

EARLY CDM

**Early Action Climate Change Mitigation Projects
(CCMPs) as Early CDM**

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Early Action Climate Change Mitigation Projects (CCMPs) as Early CDM

Greenhouse gas reductions that are taking place through early action Climate Change Mitigation Projects (CCMPs) after 1st January, 2000 and prior to the 2008 to 2012 compliance period of the Kyoto Protocol have a great potential for Annex I investors to earn CERs from such activities in developing countries (host countries), even before the Kyoto Protocol comes into force and CDM becomes operational.

CDM cannot be made operational until and unless the Kyoto Protocol comes into force. From all indications, this may not happen before 2002 or so.

Since the adoption of the Kyoto Protocol in December 1997, various initiatives by Annex I investors are being taken to develop Climate Change Mitigation Projects in collaboration with the business sectors in developing countries like India.

However to be considered for credits by COP/MOP such early action CCMPs must meet the project eligibility criteria of 'Early CDM' as well as Sustainable Development Eligibility Criteria.

Eligibility Criteria for Early CDM

The Main Set of criteria are :

1. CDM activities should be consistent with and supportive of national social, environment, development prioritizing and strategies, and shall assist developing country Party in achieving sustainable development - an economic growth that takes care of human, environmental, economic and technological well beings of the area / region / country.
2. Shall contribute to the ultimate objective of the Convention.
3. The carbon reduction (environmental additionality) must be real, measurable (not hot air), and such activity should be able to provide long-term benefits related to mitigation of Climate Change.
4. The reduction in emissions are additional to any that would occur in the absence of certified project activity (environmental additionality).
5. A project based baseline (reference) for the entire period of the activity must be constructed and agreed upon by the partners initially for an accurate ex-ante, during and after implementation carbon reductions from the activity for certification and crediting.
6. Share of credits should be used to cover administrative expenses as well as assist developing countries to meet the costs of adaptation to Climate Change.

Other Eligibility Criteria for Early CDM :

7. The participation in the CDM activity is voluntary and must be approved by each Party involved.
8. CDM projects should be host country driven.
9. Shall assist non-Annex I (developing) countries in achieving sustainable development.
10. Shall assist Annex 1 countries in achieving compliance with their QELRC as per Article 3.
11. The modalities for measurement of GHGs, monitoring and verification of project activity and sustainability of the activity must be agreed upon between partners of the CDM project at the design stage, based on the modality and procedures decided by COP / MOP.
12. Developing country Parties would benefit from project activities resulting in CER.
13. The project activity must be certified by competent authority as decided by the COP/MOP.
14. The participation in the activity may involve private and / or public entities.
15. The activity (CDM) is to be subjected to whatever guidance may be provided by the C CDM Executive Board.

[If a certain project would be implemented anyway as a part of the country's normal economic activity such a project will come under the category of 'anyway' project and may not be considered as eligible].

Sustainable Development Eligibility Criteria For Early CDM

Since Early CDM would be a project based activity, within the project boundary the four pillars of sustainable development - economic, social, environmental and technological sustainability must be upheld. To cite a few examples :

- Economic** : The CDM project results in increase in energy sufficiency reducing the burden on imports of energy for the project (area).
- Social** : The CDM project results in increased local employment and more equitable distribution of resources.
- Environmental** : The project results in :
 - reductions in global emissions of ghgs viz., CO₂, CH₄, N₂O, PFCs, HFCs and SF₆
 - reduction in local pollutions of NO_x, SO_x, CO, VOC, SPM
- Technological** : The project results in :
 - increase in energy production and increase in the share of decentralised energy in the country's energy mix
 - increase the capacity for adaptability of the new technology
 - replicability of the technology at many more sites in the country

The CDM projects need the approval of the investor country and host country governments. Till the Protocol comes into force and CDM is made operational such mechanisms will not be in place with the Governments. In the case of early CDMs, therefore, the investor and the host partners should keep their respective governments informed of such early CDM activities. When CDM becomes operational, the Project Developers (PDs) must submit in the prescribed format the early CDM projects to their respective governments for according formal approval.

M & V requirements

For monitoring and verification of such early CDMs an agreed arrangement for M & V on (i) environmental additionality, (ii) baseline, (iii) sustainable development in host countries must be clearly brought out and mutually agreed upon in such project proposals to enable early CCMPs to earn CERs. Finally there should be agreed arrangement for certification of the project activity and emission reductions (CERs).

To assist the project developers (PDs) to formulate and implement early CDMs in India Development Alternatives (DA) has established the Climate Change Outreach and Facilitation Centre (CCOFC) with the following functions :

Climate Change Outreach and Facilitation Centre (CCOFC) For India

The Functions :

1. Clearing House

- Database on expertise
- Database on technologies
- Servicing information needs
- Host country parties
- Investing country parties

2. Brokerage

- Identification of partners and technologies
- Providing linkages to reduce transaction costs
- Assisting in negotiations

3. Advisory Services

- Project formulation
- Approval process

4. Research

- Development of methodologies
- Analysis and estimation of baselines
- Analysis and documentation of experience worldwide
- Quantified indicators of sustainability for CDM projects

5. Capacity Building

- Training
- Institutional design

6. Certification

- Eligibility of projects
- Emission reduction (CERs)

Such CCOFCs may be established preferably in the NGO sector to act as 'independent entities' in each host country to facilitate early CDMs for earning CERs.

COP 6 may like to deliberate on the "early CDM" issue and approve all eligible early CDMs to earn CERs when CDM becomes operational. Till such time the CERs thus earned may be banked with some appropriate authority for sharing credit among different stakeholders etc. as approved by COP/MOP.

Conclusion

Early CDMs will help to smooth the transition to CDM when made operational, enhance developing country's capacity, and in evolution of a process and mechanism both at the government and business levels for dealing with such activities during the entire project cycle of CDM.

Over and above such "Early CDMs" will provide incentive to the business sector in both the developed and developing country to formulate and implement Early CDMs.