

FROM CDM TO NATIONAL APPROPRIATE MITIGATION ACTIONS:

*“EMBEDDING SUSTAINABLE DEVELOPMENT
AND FINANCE INTO CLIMATE ACTION”*

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17 October, 2013
European Parliament

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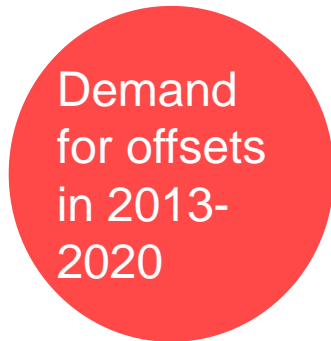


OUTLINE

- Decline of the CDM
- Challenges in a world without CDM
- Possible Response to declining CDM: Introducing NAMAs
- Example: landfill gas flaring projects, Colombia NAMA
- Towards a shared vision on NAMAs and NAMA financing

DECLINE OR END OF THE CDM?

Expected Demand *



≈3 Gt

Mainly from EU (1.5 Gt)
Bits from Australia, NZ, California

* Unless expected demand from Annex I countries goes up significantly through e.g. more ambitious targets. No indication this will happen soon

Expected Supply



≈7 Gt

Source: UNEP Risoe

SUPPLY SIDE RESPONSE

- Current price around 0.5 EUR/CER (expected to stay like this)
- Supply will balance with reduced demand. This means:
 - *Few/no new CDM projects will be developed*
 - *Many existing contracts could be broken (e.g. no renewals, unilateral price reductions, contract cancellations)*
 - *Which projects will stop without CDM (e.g. ones with negative OPEX such as HFC23, methane flaring)?*

BAD AND GOOD NEWS

Bad News:

- 1) Breaking CDM project contracts will undermine confidence in carbon markets as a source of climate finance.
- 1) If not quickly replaced by other finance, loss of CDM revenues will make selling new concepts like supported NAMAs or New market Mechanisms (NMMs) very difficult

Good News:

- 1) if projects are economically viable and can continue without CDM revenues then they can contribute to 2020 emission pledges by countries and insure low hanging fruit stays at home in developing country.
- 2) Once built, many RE projects will continue to supply energy as operating costs are low

POSSIBLE RESPONSES?

A Developing country government should:

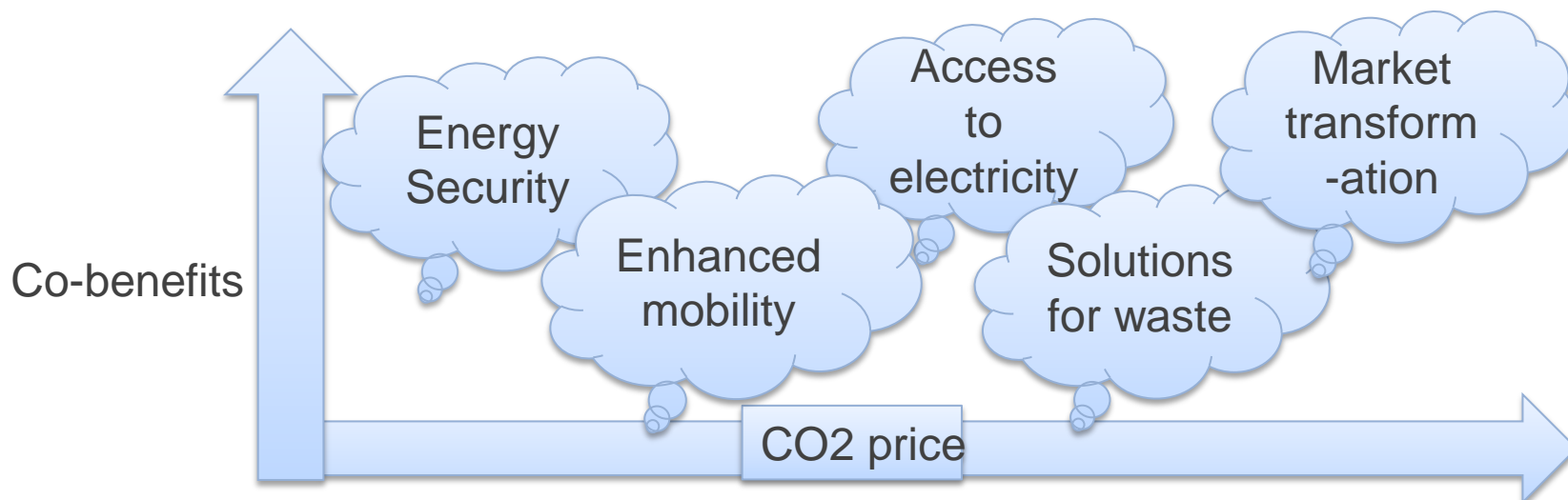
- assess situation with project developers/owners to determine extent of problem
- Define clear and measurable national plans and policies for selected sectors
- Look for co-benefits beyond CO2 reduction
- Integrate (CDM) projects and supporting actions into a larger national/regional policy framework
 - Introduce new financing mechanisms, with/without support
 - Develop needed regulatory modifications
 - Implement incentive schemes
 - Engage both CDM developers and CDM non-participants in sector to assess new sector-wide strategies

