

## World Bank Group technical dialogue on New Perspectives on International Cooperation: Carbon Markets and Climate Finance under the Paris Agreement

MAY 22-23, 2017

FIRA BARCELONA PALAU DE CONGRESSOS DE BARCELONA (MONTJUÏC VENUE)

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ROOM 6

BARCELONA, SPAIN

### Agenda Overview & Learning Objectives

This dialogue aims to broaden understanding of how the new generation of carbon markets and climate finance can support NDC implementation and strengthen international co-operation to achieve the goals of the Paris Agreement. Participants will learn about new approaches to design and to finance transformative mitigation actions. The role for results based climate finance - a financing modality under which climate finance is disbursed upon the achievement and independent verification of a pre-agreed set of results - in supporting finance mobilization and the Paris goals will be discussed. Options for documenting priority steps to support markets and effective climate finance delivery within the Paris “Rulebook” will be outlined. Finally, participants will be invited to share their perspectives on key methodological approaches, including modeling tools and benchmarking, that could be used to inform quantification of the mitigation outcomes and baseline setting for scaled-up climate policies and actions. The workshop is an interactive dialogue and includes both plenary and breakout group sessions.

#### Day 1

08:30 – 09:00	Registration	
09:00 – 09:15	Introductory Session – Opening remarks and presentation of the agenda	
09:15 – 10:45	Session 1 – Status update on markets and finance in international cooperation and discussion on the agenda to prepare a “Rulebook” by 2018	
11:00 – 12:30	Session 2 – Facilitating international cooperation through an integrated approach followed by an “information bazaar”	
13:30 – 14:00	Launch of the World Bank Group Report on <i>Results-based Climate Finance in Practice: Delivering Climate Finance for Low-carbon Development</i> ( <a href="https://openknowledge.worldbank.org/handle/10986/26644">https://openknowledge.worldbank.org/handle/10986/26644</a> )	
14:00 – 15:30	Session 3 – Emerging drivers for international market development: main sources of demand, supply and finance	
16:00 – 18:00	Session 4 – How can RBCF contribute to the mobilization of financing and transformative change?	
18:00 – 18:15	Wrap-up	

#### Day 2

09:00 – 10:45	Session 5 – What is the role of crediting and RBCF approaches in the NDC implementation context and what are the implications for their design?	
11:15 – 12:15	Session 6 – How can scaled-up crediting and RBCF approaches contribute to the mobilization of financing and how to address issues of accounting when different sources of financing are used?	
13:15 – 14:30	Session 7 – Integration of crediting design processes into broader policy planning: lessons from ongoing exercises in implementing countries	
15:00 – 18:00	Session 8A – Baseline setting for scaled-up crediting and RBCF programs in the context of NDC implementation	Session 8B – Benchmarking as a practical tool to design domestic and international carbon pricing approaches
18:00 – 18:30	Wrap-up and conclusions	

