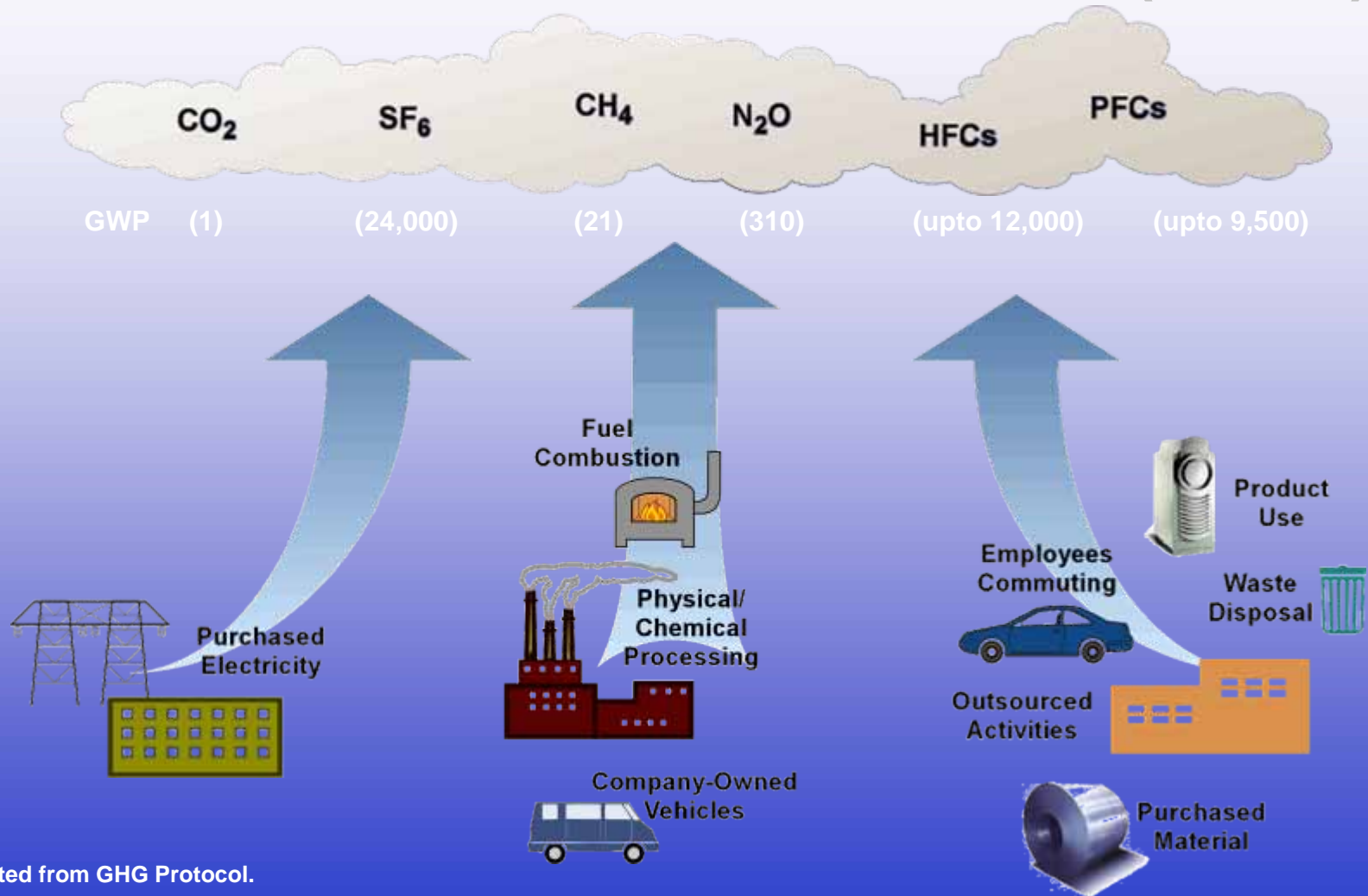


# **Clean Development Mechanism (CDM) - Basics**

# Global warming The Cause....Greenhouse Gases (GHGs)



Adapted from GHG Protocol.

