



# GIS as Testing Ground for Post-Kyoto Flexible Mechanisms

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# GIS Status

- GIS in Latvia - Climate change financial instrument
- Established by law, implemented as state budgetary programme
- So far more than 5 sale agreements signed with sovereign and private buyers
- GIS implementation launched
- GIS guiding principles – transparency, accountability and efficiency
- First open call completed, contracts for total volume of 37 MEUR signed with beneficiaries

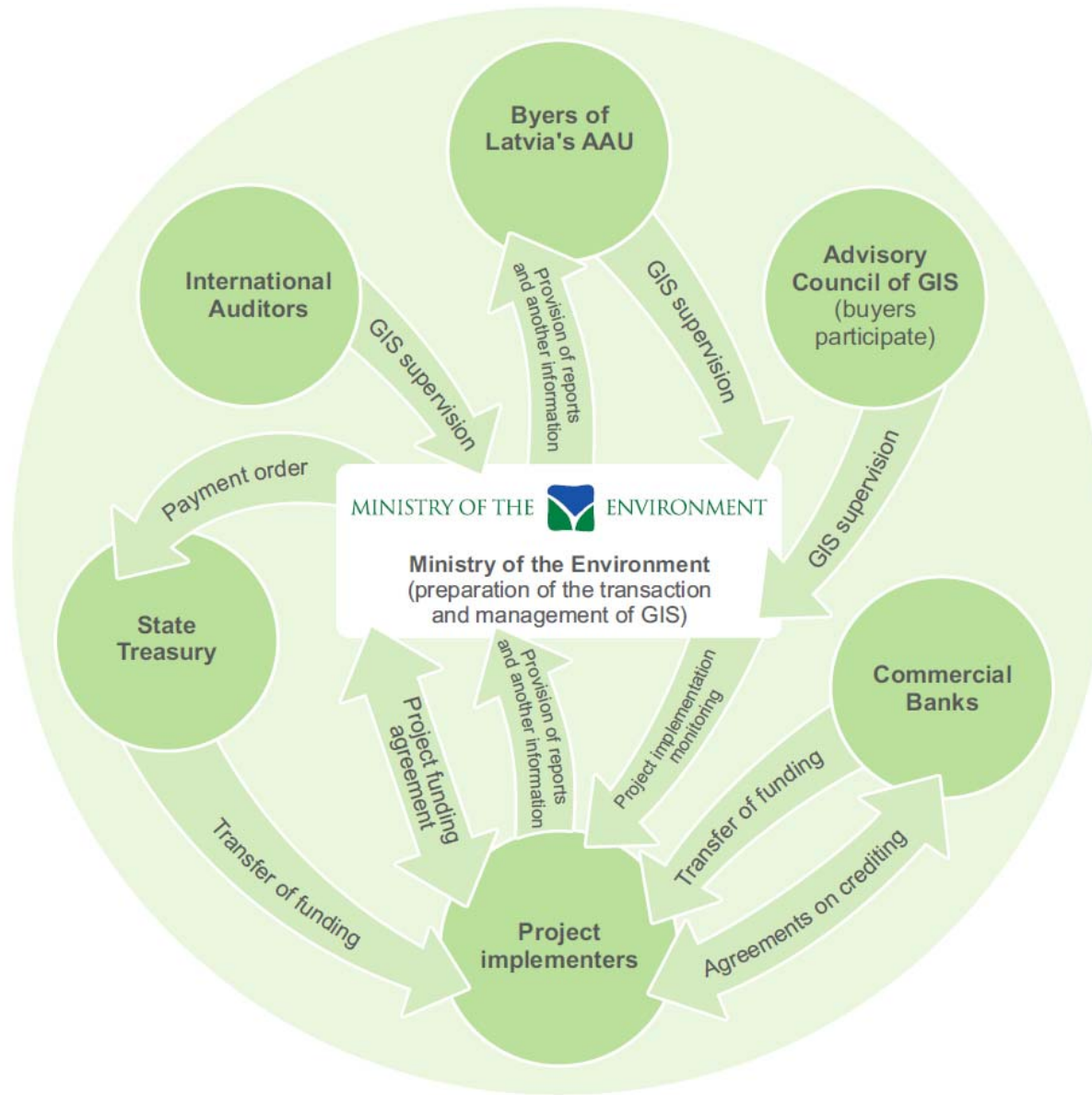
# GIS Programming Principles

- **Additionality**
  - Legal
  - Financial
  - Technological
- **Broad involvement of social partners**
- **Focus on development of low carbon economy**

