

Nordic Partnership Initiative in Peru and Vietnam: Taking stock and looking forward

Side event: NAMAs as a tool for (I)NDC implementation
– Lessons learned and plans ahead

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14 November 2016, Marrakesh

NOAK-NEFCO Partnership Initiative: Feasibility Study on Up-Scaling Mitigation Action in Peru and Vietnam

Final Report (approved), 8 August 2011



Nordic Partnership Initiative (NPI): Partners

Nordic Council of Ministers (NCM)

Nordic Working Group for Global Climate Negotiations (NOAK)

Nordic Environment Finance Corporation (NEFCO)

Nordic Development Fund (NDF)

Ministry of Environment of Peru (MINAM)

Ministry of Construction of Vietnam (MOC)



NPI: Objectives

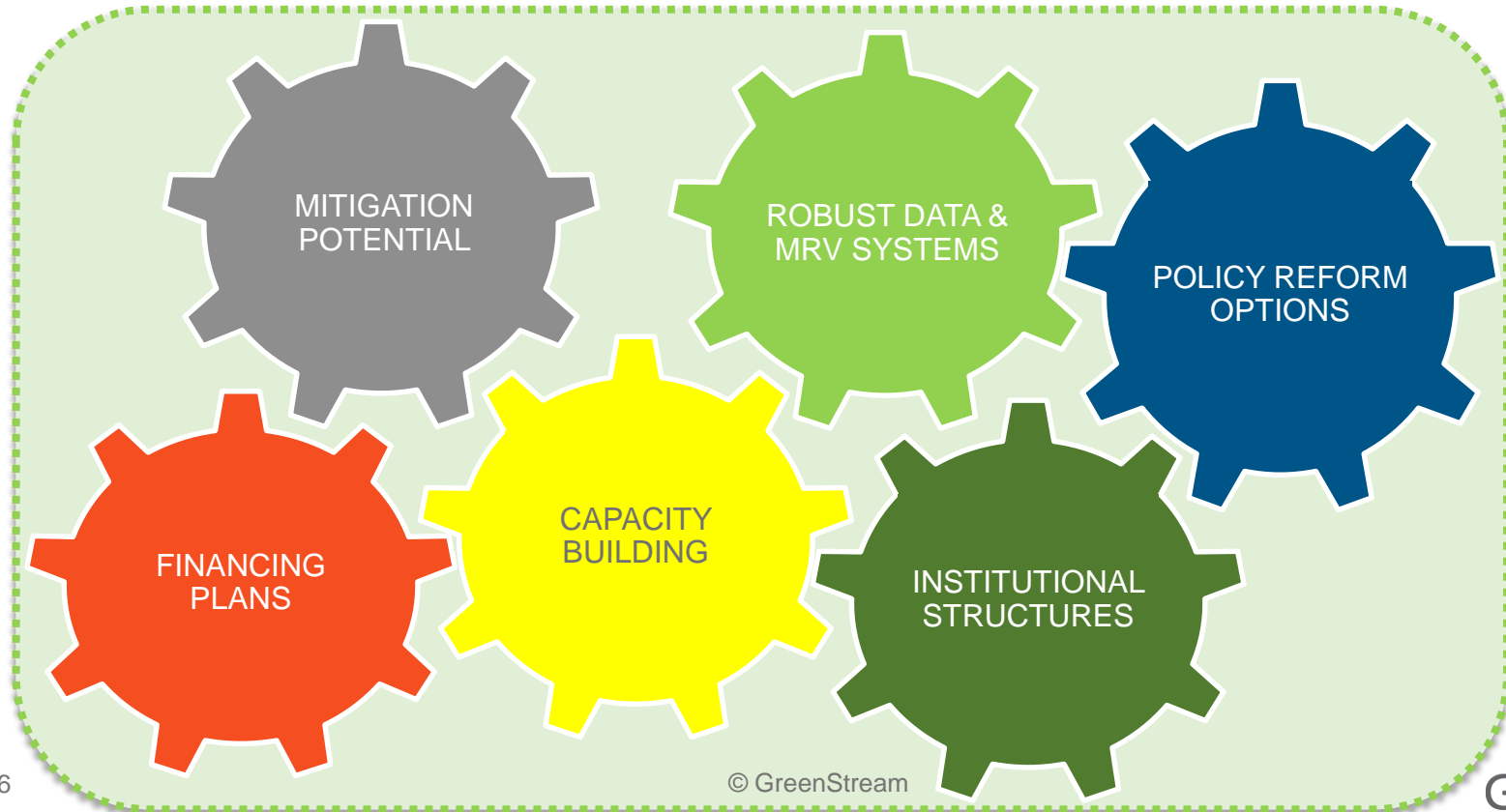
- Develop **concrete financeable** NAMA proposals as proof-of-concept to achieving sector-wide mitigation
- Provide **lessons** from early activities to international climate negotiations
- Serve as a **model** to encourage similar actions elsewhere

