private sector.

24. After the presentation, the participants were divided into two groups to brainstorm and discuss the following sets of discussion points:

Discussion points for group one

(a) What is your experience and feedback with regard to using the NAMA registry?

(b) What further improvements to the registry would you suggest with regard to technical, managerial and support aspects?

(c) What would be required for the registry to play a more active role in facilitating the matching of NAMAs with support?

Discussion points for group two

(a) What would be required for the registry to play a more active role in facilitating the matching of NAMAs with support?

(b) What are the main challenges preventing the more active engagement in the registry of actors developing NAMAs and providing support for them? What actions could be taken by the UNFCCC to address those challenges in order to fulfil the objectives of the registry?

(c) What other uses/roles do you foresee for the registry in the short, medium and long terms beyond the facilitation of matching NAMAs with support?

25. The outcomes of group one's discussion were as follows:

(a) In order to reduce the time taken for information to flow between stakeholders, it is recommended to build capacity and create committees at the national level in order to facilitate the understanding of the NAMA topic and prevent the registry from constituting a bottleneck in the process;

(b) It is important to review the amount of information that is needed in the registry on a particular NAMA, in order to find an equilibrium between an excess of non-useful information and a lack of information, both of which could be a barrier to understanding the objectives of that NAMA;

(c) It could be useful to introduce online help for the registry users;

(d) The registry should automatically match recorded NAMAs with relevant sources of support recorded in the registry;

(e) Countries with different levels of knowledge about the NAMA registry should be brought together for sharing knowledge and lessons. This could create bilateral cooperation, thereby increasing the current level of use of the NAMA registry in the LAC region;

(f) The showcasing and marketing of good NAMAs to potential providers of support should be undertaken.

26. The outcomes of group two's discussion were as follows:

(a) The matching of NAMAs with support is done at the bilateral level. The NAMA registry is only a tool to record information. Hence, the NAMA developers have a greater role to play in obtaining support for their NAMAs;

(b) The quality and reliability of the information recorded in the registry are very important factors when it comes to attracting donors. Support providers are most interested in knowing how a proposed NAMA can contribute to transformational change, GHG mitigation and sustainable development co-benefits and whether it has a clear linkage to the national development strategy and plan. Complete information on those issues should be entered in the registry in an interesting and convincing manner in order to attract support providers;

(c) In future, the registry could be used for enhancing transparency, avoiding double counting, implementing intended nationally determined contributions after the 2015 agreement and recording the level of emission reduction as a result of NAMAs on an ex-post basis.

E. Enhancement of the participation of stakeholders

27. This session of the workshop explored the benefits of an enhanced consultation process and where there is room for improvement of local stakeholder consultation in the context of the CDM and NAMAs. It consisted of two presentations (made by a representative of the Brazilian DNA and a Honduran non-governmental organization (NGO)) on procedures for the local consultation process and relevant experience, and one presentation made by a representative of the secretariat on current requirements for the CDM local stakeholder consultation process.

28. The representative of the Honduran NGO mentioned that friendly language is essential for the consultation process to be effective. Local people, NGOs and affected stakeholders find it difficult to understand the technical terms and theoretical concepts used during consultations. It was mentioned that the surveys and questionnaires are designed without giving freedom to stakeholders to give their feedback.

29. The representative of the secretariat presented: the current requirements for CDM local stakeholder consultations; the CDM Executive Board's initial views and clarifications; the status of work and actions taken to improve local stakeholder consultations; and actions taken by the CDM Executive Board to date.

30. The representative of the Brazilian DNA showcased the procedures for its local stakeholder consultation process and indicated that it is currently reviewing the process of issuing letter of approval and conducting local stakeholder consultation. The following challenges were identified: improving the participation of local communities; getting closer to public prosecutors; and discussing the adoption of public meetings from the beginning of the process.

31. The workshop participants emphasized the importance of using local language and avoiding technical terms and finding ways to enhance local participation in the consultations. In addition, they suggested involving local councils in local stakeholder consultations concerning small hydropower projects. It was discussed that legal lawsuits, liability and indigenous harm should be taken into account during the consultations.

F. Local stakeholder consultation process and financing instrument for national mitigation actions and NAMAs

32. This segment of the workshop comprised two breakout sessions dealing with the following topics: the local stakeholder consultation process for the CDM; and financing instruments for national mitigation actions and NAMAs.

Breakout session on the local stakeholder consultation process for the clean development mechanism

33. Three presentations were given, by representatives of the DNA of Uruguay, the DNA of Colombia and one project developer (for MGM Innova), on the local stakeholder consultation process and their relevant experience. Also discussed were: the requirements set by DNAs; how the results of the consultations are assessed; and the key elements of proper consultation processes that enhance the engagement of stakeholders.

34. The representative of the DNA of Colombia explained the process linked to its regulations on local stakeholder consultation especially for forestry projects.

35. The representative of the DNA of Uruguay explained its local stakeholder consultation process, which is followed really closely by the DNA. The requirement for CDM projects is to conduct at least one local consultation, if the site is near Montevideo. However, if the project is located far from the capital, the PP has to conduct two consultations: one at the project site and one in Montevideo. Also, the requirements for inviting the participants are defined by the DNA.

36. The PP from MGM Innova explained how it conducts local consultations and how it takes into account the comments received.

37. The workshop participants expressed that a clear definition of the term 'stakeholders' in Spanish is needed. In addition, better guidance is needed on identifying and involving the real stakeholders in a consultation process. The participants suggested ensuring the effective participation of local/native communities in the consultation process for forestry projects. In addition, they discussed strengthening the communication between the CDM Executive Board and local stakeholders in order to influence the decision to approve a CDM project on the basis of the comments received on the social and environmental integrity of the project.

Breakout session on financing instruments for national mitigation actions, including nationally appropriate mitigation actions

38. A representative of the World Bank conducted an interactive breakout session on combining and blending financial instruments to promote investment in mitigation actions. The workshop participants were divided into three groups and each group was asked to define/identify one project or programme. The groups were also requested to identify/assess potential sources of investment (public and private, national and international) to reach market transformation, and any barriers to mobilizing those sources. The groups further needed to analyse suitable financial instruments to help leverage private-sector investment given their project financing needs and identified barriers. Finally the groups were asked how they would combine and blend financing instruments for their project.

39. The participants identified key obstacles for climate investment, such as: higher upfront costs, insufficient returns, excessive risk and insufficient access to financing.

40. The participants discussed four innovative climate finance solutions: leveraging, blending, combined finance, and alternative sources of financing for small and medium-sized enterprises (SMEs). It was mentioned that each solution is enabled by a range of

financing instruments to leverage and deliver climate finance. The innovative finance approaches also vary by sector.

41. The participants also discussed the engagement of the private sector in climate investment. In general, the private sector will invest where it will receive an adequate return for the risk that it bears in the underlying project activity. Many of the risks can be mitigated by the market, and governments can also create a welcoming investment environment through overall policies and financial instruments that are geared towards the ease of doing business.

G. Finance and technical support

42. This session of the workshop comprised one presentation made by a representative of the secretariat and three presentations made by representatives of international organizations on sources of finance and technical support available to developing countries to implement CDM projects and NAMAs.

