The CDM Loan Scheme
Background and basic requirements

Joint Workshop on Enhancing the Regional Distribution of CDM Projects in Asia and the Pacific

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Outline

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Background

The Conference of the Parties serving as the meeting of the Parties (CMP) adopted the “Guidelines and modalities for the operationalization of a loan scheme” at CMP.6 in Cancun, Mexico, in December 2010.

• Conditions:
  • In countries with fewer than 10 registered project activities (of each year)
  • To cover for the costs of:
    – Development of PDDs
    – Validation
    – First verification
  • Interest-free

• Potential to benefit approximately 80 countries (32 in Asia-Pacific, 14 in Central Asia and Eastern Europe)

• Funds from the interest accrued on the CDM Trust Fund, and voluntary contributions (USD 5.2 million available incl. admin costs)
Latest developments

- UNFCCC secretariat conducted a procurement process for selecting an implementing agency
- Maintain independency in the loan recipient selection process
- Open to UN agencies and other bidders (private sector)
- As a result of the selection process, the United Nations Office for Project Services (UNOPS) was selected, in a joint proposal with the UNEP Risoe Centre (URC) at the Danish Technical University.
- Loan Scheme officially launched last April, during Africa Carbon Forum in Addis Ababa, Ethiopia.
- Selection of projects has started.

UNFCCC secretariat’s role

- UNFCCC secretariat will:
  - Approve annual business plans for the Loan Scheme, prepared by UNOPS and URC
  - Review and approve regular operational and financial reports

- Review the performance of the Loan Scheme and take action as necessary
- Report to the CDM Executive Board, and implement modifications requested by the Board or CMP
Loan Application Process

- A person/entity interested in applying to a loan must:
  - Select an approved CDM Consultant from the list available at the CDM Loan Scheme website
  - Submit a complete application form (extended PIN form) through the website
  - Respond to any requests for clarification, additional information or site visit required by UNOPS/URC
**Loan Application Review and Selection Process**

- **Stage 1:** Initial Screening + Due Diligence Check
  - **Stage 2:** Local site visit
  - **Stage 3:** Technical Assessment
  - **Stage 4:** Final Loan Selection - Technical Review Committee (TRC)

**Loan Cycle**

- **Step 1:** Technical Review Committee (TRC) - loan approved + 3 party loan agreement issued
- **Step 2:** UNOPS payment to CDM consultant - develop PDD
- **Step 3:** UNOPS payment to CDM consultant - validation + verification
- **Step 4:** Loan Recipient returns loan amount to UNOPS
- **Step 5:** UNOPS report to UNFCCC - Loan balance = 0
Loan Applications Timeline for 2012

• **First loan application window** 18 Apr – 30 June
  • 1. Technical Review Committee (TRC) meeting August
  • Loan agreements issued – period 1 September

• **Second loan application window** 1 July – 30 Sep
  • 2. Technical Review Committee (TRC) meeting November
  • Loan agreements issued – period 2 November

Current status of Loan Scheme applications

• After closure of the first application period (30 June 2012):
  • 42 applications received
    • 29 Africa
    • 6 Middle East
    • 4 Asia
    • 2 Caribbean
    • 1 Eastern Europe
  • 60% LDCs
  • 22 PoAs, 11 large scale, 9 small scale
  • 13 different project types (RE, EE, methane, transport, AR/RE)
Thank you for your attention