

# **Capacity Development for Clean Development Mechanism (CD4CDM) – Participation in the global carbon market.**

## **1. Background**

The Republic of Mauritius was among the first countries to sign the United Nations Framework Convention on Climate Change in September 1992 and acceded to the Kyoto Protocol on 9 May 2001. However the Kyoto Protocol became operational only as from 16 February 2005.

The Kyoto Protocol (KP) laid out the quantifiable objectives for the reduction of Green House Gas (GHG) emission for developed countries and those with economies in transition. Globally, these countries are committed to reduce their combined GHG emissions by at least 5.2% in average over the first commitment period (2008-2012) as compared to their respective 1990 emissions. According to the KP, developing countries, including Mauritius, are not committed to reducing their emissions, but they must however report regularly on the evolution of their emissions.

The Clean Development Mechanism (CDM) is one of the flexible mechanisms put in place under the KP to enable industrialised countries to meet their GHG emission reduction targets by funding projects in developing countries with the aim of achieving sustainable development. Under the CDM, emission reduction projects are undertaken in developing countries, with very often lower greenhouse gas abatement costs than if carried out in industrialised countries. For each ton of carbon dioxide equivalent that is reduced as a result of a CDM project, a certified emission reduction unit (CER) is issued and can be used/purchased by industrialised countries for the fulfillment of their commitments.

The Ministry of Environment & NDU is the designated national authority (DNA) to evaluate proposed CDM projects and to issue letters of approval confirming that the project activity is implemented voluntarily, will reduce GHG emissions and contribute to sustainable development in the host country.

## **2. Procedures**

All CDM projects have to undertake the following procedures:

### **Stage 1: Conception of Project**

Project participants should submit to the DNA a Project Design Document (PDD) giving all required information, including

- ⊕ a description of the project,
- ⊕ how it would assist the country in achieving its sustainable development, and
- ⊕ the approved methodology used in estimating the amount of certified emission reductions (CERs) expected through the project.

### **Stage 2: Approval by Host Country**

The DNA will, with the support of a Committee comprising all stakeholder Ministries/Authorities (set up, following a Cabinet decision in 2003, to support the work of the local DNA), examine the PDD and issue the Host Country Letter of Approval as required under the Kyoto Protocol, subject to its likely contribution to the country's sustainable development and compliance with relevant national laws, amongst others.

### **Stage 3: Validation & Public Comments**

The proposed project is then sent for validation, which is an evaluation of a project activity by an independent body called a designated operational entity (DOE) against the

requirements of the CDM, on the basis of the project design document. The project is then posted on the UNFCCC website, whereby public comments are sought.

#### **Stage 4: Registration**

After validation, the project is then submitted to the CDM Executive Board located in Bonn, Germany, for registration as a CDM project activity.

#### **Stage 5: Certification/ Verification of the CDM project activity**

The project is then subject to periodic independent reviews and monitoring of reductions in anthropogenic emissions of greenhouse gases (verification) by the DOE, which will thereafter issue a written assurance of the above (called certification)

### **3. Problems and Constraints**

One of the key challenges facing developing countries interested in participating in the global carbon market is the fact that the modalities and procedures of CDM are complex and not easily comprehensible. This has resulted in some developing countries presenting poorly designed CDM projects that eventually get rejected by the CDM Executive Board, or a situation where developing countries with potential for CDM projects have not even tried to participate in the global carbon market. This is primarily due to lack of local CDM expertise and/or the institutional setup necessary for the assessment and approval of CDM projects.

### **4. CD4CDM Project**

The Capacity Development for Clean Development Mechanism (CD4CDM) project aims at coping with the above-mentioned loopholes. CD4CDM is an initiative funded by the Netherlands Government and implemented by UNEP's UNEP RISOE Centre (URC) in Denmark. The original project phase has been successfully implemented in twelve developing countries (Bolivia, Ecuador, Guatemala, Ghana, Mozambique, Ivory Coast, Uganda, Egypt, Morocco, Vietnam, Cambodia, and Philippines) as from mid-2002. Additional funding has been provided by the Netherlands Government to implement the project in nine additional new countries (Cuba, Nicaragua, Peru, Algeria, Yemen, Tanzania, **Mauritius**, Bangladesh, and Sri Lanka) during the period from June 2006 to end of 2008.

Project activities in the nine new countries are designed and formulated taking into account lessons learnt from the implementation of the original CD4CDM project as well as on the evolution of the global carbon market. The CDM capacity development activities in the new countries will aim at enabling the host countries to fully engage as partners in the global carbon market. Capacity development activities will include support for the establishment and operationalization of DNAs in the host countries, and provision of hands-on, practical capacity building workshops for relevant CDM stakeholders. The capacity building efforts will also aim at the formulation of a national CDM project portfolio, CDM promotional brochures, and a national CDM web site to be hosted by the DNA.

### **5. Target groups**

The following target groups have been identified to benefit from the CD4CDM Project

- ⊖ Ministries,
- ⊖ Parastatal Bodies,
- ⊖ Academia / Research Institutes,
- ⊖ Financial institutions,
- ⊖ Engineers, Architects, Managers,
- ⊖ Power Producers (CEB and Independent Power Producers),
- ⊖ Industries including hotels,
- ⊖ NGOs
- ⊖ Local experts/consultants, etc.

## 6. Potential CDM Projects

Projects related to the following fields/areas indicated below could potentially qualify as CDM projects;

- ⊕ Afforestation and reforestation,
- ⊕ Agriculture,
- ⊕ Construction,
- ⊕ Energy-related projects
  - (Energy industries (renewable - / non-renewable sources) (e.g. biomass, hydro, wind, solar, etc),
  - Energy distribution,
  - Energy demand (e.g. fossil fuel switch, etc),
- ⊕ Energy Efficiency (Hotels, Industries, electrical/electronic appliances, eco-bulbs, etc),
- ⊕ Manufacturing / Chemical industries,
- ⊕ Transport,
- ⊕ Waste handling and disposal (e.g. biogas, etc), Landfills, etc

## 7. Expected Outputs

The CD4CDM project will offer the following benefits to Mauritius:

- (a). Assist Mauritius in establishing an operational DNA capable of approving projects that are consistent with the host country's sustainable development priorities.
- (b). Build the capacity of a number of local experts and consultants in the identification, design, and implementation of CDM projects.
- (c). Contribute to the creation of CDM-friendly regulatory and business environments through raising awareness of government officials and policymakers regarding the potential benefits of CDM to the national economy.
- (d). Build capacity of local financial institutions in appraisal and funding of CDM projects.
- (e). Improve the institutional preparedness for CDM in Mauritius.
- (f). Promote Mauritius as a CDM destination through assistance in participation in international carbon exhibitions, such as the annual Carbonexpo in Germany.
- (g). Design and maintain a national CDM website.