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## Supporting Developing Country Mitigation Efforts

**--How would MRV work for Annex I country support for developing country actions?--**

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Future Actions Dialogue

1-3 July 2008

## Overview of Presentation

- Bali roadmap
  - » Developing country support and MRV
  - » Technology funding options proposed
- What is the aim of MRV?
- What are the basic approaches?
- How could MRV be conducted under three proposed technology support mechanisms?
  - » The Mexican proposal for a World Climate Change Fund
  - » Chinese proposal for a new Subsidiary Body
  - » US legislative proposal for a International Clean Energy Deployment Fund
- Key Questions?



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## The Bali Action Plan: Developing Country Mitigation Provisions

- Enhanced national and international mitigation action
  - » Mitigation actions by developing country Parties in the context of sustainable development...
  - » **supported and enabled by technology, finance, and capacity building...**
  - » **in a measurable, reportable, and verifiable manner.**
- Some incentives spelled out:
  - » REDD programs and other forestry
  - » sectoral approaches
  - » market mechanisms
  - » expanded technology development and transfer



## Options for Scaling-Up Financing

- Options proposed include:
  - » Increasing scale of the carbon market
  - » Applying share of proceeds to all international transfers
  - » Official development assistance
  - » Auctioning of allowances for int'l aviation & maritime
  - » Levy on int'l air travel
  - » Specific portion of developed country GDP (e.g., 0.5%)
  - » World Climate Change Fund proposed by Mexico
  - » Using allowance value or auction revenues from national trading systems
  - » Global carbon tax



## What is monitored, reported, and verified?

- Countries have committed to and specifically set-aside (or delivered the financing)
- Support is reported in a transparent manner
- Verification is conducted on whether the support flowed to reported activities and whether it delivered the expected outcome
  - » e.g., commitment to build one demonstration CCS plant...was one CCS plant actually built?

OR

- Is it more about the actual delivery in a measurable, monitorable, and verifiable manner of sizeable and sustainable support to developing countries?



## Support from Developed Countries: MRV

- Some MRV elements could be different for each funding proposal now on the table
- MRV is more straight forward if all support goes through or to a single place
  - » e.g., GEF or SCCF of the UNFCCC funding is traceable as both provide reports
- More complicated if the reality is:
  - » Support that doesn't go to or through a single source
    - e.g., more bilateral in nature or portions of ODA
  - » Support that can't be scored in a single metric
    - €'s compared to kilowatt hours of new electricity
    - Tracking of CDM and REDD expenditures by country and company



## Existing MRV mechanisms for developed country support

- Financial flows of ODA is tracked by the OECD Development Assistance Committee (DAC) as reported by donors
  - » Information provided based upon different categories
  - » DAC conducts analysis occasionally on effectiveness of distributions
- Each national gov't often provides oversight on their contributions (are they effective, etc.)
  - » e.g., US congressional hearings, Parliamentary inquires, etc.
- Contributions to the UNFCCC funds tracked and reported by the Secretariat
- Estimates of financial flows from CDM tracked by various entities
  - » e.g., World Bank Annual Report on the State of the Carbon Market
  - » By company: used and retired in which country



## Limitations of Existing Models?

- Countries make pledges and reporting body scores the actual amount disbursed (and compares to pledge)
  - » e.g., what is the trend in ODA; have the contributions to the SCCF actually been delivered
  - » Not many implications if actual amount delivered doesn't match pledged amount (int'l peer pressure)
- Tracking whether or not the funding is disbursed most effectively is difficult to assess
  - » e.g., this is done sometimes for ODA
- Tracking is only after the fact
  - » In some cases there is a significant time delay
- How to distinguish between climate vs. development investments (ODA)



