



Project Idea Note (PIN)

- presentation and exercise

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Outline

- What is a PIN?
- Purpose
- Format
- Example – ADB/URC PIN template
- Criteria for a successful PIN
- Exercise

What is a PIN?

- Summary information of a proposed carbon project – typically 5-10 pages
- The first step in to generate money from emission reductions
- Not an official document in the international CDM project cycle
- Most DNAs, funds and brokers, however, operate with a PIN template

Purpose

- Communication tool used by project developers and investors early in the process
- Aids in the conceptualization, marketing, financing and screening of projects
- Basis for more serious negotiations
- Many DNAs issue a "Letter of No Objection" based on the PIN

Format

- A PIN typically consists of four parts:
 - a) Project description, type, location and time schedule
 - b) Methodology and additionality
 - c) Financial analysis
 - d) Sustainable development benefits
- One of the most widely used PIN templates is the one developed by the WB for its carbon funds, available at: www.carbonfinance.org

Example of ADB/URC PIN template

Content:

1. Project proponent
2. Project information
3. Background information
4. Project timeline
5. Financial information
6. Project contribution to the country's sustainable development
7. Project stakeholders
8. Project risks
9. Additional Information

Annex 1: Contact details

Annex 2: Expected GHG emission reductions resulting from the project

Annex 3: Financial information

Example of ADB/URC PIN template

1-4. Project description

- Project proponent/applicant and relation to project
- Project information (location, type of activity, scale, brief description of activities & technology, methodology to be used, types of GHG and average annual GHG reductions)
- Background information (sector development, current situation without the project, alternative project options)
- Project timeline (status of project development – PIN, PDD, LoA, validation, expected start of construction and operation, crediting period)

Example of ADB/URC PIN template

Annex 2: Expected GHG emission reductions resulting from the project:

- GHGs targeted
- Estimated amount of emission reductions (tons CO₂ eq) (average per year and total for the crediting period)
- Overview in table format of ER reductions per year

Example of ADB/URC PIN template

5. Financial Analysis (incl. annex 3)

- Total investment
- Sources of finance
- Financial analysis of the project (IRR)
- Transaction costs (feasibility, PIN & PDD, registration, monitoring, EIA and other)

Example of ADB/URC PIN template

6. Contribution to the country's SD

- Social benefits
- Environmental benefits
- Economic benefits
- Other benefits

Example of ADB/URC PIN template

7-9. Stakeholders, risks and additional information

- Who are the stakeholders?
- Consultation process – how and when
- Risks (foreseen risks, related to the country, to project registration, financing, other?, how to mitigate the risks)
- Other relevant/additional information?

Criteria for a successful PIN

- Easy to read, logic and consistent
- Attractive to buyers
- Fulfillment of basic requirements: GHG reductions, strenght of additionality argument
- No corruption
- Stakeholder consultantions
- Compatibility with national SD goals, laws and policies
- If PIN is given Letter of No Objection

Format for a PoA PIN

- The PIN format for a PoA is similar to an ordinary PIN but includes two elements:
 - PoA DD
 - CPA DD
- PoAs provide opportunities for small-scale activities at household level hitherto unable to benefit such as EE stoves, lighting, SWH, composting, hydro, landfill gas etc.

Exercise

Purpose: To be familiarized with development of a PIN based on a concrete example from Malawi

Steps:

1. The ADB/URC PIN template is available for inspiration
2. Split into groups based on interest
3. Choose a project idea and fill in the ADB/URCPIN template as good as possible
4. Each group presents their PIN idea for a project