

Status of implementation of the Clean Development Mechanism in Brazil

Kamyla Borges Cunha

Arnaldo Walter

Fernando Rei

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INTRODUCTION

- **Objective:** to evaluate in which extent the existing regional and technological discrepancies verified in the international dynamics of CDM are replicated in the Brazilian context
- **Paper and presentation structure:**
 1. Methodology and parameters used
 2. Main results
 3. Final considerations

Methodology and parameters

- Compilation of all Brazilian CDM project activities available for public comments that were under validation or were at later stage in the project cycle at 6th NOVEMBER 2006
- Sources:
 - UNFCCC website: <http://:cdm.unfccc.int>
 - PDDs
 - Brazilian DNA – Interministerial Commission on Global Climate Change website: <http://:www.mct.gov.br>

Methodology and parameters

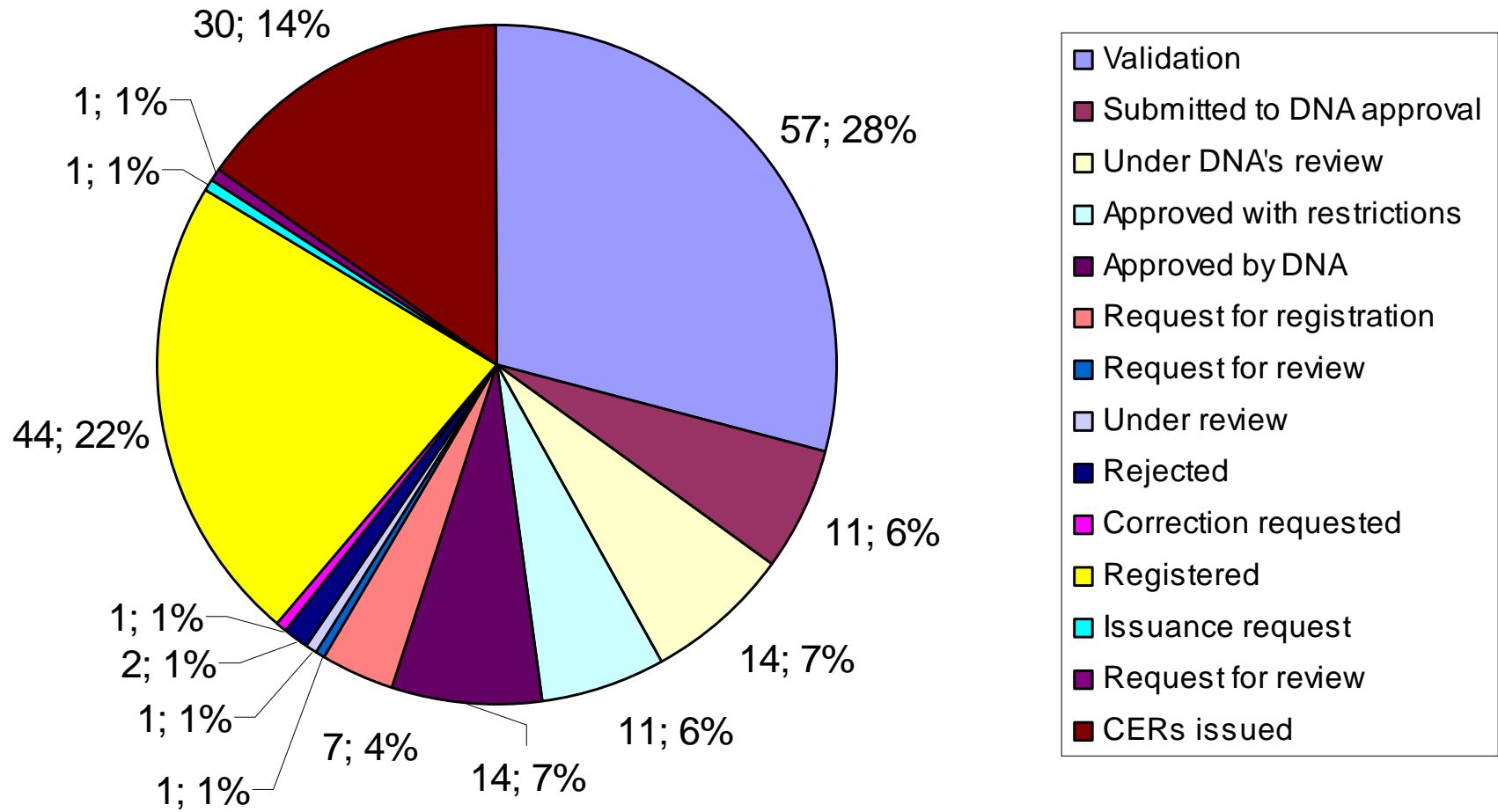
- The collected information was classified according to the following criteria:
 1. CDM project activity cycle;
 2. Category: sectoral scope;
 3. Type of activity;
 4. Expected average annual CERs by type of project, sectoral scope and activity;
 5. Type of project: Large and small scale CDM project activities;
 6. Regional distribution of CDM project activities;
 7. Annex I Parties participation.

