Carbon Initiative for Development (Ci-Dev)

Training Session # 1: Thinking differently in an unfavorable carbon market

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Africa Carbon Forum
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Outline of Discussions

• What is Ci-Dev
• Objectives of Ci-Dev
• How is Ci-Dev different from other Carbon Funds
• What type of Projects/programs can Ci-Dev support
• What is the process for accessing Ci-Dev
Why Ci-Dev?

LDCs have not benefited from the CDM.

Reasons include lack of capacity and awareness, high risk environment, and CDM rules not adapted to LDC context.

Current depressed carbon market risks reversing recent gains.
The Carbon Initiative for Development (Ci-Dev)

**Objectives**
- Assist LDCs to use carbon finance to promote energy access and low carbon development
- Support CDM projects with high development benefits through technical assistance and CER purchases
- Support the design and dissemination of new methodologies, standardized baselines and proposals for simplification of the CDM project cycle

**Status**
- Operational with Administrative Grant Agreement signed (March, 2013)
- 50 M£ (approx. $75 M) commitments secured from UK
- Interests from other development partners received (Sweden)
- CFU is actively 1/ building a pipeline of projects to support and 2/ starting a work program on CDM improvements and capacity building
### Two mutually reinforcing pillars

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<th><strong>Technical Assistance</strong></th>
<th>Support development of simplified methodologies, standardized baselines and other regulatory changes to streamline CDM process</th>
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<td>Support design, validation, registration and verifications for projects / programs</td>
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<td>Support institutional strengthening and capacity building to coordinate emission reduction activities</td>
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<td>Limited resources for seed capital on a need basis (case specific) as a grant to project owners</td>
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<td><strong>Results-Based Payments</strong></td>
<td>Pay for CERs issued (CERs to be cancelled and not sold to the market)</td>
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<td><strong>15 M£ - $22 M</strong></td>
<td>Payment on an annual basis, facility planned to operate until 2025</td>
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<td><strong>35 M£ - $53 M</strong></td>
<td>Pricing not linked to market, but to the specifics of the projects/programs (to make technologies affordable to the poor)</td>
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## Type of Projects/Programs that Ci-Dev can Support

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<th>Category of Projects</th>
<th>Project Type</th>
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<td><strong>Category-1</strong></td>
<td><strong>Renewable energy</strong> projects that create <strong>new energy connections or address suppressed demand</strong>, such as mini-hydro power, household solar, and biogas.</td>
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<td><strong>Category-2</strong></td>
<td>Projects in other <strong>underrepresented sectors</strong> that meet overall selection criteria, and can be shown to be <strong>innovative</strong> and provide <strong>transformational benefits</strong>, such as other electrification projects, improved energy efficiency projects with strong contribution to sustainable development, and waste management and treatment projects.</td>
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Ci-Dev’s Priorities

Private sector led / executed energy access programs

Household level / community scale programs

• Biogas, cookstoves
• Solar Home Systems
• Micro/Mini Hydro, etc.

Priority countries

• LDCs with a strong focus on Africa
• 80% projects from AFR
• 75% projects in LDCs

Projects to start deliver CERs as early as 2015
Basic Requirements of Ci-Dev Projects

• Project must fall under one of the categories defined by Ci-Dev
• Project must be located either in
  – LDCs of Africa (as per UNFCCC list), or
  – IDA eligible countries in AFR, or
  – LDCs of Asia
• Project should be compatible with CDM (must generate CERs)
• Project must be largely driven by the private sector
# Does my Project fit into Ci-Dev? – Checklist

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<td>Project should be innovative and transformational</td>
<td>Should involve local communities in design, implementation and monitoring</td>
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<td>Should have potential for replication and scaling up</td>
<td>Project should be at early stage CDM Cycle, If registered, vulnerability of the project needs to be established</td>
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<td>Project type should be underrepresented</td>
<td>Project should apply approved methodology, or a methodology that can be approved quickly</td>
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<td>Should result in development benefits other than GHG reductions</td>
<td>Project should not involve donor financing over and above Ci-Dev</td>
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<td>Should contribute to financial savings or welfare improvement at household/community level?</td>
<td>If other public resources are used, the Project should be able to demonstrate clearly the complimentary role for Carbon</td>
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<td>Should benefit poor/vulnerable households/communities or have specific measures to target these group</td>
<td>The project should disclose all its sources of financing</td>
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<td>Should have substantial private sector involvement</td>
<td>The project should deliver results (issuance of CERs) latest by 2016/2017</td>
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<td>Project should comply with WB environmental and social safeguards requirements</td>
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Ci-Dev Project Cycle

1. Project Eligibility + CDM Aspects + Credible Implementation Plan
   - Proceed with PIN
   - Allocate budget for further preparation

   - Sign Letter of Intent
   - Proceed with PDD/Methodology/Validation/Registration

3. Implementation Readiness + Updated Risk Assessment
   - Sign ERPA
   - Proceed with Project Implementation
   - Payment upon issuance
Thank you

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