43. The presentation made by a representative of the Inter-American Development Bank (IDB) provided an overview of financial sources available for the CDM and NAMAs and their access modalities. The main points covered by the presentation were as follows:

(a) Climate finance instruments for climate mitigation actions can be broadly categorised as public sources (such as local and national government authorities and agencies), public intermediaries (such as national, bilateral and multilateral development banks and national climate funds), private intermediary (such as commercial financial institutions, asset management companies, private equity, infrastructure funds and venture capital) and the private sector (such as project developers, corporate actors, households, energy companies, utilities/independent power producers and manufacturers);

(b) A variety of NAMA financing instruments exist, such as:

(i) Project financing;

(ii) Structure funds;

(iii) Promotional loans;

(iv) Development loans;

(v) Grants;

(vi) Equity instruments;

(vii) Guarantees, etc.;

(c) Different funding instruments could be used at different stages of NAMA development and implementation:

(i) Grants/technical assistance could be utilized during the identification and prioritization of NAMAs;

(ii) Grants/technical assistance and component of loan could be utilized during the design and development of NAMAs;

(iii) Concessional loans/private-sector investments could be utilized for the implementation of NAMAs;

(d) The representative of IDB talked about the roles of multilateral development banks in financing NAMAs, which were highlighted as follows:

(i) Triggering and facilitating first steps by providing loans and concessional funding to prepare and develop NAMAs together with the host country;

(ii) Helping to eliminate barriers (technical, regulatory and financial);

(iii) Creating implicit credit enhancement effects on account of the participation of banks (AAA credit rating);

(iv) Facilitating access to and implementation of climate funds;

(v) Catalysing private investments in NAMAs for their long-term sustainability and transformational impact;

(vi) Helping to build institutional capacity for enhanced NAMA coordination by host countries and helping to develop national and sectoral plans;

(vii) Providing valuable knowledge, regional experience and replicable best practices;

(e) Some examples of organizations, agencies and programmes that support the CDM are:

(i) The Nordic Environment Finance Corporation Norwegian Carbon Procurement Facility;[9]

(ii) The CDM Loan Scheme;[10]

(iii) Japan's Joint Crediting Mechanism;[11]

(iv) Fiscal incentives (e.g. in Colombia, VAT-exempt technology and equipment);

(v) The World Bank Pilot Auction Facility for Methane and Climate Mitigation (pay-for-performance reversed auction facility);[12]

(vi) Domestic carbon markets;

(vii) Voluntary carbon markets (such as the Gold Standard[13] and the Verified Carbon Standard[14]);

(f) With regard to providing technical support for the CDM and NAMAs, the following international organizations were mentioned:

(i) The UNDP Low Emission Capacity Building Programme;[15]

(ii) The World Bank Partnership for Market Readiness;[16]

(iii) The UNEP Facilitating Implementation and Readiness for Mitigation project;[17]

(iv) The Mitigation Action Implementation Network;[18]

(g) Examples of bilateral and multilateral organizations, agencies and programmes supporting NAMA design and implementation include:

(i) The NAMA Facility;[19]

[9] See <http://www.nefco.org/financing/nefco_norwegian_carbon_procurement_facility>.
[10] See <http://cdmloanscheme.org/>.
[11] See <http://www.mmechanisms.org/e/initiatives/>.
[12] See <http://www.worldbank.org/en/topic/climatechange/brief/pilot-auction-facility-methane-climate-mitigation>.
[13] See <www.goldstandard.org>.
[14] See <http://www.v-c-s.org/>.
[15] See <http://www.lowemissiondevelopment.org>.
[16] See <https://www.thepmr.org>.
[17] See <http://www.lowcarbondev-support.org>.
[18] See <http://ccap.org/programs/mitigation-action-implementation-network-main>.
[19] See <http://nama-facility.org/about-us.html>.

(ii) The Austrian NAMA Initiative;[20]

(iii) The French Agency for Development;[21]

(iv) The Climate Investment Funds;[22]

(v) The GEF;[23]

(v) The Green Climate Fund;[24]

(vii) The European Union's Latin American Investment Facility;[25]

(h) Lastly, examples of successful financing by IDB of NAMAs in Colombia were discussed.

44. A representative of the secretariat spoke about its regional collaboration centres and the technical support activities offered by them. The key messages were as follows:

(a) The secretariat's regional collaboration centres located in Colombia, Grenada and Togo have the following objectives:

(i) Providing in-kind technical support (advising on the CDM process or drafting proposals);

(ii) Enabling an investment environment (designing umbrella CDM projects for renewables and waste technologies);

(iii) Exploring synergies between the CDM and other mitigation actions;

(iv) Collaborating with country and regional funding agencies (to develop SBLs for the electricity sector and to improve the CDM process by preparing policy inputs);

(b) The current activities of the centres in the LAC region focus mainly on promoting clean technologies and opportunities on the carbon market by:

(i) Enhancing stakeholder engagement at various levels (government level – ministries of environment and energy; private level – developers, investors and entrepreneurs; and international level – donors and technology providers);

(ii) Providing necessary support to the CDM cycle (support to CDM and non-CDM stakeholders, CDM policy inputs, drafting CDM proposals/PoAs and developing SBLs);

(iii) Finding niche markets for CERs and promoting the voluntary cancellation of CERs;

(iv) Creating synergies with non-CDM actions (such as MRV of NAMAs);

(v) Conducting capacity-building in relation to the CDM and technologies (delivering training, promoting success stories, sharing information and answering technical queries).

45. The presentation given by a representative of the secretariat provided information on the background, current status and access modalities of the CDM Loan Scheme. The presenter explained that the CDM Loan Scheme was launched to provide interest-free loans

[20] See <http://www4.unfccc.int/sites/nama/_layouts/un/fccc/nama/InformationOnSupportAvailable.aspx?ID=52&viewOnly=1>.[I don't think this link is correct]

[21] See <http://www.afd.fr/lang/en/home>.

[22] See <https://www.climateinvestmentfunds.org/cif/>.

[23] See <http://www.thegef.org/gef/home>.

[24] See <http://www.gcfund.org/about/the-fund.html>.

[25] See <http://eulacfoundation.org/en/mapeo/laif-latin-american-investment-facility>.

to underrepresented countries (in particular the least developed countries (LDCs)) for improving the regional distribution of CDM projects and to ensure a mechanism that is financially sustainable by means of a revolving fund. It is collaboratively administered by the United Nations Office for Project Services and the UNEP DTU Partnership on behalf of the secretariat.

