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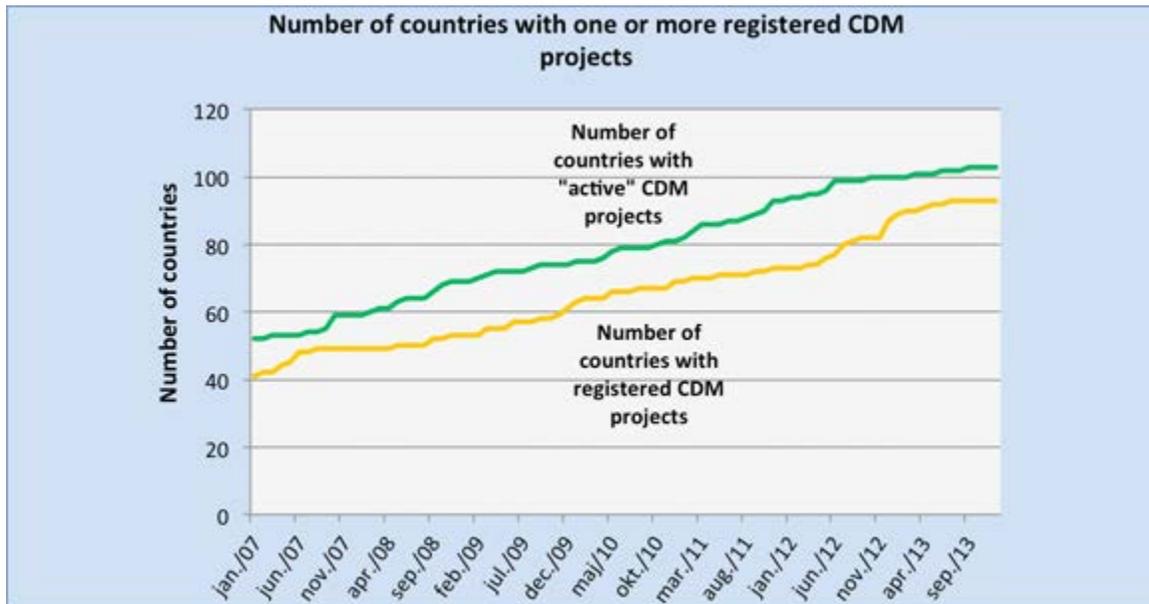
CDM Bazaar Newsletter

Dear Reader,

Welcome to the CDM Bazaar Newsletter. This newsletter provides you with an overview of the latest developments within the CDM and updates on the CDM Bazaar.