RESULTS:

1. CDM project activity cycle

CDM project activities cycle	Description
Validation	Project activities that have been submitted to DOE's assessment and validation
Submitted to DNA approval	Project activities that have been validated and submitted to DNA approval procedure
Under DNA's review	Project activities that are under review
Approved with restrictions	Project activities that have been approved under conditions
Approved by DNA	Project activities that have been approved by DNA
Request for registration	Project activities validated that have been approved by DNA and submitted to EB's registration assessment
Request for review	Board members or one Party involved have requested a review
Under review	Project activities for which EB decided to undertake a review, determined its scope and selected a review team
Rejected	Project activities that have been rejected by the CDM Executive Board
Correction requested	Project activities registered, but subject to corrections that are currently being undertaken by the project participants and/or the DOEs.
Registered	Project activities that have been registered by EB
Issuance request	Project activities that have been monitored and requested CERs issuance
Request for review	Board members or one Party involved have requested a review
CERs issued	CERs issued

1. CDM project activity cycle



Total of 195 CDM project activities - number of projects and % of total

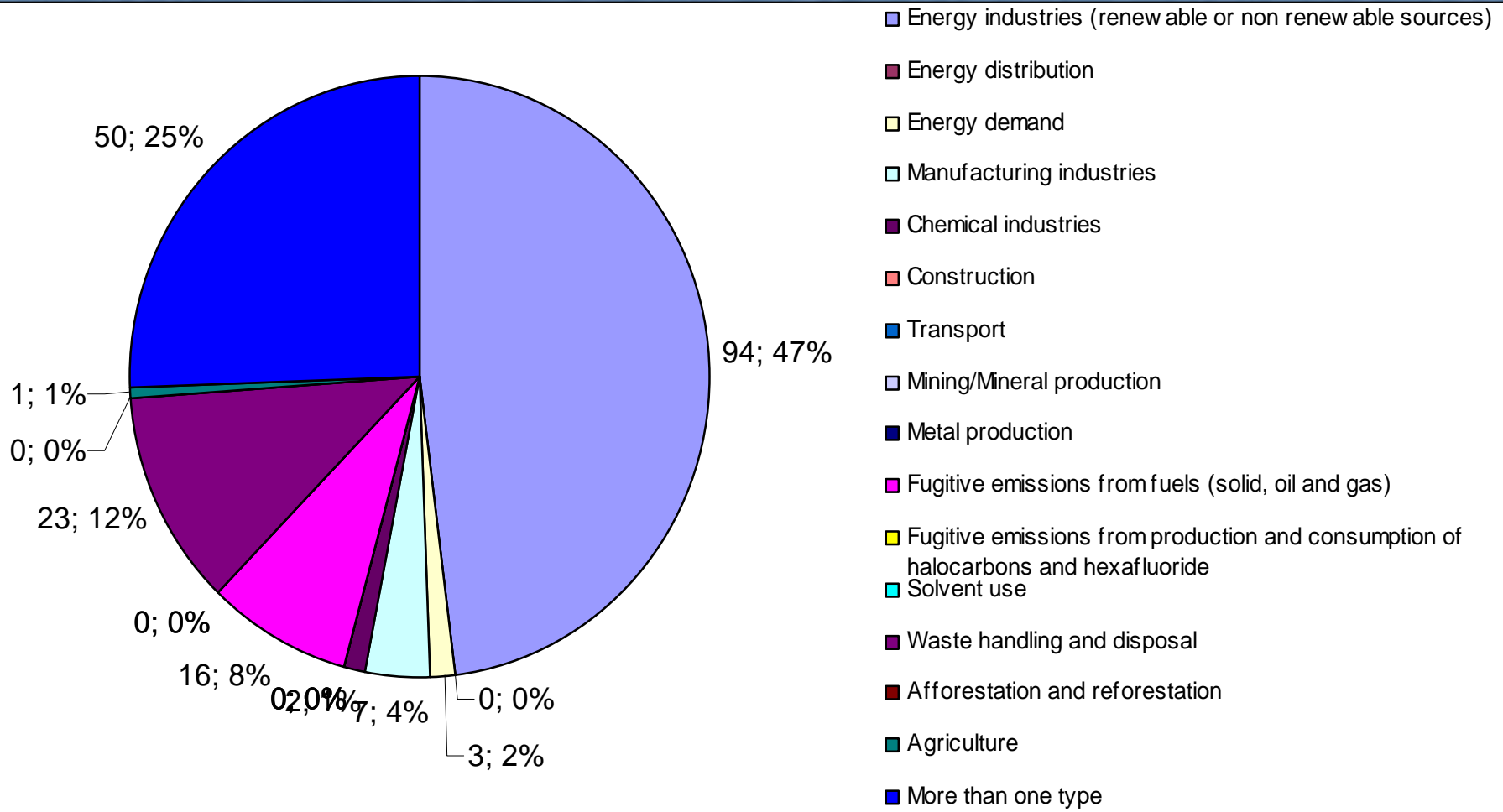
2. Category: sectoral scope

Sectoral scope

Description

1	Energy industries (renewable or non renewable sources)
2	Energy distribution
3	Energy demand
4	Manufacturing industries
5	Chemical industries
6	Construction
7	Transport
8	Mining/Mineral production
9	Metal production
10	Fugitive emissions from fuels (solid, oil and gas)
11	Fugitive emissions from production and consumption of halocarbons and hexafluoride
12	Solvent use
13	Waste handling and disposal
14	Afforestation and reforestation
15	Agriculture

