

INSTITUTIONAL BACKGROUND OF CDM

-Series of CDM Training Program

Climate Change Division, Ministry of Environment, Sri Lanka
and JICA Expert Team

Friday, 9 July 2010

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Today's lecture...

Session 1 (24 June):

- ✓ *Functional Background of CDM / Carbon Credit Market*

Session 2 (2 July):

- ✓ *CDM Typology part 1 / part 2*

Session 3 (9 July, Today!):

- ✓ **Institutional Background of CDM**
- ✓ **Post Kyoto Protocol negotiations**

Session 4 (23 July):

- ✓ *Stepwise Consideration of CDM part 1 / part 2)*

**Your
capacity on
CDM will be
enhanced!!**



Outline

- UNFCCC and Kyoto Protocol
- COP and COP/MOP (CMP)
- CDM Executive Board
- Panels and Working Groups under the CDM-EB
- DNA
- DOE
- Relevant UN organizations
- Relevant organizations outside from UN
- Current trends and topics of CDM

Concept of Emission Trade (CDM)

GHG emission from
Annex I
(developed country)

GHG Mitigation cost:
100\$/t-CO₂

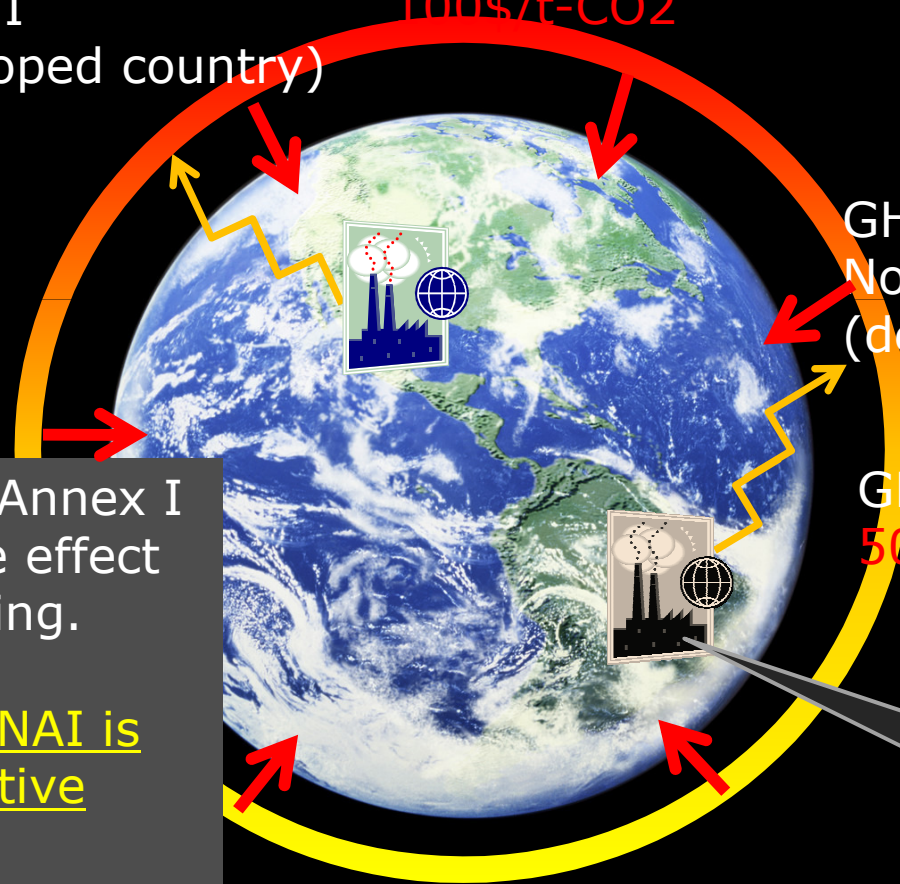
GHG emission from
Non-Annex I
(developing country)

GHG Mitigation cost:
50\$/t-CO₂

Reduce GHG at Annex I
and NAI is same effect
for global warming.

Reduce GHG at NAI is
more Cost-effective
than at AI.

There are potential to
retrofit energy saving



UNFCCC



- UNFCCC

- United Nations Framework Convention on Climate Change (UNFCCC) was adopted at UNCED (“Rio Summit”) in June 1992 (UNFCCC entered into force in March 1994)
- Ultimate objective: To stabilize GHG concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system
- Principle: Common but differentiated responsibilities (Annex I and Non-Annex I)
- Parties: 192

Kyoto Protocol



- Kyoto Mechanisms

- The Kyoto Protocol (KP) was adopted at COP₃ in Dec. 1997 (KP entered into force on 16 Feb. 2005)
- 37 industrialized countries and EU have committed to reduce emissions by 5% average by 2012 against 1990 levels
- KP introduces three market mechanisms
- Parties: 184

- Three Market Mechanisms (“Kyoto Mechanisms”)

- Clean Development Mechanisms (CDM) <Art.12>
- Joint Implementation (JI) <Art.6>
- Emission Trading (ET) <Art.17>

What is COP?

- Conference of Parties (COP)
 - The negotiation process on climate change revolves around the sessions on the Conference of Parties (COP) to the UNFCCC, which meets every year (November or December) to review the implementation of the Convention
 - The COP adopts decisions and resolutions, published in reports of the COP
 - Conference decisions are made by consensus, without voting

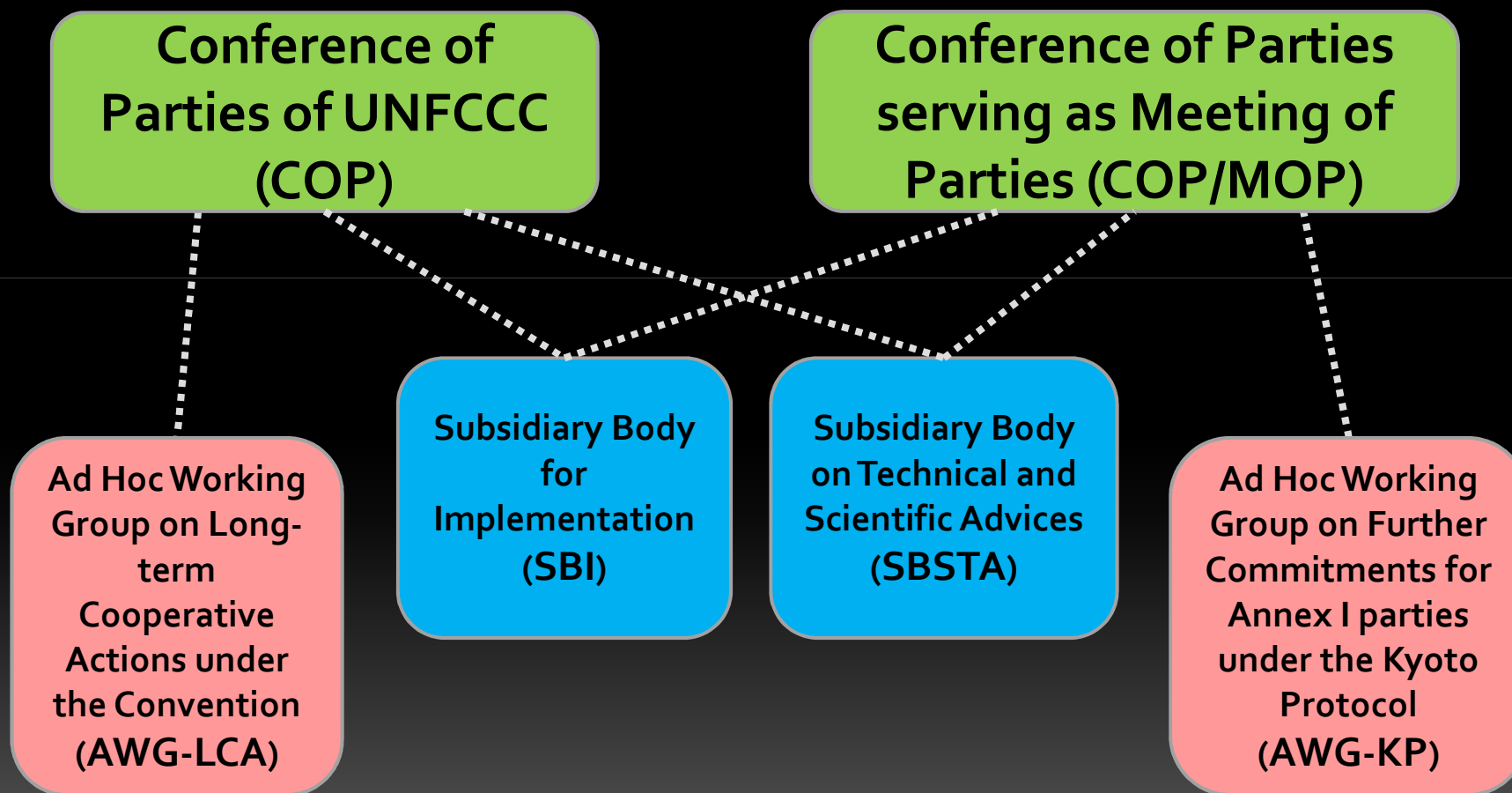
What is COP/MOP (CMP)?

