



## **The Mitigation Action Implementation Network (MAIN)**

# **Second Latin American Regional Dialogue on the Development of Nationally Appropriate Mitigation Actions and Low-Emissions Development Strategies**

### **MEETING SUMMARY**

Crowne Plaza Hotel  
Av. Libertador Bernardo O'Higgins 136  
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## **Overview**

The 2nd Regional Academy of the Mitigation Action Implementation Network (MAIN), Latin America chapter, took place from November 9 to the 11th, 2011 in Santiago, Chile. The event was co-facilitated by the Center for Clean Air Policy (CCAP) and the World Bank Institute (WBI), and was hosted by the Chilean Ministry of Environment in Santiago, Chile. This second Regional Academy built on preceding activities of the MAIN LAC practitioner network, namely the 1<sup>st</sup> Regional Academy (March 2011 in Alajuela, Costa Rica), the delivery of an e-course on Low Carbon Development, and two video-based seminars with MAIN country teams on nationally appropriate mitigation actions and Low Carbon Development. The seminars focused on participating country NAMA proposals, CCAP and Chilean proposals for a template for developing NAMAs, and on strategies for monitoring, reporting and verifying NAMAs including a CCAP paper and the CIF approach to MRV.

MAIN participating teams from Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, Panama, Peru, and Uruguay convened, along with representatives from developed country funding agencies, in order to share experiences, knowledge and information on the design and financing of NAMAs that fit into countries' sustainable-development or LEDS. Country teams represented energy, transport, environment, finance and other ministries, as well as industry associations. They took part in peer-to-peer exchanges, role-playing exercises, and breakout sessions by topic and country in order to advance a common understanding between contributing countries and participant teams of what is needed to implement and finance NAMAs. They also heard expert and team presentations on renewable energy, energy efficiency, transport, and agriculture.

## **Introduction and Updates**

On the first day of the dialogue, participants received updates from the MAIN partners on the status of the international climate negotiations and the MAIN initiative, as well as overview presentations on NAMAs and LEDS in order to assure a base level of knowledge for new participants. Country team leaders were invited to provide updates on the status of their NAMA and LEDS efforts. Through these interventions and breakout opportunities by country, it became clear that, while developing countries are at different stages of NAMA development, in general, participating countries are making considerable progress in developing NAMA ideas and in identifying and overcoming barriers to NAMAs.

## **Contributing Country Programs**

Several contributing countries – Norway, Germany, the UK, Canada, and Sweden – presented their funding programs for climate mitigation and actions. Norway's new Energy Plus initiative will provide \$1.8 bn through 2015 for renewable-energy development and energy access and take a three-phase approach (readiness, implementation, and performance payments). Germany's International Climate Initiative will reach 1.36 bn Euros by the end of 2011 to support NAMA development and MRV and share lessons learned with the UNFCCC. The UK's International Climate Fund will provide an additional £2.9 bn from 2012 to 2015 to support low-carbon development, build international policy architecture, and implement NAMAs and adaptation efforts. Finally, Environment Canada presented a new program

being launched in 2012 that will provide \$400 mn initially for clean-energy and adaptation efforts, especially in Latin American countries with existing relationships with Canada.

Roundtable discussion following these presentations focused on climate finance and fostered an exchange of views, information and perspectives among participants from contributing and recipient countries. Participants from contributing countries expressed a desire to know how NAMAs proposed by developing countries fit into countries' larger development/climate strategies and how they link with other benefits and domestic actions. They expressed interest in funding "ambitious" NAMAs with a high probability of success and a high-level of political support in the implementing countries to show action is happening "on the ground". However, for the most part, contributing countries seemed to not yet have specific criteria developed for deciding among NAMAs to fund.

During this discussion, several MAIN team members also noted that many developing countries are still working through how to articulate what financial support they will need and how this support will be used. Participants expressed a desire for more information from contributing countries about their past policy experiences, funding priorities, the level of detail that will be needed in NAMA funding proposals, and amounts of financing available. They were also interested in using lessons from other developing countries' experiences in developing their own NAMAs. Many countries are in the process of prioritizing multiple potential NAMAs in different sectors and questioned how to get all stakeholders involved, including the private sector.

