



**Government of Pakistan  
Ministry of Environment**

# **Project Development Guidelines and Sources of Finance for CDM Projects**

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## Overview of Presentation

- **Global Status of CDM Projects**
    - Global Carbon Market Seller
    - Global Carbon Market Buyer
    - Sector Wise Global Carbon Market
  
  - **Project Development Guidelines**
    - CDM Project Identification in Different Eligible Sectors
    - Development of Project Idea Note (PIN)
    - Preparation of Project Design Document (PDD)
    - Host Country Approval
    - Validation of Project
    - Registration of Project
    - Monitoring of Project
    - Certification and Issuance of CERs
    - Time Required for Different Component within CDM Project Cycle
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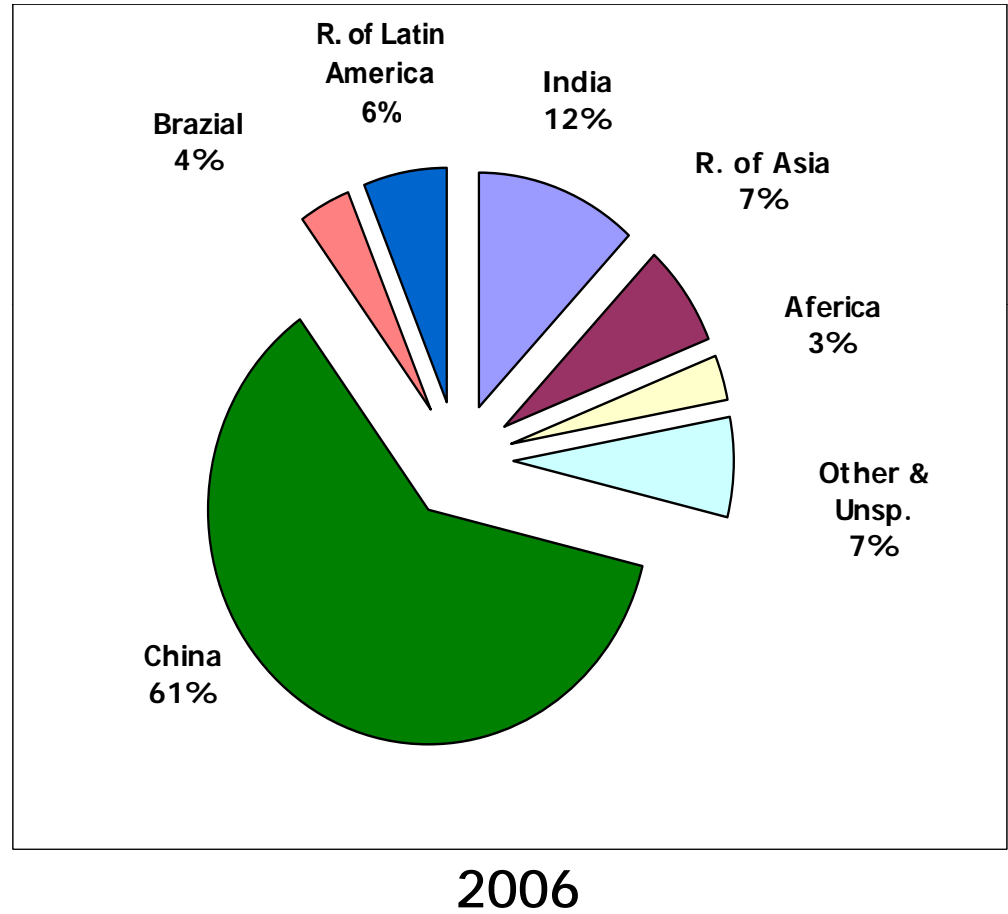
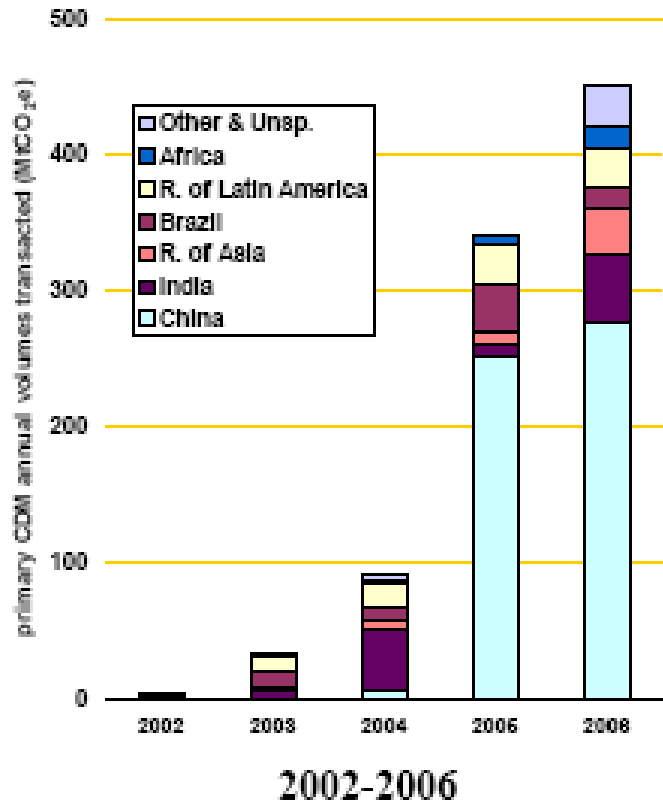
## **Sources of Finance for CDM Projects**

