

CDM: status, perspectives, relation to development cooperation

Practitioners CDM Workshop

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- Very weak result:
 - ‚Copenhagen Accord‘ provides no fundament for post 2012 regime;
 - No commitment or time plan to reach an international agreement;
 - Conference took only note of Copenhagen Accord but didn't adopt it;
 - International reactions in the range of ‚complete failure‘ to ‚very little progress‘.
- Main content of the Copenhagen Accord:
 - 2°C stabilization target confirmed;
 - Emission reduction commitments by Annex I countries until 31.01.2010;
 - National mitigation action (NAMAs) commitments by Non-Annex I countries until 31.01.2010:
 - With international support: reporting obligation, international registries;
 - Without international support: domestic reporting
 - Financial support for developing countries: 10 bn. USD p.a. 2010-2012 and 100 bn. USD p.a. by 2020 (including private sources)

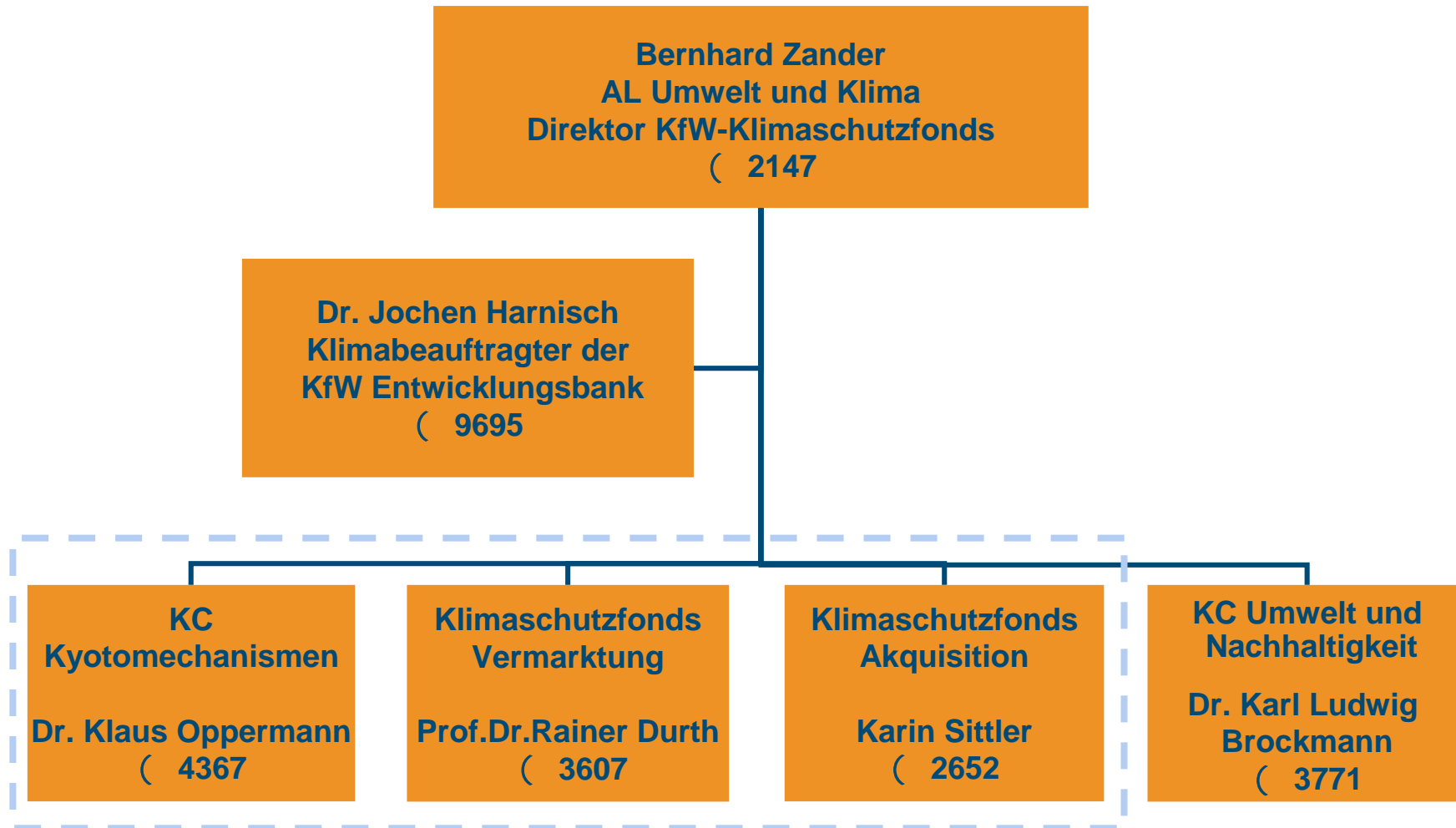
- Simplified Procedures for small countries (< 10 registered CDM projects):
 - Simplified top down developed methodologies;
 - No prepayment of registration fee;
 - Pre-financing of development costs (PDDs);
- Streamlining of PoA procedures;
- Simplification of additionality demonstration for micro activities;
- Revisiting E minus/E plus (national policies and CDM);

