



Completion Report

Project Number: 48142-001
Technical Assistance Number: 8654
March 2017

Supporting the Use of Carbon Financing from New Carbon Market Mechanisms to Promote Green Growth in Asia and the Pacific

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

TA Number, Country, and Name: TA 8654-REG: Supporting the Use of Carbon Financing from New Carbon Market Mechanisms to Promote Green Growth in Asia and the Pacific			Amount Approved: \$1,500,000	
			Revised Amount: N/A	
Executing Agency: Asian Development Bank (ADB)		Source of Funding: Japan Fund for Poverty Reduction	Amount Undisbursed: US\$655,719	Amount Utilized: US\$844,281
TA Approval Date: 23 May 2014	TA Signing Date: N/A	Fielding of First Consultants: 10 Oct 2014	TA Completion Date Original: 31 May 2016	Actual: 30 September 2016
			Account Closing Date Original: 31 May 2016	Actual: 31 December 2016
Description				
<p>The Technical Support Facility (TSF) under ADB's Carbon Market Program (CMP) has been providing capacity development support to its developing member countries (DMCs) under various Technical Assistance (TA) projects since 2006. Under this TA, the fourth in the series, ADB continued to support DMCs to promote green growth through the use of carbon financing. Specifically, the TA supported 8 DMCs to take advantage of new bilateral mechanisms such as the Joint Crediting Mechanism (JCM). Experience and lessons learned from the implementation of previous TAs, especially in building institutional capacity and imparting technical knowledge on carbon market instruments has helped the ADB to support new carbon market mechanisms and contribute to its ongoing efforts in mitigating the challenges of climate change.</p>				
Expected Impact, Outcome, and Outputs				
<p>The expected impact of the TA was the promotion of green growth and low-carbon development through new carbon market mechanisms in participating DMCs in Asia and the Pacific. The outcome was enhanced capacities of the participating DMCs to increase utilization of new carbon market mechanisms including bilateral mechanisms. The expected outputs were: (i) capacity building activities for institutions and local experts on new carbon market mechanisms such as bilateral mechanisms; (ii) direct project support under new carbon market mechanisms; and (iii) knowledge sharing and products on new carbon market mechanisms including bilateral and sectoral mechanisms produced. The design of the TA was relevant, as it was able to create awareness and provide capacity development support on a new bilateral mechanism – Joint Crediting Mechanism at the early stages of its evolution and adoption by such participating DMCs.</p>				
Delivery of Inputs and Conduct of Activities				
<p>All TA activities were carried out effectively and 8 participating DMCs¹ benefitted from the TA. The original TA completion date was 31 May 2016 with support for 6 DMCs. This was extended to 30 September 2016 to support two additional DMCs (Mongolia and Maldives) as per their requests. TA implementation focused on the Joint Crediting Mechanism (JCM), as it was the most developed bilateral mechanism and offered tangible opportunities for DMCs within the tenure of the TA. Activities conducted under the TA included country specific and regional capacity building workshops on bilateral mechanisms such as the JCM, direct technical assistance to JCM projects to receive financial support from the Japan Fund for the Joint Crediting Mechanism (JFJCM) and development of JCM knowledge products. The TA utilized US\$844,281 of the allocated budget of US\$1,500,000. Savings were realised despite overachieving on each of the TA outputs due to a number of factors. The TA utilized a total of 28.3 person-months of international and 42.1 person-months of national consulting services as compared to planned 30 person-months and 54 person-months, respectively. In addition, lower than budgeted remuneration rates for international consultants contributed to savings under the TA. Savings also resulted from lower-than-expected expenditure on conducting capacity building workshops. Engagement of resource persons is a contributing factor to these savings in that international experts already present in the concerned DMCs for another purpose were tapped as speakers for the capacity development workshops and local resource persons were utilized (to a greater extent than expected) for the organization of such workshops. This negated the need to incur expenditure on international travel costs for these resources. In addition, ADB's partner institutions, the Institute for Global Environmental Strategies (IGES) as well as the JCM Secretariats in relevant DMCs, were both able to provide resource speakers to certain capacity building workshops, which again alleviated the need to engage external resources and contributed to savings. Equipment costs for capacity building events were also lower than planned as equipment from ADB were used in</p>				

