WORLD BANK GROUP
Climate Change

TCAF
TRANSFORMATIVE CARBON ASSET FACILITY

Baselines and transformative change

Early experiences with the Transformative Carbon Asset Facility

Transformative Design of Article 6 Programs for Net Zero emissions by 2050.
SDI-WI webinar
Dec 15, 2020

TCAF funding and programs

Total facility capitalization	TCAF became operational in March 2017, with $215 million in contributions
Contributors	
Hybrid funding	**Climate finance**: support NDC implementation, ERs remain in the host country, **Carbon market funding:** ER will be transferred out of host country, payment requires Corresponding Adjustment (CA)
Programs to support	Large scale sectoral, jurisdictional, or policy-based crediting program $30-50 million in results-based payments against Emission Reductions(ERs)

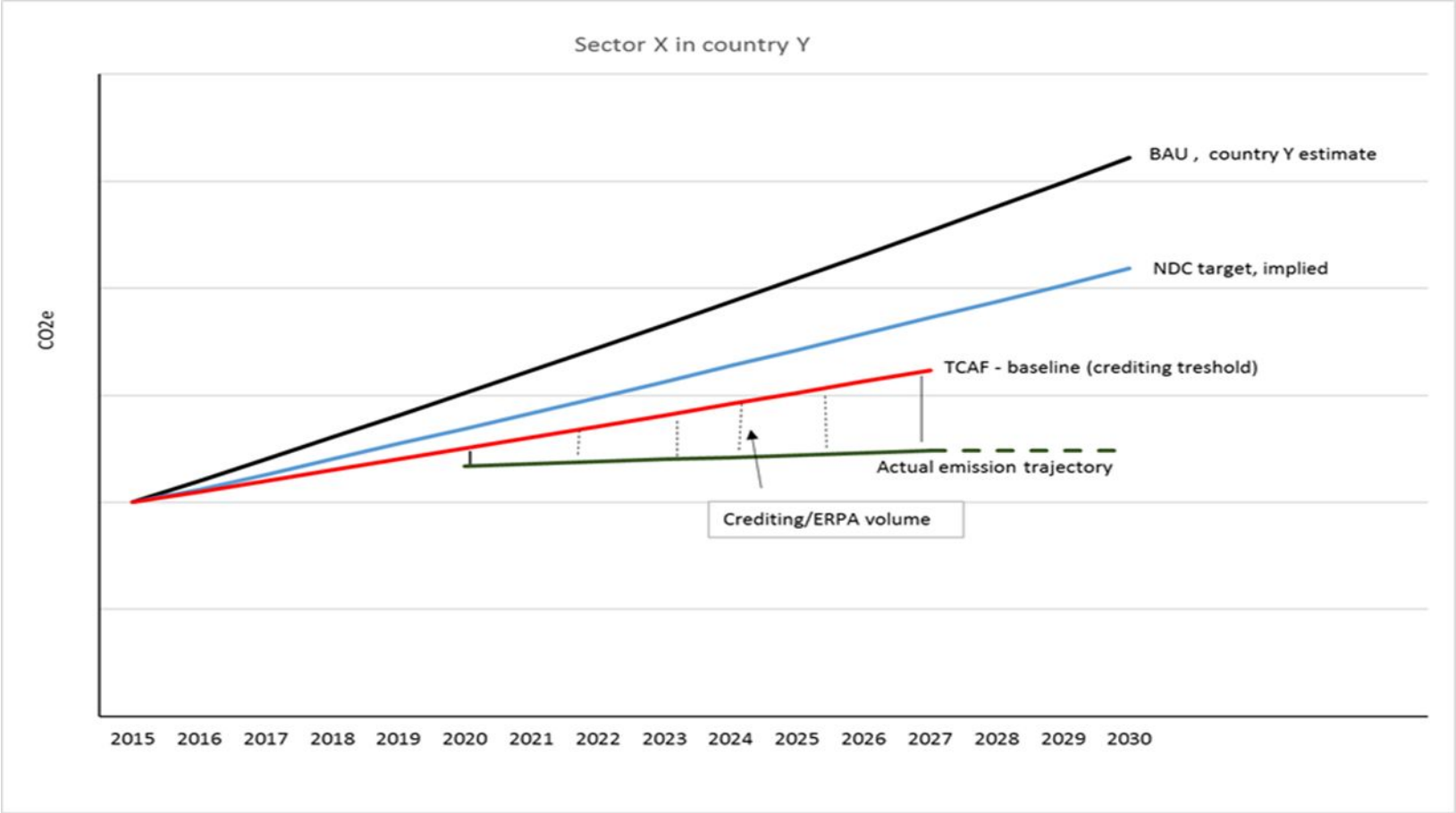
Transformative change

- Program selection criteria and part of MRV;

- Each program must fulfill each of 4 criteria:
  - Sizeable mitigation, i.e., about 1mt p.a.+;
  - Sustainability after TCAF exit;
  - Positive effect on NDC ambition;
  - Contribution to carbon pricing.