# The Key Principle of GIS Investments

**tCO<sub>2</sub> / LVL<sub>GIS</sub>**

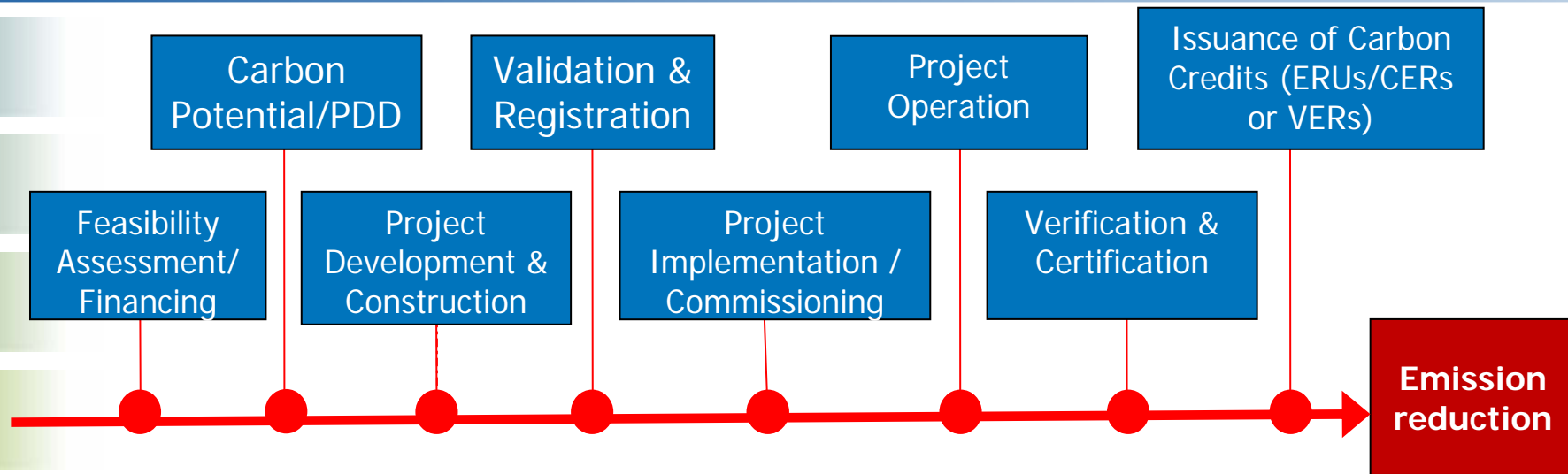
# GIS Implementation



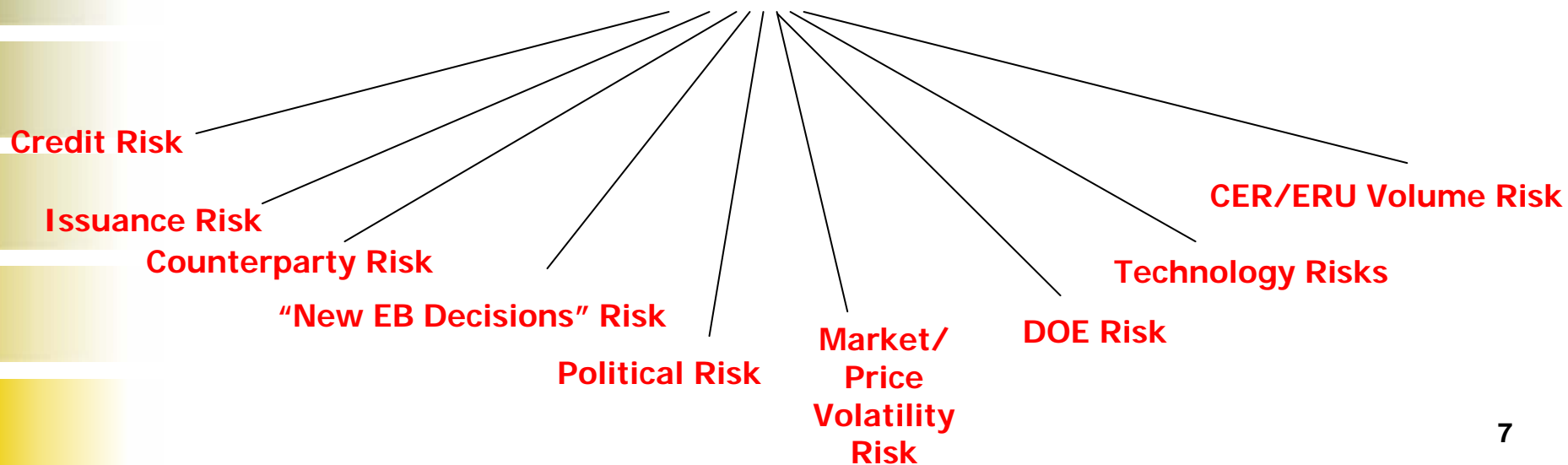
# Indicative Greening Pipelines and Open Calls