- The Conference of Parties serving as the meeting of Parties to the Kyoto Protocol (CMP)
 - CMP is the ultimate decision-making body of the CDM (and other KP matters)
 - CMP meeting convenes back-to-back with COP
- Functions
 - Decides on the recommendations made by the EB on its rules of procedures, and in accordance with provisions of (Decision 17/CP.7), the present annex and relevant decisions on the CMP
 - Decides on the designation of operational entities (OEs) accredited by the EB
 - Reviews annual reports of the EB

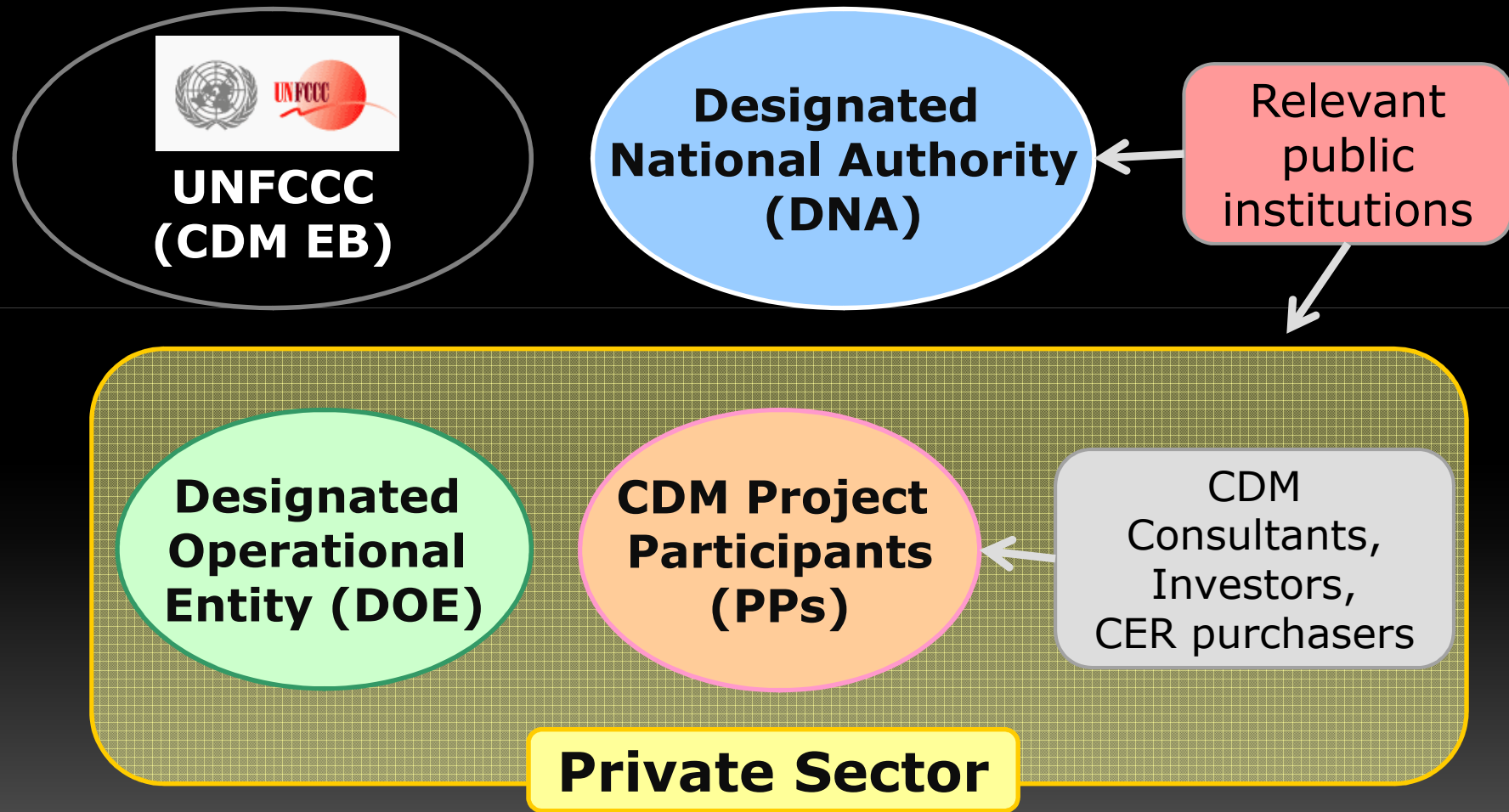
Relevant Conference on COP and CMP

- SB (two permanent subsidiary bodies)
 - Subsidiary Body for Scientific and Technological Advice (SBSTA)
 - Subsidiary Body for Implementation (SBI)
- AWG (two ad hoc working groups)
 - Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA)
 - Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP)

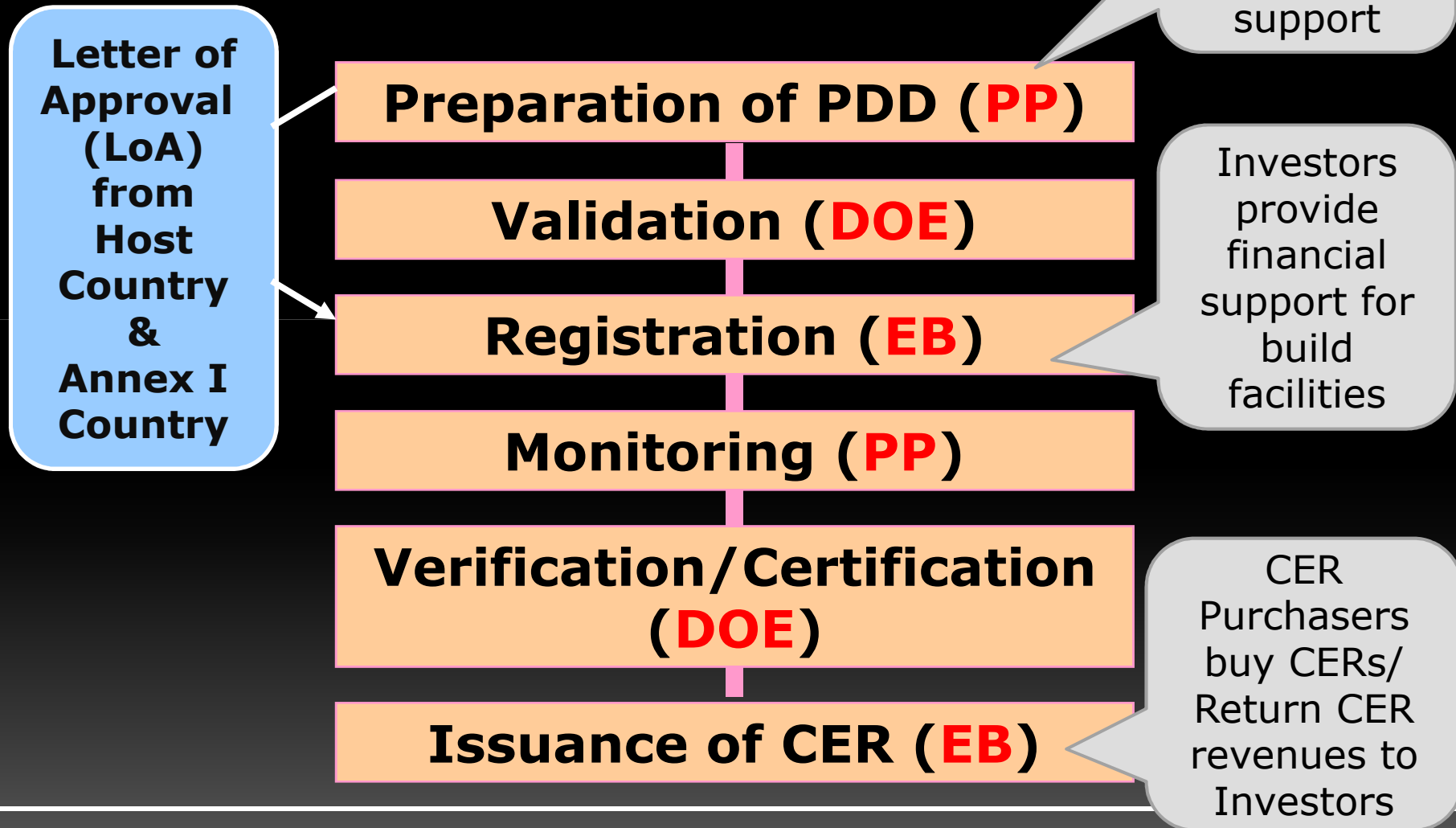
Relationships among COP, CMP, SB and AWGs



