



Ministry of Environment

Cambodian DNA submission on the Agenda sub-item 5 (d): Regional distribution of the 46th Meeting of the Executive Board of the Clean Development Mechanism

Date: 21 April 2009

The Cambodian Designated National Authority (Cambodian DNA) welcomes the opportunity to submit our views and proposals in response to the Agenda sub-item 5 (d): Regional distribution of the 46th Meeting of the Executive Board of the Clean Development Mechanism regarding the ways to streamline the process relating to CDM project activities in countries hosting fewer than 10 registered CDM project activities, especially in the least developed countries (LDCs), small island developing states (SIDS) and Africa.

The current CDM market is dominated by projects implemented by large and advanced economy developing countries. LDCs, SIDS and Africa do not fully benefit from this emerging CDM market. While the CDM Executive Board (CDM EB) has undertaken preferential treatment for LDCs such as abolishment of the registration fee and a share of proceeds at issuance only for projects in LDCs, unfortunately these measures have not dramatically changed the current situation. In fact, there are only two new registered projects from LDCs in 2008 and there are no project registered yet in 2009 (as of 1 April 2009). Furthermore, the issuance of CERs from the projects in LDCs has been successfully occurred only once (474 CERs from e7 Bhutan Micro Hydro CDM Project). Therefore, further additional incentives should be provided to those countries and some recommendations based on experiences of CDM Capacity Building Project in Cambodia, supported by the Institute of Global Environmental Strategies (IGES) of Japan are summarised as follows.



Recommendations

Note: those preferential treatments stated in each recommendation are eligible only for LDCs and small island developing states and Africa

1. Exemption from the proof of additionality for specific type of projects

Small-scale CDM project activities, which is categorised under **Type I** of the simplified modalities and procedures for small-scale CDM project activities and its starting date is **after 1 January, 2009**, is exempted from the proof of additionality on the process of validation and registration

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- This preferential treatment shall be applicable only for the Type I of small-scale CDM project activities which the starting date of the project is after 1 January 2009
- Project participants will not be required to demonstrate the project activity would not have occurred otherwise in the absence of CDM
- Project participants will not be required to explain that the project activity would not have occurred due to at least one of the following barriers stated in the attachment A to Appendix B of the simplified modalities and procedures for small-scale CDM project activities; “Investment barrier, technological barrier, barrier due to prevailing practice, and other barriers”.

It is safe to say that small-scale project activities in LDCs, SIDS and Africa, which are categorised under Type I, including but not limited to renewable energy such as wind power, geothermal, photovoltaic, solar thermal and biomass, are not profitable and financially attractive to investors without any additional incentives. Under the current circumstances, CER benefits will never be considered as certain benefits for their actual investment decision but rather just additional income until the project will be registered. In order to give more predictability toward CER benefits and to consider certain benefits for the investment decision before registration, automatic registration without any risks of rejection should be applicable only for the project activity which has already proven its additionality. Having said this, most small-scale project activities in LDCs, SIDS and Africa, which are categorised under Type I, have many barriers with additional upfront cost for CDM in addition to investment cost. It will also provide net



reduction since the installed technologies will be utilised even after crediting period (10 years or maximum 21 years). Therefore, small-scale project activities in LDCs, SIDS and Africa, which are categorised under Type I, can be exempted from the proof of additionality to reduce the uncertainty of CER benefits so that it will incentivise more investment on CDM projects in those countries both from outside and domestically.

2. Shortening of the period of procedures for registration

Procedures for appraisal as well as request for a review of the proposed CDM project activity shall be done within **4 weeks (2 weeks for small-scale CDM project activity)**

Paragraph 41 of Annex: Modalities and procedures for a clean development mechanism, Decision 3/CMP.1

- The registration by the Executive Board shall be deemed final **eight weeks (four weeks for small-scale CDM project activity)** after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed CDM project activity.

Proposed New rule

- The registration by the Executive Board shall be deemed final **four weeks (two weeks for small-scale CDM project activity)** after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed CDM project activity.

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- The RIT member assigned to undertake the task shall prepare an appraisal using the form “F-CDM-REGappr” and submit it within **10 calendar days (8 days for small-scale CDM)** to the secretariat.
- The secretariat shall prepare a summary note of the request for registration and forward this, together with the appraisal, to the EB within **5 calendar days (3 days for small-scale CDM)**.
- A Party involved in the project activity or at least 3 members of the EB shall request a review of the proposed CDM project activity within **4 weeks (2 weeks for small-scale CDM)** after the date of receipt of the request of registration.



The above shortening of the procedures for registration shall be only applicable for LDCs and small island developing states and Africa. Project activities in other countries will continue to apply the same procedures for registration. The comparison of length for registration in LDCs and other countries is as follows:

Table 1: Comparison of the length of registration procedure

	1 st Day	10 Days	15 Days	20 Days	30 Days
CDM project activities in LDCs (large-scale)	Request for registration	Result of appraisal	Registration		
	Appraisal by RIT	Submission by the secretariat			
CDM project activities in other developing Parties (large-scale)	Request for registration	Appraisal by RIT		Result of appraisal	Registration
		Submission by the secretariat			

3. Modification of the procedures for request for review

Review process shall be taken only after a Party involved in a CDM project activity or **6 members** of the Executive Board request during the request period

Paragraph 9 of Annex III of Decision 4/CMP.1; Procedures for review as referred to in paragraph 41 of the modalities and procedures for a clean development mechanism

- As soon as a Party involved in a proposed CDM project activity or **three (3)** Executive Board members request a review of a proposed project activity, the following action shall be taken:

Proposed New rule

- As soon as a Party involved in a proposed CDM project activity or **six (6)** Executive Board members request a review of a proposed project activity, the following action shall be



Ministry of Environment

taken:

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- (a) The consideration of a review of the proposed project activity shall be included in the proposed agenda of the next Executive Board meeting.
- (b) The Executive Board shall notify the project participants and the DOE which validated the proposed project activity that a review has been requested. The project participants and the DOE shall be informed about the date and venue of the next and the subsequent Executive Board meetings at which the request for review shall be considered. Stakeholders interested in the review process shall also be given an opportunity to attend the next or the subsequent Executive Board meeting.
- (c) The project participants and the DOE shall each provide a contact person for the review process, including for a conference call, in case the Executive Board wishes to address questions to them during the consideration of a review at its meeting.
- (d) The proposed project activity shall be marked as being “under review” on the UNFCCC CDM website and a notification shall be sent through the UNFCCC CDM News facility.

End