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# Key elements of facilitation measures and mechanisms

Private Sector Stakeholder Consultation on Food Security, Bioenergy, and Climate Change

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## Overview

- > Why investing in emissions reduction, climate change adaptation and rural development?
- > How to promote climate change mitigation and adaptation in the context of rural development at the necessary scale?
- > Key elements of facilitation measures and mechanisms
- > Issues and open questions to be addressed when designing a facilitation platform
- > Next steps



## Why investing in emissions reduction, climate change adaptation and rural development?

- > Public players have mandates
  - the contribution to mitigation and adaptation to climate change and rural development
- > Private sector has to contribute to the mitigation of climate change
  - either as part of compliance measures or
  - is engaged as part of voluntary measures
- > Need to adjust to a changing (business) environment through adaptation to climate change has also reached the private sector
- > Carbon finance, emissions reduction and adaptation funding are of mutual interest to the public and private sector



## Why investing in emissions reduction, climate change adaptation and rural development?

- > The private sector, particularly in industrialized countries, is a major contributor to, as well as partner in the fight against global warming
  - targets under emissions trading schemes, or
  - contributing through voluntary offsetting measures or investments into adaptation.
- > Significant, and not fully captured potential for emissions reduction and carbon credit opportunities in the agricultural, rural and land use sector
- > Impacts and associated public relations and marketing potential of such projects are mutually attractive to public and private organizations
  - demonstrating the fulfillment of their mandates to support development, or
  - implementation of environmentally friendly and corporate social behavior.
- > Opportunities to address two other major environmental change processes linked to and also causing climate change, i.e. land degradation and loss of biodiversity



## How to promote climate change mitigation and adaptation in the context of rural development at the necessary scale?

- > Pulling resources together from all available or different sources and stakeholders from the public and private sector, including international organizations, governments, non-governmental organizations (NGO), investors, carbon buyers, technology providers, technical experts and researchers.
- > Combination of the different, and often complementary, resources, expertise, skills and capacities needs to be tackled and coordinated while engaging the rural communities and the rural poor in the process from the beginning.
- > Existing, fully developed and underdeveloped, climate change mitigation opportunities through carbon substitution, greenhouse gas (GHG) reduction or avoidance, carbon sequestration and conservation.



## How to promote climate change mitigation and adaptation in the context of rural development at the necessary scale?

- > Governments wish to promote climate change mitigation and adaptation, energy production, technology transfer and investments
  - Make use of subsidies and funding
- > International organizations are needed to translate and embed activities into the appropriate institutional, environmental and social development processes (Rome-based UN agencies focused on rural development/Centre of Competence)
  - proactive with a view to identify and (support) development of opportunities, technically and financially
- > Businesses and industries can contribute the necessary investment capital and technologies
  - Needs to be organised through platform and mechanisms
- > NGOs can help in establishing and creating framework conditions, positive project development environments (locally and internationally), directly support or get engaged in project implementation, play a watchdog role and pay attention to quality assurance.
  - Needs to be organised through platform and mechanisms



## How to promote climate change mitigation and adaptation in the context of rural development at the necessary scale?

- > Responsible businesses and industries looking for opportunities to reduce their carbon footprint or emissions and invest in technologies in order to protect the performance of certain aspects of their business.
  - How and when (in the project cycle/more general) to make use of this? Portfolio and/or individual projects?
- > Specialized firms work at the interface to make these shifts in business behavior happen while making sure that related project activities really contribute to tackling climate change and deliver associated development benefits.
  - Centralized/coordination function
- > Finance institutions increasingly invest in mitigation and even start to look into investments in adaptation measures, developing and providing relevant financial services and products.
  - How to bring them in (in the project cycle/more general)? Portfolio and/or individual projects?
- > In addition to further technical experts and researchers, the local communities play an important role to make projects happen.
  - Needs to be organised through platform and mechanisms



## Identifying mitigation and adaptation activities: Key elements

- > Who can do what and how?
  - screening of existing opportunities within activities and portfolios of participating organisations;
  - in-country and regional identification and marketing missions;
  - awareness raising, marketing and identification workshops;
  - public calls and utilization of (existing) networks;
  - utilization of agents;
  - designing a new and using existing websites;





## Identifying mitigation and adaptation activities: Key elements (cont'd)

- > Who can do what and how?
  - research and pilot projects for certain not fully developed project types;
  - investigating potentials in sectors and countries;
  - building a project pipeline;
  - developing project selection and investment criteria;
  - screening (preliminary financial, GHG and adaptation due diligence);  
and
  - establishing a committee or board to review the pipeline and project proposals.



## Developing projects: Key elements

- > Who can do what and how?
  - project partners to develop (and later implement) activities;
  - preparation of respective documentation such as project design documents, adaptation proposals or project documents, monitoring plans;
  - financial structuring and appraisal;
  - contracting and contract negotiations (e.g. carbon credits, ownership, energy purchase);
  - third party validations or external evaluations;
  - risk and benefit sharing strategies; and
  - technical support (e.g. a reformed, programmatic or sectoral CDM requires methodological work or limited applied research).



## Implementing activities: Key elements

- > Who can do what and how?
  - monitoring and response mechanisms;
  - verifications
  - risk management
  - replicability; and
  - benefit/profit sharing among stakeholders.

Private  
sector  
funding

Public  
sector  
funding

Core activity:  
Investment facilitation

Other institutions

Financial mechanisms

Climate change mitigation and  
adaptation activities  
in the rural sector



## Issues and open questions to be addressed when designing an investment facility

- > Ideal bundling mechanism to make small-scale activities feasible and viable.
- > Deployment: Who? Where? How? What do the different participants need to bring in with regards to resources, etc.?
- > Immediate mitigation and adaption opportunities with more forward-looking opportunities that look to compliance regimes post-2012 (plus voluntary measures)
- > Development of pilot projects and test or show cases as way to remove barriers:
  - Biofuels
  - methane avoidance
  - sequestration/conservation projects



## Issues and open questions (cont'd)

- > How can outreach activities be best organised?
- > Linking the development of mitigation and rural development to the question of sustainable energy production and supply.
- > Linking adaptation in relevant sectors to the question of food security and sustainable food production.
- > How best to balance focus on both project benefits that reach rural communities in the developing world and on investment opportunities for the private sector? Strive for structure that creates win-win situations.
- > Risk management tools from the banking and insurance sector to identify, structure and screen relevant projects will need to play a role and help to create such win-win situations



## Next steps

- > Investment facility concept proposal for April 16<sup>th</sup> Rome-based Agencies (RBA) meeting
- > June High-level Conference
  - Working Group meeting
  - Presentation
  - Side event
- > SBSTA side event
- > Working group meeting (TBA)
- > Fully developed framework for investment facility by Oct-Nov 2008
- > Side event at COP 14 in Poland in December 2008



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