Relevant organizations

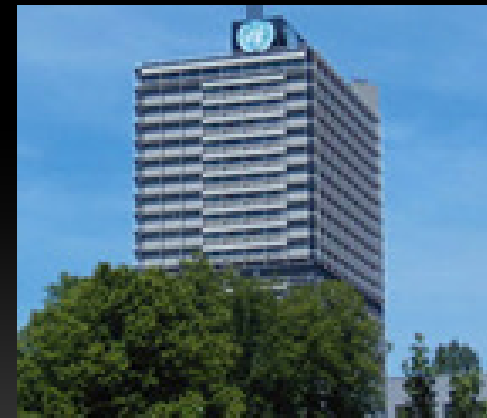


Flow of CDM Project



CDM Executive Board (EB)

- EB supervises the CDM under the authority and guidance of the CMP and is fully accountable to the CMP.
- Members: 10 members and 10 alternate members



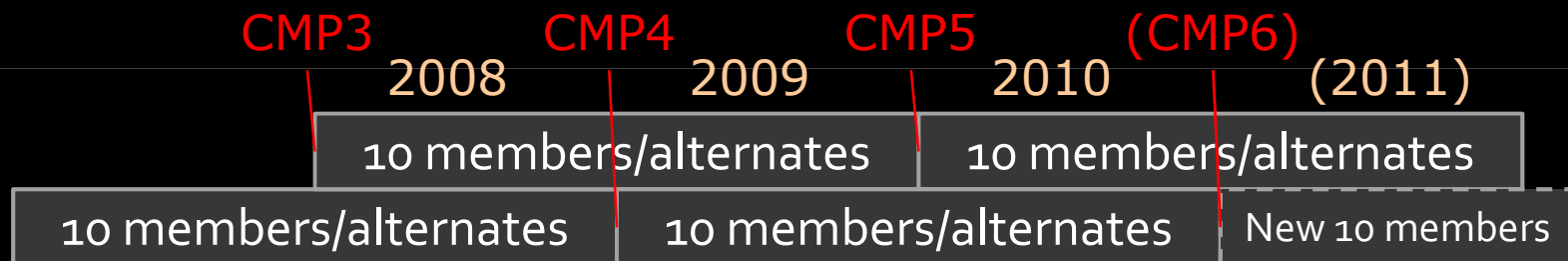
(EB meeting venue
at Bonn, Germany)

CDM Executive Board (EB)

- EB Supervises the CDM under the authority and guidance of the CMP and is fully accountable to the CMP.
- Rule-making and rule-enforcing roles of EB
 - Decisions of an operational nature relating to the functioning of the regulatory body
 - Decisions of a regulatory nature relating to the supervision of the CDM in implementing its modalities and procedures throughout the project activity cycle
 - Ruling relating to the observance of the modalities and procedures by the PPs and/or OEs

CDM Executive Board (EB)

- Members (elected by CMP)
 - 10 members and 10 alternate members
 - Term: 2 years



- Chair: Mr. Clifford Mahlung (Jamaica)
- Vice Chair: Mr. Pedro Martin Barata (Portugal)



(Positions of Chair and V-Chair alternate annually between a member from Annex I and Non-Annex I parties.)

Members of CDM-EB (As of May 2010)

	Member (10)	Alternate Member (10)
Africa	Mr. Djemouai (Algeria)	Mr. Adejuwon (Nigeria)
Asia	Mr. Kakakhel (Pakistan)	Mr. Sethi (India)
Eastern Europe	Ms. Harutyunyan (Armenia)	Ms. Bozanic (Serbia)
Latin America	Mr. Sealy (Barbados)	Mr. Miguez (Brazil)
Western Europe	Mr. Hession (UK)	Mr. Bernheim (EC)
Annex I	Mr. Barata (Portugal)	Mr. de Jonge (Netherlands)
	Mr. Stiansen (Norway)	Mr. Kuroki (Japan)
Non-Annex I	Mr. Gwage (Uganda)	Mr. Manso (Costa Rica)
	Mr. Duan (China)	Ms. Hughes (St.Kitts&Nevis)
AOSIS	Mr. Mahlun (Jamaica)	Mr. Takesy (Micronesia)

(AOSIS: Alliance of Small Island States)

(**Bold letter member elected at CMP5.**)

Panels and Working Groups

- CDM Accreditation Panel (CDM-AP)
 - Recommendations to the EB on the accreditation of an Applicant Entities (AEs), suspension, withdrawal and/or re-accreditation of accreditation of a DOE.
 - 10 members (incl. 2 members of the EB)
 - Chair of CDM-AP: Mr. Samuel Adejuwon (Nigeria)
 - Vice Chair of CDM-AP: Mr. Martin Hession (UK)
 - CDM Assessment Team (CDM-AT) undertakes detailed working under CDM-AP.

Panels and Working Groups

- Methodology Panel (MP)
 - Develop recommendations to the EB on guidelines for methodologies for baselines and monitoring plans.
 - 20 members (incl. 4 members of the EB)
 - Chair of MP: Mr. Lex de Jonge (Netherlands)
 - Vice Chair of MP: Mr. Philip M. Gwage (Uganda)
 - Support members: Mr. Djemouai (Algeria) and Mr. Bernheim (EC)

Panels and Working Groups

- Small Scale Working Group (SSC WG)
 - Prepare recommendations on submitted proposals for new baseline and monitoring methodologies for small scale CDM project activities and relevant guidance.
 - 10 members (incl. 2 members of the EB)
 - Chair of SSC WG: Mr. Peer Stiansen (Norway)
 - Vice Chair of SSC WG: Mr. Hugh Sealy (Grenada)