NPI: Key features

- **Host-country-driven** process embedded in national development plans and strategies
- **Ownership and capacity building** among local stakeholders
- **Robust data & MRV** as foundations for policy, support, action
- Different **types of actions** with different time horizons
 - pilot projects
 - targeted policy instruments and policy reform
 - financial schemes
- **Financial sustainability**, incl phase-out of international support

NPI: Readiness activities

READINESS TO APPLY FOR AND RECEIVE INTERNATIONAL FUNDING



NPI: Peru and Vietnam

Feasibility study 2010-2011

NPI launch December 2011

Peru Municipal Waste Sector NAMA Readiness Programme (€2.3 million)

- Financed by Nordic Environment Finance Corporation (NEFCO), Denmark, Finland, Iceland, Norway, Sweden
- Partner ministry: Ministry of Environment of Peru (MINAM)
- Launched 2013; Phase 1 completed 08/2015, Phase 2 in process until 2018

Vietnam Cement Sector NAMA Readiness Programme (€1.6 million)

- Financed by Nordic Development Fund (NDF) and Government of Vietnam
- Partner ministry: Ministry of Construction of Vietnam (MOC)
- Launched 2014, completed 06/2016



PERU

MUNICIPAL SOLID WASTE

Peru: Addressing waste sector challenges

- Complement current modernization policy for solid waste management in Peru by creating incentives that increase economic value of waste
- Promote public awareness of the benefits of solid waste sector improvements, encourage participation
- Enhance technical capacity
- Engage informal waste sector workers
- Coordinate across ministries, institutions, stakeholders

Peru: Readiness activities

Focus: municipal solid waste, i.e. household waste and waste from commercial and tourist activities

- Waste sector greenhouse gas inventory
- Identification of most potential mitigation actions
- MRV systems for key mitigation actions
- Waste policy reform
- Financial mechanism
- Capacity building to stakeholders: MINAM, municipalities, private sector, etc.

Peru: Mitigation actions

Peru selected mitigation actions for its waste NAMA:

1. Landfill gas to electricity
2. Landfill gas flaring
3. Composting of organic waste separated at source

Peru: Waste policy reform

Suggested regulatory and policy changes:

- Guidelines for municipalities on quantitative targets for waste policy elements
- GHG emission monitoring and reporting requirements
- Modification of the Solid Waste General Law:
 - Mandatory methane capture and burning/use at landfills.
 - Co-processing
 - Extended producer responsibility
- Allow municipalities to sell materials directly to industry
- Support for markets for waste-based commodities
- Support platform for municipalities to incorporate training and capacity building
- Formalization programmes for informal recyclers
- Reward alternative treatment technologies with higher tipping fees

Peru: Support and financing

- Proposed **financial mechanism** to catalyze investment from public and private sectors via competitive selection process
- **Incentive financing** for municipalities who pursue regional aggregation of waste and regional waste reduction facilities
- **Certification program** for high quality composting

Peru: Way forward

Phase 2: Concrete steps to promote implementation (from 2015 to 2018, support activities under planning)

- Regulatory and policy changes: sustainable, long-term impacts
- Financial mechanism: support for seeking financing for implementation
- Analysis: Composting, recycling and dumps
- MRV: strengthen SIGERSOL information system with MRV system
- Capacity building of stakeholders
- Other activities under discussion with Peru

“The solid waste management needs the participation of **multiple actors** with an efficient institutional arrangement, inter and intra; as well as use for **existing economic instruments**, national and international and **transparent** system. All of them are required to ensure the GHG emission reductions under the NAMA”.