# United Nations Framework Convention on Climate Change (UNFCCC)

- 165 nations signed the 1992 United Nations Framework Convention on Climate Change (UN-FCCC) at Rio de Janeiro
- The Convention divides countries into two main groups Annex I (developed) & non-Annex I (developing)

# UNFCCC

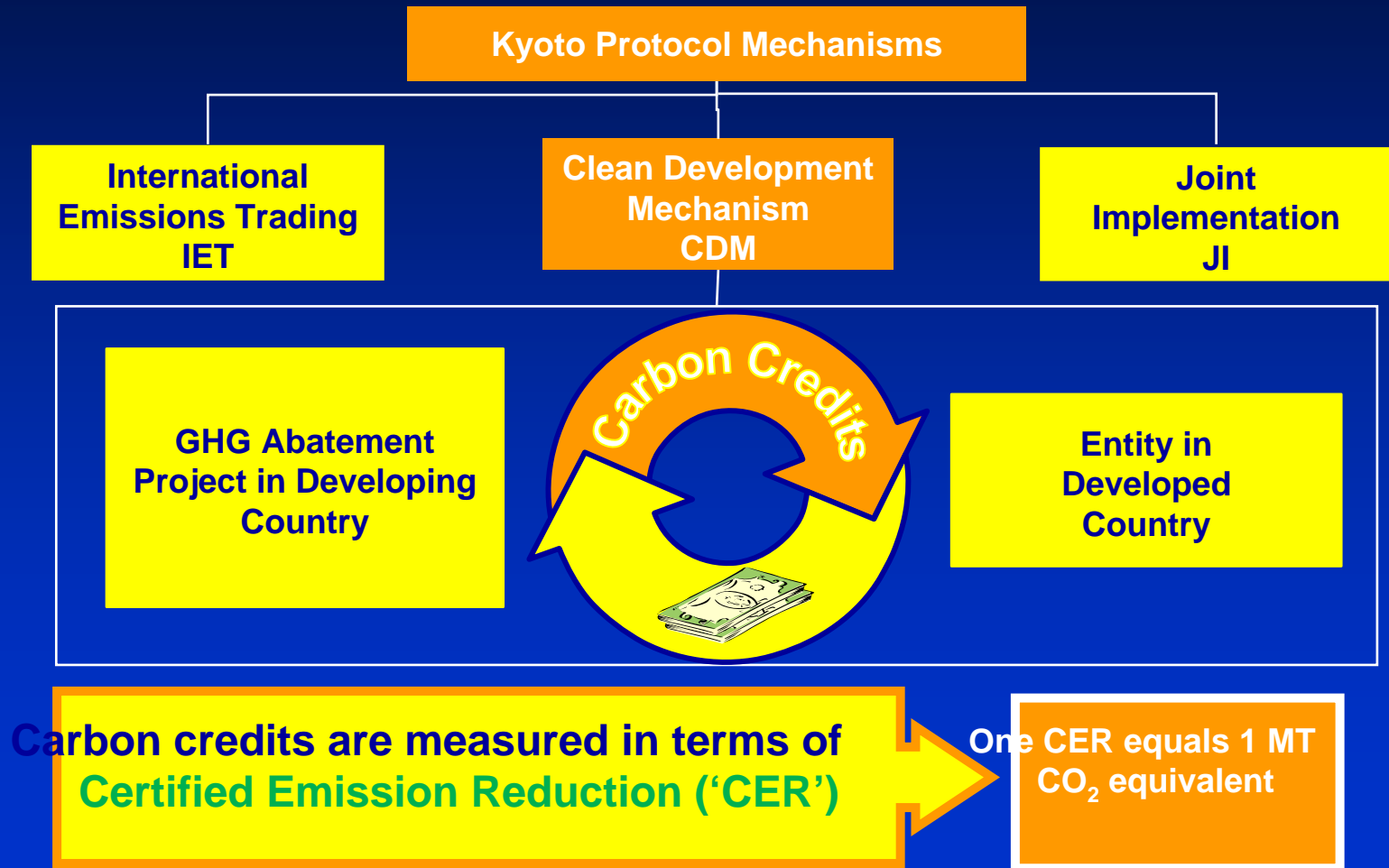
- Annex I (Developed Countries) agreed to reduce their GHGs by 5.2 % below 1990 levels in 1st commitment period 2008 – 2012
- Convention hinges on three principles:
  - Common but differentiated responsibility
  - Precautionary approach
  - Sustainable Economic Growth and Development

