



An overview of co-benefits from CDM projects

Jane Ellis (OECD)
jane.ellis@oecd.org



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www.oecd.org/env/cc/aixg

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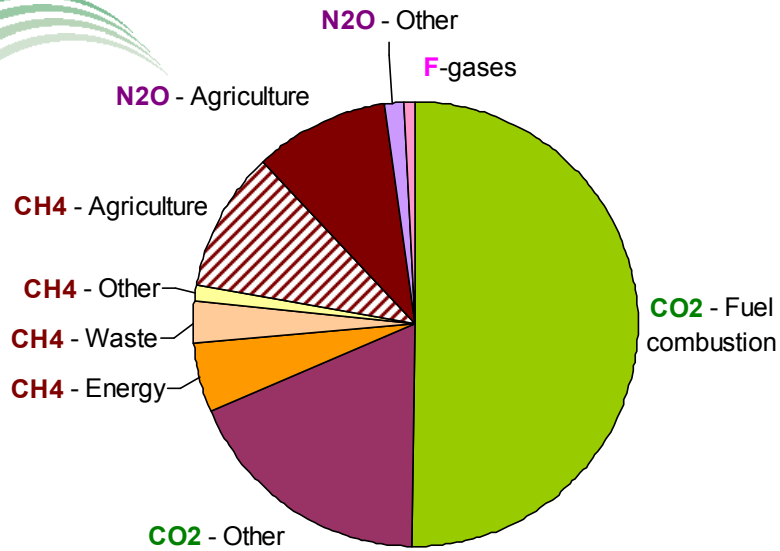
Outline

- Context
- Co-benefits
- Barriers
- Conclusions



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GHG emissions in NAI, 2005

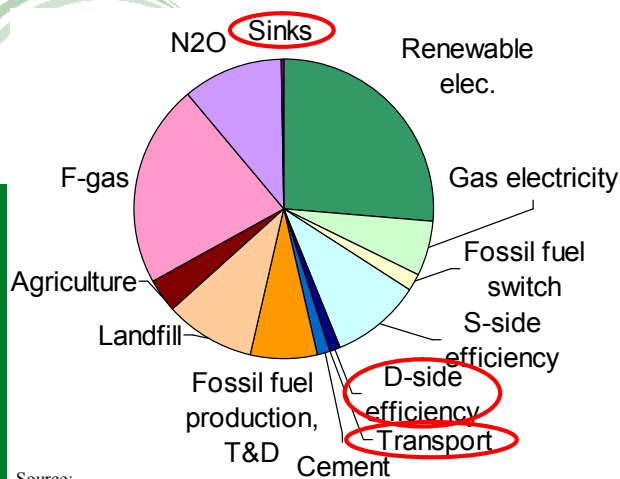


Source: IEA 2007 (excludes emissions from LULUCF other than forest fires)

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CDM: Sectoral distribution



Some key sectors under-represented

Source:
Adapted from UNEP Risoe
1.11.07

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Co-benefits can vary widely

In terms of

- **What they are:**
 - ◆ **Direct vs indirect co-benefits**
- **Where they are felt:**
 - ◆ **Company-specific, local, regional, national**
- **Who benefits:**
 - ◆ **Project developer and/or local community and/or government**



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Co-benefits : renewables

- **Strategic**
 - ◆ **Electricity production in energy/power-hungry countries**
 - ◆ **Energy security/reduced imports**
 - ◆ **Growth of domestic industry**
- **Environmental**
 - ◆ **Reduced local air pollution, pressure on wood res.**
- **Economic**
 - ◆ **Employment**
 - ◆ **Electricity-related income (or reduced costs)**
 - ◆ **Government subsidies/benefits (sometimes)**
 - ◆ **Distributed generation (lower T&D costs)**
- **Developmental**
 - ◆ **Rural electrification, reduced energy poverty**
- **Local**
 - ◆ **Improved health (cookstoves, biogas)**
 - ◆ **Fertiliser (sludge)**



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Energy efficiency (S-side)

Economic

- Reduced electricity/fuel costs
- Increased reliability of energy provision (can increase production volumes)

Environmental

- Reduced cooling water consumption
- Reduced local air pollution (SO_x, NO_x)



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Energy efficiency (D-side)

Strategic

- Reduced energy poverty

Economic

- (Employment)

Local

- Reduced local air pollution/increased health



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Other project types

- HFC23 and industrial N₂O
 - ◆ **Indirect** co-benefits, e.g. use of some CER revenue to fund local/national SD activities



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Barriers to some project types with multiple co-benefits

- Financial
 - ◆ Often high investment costs...
 - ◆ ... and low "CDM return on investment"
- Project-related
 - ◆ Long lead-times, relatively high monitoring effort/cost
- CDM-related
 - ◆ Low volume of credits, additionality assessment not straightforward, lack of appropriate methodologies (en. efficiency), high relative transaction cost
- Disconnect between who pays for project & who gets co-benefits



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Conclusions

- **Wide variety of possible co-benefits: strategic, environmental, economic, developmental, social, local, indirect**
- **Some project types have many more co-benefits than others...**
- **... but also often require higher investment, more difficult additionality assessment, smaller level of credit generation**
- **Wide variety of potential beneficiaries**
- **Impact of co-benefits on CDM investment decisions influenced i.a. by who gets the co-benefits**



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Thank you!

For more information:

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