Regina Ortega Gordillo, Ministry of Environment of Peru

“In Phase 2, we plan for example to analyse public and private **financial mechanisms** and **policy instruments** for selected cities. A detailed look of **enabling conditions** needed to create supply and demand of municipal solid waste compost in Peru is also scheduled.”

Kari Hämekoski, NEFCO

VIETNAM CEMENT



Vietnam: Readiness activities

Focus on cement sector energy efficiency:

- Collection of up-to-date **database** (covering 85% of the sector)
- Development of **baseline** emission projections
- Estimation of **mitigation impact** of potential actions
- Developing **MRV** system for emissions
- Identification of **barriers** to mitigation actions; proposal of solutions
- Identification of appropriate **support instruments** for mitigation actions
- Relevant **institutional** arrangements, **capacity building** and **training**

Vietnam: Programme phases

Programme Phases

2014-2015

I. Design



- MRV system
- CO₂ emissions and capacity scenarios
- CO₂ mitigation options
- Policy and financial incentives
- Financial plan
- Institutional set-ups
- Readiness plan

October 2015-April 2016

II. Consultations with stakeholders and development further on products

- Consultation and training
Cement plants, Line ministries and potential donors
- More detailed MRV and guide,
- Financing plan
- ESCO note

January – April 2016

III. Readiness

Incorporating all the observations/ideas and new sub-products in the readiness plan

