



Capacity Development for the Clean Development Mechanism (CDM):

A component of the UNEP-European Partnership on “Capacity Building related to Multilateral Environmental Agreements in Africa, Caribbean and Pacific Countries”

Report of the initial scoping mission to assess CDM capacity needs in Malawi,
10-13 August 2009

Project background

The UNEP Risø Centre (URC) is undertaking a program to assist African countries fully engage in the global carbon market. The program commenced in July 2009 and will end in early 2012. For a brief overview of the program see Annex 1.

Objectives of the scoping mission

To assess the needs for CDM capacity development among relevant stakeholders in Malawi the Designated National Authority (DNA) of Malawi hosted by Environmental Affairs Department organized a scoping mission 10-13 August, 2009. The mission was undertaken by URC staff Karen Olsen and Todd Ngara together with Shamiso Najira from the DNA. The following groups of stakeholders were consulted:

- Policy and regulatory institutions
- Project developers
- Financial Institutions
- NGOs
- Research institutions
- Private consultants
- Development partners

For the program of the scoping mission see Annex 2 and for a list of contact details of people met see Annex 3.

Findings

An assessment of experience with past and ongoing CDM-related activities as well as CDM capacity development needs is captured in Annex 4. Based on this the scoping mission has resulted in the following general findings:

- Overall, the capacity development for CDM component of the UNEP-European Partnership comes at a time in Malawi, when there has only been one previous national workshop in April 2009. The workshop was organized by UNDP and addressed how to access carbon finance through the CDM. After the workshop some participants felt frustrated that many CDM projects

especially in the energy sector did not seem doable for Malawi. There was a desire to identify, what are the CDM opportunities in Malawi and to focus on what is doable rather than going through all project types, which may not be relevant to Malawi.

For each of the groups of stakeholders listed in Annex 4 an assessment of their capacity needs is as follows:

- **Policy and regulatory institutions:** Awareness of CDM and carbon market issues exists among a few people in key institutions such as Environmental Affairs Department (EAD) and Department of Climate Change and Meteorology (DCCM). These institutions have for a long time been involved in climate change issues, e.g. as Focal Point to the UNFCCC. EAD serves as the DNA and DCCM chairs the Technical Committee of the National Climate Change Framework currently being developed with support from international development partners. Ministry of Development Planning and Cooperation chairs the Steering Committee of the National Climate Change Framework and EAD serves as the secretariat to both committees. However, among government institutions new to climate changes issues, there is a need for basic knowledge and awareness on how the CDM and the larger carbon market is working, including what may come after 2012, as a new global climate agreement is being negotiated in Copenhagen in December 2009.
- **Project developers:** - includes a dynamic and varied group comprising private companies, NGOs and municipal authorities. Experience with CDM-related activities has hitherto targeted primarily the voluntary carbon market with no CDM projects approved by the DNA yet. Project activities include production and sale of efficient wood-stoves, bio-fuel production from *Jatropha* and tree-planting. Potential new opportunities exist in relation to sugar and cement production and methane capture from municipal waste management. For the full list of activities identified see Annex 4. Activities fall primarily in the energy and forestry sectors, and hence these qualify as priority sectors for capacity development to enable project development.
- **Private consultants:** A few private consultants exist some with extensive knowledge and many years of experience working with climate change mitigation and adaptation activities. Knowledge and skills cover involvement in development of Malawi's First (2002) and Second National Communication (the latter to be made publicly available around September 2009) as well as experience with CDM project development and the Gold Standard in the areas of energy efficiency and hydropower development. The program intends to contract a local consultant to facilitate capacity development for project development to be carried out in close cooperation with a regional centre of excellence. Partners have been identified and bilateral discussions have taken place but contracts are not yet finalized.
- **Financial institutions:** Awareness of carbon market opportunities is low in the banking sector. Two representatives from banks participated in the consultancy meeting and none returned the template to assess their capacity needs. This may indicate little interest to participate in the CDM, as knowledge of the carbon market is not yet present. Lack of access to finance is often a

barrier for CDM project development especially in Africa. Hence, there is a need for basic awareness raising and targeted capacity development to sensitize and engage financial institutions to CDM opportunities.

- **NGOs:** A number of NGOs are already engaged in CDM-related activities and some are quite advanced with development of PDDs and may soon approach the DNA for approval of CDM projects. Furthermore, some NGOs expressed a willingness to share their project experiences in capacity development workshops and others expressed an interest in contributing to awareness raising at policy level as well as among communities at local level for project implementation. Capacity development have to address a variety of roles NGOs could take upon them such as supporting local communities to undertake tree-planting, development of small-scale energy projects, advocacy and training.
- **Research institutions:** Knowledge of CDM-related issues is good and widespread. Examples of activities include estimation of the carbon sequestration potential at district level, restoration of a river catchment area as a mitigation strategy and tree planting as a forestry CDM project. A key role for research institutions is to develop the human resource base in Malawi to undertake CDM projects and further engage in the global carbon market. Already initiatives are taken to mainstream climate change issues into curricula in universities. An idea was presented to establish a Consortium of research institutions to educate and train people in the country on carbon trading.
- **Development partners:** UNDP is coordinating a group of donors supporting development of a National Climate Change Framework in Malawi. DFID and NORAD are taking a leading role in this. There is a need to inform development partners about planned activities and outcomes of this program, as it links closely to ideas and initiatives for support to Malawi's mitigation strategies within the National Framework on Climate Change. Possibly, the group of development partners can complement and follow up activities in the capacity development for CDM program, as the program budget is small and spread over a four year period. For this to happen, continued coordination among the key government agencies and the group of donors is necessary.

Next Steps

A national work plan will be developed over the next few months to address the capacity needs identified. A draft work plan will be circulated among stakeholders consulted to invite comments for improvement.

National partners will be contracted to carry out specific activities in the work plan. A regional centre of excellence will also be contracted to provide inputs to workshops and technical backstopping for project development.

Annexes

1. Project brief
2. Program for the scoping mission 10-13 August, 2009
3. Contact details of people met
4. Capacity needs self-assessment among relevant stakeholders