

Session 1: The Concept of Programme of Activities (PoA)

1.1 Overview of the PoA and business models

Training-Workshop on CDM Post-registration Changes (PRCs)
and Programme of Activities (PoAs)

12-14 February 2014 - Pretoria, South Africa

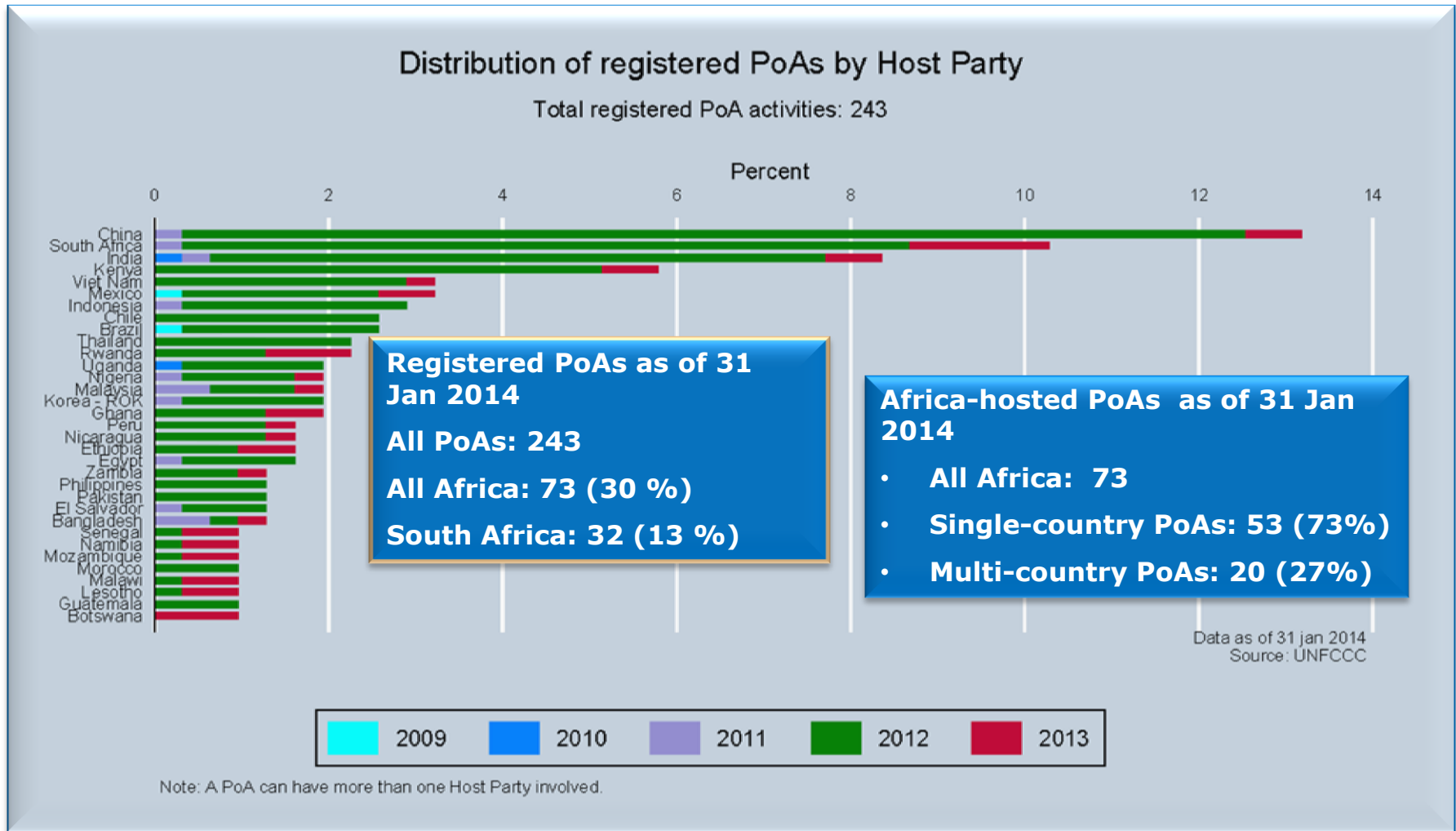


Outline

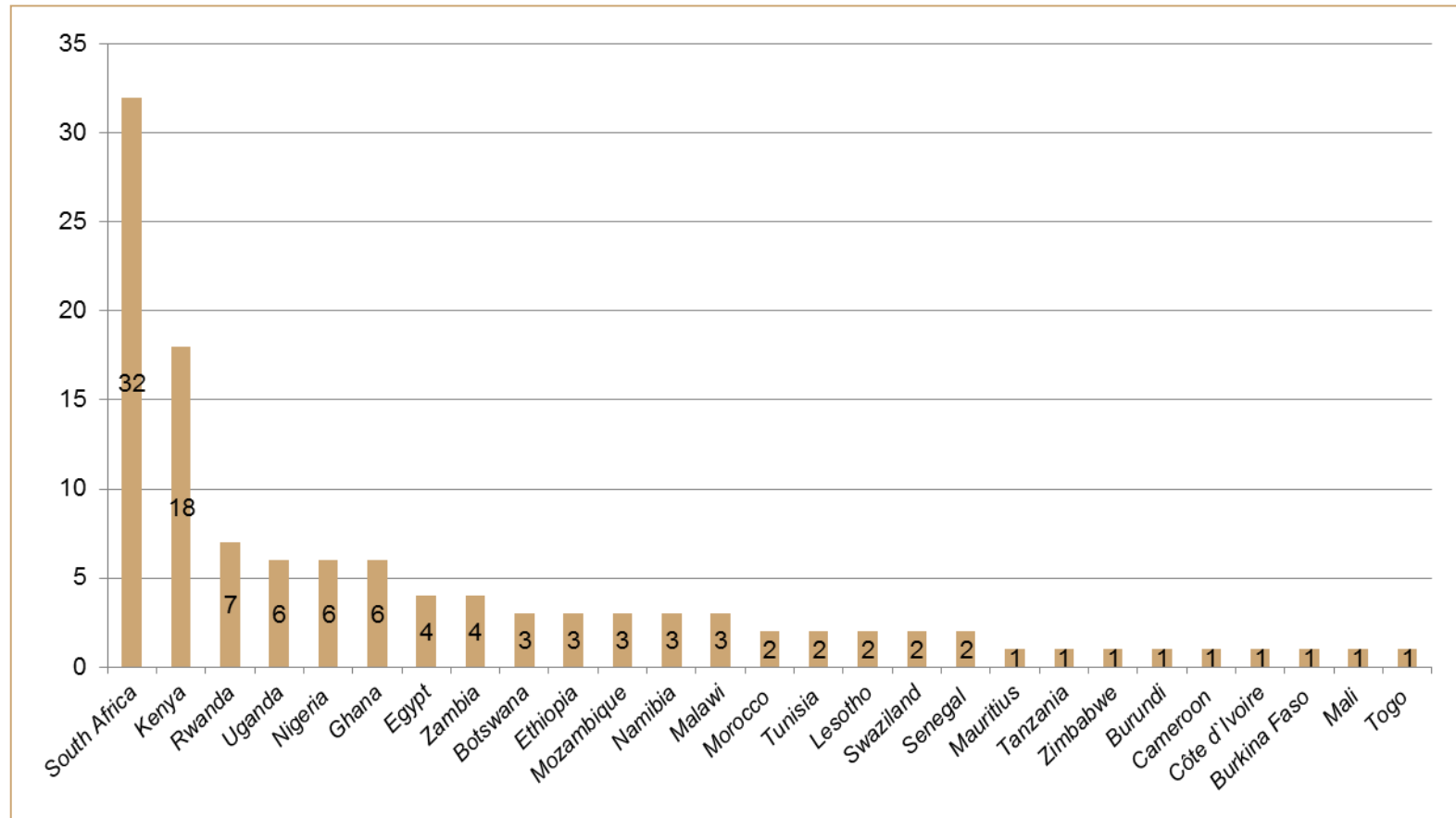
- **PoA implementation in Africa**
- **Basic concepts**
- **PoA project cycle**
- **PoA documentation**
- **Roles of the CME**
- **Business models**



Distribution of registered PoAs by Host Party



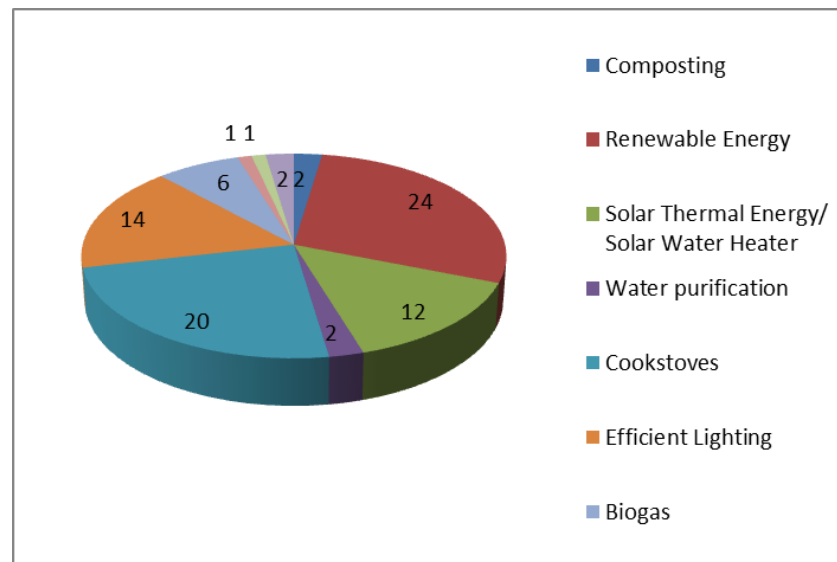
Number of registered PoAs hosted by African countries