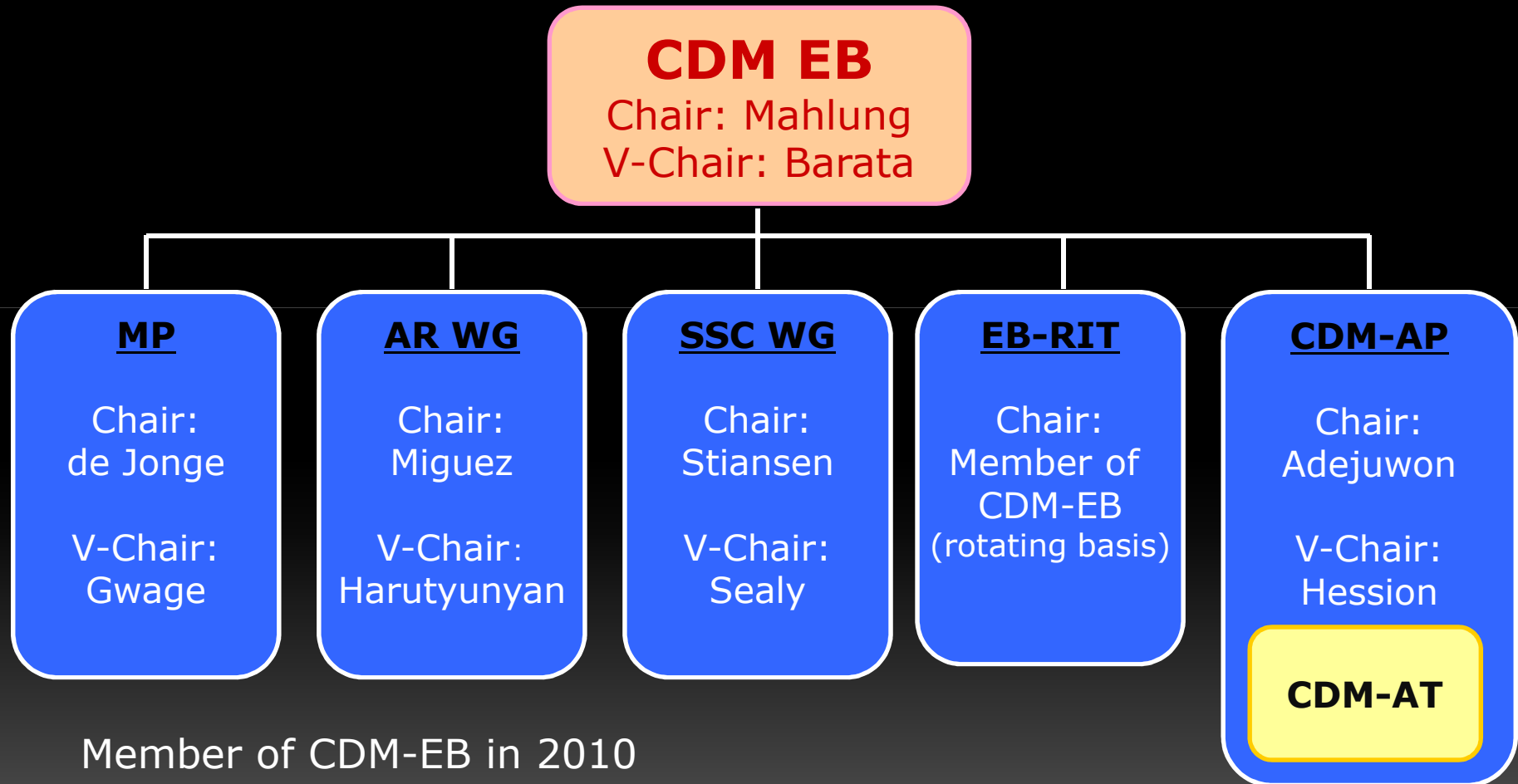
Panels and Working Groups

- Afforestation and Reforestation Working Group (AR WG)
 - Responsible for recommendations to the EB on baseline and monitoring methodologies for A/R CDM project activities and relevant guidance.
 - 10 members (incl. 2 members of the EB)
 - Chair of AR WG: Mr. Jose Miguez (Brazil)
 - Vice Chair of AR WG: Ms. Diana Harutyunyan (Armenia)

Panels and Working Groups

- Registration and Issuance Team (RIT)
 - RIT assists the EB by appraising requests for registration of project activities and requests for issuance of CERs.
 - Less than 20 members
 - The team is chaired by a member of the EB on a rotating basis.

Panels and Working Groups under the CDM EB



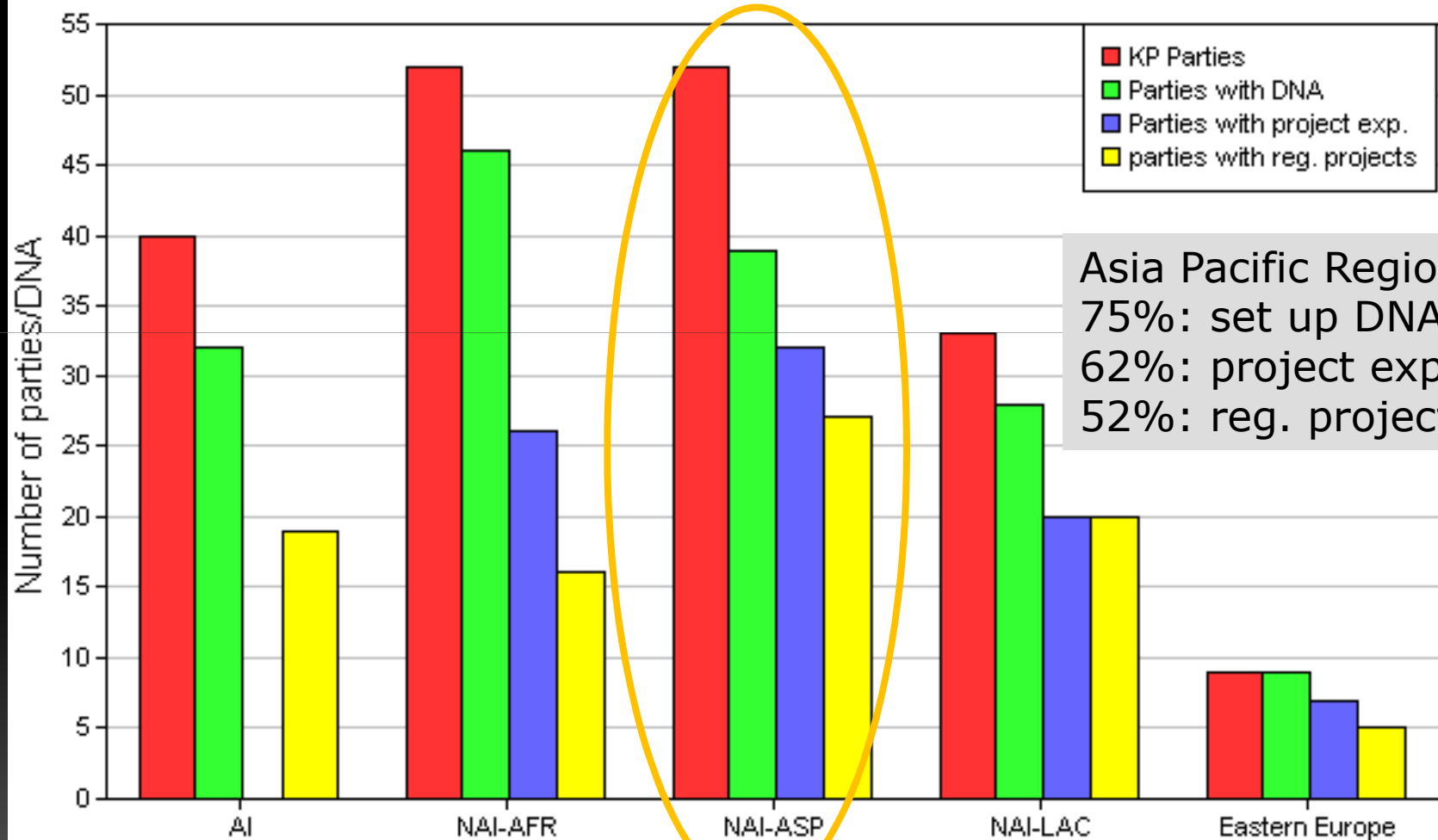
Member of CDM-EB in 2010

Designated National Authority (DNA)

- Parties participating in the CDM shall set up a designated national authority (DNA) for the CDM.
- CDM project participants shall receive written approval of voluntary participation from the DNA of each Party involved.
- 32 DNAs established in Annex I Parties
- 122 DNAs established in Non-Annex I Parties

Designated National Authority (DNA)

Number of parties/DNA by region.