POSSIBLE CO-BENEFITS

CDM world = one dimensional, guided by CO2 price mainly



Multi-dimensional NAMA approach includes other financial/economic/social/health benefits



NATIONALLY APPROPRIATE MITIGATION ACTIONS (NAMAS)

The NAMA concept was created in Bali where the Conference of Parties called developing countries to put forward:

“nationally appropriate mitigations actions in the context of sustainable development, supported and enabled by technology, financing and capacity building, in a measurable, reportable and verifiable manner”.

At this moment Nearly 100 NAMAs in over 30 countries all over the world have been developed and around 50 countries have submitted their NAMAs to the UNFCCC.

THE SOLID WASTE NAMA COLOMBIA (1)

- Gas flaring offers no economic benefit to the developer/landfill operator beyond CERs
- Colombia Waste NAMA process has shown that gas flaring is often not the optimal environmental solution for a landfill – construction of an MBT facility coupled with an RDF user such as a neighboring cement kiln can provide far better landfill environmental outcomes
- Existence of CDM gas flaring contracts at largest landfills often bars such solutions, as reducing waste flow to a landfill violates the minimum delivery requirements of the CDM flaring contract



THE SOLID WASTE NAMA COLOMBIA (2)

- The whole waste sector represents 5.7% of the national GHG emissions = 9 Mt CO₂e /year.
- Colombia's waste generation is expected to be 24,600 tons/day.
- In 2005 the National Government banned the disposal of waste in open dumps but several challenges remain.
- The NAMA would divert waste from the landfills, using new disposal technologies, such as mechanical-biological treatment (MBT) for more useful purposes:

Recycling

Composting

Waste-to-energy plants (refused derived fuel)



THE SOLID WASTE NAMA COLOMBIA (3)

- The NAMA addresses the barriers to integrated waste management through regulatory changes and financial mechanism.
- Colombia is looking at reforming the waste tariffs regulations to make the waste diverting technologies more competitive than the landfills.
- The integrated waste management technology is new in Colombia: the NAMA would create a **NAMA equity fund**.
- The equity fund will be leveraged by other sources of capital (private investment and debt) and the contribution will be reduced overtime.
- **The Full NAMA if implemented and financed can achieve reductions equal to current emissions of Colombian waste sector!**



OTHER NAMA PROPOSALS

- CCAP has been working with several developing countries to help them develop their NAMAs.
- Although the stage of development is different from country to country, 15 NAMA proposals have been designed:
 - **Argentina**: biomass
 - **Chile**: self- supply renewable energy and organic waste diversion in Chilean industries
 - **Costa Rica**: coffee, housing and ordinary solid waste
 - **Dominican Republic**: tourism and waste
 - **Pakistan**: energy efficiency
 - **Peru**: agriculture, solid waste and housing
 - **Philippines**: Renewable energy
 - **Uruguay**: Solar thermal
 - **Vietnam**: waste

The fundamentals of a shared NAMA vision

NAMAs must host be country-driven and should combine mitigation and sustainable development;