- Costs involved for CDM Projects
  - Multilateral & Government Carbon Funds
  - Private Carbon Funds
  - Multilateral and private financiers
  - Equity Providers/ Private Developers
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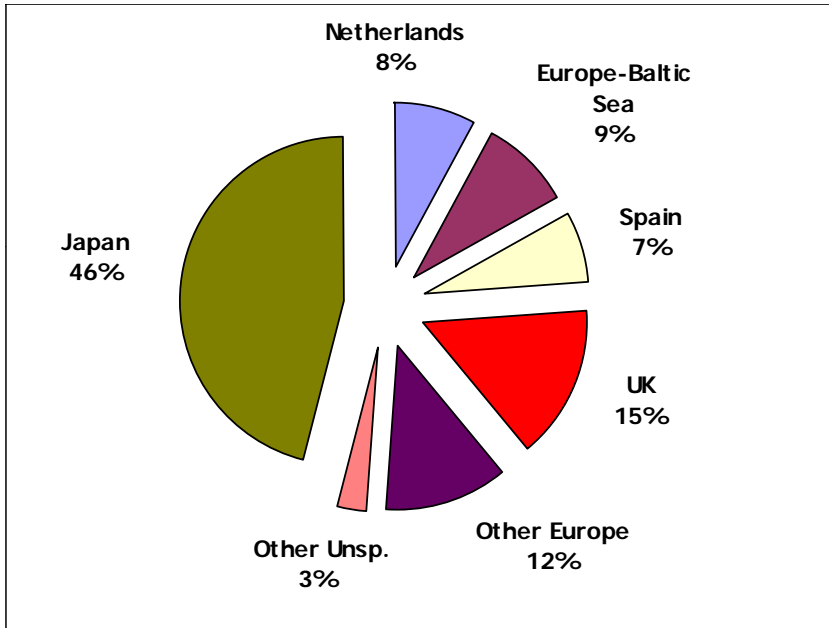
## Status of CDM Projects

