

IGES CDM Capacity Building Programme in Cambodia

Submission of joint proposal regarding amendment of procedures for requesting changes to the start date of the crediting period for CDM project activities in Least Developed Countries (LDCs)

Mr. Lex de Jonge, Chair of the CDM Executive Board

Mr. Clifford Mahlung, Vice-Chair of the CDM Executive Board

c/o UNFCCC Secretariat

P.O. Box 260124

D-53153 Bonn, Germany

E-mail: cdm-info@unfccc.int, secretariat@unfccc.int

Fax: +49-228-815-1999

29 September 2009

Dear Mr. Jonge,

Mr. Mahlung,

We are very pleased to submit this proposal to you regarding procedures for requesting changes to the start date of the crediting period for CDM project activities in Least Developed Countries (LDCs) and request that it be considered at the 50th meeting of the CDM Executive Board. This proposal was jointly made by the Market Mechanism Project of the Institute for Global Environmental Strategies (IGES) and the Cambodian Climate Change Office (CCCO) of the Ministry of Environment of the Royal Government of Cambodia.

IGES, in cooperation with CCCO of the Ministry of Environment of the Royal Government of Cambodia, has been conducting capacity building activities in Cambodia since 2003 in order to enhance capacity of relevant stakeholders including government officials and local project developers for the smooth implementation of these CDM project activities.

Most projects in LDCs are easily delayed due to any changes of business environment. Taking into consideration the experiences of these capacity building activities in Cambodia, procedures after its registration have to be also simplified especially for LDCs in order to secure CDM benefits as much as possible. We observe that procedures for the change to the start date of crediting period does not fully consider such severe business environment in CDM project



IGES CDM Capacity Building Programme in Cambodia

activities in LDCs so that additional preferential treatment is needed on this procedure to further promote CDM project activities in LDCs.

We therefore propose additional preferential treatment attached herewith for project activities in LDCs regarding amendment of procedures for requesting changes to the start date of the crediting period for CDM project activities in Least Developed Countries (LDCs)

We would be grateful if the CDM Executive Board considers our proposal at the next meeting.

Sincerely yours,

Institute for Global Environmental Strategies
Market Mechanism Project / Climate Change Area

Ministry of Environment of the Royal Government of Cambodia
Cambodia Climate Change Office

All communications can be addressed to the following:

IGES
Keisuke Iyadomi
Researcher, Market Mechanism Project
Climate Change Area
Institute for Global Environmental Strategies
2108-11 Kamiyamaguchi
Hayama, Kanagawa, Japan 240-0115
Tel: +81-46-855-3822
Fax: +81-46-855-3809
E-mail: iyadomi@iges.or.jp

MOE-C
Sum Thy
Chief of Climate Change Office
Department of Planning and Legal Affairs
Ministry of Environment of the Royal
Government of Cambodia
#48, Samdech Preah, Sihanouk Blvd,
Tonle Bassac, Chamkar Mon
Phnom Penh, Kingdom of Cambodia
Tel/Fax: +855-23-218-370
E-mail: cceap@online.com.kh

Proposal regarding amendment of procedures for requesting changes to the start date of the crediting period for CDM project activities in Least Developed Countries (LDCs)

1. Background

The CMP4 requests the CDM Executive Board (CDM EB) to develop ways to streamline the process relating to CDM project activities in countries hosting fewer than 10 registered CDM project activities, especially in LDCs, Small Island Developing States and Africa. However, remarkable progress has not been made yet for equitable distribution of the CDM. The Institute for Global Environmental Strategies (IGES), in cooperation with the Cambodian Climate Change Office (CCCO), Ministry of Environment of Cambodia, submitted two joint proposals regarding procedures of registration of CDM projects in LDCs in November 2007 and October 2008. In this paper, CCCO and IGES will address another critical issue which CDM project activities in LDCs are facing after registration and submit recommendations to the amendment of the procedures relating to delays of project implementation.