46. Figure 3 illustrates the procedure for accessing loans from the CDM Loan Scheme. The basic eligibility criteria for a project to be granted a loan are:

(a) Must be in a host country with a maximum of 10 CDM project activities registered with the UNFCCC;

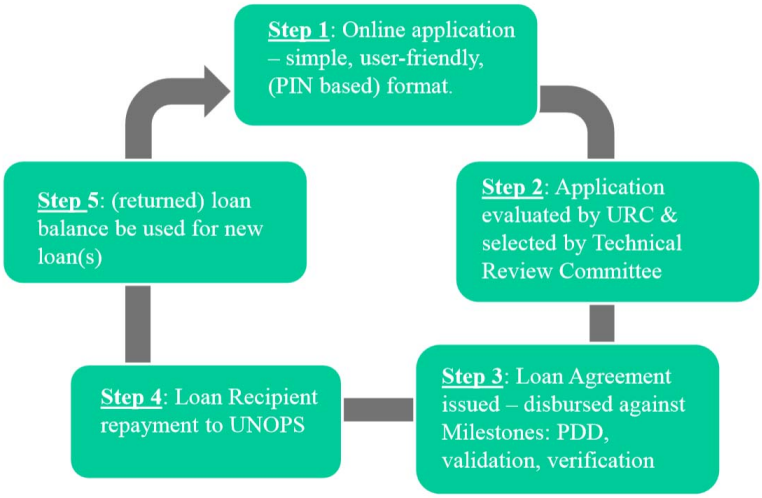
(b) Must have a high probability of registration with the UNFCCC;

(c) Must generate at least 7,500 CERs/year (in the LDCs) and 15,000 CERs/year (in non-LDCs);

(d) Project documentation must have been developed by an experienced CDM consultant;

(e) Must not be 'crowding out' other funding for the development costs (such as a donor or already identified buyer of CERs).

Figure 3
Process features of the CDM Loan Scheme



Source : Presentation made by a representative of the secretriat

47. The presentation made by a representative of the World Bank discussed innovative approaches to leveraging financing from the private sector, specific instruments, including risk mitigation instruments and those used by multilateral development banks, and concrete examples of innovative finance supporting climate action. The main points raised during the presentation were as follows:

(a) Because of the many barriers to climate investment, a huge gap exists in the current climate finance flows. To address this gap, development banks like the World Bank have launched innovative finance initiatives to help to increase climate investment flows. At the World Bank, innovative finance includes any financing approach that aims to:

(i) Generate additional development funds by tapping new funding sources, like solidarity taxes, or emerging donors, like institutional investors;

(ii) Enhance the efficiency of financial flows, by reducing delivery time and/or costs, especially for emergency needs and in crisis situations;

(iii) Link financial flows to climate results, by using results-based financing or instruments linking flows to measurable performance on the ground;

(b) To achieve the aims of innovative finance, four innovative climate finance solutions have emerged: leveraging from different sources, blending, combined finance, and alternative sources of financing for SMEs. Each solution is enabled by a range of financing instruments to leverage and deliver climate finance;

(c) Leveraging shows how much private money was mobilized on the back of a public dollar. In the experience of multilateral development banks, leverage factors in the range of two to five for non-concessional lending can be significantly higher where the public finance is concessional lending, grants or equity (8 to 10 or higher). Flows from multilateral development banks and carbon offset flows could leverage around USD 100–200 billion in 2020 in additional gross international climate-related private flows;

(d) Blending can be defined as funds invested at concessional, or below market, rates combined with an organization's own funds. It is tailored to address the high cost of early market entrants. It is typically provided to address issues of liquidity, tenor and cost and can be linked to achieving desired results through interest rate reductions, longer tenors or with different rank and security packages. The range of products includes risk sharing

products, lower interest rates, longer tenors, subordinated rank in loans and lower returns on equity investments;

(e) Combined finance is bundling different types of finance within a single project/programme to make otherwise unattractive low-carbon projects attractive. Resources can be combined through a national financial mechanism, such as a national development bank or a trust fund, where resources are allocated together side by side;

(f) Regarding alternative sources of financing for SMEs, the following are examples of innovative climate finance mechanisms that support private investments in renewables:

(i) Microfinance for energy;

(ii) Property-assessed clean energy;

(iii) 'Pay as you save' programmes;

(iv) Private households can also act as retail investors in renewable energy;

(v) Publicly traded investment funds;

(vi) Cutting-edge crowd funding for pooling private resources for green investments. The possible market potential for crowd funding in developing countries could reach up to USD 96 billion a year over the next 25 years, making it a viable innovative climate finance solution for scaling up climate action;

(g) The innovative finance approaches vary by sector. In general, the private sector will invest where it will receive an adequate return for the risk that it bears in the underlying project activity. Many of the risks can be mitigated by the market, and governments can also create a favourable investment environment through overall policies and financial instruments that are geared towards the ease of doing business.

48. The presentation made by a representative of the NAMA Facility provided an overview of the NAMA Facility and the support provided by it for the implementation of NAMAs. The presenter mentioned that the NAMA Facility was officially announced by Germany and the United Kingdom of Great Britain and Northern Ireland at COP 18. Germany and the United Kingdom jointly provided EUR 120 million of funding. The first pilot programme supported by the NAMA Facility was the Mexican housing NAMA, the EcoCasa programme.[26] The means of support, governance, project cycle and selection criteria of the NAMA Facility, as well as lessons learned from the first call for NAMA projects, were explained.

49. The NAMA Facility was instituted to serve the following purposes:

(a) To demonstrate a framework for providing tailor-made climate finance to developing countries in the field of mitigation;

(b) To build on existing support by funding the implementation of transformational NAMAs, thus delivering concrete results on the ground;

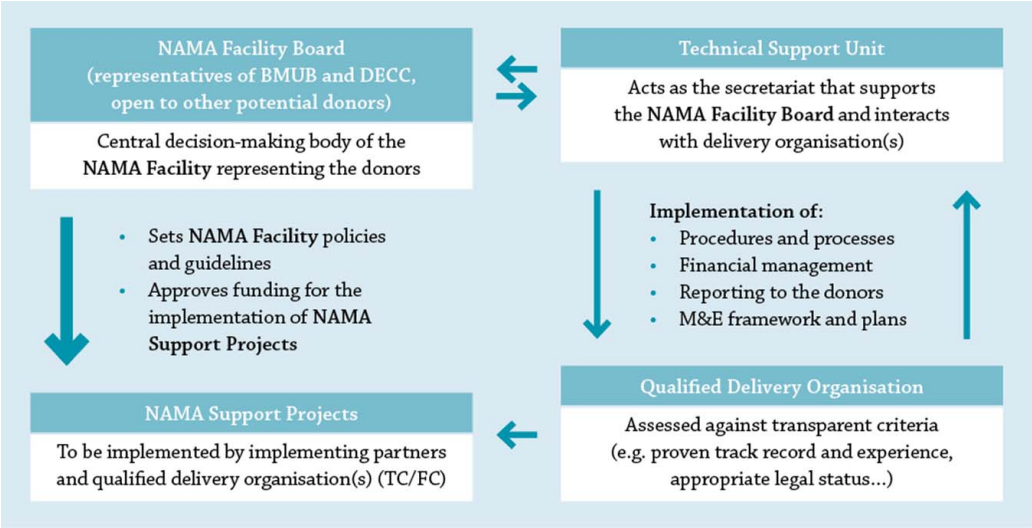
(c) To facilitate enhancing ambition to close the global emission gap in the pre-2020 period and to address the lack of climate finance for NAMAs;

(d) To provide support for the implementation of parts of a NAMA by using the full range of development cooperation instruments and building on existing channels of delivery.

[26] See < http://www.nama-facility.org/projects/mexico.html >.