- To date **667 registered CDM Projects**  
**900 million CERs expected**
  - In Pipeline **>1600 Projects**  
**>1.9 billion CERs expected to the end of 2012.**
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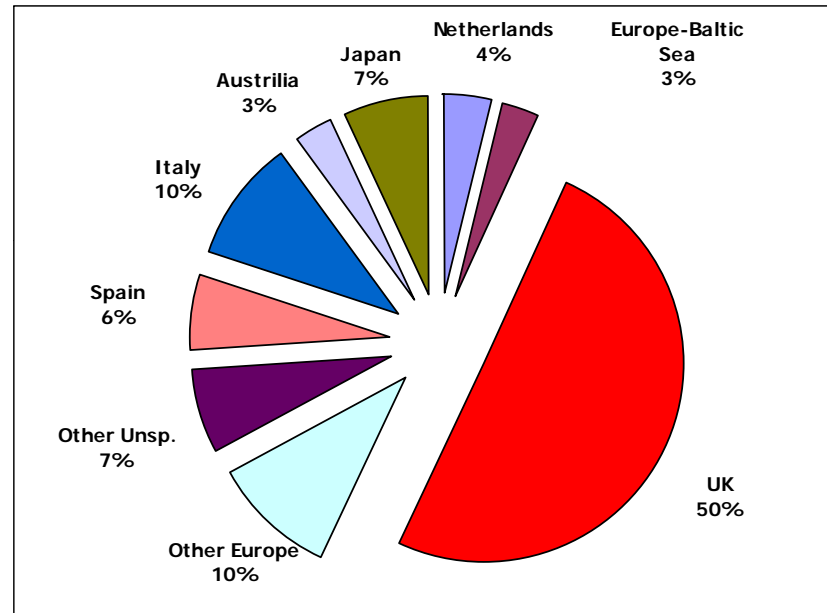
## Global Carbon Market Seller



