

## Briefing note – CDM in Latin America, Sept. 2008

The analysis is based on the 1<sup>st</sup> September 2008 version of the UNEP Risoe CDM Pipeline. A detailed list of all CDM projects in Latin America and the Caribbean can be found in the attached spreadsheet.

### Overall Latin America

The table below shows the cumulative number of CDM projects in Latin America and the Caribbean and Globally in all three project phases: Validation, Requesting Registration and Registered.

In brief, projects in the Validation phase are validated by independent UNFCCC accredited entities such as DNV, TÜV-SÜD, SGS, etc. If they pass the Validation they can Request Registration by the CDM Executive Board (EB). The EB can then approve/request review/reject projects (through specific procedures). If a project is approved by the EB it becomes Registered.

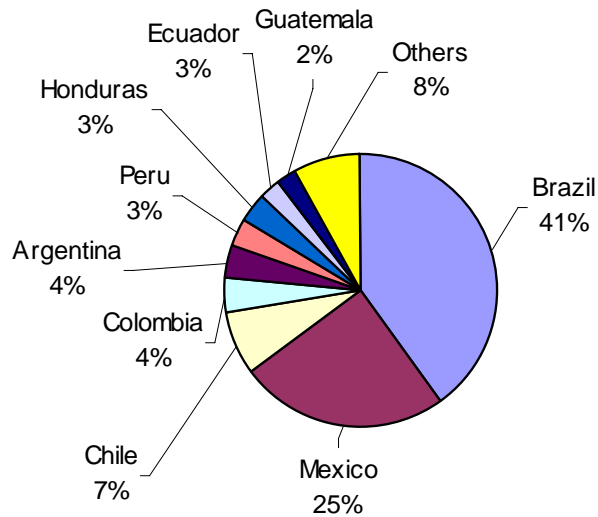
<b>Cumulative number of CDM projects</b>					
<b>Country</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>sep-08</b>
Argentina	1	7	11	21	30
Bolivia	1	4	5	5	7
Brazil	18	104	185	250	303
Chile	5	17	28	46	56
Colombia	0	6	10	23	32
Costa Rica	1	2	5	6	7
Cuba	0	0	1	2	2
Dominican Republic	0	0	2	3	4
Ecuador	2	8	12	19	21
El Salvador	0	4	5	6	8
Guatemala	2	6	11	13	18
Guyana	0	0	1	1	1
Honduras	7	12	14	20	25
Jamaica	0	1	1	1	2
Mexico	4	24	142	175	187
Nicaragua	0	3	3	3	6
Panama	0	4	7	8	14
Paraguay	0	0	0	2	4
Peru	0	5	10	21	25
Uruguay	0	1	2	3	5
<b>Latin America</b>	<b>41</b>	<b>208</b>	<b>455</b>	<b>628</b>	<b>757</b>
<b>TOTAL GLOBAL</b>	<b>61</b>	<b>534</b>	<b>1382</b>	<b>2828</b>	<b>3819</b>

The table below shows separate columns for projects under Validation, Requesting Registration, Registered and a Total sum. Both number of projects and annual CER generation are shown. The situation is a snapshot the 1<sup>st</sup> September 2008 and over the coming months, projects in the Validation phase starts Requesting Registration, while projects Requesting Registration will become Registered. About 82 % of the projects in the Validation phase will continue Requesting Registration, while about 95 % of the projects Requesting Registration will become Registered. These survival rates are included in our projection (see later in the note).

