



# CONCEPT NOTE & AGENDA

## 15<sup>th</sup> CLIMATE TECHNOLOGY INITIATIVE (CTI) WORKSHOP

### MARKET MECHANISMS FOR CLIMATE ACTION AT THE URBAN LEVEL

7 - 8 May 2015, Berlin, Germany

Schankhalle Pfefferberg, Schönhauser Allee 176, 10119 Berlin

#### Background

Cities play a vital role in global climate change mitigation efforts. In 2010, at the 16<sup>th</sup> COP in Cancún, states recognized local authorities as “key governmental stakeholders” in global climate change efforts for the first time. Global urbanisation trends and the fact that cities are both relevant in contributing to climate change as well as being highly vulnerable to climate change makes them important players on the global climate change agenda. Despite cities’ great potential for mitigation actions, market instruments have only made a limited contribution to emission reductions at this level so far. Nationally Appropriate Mitigation Actions (NAMAs) targeted at urban areas or city-wide emissions trading schemes (ETS) however, suggest that the role of market mechanisms for cities may be changing and that they may become much more relevant.



Against this background the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) will host the 15th Workshop of the Climate Technology Initiative (CTI) in Berlin, Germany on 7-8 May 2015. The workshop will highlight relevant examples, discuss the potential to scale up and replicate, and present common challenges of market-based instruments on the city level. Under the title “Market Mechanisms for Climate Action at the Urban Level” decision makers, technical

experts, representatives from donor institutions and project developers from a large number of countries will gather in Berlin to discuss lessons learned and the way forward for market-based climate instruments in the urban context.

#### Climate Action in Cities

Today, more than half of the world’s population live in urban areas. Given that population growth and urbanisation are predicted to continue, demographers expect the world’s urban population to double by 2030. While the most urbanised regions now include the Americas and Europe, African and Asian cities will grow the most in the future. Already, five of the six largest cities in the world are found in the Global South.



In addition to the fact that cities are now home to the majority of the world’s population, they have also become significant contributors to climate change. It is estimated that cities account for more than 50% of global greenhouse gas (GHG) emissions and for about two thirds of global energy use. Given that urbanisation is an ongoing process, the proportion of GHG emissions released by cities is very likely to increase in the future.

However, cities do not only contribute to climate change – they can also be pioneers in addressing climate change challenges. Cities offer a number of opportunities to mitigate



emissions. Relevant urban sectors in which GHG emission are generated include buildings, transportation, waste management and treatment, and sewage treatment. Cities are also centres of expertise and innovation with a vast potential for developing and testing new mitigation actions, including the use of carbon market instruments. Further, their high density in terms of social and economic capital allows for the generation of local co-benefits.



In the first workshop session, speakers and participants will exchange views on the role of cities with respect to global climate change issues and the potential of market mechanisms in this context.

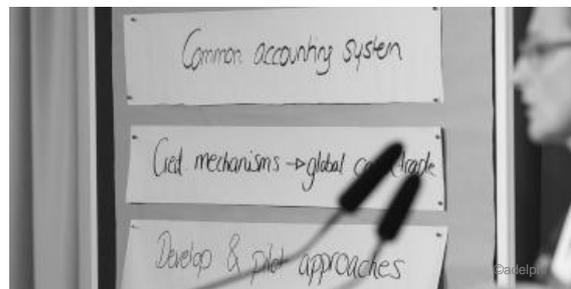
### Market instruments for Climate Action – Where Do We Stand?

Ever since the introduction of the first market-based mechanisms to meet GHG emission reduction targets under the Kyoto Protocol, the number of market mechanisms for climate action has grown. Their potential has gained increasing recognition both generally and specifically in the urban context. Today, there are carbon market instruments that focus on individual projects such as the Clean Development Mechanism (CDM), Joint Implementation (JI) and different voluntary schemes. There are also instruments that take a wider, in some cases sectoral, approach, such as Nationally Appropriate Mitigation Actions (NAMAs), emissions trading schemes (ETS), and (CDM) Programmes of Activities (PoAs). It remains to be seen which approach New Market Mechanisms (NMM) or the Framework for Various Approaches (FVA) will follow.

Although some of these market instruments have been used for climate action at the city level, carbon markets have so far only made a

limited contribution to urban emission reduction. There are a number of reasons for this; one significant factor is that the structure and rules of carbon market instruments were not initially designed for urban projects. Cities therefore often face legal, technical and financial barriers in implementing them. Transaction costs for the complex administrative procedures are also comparatively high for small scale urban projects. Moreover, urban policy makers are often not sufficiently informed about the mitigation opportunities that carbon markets can offer.

However, some progress has been made in the field of adopting carbon market instruments to the urban context. In 2014, for instance, the CDM Executive Board approved new rules on city-wide CDM projects which cover a specific technology or sector within the city. The new rules facilitate cities' application for carbon credits. The more recent mechanisms such as CDM PoAs and NAMAs are expected to offer even greater potential to reduce GHG emissions in cities.