Registered PoAs hosted by African countries- by type and meth

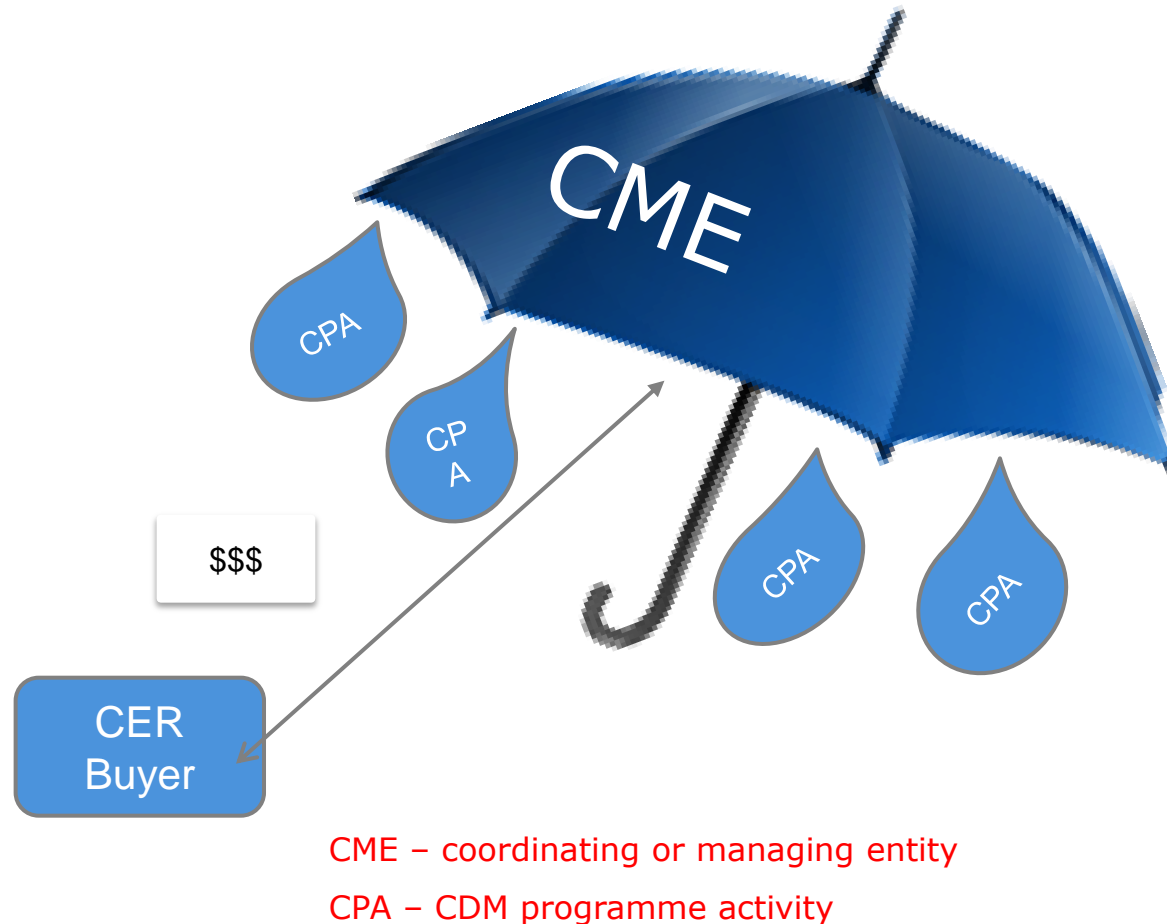
PoAs by type/meth			
Composting	AM0025 ver. 13	1	2
	AMS-III.F. ver. 6	1	
Renewable Energy	ACM0002 ver. 12	9	24
	ACM0002 ver. 13	6	
	AMS-I.D. ver. 17	8	
	AMS-I.F. ver. 2	1	
Solar Thermal Energy/ Solar Water Heater	AMS-II.C. ver. 13	5	12
	AMS-I.C. ver. 17	2	
	AMS-I.C. ver. 19	3	
	AMS-I.J.	2	
Cookstoves	AMS-II.G. ver. 3	13	20
	AMS-II.G. ver. 4	4	
	AMS-II.G. ver. 5	2	
	AMS-III.AO.	1	
Efficient Lighting	AMS-III.AR.	1	14
	AMS-III.AR. ver. 2	1	
	AMS-III.AR. ver. 3	3	
	AMS-III.AR. ver. 4	1	
	AMS-II.J. ver. 4	3	
	AMS-II.C. ver. 13	5	
Biogas	AMS-I.E. ver. 4	3	6
	AMS-I.E. ver. 5	1	
	AMS-III.R. ver. 2	2	
	AMS-III.D. ver. 18	1	
Vehicle recycling	AMS-III.C. ver. 11	1	1
Cogeneration	AMS-II.K.	1	1
Fuel switch	AMS-III.B. ver. 16	1	2
	AMS-III.Z. ver. 4	1	
Water purification	AMS-III.AV.	2	2
Total			84

*more than no. of PoAs because of mult meths for some PoAs



PoA concept and benefits

- Unlimited number of similar component project activities (CPA) can be administered under a single programme umbrella.
- Scale up the CDM
 - No specified size limits
 - Can be geographic (e.g. a certain city/province),
 - CPA can be time bound (e.g. activities commencing in a certain year).
- Reduce transaction costs
 - Individual project developers not directly engaged in the CDM process
 - Monitoring and verification possible for a number of CPAs
 - Reduces regulatory risks and uncertainties



