Regional Dialogue on Nationally Determined Contributions for the Caribbean
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Rodney Bay, St. Lucia

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Project ZACK, Dominican Republic
Content

1. General Aspects on NDC Implementation
2. The Dominican Republics NDC Implementation Strategy Update
3. Experience from the IKI Project ZACK
1. General Aspects on NDC Implementation

The change from Technical Assistance Projects (BAU) to NDC implementation entails Paradigm Changes that impact on:

• Strategies of donors/financial institutions and implementation agencies
• The recipient country’s institutional arrangements, policies and the legal framework
• institutional and inter-institutional processes
• HR and financial resource requirements / allocations
### 1.1 General Aspects on NDC Implementation

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Technical Assistance Projects</th>
<th>Nationally Determined Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects p.a.</td>
<td>Tens</td>
<td>+100</td>
</tr>
<tr>
<td>Project Volume (USD)</td>
<td>Low to medium</td>
<td>High</td>
</tr>
<tr>
<td>Implementation Lead</td>
<td>National or regional public institutions in cooperation with implementation agencies</td>
<td>Public institutions take the lead supported by private sector, donors, financial institutions and implementation agencies (PMUs)</td>
</tr>
<tr>
<td>Donors and financial institutions</td>
<td>World Bank Group, UN, BMU, EU, GEF, GCF, NAMA facility etc.</td>
<td>Dito, with stronger involvement of IFIs, National and International Banks, National Accounts, National Funds and GCF, blended finance instruments</td>
</tr>
<tr>
<td>Project Applicant</td>
<td>Implementation agencies and national partner organizations</td>
<td>National Public Institutions, Private Sector</td>
</tr>
<tr>
<td>Document Quality Criteria</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Project Focus</td>
<td>Technical Assistance, Capacity Development, Dissemination of good practice, Support towards policy design and legal framework reforms (Soft Targets)</td>
<td>Dito: however more focus on infrastructure projects such as water, energy and transport (Hard targets)</td>
</tr>
<tr>
<td>Approval criteria</td>
<td>Alignment of donor strategy and country climate change policies, political arrangements</td>
<td>Dito: more strictly financial criteria, transparency, national and private sector financing contributions, capacity to manage large volume projects, quality of feasibility studies</td>
</tr>
<tr>
<td>National Contribution (finance or in kind)</td>
<td>Low to medium</td>
<td>High</td>
</tr>
<tr>
<td>Project Development Orientation</td>
<td>Towards availability of international funds and strategies of international funding agencies</td>
<td>Focus on „Nationally Determined“</td>
</tr>
<tr>
<td>Requirements for Mitigation Projects</td>
<td>MRV Systems developed under TA projects</td>
<td>MRV and baseline as prerequisite for funding!?</td>
</tr>
</tbody>
</table>
1.2 Paradigm Change: Quantity and volume of projects

Example Dominican Republic:
- NDCs conditioned to favorable economic and financial circumstances
- 17.000.000.000 USD over 10 year period for mitigation or 1.600 USD per capita,
- On per capita base within the same magnitude as other Carribbean countries
- Individual project volume needs to increase significantly in order to maintain a manageable number of projects
- Yet available resources are already highly over-stretched
- Severe need for HR management capacity, institutional strengthening and process orientation at implementation level
1.2 Paradigm Change: From individual project generation to process-oriented pipeline management by state actors

- Idea Generation: Public Institutions, Private Sector and Civil Society
- International Commitments and Technical Assistance

Clarification of roles, responsibilities, formats, dates, timeline and evaluation criteria for the call and submission of proposals/ideas.

Invitation to submit more detailed concepts according to specific format to include proposals for potential financing mechanisms.

Priorisation of project pipeline, elaboration of a fully worked out project proposal, financing plan and supporting documents (feasibility studies, emission baselines) and submission to the financing institution/consortium.

Key Success Factors:
- Adaptation of institutional structures
- Adaptation of institutional and inter-institutional processes
- Definition of formats for the elaboration of ideas, concepts and proposals
- Transparent criteria for evaluation and prioritisation
- Alignment with national plans and strategies as well as SDGs
1.2 Paradigm Change: From unidirectional project design towards Nationally Determined Contributions

„We can’t afford to work for the bin, we must be reasonably sure, that as from the concept phase onward the proposal has a very good chance to be funded.“

**ACTUAL**: Project Development from the initial idea oriented towards specific financing/funding mechanism: „Funding source solicits proposals“, with little or no interaction with donor or financial institution until final submission

**NDC**: Idea and concept phase accompanied by consultative process with a range of potential funding sources and decision on funding source/s in proposal development phase

Consultative process with potential financing mechanisms
1.2 Paradigm Change: „Nationally“ means taking into full account the country’s Low Emission Development Strategy, National Circumstances and Sustainable Development Goals in project design

- NDCs are part of the LED implementation strategy
- LEDs cannot be restricted to Climate Change M/A projects
- NDCs entail wider scope to include socioeconomic and infrastructure development
- Under the aspect of resource allocation funding agencies and donors usually have focus on one of the three apices of the triangle
- Proposal: NDC characterisation as a function of the three main project components (CC/SED/ID)
- Plotting these within the 3-component triangle helps to define a blended finance vehicle for project implementation
- „Co-benefits“ are a matter of perspective
Tackling climate change and achieving the world’s **sustainable development goals** will require publicly funded and private sector banks and institutions to be far more willing to join forces to provide “blended” finance to projects.

