

NAIROBI FRAMEWORK PARTNERSHIP

2017 Annual Report



1. OVERVIEW

1.1. About the Nairobi Framework Partnership

The Nairobi Framework Partnership (NFP) was initiated a decade ago by the UN Secretary-General, Kofi Annan, at the second Conference of the Parties Serving as the Meeting of Parties to the Kyoto Protocol 2. Its original goal was to support developing countries to improve their level of participation in the clean development mechanism (CDM) through inter-agency cooperation and collaboration. The NFP members have since evolved to embrace a much more ambitious role in the climate change arena. Today the NFP, through its partners¹ and cooperating organizations,² has positioned itself as a recognized global platform with an extended and solid inter-agency collaboration track record for ongoing market-based climate action.

1.2. Purpose of the report

The purpose of this report is to document the activities completed by partner agencies and cooperating organizations of the NFP during 2017. It includes both the activities comprised in the 2017 workplan and activities that were additionally developed throughout the year.

2. GOVERNANCE

In 2017, the partnership held four governance (in-person) meetings in which major decisions were taken. The series of governance meetings started with the adoption of the NFP mid-term strategy plan and agreement on the steps forward, and concluded with the partners making further commitments to the way the workplan will be implemented. Additional information on the meetings is given in the sub-sections that follow.

2.1. Barcelona Meeting

NFP partners agreed to convene three face-to-face meetings in the sidelines of the event Innovate4Climate (formerly known as Carbon Expo) in Barcelona, on 22-23 May 2017. The meetings were intended to bring together partners and cooperating organizations, including senior directors, to discuss the areas of collaboration and based on the outcomes elaborate the updated medium-term strategy for the NFP, and to agree on other practical and operational arrangements for delivery of work under the NFP.

¹ African Development Bank (AFDB), Asian Development Bank (ADB), International Emissions Trading Association (IETA), United Nations Conference on Trade and Development (UNCTAD), United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP) and UNEP Technical University of Denmark Partnership (UNEP DTU), United Nations Framework Convention on Climate Change (UNFCCC) and World Bank Group.

² Low Emission Development Global Partnership (LEDS including LEDSAfrica and LEDSLatin America and Caribbean – LED-LAC), Development Bank of Latin America (CAF), Institute for Global Environmental Strategies (IGES), Inter-American Development Bank (IADB), Latin American Energy Organization (OLADE) and the Climate Markets & Investment Association (CMIA).

The meeting had a threefold purpose, delivered in three separate sessions as follows:

- a) NFP coordination meeting: Partners discussed and clarified membership issues, roles and responsibilities of members to the NFP.
- b) NFP Technical Meeting: Partners and collaborating agencies discussed the conclusions of a Nationally Determined Contributions (NDC) survey results and elaborated a revised medium-term strategy for the NFP. This meeting also elaborated concrete actions to be added later into the workplan.
- c) NFP Senior-level Meeting: Participants reviewed and adopted the proposed mid-term strategy for the NFP and any other strategically significant outcomes from the coordination and technical meetings, which enabled the continuation of the NFP with the full commitment of all partners and cooperating organizations.

Two main agreements were reached in Barcelona at the high-level meeting regarding the future direction and implementation strategy³ of the partnership, as follows:

- a) Future of the regional Carbon Forums: The respective directors of each partner member endorsed the organization of the Carbon Forums under the umbrella of a “Climate Week”. This will include a series of events that are related to climate change, including negotiation aspects by engaging key regional negotiators and policy makers, and technical discussions on mitigation and adaptation. As such, Climate Weeks will become regional activities that offer an opportunity to discuss progress towards the Paris Agreement between Conference of the Parties (COPs). It was agreed that partners will achieve this goal by:
 - i) engaging with more agencies or other departments within the partner agencies;
 - ii) running the event jointly with meeting of the NDC partnerships;
 - iii) establishing an organizing committee comprised of NFP partners and representatives of other organizations to develop a common agenda.
- b) Joint work programme and thematic areas. The development of a joint work programme was agreed and three thematic areas were identified. The three thematic areas and their respective facilitators are:
 - i) carbon market frameworks: World Bank (current collaborating partners: UNFCCC, UNDP) – this thematic area focuses on achieving globally connected markets to trade climate assets to contribute to the efficient implementation of the Paris Agreement, increase ambition, by building from the experiences generated by the CDM to support countries in meeting their NDCs goals.
 - ii) monitoring, reporting and verification (MRV) and transparency with regards to the establishment of market- based mechanisms to implement NDCs: (current collaborating partners: UNEP DTU and UNDP) - Technical assistance to develop national MRV systems at the regional level support to coordination/integration of national carbon markets and MRV systems including the use of the CDM tools.
 - iii) finance using carbon market tools: UNDP (current collaborating partners: UNFCCC, AFDB)): the goal of this thematic area is to help the local private sector to access other sources of funding for climate actions: Impact investment, crowdfunding and remittances/diaspora financing can be part of a new and emerging set of solutions. It is expected that the project will raise up to \$7 million for 45 fully funded projects in Kenya, Nigeria, Rwanda, Zambia and Sierra Leon including stranded CDM projects.

³ The NFP mid-term strategy was endorsed at the high-level meeting on 15 November 2016, in the sidelines of COP22 in Paris. The high-level meeting in Barcelona on 23 May 2017 was to endorse the implementation of the NFP mid-term strategy.

2.2. Bonn (COP23) Meeting

NFP partners agreed to convene their next face-to-face planning meeting in the sidelines of COP23 in Bonn, on 9 November 2017. The meeting in Bonn was intended to bring together partners and cooperating organizations to continue discussions on the following overarching topics:

- the strategic direction of the Carbon Forums/Climate Weeks in terms of the content they should include and the substantive focus of attention and themes to be agreed upon for the upcoming year(s);
- the three thematic areas and how cooperation and implementation can be achieved. Partners agreed to bring an updated version of the proposed workplan incorporating some aspects discussed at the meeting in Mexico;
- planning for 2018 regional events, which includes financial commitments to forums, implementation of the workplan, and agreement on the logistical aspects of the three regional events (including leading partner organization, host country, tentative dates and commitment).

Partners agreed on the scope and direction of Climate Weeks, which should include:

- a) supporting countries in the implementation of NDCs and ensuring transparency and continuity of mitigation actions originated through the CDM;
- b) supporting countries in the creation and implementation of carbon markets including exploring the future of CDM as the basis for new markets;
- c) contributing to the dissemination of green technologies;
- d) financing for climate considering the use of CDM to finance climate action;
- e) developing climate policies.

When planning, it is fundamental to ensure the host government's support and understand what is expected from the host country (host country commitments).

The use of a modular structure (e.g. clusters) can facilitate the distribution of responsibilities and areas of interest among partners. It was also agreed that preferably all Climate Weeks would be delivered by mid-September, to use the outcomes of all three regional events (Asia and Pacific, Latin America and Caribbean and Africa) to feed into the Climate Summit, to be held in California in September 2018.

3. NFP ACTIVITIES IN 2017

A summary of the activities carried out under the NFP in 2017 is presented in the sub-sections that follow.

3.1. NDC Survey Study

This study was conducted to support the NFP's development of its medium-term work programme in the market-based NDCs under the Paris Agreement. It was based on data collection from countries in all regions and had the following objectives:

- a) identify conditions and needs of developing countries with respect to market-based NDCs and how the CDM structure could progress to support the implementation of market based NDCs;

- b) identify and assess opportunities for the NFP to assist these countries to use their capacity and legacy originated by their participation in the Clean Development Mechanism to improve and scale up actions that facilitates their NDCs implementation;
- c) based on the foregoing, identify possible activities and programmes for consideration as part of NFP's work programme. -program considering the evolution of the CDM.

The study was complemented by a series of meetings and dialogues among the partners during each NFP face-to-face interaction and via e-mail. The result of the study focused on market-based approaches to mitigating climate change providing the basis for the NFP work programme.