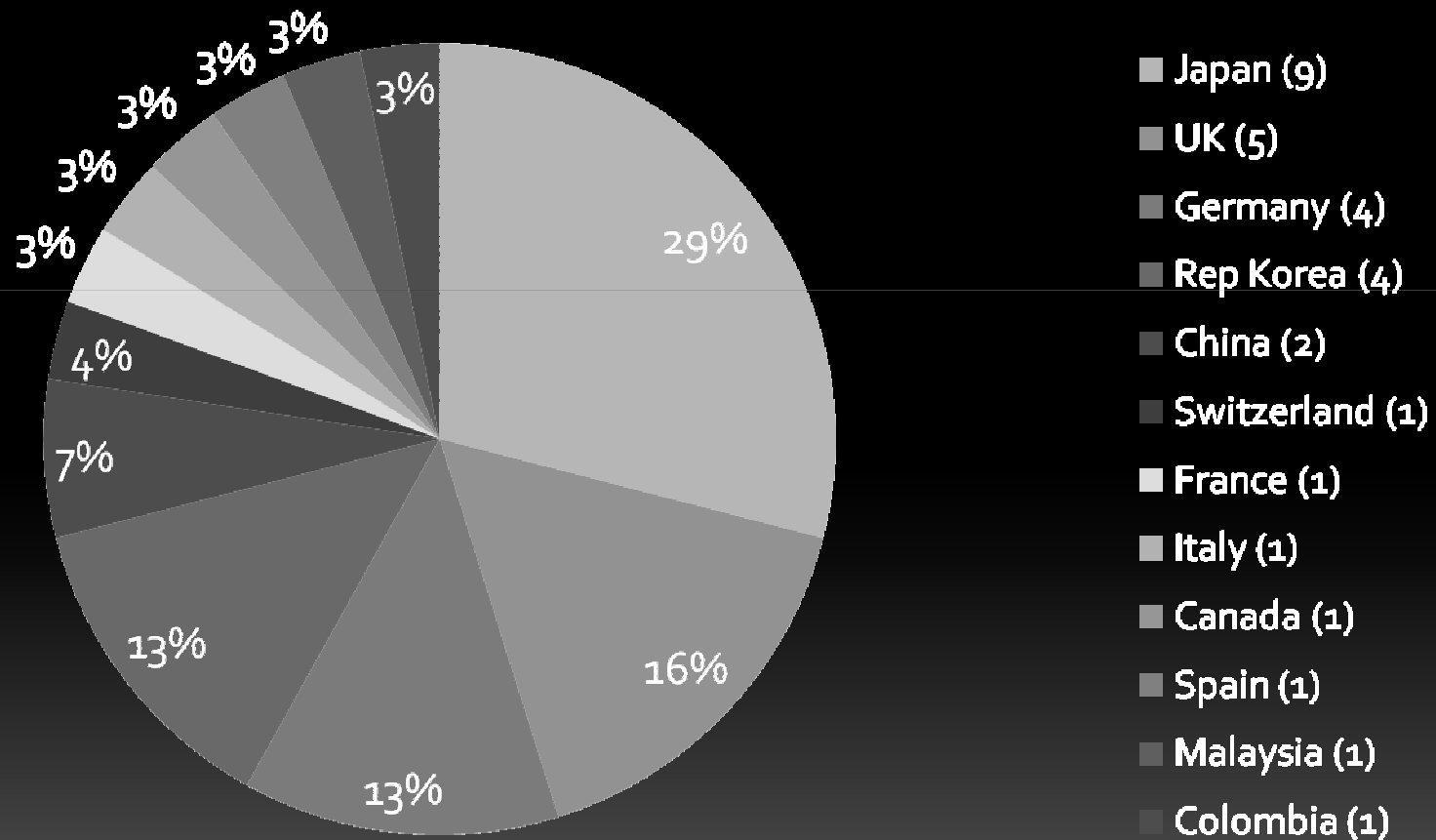


Designated Operational Entity (DOE)

- Entities accredited by the CDM-EB and designated by the COP/MOP
 - DOE: 31 entities (as of June 2010)
 - Only 8 entities from Non-Annex I parties
- Two functions
 - Validation: validates and subsequently requests registration of a proposed CDM project activity.
 - Verification & Certification: verifies emission reduction of a registered CDM project activity, certifies as appropriate and requests the EB to issue CERs accordingly.

Designated Operational Entity (DOE)

Number of DOEs by country (Total: 31 DOEs)



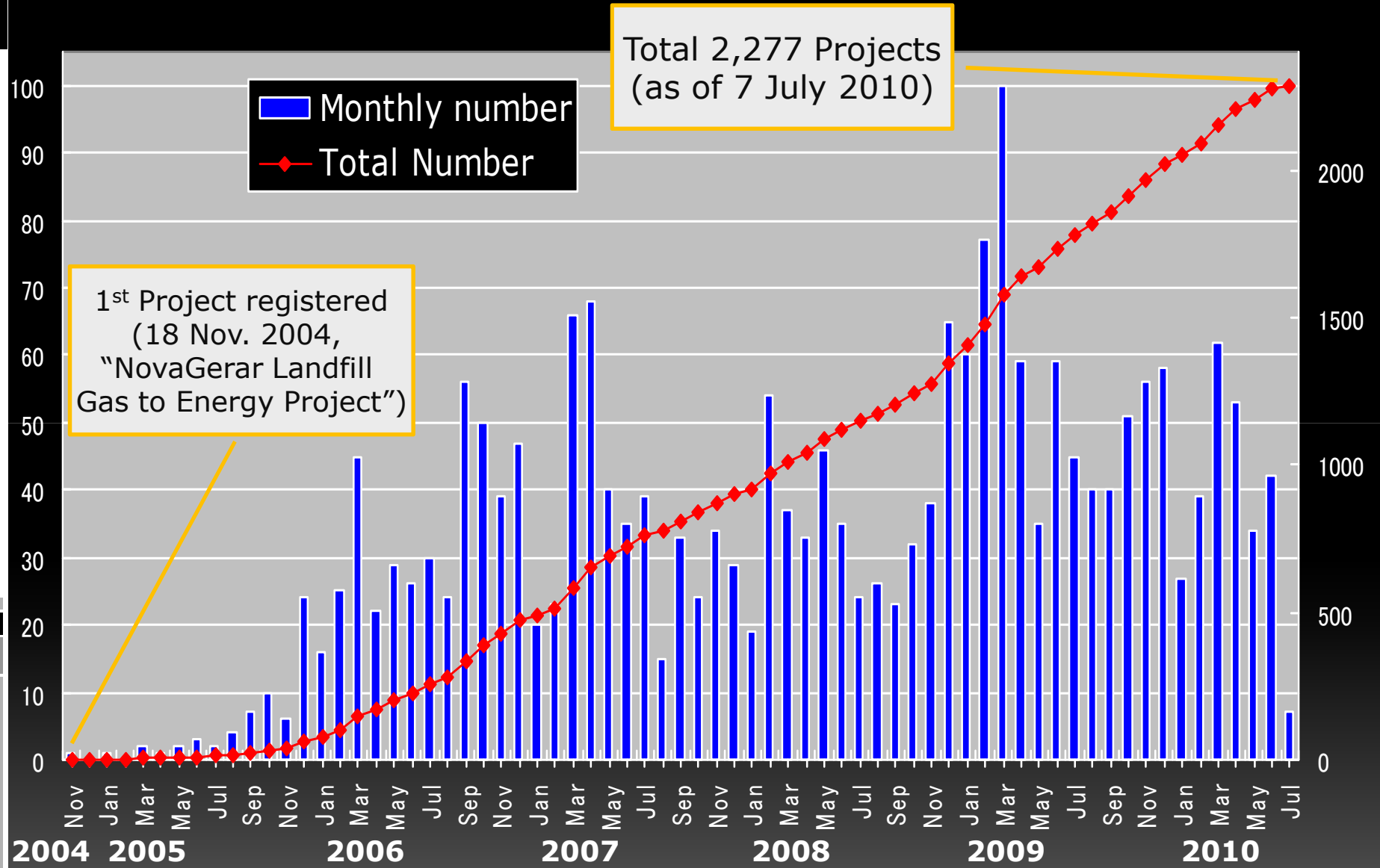
Current Trends of CDM

Number of CDM projects

	Number	CER	Expected CERs (2012)
Pipeline	>4,200	N/A	>2,900,000,000
Registered	2,277	370,693,504	>1,800,000,000
Request for register	44	9,648,711	>20,000,000

Source: UNFCCC-CDM website (<http://cdm.unfccc.int>)
(as of 7 July 2010)

Transition of number of registered CDM projects

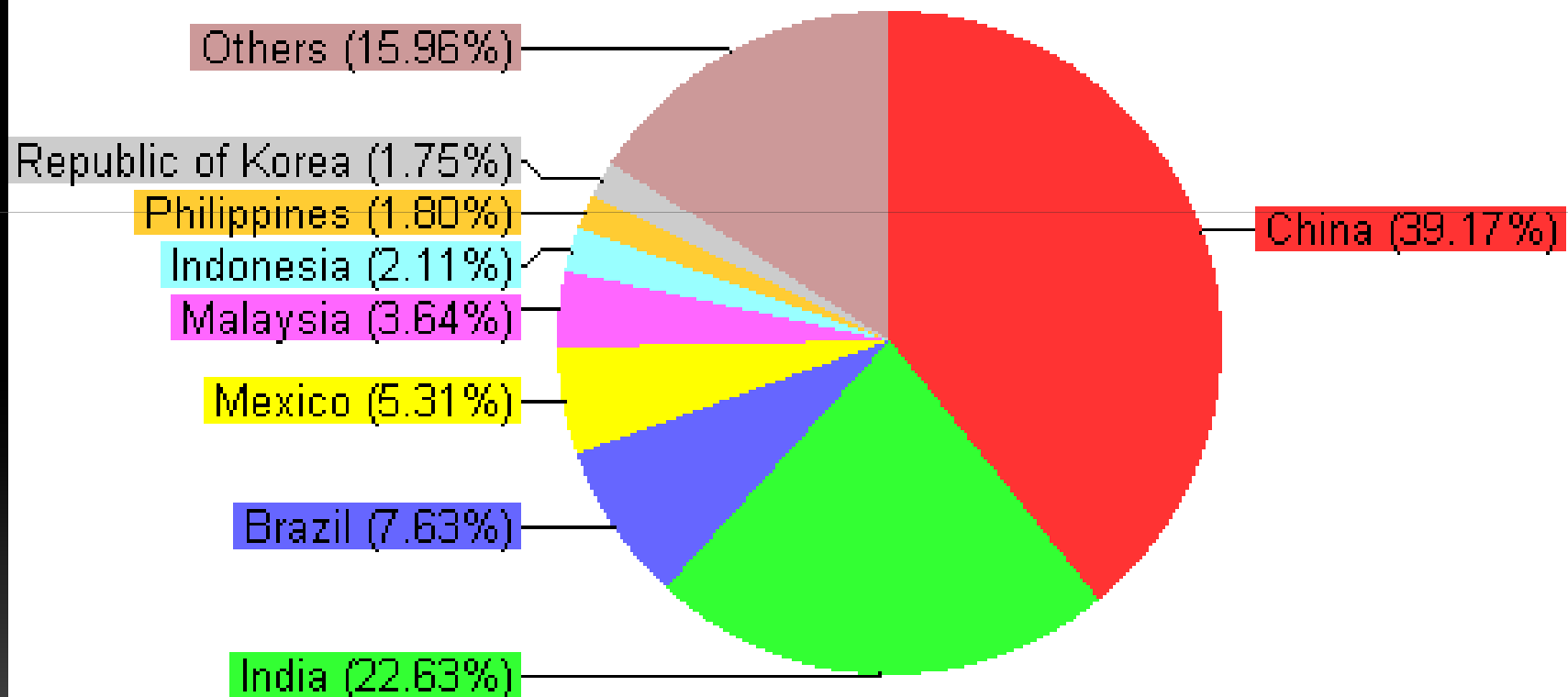


Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

Registered CDM Projects

(by Host Country)

