



Preparation of CDM Strategy For Nepal

Gaurav Dahal

PREGA- National Workshop- Kathmandu, Nepal
January 21, 2005

The views expressed in this paper are the views of the authors and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Directors or the governments they represent. ADB makes no representation concerning and does not guarantee the source, originality, accuracy, completeness or reliability of any statement, information, data, finding, interpretation, advice, opinion, or view presented.

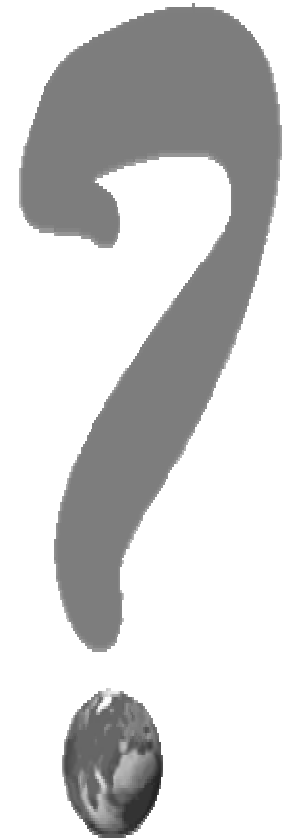


Why We Need a Strategy ?

- Nepal has now and again reiterated the commitment to ratify the Kyoto
- Nepal can benefit from CDM
- CDM is ready to take off
- CDM is a complicated process that needs to be clearly understood
- As CDM is a market based mechanism, efficiency and strategic planning is essential
- Competition for CDM funds is High

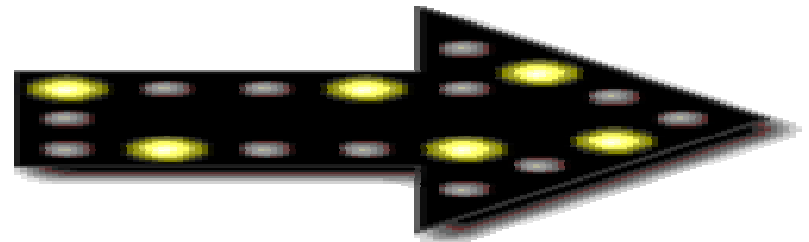
How will the Kyoto Protocol Be applied in Nepal?

WE HAVE NO ANSWERS!!

