

IGES Side Event
Reforming the CDM for the future climate regime
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Perspectives from the LDC-Cambodian Experiences

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1. CDM project development in Cambodia

- CDM project pipeline:
- Angkor Biocogen Project (**Registered with CDM Executive Board**)
- TTY Biogas Project (**Registered with CDM Executive Board**)
- Methane Capture from wastewater of animal husbandry in Samroung Thom (**Registered with CDM Executive Board**)
- Electricity Generation from head waste in Cement Factory (**Registered with CDM Executive Board**)
- Kam Chay Electricity BOT Project (PDD) (**National approval and under validation**)
- Biogas Project at MH Bio-ethanol Distillery, Cambodia (**Under national approval**)

2. Status of the CDM projects in Least Developed Countries (LDCs)

- There are only **12 projects** from LDCs out of 1596 projects registered with the Executive Board of the CDM (May 2009).
- 10 CDM registered are hosted by Asia&Pacific LDCs, while 2 others are hosted Africa LDCs.
- **4 of 12 registered projects (33%) are from Cambodia**
- Expected reductions from LDCs currently amount to 631,000 tons CO₂.

3. Barriers to the implementation of CDM projects in LDCs

Host countries' technical barriers

- Most projects are micro scale activities (5000 t CO₂ per year, below 1MW of installed capacity, community or household based projects)
- Limited industrial processes (usually absence of national production of metals, chemicals, cement, pulp and paper; limited food and drink production)
- Limited energy industries (usually absence of national grid, reliance on village based rural electricity enterprises, dispersed power production and distribution)

3. Barriers to the implementation of CDM projects in LDCs

Host countries' technical barriers

- Limited and unreliable baseline data. Developers must design project baseline with scattered and missing information, and often undertake primary data collection (energy production and consumption, fuel uses, forest cover etc.)
- Absence of skilled personnel to implement projects.

3. Barriers to the implementation of CDM projects in LDCs

Host countries' financial barriers

- The domestic financial sector only undertakes basic consumer savings and loans operations;
- High interest rates, no grace period, short duration loans;
- Stringent collateral requirements for loans;
- Loans are only available for traditional technologies and activities.

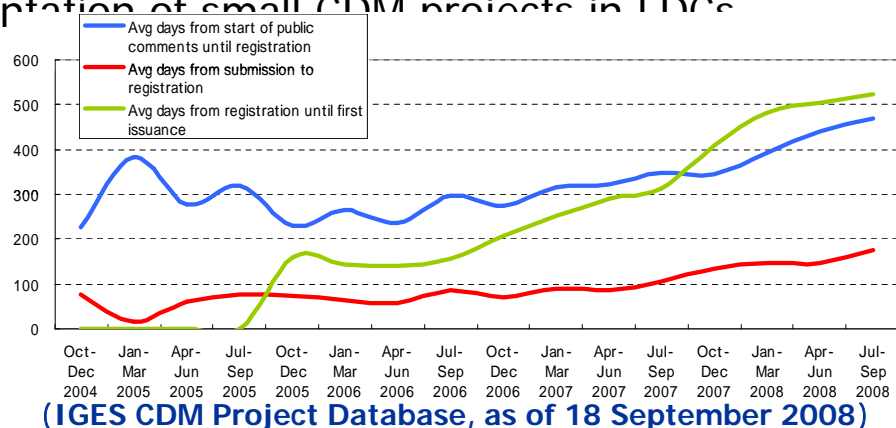
3. Barriers to the implementation of CDM projects in LDCs

Barriers in adopting current CDM rules

- The CDM rules are a compromise: “one size fits all countries” (large emerging economies, LDCs etc.)
- These rules are more adapted to developing countries with advanced economies, but not to Least Developed Countries
- Small CDM projects in LDCs are vulnerable by delays of registration, due to the increase in requests for reviews of registration and conducting of reviews before registration.

4. Lessons learned from the current CDM registration procedures

- Current CDM registration and acquisition of the first issued CERs are getting longer
- One of the reasons for this tendency is the increase in requests for reviews of registration and conducting of reviews before registration
- The delay in registration and issuance will affect the implementation of small CDM projects in LDCs



5. Proposal for CDM Reform

IGES and the Cambodian Climate Change Office (CCCO) have jointly made and submitted the following proposals to the EB:

1: Proposal regarding procedures for registration of CDM project activities in Least Developed Countries (LDCs):

- Submitted to CDM EB in November 2007
- Proposed 50% discounting the fee registration CDM projects in LDCs
- CDM EB abolished the fee for LDCs and we believe our proposal contributed to this changing.

5. Proposal for CDM Reform

2. Proposal regarding procedures for review of registration of CDM project activities in Least Developed Countries (LDCs)

- Submitted to CDM EB in October 2008
- Proposed to **shorten procedures for review of registration** in LDCs
- When the CDM EB receives the comments from the DOE and project participants (PPs) **one week before** the first date of the next CDM EB meeting, the CDM EB will include prior consideration of this review in the agenda of the next meeting.

5. Proposal for CDM Reform

Recent Cambodian DNA submission:

With support from IGES, Cambodian NDA has submitted a proposal in response to the Agenda sub-item 5 (d): Regional distribution of the 46th Meeting of the EB CDM

1. Exemption from the proof of additionality for specific type of projects:

- Apply only for **Type I** of the simplified modalities and procedures for small-scale CDM project activities and its starting date is after 1 January, 2009.
- Project participants will not be required to demonstrate the project activity would not have occurred otherwise in the absence of CDM
- Project participants will not be required to explain the following barriers "Investment barrier, technological barrier, barrier due to prevailing practice, and other barriers".

5. Proposal for CDM Reform

Recent Cambodian DNA submission:

2. Shortening of the period of procedures for registration:

- The registration by the Executive Board shall be deemed final **four** weeks (**two** weeks for small-scale CDM project activity) after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed CDM project activity

3. Modification of the procedures for request for review

- Review process shall be taken only after a Party involved in a CDM project activity or **6 members** of the Executive Board request during the request period
- It shall be only applicable for LDCs and small island developing states and Africa.

5. Proposal for CDM Reform

Other specific proposals should be considered

- **The CDM EB should facilitate the development and Validation of the electricity emission factor, Small Scale Energy Efficiency projects and Non-Renewable Biomass factor for each under-represented country** using the Tool to calculate the emission factor for an electricity system. For countries where much of the country is supplied by isolated grids with a small number of generation units , apply streamlined default factors and not require the full CDM EB Tool to apply.
- **The CDM EB should develop a Simplified Guideline for Validation of projects in LDCs**
- **The CDM EB should waive the leakage assessment for biomass residue based projects**

**Thank you for your
attention**

Questions/Comments?