## Full Agenda

### Day 1

08:30 – 09:00	<b>Registration</b>
<b>Introductory session</b>	
09:00 – 09:15	<ul style="list-style-type: none"> <li>- Opening remarks, <i>Mr. Venkata Ramana Putti, World Bank Group</i></li> <li>- Presentation of the agenda, <i>Ms. Alexandrina Platonova-Oquab, World Bank Group</i></li> </ul>
<b>Session 1 – Status update on markets and finance in international cooperation and discussion on the agenda to prepare a “Rulebook” by 2018</b>	
<p><i>The session will discuss the COP22 achievements and outcomes of the UNFCCC meetings in Bonn. An important signal coming out of the UNFCCC negotiations is the willingness to develop and agree on a new “Rulebook” by the end of 2018. This is critical to encourage new opportunities for international cooperation, including through carbon markets and climate finance. Presenters and panelists will exchange their views on the priority policy and technical issues to be advanced in the immediate and longer term in order to usefully inform the work on the “Rulebook.”</i></p> <p><i>Moderator: Mr. Chandra Shekhar Sinha, World Bank Group</i></p>	
09:15 – 10:45	<ul style="list-style-type: none"> <li>- <b>Expert presentations:</b> <ul style="list-style-type: none"> <li>▪ <b>Status update on UNFCCC negotiations and Parties’ submissions on markets and finance</b>, <i>Mr. Massamba Thioye, UNFCCC Secretariat</i></li> <li>▪ <b>New opportunities for carbon markets and climate finance</b>, <i>Ms. Katie Sullivan, International Emissions Trading Association (IETA)</i></li> </ul> </li> <li>- <b>Panel discussion</b> <ul style="list-style-type: none"> <li>▪ <i>Mr. Juan Pedro Searle, Ministry of Energy, Chile</i></li> <li>▪ <i>Mr. Ousmane Fall Sarr, Senegalese Rural Electrification Agency, Senegal</i></li> <li>▪ <i>Mr. Massamba Thioye, UNFCCC Secretariat</i></li> <li>▪ <i>Ms. Katie Sullivan, International Emissions Trading Association (IETA)</i></li> </ul> </li> <li>- <b>Discussion and Q&amp;A</b></li> </ul>
10:45 – 11:00	<b>Coffee break</b>
<b>Session 2 - Facilitating international cooperation through an integrated approach</b>	
<p><i>To facilitate international cooperation through the new generation of market mechanisms established by Article 6 of the Paris Agreement and through climate finance, an integrated approach is necessary to cover all the steps from the creation of readiness, to the design, planning and implementation of scaled-up mitigation actions and policies. Such an approach could help inform the policy making process, in a timely manner, both at a domestic and international level in order to ensure the most efficient use of limited public and multilateral funds and leverage of private investment.</i></p> <p><i>Moderator: Mr. Stephen Hammer, World Bank Group</i></p>	
11:00 – 11:30	<ul style="list-style-type: none"> <li>- <b>Integrated strategy to operationalize the new generation of the international carbon markets and innovative climate finance</b>, <i>Mr. Venkata Ramana Putti, World Bank Group</i></li> <li>- <b>Discussion and Q&amp;A</b></li> </ul>

11:30 – 12:30	<p style="text-align: center;"><b>INFORMATION BAZAAR</b></p> <p><i>Participants will have an opportunity to walk around the information “bazaar” to meet and exchange with the representatives of different World Bank-led new carbon market and carbon pricing initiatives to support NDC implementation. Each world bank initiative will be presented at separate tables allowing participants the chance to move round the room and learn more about those initiatives of most interest to them.</i></p> <ul style="list-style-type: none"> <li>– <b>Table 1 - Carbon Pricing Leadership Coalition (CPLC):</b> <i>Contributing to high-level policy dialogue on carbon pricing</i></li> <li>– <b>Table 2 - NDC Partnership Support Facility:</b> <i>Supporting the implementation of NDCs</i></li> <li>– <b>Table 3 - Partnership for Market Readiness (PMR):</b> <i>Building capacity for the use of carbon pricing instruments</i></li> <li>– <b>Table 4 - Transformative Carbon Asset Facility (TCAF) and the Carbon Partnership Facility (CPF):</b> <i>Informing new rule making through piloting of scaled-up crediting approaches</i></li> <li>– <b>Table 5 - Carbon Initiative for Development (Ci-Dev):</b> <i>Transitioning to the new generation of markets building upon Kyoto and result-based approaches</i></li> <li>– <b>Table 6 - Pilot Auction Facility:</b> <i>Delivering climate finance effectively and efficiently</i></li> <li>– <b>Table 7 - Global Partnership on Output-Based Aid:</b> <i>Targeting the poor and marginalized communities with climate-smart output-based approaches</i></li> <li>– <b>Table 8 – Program-for-Results (PforR):</b> <i>Achieving results by strengthening Government Program systems</i></li> </ul>
12:30 – 13:30	<b>Lunch</b>
13:30 – 14:00	<p><b>Launch of the World Bank Group report <i>Results-based Climate Finance in Practice: Delivering Climate Finance for Low-carbon Development</i>,</b></p> <ul style="list-style-type: none"> <li>– Opening remarks, Ms. Carmen Nonay, World Bank Group; Mr. Venkata Ramana Putti, World Bank Group</li> <li>– Presentation of the report, Mr. Klaus Oppermann, World Bank Group</li> </ul> <p><b>Access the report here:</b> <a href="https://openknowledge.worldbank.org/handle/10986/26644">https://openknowledge.worldbank.org/handle/10986/26644</a></p>
<b>Session 3 – Emerging drivers for international market development: main sources of demand, supply and finance</b>	
<p><i>This session will provide an overview of the existing and announced sources of demand for international cooperative actions under Article 6, including ITMOs, crediting, and result-based climate finance. The main features of demand, emerging from the early action and piloting efforts, will be discussed. In the <b>panel discussion</b>, the participants will exchange ideas on the way new markets’ needs would impact the key considerations and analytical approaches in designing policies and actions on the ground. Further dialogue will include approaches to mobilize underlying financial and institutional resources to ensure implementation (create supply), including through mobilization of private sector investment, and consider the expected contribution of crediting programs to the implementation of the NDCs.</i></p> <p><i>Moderator: Mr. Juan Pedro Searle, Ministry of Energy, Chile</i></p>	
14:15 – 15:30	<ul style="list-style-type: none"> <li>– <b>Expert presentation:</b> <ul style="list-style-type: none"> <li>▪ <b>Assessing and mobilizing international and domestic sources of demand for scaled-up crediting-related programs,</b> Mr. Pedro Martins Barata, Get2C</li> </ul> </li> <li>– <b>Discussion and Q&amp;A</b></li> <li>– <b>Panel discussion</b> <ul style="list-style-type: none"> <li>▪ Mr. Pedro Martins Barata, Get2C</li> <li>▪ Mr. Lorenzo Eguren, Ministry of Environment (MINAM), Peru</li> <li>▪ Ms. Diana Guzman, Secretariat of Environment and Natural Resources (SEMARNAT), Mexico</li> </ul> </li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>