Registered projects by host country (Total: 2277)

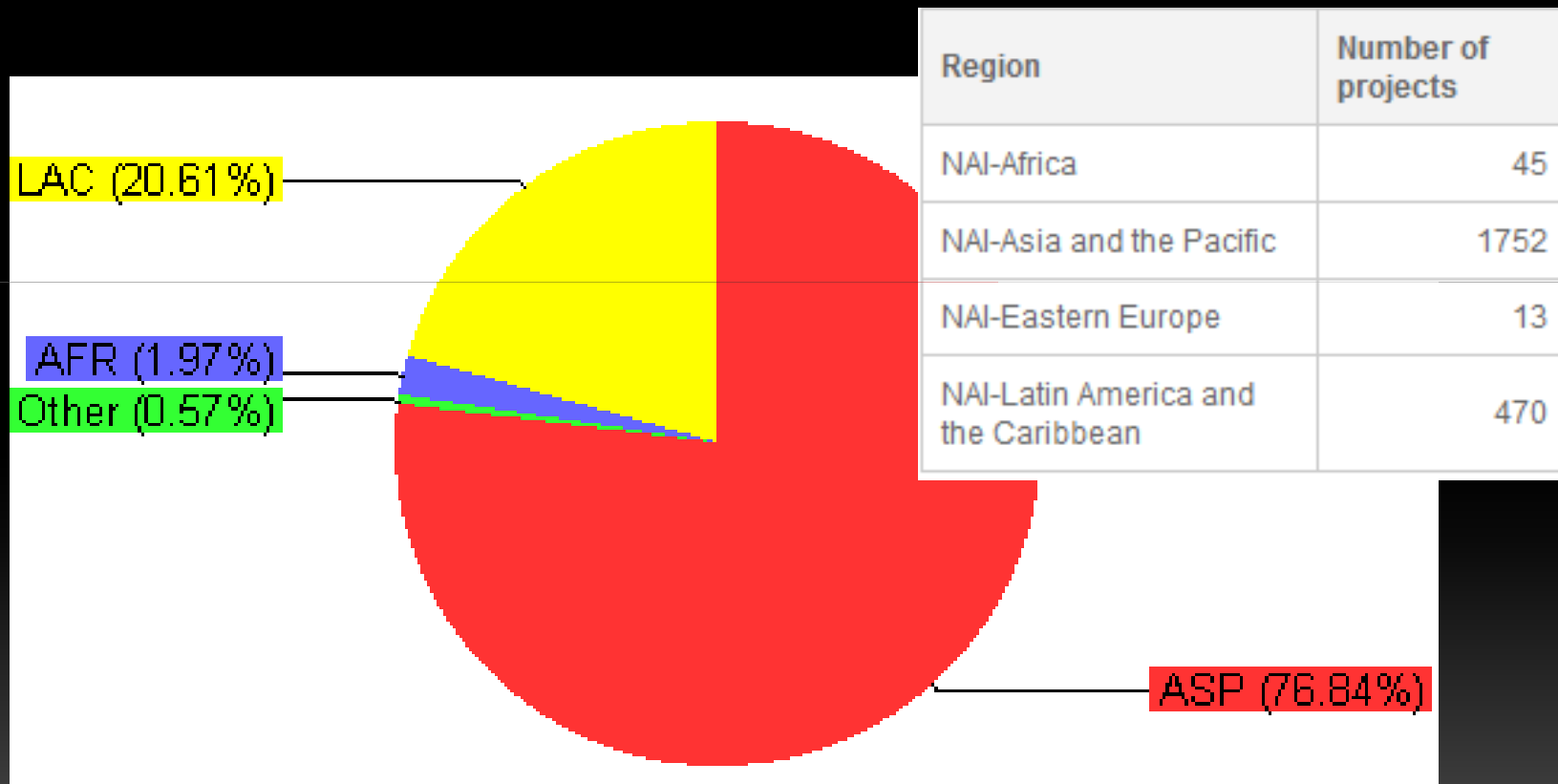


Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

Registered CDM Projects

(by Region)

Registered projects by region (Total: 2277)

