



UNEP **Finance Initiative**

Innovative financing for sustainability

Climate Change Working Group “CDM – The financial sector perspective”

Dr. Sascha Lafeld - 3C climate change consulting Ltd./Dresdner Bank AG

UNEP FI Side Event
Buenos Aires, 15 December 2004

3C climate change consulting Ltd.

- spin-off of Allianz Group/Dresdner Bank
- founded in Nov. 03 in Frankfurt/Germany
- 9 emissions trading experts employed
- close cooperation with Allianz Group/Dresdner Bank



Allianz Group



3C Ltd. – Services




**Advisory
services for the
EU emission
trading scheme**



**Clean
Development
Mechanism/
Joint
Implementation**



**Climate neutral
products and
services**



The Climate Partner logo, featuring a stylized globe icon above the text 'Climate Partner'.

CCWG Climate Neutral at COP 10



www.climatepartner.com

Start	Persons	Flight	Emissions Flight (incl. RFI)	Emissions Taxi/Bus	Emissions Hotel	Sum
Munich MUC	2	MUC>FRA>JNB>CPT>EZE>MAD>FRA	28.140	32,1	113,6	28.285,7
Munich MUC	1	MUC>MAD>EZE>MAD>MUC	7.520	10,7	42,6	7.573,3
Geneva GVA	3	GVA>CDG>EZE	23.340	32,1	241,4	23.613,5
Frankfurt FRA	1	FRA>EZE>FRA	7.920	10,7	56,8	7.987,5
	7		66.920	85,6	454,4	67.460,0
<i>[kg CO2 Equivalent]</i>						

Sponsored by



The Case for the CDM

- **2008-2012:** large compliance gap possible
→ high CER demand
- Current **CDM status** (06/12/2004):
 - 18 approved baseline methodologies
 - 68 notified DNAs (54 host countries, 14 buyer countries)
 - 4 accredited operational entities
 - 49 projects waiting for registration (4 have applied for registration)
 - 1 registered project
- **Conclusion:** institutional development still at an early stage!
- **Financial sector** could play important role, but financing is often one of the main problems for CDM projects!





CDM Project Risks

- For a financial institution, getting engaged in any type of project is always a question of how to identify, allocate and assign **project risks!**

Risk categories

- **Conventional project risks:** common to all projects in developing and industrialised countries
- **Host country political risks:** developing countries have higher level of risks
- **CDM process risks:** specific to the generation and sale of CERs



Further Barriers to CDM Project Implementation and Financing

- Overwhelming **complexity** of CDM process
 - Heavy and steadily increasing **workload** of the CDM Executive Board contributes to long time horizons to develop a CDM project
 - Lack of **institutional capacity** both in host and buyer countries
 - Development of new **methodologies** is costly
 - The project's **additionality** is often problematic → determination that without the registration as a CDM project, the project activity is not the most economically attractive or helps to overcome other significant barriers (investment, technological)
- **This deters financial institutions from engaging in the CDM!**

Recommendations

- **Simplify, standardize and streamline** the CDM process
- Provide clear **guidance** on the CDM regulations beyond 2012
- Foster **institutional development** in host/investor countries
- Rethink the interpretation of **additionality**: e.g. establish carbon efficiency standards for developing countries in their most carbon-intensive sectors; any project that performs better than that standard could be considered a CDM project

Contact

3C climate change consulting GmbH

Dr. Sascha Lafeld
Managing Director
Hanauer Landstr. 521
60386 Frankfurt/Germany

Tel. 069-42 08 89 80
Fax. 069-42 08 89 89
info@3c-company.com

www.3C-company.com
www.climatepartner.com