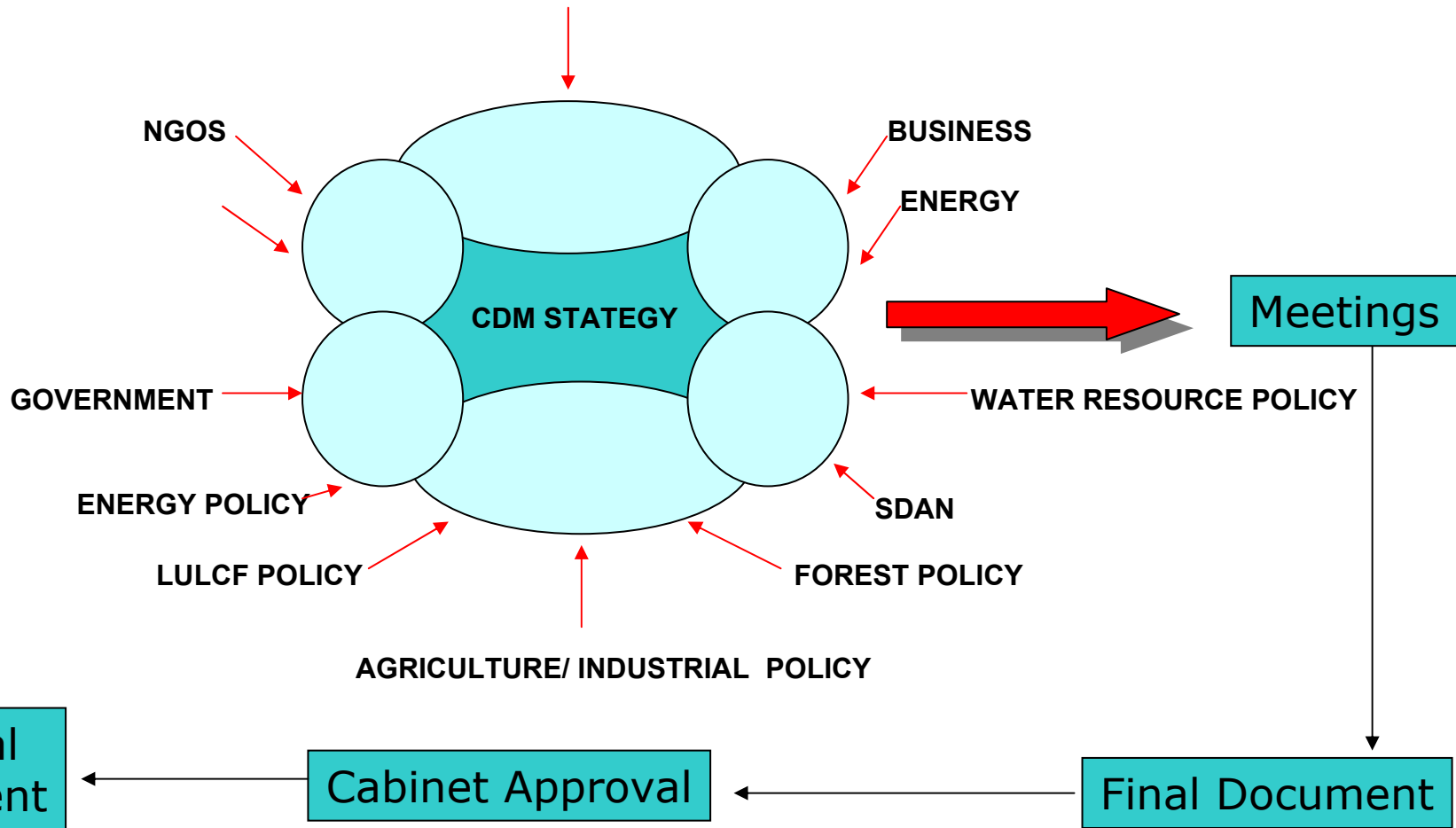


Varied Interests

- Government : National interest
- Project developers : Commercial returns with ownership
- Financiers : Project viability
- NGOs: Varied
- Technical service providers (consulting firms): Business opportunity for CDM services
- Regulators: Market interest and sharing of CDM benefits across stakeholders



CDM Strategy Preparation Process



What will it Contain?

Technical Strategy

- Criteria for Project Selection
- Development of baseline methodologies

Institutional Strategy

Capacity building and Institutional Strengthening for participation into CDM process.

Business Strategy

- Negotiate contracts that lead to a favorable sharing of benefits
- Lobby for those projects that are deemed successful in the Nepalese context.

EXAMPLE: CDM Action Plan

- Module 1: Institutional Setting
- Module 2: Establishment of national Criteria and baseline for CDM
- Module 3: Awareness Rising
- Module 4: Technical Capacity Building
- Module 5: Investor Relations and monitoring of international offset market
- Module 6: Project Package Preparation
- Module 7: Project pipe-line and national Registration
- Module 8: CDM Handbook for Nepal
- Module 9: Evaluation / Feedback / Corrections





HOW WILL IT HELP ?

- The Potential For CDM Projects In Nepal
- International Demand For CDM Projects
- Attracting And Managing CDM Investments Into Nepal
- Regulatory, Institutional And Capacity Requirements
- Criteria And Procedures For CDM Projects
- Strategic And Policy Issues For Nepal's Engagement With The CDM
- Possible CDM Project Pipeline For Nepal



Associated problems for implementing CDM in Nepal

- Insufficient Information
- Lack Of Dialog Between Those Negotiating Policy At The International Level And Those With The Technical Expertise To Implement Projects In Most Cases
- Low Awareness
- Insufficient Skills Related To Project Identification, Preparation And Management
- Insufficient Expertise Related To Environmental Financing
- Insufficient Expertise Regarding Methodologies And Tools To Evaluate Carbon Markets And The Role Of A Given Country In The International Markets



HOW WILL IT HELP ?

- Information Dissemination
- Bridge the Gap between policy makers and implementers
- Enable Efficient approval process
- Provides National policy on various potential CDM sectors
- Entitlements for CERs
- Taxation
- Subsidies



Conclusion

- CDM is both a challenge and opportunity for a country like Nepal.
- Cost of Doing Nothing is High.
- It is High time that we Act



THANK YOU ALL