### **NAMA Template and Pilot Registry**

CCAP presented a revised version of their proposal for a 'supported NAMA' template, which countries could use to initiate discussions with funders on a bilateral basis. This template was well received by participants as a way to articulate nascent NAMA concepts, and to identify key NAMA elements needed to initiate funding conversations (with more complex details to be developed at later stages). However, participants highlighted difficulties and challenges when quantifying estimated incremental costs at an early stage, and felt that filing template information in the UNFCCC registry should be voluntary. Some participants suggested that including quantification of the share of national emissions from a specific NAMA's sector would be useful. It was clear from the discussion that a balance must be reached between standardization of information and flexibility to allow for varying country circumstances. Participants encouraged CCAP to carry out further work on the template.

Following the template discussion, Colombia's Ministry of the Environment presented on their proposal to request the UNFCCC to create a pilot registry in 2012 to test the quality and quantity of information available by sector, as well as different indicators. They suggested that the UNFCCC secretariat summarize information submitted to the registry and do some degree of analysis. The concept of a pilot registry, which would be an initial step before the full registry is completed, received mixed support from participants. Some felt a full registry should be launched without going through a pilot phase. One participant expressed that moving toward standardization of NAMA information will be a necessary and difficult challenge, regardless of whether this happens in a bilateral program's template or in a registry.

## **MRV of NAMAs**

CCAP presented on monitoring, reporting, and verification (MRV) based on the CCAP paper: “MRV for NAMAs: Tracking Progress while Promoting Sustainable Development”. The presentation distinguished between MRV at the UNFCCC level and at the bilateral level. They suggested that MRV be considered a tool (for example, to provide useful information to domestic policy audiences) instead of a requirement for receiving funding and highlighted the connections between MRV and the template/registry discussion. The World Bank presented on the Climate Investment Fund’s (CIF) model of monitoring and evaluation of CIF investment plans and projects, under which developing countries identify a subset of core indicators of outcomes at the country level that are agreed to between developing countries and the CIF committee. The CIF provides financing for the development and implementation of these indicators, and does not tie payments to specific performance. One challenge highlighted under the CIF was aggregating project-level outcomes to the national level.

Participants had differing opinions about the relationship between MRV and funding but in general felt that disbursement of funds should not be tied to performance on emissions reductions and that funding conditionality would be detrimental. They expressed concern over the Norwegian program’s “performance payments” phase, particularly if it were tied solely to emissions reductions. Some participants found it acceptable to tie funding with progress on implementation of actions, but it was clear that flexibility must be allowed in order to account for national circumstances and capabilities.

It was mentioned by participants that many developing countries are encountering difficulties in developing emissions baselines (in the context of NAMA design). As such, they called for a gradual and flexible MRV approach that would afford them time to build sectoral baselines and does not enshrine emissions reductions as a key metric. Many participants favored the approach to work out MRV elements of individual NAMAs bilaterally with contributing countries and expressed great interest in learning more about potential “core” indicators or metrics that could be used for MRV at a sector/program level. Contributing countries supported building on existing reporting mechanisms and recognized that developing-country capacity for creating baselines and estimating emissions reductions from business as usual (BAU) would need to be built over time. Participants encouraged CCAP to advance its work on sectoral MRV metrics that go beyond GHG considerations and that would help implement NAMAs, especially given the priority of sustainable development benefits over GHG reductions in developing countries.

## **Breakout Sessions**

In an initial breakout session, Chile’s Renewable Energy Center profiled a potential NAMA that would co-finance the installation of renewable energy sources to generate energy for industry and public infrastructure. They also presented a potential district heating NAMA to replace existing, wood-burning stoves with biomass heating. Colombia’s Ministry of Transport presented a NAMA they have been developing to retrofit the country’s fleet of freight trucks in order to improve efficiency in the transport sector and reduce GHG emissions.

In a 2nd breakout session, experts from Mexico's SENER (Ministry of Energy) and CONAVI (National Housing Commission) presented on best practices in sustainable development policy implementation with significant climate mitigation co-benefits. Based on SENER's presentation, participants addressed barriers to energy efficiency and renewable energy policies (such as land tenure, transmission lines, and price risks) and discussed possible solutions to overcoming these barriers. In the group running in parallel, CONAVI provided a comprehensive review of their sustainable housing policies and programs, and discussed their innovative approach to mobilizing climate and carbon financing through the prospective use of instruments such as program-based CDM and international supported/credit-generating NAMAs.