# UNFCCC

- Kyoto Protocol defines how to bring down emissions during COP 3 in 1997
- The Kyoto Protocol was adopted in Kyoto, Japan, on 11 December 1997 and entered into force on 16 February 2005.
- 184 Parties of the Convention have ratified its Protocol to date.

# Kyoto Protocol and CDM

- Emission reduction targets for Developed countries
- GHG emission reduction by 5.2% below 1990 levels in 2008-2012 commitment period



# CDM Concept

Industrialized Country  
(Annex 1)

Developing Country  
(non-Annex 1)

Carbon Credits

(=GHG Emission rights)

**Entity A**

✓GHG Emissions

**Entity B**

✓Project Activity

✓Emission Reduction

**Finance**

**Technology**

**(Capacity Building)**

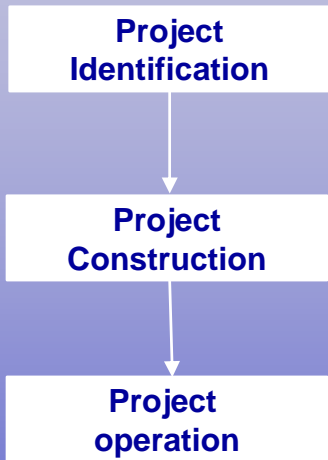
# Institutional Framework for CDM

- Developing country- Project Developer
- Annex-1 country- Buyer, Investor
- Approval of project – Designated National Authority
- An institution which verifies the essential prerequisites for CDM projects- Designated Operational Entity (DOE)
- An Institution which certifies the emission reduction- Designated Operational Entity (DOE)
- An institution which issue CERs- CDM Executive Board (CDM EB)