15:30 – 16:00	<b>Coffee break</b>	
<b>Session 4 – How can RBCF contribute to the mobilization of financing and transformative change?</b>		
<p><i>This session will discuss the opportunities to use RBCF as a delivery model to mobilize and expand the amount of financing flowing to mitigation actions. The session will also discuss how RBCF can facilitate design and implementation of mitigation programs to achieve transformation. Two case studies based on practical experience of successful RBCF operations will be presented. The case studies will illustrate how the key attributes of RBCF have been operationalized. Among these building blocks, the case studies will look at the financing arrangements, technical and MRV capacity, and enabling institutions and governance structures.</i></p> <p><i>Participants will then be invited to assess two key themes in <b>parallel group discussions</b>: (I) the potential of RBCF to incentivize private sector engagement; and (II) the use of RBCF to foster implementation and support domestic policy processes.</i></p> <p><i>Moderator: Ms. Carmen Nonay, World Bank Group</i></p>		
16:00 – 16:50	<ul style="list-style-type: none"> <li>– <b>RBCF as a delivery model to mobilize and expand the amount of financing flowing to mitigation actions</b>, Mr. John Ward, Vivid Economics</li> <li>– <b>Transformative RBCF program in the energy sector</b>, Mr. Tom Erichson, Differ Group</li> <li>– <b>Transformative RBCF for the urban poor</b>, Mr. Charis Lypiridis, World Bank Group; Ms. Raluca Golumbeanu, World Bank Group</li> </ul>	
16:50 – 18:15	<b>GROUP DISCUSSIONS</b>	
	<ul style="list-style-type: none"> <li>– <b>Introduction</b>, Ms. Caroline Ott, Rocky Mountains Institute</li> </ul>	
	<p><b>Theme I: How to use RBCF to build markets and mobilize private resources while ensuring sustainability of transformative programs?</b></p> <p><i>Moderator: Ms. Elina Weber EnDev</i></p>	<p><b>Theme II: How to use RBCF to strengthen implementation capacity and supporting domestic policy processes?</b></p> <p><i>Moderator: Mr. Martin Gauss, KPC</i></p>
<ul style="list-style-type: none"> <li>– <b>Presentations of the outcomes of the thematic discussions</b></li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>		
18:15 – 18:30	<b>Wrap-up and quick overview of day 1</b>	