26 technical working papers

4 Project progress workshops

29 consultation meetings/workshops on NAMA financing/MRV/policy

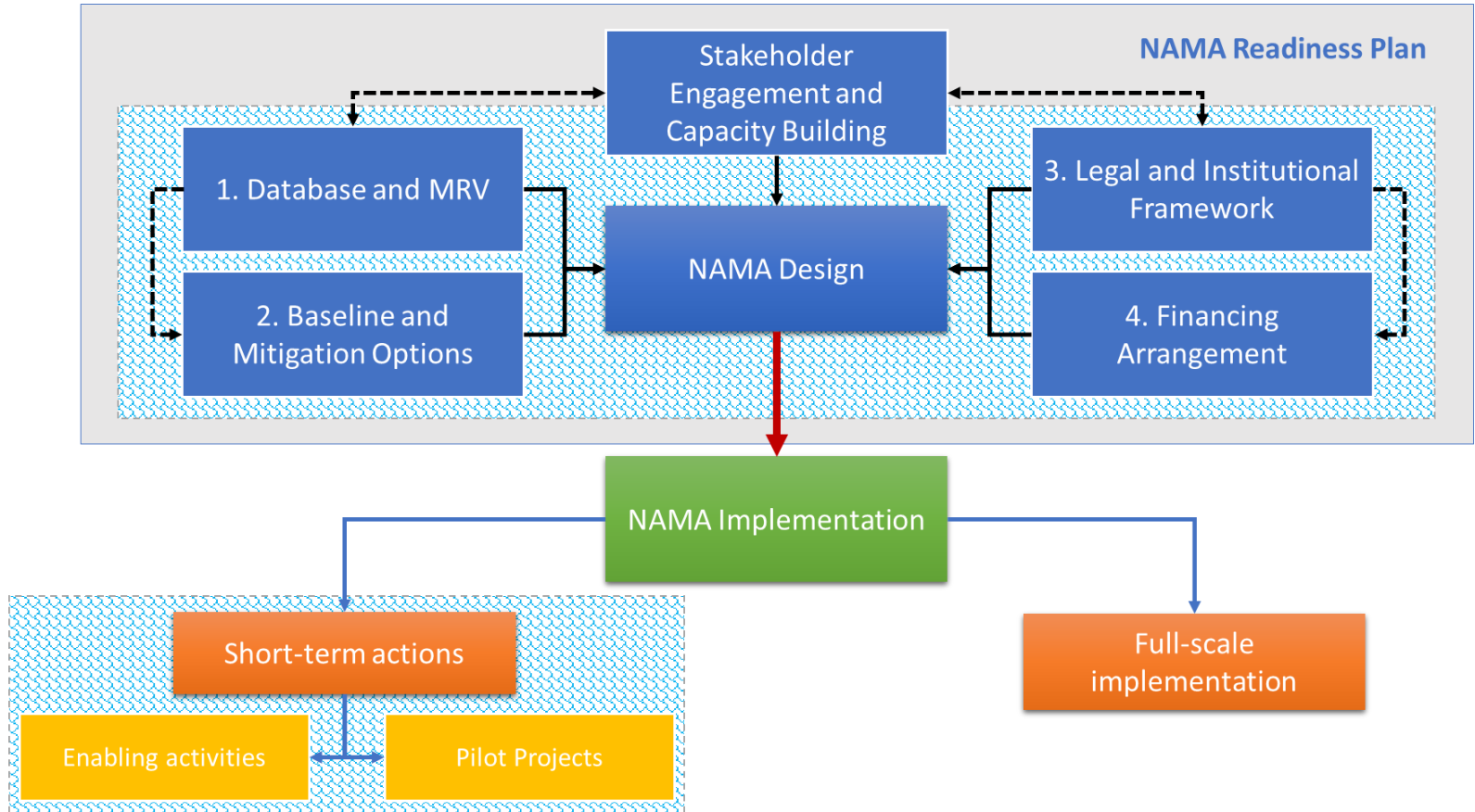
28 site-visits to cement plants

4 training workshops on Energy and CO2 reporting

2 study tours to Europe



Vietnam: Results



Vietnam: Ready for financing

- **High ambition** in terms of mitigation, investment and potential cost benefits
 - Emission reductions by 2030: 138-166 Mt CO₂e
 - Required investments by 2030: USD 1.8 billion
 - Cost of enabling activities: USD 15 million (<1% of investment needs)
 - Expected cost savings by 2030: USD 8-10 billion
- **Extraordinary cooperation** between MOC, cement plants, other national stakeholders, NDF and NOAK group
- Potential for **important contribution** to Vietnam's NDC
- Many **commercially viable mitigation** options
- **National obstacles** need to be addressed
- Enabling activities need **international support** (financial, technical)

Vietnam: Recommended next steps

Donors, cement plants and MOC should join forces to:

- Prepare NAMA proposal(s) to **apply for support** (domestic/international)
- Establish **NAMA Operating Unit** under MOC
- Incorporate GHG mitigation targets and measures into the next revision/upgrade of the **Cement Development Master Plan**
- Develop **Green Growth/Climate Change Action Plan** of MOC which identify mitigation measures and targets in the cement sector
- Develop and introduce **regulations on reporting** of energy consumption and GHG emission in the cement sector
- Set up **NAMA MRV system**
- Support **pilot investments**, e.g. ESCO

“The cement sector will definitely be **integrated into Vietnam’s NDC**. Therefore, the cement NAMA is expected to gain **more financial support** from domestic resources as well as international resources.”

Dr. Le Trung Thanh, Director General, Ministry of Construction of Vietnam

“Almost all of Vietnam’s cement plants have **collaborated**. They’re very keen to attract **financing for investments** in energy efficiency, for instance, since this will also save them money.”

Martina Jägerhorn, NDF

Lessons for Paris implementation

- Ensure **host country** ownership and initiative
- Engage **local stakeholders** e.g. industry/municipalities
- Utilise **existing structures** and institutions
- Ensure **enabling policy environment** for mitigation action

- **High-quality** NAMA proposal crucial for attracting international funding
- Readiness takes **time**

More information

Vietnam

<http://www.ndf.fi/project/nordic-partnership-initiative-pilot-programme-ndf-c34>

Peru

<https://www.nefco.org/work-us/our-services/climate-funds/nordic-partnership-initiative-and-namas>

THANK YOU!

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