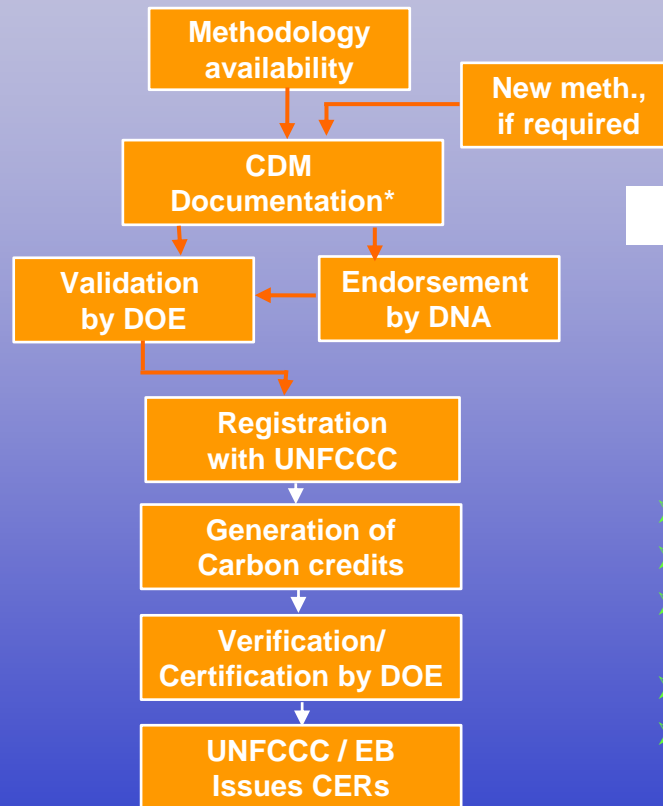


# CDM Cycle : Availing Carbon Credits

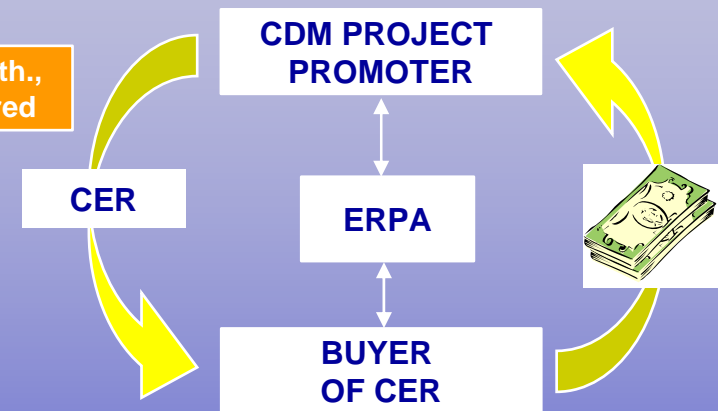
## 1 Project Implementation



## 2 Kyoto Approvals



## 3 CER Transaction

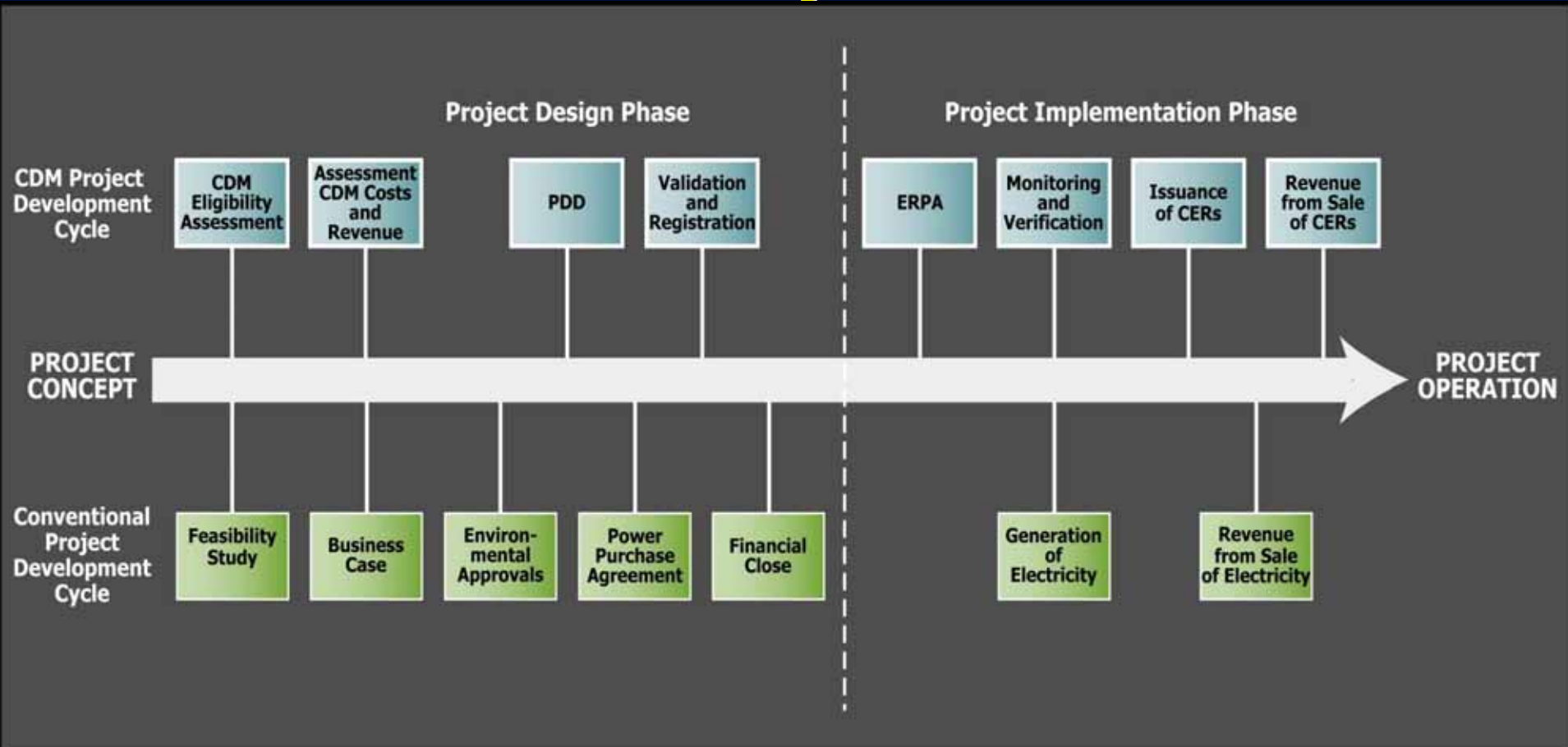


- \*PIN: Project Identification Note
- \*PDD: Project Design Document
- ERPA: Emission Reduction Purchase Agreement
- DOE: Designated Operational Entity
- DNA: Designated National Authority

# Prerequisites for a project to be considered under CDM

- Contributes to the sustainable development of the host country
- Results in GHG emission reductions that would not have happened otherwise
