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GMI Futures

Discussion Paper

1. Purpose

The 2010 Ministerial meeting in Mexico established the Global Methane Initiative (GMI) and solidified the Initiative's goals while expanding the scope to include methane abatement and a municipal wastewater sector and into the overall mission of GMI. At this meeting, the Partner countries explicitly focused on new strategies such as Partner methane action plans and emphasis on the need for new resource commitments from Partners. The expanded scope and revised Terms of Reference (TOR) reflect the growth of GMI as well as the Initiative's increased emphasis on Partner engagement.

The purpose of this paper is to stimulate a discussion on a number of potential changes to the direction and structure of the Initiative that would enable GMI to function more effectively and reflect the evolving needs of the Initiative:

- 1) The organizational structure of the GMI, including the Administrative Support Group (ASG) and the Steering Committee Chair;
- 2) Development of methane financial support mechanisms; and
- 3) Potential ties to other international initiatives to address Short Lived Climate Forcers (SLCF), including methane.

This paper identifies issues for the Steering Committee's consideration and outlines options for addressing these issues.

2. Background

With the launch of the GMI at the October 2010 Ministerial meeting in Mexico City, Mexico, Partners demonstrated their recognition of the importance of methane to address the challenges of global climate change, clean energy, and sustainable development. More importantly, Partner countries recognized and publicly acknowledged the importance of near-term global action to mitigate methane, and the need for a continued effort. Specifically, the Ministerial declaration noted:

"... robust global action to reduce methane emissions is urgently needed, including, inter alia, stronger financial support and continued engagement of the private sector, researchers, international financial institutions, and other relevant governmental and nongovernmental organizations, as well as assuring that international cooperation evolves in a manner that is supportive of the UNFCCC. We intend to encourage new financial commitments from developed country partners and others in a position to do so in order to ensure the success of our efforts."

To ensure GMI has the most effective structure for accomplishing global methane reductions while maintaining appropriate flexibility, this paper discusses some key issues for consideration by the Steering Committee.

2.1 GMI Organization

GMI includes four key components into its organizational structure: (1) the Steering Committee; (2) the ASG; (3) the Subcommittees, focused on sector specific activities; and (4) the Project Network, which includes the private sector, multilateral organizations and non-governmental organizations (NGOs). The GMI TOR describes the associated roles and composition of each of these elements. This paper focuses on potential organizational changes to the ASG and the Steering Committee Chair.

Administrative Support Group

The GMI secretariat, known as the Administrative Support Group or ASG, has played an important role in GMI accomplishments. For instance, the ASG has organized and facilitated dozens of partnership meetings, workshops, and events, including planning and implementing two international Expositions. The ASG has also created a virtual clearinghouse for information on the GMI and methane abatement, reduction, and use projects. This includes an online project tracking system, Partner country profiles, tools and resource materials, GMI outreach materials and branding, and website content at www.globalmethane.org.

Since 2004, the ASG has been housed at the U.S. Environmental Protection Agency (U.S. EPA), which has dedicated two full-time staff to run GMI secretariat functions. U.S. EPA has also provided funding to provide logistical support, including contractor support, totaling approximately \$800K USD per year.

Steering Committee Chair

The Steering Committee Chair facilitates the Steering Committee meetings, which are typically held once annually. The Chair presides over the Steering Committee discussions, guiding them to resolution and decision points. The Chair also reports out to the technical Subcommittees on the directives from the Steering Committee.

Since 2004, the Steering Committee has been chaired by a senior official at U.S. EPA. Given that U.S. EPA has also hosted the ASG, this arrangement has enabled close communication with the ASG and has provided for continuity and institutional knowledge to guide the Initiative.

While the current ASG organizational structure and the location of the Steering Chair have been successful to date, there may also be ways to enhance involvement of Partner country governments and to reach out to new Partners by exploring different mechanisms for hosting the ASG or the Steering Chair position.