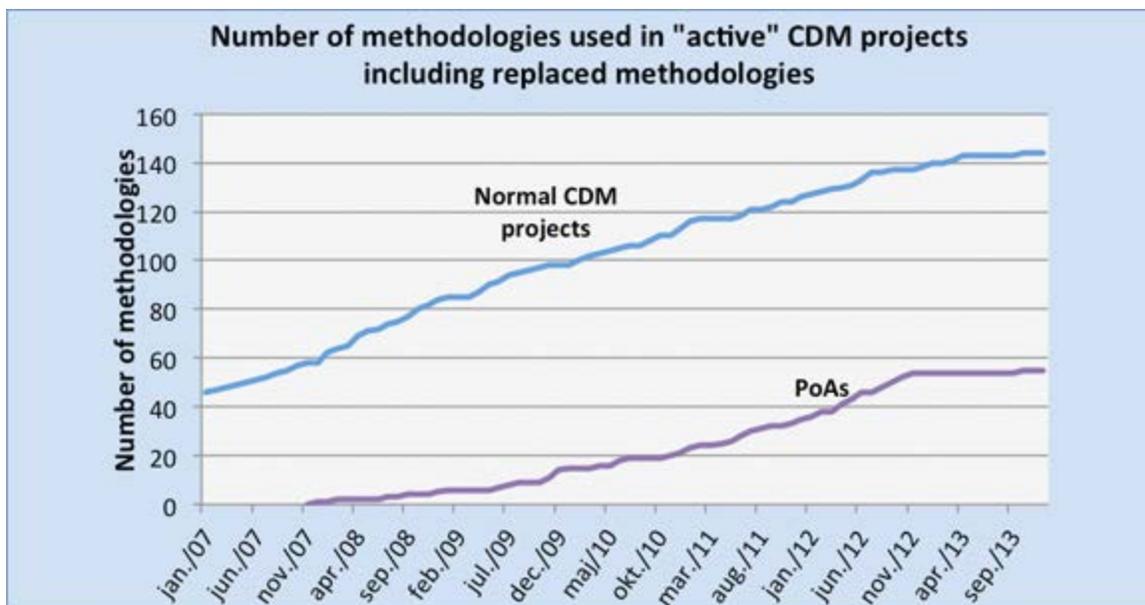
2013: Taking stock of the CDM

Despite the uncertainty for the future of the CDM and the current market conditions, 2013 still marks a year with achievements for the CDM. The regional distribution continues to expand and this year more than 10 new countries* are now hosting CDM project activities, thereby taking the total to 97 countries with registered CDM projects as seen in the table below:



*Cape Verde, Sierra Leone, Myanmar, Mozambique, Sudan and Niger (CDM projects). Yemen, Haiti and Malawi (PoAs).

The CDM continues to be the largest and most widely recognized offset mechanism in the world, having provided an estimated USD 315 billion in capital investment to climate change mitigation and sustainable development as well as an issuing of over 1.4 billion CERs. The CDM addresses a wide variety of approaches to climate mitigation in terms of the vast methodological toolbox developed under the scheme. The continuous growth in methodologies is illustrated below:



However, the main challenge for the CDM remains within the carbon market. The low demand for CERs and plummeting carbon prices do not provide much incentive to develop projects and as a consequence, the capacity built in CDM over the past decade is at stake. One way of addressing the demand issue is through broader participation from the buyers' side.

Voluntary CER cancellations present an opportunity and strategy to encourage further mitigation through voluntary offsetting by both public and private entities. During its ninth session, the Executive Board (EB) recommended to the CMP to allow transfers of CERs from national registries to the CDM registry for the purposes of voluntary cancellation, and the procedure to do so is now approved.

This year, the EB also agreed on a two-year strategy plan to improve and safeguard the CDM, so that the mechanism remains an effective tool for climate change mitigation. The strategy aims to increase the efficiency and effectiveness of the CDM validation, verification standards and procedures. Read more about the plan [here](#).

COP19 Outcomes

COP 19 in Warsaw came to an end without any significant decisions on the market mechanism issues. While some progress was made towards the goal for a climate agreement in 2015, the political and financial ambitions of Parties must be increased within the coming year and much work lies ahead. It is now up to the Parties to initiate the process of deciding on their reduction targets, in order to globally stay within the threshold of a two degree temperature increase.

COP 19 did not agree on a reform of the CDM but requested a revision of the procedures and modalities of the CDM approval, which is to be considered by the Subsidiary Body for Implementation (SBI) in June 2014. Parties and admitted observer organizations are invited to submit their proposals on changes of the CDM to the Secretariat, by 30 April, 2014. Read more about the review [here](#).

Regional Collaboration Centres (RCC)

In an effort to increase participation in the CDM in underrepresented regions, four Regional Collaboration Centres (RCC) were established this year (in Lomé, Togo; Kampala, Uganda; St. George, Grenada; and Bogotá, Colombia) and they are now fully operational. The RCC model has proven to provide a useful tool to support the development of the CDM and PoAs. There is also budget for the establishment of a Centre for the Asia-Pacific region, and the plan is currently being pursued for next year. Read more about the Centres [here](#).

The CDM Loan Scheme

Since its inception in 2012, the CDM Loan Scheme has received 128 applications and up until now approved 46 loans

to projects in 28 countries. 70% of the host countries are in Africa and 67% of the approved loans have been allocated to project activities in LDCs, demonstrating the CDM Loan Scheme's positive influence on an increased regional distribution of the CDM activities.