2. Category: sectoral scope



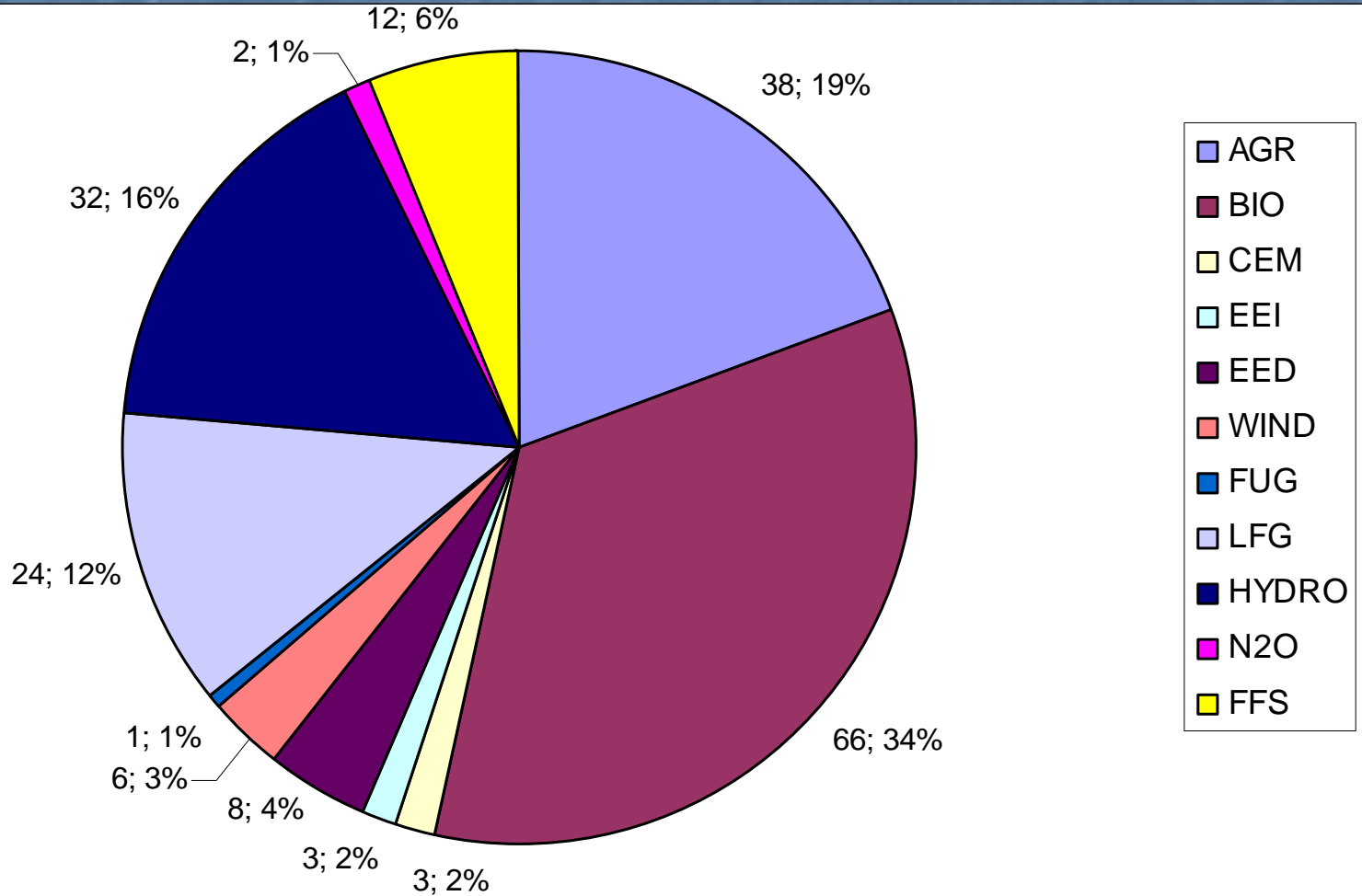
number of projects and % of total

3. Type of activity

TYPE	NAME
AGR	Agriculture
BIO	Energy generation using biomass as fuel
CEM	Cement industry
EED	Energy efficiency in demand side
EEI	Energy efficiency in industry sector
FFS	Fossil fuel switch
FUG	Fugitive emissions
HYDRO	Hydroelectricity
LFG	Landfill gas management
N2O	N2O emission reduction
WIND	Wind energy