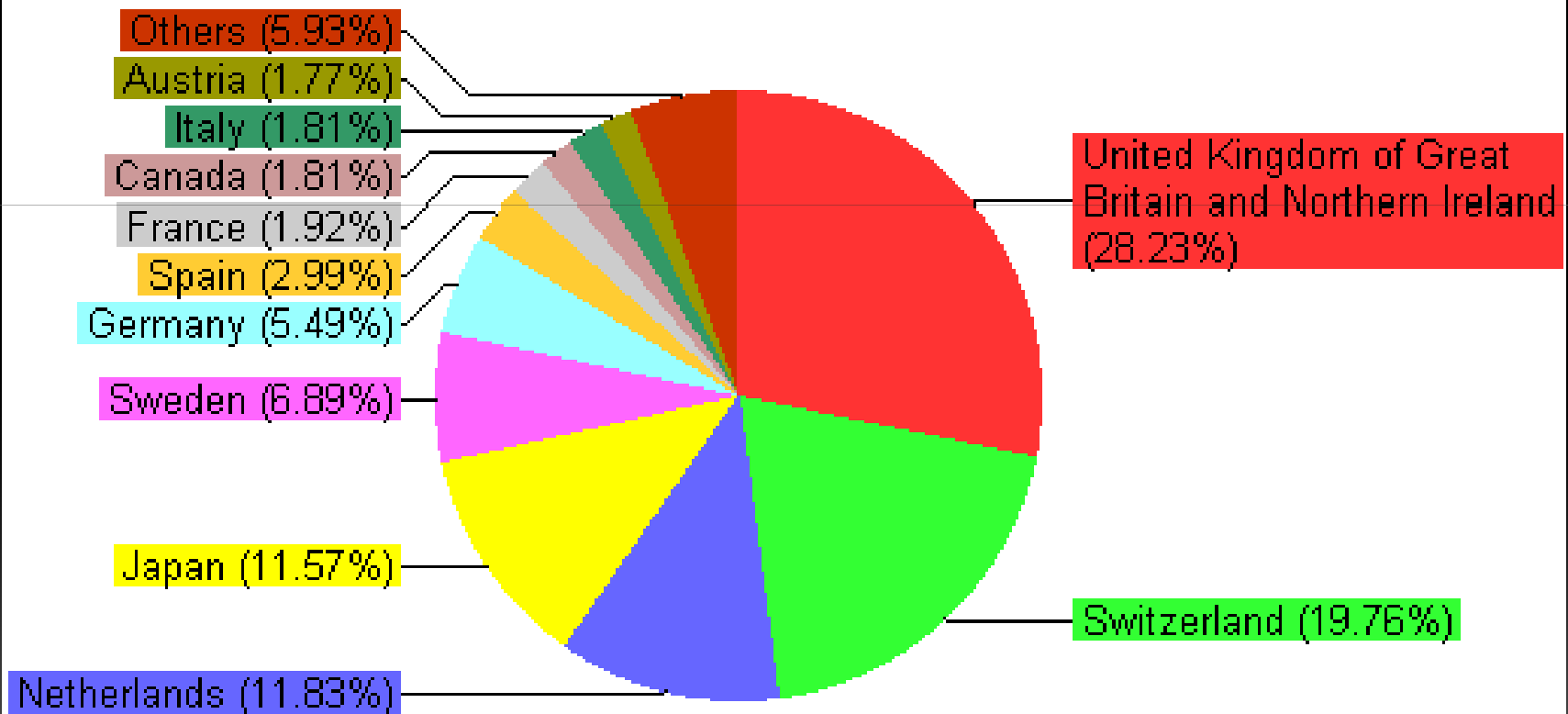


Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

Registered CDM Projects

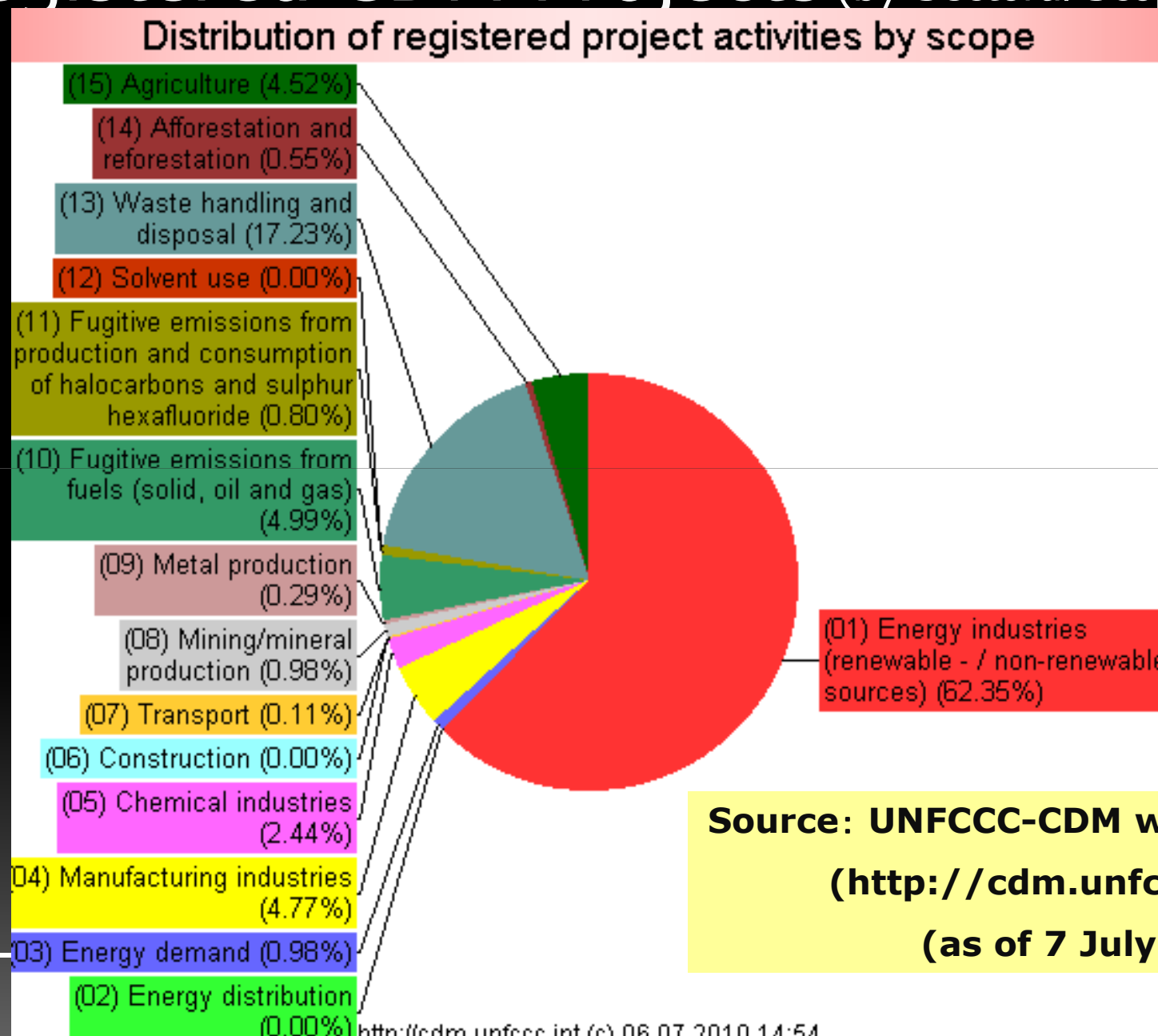
(by AI and NAI (Unilateral project) Countries)

Registered projects by AI and NAI investor parties



Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

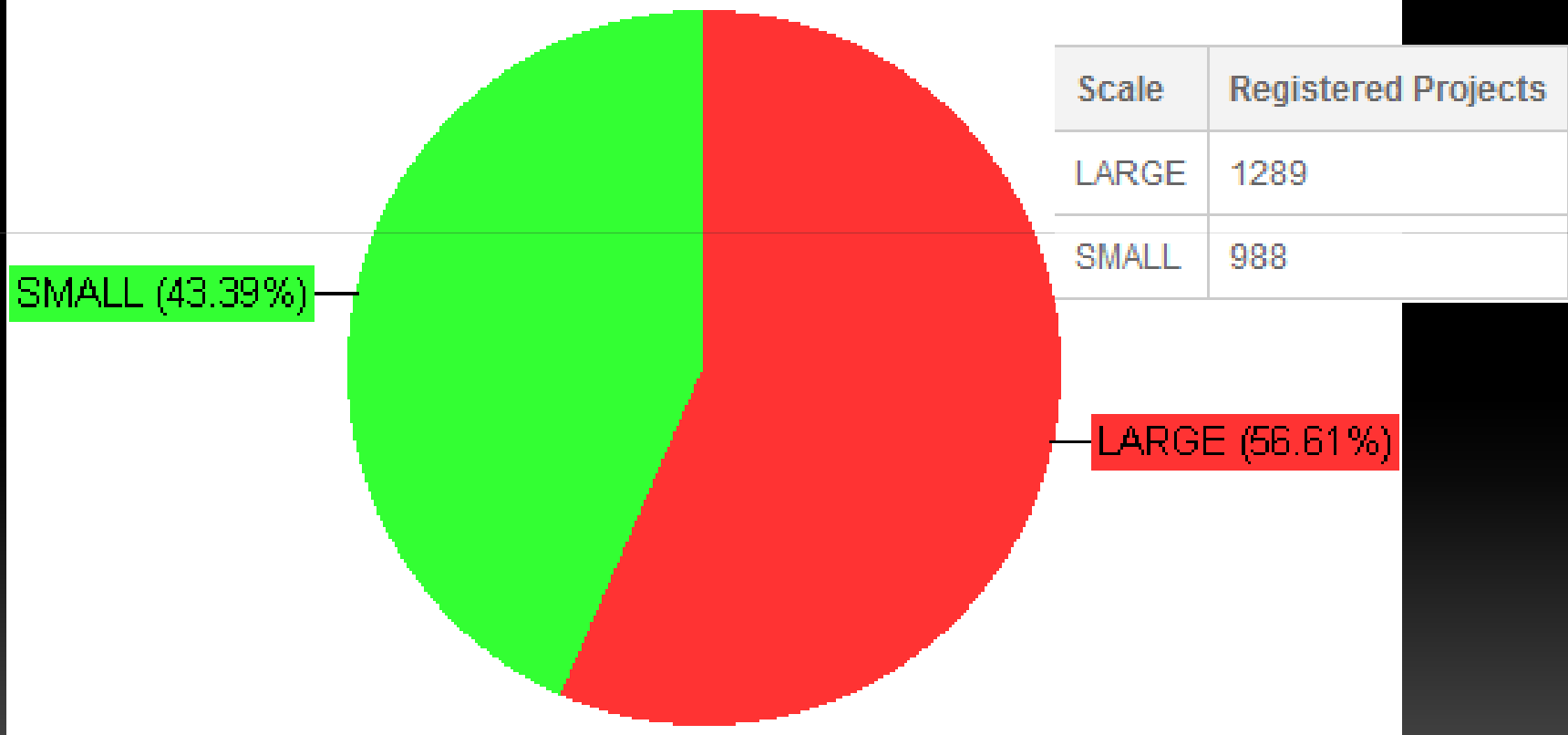
Registered CDM Projects (by Sectoral Scope)



Registered CDM Projects

(by Project Scale)