**Day 2**

08:30 – 09:00	<b>Welcome coffee</b>
<b>Session 5 – What is the role of crediting and RBCF approaches in the NDC implementation context and what are the implications for their design?</b>	
<p><i>This session will discuss two important issues related to crediting and result-based approaches within NDCs. First, many countries have distinguished between components of their NDC mitigation commitments that are “conditional” and “unconditional.” The Paris Agreement and associated decision text do not specifically address distinctions between these NDC elements and their potential implications for international transfers. This could present challenges in deciding how to apply various provisions of the Paris Agreement when designing scaled-up crediting. Second, countries have adopted a variety of mitigation pledges, with some specifying explicit GHG reductions targets, while others indicating general actions to be undertaken, or targets specified in non-GHG terms (e.g., technology penetration goals). Since countries have only started to elaborate general and sectoral policies to implement their NDCs, it may pose challenges to the definition of sectoral or sub-sectoral coverage of crediting and RBF approaches. Two countries’ perspectives will be provided to illustrate the current stage of the strategy development and planning toward NDC implementation and how the main issues of design are being considered at the general and sectoral level.</i></p> <p><i>Moderator: Ms. Malin Ahlberg, Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), Germany</i></p>	
09:00 – 10:30	<ul style="list-style-type: none"> <li>– <b>Expert presentations:</b> <ul style="list-style-type: none"> <li>▪ <b>Key design aspects of scaled-up crediting and RBCF approaches considering the conditionality of NDC pledges and translating NDC goals into sectoral emissions pathways, Mr. Randall Spalding-Fecher, Carbon Limits</b></li> <li>▪ <b>Vietnam: Country perspective, Dr. Lung Quang Huy, Ministry of Natural Resources and Environment, Vietnam</b></li> <li>▪ <b>Costa Rica: Country perspective, Mr. Felipe de Leon, Ministry of Energy and Environment, Costa Rica</b></li> </ul> </li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>
10:30 – 11:00	<b>Coffee break</b>
<b>Session 6 – How can scaled-up crediting and RBCF approaches contribute to market creation and capacity building</b>	
<p><i>Building on Day 1 discussions on the use of various financing sources to support NDC implementation, this session will explore the potential to build markets and capacity with support of scaled-up crediting and RBCF approaches. The implications of the combined use of climate finance and carbon markets for reporting and accounting under the Paris Agreement will also be discussed.</i></p> <p><i>Moderator: Ms. Silvia Charpentier, Ministry of Environment and Energy, Costa Rica</i></p>	
11:00 – 12:00	<ul style="list-style-type: none"> <li>– <b>Expert presentations:</b> <ul style="list-style-type: none"> <li>▪ <b>Potential to build markets and capacity through scaled-up crediting and RBF approaches, Ms. Felicity Spors, World Bank Group</b></li> <li>▪ <b>Program for Results: An Innovative Financing Tool to Incentivize Results and Build Capacity through Harmonize Donor Support to Government Programs, Ms. Fatima Shah, World Bank Group</b></li> </ul> </li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>
12:00 – 13:15	<b>Lunch</b>

Session 7 – Integration of crediting design processes into broader policy planning: lessons from ongoing exercises in implementing countries	
<p><i>The implementation of NDCs and related climate and sector policies is facilitated by a systematic (climate) policy planning process. An important part of such processes is the coordination among ministries and among efforts in different sectors. In some cases, a modelling or other suitable process that disaggregates a national (quantitative) pledge to specific sectors is applied (top-down), or the NDC pledge itself is formulated bottom-up, building on BAU projections and mitigation potentials in the different (sub-)sectors. This can be done based on e.g., sectoral models, or general equilibrium models or partial economic models with an adequate representation of the relevant sub-sectors. This session will discuss some tools and approaches that countries are using to construct NDC pledges (or to share the overall efforts between sectors/sub-sectors) and that could be applied to examine sectoral emissions pathways, including in sectors where crediting programs might be adopted.</i></p> <p><i>Moderator: Ms. Alexandrina Platonova-Oquab, World Bank Group</i></p>	
13:15 – 14:30	<ul style="list-style-type: none"> <li>– <b>Expert presentation:</b> <ul style="list-style-type: none"> <li>▪ <b>Using modelling tools for the design of the new generation of scaled-up crediting program: current capacities and future opportunities, Mr. Jürg Füssler, INFRAS</b></li> </ul> </li> </ul> <p style="text-align: center;"><b>MEET THE EXPERTS</b></p> <p><i>During this hour participants will be able to move to different tables in the room to meet representatives from different countries who will be able to share their experiences with ongoing modelling exercise in various sector in their countries.</i></p> <ul style="list-style-type: none"> <li>– <b>Colombia: assessing the economy-wide implications of NDC mitigation objectives, Ms. Silvia Liliana Calderon, National Planning Department, Colombia</b></li> <li>– <b>Chile: Sectoral modelling in the power sector, Mr. Nicolas Westenenk, Ministry of Energy, Chile</b></li> <li>– <b>Morocco: Energy efficiency in buildings based on sectoral model, Mr. Sam Foster, Element Energy</b></li> <li>– <b>Vietnam, Dr. Lung Quang Huy, Ministry of Natural Resources and Environment, Vietnam</b></li> <li>– <b>Sri Lanka: Modeling for power sector generation planning, Mr. M.B.S Samarasekara, Chief Engineer, Ceylon Electricity Board, Sri Lanka</b></li> </ul>
14:45 – 15:00	<b>Coffee break</b>

