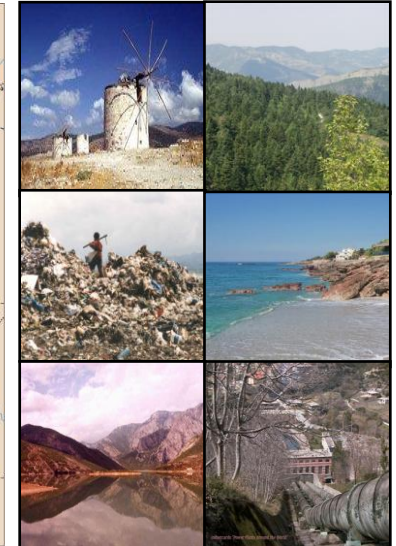


CDM OPPORTUNITIES IN ALBANIA

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Content of presentation

- Country context under UNFCCC & Kyoto Protocol
- CDM and Eligibility for non-Annex 1 countries
- Albania's Designated National Authority for CDM
 - Legal and Institutional Framework
 - Capacity building for CDM in Albania
- On-going capacity building activities;
- Albania's overall potential for CDM projects;

Country context under UNFCCC & Kyoto Protocol



- Joined the UNFCCC in 1995
- Status under the UNFCCC
 - Non-Annex 1 Party to the UNFCCC
 - No emission reduction targets
- Joined the Kyoto Protocol
 - 16 December, 2004

Meeting the eligibility criteria for CDM projects

Eligibility criteria	Status
Ratification of Kyoto Protocol	Yes
Establishment of DNA and notification of the EB	Yes
Forest definition (for forestry projects ONLY)	Yes

Current Legal Framework for CDM

- Law No. 9334 dated 16.12.2004 on:
“Ratification of Kyoto Protocol from the
Republic of Albania”
- Memoranda of Understanding / Agreements
 - Italy;
 - Denmark;
- Other CDM related agreements:
 - WB Bio-carbon fund;
 - Austrian Development Assistance

Current DNA Institutional Framework

- DNA responsibility relies upon the Ministry of Environment, Forests and Water Administration, through the Climate Change Program;
 - The Climate Change Unit/Program
 - Serves as a Secretariat for the DNA;
 - Focal point for the DNA and Kyoto Protocol;
 - Focal Point for the UNFCCC;
 - Provide substantive support to the Ministry for the implementation of the UNFCCC and Kyoto Protocol;
 - Responsible for management and implementation of climate change projects;
 - Mobilize resources (new projects for implementation of the UNFCCC and KP)
 - Not yet a formalized structure of CDM project approval and other support framework.
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On-going and planned CDM initiatives

■ Italian Government

- MoU of May 2005 on “Cooperation on CDM field, article 12 of Kyoto Protocol” to develop a programme of technical assistance for evaluation of interventions to reduce the GHG emissions;
- Annex to the MoU of April 2007: the Italian partners are aiming to assist with feasibility studies to identify potential PINs. This process is also aiming to build national capacities to prepare PINs and PDDs ;
- A local unit was established in Tirana to facilitate the overall CDM exercise in Albania
- An analysis of existing institutional and legal frameworks in the area of CDM has been developed –DNA report;
- A portfolio of potential CDM projects (PINs) has been developed;
- Presentation of the CDM portfolio to the site owners and signature of an agreement with them;
- Presentation of the CDM portfolio to the interested Italian and Italo-Albanian companies;
- Call for expression of interest for co-financing the preparation of feasibility studies for selected CDM projects under the bilateral cooperation agreement btw the Italian and Albanian Ministries of Environment (October 2007).

