



## Updated PoA Mapping and Reporting (“PMR”)

Terms of Reference

30 May 2022

### 1. Background

The Foundation *Future of the Carbon Market* (“The Foundation”), set up by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and KfW Bankengruppe (KfW) as an activity under the International Climate Initiative (IKI) in 2011. Its main objectives include the reduction of greenhouse gas emissions in developing countries through the promotion and dissemination of programmatic carbon market approaches.

The Foundation fulfils its objectives through the provision of upfront finance in return for certified carbon credits from Programmes of Activities (PoA) as well as through targeted advisory services to increase public awareness on programmatic approaches and to strengthen the capacity of governments in developing countries in terms of integrating programmatic market-based approaches in national climate policy frameworks.

Germany has supported the PoA approach since its start under the Kyoto Protocol with several technical initiatives, such as the PoA Support Center and the PoA Working Group. The Foundation, established close to the downturn of the Clean Development Mechanism (CDM), has followed the same purpose. The Foundation has been explicitly committed to enable new programmatic activities by purchasing and voluntarily cancelling emission reduction units.

The Foundation’s underlying assumption from the beginning until today has been that the programmatic approach could build the bridge between project-based investments and investments under an upscaled sectoral framework and, thus, lay the groundwork for a new market mechanism (NMM), an instrument long under negotiation under the United Nations Framework Convention on Climate Change (UNFCCC). At last, this instrument has become a reality with the adoption of the Paris Agreement and the finalization of the Paris Rule Book at COP 26 in Glasgow.

However, the *programmatic* approach survived the negotiations only with a small reminder in the Article 6.4 text. The Foundation considers it important to refresh its conceptual underpinnings, to confirm its constructive role for the implementation of the Paris Rule Book, and to avoid repetition of the historical slow evolvement of the PoA concept within the CDM. While negotiations of the approach continue, carbon market practitioners could start designing and implementing PoA-like mitigation programs under Article 6.2 already now.

## 2. Expected outcome and description of the assignment

As the main outcome the Foundation seeks to explore how the further the international debate and reflection of the *programmatic approach*. The Foundation strongly believes that time is of essence and that clear proposals should be presented and discussed among negotiators and practitioners well before Article 6.4 becomes operational after COP28. The *programmatic* approach is particularly well suited to link domestic climate policies with higher international ambition of the implementing country by using the Article 6 instruments.

The experience with programmatic approaches can guide the development of an appropriate set of methodological tools. In particular, the concept of standardized baselines holds great potential, taking stock of domestic climate activities resulting in quantifiable and accountable information.

The Foundation attaches importance to conduct a PoA mapping and reporting exercise (PMR) in an immediate and swift manner, so that the outcome could be made available ahead of COP27 in Sharm El Sheikh to induce appropriate interest by negotiators, practitioners, and governments alike.

The Foundation thus seeks to contract a **firm or a consortium of firms** (“the Consultant”) to conduct the following tasks in an accelerated manner relying on staff and networks across several world regions in parallel and organizing group exchanges on substance and the harmonization of the products of the PMR:

### Task 1 – PoA Mapping: desk review and brief interviews (25% of contract volume)

This task includes mainly a desk review carried out by the Consultant to gather, analyse, aggregate as appropriate and interactively visualize the following information in the following three sub-tasks:

1. An overview on ongoing PoA by using the international databases comprising aggregated information on scopes based on applied methodologies, host countries (including cross country PoA), number of CPs related to each described scope, emission reductions and removals and crediting periods both on PoA level; the retrieved information should be compiled in excel-sheets, graphs and an interactive map to be published on the ZdK website;
2. A short historical overview on the use of the PoA concepts with some aggregated numbers such as scope of activities, applied methodologies, mitigation outcome, the performance of CPs, host countries including public available criteria and/or recommendation of the respective designated national authorities (DNAs); the information should be worked up in graphs and figures embedded in a short and comprehensive description;

3. The consideration of PoA elements in Article 6 piloting activities, covering information from virtual, simulated, and real pilots; if at all dedicated activities could be identified the retrieved information should be worked up in a descriptive text eventually on case-by-case information.

The desk research will be based on existing literature including international PoA data bases, complemented by country-specific documentation.

To retrieve information on the pilots of PoA in Article 6 piloting activities, the Consultant shall conduct brief interviews with the main representatives from the responsible organizations acquiring ER from primary market activities. At least three organizations commissioned by any acquiring country or Voluntary Carbon Market (VCM) standard shall be consulted. The Consultant shall suggest these in its technical offer. The Consultant shall elaborate brief [meeting minutes](#) from all interviews. The qualitative information of task 1 should be compiled in a report (report 1).

The PMR should lead to an [interactive product](#) visualizing the PoA mapping, which could be easily placed and accessed in the web. The Consultant shall describe its design ideas for interactive visualization and the product's visual format in the offer.

In terms of granularity, the mapping product will be aligned with the degree of detail of the underlying information, containing information on country, activity type, performance indicators and crediting period as described above in the three sub-tasks. An assessment of the single activities is not intended. The Consultant will describe its methodology applied to analyze, aggregate and present data in a short text box for transparency reasons as part of report 1.