2.2 Financial Support

Historically, GMI has focused on reducing methane emissions through capacity building projects and providing technical support in Partner countries. Financial support of these projects was encouraged through bilateral or multilateral in-kind technical assistance as well as providing networking opportunities to bring project financiers and project developers together. However, no central mechanism has existed for financial support among Partner countries or Project Network members to fund these activities. In addition, there is no centralized GMI mechanism to directly fund projects. GMI's ability to fully implement projects currently relies on external or private financing mechanisms, such as the Clean Development Mechanism (CDM), the Joint Implementation (JI), private carbon financiers, multilateral banks, or private project developers.

Through the 2010 Ministerial Declaration, Partners expressed the expectation that in the future the GMI will "...encourage new financial commitments from developed country partners and others in a position to do so...".

One mechanism discussed among the Partners that could lead to improved coordination of project financing is enhanced activity tracking. That is, developed countries would better track their ongoing methane reduction activities in developing Partner countries, linking these activities directly to the needs and assistance requests that would be described in the Partner Action Plans. GMI would serve to coordinate and assist Partner countries to more strategically direct resources in specific regions of interest to reduce duplication of effort and increase the efficiency of resource allocation.

Secondly, some Partners have expressed an interest in developing a more formal mechanism that Partners or Project Network members could use to contribute resources directly to methane project development or implementation efforts. The current GMI structure and TOR does not provide such a mechanism.

2.3 Short Lived Climate Forcers Initiative

GMI is the only global international initiative that focuses on reducing methane emissions. Its emphasis on voluntary, cost-effective methane reductions and its partnership among governments and the private sector make it a truly unique initiative.

While the GMI has grown quite significantly since its inception in 2004 in terms of global coverage, these achievements have been made with relatively low overall cost and modest engagement on the part of Partner countries. There is still considerable opportunity to achieve low-cost methane reductions, if there were enhanced attention, engagement, and commitment by Partners in terms of effort and funding to reduce methane emissions.

On 12 September 2011, Mexico hosted a Ministerial meeting focused on development of a new international initiative targeting Short Lived Climate Forcers (SLCFs) including methane. This renewed interest in and high level of attention to SLCFs have the potential to reinvigorate and better engage existing and future GMI Partner countries. As this new Initiative takes shape, it should provide opportunities for the GMI and the potential for amplified support for methane projects.

3. Potential New Directions

3.1 GMI Organization

To help ensure the future success of GMI and strengthen participation among Partners, the Steering Committee may want to consider some organizational changes. Potential changes to the existing organizational structure could include the secretariat function (i.e., the Administrative Support Group or ASG) and the Steering Committee Chair. Some prospective ideas for the Steering Committee's consideration include the following:

- ***Rotating Steering Committee Chair among Partner Countries.*** The Steering Committee Chair could be rotated every designated number of years. The hosting of the Chair could potentially be linked with the duty of hosting a Steering Committee meeting or Partnership Expo in that country. In addition to the Steering Committee Chair, leadership could include a "Vice-Chair", whose duties would be to support the work of the Chair and potentially take over responsibility of the Steering Committee Chair at a designated time period.