CPA Inclusion in PoA



PoA at the time of registration



Potential CPAs



CPA Inclusion checked by DOE and uploaded in CDM website



CPA Inclusion over the PoA Lifetime

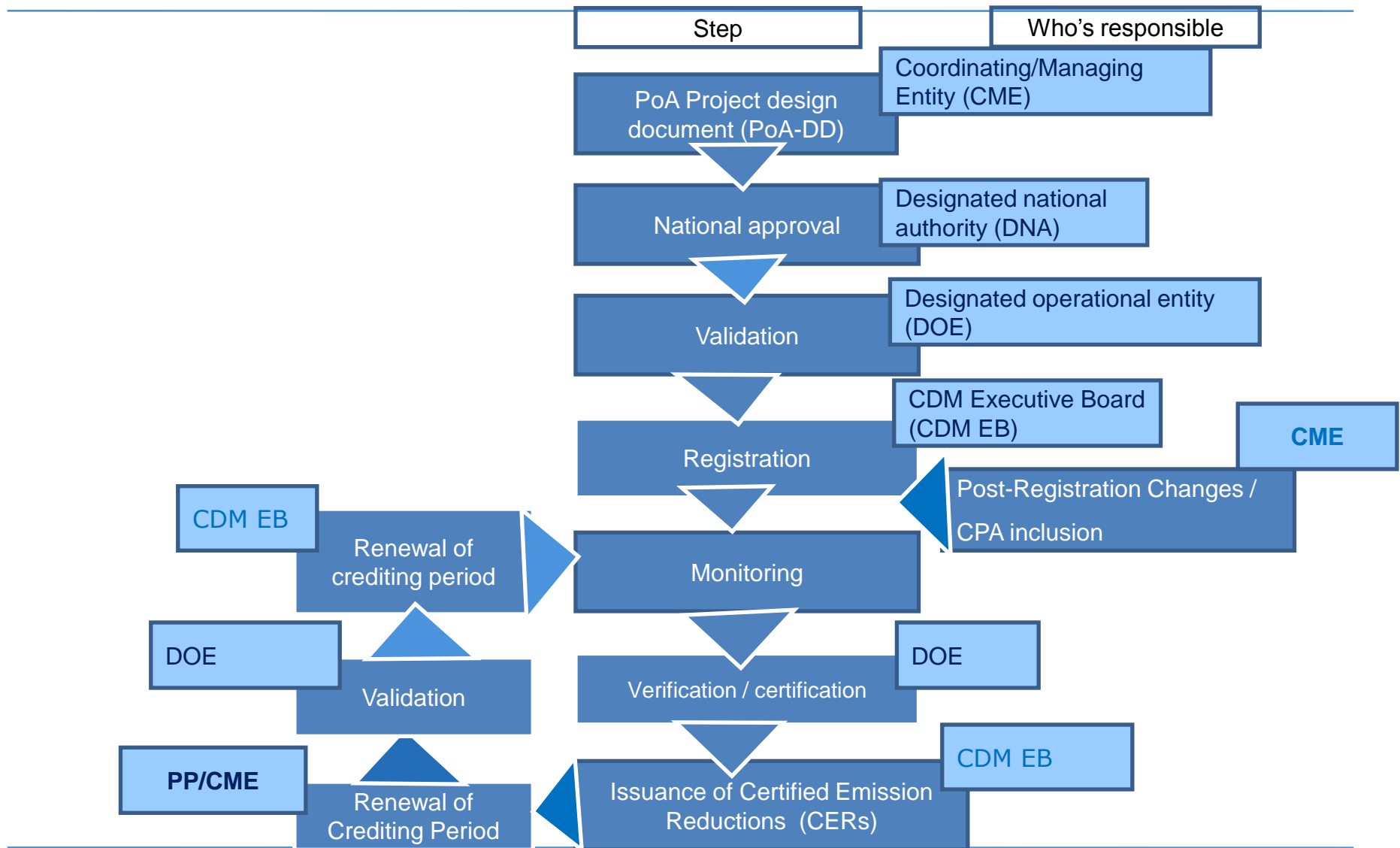


PoAs vs. Project activities

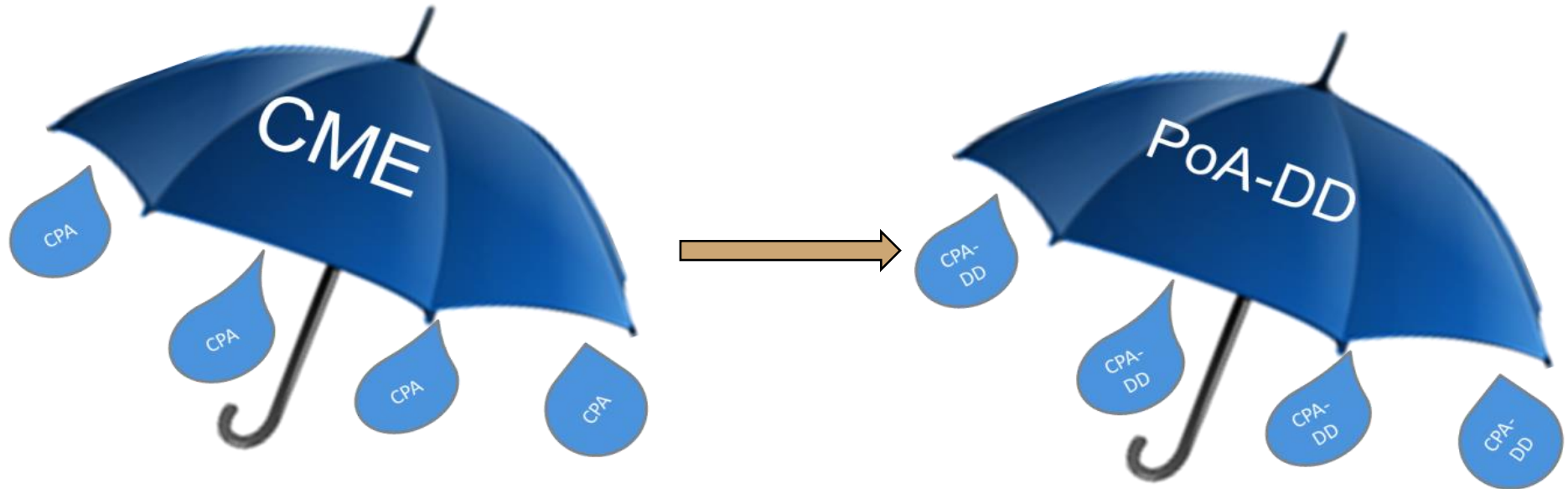
PA- Single Project	PA- Bundle of projects	PoAs
Single location	Multiple locations within a country	Multiple locations, across countries
Single PP	Multiple PP	Multiple PP
PP known ex-ante	All PP known ex-ante - each participant in a bundle is a CDM project participant	At least one PP known ex-ante, rest join later; Individual CPA developers do not need to be formal programme participants.
1 project at a time	A number of activities submitted as 1 project activity at a time	Activities submitted over the life-time of the POA
One crediting period	One crediting period for all activities	Each activity has own crediting period



CDM PoA Project Cycle



PoAs documentation



CME – coordinating or managing entity

CPA – **CDM** programme activity

PoA-DD: PoA design document

CPA-DD: CPA design document



PoA-DD and CPA-DD preparation



PoA-DD

Part I Programme of activities (PoA)

- SECTION A. General description of PoA
- SECTION B. Demonstration of additionality and development of eligibility criteria
- SECTION C. **Management system**
- SECTION D. Duration of PoA
- SECTION E. Environmental impacts
- SECTION F. Local stakeholder comments
- SECTION G. Approval and authorization



PoA-DD and CPA-DD preparation



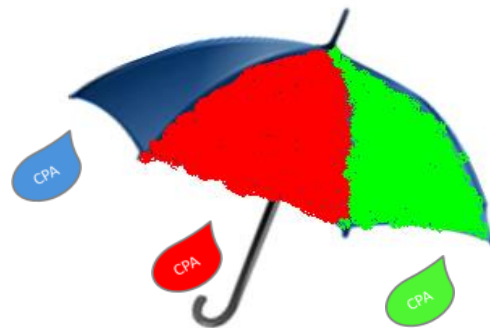
PoA-DD

PART II. Generic component project activity (CPA)

SECTION A. General description of a generic CPA

SECTION B. Application of a baseline and monitoring methodology

Repeat Part II for more project types designed in the PoA



PoA-DD and CPA-DD preparation



Specific CPA-DD

SECTION A. General description of CPA

SECTION B. Environmental analysis

SECTION C. Local stakeholder comments

SECTION D. Eligibility of CPA and Estimation of emissions reductions

SECTION E. Approval and authorization

*Virtually same as the normal project activity, except
eligibility criteria*



PoA management system – Role of the CME

PoA Standard, para. 19: The CME shall develop and implement a management system that includes the following:

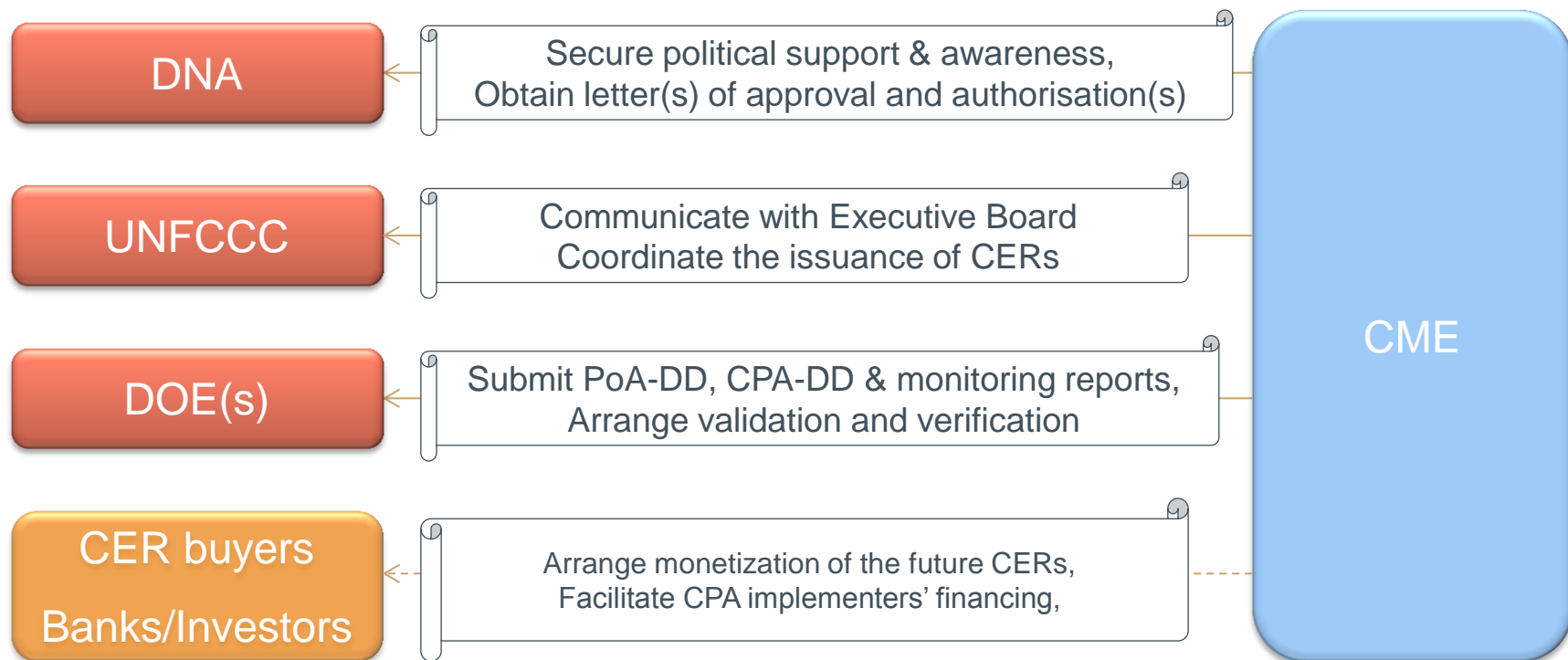
- a) A clear definition of roles and responsibilities of personnel involved in the process of inclusion of CPAs, including a review of their competencies;
- b) Records of arrangements for training and capacity development for personnel;
- c) A procedure for technical review of inclusion of CPAs;
- d) A procedure to avoid double counting (e.g. to avoid the case of including a new CPA that has already been registered either as a CDM project activity or as a CPA of another PoA);
- e) Records and documentation control process for each CPA under the PoA;
- f) Measures for continuous improvements of the PoA management system

"The The programme manager is responsible for overseeing the business development under the PoA while bringing together the various financial, legal and carbon aspects in a coherent structure" – ClimateFocus PoA handbook, 2nd ed.



Upstream roles of the CME

Bringing together the various **carbon**, **legal** and **financial** aspects in a coherent structure