- Energy supply-side management
  - Promotion of biomass use including CHP plants
  - Biogas recovery and use, including transport
  - Solar heat, geothermal, small hydro, etc.
- Energy demand-side management
  - Improved thermal energy efficiency
  - Improved use of electricity
  - Technological processes and product design
- Integrated projects

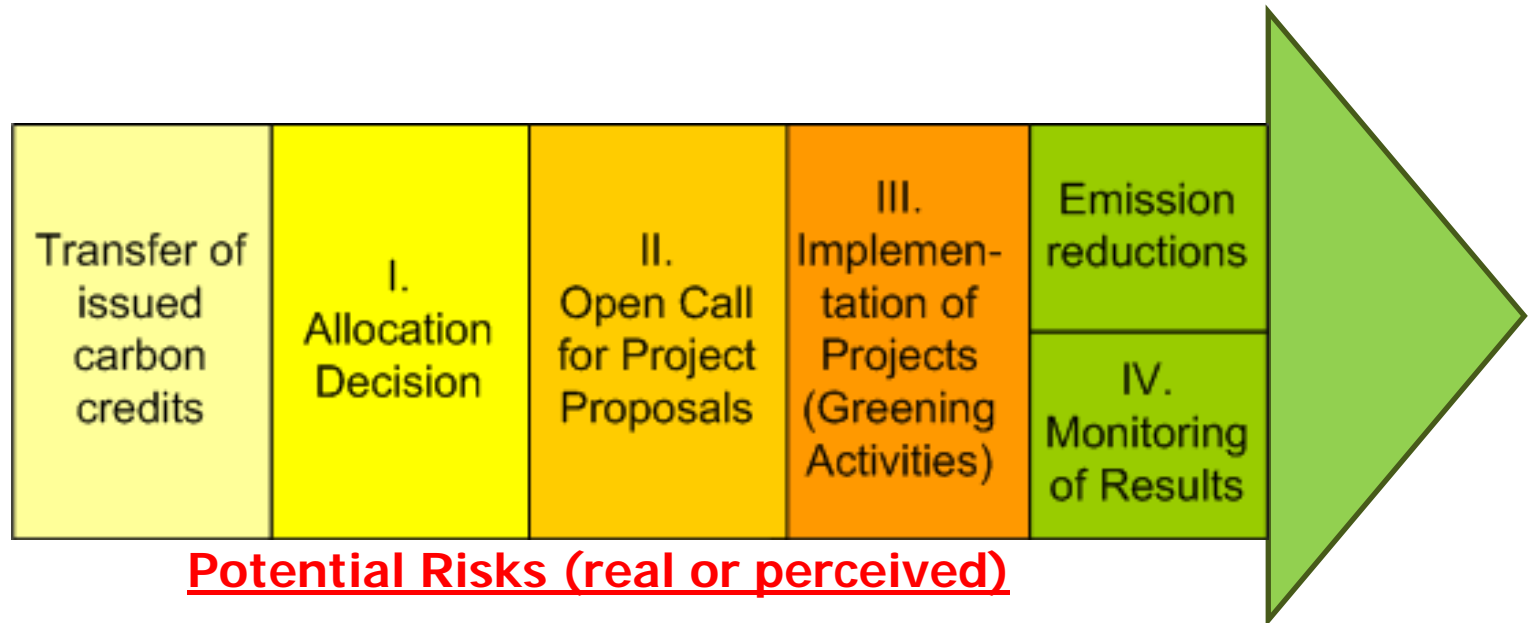
# Cycle of One JI/CDM Project



## Potential Risks (real or perceived)



# Cycle of GIS Financed Project Programme (Several Projects Included)



## Potential Risks (real or perceived)

Credit Risk

Counterparty Risk

Political Risk

Technology Risks

# GIS Risk Mitigation at all Levels of Implementation

- Close cooperation with buyers
  - Allocation decision
  - TORs of open calls
  - Immediate reporting on open call results
  - Annual reports, audited by independent auditors
  - GIS consultative board convened quarterly
- Programmatic approach
- Greening as guaranteed result
  - Climate premium
  - Monitoring
  - Responsibility of beneficiary for final results
  - GIS technical assistance

# Conclusions and Way Forward

## ■ GIS -

- Testing ground (1st KP and beyond)
- Nationally driven implementation systems – transparent, accountable and efficient
- Programmatic with scaling-up of technology deployment
- Structural change for reduced sectorial carbon footprint
- Leverage for low carbon economy

# Thank you for attention!

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