During the 3<sup>rd</sup> break-out session, Costa Rica's Ministry for Agriculture presented their initial thinking on framing their ongoing program on 'carbon-neutral' coffee, bananas and other agricultural export products as an agriculture NAMA, in order to mobilize technical assistance and finance. Using the proposed NAMA template, Costa Rica's ICE (Costa Rican Electricity Institute) also shared a renewable energy NAMA being developed as part of their National Electricity Development Plan, which would sustain the predominant share of renewable energy in Costa Rica's matrix over time. Concurrently, Argentina's Secretary for Transportation shared a transport NAMA concept that would rehabilitate passenger rail along its Belgrano Sur corridor; improve connections with the Buenos Aires transport network; increase transit-oriented development (TOD); improve housing options and environmental contamination; and integrate tiered transport fares tied to income levels.

These sessions allowed developing countries to receive feedback from peers and contributing countries to prepare them for further development of their NAMAs. Participant countries also had an opportunity at the end of the three-day academy to meet with their own country teams to process what they had learned, begin prioritizing NAMAs, and address next steps and capacity needs.

### **Transport Finance**

During this session, the World Bank presented on the CIF experience to date with (i) low-carbon investment planning in the transportation sector, including blending of multiple funding sources, and (ii) development of M&E metrics in transportation programs and activities. A range of possible mechanisms for investment in transportation NAMAs were outlined. These include concessional loans for infrastructure investments; soft loans to developing-country banks to provide assistance to private-sector participants; grants for capacity-building and for non-motorized transport infrastructure (sidewalks, bikeways); and loans and guarantees to enable transit-oriented development (TOD). Potential metrics for transport performance that were discussed included changes in ridership, pedestrian use, length of trips, time and distance, bicycle use/mode split, social cohesion, incremental investment around stations, and changes in the tax base and revenue. Among the biggest challenges highlighted was TOD, which requires coordination among a large number of stakeholders.

CCAP and GIZ each presented on the potential to encourage transit-oriented development through NAMA financing. CCAP underlined the benefits of TOD in addition to GHG reductions – including increasing location efficiency and minimizing traffic congestion – and described tools for promoting

TOD, such as regulations, incentives, and investment. Examples of TOD support highlighted in the presentation include grants to support incremental costs, technical assistance for preparing plans and policies, and loans/loan guarantees to provide steering capital for TOD.

### **Designing NAMAs in the Context of LEDS**

This session revisited the theme of ensuring that supported mitigation actions contribute to long-term, climate-friendly development strategies. Participants heard and discussed presentations about experience of South Africa, Costa Rica and Colombia in regards to incorporating mitigation policies into development strategies and comprehensive climate financing plans. South Africa's think-tank South-South-North (global coordination of MAPS program) shared lessons and insights gained from the South African stakeholder-driven process of mitigation scenarios development and climate-compatible policy formulation leading to a national low emissions action plan.

Costa Rica's INCAE Business School provided a review of the complementary use of various tools and analysis (opportunity cost curves, technical needs assessments, etc.) in support of defining mitigation potential and identification of priority actions by sectors. Colombia's Climate Mitigation Group at the Ministry of the Environment presented its approach to mapping international support to and coordinating national capacity development to develop and implement LEDs and NAMA across ministries.

### **Conclusions and Next Steps**

Overall, the second MAIN Latin America academy successfully allowed participant teams to advance NAMA concepts aligned with sustainable-development goals and to receive feedback from peers and contributing countries. Future dialogues will build on progress in Costa Rica and Chile and will provide more time for peer review/critiques of specific NAMA proposals (both for new initiatives/ideas and for pilot programs under development), as well as information and input from contributing countries and about existing MRV systems and indicators, with the goal of moving toward actual implementation of evolving NAMA concepts. Participants stressed the relevance of the learning-by-doing process and interest in using lessons from other developing countries' experiences in developing their own NAMAs.

CCAP outlined plans to work with teams individually to prepare full NAMA proposals over the next several months, as part of their technical assistance program supported by Germany's ICI. WBI outlined plans to roll out webinar series catering to the knowledge and exchange needs identified during this regional academy. Suggestions for priority themes and sectors were initially put forward by participating teams. WBI and CCAP will resume coordination and facilitation of regular multi-point GDLN/VC conferences with country teams, under two thematic tracks, (i) LED policy formulation and strategy development and (ii) NAMA design. MAIN partners tentatively announced the next MAIN Latin American dialogue in the May – June 2012 timeframe.