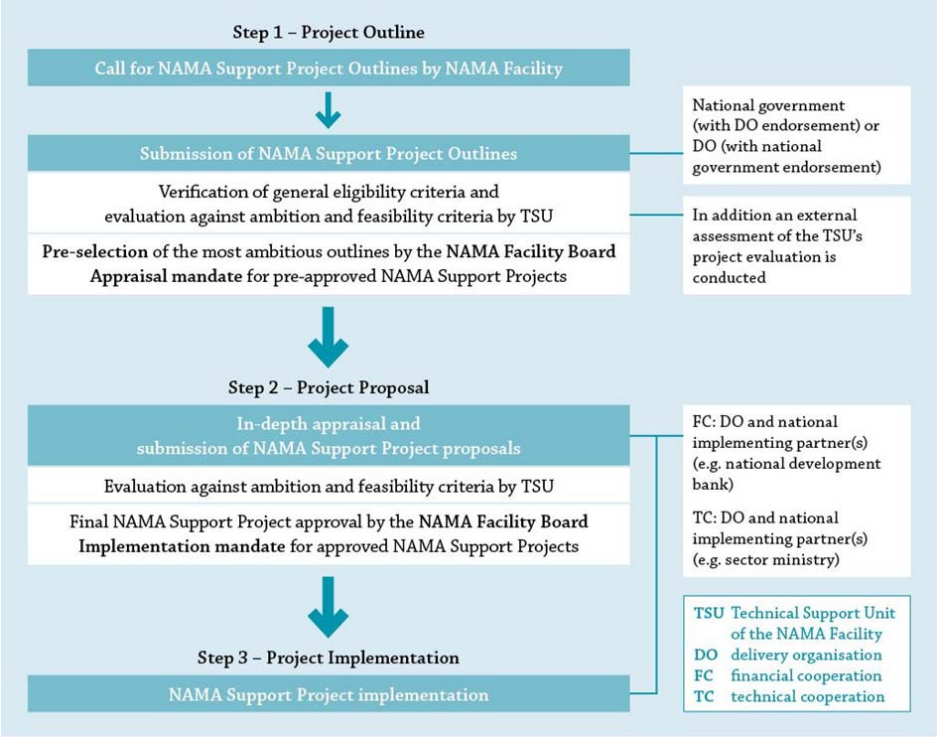
50. Figure 4 illustrates the governing structure of the NAMA Facility, while figure 5 presents its project cycle.

Figure 4
Governing structure of the NAMA Facility



Source: presentation made by a representative of the NAMA Facility

Figure 5
Project cycle of the NAMA Facility



Source: presentation made by a representative of the NAMA Facility

51. The NAMA Facility uses the following three sets of criteria to select NAMA projects for support:[27]

(a) General eligibility criteria, which form the first stage of the selection process. Eligibility criteria serve to ensure that the NAMA project that is outlined fulfils the essential requirements for successful implementation in terms of its financial and technical support instruments. The Facility has defined nine general eligibility criteria, namely using the right forms for project submission, the eligibility of the submitting entity, endorsement by the national government, cooperation with a qualified delivery organization, readiness for implementation, time frame for implementation, eligibility for ODA, financing volume, and concept for phasing out support;

(b) Ambition criteria, with the main focus on potential for transformational change, mitigation ambition, financial ambition and sustainable development co-benefits. The NAMA project must contribute to the transformation of national or sectoral development towards a less carbon-intensive development path. It should provide additional sustainable development co-benefits beyond the reduction of GHG emissions. The NAMA project must have the potential to mobilize a substantial financial contribution from other (public or private) sources. In addition, it should be responsible for substantial direct and indirect GHG emission reductions;

(c) Feasibility/readiness criteria, which are used to determine whether the proposed NAMA project is feasible and likely to be implemented successfully.

52. The following NAMAs were preselected for funding from the NAMA Facility during the first call for projects:[28]

(a) Chile's NAMA on self-supply renewable energy in Chile;

(b) Colombia's NAMA on transport-oriented development;

(c) Costa Rica's low-carbon coffee NAMA;

(d) Indonesia's NAMA on sustainable urban transport.

53. According to the NAMA Facility's experience during the first call for projects:

(a) Availability of support has encouraged the development of a significant project pipeline across different sectors and regions;

(b) Complex sectors like transport and agriculture, which were not well addressed by the CDM and joint implementation, are now effectively addressed through the concept of NAMAs;

(c) Project outlines generally rated higher on ambition than on feasibility;

(d) More emphasis on the elaboration of a solid project structure as well as on setting up financial mechanisms to leverage additional public and private finance is needed;

(e) In preparation for the second call for projects, the processes and documents were revised on the basis of lessons learned: more detailed information in the general information document; the restructuring of the outline template, with more sub-questions; and the provision of additional information on the website;

(f) It is one of the objectives of the NAMA Facility to analyse the project pipeline and to provide lessons learned, allowing the development and improvement of a pipeline of ambitious, transformational NAMA projects for support.

[27] See <http://nama-facility.org/fileadmin/user_upload/pdf/NAMA_Facility_General_Information_Document_April2014.pdf>.

[28] See < http://www.nama-facility.org/projects/portfolio.html>.

54. The second call for NAMA projects for support ended on 15 July 2014. The EUR 70 million from the initial replenishment has been fully committed. The German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety and the United Kingdom Department of Energy and Climate Change committed additional funds of EUR 50 million in 2014.

55. The presentation made by a representative of the Climate Technology Centre and Network (CTCN) gave an overview of the CTCN (mandates, structure, core services and members) and its provision of technical support for mitigation actions. The key messages were as follows:

(a) The CTCN was born out of an effort to address the known gaps in climate technology transfer for adaptation and mitigation purposes. Its core services include providing technical assistance to developing countries to enhance the transfer of climate technologies, providing and sharing information and knowledge on climate technologies and fostering collaboration and networking among stakeholders on climate technologies;

(b) One of the main goals of the CTCN is to coordinate existing expertise and foster linkages between stakeholders at the national, regional and international levels. The CTCN aims to accomplish this through a unique organizational structure. Figure 6 illustrates the 11 regional organizations that form the consortium of the CTCN;

Figure 6
Consortium of the Climate Technology Centre and Network

(c) Members of the CTCN are climate technology experts from academia, multinational organizations, NGOs and the private sector, who contribute by sharing their expertise and networking with national designated entities. In return, members can expand their partnership opportunities and increase their global visibility to decision makers. Members are also eligible to participate in bidding to provide technological solutions in response to countries' requests;

(d) Examples of technical assistance that the CTCN has provided include:

(i) The development of a study to understand gaps in knowledge on sustainable waste management and opportunities to fill such gaps for mitigating GHG emissions;

(ii) Recommendations concerning specific climate-proof technologies for coastal protection using natural ecosystems;

(iii) Market assessment to introduce the use and deployment of solar energy technology in industry;

(iv) Drafting a national strategy for climate disaster resilience on small islands;

(v) The development of a training programme on sustainable agroforestry practices for local communities;

(vi) Support in rolling out an approach to collecting and aggregating data on and monitoring the success of low-carbon technologies for cattle farming in semi-arid regions;

(vii) The development of a business plan for a new public agency that facilitates private-sector investments in renewable energies;

(e) In order to create greater access to climate technology knowledge, the CTCN is building a website that will provide information on adaptation and mitigation technology searchable by region, country or sector (such as energy or agriculture).

