

Ministry of Environment and Natural Resources



Calling for Public Comments on the National Policy on Clean Development Mechanism (CDM)

The Government of Sri Lanka, being a party to the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC), is voluntarily committed to formulate policies and initiate measures that would mitigate emissions of Greenhouse Gases (GHG) and enhance sink and reservoirs for GHG. CDM is a flexible mechanism under the Kyoto Protocol which allows developing countries to implement projects that can lead to sustainable development while mitigating GHG emissions.

The Ministry of Environment and Natural Resources, in the capacity of National Focal Point to the UNFCCC and Kyoto Protocol, intends to promote and facilitate the Clean Development Mechanism projects, with a view to ensure environmental and social sustainable projects.

Accordingly, a draft National Policy on CDM has been formulated and the Ministry hereby wishes to call for public comments on the draft policy.

Sri Lanka National Policy on Clean Development Mechanism

Preamble

The Sri Lanka National Policy on Clean Development Mechanism represents a component of the National Climate Change Policy of Sri Lanka, which is currently under formulation. The National Advisory Committee for Climate Change (NACCC) is the main coordinating mechanism which will facilitate implementation of the National Climate Change Policy through relevant line ministries and agencies.

The Sri Lanka National Policy on Clean Development Mechanism (NPCDM) intends to establish the institutional, financial, human resources and legislative framework necessary for Sri Lanka to participate in the Clean Development Mechanism under the Kyoto Protocol effectively.

The NPCDM will be implemented in total compliance with and complementary to the National Strategy on Sustainable Development and the National Poverty Reduction Strategy of Sri Lanka. It is expected that the NPCDM will be instrumental in facilitating trade of Certified Emission Reductions (CERs) without any compromise on sustainable development aspirations while safeguarding the opportunities of present and future generations.

Even though Sri Lanka is a Non Annex I country with a per capita emission as low as 0.6MT per year, it is the objective of the Government of Sri Lanka to encourage private sector investments in climate-friendly developmental activities, while contributing to the ultimate objective of the UNFCCC.

It is expected that all Clean Development Mechanism (CDM) projects will have sustainable development criteria adequately ingrained. The extent to which the project will be instrumental in improving the quality of life of the community, alleviating poverty, improving equity, facilitating transfer of technology, conserving local resources, improving health and in using renewable energy sources will be used as important criteria in this regard.

It is expected that at least a share of the financial returns from CDM projects implemented in Sri Lanka will be shared with the people of the country.

Policy Principles

- All CDM projects will be guided by the National Sustainable Development Policy and the National Environmental Policy.
- CDM projects shall be encouraged to include elements that would contribute to poverty reduction and employment generation.
- Participation in CDM projects shall be in line with relevant policies of other sectors.
- CDM projects shall recognize and comply with the right to development and aspirations of the people of Sri Lanka, exercised through the Government of Sri Lanka, in relation to all GHG emissions reductions.

Policy Statements

1. Institutional Mechanisms

- CDM projects shall be provided through a transparent process that involves an assessment of their economic, social and environmental benefits and their relevance to local needs and priorities.
- The National Advisory Committee on Climate Change shall advise the CDM project evaluation process, periodically.
- Host country approval for CDM projects will be granted by the Climate Change Secretariat (CCS) on behalf of the Designated National Authority.
- Sri Lanka Carbon Fund Ltd will play an active role in improving the share of Sri Lanka in the Carbon Trade.

2. Legal Mechanisms

- All CDM projects shall be in conformity with the provisions under the National Environmental Act and other relevant rules and regulations as applicable in Sri Lanka.

3. Financial Mechanisms

- CER backed project financing will be facilitated in order to promote sustainable industrial development for the country.
- Any CDM project that does not have sustainable development criteria adequately incorporated will be required to share a portion of Certified Emission Reduction (CERs) generated with the Sri Lanka Carbon Fund (SLCF).
- Sri Lanka Carbon Fund will use the income thus generated through CDM projects, in a Fund, which will be used to promote new CDM projects in the country.
- All State Institutions shall look into possibilities of reducing emissions through obtaining financing from CDM projects, assisted by the SLCF.
- Sinks for Carbon will be actively promoted through finances obtained from REDD initiatives and Afforestation and Reforestation (A/R) CDM Projects.
- CDM benefits could be claimed only by citizens of Sri Lanka and/or by companies incorporated in Sri Lanka with local collaboration. If any other party applies for CDM benefits for projects implemented in Sri Lanka, financial benefits generated should be shared with the Sri Lanka Carbon Fund, as decided by the Designated National Authority.
- A portion of 1% of the proceeds from all CDM projects shall contribute to a revolving fund which will finance low emission technologies and carbon sinks, as well as future CDM projects and this fund will be managed by the Sri Lanka Carbon Fund.

4. Technical Issues

- Inward transfer of new, proven, affordable and environmentally sound technologies will be encouraged.
- Participation of private and social partners in CDM will be actively encouraged by Sri Lanka Carbon Fund and the Climate Change Secretariat.
- The two National CDM Centres will be assisted to play a constructive role in providing technical input for the Climate Change Secretariat and the Sri Lanka Carbon Fund in improving CDM capabilities in Sri Lanka.

Definitions of the terms herein could be obtained from the telephone numbers/email given below.

Please send your comments and views regarding the above policy to reach the **Director / Climate Change Division, Ministry of Environment and Natural Resources, 342, Pitakotte Junction, Kotte** within two weeks of the date of this advertisement or through climsec@environmentmin.gov.lk

Further information could be obtained from Telephone 011-2824718, Fax: 011-4206109.

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Secretary
Ministry of Environmental and Natural Resources
26th February, 2009