## Global Carbon Market Buyer

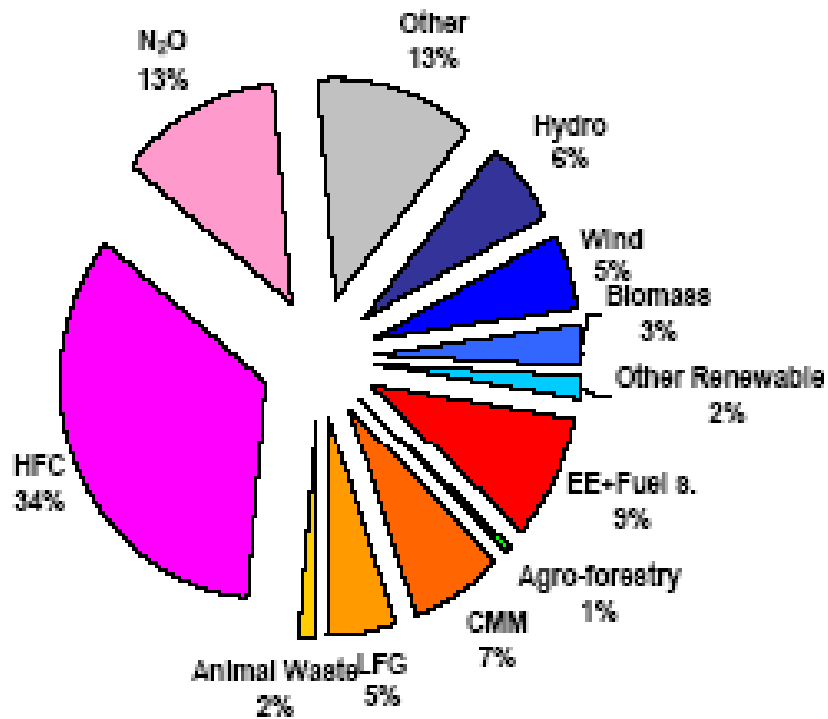


Overall volume: 352 million tCO<sub>2</sub>e  
2005

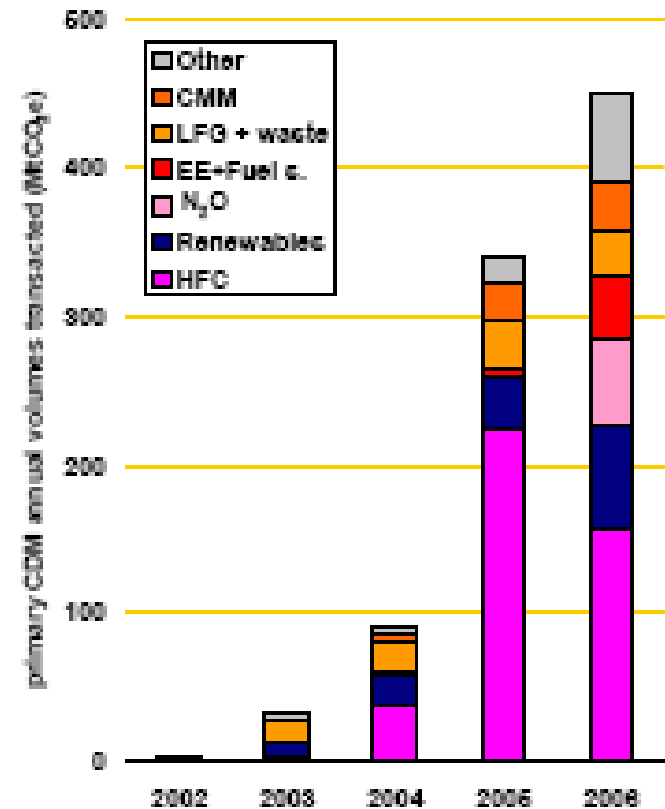


Overall volume: 466 million tCO<sub>2</sub>e  
2006

## Sector Wise Global Carbon Market



2006



2002-2006

## CDM Project Identification in Different Eligible Sectors

- Unilateral, Bilateral and Multilateral CDM Projects are allowed in following sectors
  - Energy
    - Renewable/alternate energy,
    - Energy efficiency/conservation, and
    - Fossil- fuel cogeneration
  - Waste Management
    - Landfill gas capture
    - Recycling
    - Energy from solid waste etc.
  - Transportation
    - Alternative fuel vehicles
    - Mass transit systems
    - Cleaner engines, CNG
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- Industrial processes (, Fertilizer, Textile etc.)
  - Land Use, Land Use Change and Forestry (watershed management, sustainable forest management, afforestation and reforestation)
  - Agricultural and livestock practices
  - Any other project resulting in GHG mitigation or carbon sequestration.
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## Development of a Project Idea Note (PIN)

- PIN provide basic information about proposed CDM project activities including
    - General information about project
    - Information about project cost
    - Estimated GHGs Reduction in tons of C eq/year,
    - Estimated number of CERs/year,
    - Suggested crediting life time of the project
    - Environmental and Socioeconomic benefits of project etc.
  - PIN is used to obtain a letter of endorsement from the DNA
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## Preparation of a Project Design Document (PDD)

- Website: <http://cdm.unfccc.int>
- Methodologies
  - Baseline
  - Monitoring

### **Project Additionality**

- Project should be additional to “business as usual scenario”
  - Tool for the demonstration and assessment of Additionality are available for all CDM Project Methodologies on available at  
(<http://cdm.unfccc.int/Reference/guidclarif/index.htm>)
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## Host Country Approval

### Host Country Approval Criteria

- General Criteria
- Environmental Criteria
- Social Criteria
- Economic Criteria
- Technological Criteria

## Validation

- Executive Board (EB) Designated a third party called Designated Operational Entity (DOE) carried out validation for CDM Project Activities.
  - A list of DOEs is available at  
(<http://cdm.unfccc.int/Reference/guidclarif/index.htm>)
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## Registration of Project

- After Successful Validated and Host Country Approval CDM Project will register by the CDM Executive Board