## Basic MRV Approach of Developed Country Support: A Proposal

- Annex I countries provide on a regular basis a “National Communication on Support to Developing Countries”
  - » annually similar to national inventories?
- The Communication outlines:
  - » Types of support (e.g., technology assistance, capacity building, etc.)
  - » Source of support (e.g., ODA, contribution to multilateral fund, auction revenues, carbon markets, etc.)
  - » Countries supported for which activities
  - » Status of support (effort is complete, money has been delivered, money has not been delivered, etc.)
  - » Expected impact on GHG emissions



## Three Basic Models for MRV of Developing Country Support

- Once a developed country provides its “National Communication on Support” how is MRV conducted?
- Body of the UNFCCC conducts MRV (e.g., SBSTA/SBI)
  - » Use expert review teams?
  - » Do we want to negotiate on this?
- Independent Assessment Panel
  - » Created to be independent of the negotiations, but reporting to the COP
  - » Built on the EGTT?
- Ad-hoc
  - » Each contributing countries design their own MRV approaches
  - » Could move towards harmonization of approaches as the DAC does for ODA.



## Chinese Proposal on Creation of Technology Body under the UNFCCC: MRV

- In Bonn, China presented proposal for creation of SB on Development, Deployment, and Transfer (D&D&T)
  - » Creates several panels including a Monitoring and Assessment Panel
- Proposes performance assessment & monitoring on:
  - » Speed of technology flow (is it flowing fast enough?)
  - » Does it cover the range of meaningful sectors?
  - » Is it enough to generate large market share and sizeable penetration?
  - » Is it effective in reducing emissions?
  - » Is support affordable and least cost?



## World Climate Change Fund: MRV

- Under proposal from Mexico, contributions are made to a single fund and disbursed by an Executive Council
- Contributions are based upon an agreed formula
- How could MRV work under the Mexican proposal?
  - » Council could monitor, report, and verify the financial support
    - Have countries contributed to the fund based upon the agreed formula?
  - » Would the Council (or an independent body) estimate the emissions impact of that investment?



## Technology Deployment Incentive U.S. Lieberman-Warner Act: MRV Under a Non-Multilateral Approach

- Proposal to create an International Clean Energy Deployment Fund to “promote and leverage private financing for the development and international deployment of technologies” to reduce GHG emissions
- Funded through: (1) appropriations of \$2 billion for FY09-11; and (2) auctioning 0.5% of allowances from 2012-2017
- Creates multi-federal agency Board to distribute funds to nat'l gov'ts., regional/local gov'ts, NGOs, or private entities for:
  - » Capacity building programs
  - » Funding for technology programs including in transportation, coal, energy efficiency, renewables, industrial and buildings



## Technology Deployment Incentive U.S. Lieberman-Warner Act: MRV (cont.)

- Form of assistance includes:
  - » Grants, concessional loans, cooperative agreements, contracts, loan guarantees, etc.
  - » Funding for int'l clean technology funds supported by multilateral institutions
  - » Development and export promotion assistance programs
  - » Int'l technology programs of the Dept. of Energy
- How could MRV work under the aspects that don't go to a multilateral institution?
  - » Annual report on the assistance provided is delivered to Congress
  - » Report lists:
    - Aggregate amount of assistance provided for different categories
    - Description of each initiative funded
    - Amount of assistance to each initiative
    - Terms and conditions for each initiative
    - Anticipated reductions in GHG emissions



## Key Questions?

- What is the aim of the MRV of developed country support?
  - » More timely check-in on whether promised/pledged funding is delivered?
  - » Quantify the effectiveness of the support in reducing emissions?  
OR
  - » Is it more about the actual delivery in a measurable, monitorable, and verifiable manner sizeable and sustainable support to developing countries?
- Are developed countries committing to a “National Communication on Support”?
  - » How often is this reporting conducted (annually, semi-annually)?
  - » Is there a standard format that is used or at least a common framework to enable comparison?
  - » What specific information is reported?
- What basic model are we trying to use for MRV of this National Communication?
  - » An independent assessment panel?
  - » Ad-hoc w/ some agreed framework?
- What happens if during the MRV a country is found to be out of compliance with the pledged contributions?

