Linking Urban Environmental Management with Innovative Finance through CDM

Makoto Kato
Local CDM Task Force Member / Senior Researcher
Overseas Environmental Cooperation Center, Japan (OECC)
Outline of the Presentation

- CDM for local governments
- Current status in CDM host countries, and Japan
- Challenges and opportunities, and beyond
- Policy survey by the Task Force on CDM for local governments
Basic Structure of CDM

Kyoto Protocol Art.12, and Marrakech 17/CP7

Developing Country

- GHG Reduction Project
- Sustainable Development
- CO2
- CH4
- N2O
- HFCs
- SF6
- decrease

Developed Country

- National Government
- Private Sector
- Flexibility in Achievement of the Kyoto Target
- Finance & Technology
- Credit
- CERs
- CERs
- CERs
- CERs
CDM Project Registered by the CDM Executive Board

Lots of Greenhouse Gas Reduction Projects are taking in place in KIN areas!
Sectoral Breakdown of Registered Project by UN CDM Executive Board (by number of Registered Project)
Sectoral Breakdown of Registered Project by UN CDM Executive Board (by Volume of Certified Emission Reductions/year)

* Some projects include more than 2 sectoral scopes

Source: CDM Executive Board, as of June 1
Japan Kyoto Mechanisms Acceleration Programme (JKAP)

JKAP Member Organizations:

- NEDO
- JCF
- Ministry of Foreign Affairs
- Ministry of Economy, Trade Industry
- Ministry of the Environment
- JICA
- JETRO
- IGES
- NEXI
- Global Environment Centre Foundation
- OECC
For more information on CDM Procedure and Support Scheme

Kyoto Mechanisms Information Platform
www.kyomecha.org/e

Assisting host country and Japanese stakeholders information wise, which may help them reduce risks and costs in their CDM/JI activities.
CDM Project Activities (example...)

Baseline case

Natural Gas Supply → Electricity

Project Case

Reducing Natural Gas Amount Used

Reducing Electricity Supply Amount

Natural Gas Cogeneration (Supplying both Heat and Electricity)

Reducing Electricity Generation

Please look at the Questionnaire Reference
CDM for local governments

Clean Development Mechanism (CDM)

- Attracted business sector willing to invest on carbon credits
- The level of their attention is already high, and the volume of carbon credit traded is still growing
- Some of the key areas in CDM are relevant to activities of local governments

CDM may provide a new window for local governments to mobilize resources
Current status in CDM host countries, and Japan

In host countries, some local governments already started CDM for their local environmental management.....

- Landfill Gas (CH4) destruction (CER: 80,000 CO2e-t/year)
- Avoiding fire and explosion at the landfill site

Landfill Gas Extraction and Utilization at the Matuail landfill site, Dhaka, Bangladesh
Current status in CDM host countries, and Japan

As a part of SWM efforts, this CDM Project provide additional revenue

Composting of Organic Waste in Dhaka (CER: 89,259CO2e/year)
Current status in CDM host countries, and Japan

Growing Attention by Local Governments in Japan as…

- A window for their diversifying channel of international environmental cooperation
- A measure to contribute to GHG mitigation

Japanese Local Governments may be potential players to support CDM
Challenges and opportunities, and beyond

**CDM** as a mechanism where business community is vigorously acting
- Additional finance, other than public funding
- Market-oriented, so that the cost-effectiveness is emphasized

Gap may be filled

**CDM**, if used for local governments in host countries
- Local governments may be interested in utilizing CDM is for local environmental management, and
- And not necessarily, do they follow business-oriented model strictly.
Challenges and opportunities, and beyond.

Looking at a Broader Picture of CDM suitable for local SD Needs

Host country Consortium A
Local Needs-oriented Hybrid Cooperation
Non-CDM Activities

Local Govt
CDM Project

Finance Technology Credit
CERs

Japan Consortium B
Local Govt
CDM Consultant
National Govt Private Sector

Local needs
Policy survey by the Task Force on CDM for local governments
Policy survey by the Task Force on CDM for local governments

- Survey covers to propose a possible cooperation mode in a local co-benefits oriented manner.
- REAL ACTIONS – in partnership with local governments in host countries, and Japanese Business, feasibility study activities are being prepared by someone the TF members.
We welcome your input!

Thank You!

kato@oecc.or.jp