Work streams to carry out Task 1 and Task 2 (below) shall be arranged to run in parallel for efficiency reasons.

### **Task 2 – Reporting: Questionnaire, interviews, analysis and key messages (75% of contract volume)**

The second task comprises the arrangement of interviews with relevant country representatives in Africa, Latin America, and Asia to gather feed-back on issues relevant to past and forward-looking issues of programmatic activities. It is of great importance that the number of conducted interviews lead to an appropriate representation of the mentioned regions and the most active host countries of ongoing PoAs. These interviews should build the core database for further steps in the PMR. The interviews will not be made publicly available but provided as minutes to ZdK. These interviews will then be analyzed to distill main issues from the respondents both on a regional and a global level in a neutral descriptive manner.

### 2.1. Elaboration of a common questionnaire as basis for the interviews

The interviews will be structured according to a previously defined questionnaire, of which the Consultant will present a final draft version as input to the kick-off meeting.

The following aspects should build the basis for the development of the questionnaire for the interviews. This list encloses only the basic aspects and elements, which are expected to be complemented by the Consultant. The elaborated questionnaire should serve as a guidance for the interviews. However, the Consultant shall be flexible in its interviewing technique, in case respondents want to bring up additional aspects or cannot answer certain questions from the questionnaire:

1. General assumption or position on the usefulness of programmatic approaches
2. Experiences with concrete PoA activities, regarding among others: impact, practicability, communication with project participants, the expanding with CPA, just in case with cross-border cooperation
3. Expectation on the practicability of alignment with nationally determined contributions (NDCs) and fields of domestic application
4. Addressing most challenges and hurdles
5. Reflection of own capacity and concrete needs for capacity building
6. CDM transition process for PoAs in host countries, following Glasgow Art. 6.4 decisions as well as the temporary measures on the CDM.

If appropriate, the Consultant shall complement the common questionnaire with additional regional-specific questions.

### 2.2. Interviews with country representatives

Virtual interviews and virtual meetings of 1 or 2 persons, maybe in several cases of small groups of country representatives, are considered appropriate to retrieve country-specific information along the questionnaire on the following topics (see also the comments on the questionnaire in the above section):

- An assessment of the PoA under consideration of the host countries
- The envisaged challenges and hurdles
- The assessment of technical work based on experiences or estimations
- Expectation on the transition options of ongoing PoAs
- The need for capacity building
- The willingness to engage in further (bilateral, multilateral) collaboration on programmatic activities.

The interviews build the basis for the involvement and the further engagement of Parties in UNFCCC and eventually standard related debates on the renewing of the PoA approach as well as on concrete mitigation activities. Therefore, the interviews are crucial to the success of the PMR.

Countries of the following regions shall be approached: West Africa, Eastern Africa, Southern Africa; Middle East and Northern Africa (MENA), Asia and Latin America. For an indicative list of countries, please see **Annex 1**.

Some expectation and guidance on the technical performance of the interviews: It is expected that each interview will last 1.5 hours and small group meetings 2 – 3 hours. The relation between small group meetings and interviews depends pragmatically on the timing option for the appointments. A small group meeting ahead of interviews may influence the information basis on the PMR and facilitate the interviews. Otherwise, small group meeting after a series of interviews may facilitate the identification of the most important points and the regional aspects. Small group meetings should be undertaken where possible and in relation to timing options. The operationalization of interviews and small group meetings should be part of the application and agreed at the kick-off.

The target under this assignment is to conduct a total of 50 interviews across all regions and a minimum of four countries per region. Small group meetings are envisaged for 5 - 10 regions or sub-regions listed in Annex 1. Altogether the interviews and small group meeting should cover all types of stakeholders from the private and the public sector, if possible, also persons involved in financing, investing and performing activities.

The interviews and small group meetings are remunerated on a pro-rata basis. Conducting less interviews than the stated total number will decrease the calculated maximum budget for the interviews and the small group meetings.

Country representatives shall be contacted by the Consultant through making use of

- (i) the alliances already established by the German government, where possible, including the West-African Alliance, the East African Alliance, the Caribbean Alliance,
- (ii) the partner countries and respective contacts of the forthcoming IKI SPAR6C project on Art. 6 ambition raising and capacity building,
- (iii) the foundation will support interviews and small group meetings with making contacts and with explaining the overall purpose of the PMR.

The Consultant will elaborate substantial [meeting minutes](#) with a summary of main takes. The meeting minutes may lead to written information of 5 pages in general, depending on the outcome of each

interview. Same sizes are assumed for interviews and small group meetings. Country representatives shall be explicitly asked by the Consultant whether they allow quoting of their names in the project documentation or whether they prefer providing their input anonymously. Furthermore, the interviewees shall be asked whether they would be interested in the further process and would allow to be addressed by ZdK or the Federal Ministry of Economic Affairs and Climate Action (BMWK), which is now responsible for ZdK.