2. Barriers facing after registration in LDCs

There are now 12 registered project activities from 7 LDC countries, which count only less than 1% of total number of registered project activities so far. There is only one issuance for Bhutan's small-scale hydro power project and requests of issuance for biogas-digester projects at household level in Nepal were rejected at the 42nd CDM EB meeting. There is no sign of the request for issuance from other registered projects in LDCs despite the fact that the expected starting date of the crediting period of some of them has been passed for more than 3 years. In fact, the Cambodian Climate Change Office, Ministry of Environment, Royal Government of Cambodia and IGES have found out that actual delays were occurred among registered projects in Cambodia.

Revenues from CERs are critical for investment decision of the CDM project activities and especially some project activities in LDCs will not be realised without any certainty of registration. Recent global economic recession severely affects investment decision in any businesses of Cambodia so that project activities even after its registration sometimes face financial instability. However, CER revenues should not be deducted

IGES CDM Capacity Building Programme in Cambodia

due to delays of project implementation especially in LDCs.

Table 1: Delays occurred among registered project activities in Cambodia

Name of CDM Project Activity	Type of Project	Annual emission reduction (tCO ₂ /yr)	Registration Date (D/M/Y)	Starting Date of the Crediting Period (D/M/Y)	Status of operation
Angkor Bio Cogen Rice Husk Power Project	Biomass	51,620	19/1/2006	21/4/2007	Delay of construction
T.T.Y. Cambodia Biogas Project	Biogas	50,036	4/7/2007	3/9/2008	Delay of construction

(as of 1 September 2009)

3. Proposal: Changing the procedure for request of the starting date of the crediting period only applicable for CDM project activities in LDCs

When project participants have to change the date of starting crediting period due to earlier start than originally expected or delays of implementation, they have to follow the procedures for requesting post-registration changes to the start date of the crediting period, which is adopted at the 24th CDM EB meeting (See below the current rule).

As stated in the previous chapter, it is highly likely that project owners of registered projects in LDCs may often have to take this procedure. Therefore, CCCO and IGES would like to remove any barriers on the CDM procedures when they have to deal with the delay of the project implementation in order to further promote CDM project activities in LDCs. Our proposed rule which is only applicable for LDCs is as follows.

<Current rule>

7. Participants of projects for which the start date of the crediting period is after the date of registration may:
 - a) Inform the secretariat that the start date of the crediting period be moved to a date up to one year earlier than the one indicated in the PDD, provided that this date is not earlier than the date of registration of the project activity;
 - b) Inform the secretariat to delay the start date of the crediting period by up to one-year;
 - c) Make a request to the secretariat, via a DOE, that the start date of the crediting

IGES CDM Capacity Building Programme in Cambodia

period be delayed by more than one year but no more than 2 years by submitting to the secretariat:

- i. confirmation from a DOE that no changes have occurred which would result in a less conservative baseline and that substantive progress has been made by the project participants to start the project activity;
 - ii. confirmation from the Host Party that the revision to the crediting period will not alter the project's contribution to sustainable development;
8. The secretariat will consider requests made under paragraph 7 (c), in consultation with the Chair of the Executive Board, before making the requested change to the start of the crediting period.
9. Project participants may only make use of provisions of paragraph 7 once for each registered project activity.

Ref: Procedures for requesting post-registration changes to the start date of the crediting period (EB24, Annex 31, paragraph 7-9)

<New rule applicable for only project activities in LDCs>

7. Participants of projects for which the start date of the crediting period is after the date of registration may:
- a) Inform the secretariat that the start date of the crediting period be moved to a date up to **2** year earlier than the one indicated in the PDD, provided that this date is not earlier than the date of registration of the project activity;
 - b) Inform the secretariat to delay the start date of the crediting period by **up to 2 years**;
 - c) Make a request to the secretariat, **via a DOE**, that the start date of the crediting period be delayed by **more than 2 years without limit** by submitting to the secretariat:
 - i. confirmation from a DOE that no changes have occurred which would result in a less conservative baseline and that substantive progress has been made by the project participants to start the project activity;
 - ii. confirmation from the Host Party DNA that the revision to the crediting period will not alter the project's contribution to sustainable development;
8. The secretariat will consider requests made under paragraph 7 (c), in consultation with the Chair of the Executive Board, before making the requested change to the start of the crediting period.
9. Project participants may only make use of provisions of paragraph 7 once for each registered project activity.