

REPORT ON CAPACITY BUILDING FOR THE CLEAN DEVELOPMENT MECHANISM (CDM) SECOND NATIONAL WORKSHOP, SUNBIRD LILONGWE HOTEL, LILONGWE IN MALAWI, 5-6TH APRIL 2011 AND HALF DAY SECTOR WORKSHOP ON ENERGY, 7TH APRIL 2011.

1.0 INTRODUCTION

The Capacity Building project is part of the European Union (EU) Programme for Capacity Building related to Multilateral Environmental Agreements (MEA) in Africa, the Caribbean and Pacific (ACP) countries. The project is implemented by the United Nations Environment Program – Risoe Centre (URC) based in Denmark in collaboration with Malawi's Clean Development Mechanism (CDM) Designated National Authority (DNA). The project will run over a three year period, starting from February 2010 and ending on 31 January 2013.

The overall objective of the project is to assist Malawi together with other selected ACP countries to participate in the global carbon market. At the end of the project, Malawi should be able to identify, design, approve, finance, implement and monitor CDM projects that both address its sustainable development priorities as well as offer a cost-effective option for carbon credit buyers to comply with their obligations under the Kyoto Protocol.

2.0 OBJECTIVE OF THE WORKSHOP

This workshop is the second in a series of four national workshops to be held under this capacity building project. The initial workshop was held in October 2010 and it brought together stakeholders from government departments, private sector and the academia in to identifying CDM opportunities and priority sectors for CDM development in Malawi in order to increase the country's potential for engaging in and benefitting from the global carbon market.

This second national workshop on capacity building for the Clean Development Mechanism (CDM) was held at Sunbird Lilongwe Hotel, Lilongwe from 5-6th April 2011 and a half day workshop for the Energy sector was held on 7th April 2011. The workshop aimed at improving the capacity of project developers from the public, private and civil sectors to identify potential CDM projects and develop Project Idea Notes (PINs) and Project Design Documents (PDDs). The national workshop was attended by about 40 participants. For a list of participants see Annex 1.

3.0 OUTCOMES OF THE WORKSHOP RELATED TO PROJECT OBJECTIVES

Outcomes of the workshop related to the expected results of the project that were achieved during the workshop were:

3.1 Activity 1.1: National project team prepares an introductory brochure about CDM

An introductory brochure for the CDM capacity building project was prepared by the DNA as a requirement under this project. The brochure was presented and distributed at the second national workshop. The brochure (Annex 2) includes information on priority sectors for CDM project development in Malawi. Project Brochure is attached and will be uploaded on the CDM website for Malawi.

3.2 Activity 1.2: Operationalising the DNA of Malawi

As part of operationalising the CDM DNA for Malawi, a national CDM website was designed and created, (<http://www.eadmw.org>). The website contains information on Malawi's sustainable development criteria for CDM projects, CDM project review and approval procedures, contact details of the DNA, CDM capacity building project activities in the country and related news and announcements etc. An ICT expert is available to monitor the website and will require training of another officer to be updating the website.

3.3 Activity 1.3 and 1.4: Sustainable development criteria for CDM projects and CDM project approval procedure

The CDM sustainable development criteria and national approval procedure for CDM in Malawi were reviewed and updated under this project. The two tools were presented at the second national workshop and comments were received from stakeholders, particularly concerning shortening the process of approval to make it more user-friendly and swifter since the CDM is already viewed as a complex mechanism. The CDM sustainable development criteria and national approval procedure will be finalized with input from the workshop and be availed on both the project and DNA websites.

4.0 FIRST SECTOR WORKSHOP - Energy

A sector workshop for the energy sector was held back-to-back with the second national workshop. Energy sector was identified as one of the potential sectors for CDM project development during the first national workshop in October 2010. The energy sector workshop was attended by 23 participants.