### 2.3. Comprehensive report of responses (report 2)

The Consultant will jointly compile the single responses in a systematically structured manner, bringing together the information from the interviews conducted by the single teams responsible for each region. The feed-back will be consolidated into a report (report 2, mirroring the answers of the country representatives and distilling common views both across each region and on a global level. The report 2 should try to attribute the retrieved information to the specific stakeholder role, wherever it is possible. It should be expected that the regional and country-specific information as well as the stakeholder information will vary very much in content and density.

It is of great importance that this compilatory work refrains from any analytical assessment other than the descriptive preparation in order to deliver a kind of snapshot of the actual programmatic carbon market from the views of host country representatives. Therefore, this step needs to be free from any interpretation. Readability and the mapping information builds the point of departure for analytical work described in section 2.4.

### 2.4. Critical analysis and recommendations (report 3)

The Consultant shall critically assess the Host Countries' experiences with PoAs rules set under the CDM. The intention of this analytical work is to identify the shortcoming of the CDM PoA rules against experiences and expectation of the host country representatives. Exactly this step should build the starting point of the international debate on the new rule set for PoA under Article 6.4.

The analysis should lead to recommendations in the agenda setting and to the identification of relevant topics and questions based on the interviews, the PMR exercise ends. No further deliberations on the new rule set for PoAs is foreseen under this tender, as the PMR results could otherwise be perceived as politically biased, which in turn would undermine the purpose to accept broadly the informative results of the PMR as a starting point for a renewed PoA concept.

This analysis shall lead to the formulation of a [brief paper](#) of about 10 pages containing all retrieved recommendations on process and topics which should be considered in the debate for the evolution of the Article 6.4 PoA framework or should be reflected by the VCM standards. These recommendations

shall be formulated in a way that they should be read clearly as necessary reflections in the PoA agenda but without any pre-judging of outcomes of these debates.

### 3. Time plan for submission of deliverables

The following time plan shall be followed by the Consultant to submit all deliverables; stated dates shall be considered as the latest possible ones.

- **Kick-off meeting:** *as soon as possible after contract signing*
  - Description of the interactive product
  - final draft version of the interview questionnaire
  - description of the team structure and work plan on the interviews, small group meetings and internal technical meetings
- **Task 1: PoA mapping:**
  - desk review and interviews of piloting organizations: *15 July 2022 (01 September 2022)*
  - three interviews conducted and minutes elaborated
  - Report 1 (draft): until 15 July 2022 and finalized until 01 September 2022
  - interactive product finalized and checked with ZdK until 15 July 2022
  - eventually finetuning until 01 September 2022
- **Task 2: Reporting:**
  - final questionnaire: *15 July 2022*
  - status of interviews conducted to be checked with ZdK: *15 August 2022*
  - extended time for remaining relevant interviews: *8 September 2022*
  - report 2: *22 September 2022*
  - report 3: brief paper incl. recommendations for the agenda setting: *30 September 2022*
- **Publication**
  - PoA mapping: first week of October 2022 along with a ZdK/Consultant Webinar incl. information on the status of the PMR
  - Complete set of the 3 reports: *31 October 2022*
- **Meetings of the Consultant**
  - Altogether 4 meetings of the Consultant for harmonization of the outcomes and the related products during the PMR runtime
- **End of assignment:** latest by 31 October 2022, invoices need to be sent with each report directly, after the end of task 1 in September 2022 and the end of interview/small group meetings in September 2022.

**Annex 1: Indicative list of countries for interviews under Task 2** incl. preferences for small group meetings indicated with “SGM”

- **West African Alliance (SGM)**
  - Benin
  - Burkina Faso
  - Cape Verde
  - Côte d’Ivoire
  - Ghana
  - Guinea
  - Guinea- Bissau
  - Liberia
  - Mali
  - Mauritania.
  - Niger
  - Nigeria
  - Senegal
  - Sierra Leone
  - The Gambia
  - Togo
- **East African Alliance (SGM)**
  - Burundi
  - Ethiopia
  - Kenya
  - Rwanda
  - Sudan
  - Tanzania
  - Uganda
- **Caribbean Alliance (SGM)**
  - Antigua and Barbuda
  - St. Kitts and Nevis
  - Montserrat
  - Anguilla
  - British Virgin Islands
  - Dominica
  - Saint Lucia
  - St. Vincent and the Grenadines
  - Grenada
  - Martinique
  - Guadeloupe
- **Southern Africa (*to be expanded*)**
  - Botswana
  - Namibia
  - South Africa
  - Zambia
- **MENA**
  - Tunisia
  - Morocco
  - Egypt
  - Saudi Arabia
  - UAE
  - Jordan
- **IKI SPARC partner countries**
  - Pakistan
  - Thailand
  - Zambia
  - Columbia
- **Asia (SGM)**
  - Indonesia
  - Viet Nam
  - Bhutan
  - Nepal
  - Philippine
  - Cambodia
  - Sri Lanka
- **Latin America**
  - Mexico
  - Costa Rica
  - Peru
  - Argentina
  - Chile