Session 8A – Baseline setting for scaled-up carbon and RBCF programs in the context of NDC implementation			
<p><i>This parallel session will discuss the conceptual and practical issue of baseline setting for scaled-up crediting and RBCF programs in specific sectors in the context of a closer alignment of the carbon market strategy with the broader policy objectives, instruments and financial resources that would need to be mobilized to achieve NDC goals. Two case studies based on practical experience will be presented. Participants will then be invited to assess two key themes in parallel group discussions: (I) baseline setting in the context of a closer alignment of policies and financial resources needed for the implementation of NDCs; and (II) bringing broader modelling techniques used for NDC implementation strategy development into the set of baseline setting tools for scaled-up approaches.</i></p> <p><i>Moderator: Ms. Ulrika Raab, Swedish Energy Agency</i></p>			
15:00 – 17:30	<ul style="list-style-type: none"> <li>– <b>Main recommendations of the PMR technical note <i>Baselines Setting for Scaled-up Crediting in the Broader NDC Context</i>, Ms. Noémie Klein, Ecofys</b></li> <li>– <b>Case studies, Mr. Randall Spalding-Fecher, Carbon Limits</b></li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>		
<b>GROUP DISCUSSIONS</b>			
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<b>Session 8B – Benchmarking as a practical tool to design domestic and international carbon pricing approaches</b>			
<p><i>This parallel session will discuss the conceptual and practical issues of benchmark setting for developing voluntary cooperative and scaled-up crediting programs in targeted sectors in the context of a need for development of various carbon pricing approaches and their alignment with the broader policy objectives, and the role they could play to mobilize financial resources to achieve NDC goals. Two country perspectives will be discussed. Participants will be invited to assess two key themes in parallel group discussions: (I) role of benchmark setting in the context of a need for closer alignment of policies and financial resources needed for the implementation of NDCs; and (II) aligning benchmark setting approaches for various carbon pricing instruments for NDC implementation strategy development.</i></p> <p><i>Moderator: Mr. Harikumar Gadde, World Bank Group</i></p>			
15:00 – 16:00	<ul style="list-style-type: none"> <li>– <b>Benchmarking approaches for various carbon pricing instruments: A new perspective on their role in the implementation of NDCs, Carolina Downey de Oliveira, Ricardo-AEA</b></li> <li>– <b>Two country perspectives:</b> <ul style="list-style-type: none"> <li>▪ <b>South Africa, Mr. Mkhuthazi Steleki, Department of Environmental Affairs</b></li> <li>▪ <b>Kazakhstan, Ms. Botagoz Akhmetova, Zhasyl Damu (National ETS Operator)</b></li> </ul> </li> <li>– <b>Discussion and Q&amp;A</b></li> </ul>		
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17:30 – 18:00	<p><b>Outcomes and recommendations from Sessions 8A &amp; 8B, Ms. Ulrika Raab, Swedish Energy Agency; Mr. Harikumar Gadde, World Bank Group</b></p>		
18:00 – 18:30	<p><b>Wrap-up and conclusions, Mr. Adrien de Bassompierre, World Bank Group</b></p>		

