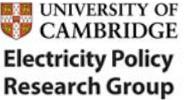
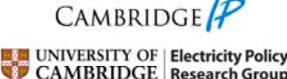


International Support for Domestic Action

Mechanisms to Facilitate Mitigation in Developing Countries

Executive Summary

SEPTEMBER 21, 2009

Country Studies		Institutional Studies	
 William Gboney	Policy and regulatory Framework for Renewable Energy and Energy Efficiency Development in Ghana	 Karsten Neuhoff, Simone Cooper, Tim Laing, Sarah Lester, and Adam Rysanek	Indicator Choices and Tradeoffs: Facilitating the Success of International Climate Policies and Projects
 Max Edkins, Harald Winkler, and Andrew Marquard	Large-scale Roll-out of Concentrating Solar Power in South Africa	 Morgan Bazilian, Heleen de Coninck, Aaron Cosbey, and Karsten Neuhoff	Mechanisms for International Low-Carbon Technology Cooperation: Roles and Impacts
 Marcia Valle Real and Haroldo Machado Filho	Changing to a Low-Carbon Transportation Sector in Brazil	 Karsten Neuhoff, Sam Fankhauser, Emmanuel Guerin, Helen Jackson, Jean Charles Hourcade, Ranjita Rajan and John Ward	Structuring International Financial Support to Support Domestic Action in Developing Countries
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 Xiliang Zhang	North-South Cooperation and Private Public Partnership: A Case Study of China Wind Power Industry	 Ilian Iliev and Karsten Neuhoff	Intellectual Property: Cross-licensing, Patent Pools and Cooperative Standards as a Channel for Climate Change Technology Cooperation