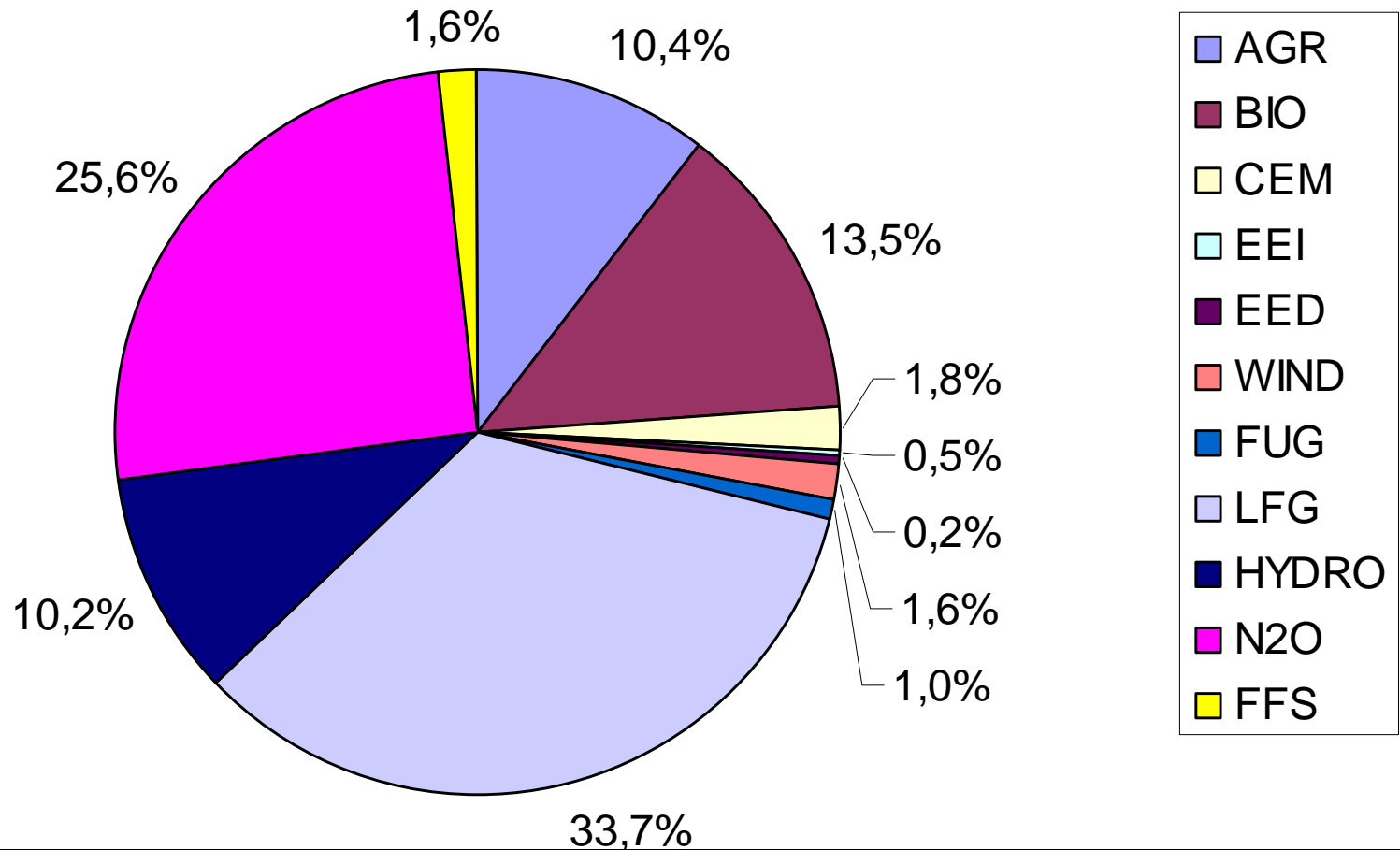
Source: Fenhann, 2006

3. Type of activity



