

Agenda item 5

Paragraph 35 of the annotated agenda

Annex 8

Annual Report of the CDM Loan Scheme



CDM EB 100

Bangkok, Thailand, 27 to 31 August 2018



Procedural background & purpose

- As per decision 2/CMP.5, financial resources from the interest accrued on the principal of the Trust Fund for the Clean Development Mechanism, are allocated to provide loans to support certain activities relating to the CDM in countries with fewer than ten registered CDM project activities.
- This scheme is referred to as the “ CDM Loan Scheme”.
- The secretariat selected the United Nations Office for Project Services (UNOPS) as the implementing agency for the CDM Loan Scheme.
- The secretariat is to provide an annual report to the CMP on the status of implementation of the CDM Loan Scheme. This report covers the period from 30 June 2017 to 1 July 2018.
- The purpose of this presentation is to brief the Board.



Current situation

- The CDM Loan Scheme was officially launched in April 2012. Since then, a total of 191 applications for loans have been received, of which 78 loan agreements have been approved and 63 loans have proceeded to execution.
- In the same period, the number of countries with less than ten projects registered has declined from 124 in 2012 to 110 in 2016.
- Due to the decline in the market price for CERs the CDM loan scheme is no longer effective.
- Following decision 3.CMP/12, no new windows for loan applications have been opened and no new loan applications have been received.
- The CDM Loan Scheme is now scheduled to close operations, including the management of all loans, by the end of 2018. Financial closure will take place in 2019.



Current situation

- During the reporting period, the secretariat and UNOPS followed the CMP guidance, including by initiating a process to regularly assess whether the loan agreements are still viable to continue until completion of the loan cycle.
- In cases where the supported CDM projects are significantly delayed or the loans are deemed unlikely to be repaid, the loans enter a cancellation phase in which the repayment of disbursed funds is sought.
- When circumstances warrant, individual loans may be written off in accordance with the applicable financial regulations of the United Nations and the guidance from the CMP
- Two loans were written off in the reporting period, amounting to a total value of USD 193,514.



Loans per country and technology type

Please refer to report in Annex 8 for details

Country	Total	Least developed country (LDC)/non-LDC
Bangladesh	3	LDC
Belize	1	Non-LDC
Burkina Faso	1	LDC
Burundi	1	LDC
Cambodia	1	LDC
Cameroon	4	Non-LDC
Côte d'Ivoire	2	Non-LDC
Democratic Republic of the Congo	1	LDC
Ethiopia	2	LDC
Ghana	1	Non-LDC
Iran	4	Non-LDC
Kenya	3	Non-LDC
Lao People's Democratic Republic	3	LDC
Madagascar	1	LDC
Malawi	3	LDC
Mali	2	LDC
Mauritius	2	LDC
Mongolia	1	Non-LDC
Mozambique	3	LDC
Myanmar	1	LDC
Nepal	2	LDC
Nigeria	2	Non-LDC
Rwanda	2	LDC
Senegal	3	LDC
Sudan	2	LDC
United Republic of Tanzania	3	LDC
Togo	2	LDC
Uganda	2	LDC
Zambia	4	LDC
Non-LDC	19	
LDC	44	
Total	63	

- 18 technology types
- EE in households/cook stoves dominating, followed by renewable energy (hydro, solar, biomass)

Project type	Total
Biogas	1
Biomass	6
Energy Efficiency (EE) in households - lighting	3
EE households – cook stoves	16
EE in industry	1
EE services - water purification	3
Supply-side EE - single cycle to combined cycle	1
Energy distribution	2
Fossil fuel substitution	3
Geothermal	1
Hydropower	7
Landfill gas	4
Methane avoidance (domestic manure)	3
Methane avoidance (wastewater)	2
Reforestation	1
Solar photovoltaics	6
Transport	2
Waste handling & disposal	1
Total	63

- 63 projects,
- 44 in LDCs
- 29 host countries



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Paragraph 35 of the annotated agenda, Annex 8

Status of loans

- The status of the 63 loan agreements was by June 2018 as follows:
 - 15 loans were closed (no repayments outstanding from the loan recipient);
 - 19 loans were deemed to be on track for repayment in 2018;
 - 29 were being cancelled or were cancelled due to significant delays making the supported projects unlikely to meet their agreed milestones by the end of 2018;
 - Of the 29 loans, two were written off in the reporting period at a total amount of USD 193,514, as they were unable to repay the loans and met the criteria for authorizing the write-off as established by the CMP.



Loan scheme finance

The financial status of the CDM Loan Scheme was as of 30 June 2018 is as follows:

- By the end of the reporting period, USD 9,020,802 had been transferred into UNOPS loan scheme accounts, of which:
 - USD 7,038,820 was allocated for the disbursements of loans;
 - USD 1,981,982 was allocated for UNOPS service charges;
- The total disbursements as of 30 June 2018 by UNOPS to loan recipients was USD 3,677,987.
- The balance between loan funds transferred to UNOPS and loans disbursed is to be disbursed by UNOPS to loan recipients if and when the projects achieve predefined milestones. Otherwise these funds will be returned to UNFCCC, unless written off.
- In addition, total loan repayments by recipients of loan funds disbursed to projects that are already successfully completed, is USD 623,841 as of 30 June 2018.



- ❖ The Board is invited to take note of the status of the CDM Loan Scheme.