EU post 2012 regime (in case of no UN post 2012 agreement)



- Unilateral commitment of EU (not corresponding with UN-agreement):
 - -20% GHG emissions until 2020 compared to 1990's level;
 - Allowance of CDM/JI in EU-ETS and on national level until 2020;
 - Anticipated demand until 2020: up to 3 bn. certificates (60% in ETS).
- Qualifications for Post 2012 CDM/JI Certificates:
 - General requirements (for all post 2012 certificates irrespective of registration date):
 - Projects have to fulfill the criteria of second trading period and:
 - Possible exclusion of specific types of certificates in Comitology Proceeding.
 - Requirements for projects registered after 2012:
 - have to be in an LDC or:
 - in countries with bilateral agreement with EU.

- Re-focusing of CDM towards smaller DCs and LDCs (,CDM goes Africa');
- New crediting mechanisms for most advanced DCs: sectoral crediting;
- Concretization of relation CDM – national policies/NAMAs - ODA

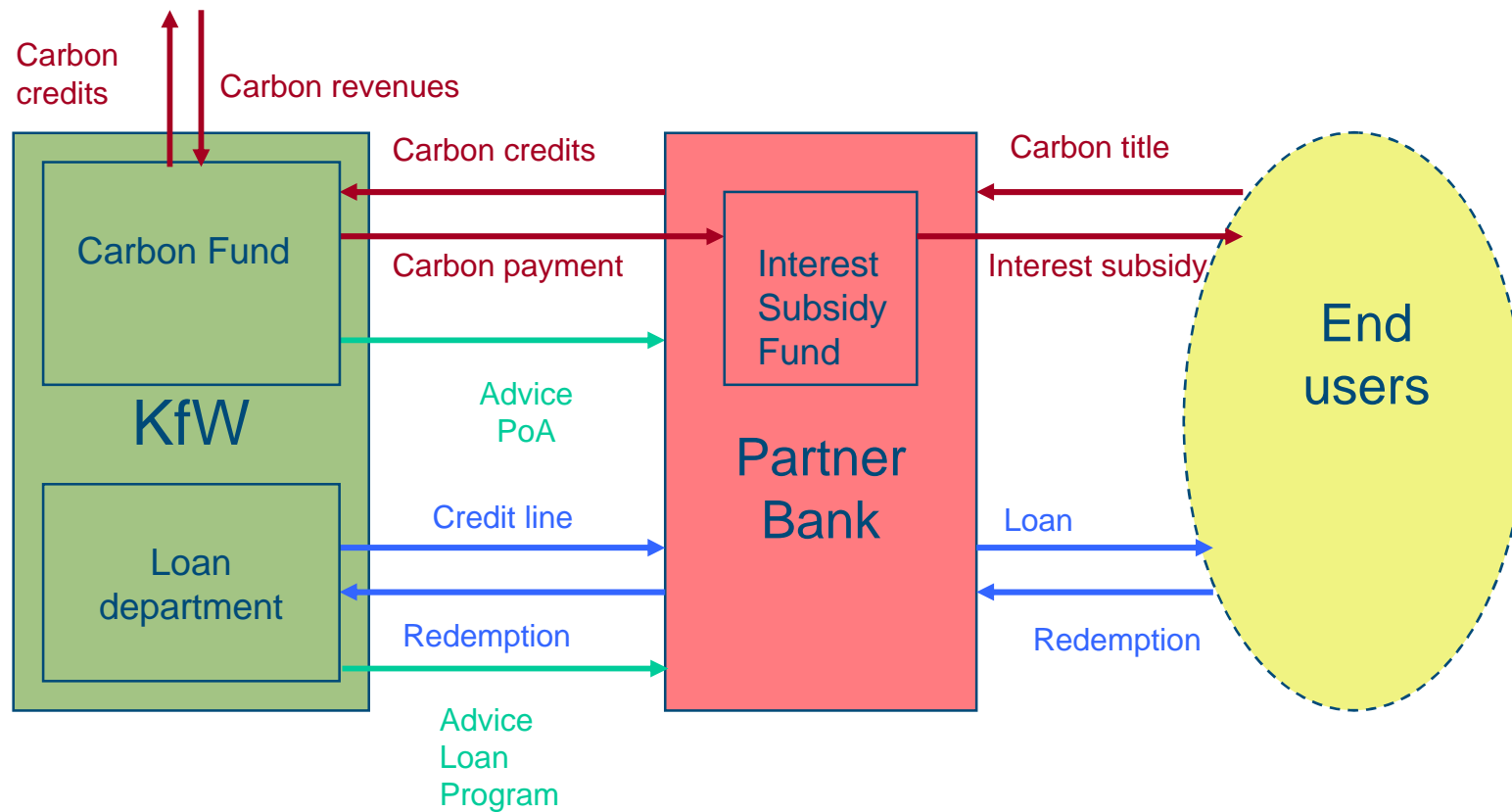


- Regularly meeting/WS with loan departments of KfW/DEG (one representative for each);
- Training on CDM procedures;
- Elaboration of opportunities to integrate CDM/JI and loan products;
- Elaboration of possible new processes in KfW (e.g.: early CDM assessment in lending departments);