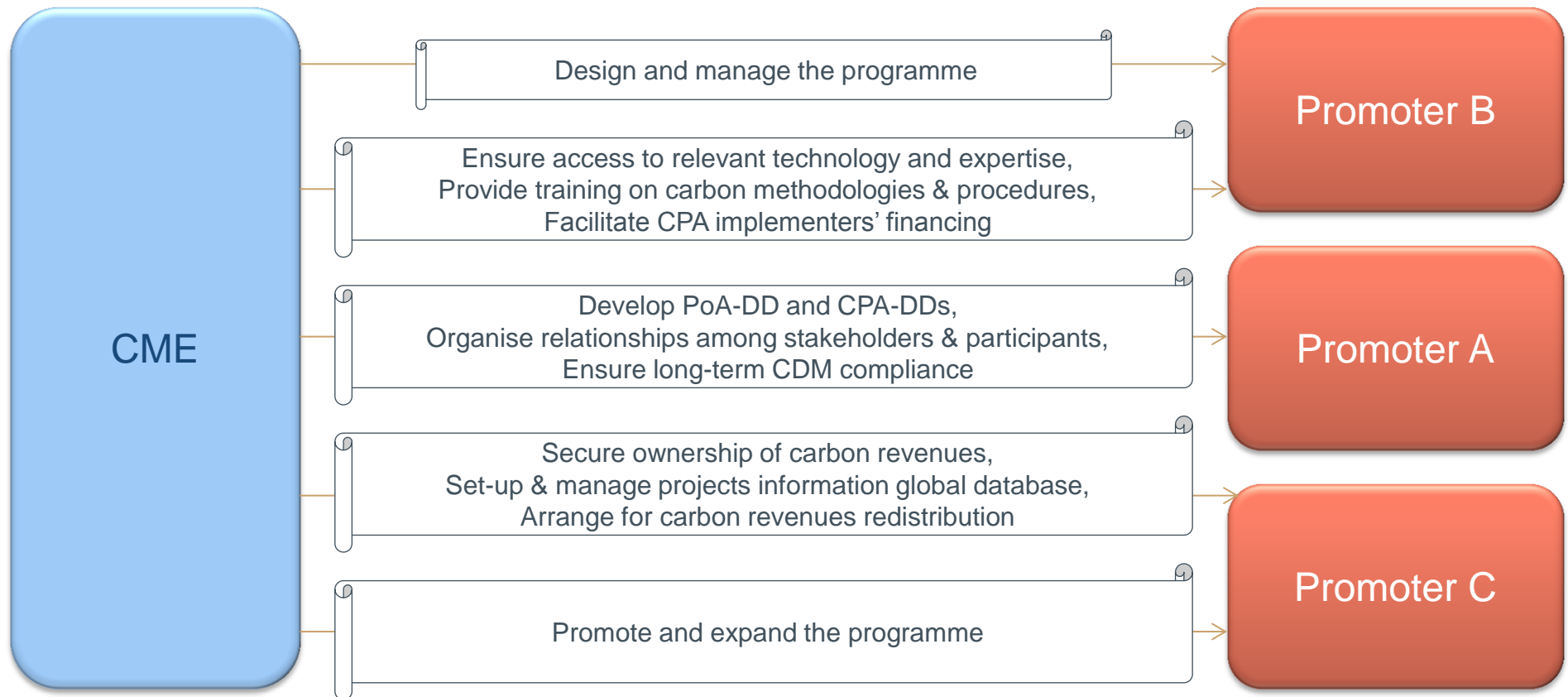


Source: Ecosur Afrique, Regional CME/DNA Training and Workshop 2013



Downstream roles of the CME

Ensuring **leadership, administration and monitoring** of the carbon platform

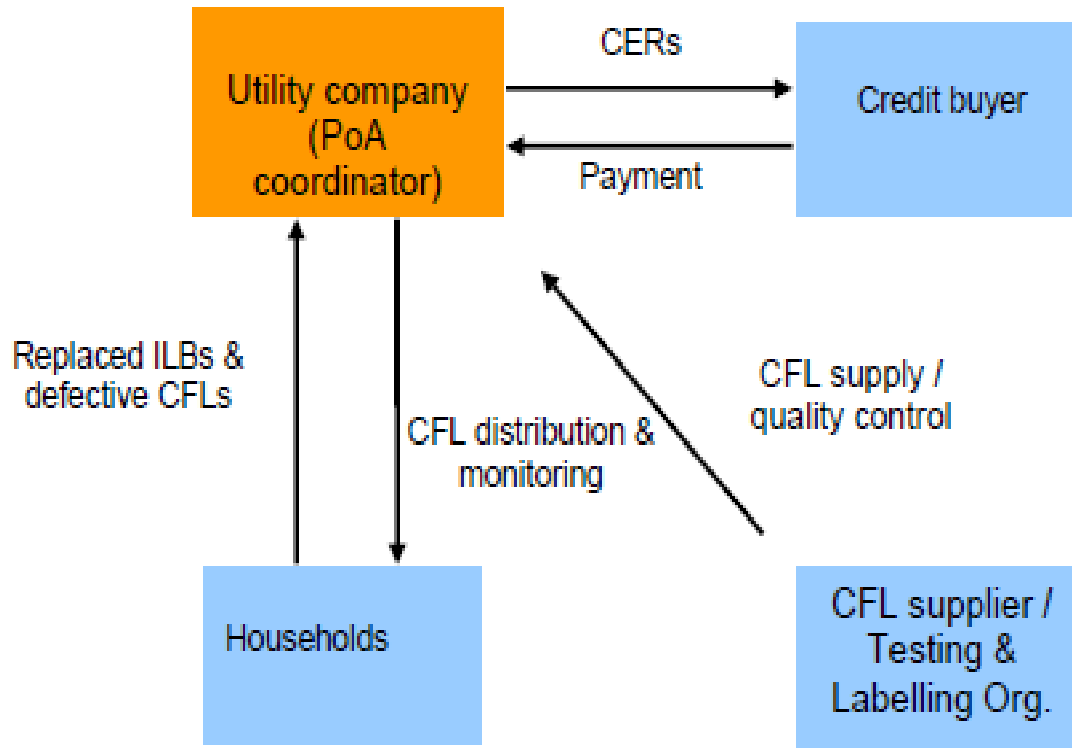