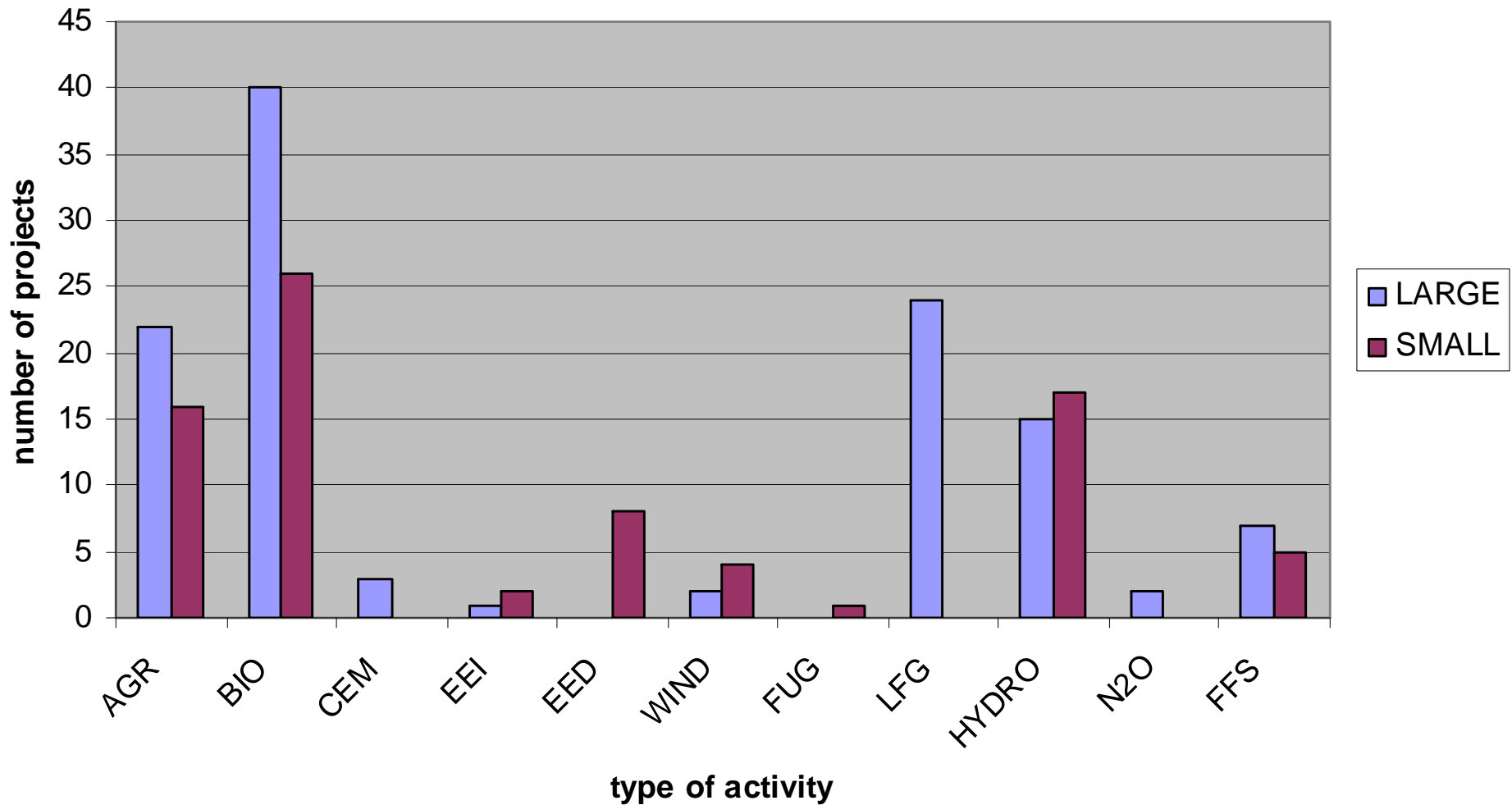
CDM projects by type of activity – number of projects and % of total (195)

