

Capacity Building for the Clean Development Mechanism (CDM) In China

The Challenge

Energy infrastructure in China is heavily dominated by inefficient coal use, which is having a serious impact upon urban air pollution, people's health, the environment and global warming. Having come into effect in 2005, the Clean Development Mechanism (CDM) within the Kyoto Protocol became a new market-based mechanism to fund greenhouse gas reduction projects in China.

The Chinese government is committed to encouraging the development of clean energy technologies, which will help to improve the quality of life of its citizens and reduce the emissions of greenhouse gases from China. By encouraging investment and simulating technology transfer of low carbon emission technologies, the CDM can assist China to meet its sustainable development goals, whilst helping to limit emissions of greenhouse gases which are causing climate change.

Implementation of the CDM in China is a challenging and complex process, requiring the participation of many stakeholders. This requires the development of sufficient capacity to deal with the institutional, financial, technical, and legal issues that are associated with CDM projects.

The Response

This project, Capacity Building for the Clean Development Mechanism in China, was designed to adopt the appropriate national and international best practices for CDM project proposal development, baseline calculation, additionality assessment, development of monitoring plans, and verification and implementation of CDM projects in China. The goal was to set the foundations for China's participation in the new global carbon market. Capacities were built for project developers/investors, local government officers, industries (power, cement, coal mine and a dozen other sectors with high potential for emissions reduction) as well as consultants and researchers.

Achievements

- Designed China's initial national CDM laws and regulations;
- Strengthened the Government of China's institutions' ability to implement CDM projects;
- Provided stakeholders with the skills and knowledge needed to enable CDM projects to be developed;
- Provided "learning by doing" opportunities through on the ground pilot activities including design of initial market analyses and China's first set of Kyoto approved CDM projects; and
- Disseminated information on the CDM to industry and other interested parties, bringing together public and private partners.

Cooperation between the National Development and Reform Commission (NDRC), UNDP, Norway, and the UN Foundation has resulted in a strong foundation for China to participate in the global carbon market, with China now producing more than 50% of global credits.

At A Glance

Start Date: 2003
End Date: 2007
Implementing Partner: China International Center for Economic & Technical Exchanges (CICETE)
Cooperating Agency: National Development and Reform Commission
Project ID: 00012157

MDG: Goal 7, Target 9 – Ensure environmental sustainability
UNDAF: Outcome 3 – ensure environmental sustainability
CPAP: Outcome 6 – End-use energy efficiency and application of new and renewable energy technologies improved

Total Budget:	US\$	1,183,366
UNDP:	US\$	50,366
Donor (UN Foundation)::	US\$	400,000
Donor (Norway):	US\$	733,000

Project location: Beijing

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