- Generates real, measurable and long-term climate change mitigation benefits
- Approved by parties (host and purchasing) involved

# CDM & Conventional Project Development



# Benefits of CDM

- Additional revenue stream through carbon credits
- Opportunity to achieve improved energy efficiency
- Energy Security from renewable Energy
- Improved environmental quality
- Access to climate-friendly technology
- Investment in priority sectors
- Reduced dependence on imported fuel
- Encourages private sector involvement in global GHG reductions
- Stimulates technology transfer and capacity building

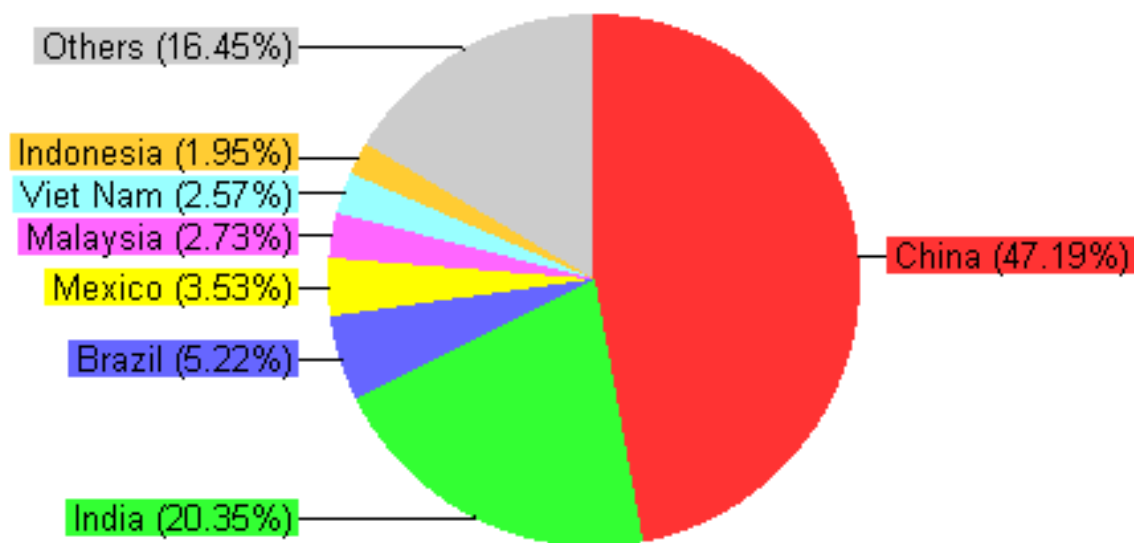
# CDM Statistics

(Source UNFCCC website)