...this market is worth about $50bn globally, but experts said this sum could double within the next three to four years...

..., the **Business and Sustainable Development Commission** found that private sector investors could take advantage of blended finance to gain access to rapidly growing markets in the developing world...

In its report, the taskforce found that there was great fragmentation across the market and called for public and private investors to pool their resources to create more giant funds, worth more than £1bn each....

...the creation of very large finance vehicles would facilitate bigger projects than are currently possible...
...about $6tn a year would be needed to meet the sustainable development goals fully, and that a large proportion of this could be met by blended finance, if the market for the latter is spurred on by governments and companies...

Source:

2. Update on NDC Implementation Strategy in the Dominican Republic
2.1 Climate Change Priority Actions in the Dominican Republic

• NDC Revision and Implementation, NDC Roadmap
• Portfolio Development of project which contribute to national development taking in consideration the National Development Strategy (END), public sector investment plan and sectorial input
• Transformational projects and alignment with national priority targets to include leveraging of financial resources of the private sector and international investors, NAMAs in cacao, coffee and waste sectors
• Implementation of the *Energy Transition Project* (IKI-GIZ)
• Development of the National Climate Change Strategy and Climate Change Law
• Finishing the National Forrest Inventory and REDD strategy
• Operationalize 3NC mitigation and adaptation road map
• Preparation of the Biannual Update Report (BUR)
• Design and implementation of the National Transparency System MRV and sectoral MRVs
• Aligning adaptation measures and climate change risk management
• Strengthen private sector participation, NGOs and academics to help solve climate change issues
2.2 SDG and National Strategy and Public Investment Plan Alignment

A very detailed study by the Ministry of Economics, Planification and Development (2017) revealed a fairly good alignment between the National Development Strategy and the Public Investment Plan with the Sustainable Development Goals.

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of total targets considered</th>
<th>Number of targets aligned</th>
<th>% Alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>31</td>
<td>28</td>
<td>90</td>
</tr>
<tr>
<td>Planet</td>
<td>32</td>
<td>19</td>
<td>42</td>
</tr>
<tr>
<td>Prosperity</td>
<td>30</td>
<td>25</td>
<td>83</td>
</tr>
<tr>
<td>Peace</td>
<td>9</td>
<td>7</td>
<td>78</td>
</tr>
<tr>
<td>TOTAL</td>
<td>102</td>
<td>74</td>
<td>72</td>
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</tbody>
</table>

Fuente: Alineando los ODS a la Agenda Nacional en la República Dominicana. MEPyD 2017
2.3 The Dominican Republic’s NDC Infrastructure

<table>
<thead>
<tr>
<th>Legal framework Level: Legislation, Policies, Regulations</th>
<th>Project Development</th>
<th>Financing</th>
<th>Realization / MRV</th>
<th>Transversal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• National Constitution 2010 (Art. 194)</td>
<td></td>
<td>• EPR and Law on Integrated Waste Management (to be confirmed by Senate)</td>
<td>• Establishment of Transparency (ICAT in progress)</td>
<td></td>
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<tr>
<td>• Creation of Climate Change Council Decree 601-08</td>
<td></td>
<td>• Law to promote renewable energy (57-07)</td>
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<tr>
<td>• National Development Strategy-2030</td>
<td></td>
<td>• Renewable Energy and energy saving development fund (Law No. 112-00)</td>
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<tr>
<td>• National Climate Change Policy and integration of CC within National Development Strategy by Decree No. 269-15</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Ratification Paris Agreement 05/2017</td>
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</table>

