

# **Clean Development Mechanism**

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# Agenda:

- What is CDM?
- Who are the key participants?
- Snapshot of CDM projects
- What is NZ doing?

# What is CDM?

- Tool for cleantech transfer into developing countries
- Set up under the Kyoto Protocol
- Projects funded by developed country/company
- Must achieve sustainable development in developing country
- Must be additional to business as usual
- Generate Certified Emission Reductions (CERs)

# CERs

- CERs transferred to developed country/company (primary transaction)
- Developed country/company can:
  - Surrender CERs to meet emission targets
  - Sell CERs to another buyer (secondary transaction)

# Key participants

| <b>Participant</b>                         | <b>Benefit</b>  |
|--|---|
| Developing country                         | New infrastructure, sustainable development                       |
| Developed country                          | Met Kyoto Protocol commitments at low cost                        |
| Companies with emission targets            | Ability to offset emissions, investment opportunity               |
| Companies providing technology or services | Commercial opportunity eg engineering, legal, financial, auditing |
| Brokers                                    | Commercial opportunity  |
| Development banks                          | Promotion of sustainable development, new markets                 |
| Institutional investors                    | Portfolio diversification, socially responsible investing         |

# Snapshot of CDM

- 2000+ projects registered since 2006
- CERs over 1 billion tCO<sub>2</sub>-e during CP1
- 60% of projects in energy sector (eg renewable energy)
- 18% of projects waste handling & disposal
- 60% of projects in China and India
- 22% of projects in Latin America & Caribbean

# CDM & New Zealand

- DNA must be appointed by countries participating in CDM
- Ministry for the Environment is NZ DNA
- Approval of CDM projects
- Awareness raising, linking participants
- Limited involvement in CDM from NZ
- Some engineering consultancies doing project development

# CDM information

- More info on CDM at [www.mfe.govt.nz](http://www.mfe.govt.nz)
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