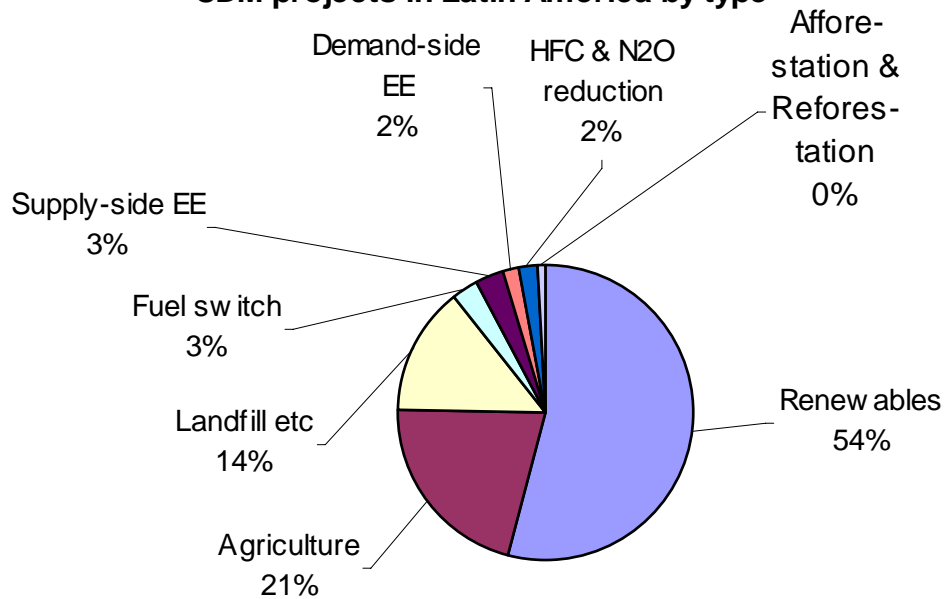
Projects under Validation, Requesting Registration and Registered								
Host country	At validation		Req. registration		Registered		TOTAL	
	Number	kCERs/year	Number	kCERs/year	Number	kCERs/year	Number	kCERs/year
Argentina	16	1.137	0	0	14	4.057	30	5.194
Bolivia	5	442	0	0	2	224	7	666
Brazil	152	10.873	6	744	145	18.752	303	30.369
Chile	29	2.724	2	168	25	4.319	56	7.211
Colombia	19	3.200	3	276	10	958	32	4.434
Costa Rica	1	91	0	0	6	294	7	385
Cuba	1	69	0	0	1	342	2	411
Dominican Republic	3	480	0	0	1	124	4	604
Ecuador	8	774	1	188	12	478	21	1.440
El Salvador	3	159	0	0	5	475	8	634
Guatemala	11	766	1	311	6	308	18	1.386
Guyana	0	0	0	0	1	45	1	45
Honduras	10	335	1	14	14	274	25	624
Jamaica	1	232	0	0	1	53	2	284
Mexico	76	5.861	5	762	106	7.412	187	14.036
Nicaragua	3	180	0	0	3	456	6	636
Panama	9	1.598	0	0	5	119	14	1.716
Paraguay	4	92	0	0	0	0	4	92
Peru	12	1.908	1	270	12	1.153	25	3.331
Uruguay	2	99	0	0	3	251	5	350
<b>Latin America</b>	<b>365</b>	<b>31.019</b>	<b>20</b>	<b>2.733</b>	<b>372</b>	<b>40.094</b>	<b>757</b>	<b>73.847</b>
<b>TOTAL GLOBAL</b>	<b>2.467</b>	<b>278.953</b>	<b>196</b>	<b>27.817</b>	<b>1.156</b>	<b>221.833</b>	<b>3.819</b>	<b>528.602</b>

The two figures below show the distribution of CDM projects in Latin America and the Caribbean by country and project type. Please note that in the project type figure, projects have been aggregated into broader categories so that e.g. Renewables include biomass energy, biogas, geothermal, hydro, solar, tidal and wind. The Agriculture type means flaring of biogas from agriculture.