(f) The CTCN can support NAMA development in partner countries through the presentation of international best practice examples and studies conducted by local/regional consultants of emission reduction potential, training sessions, workshops including international experts, the provision of guidance through local and international experts and monitoring.

56. During the subsequent question and answer session, the participants discussed primarily key barriers to climate investment and the engagement of the private sector and ways to overcome them. It was agreed that governments can create a favourable investment environment for the private sector to invest through overall policies and financial instruments to mitigate the risks faced by the private sector.

H. Sustainable development co-benefits of mitigation actions

57. This session of the workshop consisted of discussion on how the assessment of sustainable development co-benefits should be conducted by DNAs in the context of the CDM or by NAMA developers in the context of NAMAs. Different approaches to identifying and monitoring the sustainable development co-benefits of CDM projects and NAMAs were shared. The session comprised one presentation made by a representative of the secretariat on a tool developed for assessing the sustainable development co-benefits of CDM projects, one presentation made by a representative of a support agency (UNEP DTU Partnership) on mitigation in the context of national sustainable development plans and strategies, and one presentation made by a representative of the DNA of Ecuador with regard to its practice and experience in assessing the sustainable development co-benefits of CDM projects.

58. The representative of the UNEP DTU Partnership provided a theoretical concept regarding sustainable development and its linkage with low-emission development strategies (LEDS) and NAMAs. The major steps to be followed in order to move towards sustainable development through LEDS and NAMAs are:

(a) Assessing existing medium- and long-term development strategies, national and sectoral planning, energy plans, agricultural development plans and poverty reduction plans;

(b) Identifying mitigation opportunities, ‘business as usual’ GHG emission scenarios and sources, listing nationally appropriate low-emission development opportunities, obtaining inputs from existing mitigation studies, technology needs

assessments, evaluating the opportunities for their impacts on GHG emissions and developing goals;

(c) Elaborating LEDS, prioritizing mitigation opportunities on the basis of feasibility, interlinkages, etc. and elaborating strategies and actions for implementing prioritized mitigation opportunities.

59. The representative of the secretariat spoke about reporting on sustainable development co-benefits using the new online sustainable development tool. She explained how the tool provides opportunities to enhance the profile of CDM projects by reporting on their sustainable development co-benefits and to get a better CER price. She described the process of using the tool. The main messages arising from the presentation were as follows:

(a) The tool, which is based on a checklist approach, produces a report describing the sustainable development co-benefits of a selected project. The indicators have been informed by relevant standards and identified on the basis of what is reported in the PDDs of over 2,500 registered CDM project activities. The tool seeks a balance between standardization and flexibility in its taxonomy and it incorporates inputs from stakeholders provided on drafts of the tool during 2012;

(b) The potential benefits of the tool are as follows:

(i) It provides a structured, consistent, comparable and robust manner of highlighting the sustainable development co-benefits of CDM project activities and PoAs;

(ii) It comprises a checklist of predefined criteria and indicators that help to describe the impact of CDM project activities and PoAs on the environment, society and economy of the host country;

(iii) It enables PPs and CMEs to elaborate on the sustainable development co-benefits of their projects in a consistent way, enhancing the transparency and credibility of the CDM as whole, while maintaining host countries' prerogative to define their criteria for sustainable development;

(iv) PPs and CMEs can use their published sustainable development co-benefit description reports to highlight and promote the sustainable development co-benefits of their CDM project activities and PoAs;

(v) The description reports will help buyers of CERs to easily identify projects with large sustainable development co-benefits;

(c) A communication was sent to all DNAs regarding the provision of assistance to host Parties for monitoring sustainable development co-benefits. To date, only one DNA (that of Cambodia) has expressed interest in receiving technical assistance to develop guidelines for monitoring sustainable development co-benefits. Currently, the secretariat is assisting the DNA of Colombia in the development of guiding tools for monitoring sustainable development co-benefits. Any DNAs that wish to benefit from the assistance available for monitoring the sustainable development co-benefits of CDM project activities in their countries should contact the secretariat via e-mail at <Moderator-DNA@unfccc.int>.

60. The representative of the DNA of Ecuador shared with the participants the practices of the DNA for assessing and monitoring sustainable development co-benefits, including the indicators used. He presented the status of CDM projects in Ecuador (25 registered projects, 7 in the registration process and 16 at validation stage) and their estimated emission reduction potential. He highlighted the institutional set-up and its procedures for assessing and monitoring sustainable development criteria.

61. During the subsequent question and answer session, one of the workshop participants inquired how NGOs and other diverse stakeholders are being engaged by Ecuador. The representative mentioned that the DNA of Ecuador has created networks of various stakeholders to listen to and address their concerns and views regarding CDM projects.

I. Breakout session on sustainable development

Breakout session on guiding tools for designated national authorities for monitoring sustainable development co-benefits

62. At this breakout session the guiding tools for DNAs for monitoring the sustainable development co-benefits of CDM projects were discussed. The experiences and views of DNA representatives were exchanged in order to reach conclusions on best practices for identifying and monitoring the sustainable development co-benefits of a project throughout its lifetime.

63. The facilitator introduced the material for the session, including a compilation of the most up-to-date requirements for the reporting of sustainable development co-benefits as per the project cycle procedure, project standard and validation and verification standard. Then the participants were requested to discuss in groups how sustainable development co-benefits are being assessed in their countries, focusing on the following guiding questions:

(a) What are the criteria of the DNA for assessing the sustainable development co-benefits of CDM projects/PoAs? In response to this question, most DNAs reported that they have a set of general indicators, ratings and compliance check. The Caribbean DNAs (from small island developing States) reported not having indicators or a process to evaluate the sustainable development co-benefits of CDM projects;

(b) Who (i.e. which agency) is responsible for checking sustainable development co-benefits and at which stage of the approval process is the assessment carried out? How is the process for assessing the CDM project's contribution to sustainable development in the host country carried out? With regard to this question, most DNAs reported that the evaluation is done on an ad hoc basis and in most cases by the institution that takes care of approving the EIA. Therefore, in conclusion, very few DNAs have a separate process to evaluate the sustainable development co-benefits of CDM projects and most consider only what has been reported in the EIA. The DNAs reported requiring resources and capacity-building for them to be able to assess the sustainable development co-benefits of CDM projects, in particular to differentiate the impact of a CDM project from the sustainable development co-benefits reported in the EIA;

(c) How does the DNA monitor the sustainable development co-benefits of a project throughout its lifetime? If the DNA does not monitor this, how could it be done? Some DNAs reported that perhaps DNAs are not the ideal agency for performing such monitoring. The representative of the DNA of Brazil reported that it is carrying out a study to evaluate the impact of all CDM projects across Brazil and on that basis it will design more specific requirements for checking and monitoring the sustainable development co-benefits of CDM projects;

(d) How could the secretariat support DNAs in assessing and monitoring the sustainable development co-benefits of CDM projects? The DNAs showed interest in obtaining support from the secretariat for assessing and monitoring sustainable development co-benefits. However, most of them mentioned that other institutions within their countries have indicators for issuing permits and therefore it is not easy to modify or interfere in the processes of other agencies. The idea would be to integrate those existing

indicators and adapt them to the CDM with the support of the secretariat, as well as to identify practical means for monitoring sustainable development co-benefits.

