



Project Data Sheet

Project 42057-012

Project Name China Clean Development Mechanism Fund Capacity Development

Project Number 42057-012

Country / Economy China, People's Republic of

Project Status Closed

Project Type / Modality of Assistance Technical Assistance

TA 7212-PRC: China Clean Development Mechanism Fund Capacity Development

Source of Funding / Amount	Technical Assistance Special Fund	US\$ 300,000.00
	Climate Change Fund	US\$ 500,000.00

Strategic Agendas Environmentally sustainable growth
Inclusive economic growth

Drivers of Change Governance and capacity development
Partnerships

Sector / Subsector **Energy** / Energy efficiency and conservation

Gender No gender elements

Description The TA's impact will be mitigation of climate change.
The major components of the TA would include (i) operational manuals for the CDM Fund, (ii) capacity building for the staff of the CDM Fund, (iii) studies on international experience in supporting climate change activities, and (iv) development of draft policies and regulations to support the CDM Fund.

Project Rationale and
Linkage to
Country/Regional
Strategy

The People's Republic of China (PRC) signed the United Nations Framework Convention on Climate Change (UNFCCC) in 1991, and ratified the Kyoto Protocol of the UNFCCC in 2002. As a developing participating country of the UNFCCC, the PRC is eligible to benefit from the Clean Development Mechanism (CDM) established under the Kyoto Protocol. The CDM is designed to promote a win-win solution between developed and developing countries in addressing global climate change. The PRC has the potential to generate about 50% of the total worldwide annual Certified Emissions Reduction (CER). These potential benefits need to be achieved through the CDM, by means of CER transactions between the project owners in the PRC and their counterparts from the developed countries that are allowed to use the CERs for achieving their mandatory targets to reduce greenhouse gas emissions from 1995 level. The Government of PRC (the Government) regards the CDM as an important mechanism to (i) extend financial support and new technology from developed countries to complement its own efforts to promote sustainable development, and (ii) address climate change concerns on both a national and international basis.

Asian Development Bank (ADB) has been providing ongoing support to the PRC for CDM capacity development and has implemented a number of early CDM projects. In 2002, TA 3840-PRC was implemented. Under TA 5972-REG, ADB prepared CDM documentation for six projects in the PRC. In 2005, the ADB CDM Facility successfully brokered the CER credits from Loan 2112-PRC. ADB also supported CDM development for Loan 2146-PRC and Loan 2032-PRC. The above projects promoted sustainable development in the PRC and enhanced global efforts to address climate change issues.

In 2005, the PRC introduced a levy on the CER revenues generated by various CDM projects in the PRC and established a specialized facility - the China CDM Fund (CCDMF) - to manage and use the levies collected to support domestic climate change-related activities. The CDM levy is an innovation to further enhance the rationale and integrity of CDM as a partnership to promote sustainable development. ADB provided support through TA 4812-PRC to help the CCDMF establish an appropriately designed governance structure and initial operational mechanism, in line with international experience and best practices. The major deliverables of TA 4812-PRC include (i) the draft decree and guidelines on the CDM fee collection mechanism, (ii) a draft policy paper guiding the CCDMF internal control and governance structure, (iii) a draft operations manual guiding day-to-day operation of the CCDMF, and (iv) materials for capacity development, information dissemination and public awareness program. As consultant activities and workshops of TA 4812-PRC have been completed, it will be closed soon after holding some training activities.

While the CCDMF fund has already started collecting levy (expected to reach \$1.5 billion by 2012 -the end of Kyoto period), the staff still lacks experience and expertise in fund management and investment work. Continued technical assistance (TA) support was requested by the PRC for the operations of the CCDMF. At the Country Program Meeting in December 2007, a TA was proposed to help strengthen management capacity of the CCDMF.

Climate change is not only an environmental problem but also a very critical development issue. Its adverse impacts will disproportionately affect the poor as they are most reliant on their direct natural environment. In its new long-term strategic framework for 2008-2020 (Strategy 2020), ADB has identified environment, including climate change, as one of strategic priorities to pursue its mission to help its developing member countries (DMCs) reduce poverty and improve living conditions and quality of life. ADB has recently introduced Climate Change Fund (CCF) and Future Carbon Fund to help ADB DMCs implement projects that can contribute to climate change mitigation and energy security. ADB's Country Partnership Strategy for the PRC 2008-2010 has also emphasized on environmental sustainability. Like many other countries, PRC has recognized that it is facing imminent and severe climate change challenges, and has started to take serious actions to meet these challenges. The PRC's 2007 National Action Plan for Climate Change specifically requires assistance from international partners to mitigate effects of climate change. There exists strong and clear consistency between ADB and the PRC strategic priorities in this sector. The proposed TA will be a concrete step to further strengthen this strategic linkage.

Impact	The impact of the TA will be carbon emission reduced and global climate change impacts mitigated in PRC.
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Project Outcome

Description of Outcome	The outcome will be strengthened capacity of the CCDMF to promote and support climate change related projects in the PRC.
Progress Toward Outcome	Completed.

Implementation Progress

Description of Project Outputs	Outputs will include (i) draft operation governance framework for prudential investment of levy collected by the CCDMF including investment guideline and approach, risk control, financial guarantee, and legal documentations covering contract management, legal case management and also contract templates; (ii) management information system for office administration, project management, risk control, human resources management, and financial management; (iii) draft financial product design covering potential CDM-related financial products (e.g. debt, derivative, stock, etc.) and liquidity management (e.g. risk management and account management, etc.); and (iv) training and public awareness enhancement, i.e. workshops/seminars for stakeholders, preparation of booklets for information dissemination, and study tour. The TA will be implemented over 18 months from January 2009 to June 2010.
Status of Implementation Progress (Outputs, Activities, and Issues)	The Project is considered successful. All the TA activities including the additional activities: (i) development of expert database management system; and (ii) book publication that chronicles PRC's experiences on CDM development and CCDMF were completed on time.
Geographical Location	

Summary of Environmental and Social Aspects

Environmental Aspects
Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design	The proposed TA has been discussed closely with a large number of stakeholders including, National Development and Reform Commission, Ministry of Finance, and the CCDMF Management Center.
During Project Implementation	Training on Climate Change and Low Carbon Economy for Provincial Finance Bureaus was held in November 2010.

Business Opportunities

Consulting Services	The TA will be implemented over 18 months from December 2008 to May 2010. Considering their respective particularities, different components will be implemented using different approaches.
Responsible ADB Officer	Yang, Hongliang
Responsible ADB Department	East Asia Department
Responsible ADB Division	Energy Division, EARD

Executing Agencies

*China Clean Development Mechanism Fund
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Xicheng District Beijing, China 100045*

Timetable

Concept Clearance	16 Sep 2008
Fact Finding	06 Oct 2008 to 14 Oct 2008
MRM	-
Approval	11 Dec 2008
Last Review Mission	-
PDS Creation Date	17 Jul 2008
Last PDS Update	12 Dec 2011

TA 7212-PRC

Milestones

Approval	Signing Date	Effectivity Date	Closing	Revised	Actual
			Original		
11 Dec 2008	16 Jan 2009	16 Jan 2009	31 Aug 2010	31 Dec 2011	29 Feb 2012

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
800,000.00	0.00	200,000.00	0.00	0.00	0.00	1,000,000.00	17 Jun 2022	729,570.28

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