3.2. Work Programme

The NFP work programme in 2017 was based on two main components: delivery of the three main regional forums; and design of specific workplans for each selected thematic area.

All activities related to the Carbon Forums were accomplished by December 2017, while the design of thematic workplans is still ongoing.

3.2.1. Thematic Workplans

The development of a joint work programme was agreed after Barcelona, where three thematic areas were identified. Partners had the opportunity to select the thematic areas of interest and develop a workplan for each theme (as mentioned in section 2.1.b) above). The three workplans were presented by the facilitating organizations and shared among partners in October. The first round of discussions regarding their content took place in Mexico at the 2017 edition of the Latin America and Caribbean Carbon Forum (and first Latin American and the Caribbean Climate Week).

Work regarding the three selected thematic areas is still ongoing and will be reported at a later stage.

3.2.2. Regional Carbon Forums (Climate Weeks)

As previously mentioned in paragraph 2.1.a) above, the future direction of the regional events has been endorsed by the respective directors of each partner member, and the Carbon Forums will be organized under the umbrella of a "Climate Week". In 2017, part of this transition already started and most forums took place in parallel or back-to-back with other relevant climate events in the region.

The series of events in 2017 provided an excellent platform for the exchange of knowledge and best practices across the region, regarding NDC implementation, the role of carbon markets and economic instruments to achieve cost-effective mitigation and adaptation and scaled-up ambition, and the role of capital markets to finance the NDCs.

Dedicated CDM sessions were also the focus of the regional events that took place regionally, and specific dialogues and roundtables were conducted in all three regional forums to promote discussions among all types of stakeholders but in particular, project developers, investors and Designated National Authorities (DNAs)..

3.2.2.1. Africa Carbon Forum (ACF)

The 9th edition of the ACF was held in Cotonou, Benin, from 28 to 30 June 2017. The objective of the forum was to provide a platform for sharing information aimed at advancing the implementation of climate action. Its participants focused on how to strengthen cooperation between governments and other stakeholders in key sectors of Africa – notably energy, agriculture and human settlements, including the role of future carbon markets in boosting climate action and sustainable development.

The event was a resounding success, registering over 600 participants. The forum included a high-level ministerial segment hosted by the Government of Benin, in which Ministers and high-level officials discussed mobilizing financial resources to tackle climate change. The event welcomed the active participation of Ms. Patricia Espinosa, the UNFCCC Executive Secretary, and Ms. Hakima El Haite, the COP22 High-Level Champion.

To further promote the CDM and create awareness among relevant stakeholders, dedicated sessions were organized to discuss the following topics:

- a) Exploring the future of the CDM;
- b) From CDM to NDCs - ensuring transparency and continuity of mitigation actions;
- c) Promoting financing of CDM projects and use of CDM for financing climate action;
- d) CDM Marketplace.

In addition, a dedicated session was held to further promote the projects generated in 2016, where the NFP worked together with DNAs to identify and develop new opportunities. The session aimed to build on CDM expertise and tools to respond to countries' needs for implementing NDCs. Three projects were discussed at the ACF in 2017:

- a) MRV Regional Workshops: to provide technical backstopping to African countries on the MRV framework, building on improved coordination with regional collaboration centres (RCCs) and other institutional entities to increase the countries' attractiveness for CDM;
- b) Supporting NDC Implementation: to provide support for the implementation of NDCs, reinforcing the use of large-scale CDM methodologies and promoting the use of standardized baselines and knowledge-sharing, and increasing the potential of CDM;
- c) Circular Economy Strategies: to reduce greenhouse gas emissions by improving waste management systems, reinforcing the use of small-scale CDM methodologies.

3.2.2.2. Latin American and Caribbean Carbon Forum (LACCF)

The 11th edition of the LACCF was held in Mexico City, Mexico, from 18 to 20 October 2017. The event was intended to be part of a Regional Climate Week, being organized back-to-back with related events such as a LEDS-LAC two-day workshop and the World Business Council for Sustainable Development's Annual Council Meeting. The event attracted over 300 participants.