Breakout session on the sustainable development co-benefits of nationally appropriate mitigation actions

64. At this breakout session various approaches to identifying, quantifying, monitoring and reporting the sustainable development co-benefits of NAMAs were discussed. It consisted of a presentation given by a representative of the UNEP DTU Partnership, followed by a hands-on exercise for identifying the sustainable development co-benefits of NAMAs using the online CDM sustainable development tool.

65. The representative of the UNEP DTU Partnership presented an overview of best practices and different tools and approaches available for monitoring and reporting the sustainable development co-benefits of mitigation actions. The approaches that could be used to measure sustainable development co-benefits in the context of NAMAs are the CDM sustainable development tool applied to NAMAs, a co-benefits approach to NAMAs, the Development Impact Assessment Visual, and methods to monetize the sustainable development co-benefits by means of the Gold Standard and South Pole. The presenter explained the issues and challenges involved in monitoring and reporting the sustainable development co-benefits of NAMAs, including:

(a) The trade-off between development and emission reductions;

(b) The engagement of private and civil-society stakeholders in the MRV of sustainable development co-benefits;

(c) The MRV of GHG emission reductions and co-benefits for transformational change towards low-carbon and sustainable development.

66. For the purpose of the hands-on exercise, the workshop participants were divided into three groups and requested to select one example of a NAMA from their country. The groups then worked to identify sustainable development co-benefits using the CDM sustainable development tool. In addition to assessing against criteria available in that tool, the participants were also asked to assess two more dimensions, namely institutional and transformational change. The groups identified countries' need for two types of MRV of sustainable development co-benefits, namely ex ante, during the NAMA preparation and design stage, and ex post, during NAMA implementation (impact assessment).

J. Standardized baselines

67. In this session of the workshop the steps for submitting SBLs and the evaluation and approval process were described. In addition, discussion took place on how the CDM experience of SBLs could be used in the development of NAMAs. The session comprised two presentations made by representatives of the secretariat.

68. The first presenter spoke about the SBL submission process and status of SBLs. In addition, she discussed the usefulness of SBLs. The highlighted facts were as follows:

(a) The SBL approach allows the establishment of baselines for countries or groups of countries in a specific sector. It is useful for determining additionally and carbon emission factors;

(b) The usefulness of SBLs can be justified as follows:

(i) They reduce transaction costs;

(ii) They facilitate access to the CDM for underrepresented regions;

(iii) They cover a range of activities within a sector;

(iv) They allow the establishment of baselines for sectoral reports on non-CDM activities;

(v) They provide a systematic and conservative approach to GHG emission accounting;

(c) Parties, PPs, international industry organizations and admitted observer organizations may propose SBLs through the relevant DNA. The DNA can submit the SBL proposal to the secretariat. SBLs for groups of Parties can also be submitted, which need to be approved by the DNAs of all of the Parties concerned. Any one of those DNAs can submit the SBL proposal to the secretariat;

(d) Parties with 10 or fewer registered CDM project activities as at 31 December 2010 may request funding from the secretariat for the preparation of an assessment report; or, for the first three SBL submissions, the report is prepared by the secretariat. Exceptions are not applicable to SBL submissions from groups of Parties. Sector-specific data templates are used to report the data used, which are to be requested from the secretariat. SBL submissions are free of charge.

69. The second presentation dealt with the topic of utilizing experience gained from the CDM to develop MRV for NAMAs. The presenter discussed the planning, design and implementation phase of the NAMA cycle and the linkage to MRV. He explained MRV requirements by type of NAMA and key considerations that need to be taken into account when designing MRV for NAMAs. He discussed how SBLs, sampling standards, the suppressed demand concept and the voluntary sustainable development tool developed for CDM projects could be used for the MRV of NAMAs. The major discussion points were as follows:

(a) MRV can be broadly categorized as follows:

(i) MRV of emissions (estimation of emissions at the national, regional and sectoral levels);

(ii) MRV of NAMAs (estimation of the impacts of mitigation policies and actions);

(iii) MRV of support (MRV of financial flows, technology transfer, capacity-building and their impacts);

(b) Key considerations when designing MRV for NAMAs include the following:

(i) NAMA proposals can be defined with a broad (national or sectoral) or narrow (specific activities) scope;

(ii) The scope of the NAMA depends on the capacity and ambition of a country in the targeted area of activities, with regard to processes, space, product, technology, inclusion of all GHG emissions, etc.;

(iii) The boundary of the NAMA could encompass an entire country or a certain sector linked to the national plan and strategy and its mitigation potential;

(iv) A narrowly defined NAMA can be aimed more towards activity-based actions, such as the implementation of a set of technological interventions (e.g. a NAMA for energy-efficient housing that includes solar hot water systems, (Compact florescent lamps, efficient appliances, etc.). It should be part of a broader strategy (e.g. an urban NAMA), which provides a framework for the NAMA and ensures that actions are in line with national development strategies;

(c) The following approaches may be used for determining the baseline, namely ‘business as usual’ emissions until 2020:

(i) The status quo: simply drawing a flat line from existing historical emissions;

(ii) Extrapolating current emission trends: the level of extrapolation/suppressed demand by considering the impacts of existing policies and the effect of planned or identified policy measures. A key issue when constructing baseline scenarios is whether or not to include the effects of pre-existing or planned emission abatement policy in the baseline, their economic lifetime, macroeconomic and socio-demographic indicators and policy implications;

(iii) Control group method: the benchmark of use patterns and energy performance of technologies, which is very country specific;

(iv) Dynamic baselines;

(v) Futuristic emissions: the assumed continuation of historical emissions (project); the continued rate of growth in emissions or emission intensity (sector); modelling based on policies included in the baseline;

(vi) Rebound effects: rebounds occur when energy efficiency improvements in technologies result in greater usage rates, effectively offsetting emission reductions. This is likely to accompany the shift to more consumer-oriented lifestyles;

(d) With regard to the usefulness of SBLs and methodological tools in the context of the development of MRV for NAMAs:

(i) They provide scalability and help in the setting of targets (one or multiple measures);

(ii) They address specific needs of countries and help to establish baseline scenarios;

(iii) They can be used to estimate sectoral emissions and establish adequate boundaries, reference levels or pathways against performance;

(iv) They partially addresses the issue of double counting;

(v) There is a defined set of indicators to monitor the baseline (spatial, time boundary, growth rate and trends, as well as associated emissions);

(vi) They are useful for assessing the interaction between different measures and policies (entanglement of policies) and technological and behavioural changes;

(e) With regard to the usefulness of the suppressed demand concept of the CDM in relation to NAMAs:

(i) It is applicable where the minimum service level is not met (basic lighting demand, purified water and water treatment);

