



CDM Capacity & Project Development by

UNEP RISOE CENTRE

The Global Energy Challenges Seminar

Sami Kamel,
Climate Coordinator
Sami.kamel@risoe.dk

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CDM Programme Components

- Implementing three CDM Capacity & Project Development Projects:
 - Capacity Development for CDM (CD4CDM) Project.
 - Using Carbon Finance for Sustainable Energy in Africa (CF-SEA) Project.
 - CDM Capacity & Project Development in Thailand.

1. Capacity Development for CDM (CD4CDM) Project

- A U\$12.5 million project funded by the Netherlands Government.
- Started activities in mid-2002.
- Project being implemented in 12 developing countries:
 - Ecuador, Bolivia, Guatemala, Egypt, Morocco, Ghana, Mozambique, Ivory Coast, Uganda, Philippines, Cambodia, and Vietnam.
- Four countries completed activities 2005 & eight in 2006.
- Currently preparing to add five or more new countries, extending project life till mid-2008.
- Project is not involved in procurement of GHG emissions reductions from target countries.

Project Objectives

- Create an enabling business environment for creation of CDM investment opportunities through:
 - Develop local institutional & human capacity to participate in CDM project preparation, appraisal, approval, & implementation.
 - Support establishment of an operational Designated National Authorities (DNAs).
 - Establish a National CDM Project Approval Procedure.
 - Assist in developing a Sustainable Development Criteria.
 - Create a pipeline of CDM projects (PINs/PDDs).
 - Promote host country as a CDM project destination (participation in CarbonExpo, organize regional CDM investment forums).

Project Implementation Strategy

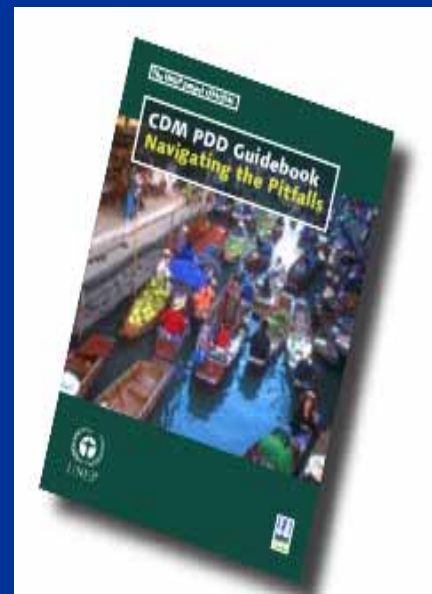
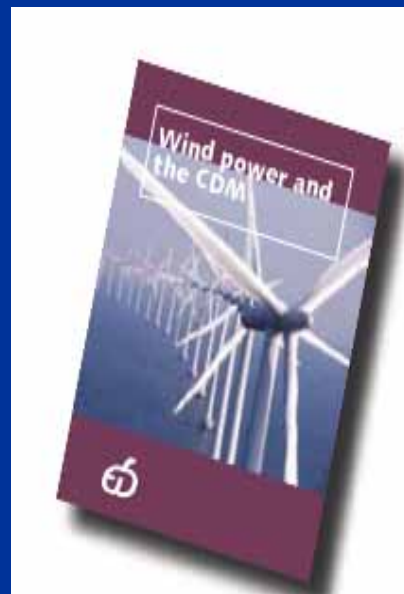
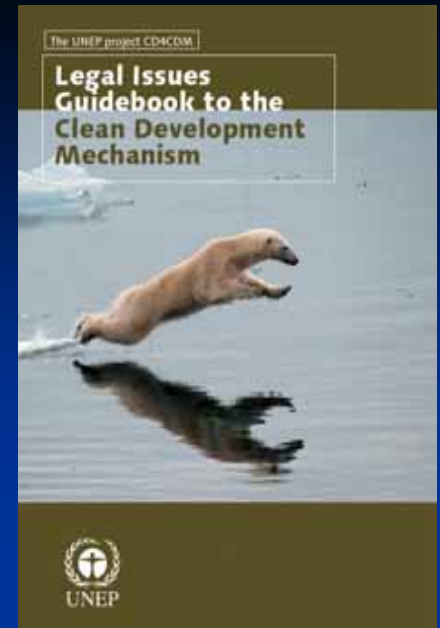
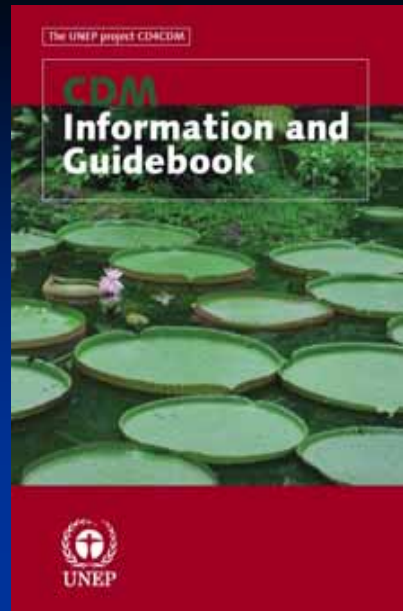
- URC together with Regional Centres & in-country project teams jointly implement project activities based on a country-specific Work Plan.
- CB target groups:
 - DNA staff, investment authority, rural electrification agency, renewable energy agency, private sector companies, financial sector, & industries with CDM potential.

