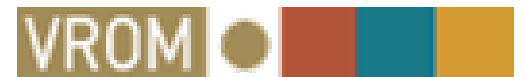


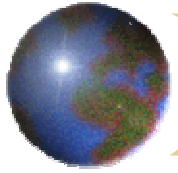
Executive Briefing CDM (Clean Development Mechanism)

Lex de Jonge

Ministry of Housing, Spatial Planning and the
Environment (VROM)

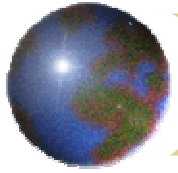
CDM workshop Tanzania January 08





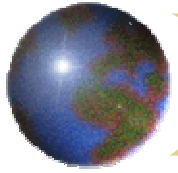
Key elements CDM

- Kyoto Protocol: CDM shall contribute to:
 - Sustainable development in host countries
 - Mitigation of climate change
 - Cost effective achievement of committed reductions in countries with reduction commitments
- 6 greenhouse gasses:
 - CO₂ is most known
 - reductions are expressed as CO₂-equivalent (CO₂-eq)
 - Certified Emission Reductions (CERs): 1 ton CO₂-eq
- Emission reductions of CDM projects shall be:
 - real and additional → additionality and baseline are key
 - measurable and verifiable



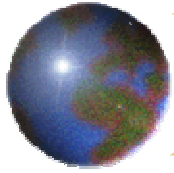
Main players CDM

- Project proponents (PP):
 - Organize financing and develop the project
 - Initiate CDM procedure
 - Monitor and report emission reductions
- Host Country:
 - Assess contribution to sustainable development
 - Issue Letter of Approval (LoA)
- CDM Executive Board (EB):
 - Accredited DOE (Designated Operational Entity) check
 - Register (or reject) project
 - Issue CERs
- Buyer of CERs:
 - Private contractual relationship with PP



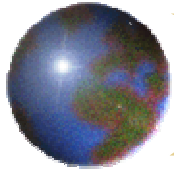
Main procedural steps & elements

- PIN (Project Idea Note) → find buyer CERs
- PDD (Project Design Document) → submit project for registration (= approval) to EB
- Local stakeholder consultation
- Letter of Approval (LoA) from host country DNA (Designated National Authority)
- Validation report from DOE, confirming compliance with EB rules
- Monitoring report + verification report DOE, confirming compliance with registered PDD



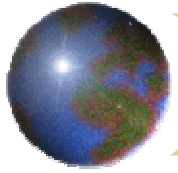
Host Country Letter of Approval (LoA)

- Issued by DNA (Designated National Authority)
- Elements in Host Country LoA:
 - confirm that the project contributes to sustainable development (SD) in Host Country
 - Host Country is Party to Kyoto Protocol
 - Host Country participates voluntarily in CDM
 - Host Country authorizes Project Participant(s)
- Assessment of contribution to SD is prerogative of Host Country
- Detail or depth of SD assessment is free



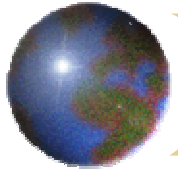
Contents of a PDD

- Project description + project boundary
- Selection of applicable methodology (approved by EB in advance)
- Demonstrate additionality of the project
- Determine baseline emissions + leakage
- Calculate expected emission reductions
- Monitoring plan
- Start and duration crediting period
- Environmental impacts (not specific to SD!)
- Stakeholder comments



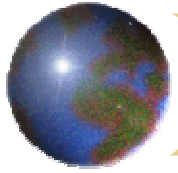
Additionality, baseline and emission reductions

- **Additionality:**
 - Project is not Business-as-usual, or
 - Project would not have happened anyhow:
 - Show that alternative would have been financially more attractive
 - Show that considerable barriers exist
 - Is counterfactual evidence
- **Baseline:**
 - “Business-as-usual” emissions
 - Must refer to emissions in most likely scenario
- **Reduction = Baseline – project emissions – leakage**



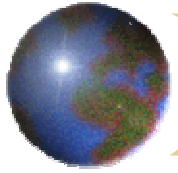
Remarks on draft PDD

- Clear project boundary
- Early starting date / start crediting period
- Large or small scale methodology
- Additionality (many barriers)
- Growth rate of baseline and project emissions



Major developments/concerns in EB

- EB does not assess contribution to SD
- Large number of methodologies available
- Application of additionality and baselines
- Programmatic CDM
- Quality and performance of DOEs
- Large number of (requests for) reviews
- 5 – 10% of projects rejected (mainly additionality)



Dutch CDM implementation

- Government (VROM) buys 50 Mton CO₂-eq
- VROM is triple-A rated buyer
- Intermediaries explore, select and contract individual projects and organize CDM procedure EB
- VROM approves major steps for each project
- Several tracks (gain experience, reduce risks):
 - Procurement (closed now)
 - Multilateral banks e.g. World Bank
 - Private banks e.g. Rabo Bank (closed now)
 - Community Development Carbon Fund (World Bank)
 - Bilateral cooperation with FMO on Africa