**CDM projects in Latin America by country**



**CDM projects in Latin America by type**



## Projection

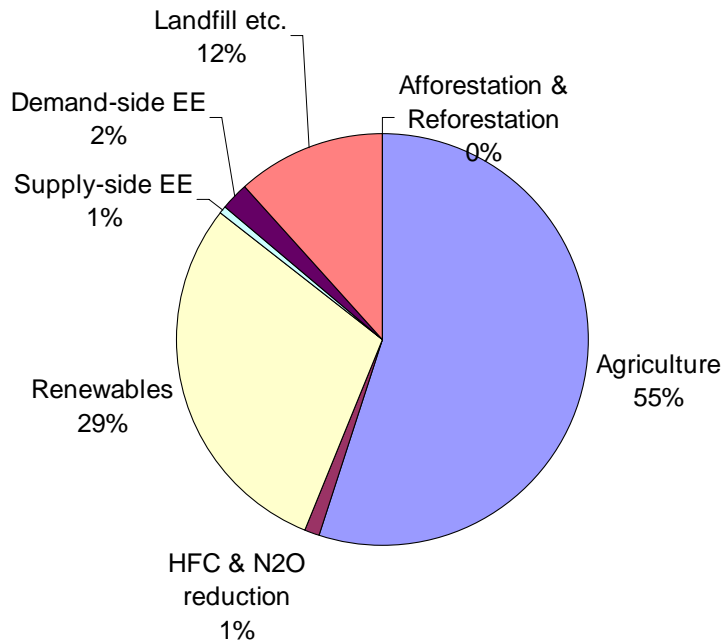
Based on an analysis of the UNEP Risoe CDM Pipeline, a total of about 1600 Latin American and Caribbean projects are expected to be in the pipeline (Validation, Requesting Registration & Registered) by the end of 2012. This is more than a doubling of the current number.

Taking into account project success rates, CER issuance success, time-lags, etc., it is projected that about 260 million CERs could be generated from Latin American and Caribbean projects before the end of 2012. Assuming a CER price of 15 \$/ton CO<sub>2</sub>, this is equal to \$ 3,9 Billion.

## Mexico

The figure below shows CDM projects in Mexico according to project type. It should be noted that the project types have been aggregated into broader categories. It can be seen that CDM projects in the agricultural sector (flaring of biogas) constitute a major part of the total number of projects. There is a relatively fair amount of renewable energy projects (where the majority are biogas energy), while energy efficiency projects are lacking behind its real potential.

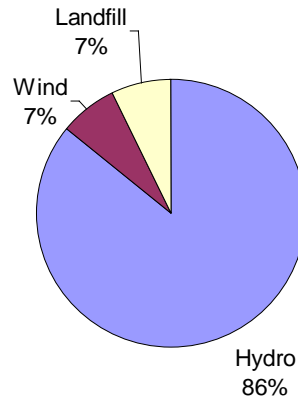
**CDM projects in Mexico by type**



## **Panama**

The figure below shows CDM projects in Panama according to project type. It can be seen that the majority of the projects are hydro power.

**CDM projects in Panama by type**



## **UNEP activities in the region**

UNEP/UNEP Risoe Centre has for several years been very active in Latin America in the CDM area. This has included support to governments in developing their national CDM authority (Designated National Authority, DNA), support to private sector actors and financial institutions interested in participating in the carbon market, technical and scientific assistance and general information management.

Through the Capacity Development for CDM (CD4CDM) project funded by the Dutch government, capacity development activities have been carried out in Bolivia, Ecuador, Guatemala, Nicaragua, Peru and Suriname. The project has included support to government and private sector actors, support to specific project development activities, publication of CDM guidebooks and development of knowledge management tools. The first phase of the project lasted from 2002-06 and the project is now in its second phase. More information can be found at [www.cd4cdm.org](http://www.cd4cdm.org).

The European Commission is jointly with UNEP developing a major programme on Capacity Building for Multilateral Environmental Agreements in Africa, Caribbean and the Pacific (ACP). The CDM component of this project will assist selected countries in ACP in participating fully in the carbon market. The program started in 2008 and larger scale implementation will commence in 2009. The participating Caribbean countries have not yet been finally selected.

Under UNEP's Sustainable Building and Construction Initiative (SBCI) a study on CDM in the building sector has been carried out. This included a study of the opportunities for energy efficiency CDM projects in Brazilian supermarkets.

The Latin American Carbon Forum has been organized in 2006 and 2007 jointly by UNEP Risoe Centre, Latin American Energy Organization (OLADE), the International Emissions Trading Association (IETA) and The World Bank. It brings together more than 600 carbon market actors from both the public and private sector. The next Forum will take place in late October 2008 in Chile. More information can be found at [www.latincarbon.com](http://www.latincarbon.com).