The following potential CDM project areas were presented for discussion during the workshop:

- Extraction of landfill gas
- Energy Efficiency Lighting Project
- Ethanol Driven Vehicle Project (EDVP)
- Geothermal energy production in Northern and Central Region of Malawi
- Status and potential of biogas utilisation in Malawi
- Biodiesel production in Malawi.

These presentations are available at the project website: <http://malawi.acp-cd4cdm.org>

Using the URC PIN template that was provided, participants made attempts to develop PINs in the various categories within the energy sector to give them some hands on experience in development of PINs. However, it was indicated that the PIN template that developers will be using for PIN development for Malawi CDM projects will be made available by the DNA.

5.0 WAY FORWARD

- DNA is to draw up a Memorandum of Understanding between the DNA and the consultant, with assistance from URC, to enable the consultant to commence his work on the project development track, where most of the work is remaining, as indicated in his Terms of References.
- The CDM Website will be finalized and all information such as updated CDM sustainable development criteria, approval procedure for CDM projects in Malawi, report for the second national workshop on CDM, all presentations made at the workshop will be uploaded on both the project and the country's CDM websites.
- According to the project work plan outstanding activity for the DNA with available funding is Activity 3.2: Support the Investment Promotion Authority to develop a CDM Investor's guide for Malawi.
- Tentatively, the date for the third national CDM workshop and second sector workshop, potentially in the waste management sector, was slated for September 2011.

6.0 ANNEXES

Annex 1: List of participants

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Annex 2: Malawi CDM Project brochure



Project Brochure

Capacity Development for the Clean Development Mechanism in Malawi

Background

The purpose of the Clean Development Mechanism (CDM) is to assist developing countries achieve sustainable development, and to assist industrialized countries achieve compliance with their emission targets under the Kyoto Protocol (KP) through the acquisition of certified emission reductions accruing from project activities implemented under the partnership between developed and developing countries. Such project activities are expected to mobilize financial and technological resources from private sectors in industrialized countries to promote sustainable development in developing countries, and contribute to the ultimate objective of the UNFCCC.

Faced with the challenge of implementing a multitude of multilateral environmental agreements (MEAs) that address increasingly complex scientific and technical issues, many developing countries' efforts are further complicated by a range of overlapping human, financial, technical and other resource constraints. Recognising this shortfall, the United Nations Environment Programme (UNEP) launched a capacity building program to support developing countries in Africa, the Caribbean, and the Pacific to promote and regulate investments under the Clean Development Mechanism (CDM). This program falls under the umbrella of a UNEP - European Union cooperation activity on "Capacity Building related to Multilateral Environmental Agreements (MEA) in African, Caribbean and Pacific (ACP) Countries." Malawi is one of the countries that is participating in this project, with financial and technical support from UNEP Risoe Centre (URC), the lead executing agency, and its implementation partners.

Project Objectives

The overall expected output for the program is a sound foundation and stronger institutional framework for CDM investment and development. Implementation strategy for the CDM Program focuses on transfer of CDM knowledge and experience from UNEP Risoe Centre and its partners to national CDM stakeholders.

Specifically, the project aims to:

- ❖ Improve operations of Malawi's DNA to efficiently approve CDM projects in line with the country's sustainable development priorities;

- ❖ Building the capacity of local experts in key sectors in the identification, design, and implementation of CDM projects;
- ❖ Improve the country's CDM regulatory and investment environment through awareness raising and policy advisory activities for government;
- ❖ Build the capacity of relevant financing institutions in appraising, funding, and promoting CDM and carbon offset investments;
- ❖ Promote Malawi as a CDM investment destination through production of a national portfolio of potential CDM projects; and

- ❖ Establish a free, web-based knowledge management platform to share CDM experiences and knowledge among ACP countries.

Designated National Authority for CDM in Malawi

The Designated National Authority (DNA) for Malawi was established through a decision that was adopted at a national stakeholder consultative meeting held on 8th April 2005. The DNA consists of a Focal Point, a CDM Technical Committee and a National Council on the Environment.