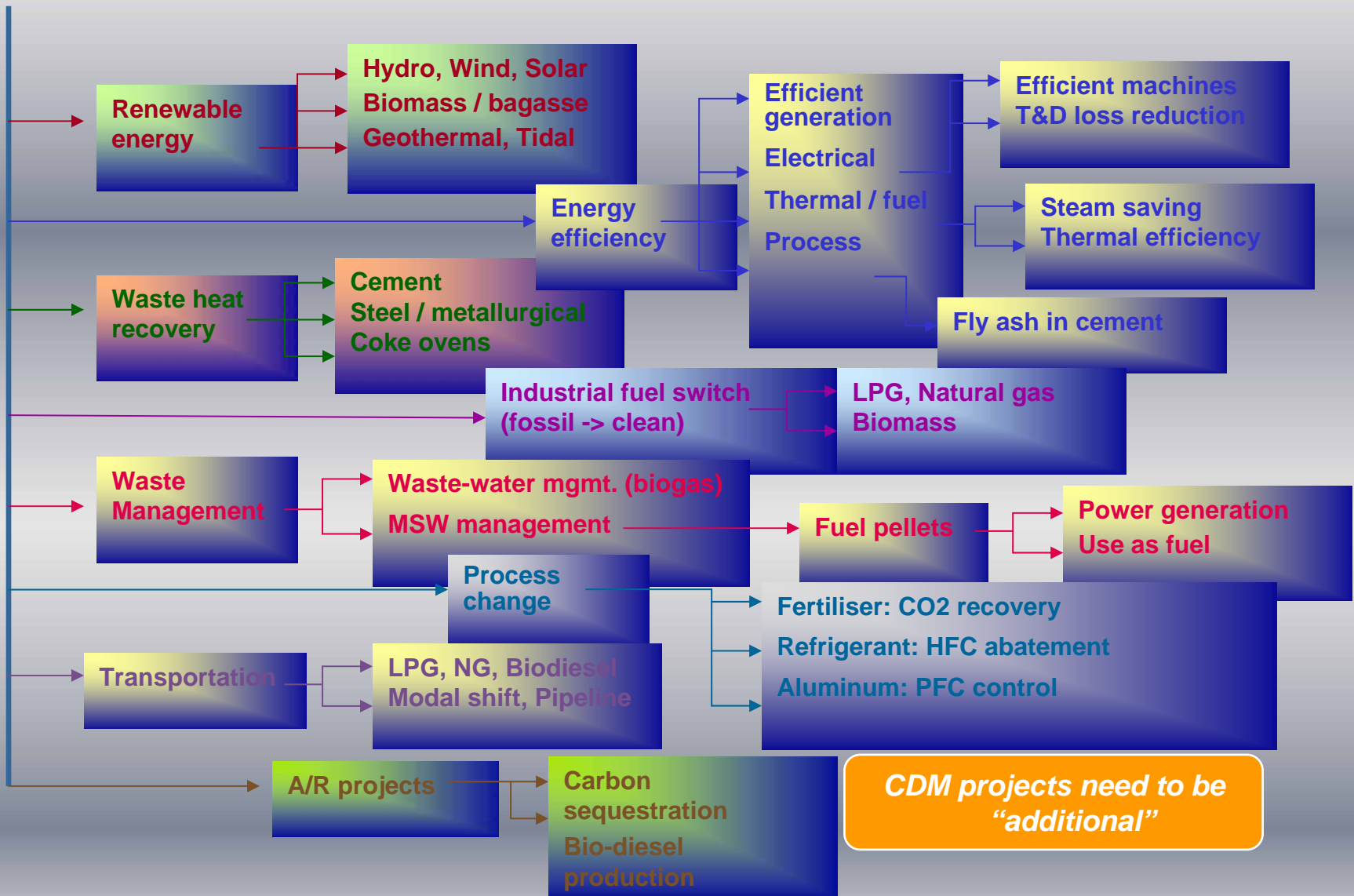
- CDM project pipeline: > 5600
  - Total Registered Projects: 4225
  - India: 836 China: 2027
  - (Large Scale Projects : 2450,  
Small Scale: 1775)
  - Requesting registration : 100
- CDM PoA
  - Total Registered PoA: 19
  - Requesting registration : 03
  - PoA under Validation : 307

# CDM Statistics

Registered project activities by host party. Total: 3,848



# Typical Kyoto Opportunities (CDM Projects)



**THANK YOU**