- So far: CDM and lending rather separated worlds;
- One recent pilot: building/boiler PoA Poland with underlying global loan (outside development assistance);

- Barriers to integrate loan – CDM products:
 - Different project cycles;
 - Additionality (no commercial funding of marginal projects);
 - Sometimes unclear role of CDM in development assistance projects;
 - Perceived uncertainties on ODA-CDM compatibility;

Structure carbon credit based soft loan program



PoA figures

(UNEP-Risoe March 2010)



- 40 PoAs in validation or further (most were submitted in Dec. 2009);
- 700 kt. p.a. (<20 kt.p.a./PoA) expected;

	CDM projects	CDM-PoA projects
China, India, Brasil	75%	30%
LDCs	1%	14%
Others	24%	56%
<i>Total</i>	<i>100%</i>	<i>100%</i>
Africa	3%	17%
Household sector (EE, micro renewables)	<< 1%	> 50%

Ø **PoA development facility funded by German Government**

Ø **Workshops in/with the following countries:**

Bangladesh, India, Indonesia, Vietnam, Peru, Eastern Europe and Central Asia, Egypt, South Africa and China.

Ø **PoA development:**

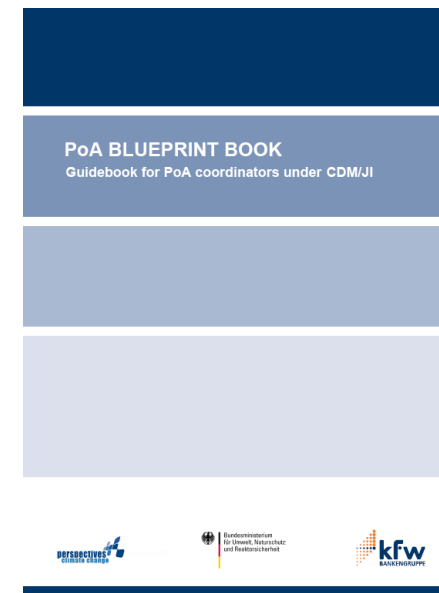
Ø Origination of 30 PoA proposals;

Ø Development of 20 pre-concepts (PoA-PINs):
20% Africa, 20% BIC, 60% Other;

Ø Development of 9 PoA-PDDs;

Ø **Guidance for Programme Developers and Partners**

à **PoA Blueprintbook**



PoA Portfolio: Advanced PoAs (PDD stage)



Country	Activity	Type	Partner	Volume in kt CO2 p.a.
Estonia	Energy Efficiency in res. buildings	Soft loans	Bank	50 (seed funding)
Israel	Energy Efficiency in public buildings	Payment on delivery	Municipal Service Company	70
India	Energy Efficiency in steel industry	Payment on delivery + loan	Bank	60
India	Domestic Biogas (regional)	Grant + maintenance	Public entity	70 (seed funding)
Philippines	Chiller replacement	Grant + loan	Bank	100 (seed funding)
Philippines	Mini-hydro	Payment on delivery + loan	Bank	180
Poland	Energy Efficiency in res. buildings	Soft loans	Bank	90 (seed funding)
Poland	Boiler modernization	Payment on delivery + loan	Bank	60
South Africa	SWH in res. buildings	Grants	Service Company	60 (seed funding)

South African SWH Programme - Cash Flows (example)



Example: 1.000 EUR/unit; 10% Subsidy; 2CERs/unit; 10EUR/CER; 20% (16%) Admin fee on subsidy (CER revenues); crediting period 10 years.

Year	No SWH	EUR				
	Units	CER Rev Cum	Subsidy	Admin & MV	Revenue	Revenue Cum
1	5.000	50.000	500.000	100.000	-550.000	-550.000
2	10.000	200.000	1.000.000	200.000	-1.000.000	-1.550.000
3	15.000	450.000	1.500.000	300.000	-1.350.000	-2.900.000
4	0	600.000	0	100.000	500.000	-2.400.000
5	0	600.000	0	100.000	500.000	-1.900.000
6	0	600.000	0	100.000	500.000	-1.400.000
7	0	600.000	0	100.000	500.000	-900.000
8	0	600.000	0	100.000	500.000	-400.000
9	0	600.000	0	100.000	500.000	100.000
10	0	600.000	0	100.000	500.000	600.000
11	0	550.000	0	95.000	455.000	1.055.000
12	0	400.000	0	70.000	330.000	1.385.000
13	0	150.000	0	35.000	115.000	1.500.000
14	0	0	0	0	0	1.500.000

è Advance Payment out of German public money (international climate protection initiative).

Thank you for your attention!

For further information: www.kfw.de/carbonfund

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