4. Expected average annual CERs by type of project, sectoral scope and activity

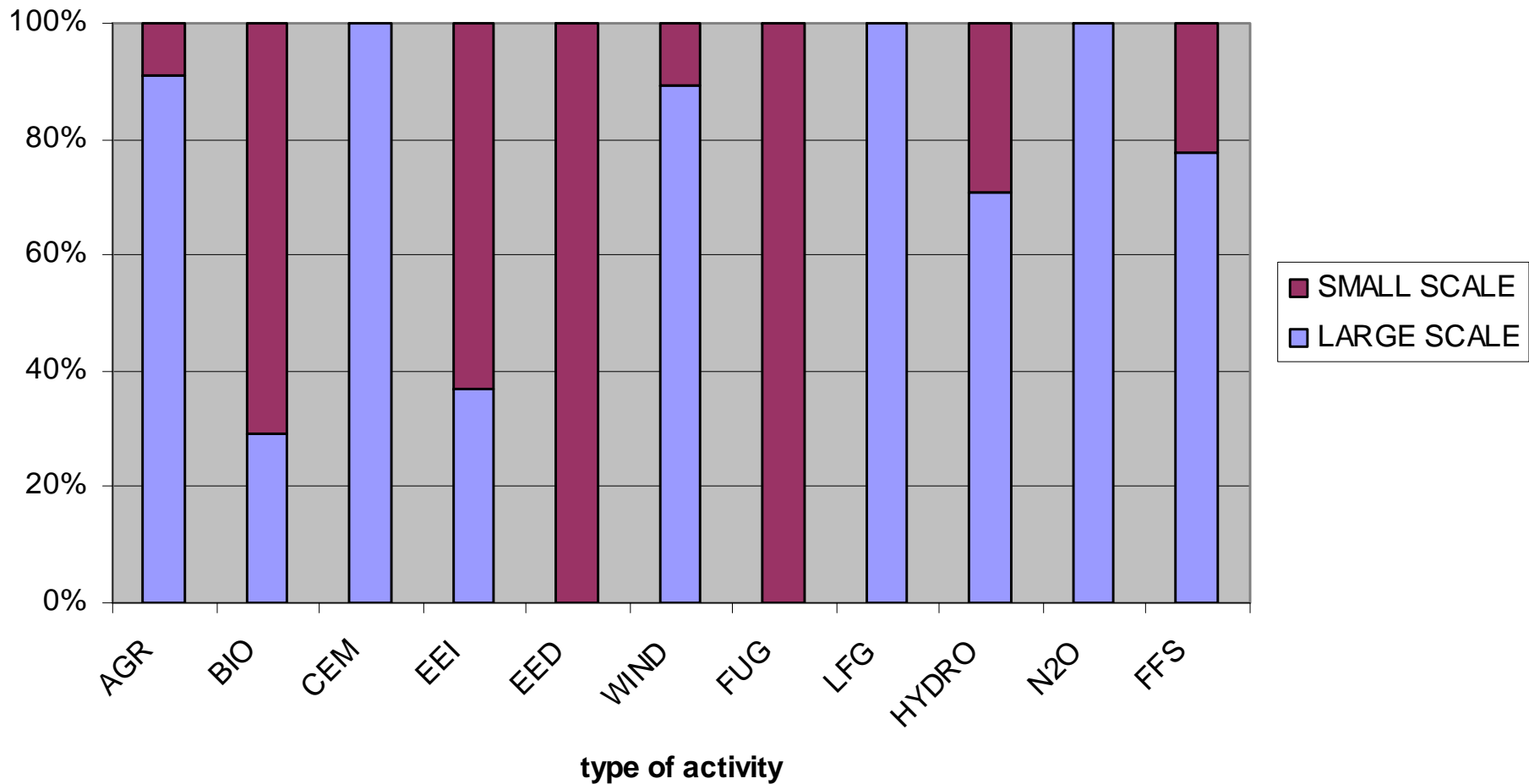


CDM projects activities- estimated annual GHG emission reduction
(% of 23.62 MtCO₂e/yr)