Baseline setting

Baseline = Min (target emission trajectory, BAU emission trajectory)



→ Creditable ERs

Additionality

- Crediting line below BAU and NDC target;
- Aggregate mitigation beyond individual project level.
- Exemption of mitigation enabled by other international support and respective conditional NDC targets → Attribution.

Attribution

- Mapping of all international concessional climate finance supporting the program;
- Normalization of all support (including ERPA) to grant equivalents;
- Determination of share of ERPA grant equivalent in total grant equivalent;
- Attribution discounts TCAF baseline for conditional target.

Sectoral and jurisdictional Crediting

- Total projected sectoral/jurisdictional emissions;
- Sectoral/jurisdictional NDC target/contribution;
- Fixed ex ante but NDC updated and potential exclusion of crediting decline in activity.

Piloting examples:

- Sectoral renewable energy program;
- Waste sector program;
- City-level program (inventory-based);
- Island-state program (inventory-based).

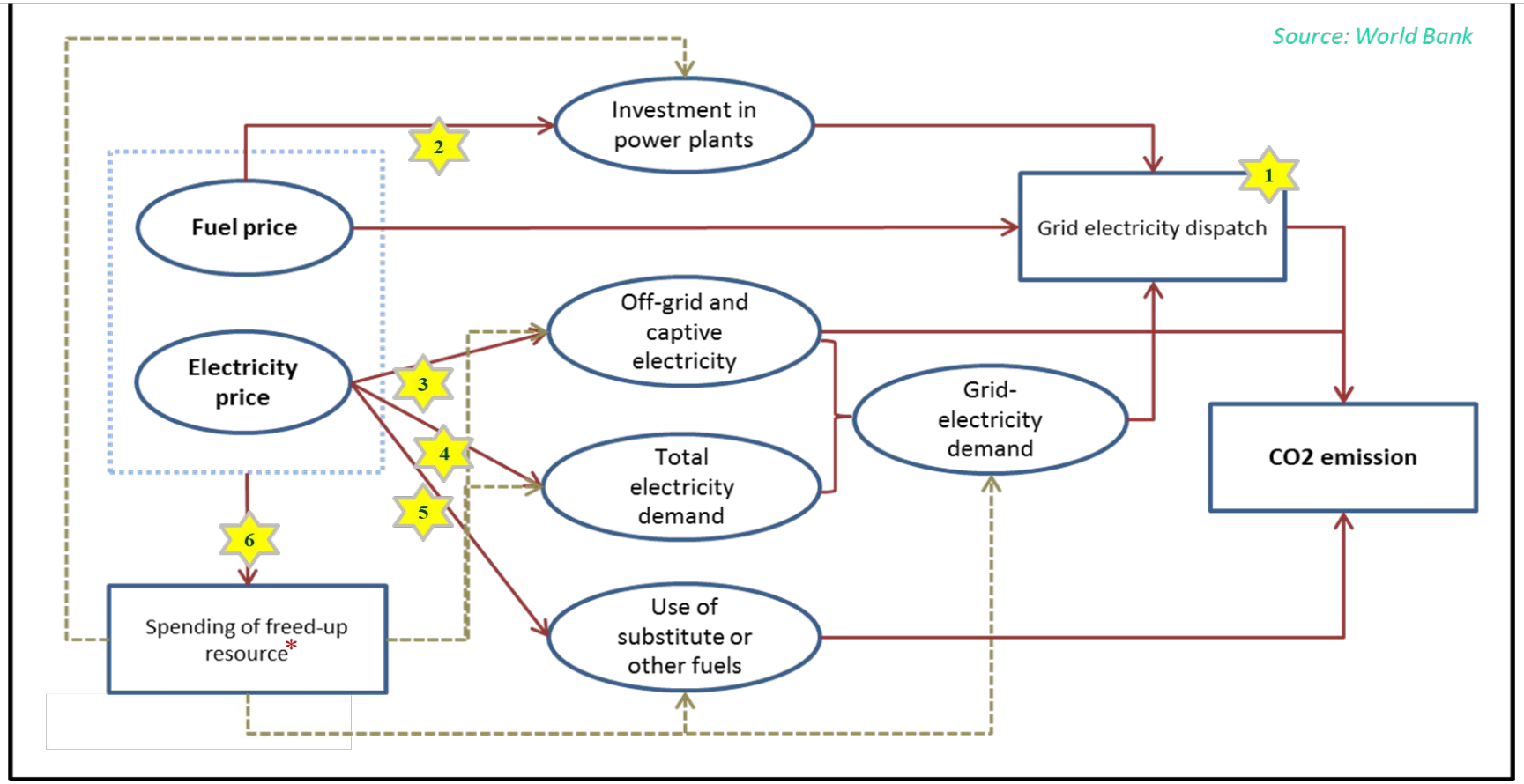
Policy Crediting

- Modelling of baseline emissions;
- Ex post approach: recalculating baseline;
- NDC updated

Piloting examples:

- Fossil fuel subsidy removal;
- Carbon taxation;
- Mandatory industrial energy efficiency standard.

Morocco policy MRV methodology



http://documents1.worldbank.org/curated/en/964331541085444404/pdf/Morocco-Energy-Policy-MRV.pdf

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