The Forum was meant to share the state of the art technologies around climate change mitigation, and to reach out to cooperating agencies, potential investors and service providers. It covered topics such as the promotion of regional climate action, promotion of climate finance, and the development of tracking systems to support transparency. The event welcomed the participation and support of Mr. Felipe Calderon, former President of Mexico and Honorary Chair of the New Climate Economy.

Relevant discussions on CDM included two roundtables:

- a) Options to use the CDM for other purposes: More specifically, DNAs discussed how to address the question: "What is the role of the CDM in the context of Article 6 of the Paris Agreement?". They also discussed any

possibilities to replace the CDM, to use it in parallel with other mechanisms, or to provide a path for a transition from the Kyoto Protocol to Article 6; and

- b) Regional collaboration: The roundtable discussed how to enhance regional coordination in the Latin American and Caribbean regions and sub-regions with the aim to strengthen the voice of the countries in future climate change negotiations and forums. In particular, it focused on the role of the UNFCCC RCCs and how they might be best leveraged to meet CDM- and market-related needs of countries in the region.

3.2.2.3. Asia-Pacific Carbon Forum (APCF)

The 2017 edition of the APCF was an integral part of the first Asia-Pacific Climate Week (APCW), which was held in Bangkok, Thailand, from 13 to 15 December. The APCW covered topics such as regional climate action, MRV and transparency, updates on carbon markets, and finance and investment for climate. The Forum was complemented by a High-Level Segment for Climate Action (15 December), which witnessed the participation of over 20 regional ministers, who highlighted and discussed strategies for accelerating global climate action by realigning finance flows in the Asia-Pacific region.

Nearly 400 participants registered for the event, among them several high-level representatives coming from the both the public and the private sectors. The event was highly successful, and was directly supported by the COP23 High-Level Champion, H.E. Inia Seruiratu, who also actively participated in several sessions. Building on the key messages delivered during the sessions, the APCW 2017 outputted a *roadmap* intended to set the pace for Regional Climate Action in 2018.

The most relevant discussions regarding the CDM were on the following topics:

- a) Options to use the CDM in the future mechanism: Discussions took stock of the recent negotiation outcomes regarding the CDM, (JI) and Article 6 of the Paris Agreement, and further explored the transition of the CDM to the new mechanism and the role that the Asia-Pacific region can play in the overall contribution to the implementation of the Paris Agreement;
- b) Strengthening regional collaboration: Regional DNAs discussed how to enhance regional collaboration in order to strengthen the voice of the countries on the occasion of future climate change negotiations and the CDM.

4. CONCLUSION

Composed of a large number of international organizations, the NFP is the only partnership of its kind that promotes knowledge-sharing and services to support countries in the implementation of market-based approaches for the achievement of their NDCs, including the promotion of CDM.

In 2017, the NFP reached a new level of cooperation by agreeing to work towards a common objective by developing a joint work programme, to which each NFP partner actively contribute financially and in-kind.

The two main agreements reached in Barcelona represented a step forward in future cooperation to optimize efforts and support countries effectively. The first decision, regarding scaling up of the regional Carbon Forums to “Climate Weeks”, is expected to create regional momentum and facilitate access to the latest available information and tools for NDC implementation. The expected impact foresees countries, at all organizational levels (city/state, private/public sector), having a solid understanding of the actions to be taken and creating solid means of implementation related to their targets. As such, Climate Weeks will represent the only annual event on each of the continents that gather both government and non-state stakeholders on climate issues.

The second decision, regarding the development of a joint work programme, also represented a major milestone for the NFP. Although work is still ongoing, close cooperation between all members towards a common objective has already commenced and thematic workplans have been agreed upon.

In conclusion, 2017 represented an important transitional year and a remarkable one for its fast and effective implementation of decisions. To ensure maximum impact in 2018, the NFP should focus on the expansion of its membership by intensifying and improving the quality of its outreach activities. The success of the NFP has gained it a positive reputation among diverse stakeholders, along with returns that should be harvested in the near future.