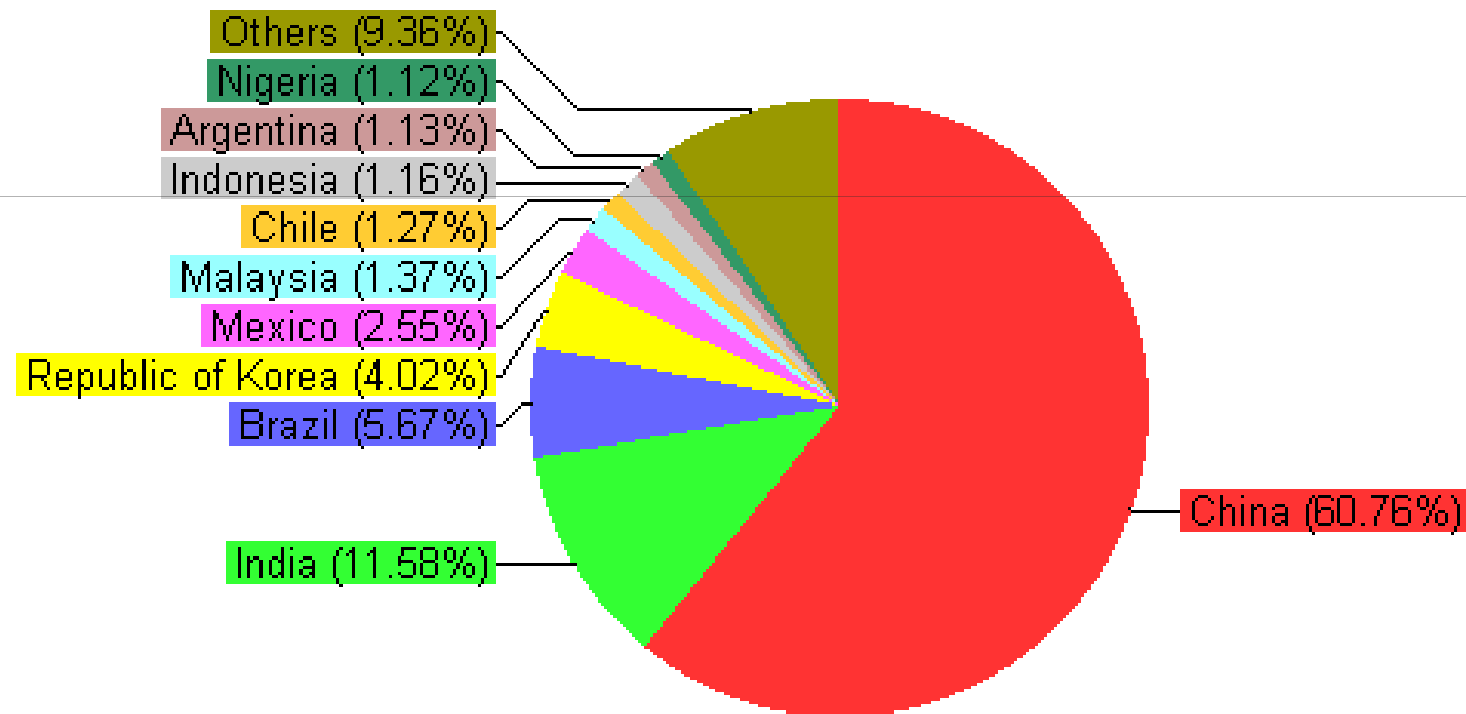
Registered projects activities by scale. Total 2277



Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

Expected average annual CERs (by Host Country)

Expected average annual CERs from registered projects by host party. Total: 371,569,066



Source: UNFCCC-CDM website (<http://cdm.unfccc.int>) (as of 7 July 2010)

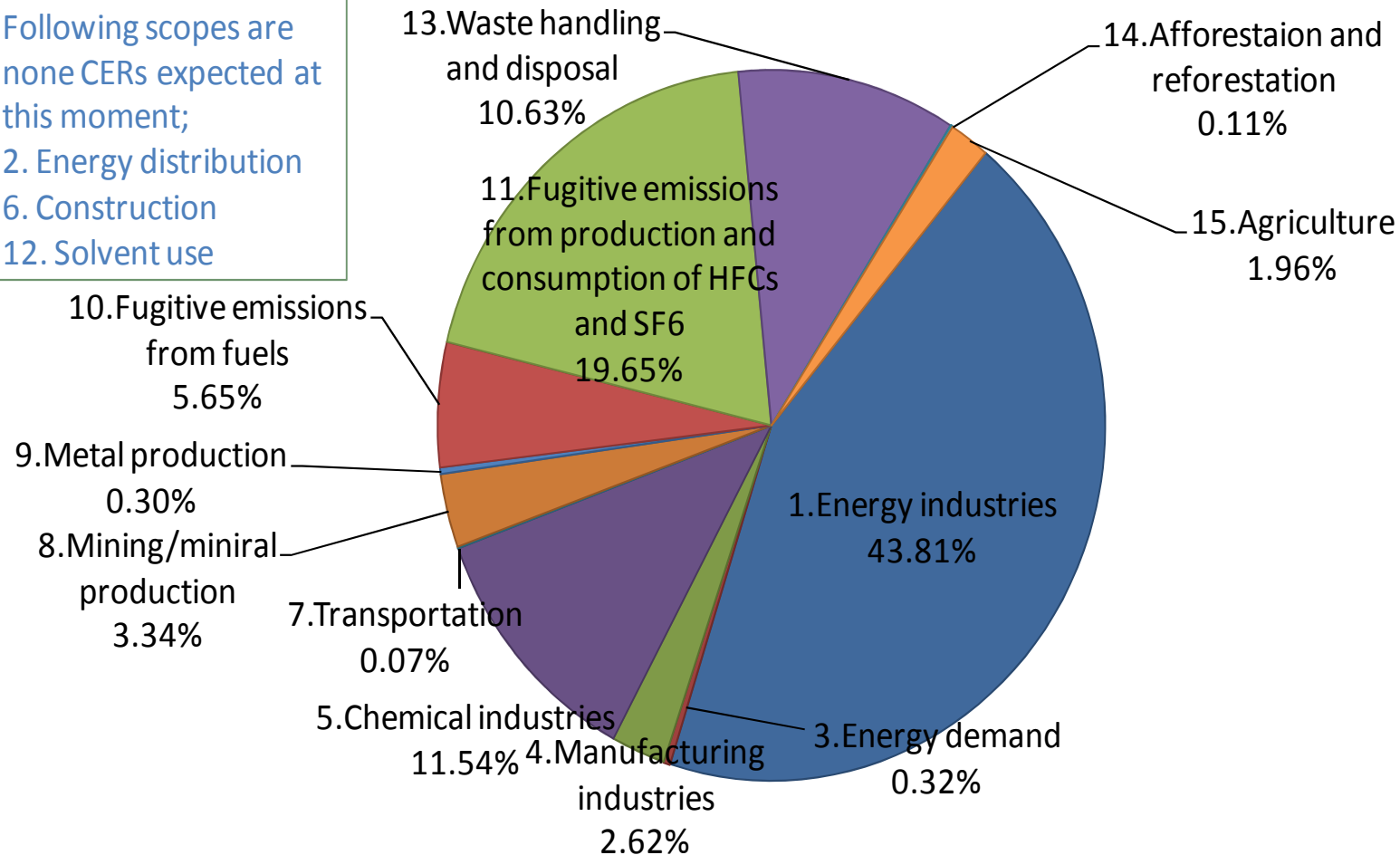
Expected average annual CERs

(by Sectoral Scope)

Source: Kyomecha platform (www.kyomecha.org)

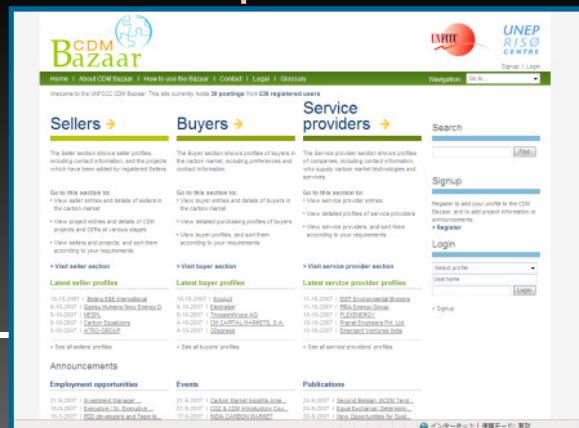
(as of 6 July 2010)

Following scopes are none CERs expected at this moment;
2. Energy distribution
6. Construction
12. Solvent use



Useful links

- UNFCCC-CDM website: <http://cdm.unfccc.int/>
 - CDM Project Activity Cycle: <http://cdm.unfccc.int/Projects/pac/index.html>
- UNEP Risoe Center: <http://uneprisoe.org/>
 - CDM Pipeline: <http://cdmpipeline.org/>
- CDM Bazaar: <http://cdmbazaar.net/>



Useful links

- CDM Programme, Institute for Global Environmental Strategies (IGES):
<http://www.iges.or.jp/en/cdm/index.html>
- CDM/JI Manual for Project Developers and Policy Makers – 2009 (GEC):
http://gec.jp/gec/gec.nsf/en/Activities-CDMJF_FS_Programme-Top
- Kyoto Mechanisms Information Platform (OECC):
<http://www.kyomecha.org/e>