The month of October saw two new PoA submissions to the UNFCCC, both of which are supported through the CDM Loan Scheme. The CDM Loan Scheme is also providing support to Belize's first CDM project "Mile 24 Regional Sanitary Landfill LFG Project", approved during the first application phase. The project is currently under validation. All projects in the CDM Pipeline can be found [here](#).

Loan applications may be submitted to the CDM Loan Scheme on an ongoing basis, but deadlines are set for subsequent processing and decision at the Technical Review Committee meetings. The next application deadline is 31 March, 2014.

For more information on the CDM Loan Scheme and to apply for a loan, please visit the website [here](#).

NEFCO Norwegian Carbon Procurement Facility (NorCaP)

The Nordic Environment Finance Corporation (NEFCO) - assigned by the Government of Norway - has established a new global carbon procurement facility to selectively purchase CERs from registered CDM and PoA project activities. The purpose of the NEFCO Norwegian Carbon Procurement Facility (NorCaP) is to prevent reversal of emission reduction activities in existing projects whose survival are at risk due to current market conditions and low carbon prices. NorCaP will acquire CERs for the second commitment period to be used by Norway to cover a part of its commitments under the Kyoto Protocol.

The first Call for Proposals (CfP) has been launched, and NEFCO invites eligible applicants to submit proposals for the delivery of CERs from vulnerable projects. The fund's present target is to procure up to 30 million CERs in total. Purchase contracts will be for future deliveries of CERs based on emission reductions generated from 1 January, 2014 to 31 December, 2020.

For more information on the NorCaP and its call for proposals, please visit their website [here](#).

Swedish Energy Agency - Call for CDM Proposals

The Swedish Energy Agency is inviting CDM and PoA project participants to submit proposals for future delivery of CERs to the Swedish CDM programme. Through this call, the Swedish Energy Agency intends to contract up to 10 million CERs that are generated within the Kyoto Protocol's second commitment period (2013-2020) on a forward basis with payment-on-delivery terms.

The priority is on project types including renewable energy, energy efficiency and waste management, focusing on activities that have not yet been commissioned. However, projects that are at risk of being discontinued will also be of interest together with other projects that have already been commissioned in LDCs or other underrepresented countries with few CDM projects. Regions of particular interest are Sub-Saharan Africa and South East Asia.

For more information on the Swedish CDM programme and the call for proposals, please visit their website [here](#).

Standardized baselines

The development of standardized baselines is proving its worth: With the approval of the standardized baseline for the Uzbekistan Grid Emission Factor three standardized baselines have now been approved and an additional three are currently being proposed.

On 1 December, 2013, the new procedure: "**Development, revision, clarification and update of standardized baselines**" came into force. The existing procedure has been revised to include all procedural provisions for development, revision, clarification and update of standardized baselines through both bottom-up and top-down processes. The new procedure further defines the process to develop new standardized baselines as well as to revise, clarify and update approved standardized baselines. Standardized baselines developed after 1 December 2013 must follow the new procedures and

coherent forms.

Read the new procedure and more about standardized baselines [here](#).

CDM Methodologies

The UNFCCC CDM maintains the world's largest source in both standards and methodologies, which continues to be developed and added to the portfolio. This is also to the benefit of all other market mechanisms and national systems, where the CDM methodologies and standards are widely adopted and applied.

Since the end of the first commitment period (end of 2012), the number of approved new methodologies has declined, but recently the EB approved three new large-scale and three small-scale methodologies;

- **AMS-III.BH: Displacement of production of brick and cement by manufacture and installation of gypsum concrete wall panels.** Read more [here](#)
- **AMS-III.BI: Flare gas recovery in gas treating facilities.** Read more [here](#)
- **AMS-III.BJ: Destruction of hazardous waste using plasma technology including energy recovery.** Read more [here](#)

The new large-scale methodologies can be seen [here](#)

Additionally, a consolidation of Large Scale A/R methodologies was approved. The consolidation replaces two consolidated methodologies and nine other methodologies:

- **AR-ACM0003: Afforestation and reforestation of lands except wetlands.** Read more [here](#)



United Nations
Framework Convention on
Climate Change