Source: Ecosur Afrique, Regional CME/DNA Training and Workshop 2013



PoA Business Models

CFL programme business model example



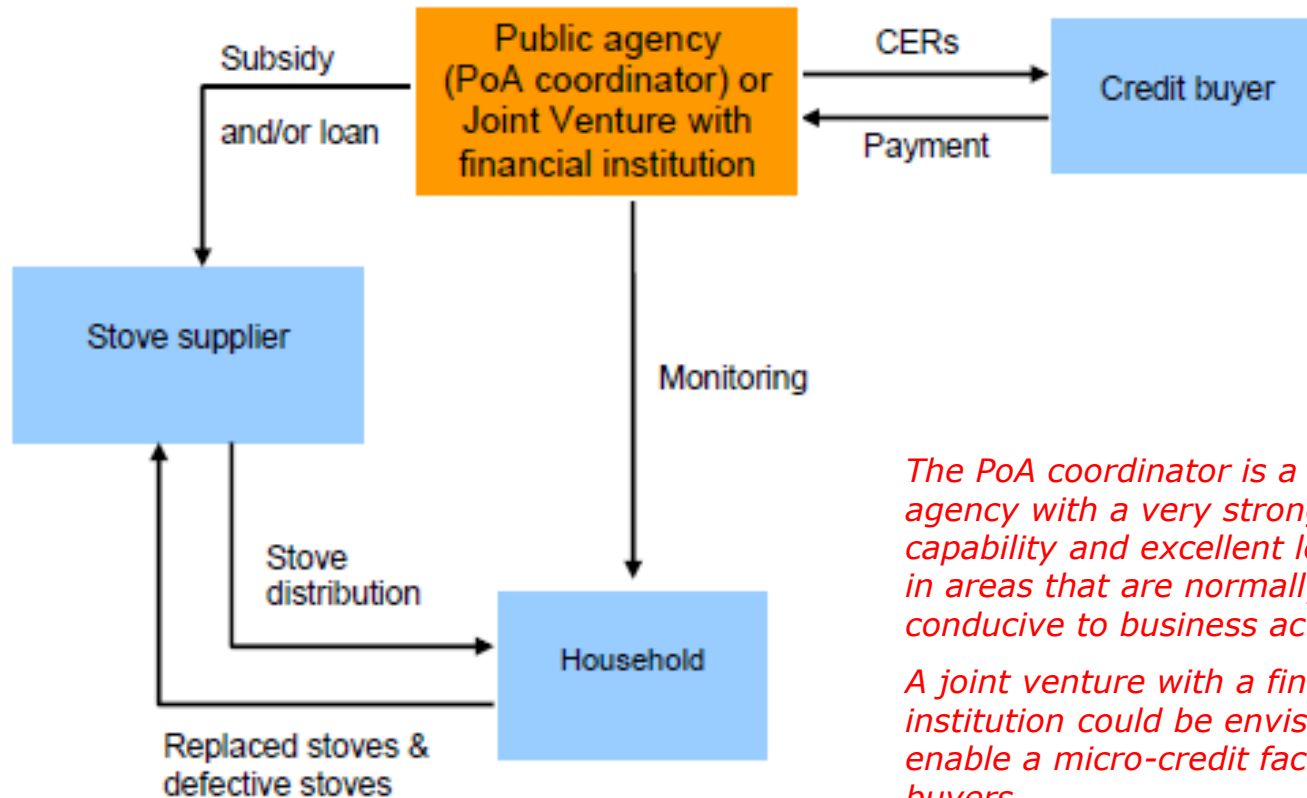
The PoA coordinator is a utility company with a very strong logistical capability and excellent local network to enable an effective monitoring.