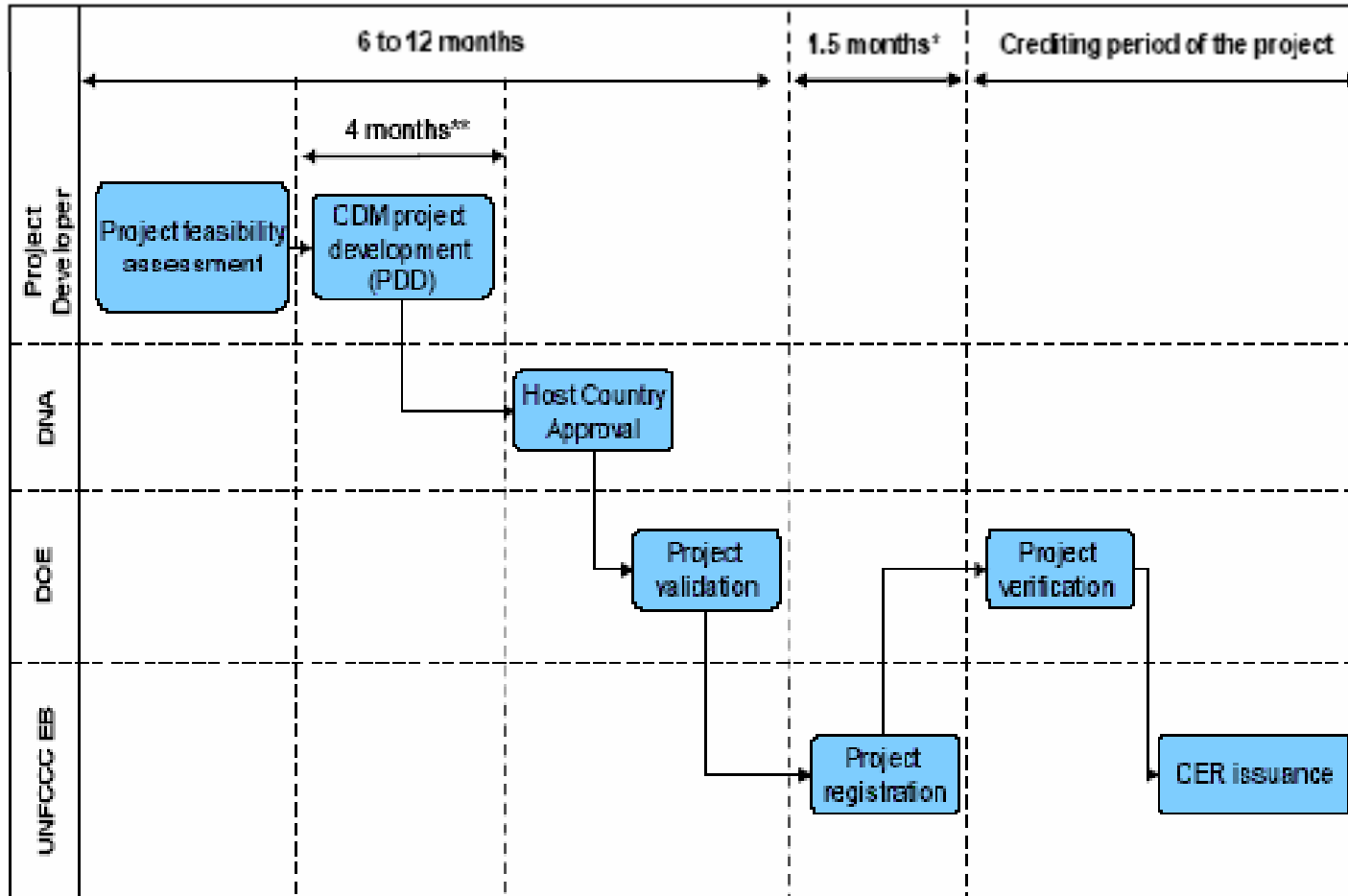
## Implementation and Monitoring of Project

- Project performance, including baseline conditions, is measured by the project proponent in the commissioning process and during on-going project operation.
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## Certification and Issuance

- Based on the successful compilation and satisfactory report of the following;
    - Host Country Approval
    - Project Validated
    - Verification of project performance,
    - CERs are certified by a DOE and issued by the CDM Executive Board.
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## Time Required for Completion of Different Component within CDM Project Cycle



## **Sources of Finance for CDM Projects**

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## Costs of CDM Projects

Cost	Estimated financial Requirement
Project Development and Establishment	25,000–75,000 US\$
Designated Operational Entity validation	10,000–15,000 US\$
<b>CDM Registration</b>	US\$ 0.10/CER for the first 15,000 t CO <sub>2</sub> -e/year, US\$ 0.20/CER for any additional credit up to an annual maximum of <b>US\$ 350,000</b>
Adaptation Fund	<b>2% of CERs issued</b> under CDM project levied for fund to help vulnerable countries adapt to climate change (not for small-scale AR projects)
Host Country Tax	<b>No tax</b> in case of Pakistan

