Update on the CDM Loan Scheme



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UNFCCC Secretariat

How was the CDM Loan Scheme designed?

- In 2010, the CMP adopted CDM Loan Scheme guidelines and modalities. These cover the whole loan cycle in detail, including loan terms.
- United Nations Office for Project Services (UNOPS) is the implementing agency.
- The secretariat oversees the implementation of the CDM Loan Scheme.
- Lending by UNOPS was launched in April 2012.
- 63 loans were agreed and implemented.
- Evaluation by secretariat and CDM EB in 2016 led to CMP adopting further guidance that set out further conditions where write-off of loan funds is acceptable.
- No new loans are in process: UNOPS, supported by UNFCCC are now recovering loan funds and writing off loan funds where criteria allow for that.



Which countries use the CDM Loan Scheme?

Country	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Phase 7	Total
Bangladesh	\$167,500		\$200,000	\$130,000				\$ 497,500
Belize	\$187,264							\$ 187,264
Burkina Faso	\$140,000							\$ 140,000
Burundi						\$75,000		\$ 75,000
Cambodia	\$24,250							\$ 24,250
Cameroon		\$110,000			\$50,000	\$226,000		\$ 386,000
Cote d'Ivoire				\$45,000		\$39,000		\$ 84,000
DRC						\$55,500		\$ 55,500
Ethiopia				\$140,000		\$170,000		\$ 310,000
Gambia	\$85,000							\$ 85,000
Ghana					\$50,475			\$ 50,475
Iran	\$210,848		\$433,650					\$ 644,498
Kenya	\$417,500							\$ 417,500
Laos PDR			\$90,000		\$85,000	\$85,000		\$ 260,000
Madagascar	\$90,000							\$ 90,000
Malawi	\$175,000		\$103,234				\$50,000	\$ 328,234
Mali						\$193,000		\$ 193,000
Mauritius							\$43,500	\$43,500
Mongolia						\$40,000		\$ 40,000
Mozambique		\$90,000		\$60,000	\$107,000			\$ 257,000
Myanmar	\$55,000							\$ 55,000
Nepal			\$85,000		\$85,000			\$ 170,000
Nigeria	\$260,000							\$ 260,000
Rwanda				\$147,500				\$ 147,500
Senegal		\$60,000			\$150,000	\$37,000		\$ 247,000
Sudan	\$125,000		\$95,000					\$ 220,000
Tanzania	\$357,680							\$ 357,680
Тодо						\$59,000		\$ 59,000
Uganda	\$110,000	\$135,000						\$ 245,000
Zambia	\$105,000			\$135,000		\$25,000	\$30,000	\$ 295,000
Total	<u>\$2,510,042</u>	<u>\$ 395,000</u>	<u>\$1,006,884</u>	<u>\$ 657,000</u>	<u>\$ 527,475</u>	<u>\$1,004,500</u>	<u>\$ 123,500</u>	<u>\$ 6,224,901</u>



The numbers...

- Seven application phases (2012-17), almost 200 loan applications received and processed.
- USD \$ 6.22 million was committed to Loan Recipients, in 63 different Loan Agreements, covering activities in approx. 30 countries.
- Loans ranged from USD \$2,000 (e.g. verification costs) to USD \$200,000 (entire project documentation development)
- USD \$3.2 million was disbursed, of which so far approximately USD \$1.03 million has been repaid. (ca. 30%), around USD \$ 1.45 million is expected to be repaid.



What was learned from the CDM Loan Scheme?

The CDM was first of its kind, so was the CDM loan scheme \rightarrow Many lessons learned:

The CDM loan scheme was successful in helping many CDM projects to be established.

 But not all projects have been successful

All projects have faced challenges

Different project types face different problems

There is a reason why it is easier to establish CDM projects in some countries rather than in others

Key insights

- A market based mechanism needs a market. A loan scheme needs a CER price. The drop in CER price affected the effectiveness of the loan scheme.
- But the commodity aspect is also part of the success. The loan scheme is more successful as compared to many other climate finance models in terms of getting activities started.
- Can the lessons learned be used in the future?