<table>
<thead>
<tr>
<th>Political Level: Strategies, Plans, Institutional Commitments</th>
<th>Project Development</th>
<th>Financing</th>
<th>Realization / MRV</th>
<th>Transversal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Climate Change Strategic Plan (PECC) 2011-2030</td>
<td></td>
<td>• Evaluation of financial flows in the water and tourism sectors</td>
<td>• GHG Inventory and 3NC</td>
<td>Outreach and educational programs and projects</td>
</tr>
<tr>
<td>• National Adaptation Plan 2015-2030 PNACC RD</td>
<td></td>
<td>• National investment plans</td>
<td></td>
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<tr>
<td>• NDC Partnership Roadmap (in progress)</td>
<td></td>
<td>• MinMedAmb Nacional Designated Authority for GCF</td>
<td></td>
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</tr>
<tr>
<td>• Climate Compatible Development Plan (CCDP)</td>
<td></td>
<td>• Promotion of CDM projects</td>
<td></td>
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<tr>
<td>• Vulnerability and Capacity Assessment in the agricultural sector</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Adaptation strategy in the agricultural sector 2014-2020</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational Level: Proc and Procedures</th>
<th>Project Development</th>
<th>Financing</th>
<th>Realization / MRV</th>
<th>Transversal</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Structures and processes in support of Project pipeline development and management (in progress)</td>
<td></td>
<td>• Programs of National Banks</td>
<td></td>
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</tr>
<tr>
<td>• Baselines and MRV in Cement and Waste (in progress)</td>
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<tr>
<td>• Energy sector emission baseline</td>
<td></td>
<td></td>
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<tr>
<td>• Forest inventory</td>
<td></td>
<td></td>
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<tr>
<td>• NAMA /NDC Sectoral project development: café, cacao waste, and blue carbon (in progress)</td>
<td></td>
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</tbody>
</table>
3. Experiences from the Project ZACK.
3.1 The Project ZACK

- **Cement (Zement) Waste (Abfall) Co-Procesamiento (Co-Processing) Climate (Klima)**

- The project is a bilateral NAMA which seeks to reduce GHG emissions in the cement and waste sectors through the use of specific waste materials as alternative fuels in the cement kiln.

- Financed within the framework of the **International Climate Initiative (IKI)** by the **German Ministry of the Environment, Nature Protection and Nuclear Safety** and implemented by **German Development Agency GIZ**.

- **Budget**: 4.72 million Euros

- **Implementation period**: Abril 2013 – April 2019

- **Political Partner**: National Climate Change Council (CNCCMDL)
3.2 Specific Objectives of the ZACK Project

**MRV/NAMA:** Capacitate the National Climate Change Council and related institutions in the development of MRV Systems and the management of NAMAs to include technical and financial aspects.

**Legal Framework:** Strengthen legal framework reform in support of co-processing according to good international practices with help of a multi-stakeholder dialogue platform.

**Value Chains:** Develop value chains of waste materials suitable for the production of residue derived fuels as substitute of fossil fuels in the production of clinker/cement.
3.2 Specific Objectives of the ZACK Project

As from 01/2018 a further specific objective (component) was added to the project goals:

- **Component 4:** Strengthening of institutional structures, institutional and inter-institutional processes in support of NDC Implementation.

NDC Partnership workshop, Santo Domingo August 2018
3.3 Key Results to date I:

Component MRV/NAMA:
• Sectoral inventories and MRV systems established
• Bi-lateral NAMA in the electricity sector established and in implementation phase
• Sector actors trained to apply co-processing in the cement sector
• Energy sector emission baseline scenarios until 2030 established
• Conference and trainings on project finance

Component Legal Framework Reform:
• Law on integrated solid waste management passed parliament, awaiting approval by Senate
• Support to the „used tire“ regulation (in practise)
• Support the regulation on the thermal use of waste hydrocarbons (motor oil etc.)
3.3 Key Results to date II:

**Component Value Chains:**
- Waste flows according to type and volume for three selected regions established
- Waste separation centers (2 „Puntos Verdes“) to be established in Santiago in October
- Introduction of organic waste composting at 30 educational centers
- Networking with/of value chain actors

**Component NDC:**
- Preparation of sectoral NAMAs (in their widest sense): coffee, cacao and waste
- Actualization of GHG Inventories
- Support to NDC Partnership roadmap initiative
3.4 Pilot Projects: Composting boxes and “Puntos Verdes”

Photo 1: Compost boxes in school with informative signs.

Photo 2: Location of Punto Verde in Santiago and design from above.
3.5 Lessons Learned I:

- The actual implementation of co-processing depends on economic factors such as the price of fossil fuels and the legal framework. Unless these conditions are met, private sector remains reluctant to invest in required infrastructure.

- The legal framework is key for all waste-related initiatives to be sustainable, need to make recycling independent from international spot prices through appropriate financing mechanism to put in practise a circular economy.

- GHG reduction in the waste sector depends largely on the strict separation of organic waste from the rest – right at the source. Later, or downstream separation adds additional costs and will make recycling and/or thermal use of waste materials economically unattractive.
3.5 Lessons Learned II:

With regards to NDC implementation, the political level and normative level are very well addressed and almost perfectly covered, however, due to the number and financial volume of future projects, the following measures should be taken to address these challenges:

- Pooling of smaller projects to create larger programmes.
- Introduce process orientation in project development, financing and implementation – “generate automatism”.
- Institutional strengthening and HR capacity building to focus on: Process and project management, contract management, feasibility studies, proposal writing, financial management
- Establish inter-institutional Project Management Units (PMUs) or at least oversight structures. Could this be outsourced or be the future role of implementation agencies?
- Pooling of resources to include HR and finance at supranational level
- Create and/or strengthen regional financing instruments / Regionalization of global structures
¡Muchas gracias!

Contacto

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