

# Workshop on Improving the Regional Distribution of CDM Projects in Asia and the Pacific

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## CDM Reform from the Perspective of DNAs

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## “What is your ideal CDM” based on your experience

- CDM is a win-win strategy plays on the ground contribute to government’s commitment of Sustainable Economy Development, Increasing efficiency use of available resources and Reducing Environmental Pollution.

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## What is your “perfect CDM” from the perspective of developing country?

- A perfect CDM should be:
  - Proven technology
  - Economically viable
  - Social improvement, and
  - Environmental protection

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## What do you want to accomplish by utilizing CDM?

- Creating job for local people
- Through voluntary market approach, to increase benefits for both economic and environment including sustainable production and environmental protection.
- As a member of UNFCCC and KP, to commit to GHG emission reduction under Climate Change Convention

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# Barriers to CDM Implementation

1. Technical Barriers
2. Institutional Barriers
3. Financial Barriers

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# Barriers to CDM Implementation (Cont.)

## 1. Technical Barriers

- Most projects are micro scale activities (5000 t CO<sub>2</sub> 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)

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# Barriers to CDM Implementation (Cont.)

## 1. 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.)
- Very limited skilled personnel to implement projects.

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# Barriers to CDM Implementation (Cont.)

## 2. Institutional Barriers

### ✓ Barriers in adopting current CDM rules

- The CDM rules are a compromise (one size fits all countries). i.e. large emerging economies, LDCs etc.
- *These rules are more adapted to developing countries with advanced economies, but not to LDCs*
- Small CDM projects in LDCs are vulnerable to the delay of registration, due to increasing the requests for review, and conducting review before registration.

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# Barriers to CDM Implementation (Cont.)

## 3. 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.

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## Proposal for CDM Reform

**IGES and Climate Change Department (CCD) have jointly made the following proposals to the EB:**

### ***1: Proposal regarding procedures for registration of CDM project activities in 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.

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## Proposal for CDM Reform (Cont.)

### *2. Proposal regarding procedures for review of registration of CDM projects in 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.

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## Proposal for CDM Reform (Cont.)

### **Cambodian DNA submission To EB:**

#### *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”.

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## Proposal for CDM Reform (Cont.)

### Cambodian DNA submission to EB:

#### *2. Shortening of the period of procedures for registration:*

- The registration by EB 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.

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## Proposal for CDM Reform (Cont.)

### Cambodian DNA submission to EB:

#### *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.

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# Proposal for CDM Reform (Cont.)

## 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

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# THANK YOU VERY MUCH

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