¹ Six DMCs were included in the original TA - Bangladesh, Indonesia, Lao People's Democratic Republic, the Philippines, Thailand and Viet Nam - and 2 were added in the TA extension – Mongolia and Maldives.

events avoiding the need to pay high local rental charges. Cost savings were also generated through the use of digital communication for some activities such as hosting the TA inception meeting by video-conference instead of in person. This omitted the need for travel-related expenses for staff, consultants, and DMC participants apart from the other meeting expenses on the venue and equipment rental, among others. Inputs provided by all individual consultants were of good quality and DMC stakeholders were satisfied with the inputs rendered. Consultants were individually recruited in accordance with ADB's Guidelines on the Use of Consultants. The performance of the consultants, and ADB as an executing agency, were satisfactory and DMC stakeholders including officials of the JCM Secretariats in respective DMCs were satisfied. Equipment purchased under the TA were duly turned over upon TA completion.

Evaluation of Outputs and Achievement of Outcome

Outcome: The TA supported 3 projects (with a target of 3), to prepare and submit Initial Title and Description (ITD) documents to the JFJCM in order to initiate potential JFJCM support. Two of the projects are proceeding to the final proposal stage.

Output 1: The TA organized 11 JCM capacity building events² (with a target of 10). In total, 749³ (with a target of 100) people participated in these events (average of over 65 participants per event) including government ministries, project developers, technology providers, engineering companies, trade associations, NGOs and academia, and financial institutions. The workshops in individual DMCs were co-hosted with the JCM Secretariat in the relevant host country. Knowledge on technical details and financial opportunities of the JCM were presented, along with case studies on low carbon technologies in energy efficiency and renewable energy. The workshops also provided a venue for one-on-one consultation among participants and technology providers.

Output 2: The TA supported 9 projects (with a target of 5) to prepare documentation necessary to be eligible for the JCM, inclusive of the 3 projects given support in preparing and submitting ITD documents to the JFJCM. Technical support included preparation of the ITD for the JFJCM, analysis of JCM applicability, assistance to draft the JCM methodology and Project Design Document, and support to prepare the Preliminary Review Form. Projects supported under the TA included those involving renewable energy and energy efficiency in power distribution, among others. These projects are located in Indonesia, Lao PDR, Maldives, Mongolia, the Philippines, Thailand, and Viet Nam and are at various stages in the JFJCM project approval cycle.

Output 3: The TA developed 2 knowledge products related to JCM as planned/targeted: [Joint Crediting Mechanism: An Emerging Bilateral Crediting Mechanism](#); and [Handbook for Developing Joint Crediting Mechanism Projects](#).

All of the outputs under the TA were of good quality. The outputs were aligned with DMC priorities, as illustrated by strong support from counterpart ministries and departments, through their participation in organizing and hosting capacity building workshops and positive feedback on the quality and usefulness of such events organized under the TA. Outputs were all delivered within the approved timeframe of the TA.

Overall Assessment and Rating

Overall, the TA is considered successful in achieving its objectives. Further, the TA design of using capacity building workshops was successful in enhancing awareness and knowledge about bilateral mechanism, such as the JCM. It generated significant interest, participation, and involvement in country-specific JCM Secretariats, project developers from the public as well as private sector, and other stakeholders. The TA was efficient and was able to deliver its outputs well within the approved budget and timeline, generating savings that amounted to US\$655,719. The delivery of JCM capacity building activities was very timely as they built knowledge and interest in the mechanism at the early stages of JCM implementation within DMCs. The modality for capacity building was also regarded as appropriate with good feedback from the workshop attendees. Moreover, one-on-one consultation sessions provided participants with the opportunity to discuss genuine project ideas and express strong interest in pursuing JCM opportunities. The capacity building workshops were also successful in diffusing knowledge on various low carbon technologies among potential project developers and their potential application in pursuing JCM projects in DMCs. Feedback from the regional workshop was also very positive, with the JCM Secretariats indicating that they benefited from the opportunity to share knowledge and experience with other DMCs. The TA was effective, surpassing each target output, and significantly reaching more stakeholders than the target. It also enhanced support for institutional strengthening with 7 out of 8 of the DMCs establishing JCM Secretariats and Joint Committees. Prior to

