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M2M7/Doc.5

## **Revising and Enhancing Terms of Reference**

### **Discussion Paper**

#### **1. Purpose**

This paper provides an overview of the recent discussions by the Steering Committee to modify and enhance the Terms of Reference (TOR) and summarizes the key decisions that have been made to date. Accompanying this paper is a redline strikeout version of the current TOR that attempts to document these agreed upon modifications and serve as a basis for continued discussion. Additional revisions and modifications are also identified for the Steering Committee's consideration.

#### **2. Background**

In 2004, fourteen countries joined efforts to launch the Methane to Markets Partnership in order to focus global attention on the importance of reducing methane emissions and to advance methane recovery and use as a clean energy source. Since that time, seventeen other governments have joined the Partnership by signing the TOR. The original TOR was established for a five-year period and set to expire in November 2009. The TOR allows for the Steering Committee to modify and extend the agreement at any time on a consensus basis.

A discussion of the future of the Partnership and modification of the TOR was first initiated at the January 2009 Steering Committee meeting in Monterrey, Mexico. A second meeting was held in Washington, DC in September 2009 to facilitate a focused discussion on possible TOR revisions and enhancements to reflect the Partnership's growth. As a first step, the Steering Committee agreed to extend the current TOR for one year (i.e., through September 2010) to allow time for revision and expansion of its contents. In addition, the Steering Committee made significant progress discussing key topics including:

- Focus on methane abatement and/or destruction as well as recovery and use.
- New and increased Partner commitments (i.e., action plans, financial and/or technical resources).
- Additional target methane emission sources (i.e., enteric/rice, wastewater).
- Enhanced project monitoring and reporting.
- Increased engagement of multinational development banks.
- Linkage to the UNFCCC.

At the conclusion of the meeting, the Steering Committee directed the ASG to summarize the agreed upon changes and to develop an initial revised version of the TOR that would reflect the discussion and resulting decisions, which accompanied this paper. The redline version also incorporates updates based on changes agreed upon by the Steering Committee over the first five years of the Partnership.

### **3. Agreed Upon Modifications to the TOR**

#### **Section 1: Purpose**

##### ***Focus on Methane Abatement and Recovery and Use***

These edits reflect the view of the Steering Committee that the Partnership should broaden its mission to incorporate important activities that may not be limited to capture and use, such as the possible new sources from agriculture (e.g., rice cultivation) and methane destruction activities where economic recovery is not an option. Despite this proposed expansion to encompass abatement, it is envisioned the Partnership will continue to maintain its focus on project implementation (e.g., technology development, demonstration, deployment) and methane recovery and use.

##### ***UNFCCC Linkage***

This language reflects the Steering Committee's interest in making more explicit linkages between M2M and the UN Framework Convention on Climate Change (UNFCCC).

#### **Section 2: Functions**

##### ***Evaluating Progress (Section 2.11)***

The existing TOR states that the Partners should develop and implement a process for monitoring progress. The ASG recommends strengthening this language to reflect the Steering Committee's belief in the importance of monitoring and reporting.

#### **Section 3: Organization**

##### ***Methane Sectors (Section 3.1)***

Under the original TOR, the agriculture sector was not included as a focal area, although the Steering Committee established an Agriculture Task Force that became a full subcommittee in 2005. At this time, Agriculture (manure management and agro-industrial wastewater) is a well-established sector and should be added to the TOR as a technical subcommittee. Wastewater could also be added if the Committee agrees that the sector belongs in the scope of the Partnership. If it is not currently ready to do so, retaining the original language from the TOR that preserves the option for the Steering Committee to add others would allow for this Subcommittee to be added in the future if the group so decides.

##### ***Subcommittee Vice Chairs (Section 3.4)***

The current TOR allows Partners to appoint up to three members to each Subcommittee, and each Subcommittee can elect two co-chairs. Since the original TOR was adopted, the position of "vice-chair" has been created to provide an additional Partner country the opportunity to contribute its leadership and expertise to the Subcommittee.