(ii) It provides methodological approaches for two issues: the identification of the baseline measure in a suppressed demand situation; and the identification of the baseline service level that should be used to calculate the baseline emissions in a suppressed demand situation;

(f) The following aspects of the CDM could be used in the development of NAMAs:

(i) Governance structure;

(ii) Accounting structure (centralized system, registry and international transaction log, DOEs, etc.);

(iii) Methodological standards and tools;

(iv) Ensuring environmental integrity;

(v) Provision of MRV (programme-level assessment (PoAs)/bottom-up and top-down approaches);

(vi) Consistency in MRV requirements across most of the programmes, except for verification levels;

(vii) Transparency and independence;

(viii) The participatory approach (local and global stakeholders);

(ix) Data quality assurance/quality control procedures;

(x) Empowerment of DNAs;

(g) CDM MRV can be leveraged as follows to suit NAMAs:

(i) Flexibility in monitoring methods, depending on size and other social, technological and economic parameters;

(ii) Strengthening the assessment of non-GHG estimation and MRV;

(iii) Reducing the complexity of the MRV procedure;

(iv) Further work on sector-wide approaches;

(v) Developing more ex-ante (upstream) standardized approaches and reduced ex-post MRV;

(vi) Reducing transaction costs (further top-down work in the assessment of uncertainty and materiality, and reducing monitoring procedures).

K. Assistance in relation to standardized baselines

70. This breakout session followed up with DNAs that have already submitted SBLs and provided guidance to DNAs that wish to submit an SBL or are interested in familiarizing themselves with the concept and the process to submit SBLs.

71. The development of SBLs helps not only the development of offset projects but also the use of establishment of inventories and setting baselines for NAMAs. The DNAs that have submitted SBLs shared their experiences. The DNAs expressed the need for guidance on the development of relevant SBLs in their countries, as there is still a lack of capacity within DNAs to develop SBLs.

L. Programmes of activities: measurement, reporting and verification

72. This plenary session covered regulatory topics with regard to the CDM and the MRV of NAMAs. The session included two presentations given by representatives of the secretariat on the latest update of the rules for PoAs and on how those rules and experience with PoAs can be used in the design of NAMAs. The new rules for PoAs were clarified, especially on how to combine more than one methodology. The rules for the submission of specific component project activity design documents for each technology/measure, PoA boundary and multi-country PoA were also explained.

73. In addition, representatives of two countries (Mexico and Chile) presented on their national MRV systems for mitigation actions, including NAMAs. Lastly, a representative of the World Bank made a presentation on the ex-ante and ex-post evaluation framework for NAMAs.

74. It was highlighted by representatives of Brazil and Costa Rica that there is a strong link between the CDM and new mitigation mechanisms, such as NAMAs. It was mentioned that, although the CDM has a large role to play and new mitigation mechanisms offer great opportunities, there are some challenges in using the CDM, namely avoiding double

counting, establishing common accounting rules and standards, and achieving mitigation across broad segments of the economy.

M. Programmes of activities and the NAMA Marketplace

Breakout session on the development and promotion of programmes of activities

75. The participants shared their views on the role of DNAs in promoting PoAs and approving LoAs for PoAs, and on best practices and possible improvements to those activities carried out by DNAs.

76. The representative of the DNA of Peru explained the LoA process and innovative ideas for PoAs in Peru. The National Environmental Fund (FONAM) is a public–private organization that promotes the carbon market in Peru. FONAM elaborates the national low-carbon emission portfolio, including PoAs under the CDM and voluntary market. In Peru, some NAMAs are taking advantage of the lessons learned during the development of the PoA process.

77. "Energy efficiency in artisanal brick kilns in Latin America to mitigate climate change" is a potential initiative to scale up PoAs to NAMAs and would take advantage of SBLs. The programme was recognized by a Momentum for Change award.

78. A representative of the DNA of Nicaragua presented the country's policies related to climate change and its LoA process. The representative mentioned that there are four registered PoAs in Nicaragua and highlighted the actions that are being taken to facilitate the development and promotion of PoAs, including an enabling legal framework and support for the identification of sources of funding.

79. Some DNAs raised the issue of the lack of capacity in their countries and requested a simplified and faster registration process for PoAs.

Breakout session on the NAMA Marketplace

80. During this breakout session international organizations spoke about their NAMA support programmes. Further, as part of the NAMA Marketplace, representatives of three countries seeking support for the implementation of their NAMAs presented their proposals to international organizations for feedback and to initiate funding discussions.

81. As detailed in paragraphs 82-93 below, international organizations and donors present at the workshop spoke about their support programmes for NAMAs and LEDS.[29]

UNEP DTU Partnership

82. The UNEP DTU Partnership provides support in a number of areas. Its current programmes include:

(a) The Low Carbon Development Programme (policy analysis and capacity development);[30]

(b) The Cleaner Energy Development Programme;[31]

(c) The Climate Resilient Development Programme;[32]

[29] Refer to the presentations made by IDB, the CTCN and the NAMA Facility for detailed information on their NAMA support programmes, available at <http://unfccc.int/focus/mitigation/items/8496.php>.

[30] See <http://www.unepdtu.org/What-We-Do/Thematic-Programmes/Low-Carbon-Development>.

[31] See <http://www.unepdtu.org/What-We-Do/Thematic-Programmes/Cleaner-Energy-Development>.

[32] See <http://www.unepdtu.org/What-We-Do/Thematic-Programmes/Climate-Resilient-Development>.

(d) The Sustainable Energy for All Energy Efficiency Hub;[33]

(e) The CTCN operating partner.

83. The generation and sharing of knowledge is another key area of its work. It has been making available a large volume of publications to support the mitigation efforts undertaken by countries, including technology guidebooks, methodological guidelines and publications related to NAMAs, among others.[34]

84. In addition, the UNEP DTU Partnership organizes The NAMAcademy.[35] The NAMAcademy supports developing country professionals, in the form of courses and coaching for public-sector officials, in the conceptualization of NAMAs under the UNFCCC. It consists of an e-learning module, followed by a one-week classroom course.

European Union

85. The European Union's Latin American Investment Facility[36] was set up to promote additional investments and key infrastructure in Latin America, focusing on transport, energy and the environment. It also aims to support social and private-sector development in Latin American countries. It operates via financial non-refundable contributions to support loans provided by the European Investment Bank and other European, multilateral and national, development financial institutions to partner countries.[37]

World Bank Institute

86. A representative of the World Bank Institute spoke about the World Bank's efforts in addressing climate change.

87. The World Bank funds country-driven climate initiatives developed in consultation with recipient governments.

88. Its mitigation portfolio is not limited to NAMAs. It has established the Partnership for Market Readiness programme,[38] in which six countries in Latin America and the Caribbean are participating. It provides support for market instruments, such as emissions trading schemes and carbon taxes.

89. It has launched the Pilot Auction Facility for Methane and Climate Mitigation, which aims to demonstrate a new, cost-effective climate finance mechanism that incentivizes private-sector investment in and action on climate change in developing countries by providing a guaranteed floor price on carbon reduction credits. The guaranteed floor price would be delivered through the auctioning of put options supported by donor funding.[39]

90. In addition, it has developed an online e-learning platform,[40] which benefitted some 3,000 participants in 2013, for managing knowledge on various climate change issues. New courses on climate finance readiness and MRV at the national and international levels will be launched very soon.