Key Insights from the Project

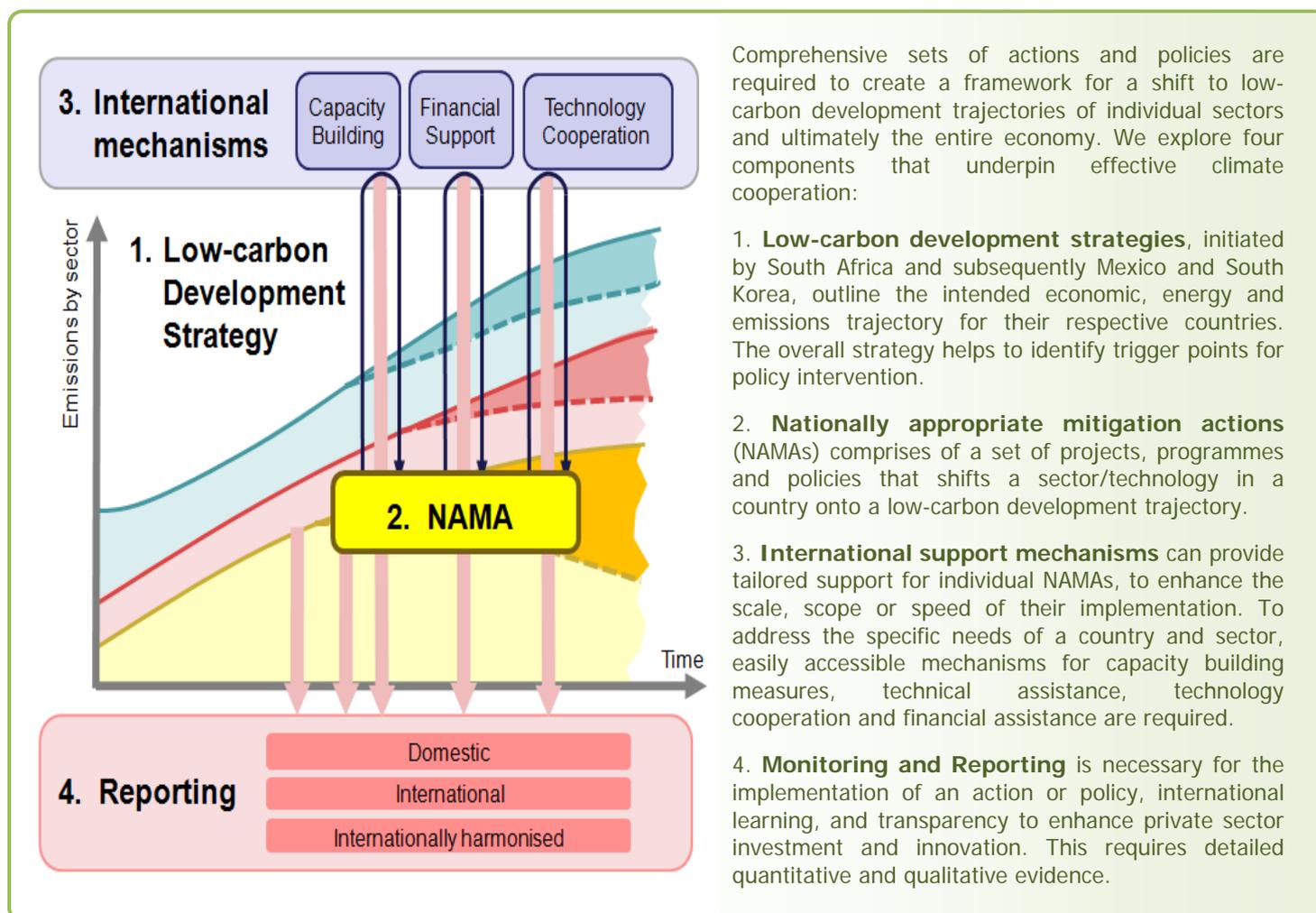
1. Low-carbon development strategies

Domestic ownership is essential for the success of low-carbon development strategies – to ensure they capture the resources, capabilities and aspirations of a country. International cooperation can facilitate mutual learning and information sharing so as to ensure that low carbon development strategies:

Provide frameworks for the low-carbon transition in a country, avoiding the mere pursuit of marginal improvements of old technologies, but where possible allow to leap-frog towards low-carbon technologies and infrastructure that have long-term mitigation and market potential. A clear framework that is supported with credible policies allows firms and investors to anticipate future market opportunities and shift investments to low-carbon sectors and technologies.

Identify interactions across sectors to match energy supply, for example from bio-mass and renewable electricity production, with energy usage patterns in industry, transport and households. Also infrastructure needs can be met, e.g. by installing energy efficient agricultural pump sets together with electricity metering in order to facilitate efficient use of water and energy.

Align interests of domestic actors and international community in developing low-carbon development strategy that is consistent with domestic and global objectives. This requires that the plan is not taken as commitment, but merely as basis for the discussion of domestic commitments and international support for the implementation of NAMAs identified by the plan.



2. Nationally Appropriate Mitigation Actions

A set of actions has to be pursued in parallel to facilitate a shift to low-carbon development of a sector or technology, including: training, capacity, evolving institutional and regulatory structures, and initial access to finance. These require local knowledge and local stakeholders to initiate implementation and gain political support.

The interest of stakeholders from government, academia, and often from industry and finance was demonstrated in country workshops pursued as part of the ISDA project. The initial interest was typically triggered by the co-benefits of low-carbon transitions: opportunities to improve energy access and security, create jobs, and achieve broader development objectives.

Opposition to change is to be expected from other stakeholder groups that benefit from the status quo or have a lot to lose. Political support can be increased, for example when incumbent companies participate in the deployment of new technologies and the transition of the workforce is supported with training. The long struggle of policies to remove energy subsidies, points to the importance of schemes that create win-win situations from change, e.g. combining price changes with investment support for efficient appliances.

It is desirable to define one NAMA for any one transition in a sector or technology. The actions and associated politics for a low-carbon transition in any one sector or technology are complex; therefore further increasing the scope of a NAMA could delay delivery. The diversity of actions needed in such a transition requires involvement from many ministries and institutions in the design and implementation stages of a NAMA. Success hinges on high level political sign up, to coordinate and pursue such actions.