Continue: Strategy

- Organize national & regional workshops adopting a targeted, hands-on, participatory approach (case studies, small working groups with sectoral focus).
- Local experts assigned to produce a national pipeline of CDM project PINs & PDDs.
- Promote the pipeline through:
 - Organization of Regional CDM Investment Forums
 - Development of a national CDM web site
 - Participation in CarbonExpo.

CDM CB Manuals

- URC & consultants developed training manuals & guidebooks used in capacity building workshops:
 - CDM Legal Issues Guidebook.
 - Sustainable Development Impacts Guidebook.
 - Institutional Strategy to Promote the CDM in Peru.
 - CDM Information and Guidebook.
 - CDM Wind Projects Guidebook.
 - PDD Pitfalls Guidebook.
 - CDM Baseline Methodologies Guidebook.
- All downloadable from project web site [cd4cdm.org]



CDM Market Analysis

- Jorgen Fenhann (URC) designed a one-of-a-kind analysis of the global portfolio of CDM projects.
- Offers an in-depth view of how CDM market is evolving.
- The CDM EB and other bodies use the analysis to monitor market.

Overview of the Analysis

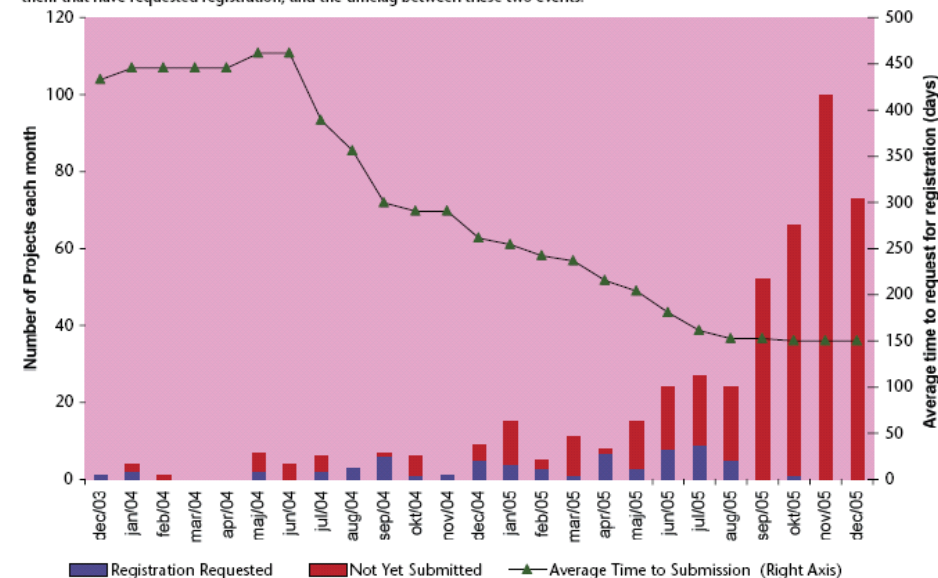
- A breakdown of 460+ projects based on:
 - Technology used in the project
 - Type of GHG mitigated through the project
 - Project scale (full- vs. small-scale)
 - Geographic location
 - Amount of emissions reductions until 2012
 - Time span between validation and project registration
 - DOE doing the project validation
 - Project developer.
- Database is being updated on a regular basis & is downloadable from cd4cdm web site for free.

Sample of Database Output

Table 1

Project status 16. November 2005	Number
At validation (public comments for for 30 days; LULUCF 45 days):	408
Request for registration (normal 8 weeks, small-scale 4 weeks):	22
Request for review	0
Withdrawn	1
Under review (final<=2nd EB meeting after decision):	2
Rejected by EB:	0
Registered:	32
Request for CERs:	0
CER issuance review (final <30 days):	0
CER issued (<15 days after the receipt of request for issuance):	3
Total number of projects:	468

Number of CDM projects ending the public comments period each month, the number of them that have requested registration, and the timelag between these two events.



Type	number		CERs/yr (000)	
Biomass energy	111	24%	5257	6%
Hydro	76	16%	3954	5%
Agriculture	55	12%	3948	5%
EE Industry	56	12%	3161	4%
Wind	53	11%	4124	5%
Landfill gas	39	8%	10194	12%
Fossil fuel switch	18	4%	1007	1%
Biogas	20	4%	1028	1%
Cement	14	3%	2064	2%
HFCs	6	1%	28281	34%
Geothermal	4	1%	853	1%
EE Households	3	1%	42	0%
Solar	3	1%	44	0%
N2O	2	0%	15112	18%
Fugitive	4	1%	3532	4%
Tidal	1	0%	311	0%
EE Service	1	0%	3	0%
Transport	1	0%	7	0%
Energy distrib.	1	0%	15	0%
Total	468	100%	82936	100%
Renewables	268	57%	15571	19%
Energy efficiency	62	13%	3227	4%
Fuel switch	18	4%	1007	1%
CH4 reduction & Cement	112	24%	19738	24%
HFC & N2O reduction	8	2%	43394	52%



CD4CDM

Capacity Development for the CDM



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The Clean Development Mechanism (CDM) proposed under article 12 of the Kyoto Protocol is an important potential instrument to promote foreign investment in GHG emission reduction options while simultaneously addressing the issue of sustainable development.

