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# Financing CDM: opportunities and obstacles

6<sup>th</sup> GFSE-meeting  
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lebensministerium.at

# Austria's role in the carbon-market

- Austria is a buyer on the government level
- Austrian JI/CDM-Programme in operation since August 2003
- Aim to fill the gap between national measures and Kyoto target of – 13%
- About EUR 300 Mio. for acquisition/purchasing of ERUs/CERs
- Programme managed by Kommunalkredit Public Consulting

**35 mill. t CO<sub>2e</sub> for 2008-2012**  
**Budget about EUR 300 Mio.**

# CDM – the idea behind

- Market based instrument for investments in climate projects – new source of revenue
- Support technology transfer
- Support sustainable development
- Reduction of GHG at lower cost by investing in projects where marginal cost of abatement is lower
- Additional instrument for Annex-I countries for fulfilling their Kyoto-Target

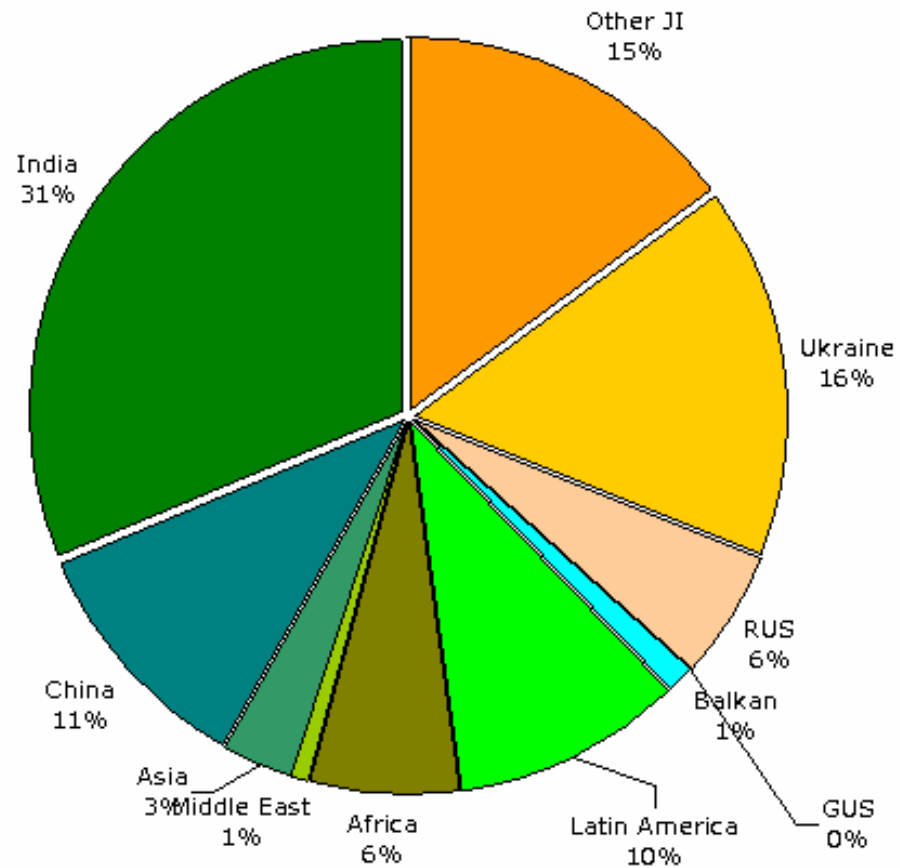
# CDM – Market (I)

- 421 projects registered by the EB
- 10 registered projects in Africa (Egypt, Maroc, South-Africa, Tunisia)
- so far only 1 project in sub-saharan Africa
- China, India and Brasil are the main markets
- Africa doubled its share of projects in 2006, but has still only a share of 5,1 % of the total

# Regional distribution – project pipeline of the Austrian programme



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# CDM – Market (II)

- Amount of money in the market keeps rising
- Many new buyers / increasing capitalisation of existing purchasing programmes and budgets
- Currently demand for CERs is higher than the supply

# CDM – Obstacles in Africa

## On project level .....

- Financing of projects
- Low carbon intensity – restricted project possibilities for CDM
- A/R-projects often the "only" chance for CDM – but: often concerns from buyers, less demand
- Often relatively small projects – high transaction costs
- Need for "Best-Practice" CDM-projects

# CDM - Obstacles in Africa

## In General ....

- Status of Economic development
- Awareness raising and capacity building on CDM and its chances for the countries development
- Establishment of attractive framework conditions for investors (DNA, clear and efficient approval procedures,..... )
- Involvement of regional consultants, NGOs etc.

# CDM – Opportunities

## Energy

- increasing energy demand – renewable energies, energy efficiency
- refurbishment of existing power plants
- biomass and biomass waste

1-7 %  
△ IRR

## Waste

- Landfill gas

10-60 %  
△ IRR

## Industry and Mining

- Cement and metal industries, paper industries

# Status of the Austrian JI/CDM-Programme

- 26 signed ERPAs
- 8 JI-projects
- 18 CDM-projects (China, India, Egypt, Colombia, Malaysia, Brasil,.....)
- Main project types: hydro, wind, biomass, landfill, ....
- Investment in 2 carbon facilities and 1 carbon funds
- Total emission reductions under contract: 23 Mio.
- 2/3 of the Target for the Austrian JI/CDM-Programme

# Advantages of the Austrian JI/CDM-Programme

- **AAA Buyer**
- **Flexibel** (Procedure, Negotiation,...)
- **Prepayment** of up to 30% of the contract value
- **Financial support** for PDD development, Baselinestudy, Monitoring Plan, Validation, etc.
- Interest in **long term relations** with Sellers

**CDM in Africa – Special Austrian Initiative for the promotion of CDM-projects in Africa**

# Austrian JI/CDM Programme

[www.ji-cdm-austria.at](http://www.ji-cdm-austria.at)



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