

Agenda item 2.2.
Paragraph 8 of the annotated agenda

CDM Loan Scheme after decision 3/CMP.12

EB 93

Bonn, Germany, 20 to 24 February 2017



Procedural background

- ❑ During 2016, the secretariat undertook an extensive evaluation of the CDM Loan Scheme and made recommendations to the CDM EB.
- ❑ In its report to CMP.12, the Board recommended certain decision text to the CMP in relation to the CDM Loan Scheme.
- ❑ Decision 3/CMP.12, the CMP adopted the proposed revision text with limited negotiation, changing only a limited amount of text.
- ❑ This presentation forms the last of the series of updates to the Board in relation to the 2016 evaluation and recommendations in relation to the CDM Loan Scheme. Further updates will return to the annual updating approach (September meeting, in time for the report to the CMP).



Decision 3/CMP.12

(blue denotes difference to Board proposal)

11. Recalls the purpose of the CDM Loan Scheme, which is to increase the participation of underrepresented countries in the clean development mechanism;
12. Takes note of the report on the evaluation of the CDM Loan Scheme, implemented pursuant to decision 2/CMP.5, paragraphs 49 and 50, and decision 3/CMP.6, paragraphs 64 and 67, and annex III;
13. Recognizes the implications for the CDM Loan Scheme of the current low price of certified emission reductions and, in particular, the implications for the recipients of CDM Loan Scheme funds with regard to potential difficulties in the repayment of loans;



Decision 3/CMP.12

(blue denotes difference to Board proposal)

14. Decides that the implementing agency of the CDM Loan Scheme, after consultation with the secretariat, may write off amounts disbursed under individual loans on a case-by-case basis, where it becomes evident that it will not be feasible for the loan recipient to repay the disbursed funds;
15. Requests the implementing agency and the secretariat to work closely with loan recipients that wish to continue under the CDM Loan Scheme to help those recipients to identify ways to progress through the project cycle, including making adjustments to loan agreement terms, if appropriate;
16. Decides that the secretariat should not seek a new implementing agency after the expiry of the term of the current contract as required by decision 3/CMP.6, annex III, paragraph 8;
17. Also decides that other changes to the CDM Loan Scheme are not required at this time;



Impacts and Subsequent work

- ❑ More flexibility for secretariat and UNOPS to support funded projects that may be capable of achieving registration
- ❑ Wider scope of write off in addition to original grounds under 3/CMP.6
- ❑ No new procurement exercise; no new loans.
- ❑ UNFCCC working with UNOPS to implement the revised changes
- ❑ Addressing queries from funded projects, and seeking detailed information from them to ensure fullest understanding of their position.
- ❑ Approach to cancellation (and potential write off) of loans will be objective, and consistent across all loans, while being “case by case”.