Throughout the second workshop session, participants will discuss the relevance of market mechanisms for the urban context and the various implications of the variety of existing instruments, ranging from ETS, CDM, CDM PoAs, NAMAs to NMM and FVA.

### Urban Initiatives for Climate Change Mitigation

The number of urban initiatives and programmes for climate change mitigation has grown significantly over the past years. The tendency of cities to act independently from their national governments to reduce their



GHG emissions is notable both in developed countries and the Global South.

Examples of urban ETS, CDM projects and CDM PoA illustrate that market instruments can be applied to the urban context. Japan and China, for instance, are pioneers in establishing city-level emission trading schemes: a number of cities in these countries run their own ETS, including Tokyo and Saitama as well as Beijing, Shanghai, and Shenzhen.

The “rise of the cities” in global climate change efforts has been promoted by an increasing number of support programmes and initiatives at the regional and international level. Transnational city networks, such as C40 Cities or ICLEI are important for their member cities in terms of knowledge transfer, access to urban solutions and participation at higher policy levels.



Despite best practice examples from pioneer cities and a variety of existing support structures, many cities have not yet addressed climate change issues. Possible reasons for this at the local level include a lack of public awareness about cities’ mitigation potential, limited motivation and the risk of failure. Many cities also lack relevant policies or action plans and insufficient public sector financing. Furthermore, many national policy frameworks and national financing mechanisms have not integrated climate issues in housing or infrastructure financing mechanisms, which can constrain action at local level. Finally, the set-up of carbon market instruments itself does oftentimes prevent cities from engaging with market instruments when tackling climate-related urban challenges.

The third workshop session will concentrate on actual initiatives, which have already been

made to promote climate action at the urban level. It will further explore what factors prevent other cities from taking action.

### Sector Cases for Climate Actions at the Urban Level

The 15<sup>th</sup> CTI Workshop expands the focus of last years’ CTI workshop topics from the building sector to the city level, and goes further to address two more sectors, namely transportation and waste.

The building sector is relevant for mitigation action due to its high energy consumption – construction, heating and cooling activities account for nearly 40% of global energy consumption. The transportation sector accounts for 23% of global emissions and has a similarly high potential for GHG emissions reductions. Moreover, sustainable transport solutions not only reduce GHG emissions, but also improve the overall quality of life in cities as they reduce traffic congestion, air and noise pollution. With urbanisation, economic development and changes in consumption patterns, waste is another increasingly climate-relevant sector in the urban context. Today, solid waste already accounts for 5% of global GHG emissions.

While cities face challenges in all three sectors aggravated by growing rates of urbanisation, each sector also has a great deal of potential to reduce emissions: building, transportation and waste are urban sectors where a variety of mature climate-friendly technologies exist and where cumulative benefits can exceed upfront investment costs. Here, cities are well positioned to take cost-effective climate action.

The fourth workshop session will span across the second workshop day and present case examples to shed light on mitigation potentials and the role of market instruments in the building, transport and waste sectors. In panel discussions following the case presentations, discussants will address the question how to bridge the gap between specific mitigation efforts in the respective sectors and integrated cross-sectoral actions at the city level.



# AGENDA

Thursday, 7 May 2015

Time	Topic
08.30	<b>Registration</b>
09.15	<p><b>Opening &amp; Welcome</b></p> <p>Silke Karcher, <i>Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), Germany</i></p> <p>Franzjosef Schafhausen, <i>Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), Germany</i></p>
<b>Session 1</b>	<b>Climate Action in Cities</b>
09.40	<p><b>Cities as a major target for climate action</b></p> <p>Raf Tuts, <i>UN-HABITAT, Nairobi</i></p> <p><i>Presentation</i></p>
09.55	<p><b>The potential of market instruments at the city level</b></p> <p>Axel Michaelowa, <i>Perspectives, Switzerland</i></p> <p><i>Presentation</i></p>
10.10	<p><b>The future of climate action in cities</b></p> <p>Silke Karcher (BMUB), Vera Rodenhoff (BMUB), Raf Tuts (UN-HABITAT), Axel Michaelowa (Perspectives)</p> <p><i>Panel discussion</i></p>
10:30	Coffee break
<b>Session 2</b>	<b>Market Instruments for Climate Action – Where Do We Stand?</b>
11.00	<p><b>The international climate negotiations before Paris</b></p> <p>Frank Wolke, <i>German Emissions Trading Authority (DEHSt) at the Federal Environment Agency (UBA), Germany</i></p> <p><i>Presentation</i></p>