Environmental Affairs Department is the DNA focal point. CDM Approval Procedures and Sustainable Development Criteria for CDM projects were developed and have been revised under this project. These tools assist in the assessment of suitability of CDM projects in their contribution towards sustainable development of Malawi. Given the importance of sustainable development in the CDM approval process, social considerations and public participation should be an important element of CDM projects.

Potential CDM project activities in Malawi

All projects that reduce greenhouse gas emissions (GHGs) such as carbon dioxide (CO₂), methane (CH₄), and nitrous oxides (N₂O) are potentially eligible; only nuclear power technologies are excluded from CDM eligibility.

SECTOR	PROJECT ACTIVITY	DESCRIPTION
Energy	Efficient energy technologies	Use of energy saving bulbs
	Efficient energy technologies	Use of efficient firewood cooking stoves
	Increase ethanol to petrol blending ratios	Increase ethanol blend from to 20%
Renewable energy options	Wind power generation	Wind power along the lake shore and Likoma Island

	Geothermal power generation	Northern and Central Region of Malawi
	Solar energy (heating and lighting)	Electricity from solar panels for domestic uses
	Mini hydro power generation	Mini hydro power generation
Cement Industry	Changing Blending/Mix of Cement	Increase in the proportion of additives, such as limestone, pozzolana and fly ash in the fine grinding process thereby reducing the clinker content
	Alternative Fuels	-Use of renewable resources for less resource-intensive processes such as grinding -In pyro-processing, fossil fuels can be partly replaced by alternative fuels such as gas or unconventional masses (tires, plastics, textiles or rubber, etc.)
	Energy Efficiency	Multi-technology options including: upgrading of preheaters, upgrading clinker coolers, optimization of grinding media, automatic controls, variable speed drives, efficient motors, etc.
	Waste Heat Recovery	-Capture of waste heat vented at the pre-calciner and/or cooler end of kilns and use to preheat raw materials and fuel -Heat recovery at boilers and generation units and production of electricity
Sugar Industry	Combustion	Combustion of sugar cane biomass residues (bagasse) to produce steam and electricity, sugar mills can reduce their own use of fossil fuels
	Bio-ethanol	Sugar mills can install bio-ethanol production equipment and produce bio-ethanol from sugar cane and molasses
AFOLU	Agriculture	Improved rice cultivation, animal husbandry, manure and fertiliser management, conservation farming, agroforestry
	Forestry	Expand stand of trees, maintain existing stands of trees, sustainable forestry e.g. forest plantation
	Housing redevelopment/development	Use of stabilised cement blocks, use of timber and grass
Waste Management	Reduce waste generation	Reduce, Reuse, Recycle, Refuse (4R's) waste generation
	Composting	Composting

	Mechanical biological treatment	Biogas generation from human and animal waste
	Disposal of waste in sanitary landfill	Methane capture and electricity generation from municipal landfills

Contribution of CDM activities to the socio-economic development of the country

CDM activities have a potential role to play in the socio-economic development in the country. The CDM activities will attract capital investment to Malawi. Crucial benefits that will accrue from CDM activities include:

- ❖ Sustainable industrial development;
- ❖ Poverty reduction through improved and increased rural income, hence improved livelihoods of the people;
- ❖ Employment opportunities to the community;
- ❖ Capacity building in various areas;
- ❖ Improvement of social services such as education and health; and
- ❖ Enhancement of technological transfer and development.

ACP-CD4CDM Project Outcomes

- ❖ Project brochure introducing the CDM and EU-ACP-MEA project in Malawi
- ❖ Operational guidelines for DNA including project approval procedures and sustainable development criteria publicly available on national CDM website
- ❖ National CDM website up and running with relevant information
- ❖ Capacity building for developers (public and private) and financial sectors (i) four national workshops, (ii) two sector workshops
- ❖ Malawi's CDM Investor's Guide
- ❖ Approval letters (or rejection) of 6 PINs and 2 PDDs
- ❖ Carbon Expo participation

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