## Multilateral & Government Carbon Funds

### Name of Fund

### More Information

BioCarbon Fund

[www.carbonfinance.org](http://www.carbonfinance.org)

CAF- Netherlands CDM Facility

[www.caf.com](http://www.caf.com)

CAF- Spain Carbon Initiative

[www.caf.com](http://www.caf.com)

Community Development Carbon Fund

[www.carbonfinance.org](http://www.carbonfinance.org)

Danish Carbon .dk Public Procurement Program

[www.danishcarbon.dk](http://www.danishcarbon.dk)

EcoSecurities/Standard Bank Carbon Facility

[www.standardbank.com](http://www.standardbank.com)

Flemish Government JI / CDM Tender

[www.energiesparen.be/fxm](http://www.energiesparen.be/fxm)

Italian Carbon Fund

[www.carbonfinance.org](http://www.carbonfinance.org)

Multilateral Carbon Credit Fund (MCCF)

[www.ebrd.com](http://www.ebrd.com)

Netherlands Carbon Facility (INCaF)

[www.ifc.org/carbonfinance](http://www.ifc.org/carbonfinance)

Netherlands CDM Facility

[www.carbonfinance.org](http://www.carbonfinance.org)

Prototype Carbon Fund (PCF)

[www.carbonfinance.org](http://www.carbonfinance.org)

Rabobank-Dutch Government CDM Facility

[www.rabobank.com](http://www.rabobank.com)

Spanish Carbon Fund

[www.carbonfinance.org](http://www.carbonfinance.org)

Swedish Int Climate Investment Program SICLIP2002 - 2012

[www.stem.se](http://www.stem.se)

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## Private Carbon Funds

Name of Fund	More Information
European Carbon Fund	<a href="http://www.european-carbonfund.com">www.european-carbonfund.com</a>
GG-CAP Greenhouse Gas Credit Aggregation Pool	<a href="http://www.natsource.com">www.natsource.com</a>
Japan Carbon Finance Ltd	<a href="http://www.icecapltd.com">www.icecapltd.com</a> <a href="http://www.jcarbon.co.jp">www.jcarbon.co.jp</a>
KfW Carbon Fund	<a href="http://www.kfw.de/carbonfund">www.kfw.de/carbonfund</a>

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## Multilateral and Private Financiers

Name of Financier	More information
Asian Development Bank	<a href="http://www.adb.org">http://www.adb.org</a>
African Development Bank	<a href="http://www.afdb.org/">http://www.afdb.org/</a>
European Bank for Reconstruction and Development	<a href="http://www.ebrd.org">http://www.ebrd.org</a>
European Investment Bank	<a href="http://www.eib.org">http://www.eib.org</a>
Export Import Bank (USA)	<a href="http://www.exim.gov">http://www.exim.gov</a>
Export Import Bank (Japan)	<a href="http://www.jbic.go.jp">http://www.jbic.go.jp</a>
Global Environmental Facility	<a href="http://www.gefweb.org">http://www.gefweb.org</a>
Inter American Development Bank	<a href="http://www.iadb.org">http://www.iadb.org</a>
International Fund for Agricultural Development	<a href="http://www.ifad.org">http://www.ifad.org</a>
International Monetary Fund	<a href="http://www.imf.org">http://www.imf.org</a>
Kreditanstalt für Wiederaufbau (German Bank for Reconstruction and Development)	<a href="http://www.kfw.de">http://www.kfw.de</a>
North American Development Bank	<a href="http://www.nadb.org/">http://www.nadb.org/</a>
Overseas Economic Cooperation Fund (Japan)	<a href="http://www.jbic.go.jp">http://www.jbic.go.jp</a>
Swedish International Development Agency	<a href="http://www.sida.se/">http://www.sida.se/</a>
United States Agency for International Development	<a href="http://www.usaid.gov/">http://www.usaid.gov/</a>
World Bank Group (including IBRD, IDA, IFC, and MIGA)	<a href="http://www.worldbank.org">http://www.worldbank.org</a>

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