On-going and planned CDM initiatives (cont)

■ Austrian Development Assistance

- Building Albania's capacity to access Carbon Finance (on-going)
 - Legal and institutional framework set up for the DNA
 - *Strengthening the DNA's capacity;*
 - *Legalization of carbon transaction in domestic context*
 - Building in-country capacities for identification, implementation of and resource mobilization for the GHG reduction projects eligible for CDM and other carbon market mechanisms
 - *Assessment of the CDM potential in key sectors;*
 - *Building capacities for legal and economic appraisal of CDM projects;*
 - *Technical assistance for CDM pipeline development ;*
 - *Development of the Carbon Finance Strategy for Albania;*
- Awareness of key stakeholders increased on the CDM mechanisms and its benefits.

On-going and planned CDM initiatives (cont)

- Austrian Development Assistance: Key expected deliverables
 - A package of rules and procedures for CDM approval and DNA functioning;
 - Development of standard baseline for energy and forestry sectors;
 - A national strategy for positioning of Albania in the Carbon Market
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Albania's First CDM Project

- WB Bio Carbon Fund
 - Assisted Natural Regeneration Project (on-going):
 - Objective: to increase carbon sequestration through assisted natural regeneration of highly degraded lands, which will also lead to enhanced sources of livelihood and incomes in poor rural areas, reduced soil degradation, improved water quality and conservation of biodiversity;
 - Project area: Afforestation of 5,730 ha of degraded land;
 - Albania's first Emission Reduction Purchase Agreement (ERPA) has been negotiated with the Bio Carbon Fund of the World Bank and approved by the Government of Albania in November 2006;
 - CO₂ emission reduction of 280,000 tCO₂ (in the period 2002-2017) to be transferred to WB as ER;
 - Crediting period: 20 years with possibility of renewal twice;
 - A new baseline setting and monitoring methodology (AR-AM003) has been developed and approved by the Executive Board of the CDM in June 2006;
 - Project participants: MoEFWA, Bio Carbon Fund of WB;
 - Letter of Approval: not yet issued.

On-going and planned CDM initiatives (cont)

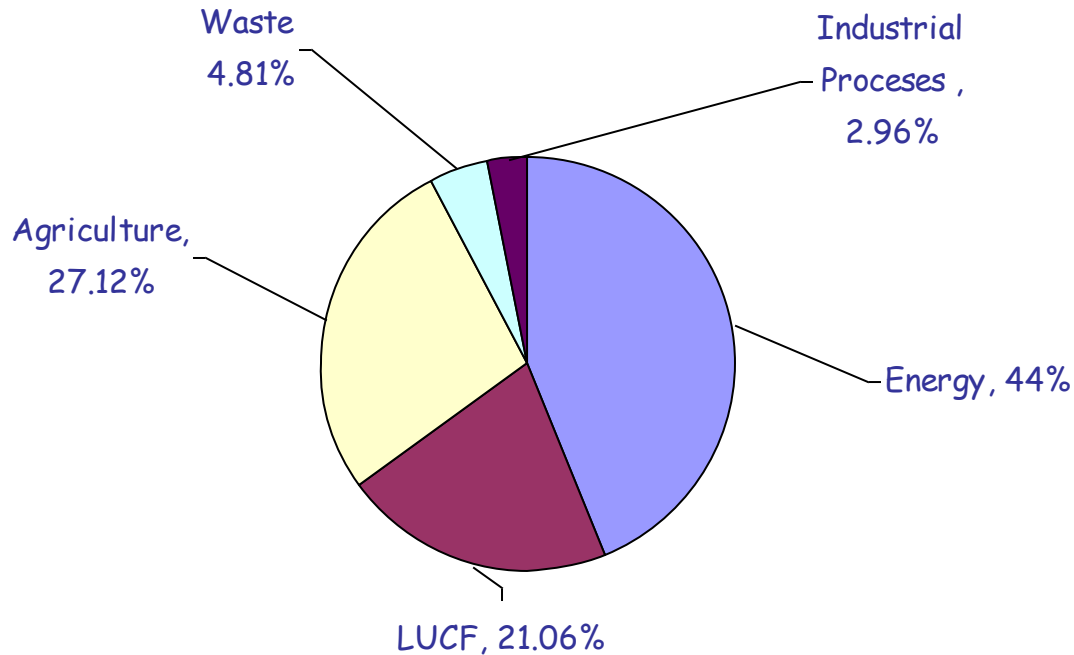
■ Austrian private companies

- An increased interest has been shown by Austrian private companies especially for the development of the CDM projects in the area of construction and/or rehabilitation of small hydro-power plants. Six no-objection letters have been issued so far by the Albanian DNA in support of this type of initiatives;
- Two PDDs have also been completed in the field of SHPPs.