- **Example: Intergovernmental Panel on Climate Change (IPCC):** The Panel meets annually and elects the Chair of the IPCC. The Chair is assisted by an elected Vice-Chair as well as Bureaus, Working Group Chairs, and the Secretariat.
- **Example: Arctic Council:** Convenes biannual meetings with the host country as Chair of the council as well as the secretariat functions during its tenure. Arctic States may also designate one or more vice-chairpersons of the meeting in the event that the Chair is unavailable.
- **Rotating Secretariat among Partner Countries.** The secretariat function (i.e., ASG) could be hosted by a new Partner country every designated number of years. The ASG would be staffed and financed by this designated Partner country. The rotation of the ASG host Partner country could be synchronized with or chosen independently of the host of the Steering Committee Chair. The host country would assume the costs for providing the staff and logistical support functions to the secretariat. One potential disadvantage to rotating the secretariat function would be the discontinuity, inefficiencies, and the loss of institutional knowledge.
 - **Example: International Coral Reef Initiative (ICRI):** The Secretariat is hosted by an ICRI member and rotates every 2 years. The Secretariat is co-chaired by a developed and a developing country.
- **Hosting the secretariat at an Independent Organization, Multilateral Agency or a Quasi-Governmental Body.** The secretariat function could be permanently moved to an independent organization, such as an NGO, that would staff and administer the ASG functions. While this option would provide continuity (compared to a rotating secretariat), the costs of the ASG would likely need to be financed through Partner country contributions or other means. Similarly, the secretariat could be housed at a multilateral or international organization, such as the World Bank or a United Nations (UN) body. In this case, the host organization would likely pay the costs to support the secretariat staff and logistical functions, or it would need to be financed through donations from Partner countries. This option would also provide continuity relative to the rotating secretariat option. Whether the ASG were hosted by a NGO or a multilateral organization, a clear benefit of this organizational structure is that it allows for the possibility for potential funding mechanisms.
 - **Example: Global Alliance for Clean Cookstoves:** Public-private initiative with secretariat function housed within the UN Foundation.
 - **Example: Partnership for Market Readiness (PMR):** The World Bank hosts the secretariat function of the PMR. It also serves as the trustee of a “trust fund” which can collect contributions from PMR participating donors.

3.2 Financial Support

There are two distinct types of funding that are most relevant to the work of GMI: funding for capacity building activities; and direct project financing. Through GMI, financial support has been focused on capacity building and technical support, while project implementation activities have traditionally been financed either by: in-kind donations; bilateral or multilateral agreements, or through CDM, JI, or other private carbon financing options. Funding of capacity building or development support activities has been at the discretion of a Partner country or Project Network member, with no formal or centralized processes to facilitate financial support.

Additionally, GMI does not have a central funding mechanism or instrument to provide financial support to a project. While financing is certainly not the only (or in many cases the primary) hurdle to methane project development, a fund specifically dedicated to projects could significantly accelerate GMI efforts as capacity building efforts lead to development of “shovel-ready” projects.

One example of a potential model for a funding mechanism that could accelerate project development is the Forest Carbon Partnership Facility (FCPF). This facility was founded in Bonn and became operational in June 2008. Its focus is on incentivizing reducing emissions from deforestation and forest degradation, forest carbon stock conservation, sustainable management of forests and enhancement of forest carbon stocks. The Facility is separated into two funds: readiness (capacity building) and carbon (project funding), which could be a good model for what GMI might use in the future with our current focus on capacity building but with a need for direct project assistance. The World Bank acts as the trustee for FCPF, as well as secretariat and facilitator. It appears that FCPF is one of the only funding facilities with two separate funding mechanisms for capacity building and emission reductions within the same facility. In this respect, it could provide a useful model to link a new funding mechanism with the capacity building and project pipeline development that has been the historical focus of GMI.

3.3 Short Lived Climate Forcers (SLCF)

Momentum is building for an international initiative dedicated to incentivizing and accelerating mitigation of SLCFs. While the details are still unclear, since methane is one of the most important SLCFs, the GMI is expected to play an integral role in this initiative. The increased high-level attention to SLCFs should encourage and reinvigorate greater Partner engagement in GMI through greater commitment of time and resources. An international initiative could also garner additional country participation.

4. Possible Future Actions: Items for Discussion

The options identified in this paper represent only some of the prospective directions for GMI. The Steering Committee may wish to consider the following:

- **GMI Organization:** Does the Steering Committee want to continue exploring potential options for organizational changes to the structure of GMI either for the secretariat function (ASG), Steering Committee Chair, or both? Are there other ideas that the ASG should explore in more detail?
- **Financial Support:** Should the GMI explore potential mechanisms to fund capacity building activities and/or project financing, including potential linkages to emerging funds or investment facilities? Does the Steering Committee want to task the ASG to develop a comprehensive financing options paper or create a task force to further explore financial source options?
- **Short Lived Climate Forcers:** Based on present understanding of the emerging international SLCF initiative, how does the Steering Committee envision GMI supporting the goals of such an initiative? Does the Steering Committee want to create a statement of support for the emerging SLCF initiative?