5. Type of project: Large and small scale CDM project activities (number of projects)



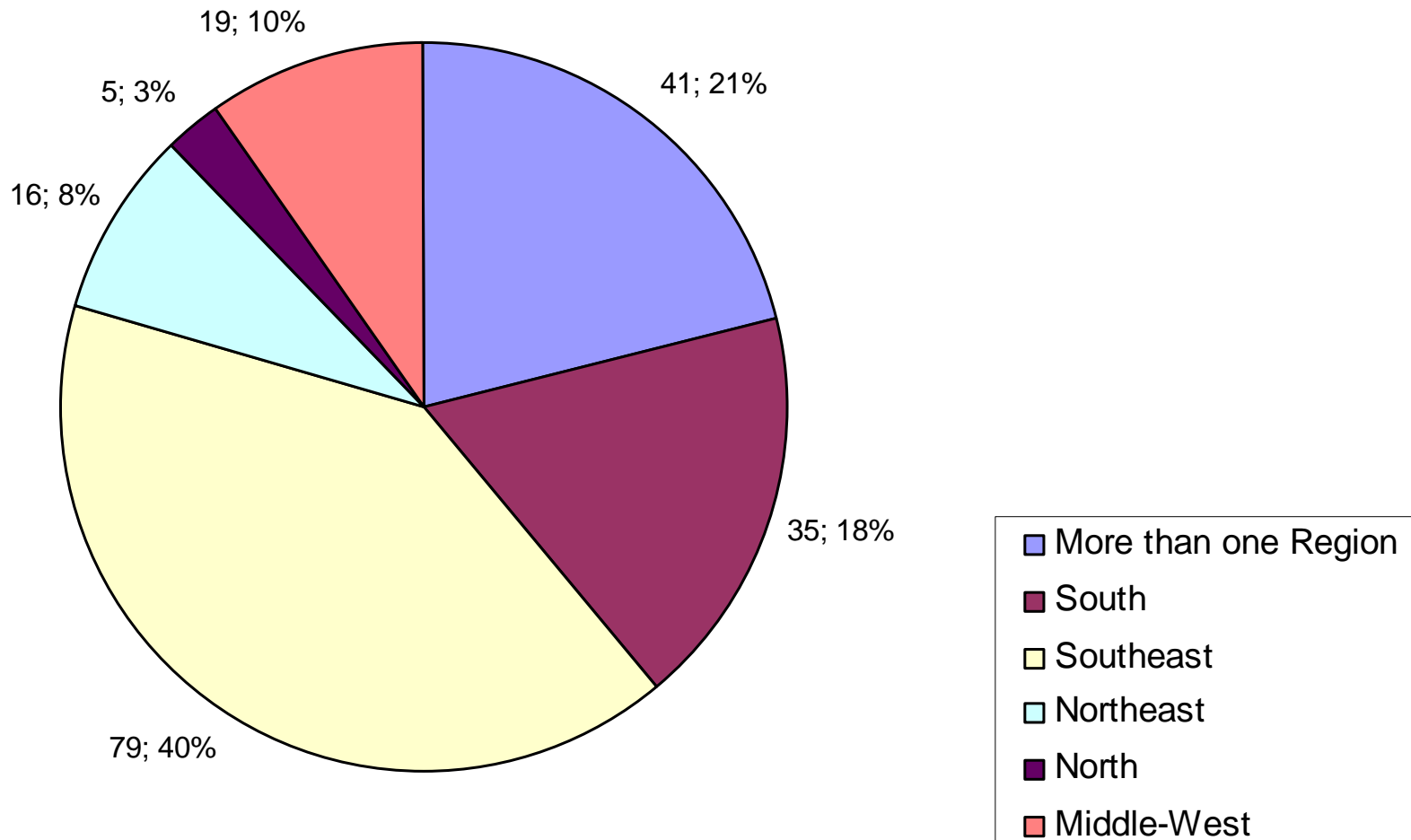
5. Type of project: Large and small scale CDM project activities (%MtCO₂e/yr)