3. International support mechanisms

International support mechanisms need to be easily accessible by motivated domestic stakeholders to allow for domestic and international actors to structure support together. This ensures the support is demand driven, incorporates local insights, and tackles the specific needs of the country and sector or technology. Different support mechanisms can

create synergies for the implementation of a NAMA: Capacity building enhances skills to manage, construct, maintain, and operate new technologies and practices that receive regulatory, financial and technical support.

International support can enhance the scale, scope and speed of implementation of NAMAs. If support is linked to individual NAMAs, then it creates an additional driver for the domestic implementation of the actions required for success. Linking the support to continued NAMA implementation enhances the stability of regulatory and policy frameworks. E.g. a feed-in tariff is more likely to be stable if international support contributes to the incremental cost over time. This attracts domestic and international manufacturing and investment.

Technology cooperation can support the development of an enabling environment for low-carbon technologies, encompassing technology innovation, human and institutional capacity, markets and regulatory frameworks, availability of finance, and focused national policies. The type of support has to be tailored to the state of development and diffusion of the technology, and the country needs. While the mechanisms often focus on cooperation between governments, their ultimate objective is usually the creation of an enabling environment for private sector innovation, deployment and use of the technologies.

The list of mechanisms proposed for technology cooperation is comprehensive. A subset of mechanisms needs to be developed and refined. Some mechanisms, like: R&D cooperation, technology-oriented agreements, intellectual property rights sharing agreements, and a global technology demonstration fund, focus on enabling new innovations. Other mechanisms, including a network of innovation centres and technical assistance, focus on the capacity to adopt, operate, and maintain technology.

Intellectual property rights (IPR) have to be handled effectively. While they are neither the sole solution nor dominant obstacle for technology cooperation, the current political focus on climate cooperation creates the opportunity to develop international institutional capacity to address IPR conflicts and facilitate cooperation on climate relevant technologies. Industry standard bodies provide examples of how licensing and IPR disputes can be quickly

resolved while balancing return expectations for innovative activities with the needs of technology development and adaption to local circumstances.

Financial instruments matching the needs of actors and sectors facilitate the implementation of NAMAs. Grants, loans, credit guarantees or equity funding can thus support public and private actors in dealing with the risks of new technologies and policy frameworks and create opportunities to acquire new skills and develop business models. International support for individual NAMAs can facilitate their implementation and enhance their long-term credibility. Public finance is therefore an essential catalyst to shift large volumes of private sector investment to low-carbon technologies.

Choice of financial instruments needs to reflect institutional capacity and available resources. Experience of bilateral and multilateral cooperation for specific financial instruments can inform the choice of institutions for their provision. The resource base of multilateral institutions can be strengthened with revenue from carbon pricing on international aviation and shipping. Commitment to hypothecation of domestic carbon revenue can create the public funds necessary for bilateral cooperation. If all support provided across all instruments is measured in grant equivalent terms, then developed countries' contributions can be measured against their commitments.

Quantitative reporting has to expand beyond greenhouse gas emissions to facilitate effective management of the implementation of NAMAs and to allow for international learning. It can create accountability for all parties involved in international support mechanisms, enhance the credibility of the transition strategy and attract private sector investment. Experience from industry and other sectors points to the need to link outcome measures to a combination of input, process and output indicators.

The subsidiarity principle emphasises the value of local development of indicators, to match local needs, enhance domestic ownership and create greater political support. International registration of monitoring strategies and reporting is essential for rapid international learning on how to best tackle the global problem.

Internationally harmonised reporting of selected indicators and indicator categories needs to be agreed on, to allow for international benchmarking, to identify best practice, to ensure reports on international support mechanisms, identify short-comings, and to allow for accounting of international support provided by developed countries against their commitments.



Climate Strategies aims to assist governments in solving the collective action problem of climate change. It connects leading applied research on international climate change issues to the policy process and to public debate, raising the quality and coherence of advice provided on policy formation.

We convene international groups of experts to provide rigorous, fact-based and independent assessment on international climate change policy. To effectively communicate insights into climate change policy, Climate Strategies works with decision-makers in government and business, particularly, but not restricted to, the countries of the European Union and EU institutions.

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