Source: KfW PoA Blueprint Book, 2010



PoA Business Models

Efficient stove programme business model example



The PoA coordinator is a public agency with a very strong logistical capability and excellent local network in areas that are normally not conducive to business activities.

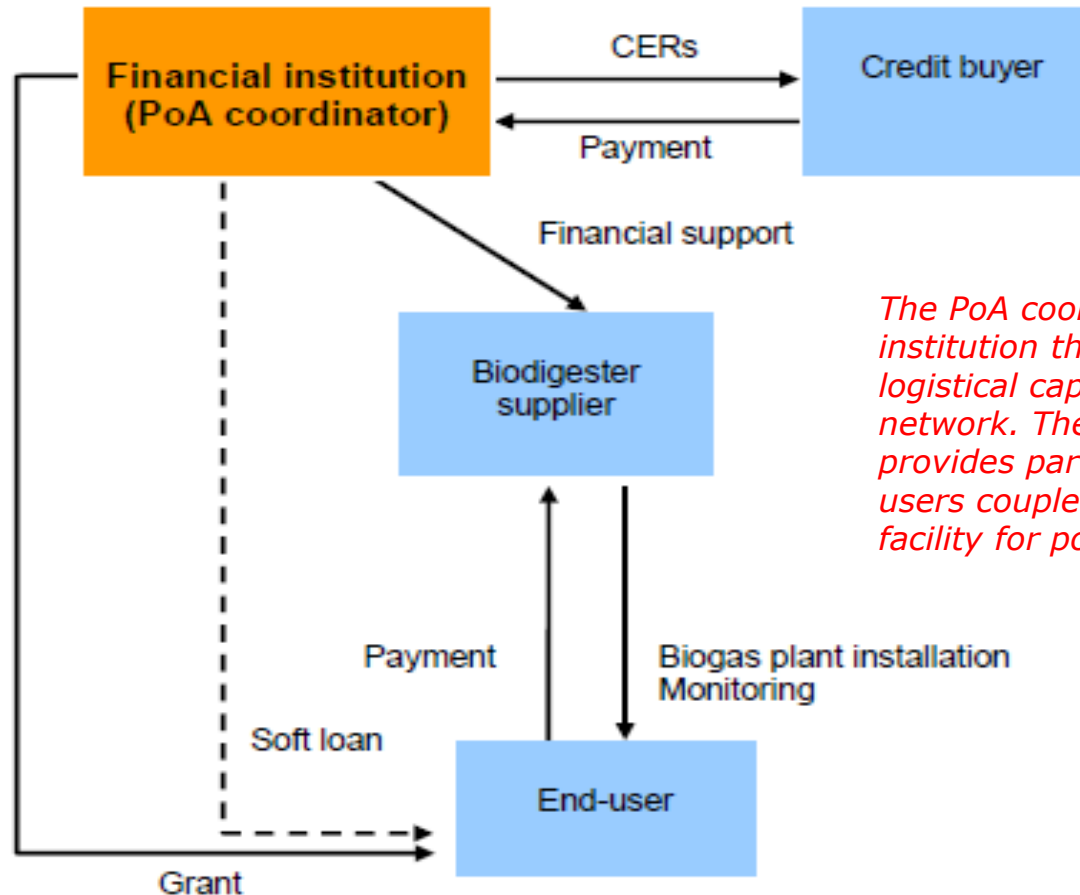
A joint venture with a financial institution could be envisaged to enable a micro-credit facility for stove buyers.