[33] See <http://www.unepdtu.org/What-We-Do/Thematic-Programmes/SE4All-Energy-Efficiency-Hub>.
[34] See <www.unepdtu.org/publications>.
[35] See <www.namacademy.org>.
[36] See <http://eulacfoundation.org/en/mapeo/laif-latin-american-investment-facility>.
[37] See <http://europa.eu/rapid/press-release_MEMO-14-213_en.htm>.
[38] See <www.thepmr.org>.
[39] See <http://www.worldbank.org/en/topic/climatechange/brief/pilot-auction-facility-methane-climate-mitigation>.
[40] See <einstitute.worldbank.org/ei>.

91. The World Bank's BioCarbon Fund initiative[41] has existed for a while but has now been replenished to support the implementation of activities in the agroforestry sector.

United Nations Development Programme

92. UNDP is supporting two regional programme/projects to develop public policies that can be turned into NAMAs, namely in the agriculture sector in Cuba and in the transport sector in Uruguay.

93. With support from the European Union and Germany, UNDP is implementing its Low Emission Capacity Building Programme[42] in eight countries in the LAC region. The programme is supporting the establishment of national GHG inventory systems and the design and structure of institutions for NAMAs, as well as providing technical support for the design and preparation of NAMAs.

94. As mentioned in paragraph 80 above, representatives of three countries, namely Uruguay, Costa Rica and Chile, seeking support for the implementation of their NAMAs presented their proposals to international organizations for feedback and to initiate funding discussions at the workshop.

Uruguay: promoting solar thermal renewable energy in the residential sector

95. Through this NAMA, 3,000 solar collectors will be installed annually in new social housing in Uruguay (representing 20 per cent of all new housing), achieving immediate reductions in GHG emissions. Half of the cost of an installation will be subsidized by the programme and half will be repaid by the household through an innovative mechanism utilizing the monthly electricity bill. The NAMA combines the financial mechanism with a recently enacted mandate that requires new social housing to be built with the piping necessary to install solar collectors, making solar installation significantly more cost-effective.

96. This NAMA is expected to have various sustainable development co-benefits. It will benefit low-income families by improving their quality of life. The private sector involved in manufacturing, installation and maintenance will also benefit through increased market demand. In addition, the NAMA will contribute towards building national capacity for developing and implementing renewable energy projects. At the same time, the country's dependency on fossil fuels will be reduced.

Costa Rica: nationally appropriate mitigation actions in the Costa Rican coffee sector

97. A representative of Costa Rica presented information on the status of implementation of the country's NAMA for the coffee sector. Some of the highlights of the presentation are outlined below:

(a) In order to meet its carbon neutrality target, Costa Rica has been putting in place a national framework to facilitate action and, in 2013, started issuing carbon neutrality certificates to a broad range of organizations, including breweries and banks. The process of enticing organizations to 'go neutral' was planned and executed carefully and businesses of all sizes are now participating, demonstrating that it is not about size and not only about traditionally 'green' sectors;

(b) Agriculture is the second largest source of emissions in Costa Rica. NAMAs relating to coffee and livestock have been developed and registered in the NAMA registry. In addition, more than 20 other NAMAs are in the process of being developed, including in urban planning and development;

[41] See <www.wbcarbonfinance.org>

[42] See <http://www.lowemissiondevelopment.org>.

(c) Credits generated by NAMAs are going to be issued only within the country, owing to the country's carbon neutrality goal;

(d) The NAMA for the coffee sector is one of the Costa Rica's first agricultural NAMAs and is also an example of successful international cooperation. It was one of the four projects selected to be funded by the NAMA Facility in 2013. Costa Rica prepared the NAMA for the coffee sector because agriculture is one of its largest sources of emissions and because the NAMA has the potential to be replicated in other Latin American and Caribbean States, where coffee is a commodity. The NAMA is also important because it entails a mitigation project with adaptation co-benefits: it also considers the impacts of climate change on the agriculture sector. Its co-benefits include cost savings, access to new markets and reduction of environmental impacts.

Chile: nationally appropriate mitigation actions for refuse management in the industrial and commercial sector

98. A representative of Chile presented information on the country's proposed NAMA that aims to avoid methane emissions from landfill sites and produce electricity from the collected methane. The 90 per cent of the methane captured from the biomass component of the refuse will be used for electricity generation and supplied to the national grid. The remaining biomass residues will be used for composting, thus resulting in a lower consumption of chemical fertilizers. The representative of Chile mentioned that difficulties in mobilizing finance from the financing sector as well as the private sector are posing a real challenge to the implementation of this type of NAMA. The support received within the NAMA framework may be instrumental to attracting and incentivizing financing and the private sector to invest in this kind of NAMA.

99. The workshop participants discussed regional NAMA coordination and South–South cooperation on mitigation actions on a large scale. They emphasized that appropriate technology, a strong regional coordinating agency, collaborative policies in the participating countries and country-level agreement are prerequisites for such regional-level initiatives.

N. The way forward

100. In the final session of the workshop the current climate change negotiations and new domestic developments were discussed in order to show how the CDM can continue to be relevant in the future. Also discussed was the role and potential of the CDM as a net mitigation and MRV tool to scale up and constitute the basis for the emerging emissions trading schemes in many developing countries.

101. During the session the DNA representatives had an opportunity to interact with the Chair of the CDM Executive Board and the Director of the Sustainable Development Mechanisms programme of the secretariat on the status of the CDM in the LAC region. The workshop participants discussed the particular concerns that DNAs have in relation to carrying out their roles and responsibilities.

102. A representative of the secretariat presented on the activities undertaken to promote an increase in demand for and improve the supply of CERs through voluntary cancellation. Before an agreement can be reached at the United Nations Climate Change Conference in Paris, France, in December 2015, the CDM Executive Board and the secretariat are working in the interim period to enhance the CDM and seek and develop new sources of demand for the mechanism and its CERs.

103. It was mentioned that addressing climate change will take a great deal of resources, from both the public and private sectors. There is a need to find ways to incentivize the

private sector to enhance its engagement in mitigation action and harness its energy and innovation.

104. The workshop participants expressed their concerns about the lower price of CERs, which is posing a challenge to the continuation of existing CDM projects and the design of new ones. In addition, they questioned how the CDM would remain relevant in the future.

105. The Chair of the CDM Executive Board stated that the current low price of CERs is a reflection of market conditions, ultimately tied to countries' level of ambition to reduce GHG emissions. When countries take on the required level of ambition to limit global warming to the 2 °C target, the CDM and mechanisms like it will be indispensable.

106. Until Parties craft a new agreement at the Paris Conference in 2015 (to take effect in 2020), there are important areas where the CDM can play a significant role, namely in closing the mitigation gap, ensuring the results of investment in climate change mitigation (results-based financing), and providing governments, companies, institutions, events and individuals with a tool for cancelling emissions in order to pursue carbon neutrality. The key need, during this interim period of low demand CERs, is to look for how to employ the CDM in new and innovative ways.