

Capacity Development for the Clean Development Mechanism (CD4CDM)

Mauritius: A project to Develop National CDM Capacity

1. Introduction

The Clean Development Mechanism (CDM) defined in the Kyoto Protocol to the United Nations Climate Change Convention fosters projects in developing countries that promote sustainable development while reducing greenhouse gas emissions. Certified Emission Reductions (CERs) from such projects can then be purchased by developed countries to comply with their emission reduction targets in the Protocol at a lower cost than if the emission reductions had been carried out in the developed country.

2. Rationale

Many smaller and middle-sized developing countries lack the human and institutional capacity to make use of the opportunities presented by the CDM to access the booming global carbon market. Developing this capacity – a broad understanding of CDM opportunities in Mauritius – is the rationale and basis of the Capacity Development for CDM Project in Mauritius.

3. Aim and Objectives

The general aim of the CD4CDM project (www.cd4cdm.org) is to contribute toward increasing the supply of well-designed CDM projects and to the creation of CDM-friendly regulatory and business environments.

Phase I of the Project started its operations in 2002 and ended in 2005. In view of the positive results obtained in the first phase, Phase II of the Project will now expand its technical support to nine additional countries from 2006 to 2009. Mauritius has been selected to be part of the participating countries in the Southern African region.

Specific objectives of the Mauritius CD4CDM project are to:

- Improve Mauritius' institutional preparedness for hosting CDM projects, including support to the operationalization of a Designated National Authority (DNA) able to

efficiently review and approve CDM projects consistent with the country's sustainable development priorities

- Build the capacity of local experts in key sectors in the identification, design, and implementation of CDM projects
- Build the capacity of relevant institutions in appraising, funding, and promoting CDM projects and carbon offset investments in Mauritius
- Promote Mauritius as a CDM investment destination
- Support the development of a pipeline of actual CDM Project Idea Note (PIN) and Project Design Document (PDD) for the Carbonexpo 2008

Other countries participating in the second phase of the CD4CDM project are Peru, Nicaragua, Cuba, Suriname, Tanzania, Bangladesh, Sri Lanka and Algeria.

4. Project Activities

I. Build support and promote commitment of policymakers

This activity includes assessing the national capacity to undertake CDM projects, helping establish a national CDM focus through a specific agency or office, and conducting national and regional workshops to introduce and discuss the CDM framework.

II. Identify CDM baselines and assist to develop a regulatory framework for legal, financial and technical issues unique to CDM projects

The focus of this activity is to assess and enhance the capability of key government policymakers to formulate the necessary regulatory and legal frameworks to operate the CDM at the national level. This includes cooperation with national researchers to define baselines and to develop guidelines consistent with the UN Framework Convention on Climate Change (UNFCCC).

III. Establish frameworks for national organizations and institutions to identify, assess, and implement CDM projects.

This activity will develop the capabilities of staff within the national CDM organisations in order to validate CDM projects and verify the resulting emission reductions. National and regional training workshops will be conducted to share experiences and lessons.

IV. Strengthen the ability of public and private sector project developers to identify, formulate and secure financing for CDM projects.

The goal of this activity is to develop and strengthen the range of public and private sector project developers who are capable of working with the CDM regulatory framework to gain approval for proposed CDM projects. This activity will also increase the ability of national financial organisations and banks to understand the value of emission credits arising from CDM projects.

V. Create a pipeline of eligible projects and the institutional capability to attract potential CDM investors.

To create a 'pipeline' of investments, this activity will develop national portfolios of validated CDM-eligible projects by

- providing technical assistance to national researchers
- conducting regional and national workshops to inform and train national counterparts in the "art of documenting" project proposals
- identifying and securing potential financial resources to assist national counterparts in the project preparation process
- fostering investments for CDM-eligible projects by working with the established national CDM investment promotion office to attract investments for CDM-eligible projects.

5. Target groups

The following target groups have been identified to benefit from the CD4CDM Project

- ⊖ Public Sector Organisations
- ⊖ Academia / Research Institutes,
- ⊖ Financial institutions,
- ⊖ Engineers, Architects, Managers,
- ⊖ Power Producers (CEB and Independent Power Producers),
- ⊖ Industries including hotels,
- ⊖ Commercial Companies
- ⊖ Private operators
- ⊖ NGOs
- ⊖ Local experts/consultants, etc.

6. Potential CDM Projects

Projects related to the following fields/areas indicated below could potentially qualify as CDM projects;

- ⊖ Afforestation and reforestation,
- ⊖ Agriculture,
- ⊖ Construction,
- ⊖ Energy-related projects
 - (Energy industries (renewable - / non-renewable sources) (e.g. biomass, hydro, wind, solar, etc),
 - Energy distribution,
 - Energy demand (e.g. fossil fuel switch, etc),
- ⊖ Energy Efficiency (Hotels, Industries, electrical/electronic appliances, eco-bulbs, etc),
- ⊖ Manufacturing / Chemical industries,
- ⊖ Transport,
- ⊖ Waste handling and disposal (e.g. biogas, etc), Landfills, etc

7. Expected benefits from the CDM to Stakeholders

The CDM gives a value to the reduction of GHG emissions in developing countries. With this, additional investments are generated to promote clean technologies and sustainable development. This will result in the following benefits for the stakeholders in Mauritius:

- Increased project profitability from clean technology projects to the beneficiaries in the private and public sectors because the resulting certified emission reductions will generate additional revenues in foreign currency.
- Potential to increase foreign investment and sources of foreign currency for Mauritius.
- Successful CDM projects may become a point-of-departure for other foreign investments thereby strengthening the Mauritian economy.
- Additional business opportunities for companies providing clean technologies in Mauritius.
- Upgrading of important infrastructures such as transport systems, sewage treatment plants etc., which will improve the reliability and quality of services •
- Transfer of appropriate, environmentally clean, and reliable technology which will reduce costs, improves equipment, and thereby strengthens the competitiveness of

the Mauritian industry and contributes at the same time to the improvement of local air quality by emissions reduction.

- An attractive mechanism to facilitate financing of clean technology projects from local banks because payment for Certified Emission Reductions (CERs) may be used for the repayment of loans.
- CDM investments create employment opportunities for local labor thereby contributing to economic and social welfare.

8. Regional Team

A regional team of two knowledge institutions based in Cape Town, South Africa are helping to implement the Project. The two institutions are SouthSouthNorth (www.southsouthnorth.org), an international NGO working on climate change and social development in several developing countries and ECON Analysis (www.econ.no), an international energy and environment consultancy firm offering services in climate change and the CDM.

9. Project Support and Management

The Project is supported by the Environment and Development Cooperation Programme within the Netherlands Ministry of Foreign Affairs. It is part of Dutch efforts to help developing countries attain full benefits from CDM opportunities.

In mid 2002 the United Nations Environment Programme (UNEP) launched the Capacity Development for Clean Development Mechanism Project with financial support from the Dutch Government. UNEP Risø Centre (www.uneprisoe.org) based in Denmark is the project implementing agency. During the past four years from 2002-2005, twelve developing countries have benefited from the Project.

10. Project Implementing Agency

Mauritius Designated National Authority for the CDM:

Ministry of Environment and National Development Unit
Ken Lee Tower, Corner Line Barracks Street and St Georges Street,
Port Louis, Republic of Mauritius

<http://environment.gov.mu>

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