Source: KfW PoA Blueprint Book, 2010



PoA Business Models

Domestic biogas programme business model example



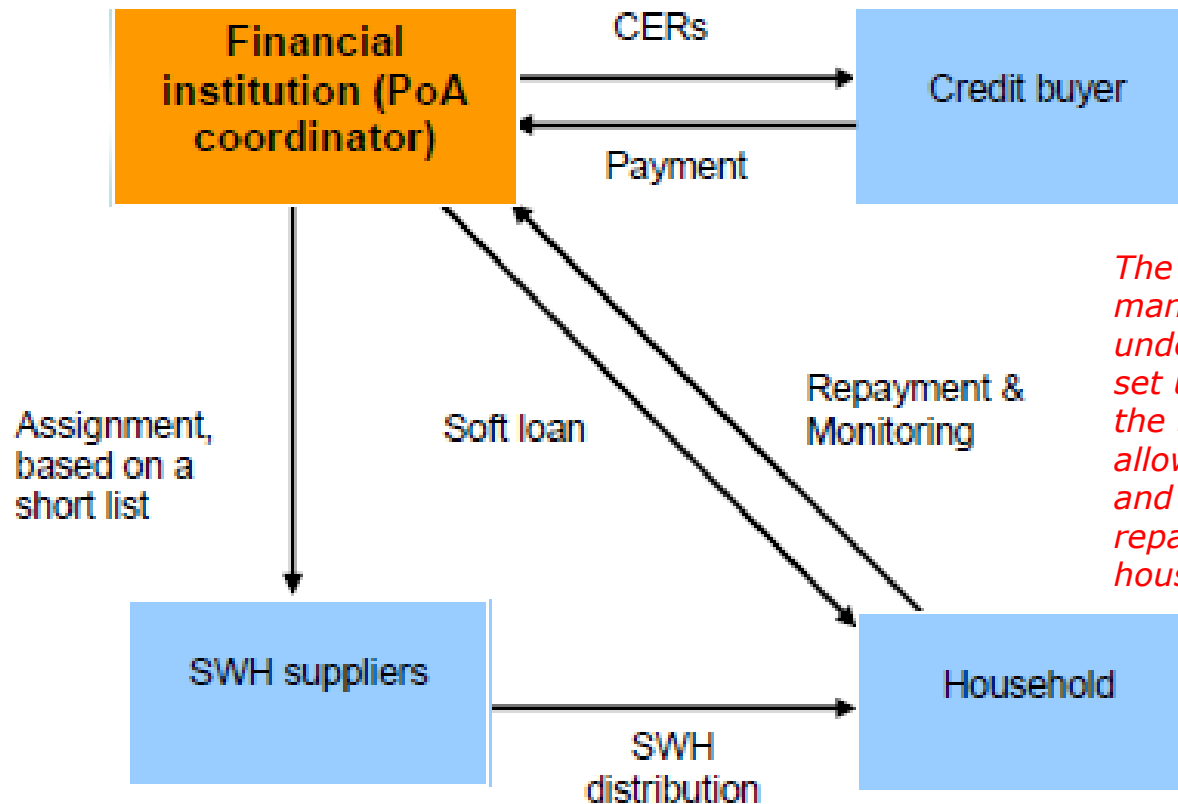
The PoA coordinator is a financial institution that possesses very strong logistical capability and excellent local network. The financial institution provides partial grants to the end-users coupled with a micro-credit facility for poor households.

Source: KfW PoA Blueprint Book, 2010



PoA Business Models

SWH programme business model example



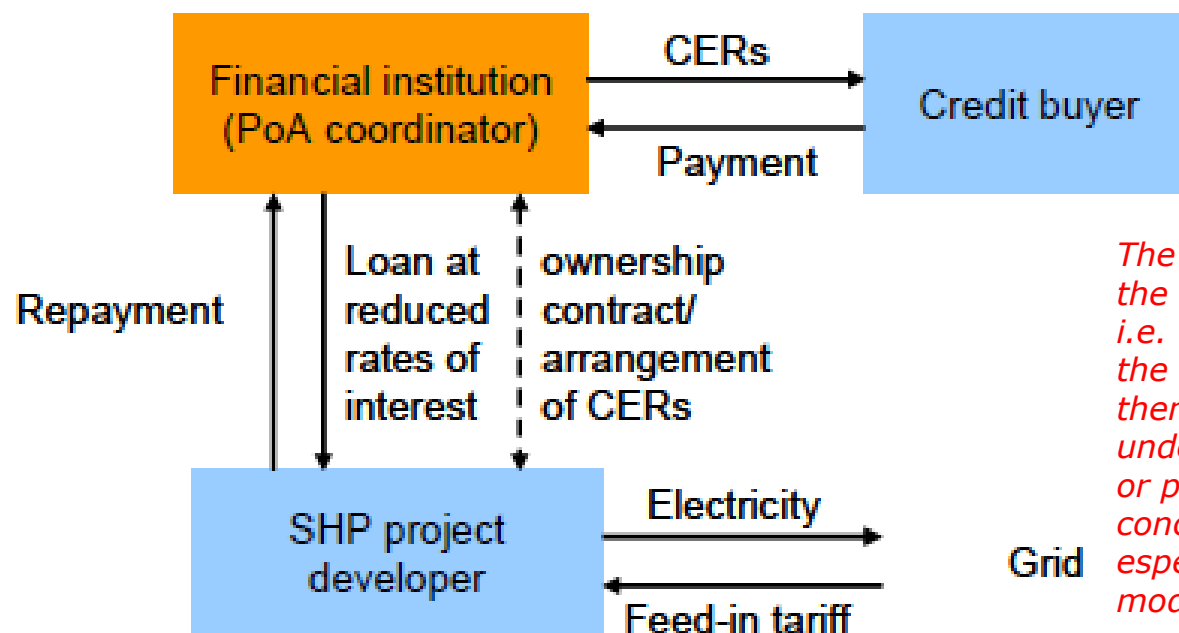
The PoA coordinator has to manage the financial streams under the programme, i.e. to set up financing contracts with the SWH producer in order to allow them to offer the SWHs and receive the monthly repayment from the households.

Source: KfW PoA Blueprint Book, 2010



PoA Business Models

Small Hydropower (SHP) programme business model example



The PoA coordinator has to manage the financial streams under the PoA, i.e. by providing attractive loans to the SHP developer in order to enable them to finance the individual CPAs under the PoA. Alternatively, utilities or public institutions are also conceivable as a managing entity, especially in a payment-on-delivery model structure.

Source: KfW PoA Blueprint Book, 2010



Summary

- **Africa is doing well with PoAs** - with 30% share of total registered compared to stand alone projects (only 2.4%)
- **PoAs present many advantages** – small-scale, dispersed activities (e.g. household and small commercial level, transport, agriculture) can become viable with flexibility, scaling up and standardization associated with PoAs
- **There is still a lot of potential that can be tapped** through addition of host countries and CPA inclusion – need support of DNAs and partnerships between LDCs and non-LDCs (with the closure of EUTS to non-LDCs)
- **A PoA is a long-term venture (up to 28 years) involving many actors**- CME needs to have good management system, transparent design and clear incentives for project owners to join in, as well as for other support entities (e.g., for monitoring and maintenance) who do not directly profit from the CERs generated.



Thank you for your attention

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