With the international framework for the CDM presently under development, many complex legal, financial and technical issues still require further discussion. Under these circumstances, most developing countries with limited institutional capacity will face a significant challenge in taking a pro-active approach to participate as equal and reliable partners in CDM when it becomes operational.

Reflecting the needs of developing countries, UNEP is implementing a 4-year project on Capacity Development for the CDM with funding from the government of the Netherlands.

Overall Objective

- To generate in participating developing countries a broad understanding of the opportunities offered by the CDM, and
- To develop the necessary institutional and human capabilities to formulate and implement projects under the CDM.
- To help ensure the early success and efficacy of the CDM through creating national capacity to implement the CDM in 12 developing countries.

News!

Upcoming event:

[CDM Investment Forum, North Africa and Middle East, 22-24 Sept. 2004](#)

[Download registration form](#) for above event **NEW**

[CDM Investment Forum, North Africa and Middle East Networking Event 25 Sept. - Registration Form](#) **NEW**

[Ecuador: Training Workshop - Reforestation and Bioenergy, Tabacundo, 1-5 March 2004](#) **NEW**

[CDM Information and Guidebook \(2nd edition\)](#)

[Legal Issues Guidebook to the Clean Development Mechanism](#)

[CDM Sustainable Development Impacts](#)

[Institutional Strategy to Promote the Clean Development Mechanism in Peru](#)

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2. Using Carbon Finance for Sustainable Energy in Africa (CF-SEA)

- A \$1 million project funded by UN Foundation & World Bank.
- Jointly implemented by UNEP, URC & World Bank's Community Development Carbon Fund (CDCF).
- Dual-Objective (Two parallel tracks):
 - Build capacities of local experts to identify, design and prepare CDM projects.
 - Identify & structure CDM projects for WB's procurement of ERs.
- Focus on Sub-Sahara Africa (bypassed by CDM market).
- Project countries: Mali, Cameroon, Ghana, Mozambique, & Zambia.
- More SSA countries to be added soon to the project.

3. CDM Capacity Building in Thailand

- Danida-funded, one year project.
- Develop CDM project development capacities in Thai public and private sector entities.
- Activities to commence March 2006, in cooperation with in-country partner.

**Project Identification
& Preparation**

- CB for local consultants (incl. sectoral-focused wrkshps).
- CDM Guidebooks/Manuals (General Info Guidebook).
- Formulation of national CDM project portfolios.

**National Approval
(LoA by DNA)**

- Set up an operational DNA.
- Advise on Sustainable Development Criteria (Guidebook on SD Impacts)
- Design a timely & transparent approval procedure.

**Validation
& Registration**

- DNV-UNEP PDD Pitfalls Guidebook (minimize time period for project validation).

**Project Financing
& Contracting/ERPA**

- CB for local financial intermediaries.
- Organize CDM Investment Forums (Asia, MENA, LA)
- Support participation in Carbonexpo.
- Design a national CDM web site promoting projects.
- Prepare a CDM Country Investors' Guide.
- CB for local lawyers + Legal Issues Guidebook.

Project Monitoring

Verification & Certification

Issuance of CERs

Sample of Success Indicators

- Number of days DNA will review & approve a CDM project.
- Number of local consultants capable of preparing good quality PIN/PDD.
- Number of CDM project PINs/PDDs in national project portfolio.
- Number of signed Emission Reduction Purchase Agreements (ERPAs).

Lessons Learned

- CB Effectiveness: Ensure the right people are receiving the right training (job descriptions, institutional mandate).
- Appreciate differentiated CB needs among target groups (policymakers vs. consultants vs. bankers).
- Hands-on, small, sector-specific workshops most effective (e.g. landfill workshops, fuel-switching workshops, etc.).
- Priority in using local consultants, then regional, then international.
- Encourage national ownership of CB efforts, & secure some in-kind contribution.
- Design/adopt country-specific CB building work plans.

Upcoming Activities

- Develop a new CDM Financing Guidebook.
- Develop a web-based, CDM legal advisory facility in cooperation with Baker & McKenzie's Climate Change Practice.
- In March, organize a CDM Investment Forum for Latin America in Ecuador.
- Work inception in the new CD4CDM & CF-SEA project countries.
- CDM capacity & project development in Francophone Africa (French-funded) with forestation focus.
- Design/implementation of a CDM TA programme for China.

Thank You.