NAMA should go beyond the project level and be (preferably) sector-wide programs;

A good NAMA design should combine policies and financial mechanisms to overcome barriers;

A good NAMA design should use public funding to leverage additional climate finance (from private/financial sector)

“Transformational” NAMAs

What we want to achieve in the end is the sustainable transformation of sectors and big parts of the economy of developing countries

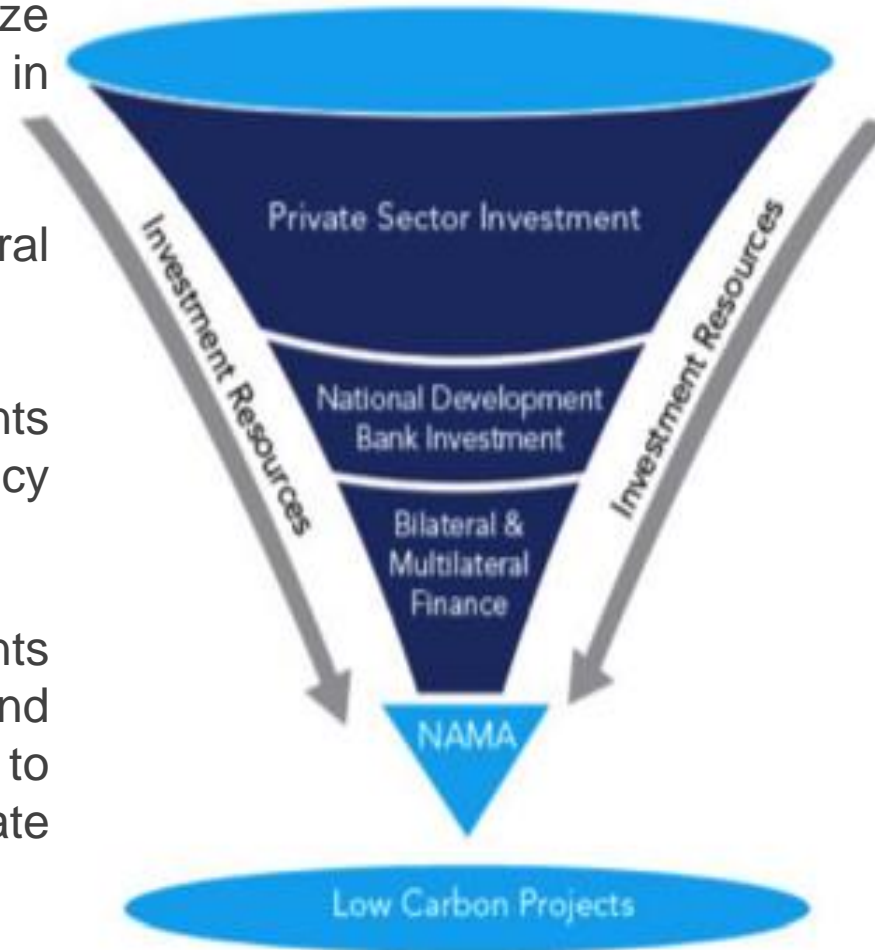
NAMAs can lead to transformational change by combining governmental policies with fiscal measures. Financial mechanisms coupled with implementing policies can overcome the reluctance of the private sector to investment in developing countries.

The “new paradigm” of aligning NAMA with sustainable development, poverty reduction and health protection objectives will build the host country’s political support. Making sustainable development a key driver will ensure that policies will be sustained once the international assistance has ended.

The UK-Germany NAMA Facility is the first example of funding “transformational NAMAs”.

A SHARED VISION & NAMA FINANCING

- Developed countries committed to mobilize USD 100 billion dollars a year by 2020 in 2009 (UNFCCC cop 15).
- The funding needs to come from several sources, public and private sector included.
- NAMAs should attract and funnel investments to projects in line with national NAMA policy and low carbon development goals.
- NAMA should seek to attract investments from the large funding sources (bilateral and multilateral development institutions) to national development banks and the private sector.



THANK YOU

For more information,
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Or please visit us at
www.ccap.org.