



UNITED NATIONS DEVELOPMENT PROGRAMME

**PAC meeting for the MDG Carbon project  
*Scaled-up Carbon Finance For Sustainable  
Development*  
Minutes**

23 May 2013

**Meeting Time:** 2:30pm

**Meeting Venue:** Rio Room, FF-Building 9 Floor, New York

**Participants:**

- Ms. Veerle Vandeweerd, EEG (Chair)
- Ms. Seon-Mi Choi, RBA
- Mr. Denis Nkala, RBAP
- Ms. Adriana Dinu, EEF/GEF
- Mr. Marcel Alers, EEF/GEF
- Mr. Oliver Waissbein, EEG/GEF
- Ms. Alexandra Soezer, EEG/GEF

**Summary of Proceedings**

**Ms. Veerle Vandeweerd, the Chair, opened the meeting**

- The Chair welcomed the meeting participants.
- The Chair opened by stating that the objective of the Project Appraisal Committee Meeting was to review the document, suggest improvements and endorse the MDG Carbon project document for *Scaled-up Carbon Finance For Sustainable Development*. The Chair then handed over to Mr. Alers.

**Mr. Alers provided the market context and history of MDG Carbon**

- MDG Carbon was set-up in 2007 and worked originally with Fortis as the exclusive financial partner and purchaser of the credits generated by MDG Carbon developed CDM projects.
- it took time to start-up.
- it was overall successful (although falling short of reaching its over-ambitious targets) but that the carbon market is currently very depressed because of the lack of demand in developed countries and oversupply of credits.
- It was highlighted that the principle of pricing carbon is likely to stay and that the markets will eventually rebound in the future, once there is a new climate agreement and clearer policy commitments from countries. We consider it of critical importance that UNDP remains engaged and maintains a modest capacity allowing it to scale activities back up in the future.
- Mr. Alers also pointed out that there is a clear need to move to more scaled-up models.

**Ms. Soezer explained the three outputs of the project**

- Ms. Soezer explained that the projects has 3 outputs:
  - (i) capacity development for Designated National Authorities and Coordinating/Managing Entities;
  - (ii) CDM Programme of Activities project development in Asia-Pacific (2) and Africa (1) and will

have high sustainable co-benefits;  
(iii) A standardized baseline (SB) for the rice sector in the Philippines and will build the MRV basis for a NAMA under the LECB programme;

- Mr. Alers explained that a SB is an example of a reformed CDM.

#### **Open Discussion – Questions & Answers**

- Mr. Nkala asked if the SB is a pilot. Ms. Dinu explained that SBs are tools for replicability and scale-up. Mr. Nkala asked to include this in the project document and Mr. Alers said that the project document will be revised to bring in the points that were discussed in the meeting.
- Ms. Vandeweerd explained that the project is important for UNDP's strategic positioning in the area of climate finance.
- Ms. Dinu and Mr. Alers highlighted also the important linkages with sustainable development.
- Mr. Nkala asked (i) how this project would contribute to the UNDP mandates; (ii) how the Country Offices will be involved, in particular since they say that they don't like small projects; (iii) how Regional Centres would be involved. Mr. Nkala accepted that some lack of clarity of the project document related to its technical nature ( a technical document written for technical staff). Mr Nkala accepted that suggested explanations by the EEG/GEF would answer a lot of questions raised in the PAC. Ms. Choi said that the situation analysis needs to be improved, the prospects for the future of the CDM and why under these circumstances the countries should strengthen their involvement?
- Comments were made, both by Ms. Choi and Mr Nkala, about the proposed approach to capacity development, which seems rather traditional, based on running workshops and they questioned how effective this would be and if it was built on lessons from previous projects.
- Ms. Choi commented on output 1 that CDM has not been successful in Africa (only around 3% of the global CDM projects). CDM has complicated processes and methodologies. Especially in Africa, there is lack of national technical capacity and huge reliance on international technical support. The project needs to develop a strategic approach to ensure sustained local capacity building, beyond the top-down technical assistance approach. Ms. Choi suggested a better elaboration of how UNDP would deliver capacity development at the regional level. Ms. Choi also asked for clarification of the role of Country Offices beyond providing logistical services but it would be necessary to involve them more to engage substantively.
- Ms. Choi also pointed to the need to strengthen the risk assessment.
- Ms. Vandeweerd asked if the project can be endorsed in this PAC?
- Ms. Choi and Mr. Nkala agreed to endorse the project with the understanding that their comments would be incorporated in the project document.

#### **Meeting closure**

- The Chair then concluded the meeting, stating that the Panel endorsed the project, subject to addressing the comments raised and incorporating them in a revised document and thanked the meeting's participants. The Chair closed the meeting at 3pm.