² Includes: an inception workshop by videoconference; country-specific workshops in 8 DMCs: Bangladesh, Indonesia, Lao PDR, Mongolia, Maldives, the Philippines, Thailand, and Viet Nam; a regional workshop in Indonesia for representatives of the JCM Secretariats; and a workshop in Thailand focused on financing and technologies.

³ This figure excludes the organizers.

the TA, there was limited knowledge on potential JCM opportunities within participating DMCs. Through the capacity building workshops conducted under the TA, local stakeholders (both public as well as private) significantly enhanced their awareness about recent developments on the JCM. Building the technical knowledge of these stakeholders in participating DMCs will ensure that they are equipped to effectively participate in, and take advantage of the JCM even beyond the life of the TA, making the TA sustainable.

Major Lessons

There is a significant interest in DMCs to use market mechanisms to achieve greenhouse gas emission reductions pledged under their Nationally Determined Contributions (NDCs) and to seek technical know-how on implementing energy efficiency, renewable energy, and other low carbon technologies. The demand for direct technical support for JCM projects is still developing as various stakeholders are in the process of raising their awareness about this new mechanism (JCM) and exploring various possibilities for preparing concrete project ideas. It is apparent that the potential project developers need to have project financing in place before considering JCM. The number of projects seeking technical support for pursuing JCM from TSF increased during the course of TA implementation. In fact, 6 of the 9 projects supported gained awareness and knowledge on JCM through the TA's capacity building efforts (2 in 2015 and 4 in 2016). The remaining 3 projects were already pursuing opportunities under the JCM and therefore TA support was focused on the provision of technical assistance. It was also learned that some of the project participants received technical support from JCM consultants engaged by Japanese technology providers. These indicate the DMCs growing interest and awareness about this new mechanism, reinforcing that the TA was relevant and needed. The substantial costs savings achieved through partnerships with local agencies and the availability of local resources also indicate that wherever possible, upfront discussions with these partner agencies and scoping of local resources during TA design could be of benefit in preparing the TA budget. Furthermore, the use of digital communications, where possible, can be an economical way to conduct some of the capacity development activities.

Recommendations and Follow-Up Actions

It is recommended that ADB:

1. Continue capacity development efforts through its CMP to disseminate knowledge on the JCM and ensure DMCs are aware and able to take advantage of opportunities under the mechanism;
2. Promote internal knowledge sharing of the JCM to ensure ADB staff in regional departments are aware of the opportunities, particularly the JFJCM;
3. Continue to support DMCs in accessing opportunities under the JFJCM through ADB's operational departments;
4. Continue to offer capacity development support to DMCs, through its CMP, on other emerging carbon market mechanisms in line with their needs. This should include assisting DMCs to identify opportunities for accessing carbon finance under emerging mechanisms and capacity building to prepare DMCs to take advantage of these opportunities;
5. Ensure that lessons learned from the TA, such as the importance of project financing, and the ongoing need to support DMCs in accessing bilateral mechanisms is incorporated into ADB's future carbon market support, including TA 9135 "Supporting the Adoption of Low-Carbon Technologies in Developing Member Countries"; and
6. Consider availability of local expertise and resource mobilization by partner organizations and counterparts as well as digital means to conduct some of the activities while preparing budget estimates.

ADB = Asian Development Bank; CMP = Carbon Market Program; DMC = Developing Member Countries; IGES= Institute for Global Environmental Strategies; ITD = Initial Title and Description; JCM = Joint Crediting Mechanism; JFJCM = Japan Fund for the Joint Crediting Mechanism; NDCs = Nationally Determined Contributions; SDCC = Sustainable Development and Climate Change Department; SDCCD = Climate Change and Disaster Risk Management Division; TA = Technical Assistance; TSF = Technical Support Facility.