Time	Topic
11.15	<p><b>Market instruments on the road to Paris – success stories and challenges</b></p> <p>Camille Serre, <i>International Carbon Action Partnership (ICAP), Germany</i>            Perumal Arumugam, <i>UNFCCC, Bonn</i>            Ingo Puhl, <i>South Pole Group, Thailand</i>            Alexandrina Platonova-Oquab, <i>The World Bank Group, Washington, D.C.</i>            Pedro Barata, <i>GET2C, Portugal</i></p> <p><i>Presentations</i></p>
12.30	<p><b>Assessing the potential of market-based instruments for effective climate action at the urban level</b></p> <p><i>Panel discussion and Q&amp;A</i></p>
13.00	Group picture
13.15	Lunch break
<b>Session 3</b>	<b>Urban Initiatives for Climate Change Mitigation</b>
14.15	<p><b>Market-based mechanisms in the city context</b></p> <p>Jorge Cerqueda, <i>Secretaría de Desarrollo Agrario, Territorial y Urbano (SEDATU), Mexico</i>            Andreas Nieters, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany/Costa Rica</i>            Jassada Sakulku, <i>Thailand Greenhouse Gas Management Organization (TGO)</i>            Nopparat Phromin, <i>Thailand Greenhouse Gas Management Organization (TGO)</i>            Petra Opitz, <i>DIW Econ GmbH, Germany</i>            Gofir O. Djamalov, <i>Ministry of Economy, Uzbekistan</i></p> <p><i>Presentations</i></p>
15.30	<p><b>Learnings from city action</b></p> <p><i>Panel discussion</i></p>
16.00	Coffee break



Time	Topic
16.30	<p><b>Support programmes for developing and implementing climate actions at the urban level</b></p> <p>Ana Marques, <i>ICLEI - Local Governments for Sustainability, Bonn</i></p> <p>Marion Verles, <i>The Gold Standard Foundation, Switzerland</i></p> <p>Jacob Halcomb, <i>United Nations Environment Programme - Sustainable Buildings and Climate Initiative (UNEP-SBCI), Paris</i></p> <p>Anne Doose, <i>Cities Development Initiative for Asia (CDIA), Germany</i></p> <p><i>Short inputs and roundtable discussion</i></p>
17.45 – 18.00	Wrap-up day 1
19.00 – 21.30	<p>Get-Together</p> <p>Van Loon Restaurantschiff, Carl-Herz-Ufer 5, 10962 Berlin</p>

## Friday, 8 May 2015

Time	Topic
09.00	<b>Recap of day 1 and agenda for day 2</b>
<b>Session 4</b>	<b>Learning from Real Cases: Experiences from Climate Action in Three Urban Sectors</b>
09.15	<p><b>Cases from the building sector</b></p> <p>Pinkie Modisane, <i>Department of National Public Works, South Africa</i></p> <p>Reitumetse Molotsoane, <i>Department of Environmental Affairs, South Africa</i></p> <p>Yana Mushkova, <i>National Trust Eco-Fund, Bulgaria</i></p> <p>Vitaliy Shmeriga, <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany/Ukraine</i></p> <p>Oleksander Tron, <i>State Agency on Energy Efficiency and Energy, Ukraine</i></p> <p><i>Case studies</i></p>
10.15	<p><b>Scaling up from buildings to the city level</b></p> <p><i>Panel discussion</i></p>
10.45	Coffee break



Time	Topic
11.15	<p><b>Cases from the transport sector</b></p> <p>Telmo de la Cruz, <i>Ministerio de Transportes y Comunicaciones, Peru</i>            J.C. Florentino Márquez Ospina, <i>Ministerio de Transporte de Colombia</i>            SA Verma, <i>Delhi Metro Rail Corporation, India</i>            Stefan Bakker, <i>SloCaT Partnership, Germany</i></p> <p><i>Case studies</i></p>
12.30	<p><b>Scaling up from the transport sector to the city level</b></p> <p><i>Panel discussion</i></p>
13.00	Lunch break
14.15	<p><b>Cases from the waste sector</b></p> <p>Sandhi Eko Bramono, <i>Ministry of Public Works and Housing, Indonesia</i>            Luong Quang Huy, <i>Ministry of Natural Resources and Environment, Vietnam</i>            Enrico Rubertus,  <i>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany/India</i></p> <p><i>Case studies</i></p>
15.15	<p><b>Scaling up from the waste sector to the city level</b></p> <p><i>Panel discussion</i></p>
15.45	Coffee break
16.00	<p><b>Reviewing lessons learnt – the way forward for market mechanisms contributing to more climate actions at the urban level</b></p> <p><i>Short inputs and plenary discussion</i></p>
16.30	<b>Workshop evaluation</b>
16.45 – 17.00	<p><b>Concluding remarks</b></p> <p>Silke Karcher, <i>Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), Germany</i></p>

*Workshop language will be English only.*

*Moderation adelphi: Mikael Henzler, Rainer Agster*

Agenda as of 4 May 2015