6. Regional distribution

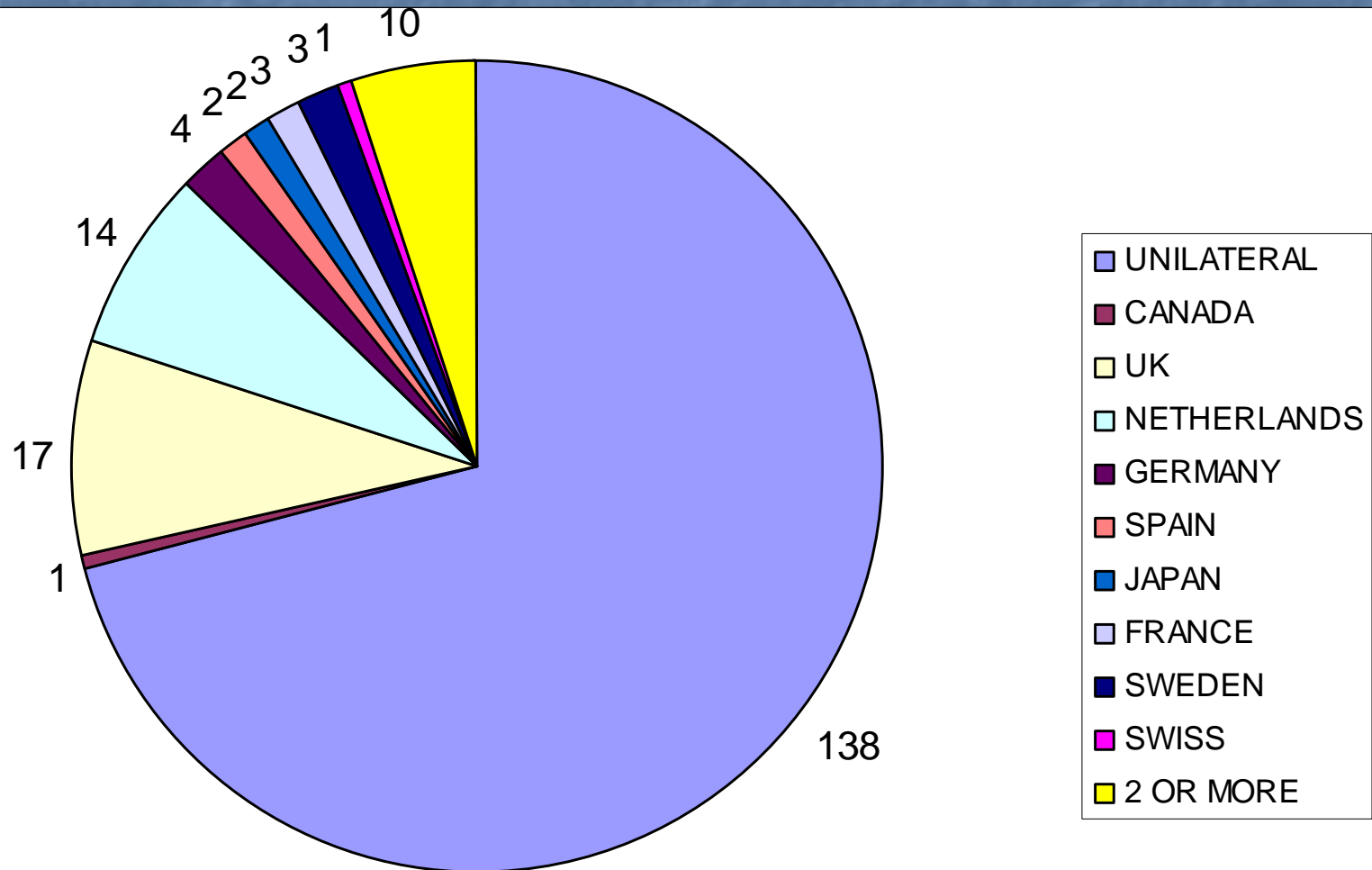


6. Regional distribution



REGION	STATE	AGR	BIO	CEM	EEDS	EEI	WIN	FUG	LFG	HYD	N2O	FFS	Total State	Total Region
	1 or more	25	2	2	8		0			4			41	41
SOUTH	RS		10			1	1		1	4			17	35
	SC	1	1				2	1	1	2		1	9	
	PR	0	5							4		0	9	
SOUTHEAST	SP	1	27						14	1	2	5	50	79
	MG	7	5	1		1				5		1	20	
	RJ		2						1			2	5	
	ES								2	2			4	
NORTHEAST	BA	1							2	1			4	16
	AL		3									1	4	
	PE		2										2	
	PB		1										1	
	RN						1		1			1	3	
	CE						2						2	
NORTH	AM		1						1				2	5
	RO									1			1	
	PA					1			1				2	
MIDDLE-WEST	MS									1		1	2	17
	MT		4							5			9	
	GO	3	3							2			8	

7. Annex I participation



Final considerations

- Prevalence of CDM project activities categorized in sectoral scope 1 (energy industries),
- Absence of categories 6 (construction), 7 (transport), 8 (mining/mineral production), 9 (metal production), 11 (HFC emission reduction), 12 (solvent use) and 14 (afforestation/reforestation);
- Prevalence of renewable energy generation projects, mainly using biomass and hydroelectricity, and lack of energy efficiency activities;
- Prevalence of sugarcane bagasse cogeneration CDM project activities;
- Presence of big hydroelectric power plants, with installed capacity above 100 MW;
- Unequal distribution of projects between Brazilian regions and states;
- Prevalence of unilateral CDM projects.

Final considerations

- Brazil follows the CDM international dynamics: relatively low-cost projects based on commercial technologies
- like any other business activity, low-risk perception regarding countries and technologies are in the basis of CDM dynamics → imbalances in project types and regional distribution are not a failure, but rather a result of this market-based approach
- projects with sustainability and mitigation benefits do not necessarily offer the cheapest emission reductions, and are therefore unlikely to develop an important share of the activities generated under the current CDM
- It turns out that the CDM market, by focusing on least-cost mitigation projects, no longer prioritises its legal target of enhancing sustainable development.

Thank you very much!

Kamyla B. Cunha

+55 11 3815-4580

kamyla@fem.unicamp.br