WORLD BANK CARBON FINANCE UNIT
CARBON PARTNERSHIP FACILITY
2013 ANNUAL MEETING

CPF NEW PROGRAM DEVELOPMENT
– ROADMAP FOR PILOTING
Outline of Presentation

- Process Roadmap for New Program Development
  - Modalities of Operations

- Synergy with Partnership for Market Readiness (PMR)

- Initial Pilot Program Ideas
Why Roadmap?

- **Key challenges:**
  - With significant **market uncertainty**, how to engage country authorities and project owners to pilot NMM
  - With significant **regulatory uncertainty**, how to engage buyers to commit to purchase credits
  - "Chicken and egg" problem?

- **A “Roadmap” is developed**
  - For mutual confidence building between potential Sellers and Buyers
  - For clarity and transparency among stakeholders
  - Based on early piloting experiences
## Roadmap for New Program Development

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<th>STAGE</th>
<th>DELIVERABLE</th>
<th>DECISION</th>
<th>AGREEMENT / RESULT</th>
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| **PREPARATION STAGE** | **PROGRAM IDEA NOTE**                           | **PIN APPROVAL**  | **MOU**            | **Host Country:** agrees to pilot NMM (process, risk and outcome) and commits to develop NMM-CD  
**CADF:** commits resources for NMM-CD development |
| **DESIGN STAGE**    | **NMM CONCEPT DOCUMENT (NMM-CD)**                | **INCLUSION DECISION** | **SPA**           | **Seller:** commits to NMM-DD development and program implementation and enters into ERPA discussion exclusively and in good faith  
**CADF:** commits resources to prepare NMM-DD  
**Buyer:** agrees to enter into ERPA discussion in good faith with prospect of ER purchase  
**Seller:** commits to ERPA terms  
**Buyer:** commits to ERPA terms |
| **IMPLEMENTATION STAGE** | **PROGRAM IMPLEMENT.**                           | **OPERATIONAL**   | **Emission Reductions** | **Seller:** – Program implementation, ER monitoring and delivery  
**Buyer:** – ER Payment |
|                     | **MRV**                                          | **VERIFICATION**  |                    |                                                                                |

**Carbon Finance**
CPF-PMR: Synergy and complementarity

- Similar overall objectives and strong complementarity
- 3 Scenarios: CPF support crediting programs
  - **Scenario 1:** in PMR countries’ Readiness Proposals
    - E.g. Mexico, Peru, Vietnam, Indonesia, Morocco & Jordan
  - **Scenario 2:** in PMR countries, but not part of Readiness Proposals;
    - E.g. India
  - **Scenario 3:** in non-PMR countries
Integrated Roadmap for CPF-PMR

Carbon Partnership Facility (CPF)

Readiness Preparation
- DRAFT MARKET READINESS PROPOSAL
- FINAL MARKET READINESS PROPOSAL
- BLUEPRINT FOR CREDITING PROGRAM (PILOT-READY)

Pilot Preparation
- Partnership for Market Readiness (PMR)
- NMM PROGRAM DESIGN DOCUMENT (NMM-DD)
- EMISSIONS REDUCTIONS PAYMENT AGREEMENT (ERPA)

Pilot Design
- NMM PROGRAM IDEA NOTE (NMM-PIN)

Decision for inclusion in portfolio
- PMR Feedback Process
Initial Pilot Program Ideas (1)

◆ “Top-Down” Approach

- **Egypt Renewable Energy Program** – Aims to increase the renewable energy generation capacity and lower the carbon intensity in the energy sector, building upon the Wind Power Program, which was originally developed as a CDM PoA.
  
  **Status**: Draft MoU prepared, awaiting feedback from the Egyptian government.

- **Senegal Electricity Generation Program** – Intends to stimulate de-carbonization efforts in electricity generation using less carbon intensive fuels (e.g., natural gas rather than coal, diesel) and adopting more efficient technologies. Sectoral approach and net emission reductions (beyond current government target).
  
  **Status**: Draft PIN prepared, in discussion with World Bank’s regional units and the government.

- **India Cement Sector Energy Efficiency Improvement** – Seeks to design and implement a partial crediting program to help achieve ambitious emission reduction targets in the Indian cement sector – 1) reduce GHG emission intensity by 45% by 2050 [Low Carbon Roadmap]; 2) reduce energy intensity by 1-2% per year [Perform and Trade Scheme (PAT)].
  
  **Status**: Draft PIN prepared
  
  **Next Step**: Discuss with PMR, IFC and World Bank’s regional unit.
**“Bottom-Up” Approach**

- **Mexico Urban Solid Waste Management (SWM)** – Supports implementation of National Climate Change Law and SWM regulation by promoting comprehensive life-cycle waste management solutions from waste reduction, collection and disposal to energy generation from collected landfill gas (LFG). It aims to promote better waste management practices and scale up mitigation impact at the sector level.
  
  **Status**: Draft PIN under preparation.
  
  **Next Step**: Consult with regional units, PMR and Mexican government.

- **Mexico Sustainable Community Program** – Aims to develop an Urban NAMA crediting program in collaboration with the PMR. The pilot will provide financial support to the participating community developers in accordance with pre-defined eligibility/performance criteria (e.g. tCO2/m2/capita) and involve designing and testing cost-effective aggregate MRV system including performance management. Targeted interventions include new housing, public lighting, water & sewage, and solid waste management).
  
  **Status**: MRP approved and under implementation in the PMR context
  
  **Next Step**: establish an MoU, develop an NMM-CD
Policy MRV Approach


Status: Draft PIN under preparation, in discussion with PMR.

Next Step: Consultation with regional units and government and methodology development.