■ KfW

- The KfW has also carried out an initial assessment on a potential CDM project with the aim of carbon sequestration through natural regeneration of forests around Prespa lake.

Accessing Albania 's CDM potential



[7061.45 Gg] CO2 eqv., emissions total, 1994

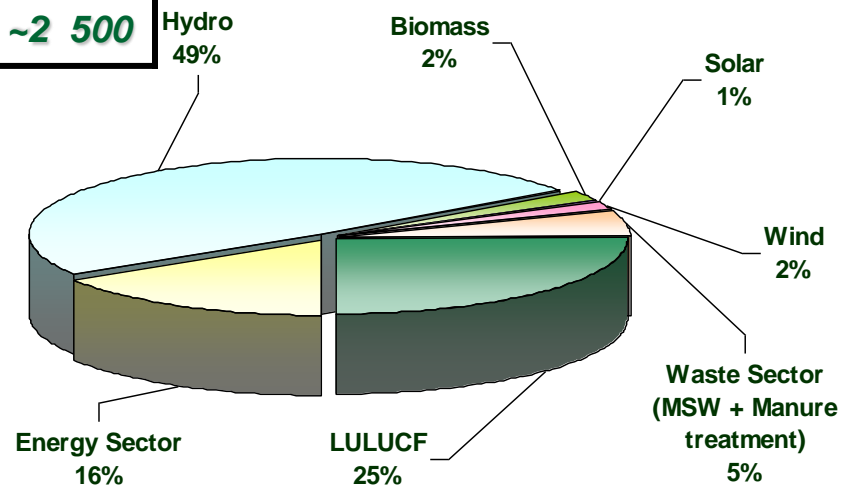
[Source: Albania's First National Communication to UNFCCC]

Albania's Second national Communication to UNFCCC

- In 2005 the GHG emissions- reached 8.5 mln ton CO2 eqv./year;
 - In 2020 it is expected to reach the level of 37 mln ton CO2 eqv if no measures for gas emissions reduction are taken.
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Carbon potential per year

Sector type	CER [tCO ₂ /year]
Energy Sector	400
Renewable Energy	1.350
Waste Sector (MSW + Manure treatment)	130
LULUCF	620
<u>TOTAL</u>	~2 500



CDM projects under Italian Cooperation

No	Project title
Waste Sector (MSW + Manure treatment)	
1.	THE DURRES DUMP SITE (Gas recovery and flaring)
2.	THE ELBASAN DUMP SITE (Gas recovery and flaring)
3.	THE VLORE DUMP SITE (Gas recovery and flaring)
Renewable Energy	
4.	SHPP ZALLI I BULQIZES
5.	SHPP LURE 1,2,3
Energy efficiency and fuel switch	
6.	ENERGY EFFICIENCY IN THE BALLSH REFINERY OF ARMO
7.	ENERGY EFFICIENCY IN THE STEEL FACTORY IN ELBASAN
8.	ENERGY EFFICIENCY IN THE ELECTRICITY DISTRIBUTION AREA OF KUCOVA
9.	CHP IN THE UNIVERSITY HOSPITAL CENTER
10.	ENERGY EFFICIENCY IN THE UNIVERSITY DORMITORY CENTER IN TIRANA
LULUCF	
11.	AFFORESTATION IN THE KUKES DISTRICT