##### ***Hosting the ASG (Section 3.7)***

Since 2004, the U.S. Environmental Protection Agency (U.S. EPA) has supported and hosted the ASG (i.e., providing personnel to support day-to-day activities, maintaining the Web site/ASG e-mail account, developing and updating outreach materials). Initially, U.S. EPA agreed to host the ASG for a two-year period (under the terms of the existing TOR), which was extended two more years in 2006.<sup>1</sup> The U.S. EPA has offered to continue in this capacity as the Steering Committee considers revisions to the TOR. Existing TOR language could be modified to remove reference to time periods (e.g., two years), while maintaining the option to move the ASG to another host.

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<sup>1</sup> A Steering Committee meeting was not held in 2008, and the subject of hosting the ASG was not raised at the 2009 meetings given the pending TOR renewal.

## **Section 4: Action Plans and Reporting**

### ***Action Plans (Section 4.1)***

The Steering Committee has long supported the completion of sector and country-specific action plans. During its last meeting, Steering Committee participants supported the idea of country action plans to help focus and organize Partnership efforts and serve as a useful tool to provide a solid basis for future action. This proposed section is new and formalizes the Committee's interest in the creation of these plans, strengthening them, and reinforcing their importance more broadly. The country action plans would serve as frameworks to advance project development by providing a better understanding of emission sources; institutions policies and measures impacting project development, and mitigation barriers and opportunities.

Several Partners expressed concern, however, regarding the readiness and availability of resources (e.g., funding, personnel) for some countries to complete country action plans. As such, it was noted that Partners and Project Network members would also be encouraged to provide support (e.g., technical, financial) to countries that indicate they need assistance in developing and implementing action plans. Establishing a timeframe of two years from joining the Partnership for the development of action plans has been proposed.

### ***Reporting (Section 4.2)***

During its last meeting, the Steering Committee agreed to add language to the TOR about annual reporting while trying to keep the requirements flexible enough to suit each Partner's needs. Delegates also commented on the need to identify existing tools to support development and incorporation of a more formal reporting system, as long as it was not burdensome to the members.

## **Section 6: Commencement, Modification, Termination, Extension, and Withdrawal**

### ***Length of TOR Adoption (Section 6.1.1)***

The existing TOR commenced on November 16, 2004 and remained in effect for 5 years, until it was extended at the 2009 Steering Committee meeting. For the new TOR, the Steering Committee should consider an effective time period (i.e., 5 years through 2015). The ASG proposes 5 years from the 2<sup>nd</sup> Ministerial meeting.

## **4. Additional TOR Modifications for Consideration**

In addition to the modifications discussed above which were agreed upon at previous Steering Committee meetings, the Steering Committee may wish to consider additional modifications to the TOR. The issues outlined below are those identified by the ASG as being ones that may benefit from discussion.

## **Section 2: Functions**

### ***Resolve (Section 2)***

The existing TOR states Partners should "seek to" undertake various activities (e.g., identify cost-effective opportunities, address barriers to project development, and implement collaborative projects). At this time, the Steering Committee might consider whether to strengthen the language in this section by replacing this with "resolve to," particularly as it relates to efforts to advance the Partnership (e.g., country action plans, monitoring and reporting).

### ***Scientific Understanding (Section 2.9)***

Given the work of the Partnership over the last five years, and the proliferation of other research networks, the language on scientific understanding may no longer be appropriate. The Steering Committee may wish to consider removing this language from the TOR.

### ***Section 3: Organization***

#### ***Steering Committee Membership (Section 3.2) and Subcommittee Leadership (Section 3.4)***

The Steering Committee is considering a number of issues and possible changes pertaining to the Partnership's organization. A separate discussion paper entitled "Steering and Technical Subcommittee Membership Procedures" covers these issues in detail. To the extent that the Steering Committee decides to make any changes as a result of considering these issues, these modifications should be reflected in the Terms of Reference.

## **5. Items for Consideration**

Adoption/Modification of Suggested Language: Does the Steering Committee wish to adopt the language drafted by the ASG and described above which reflects the positions reached at the Washington meeting?

Additional Modifications: Are there other revisions or additions the Steering Committee wishes to make?

Length of TOR Adoption: Does the Steering Committee wish to adopt the enhanced/revised TOR for a period of 5 years from the date of the 2<sup>nd</sup> Ministerial meeting?

Process: Given the progress made by the end of this meeting, what should the process of finalizing the modifications to the TOR be in advance of the Ministerial Meeting?