Waste Sector (MSW and Manure Treatment)



No.	Project title	tCO _{2eq} /year
GHG REDUCTION THROUGH GAS CAPTURE AND FLARING		
1.	THE DURRES DUMPSITE	12 700
2.	THE ELBASAN DUMPSITE	8 100
3.	THE VLORE DUMPSITE	6 500

Renewable Energy



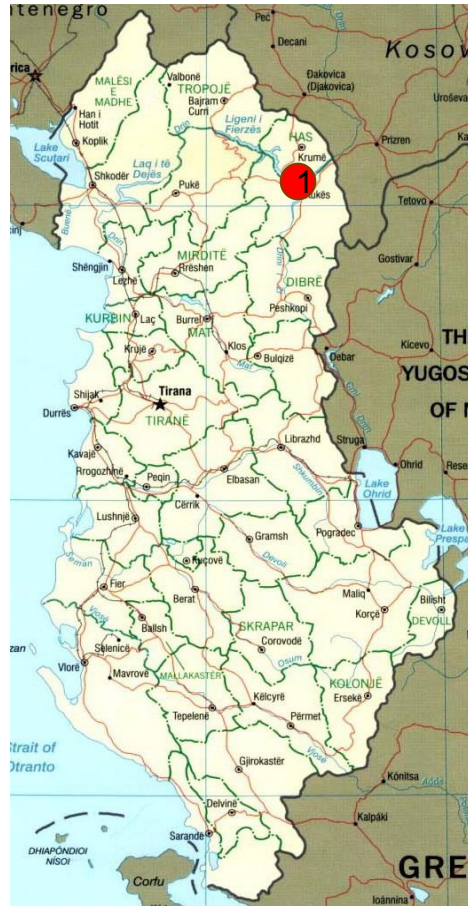
No.	Project title	tCO _{2eq} /year
SMALL HYDRO POWER PLANTS		
1.	SHPP ZALLI I BULQIZES	11 800
2.	SHPP LURE 1,2,3	21 600

Energy Efficiency



No.	Project title	tCO _{2eq} /year
ENERGY EFFICIENCY		
1.	THE BALLSH REFINERY OF ARMO	70 000
2.	THE STEEL FACTORY IN ELBASAN	58 800
3.	THE ELECTRICITY DISTRIBUTION AREA OF KUCOVA	17 400
4.	CHP IN THE UNIVERSITY HOSPITAL CENTER	7 200
5.	ENERGY EFFICIENCY IN THE UNIVERSITY DORMITORY CENTER IN TIRANA	6 700

LULUCF



No.	Project title	tCO _{2eq} /year
1.	REFORESTATION IN KUKES DISTRICT	200 000

Barriers identified

- Lack of national rules and procedures for the CDM process in Albania;
 - Structure of the CDM approval process
 - Sustainable development criteria: sector specific
 - Financial resources for DNA staff
- Lack of national capacities to write PINs and PDDs;
- Limited knowledge on advantages of carbon finance to economics of the investment (IRR);
- Lack of data for estimation of baseline emissions;
- Low baseline GHG emission for energy sector due to lack of access and high reliance on hydro sources;
- Attempts to get involved into the carbon finance have started relatively late compared to other countries by limiting therefore the interest of the investors;
- Not ready to develop unilateral projects: Limited internal resources to support the PDD, even PIN preparation;

Lessons learnt by doing and sharing

- It is important to position Albania as a good CDM project developer with effective institutional arrangements for approval; Simple approval procedures are important;
 - Although carbon market is an emerging market with lots of uncertainties, those who take the risk get access of the opportunities offered through financial mechanisms (CDM);
 - Role of the private sector is crucial to the CDM process so its involvement starting from the inception phase is critical;
 - Programmatic CDM might be useful for Albania;
 - The usefulness of including the PIN within national approval procedure: No objection letter;
 - Better to develop CDM projects for sectors that have approved methodologies.
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Thank you!

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