



IRIS KYOTO

Innovative risk coverage and financing in CDM projects in India and Morocco

Brussels Finance & Risk Workshop

Focused Discussion on CDM Risk

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Experience with risk



- **“Traditional” project risk – not specific to CDM**
- **“Non-traditional” project risk:**
 - > **Government (approvals, licenses, endorsements)**
 - > **Transfer of CERs (legal, financial, etc.)**
- **Baseline & Monitoring Plan (MP)**
 - > **Validation**
 - > **Acceptance by purchasers**
 - > **Acceptance by UNFCCC Executive Board**
- **Price**
- **Contract terms**

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Risks from specified projects



- **Government approvals**
- **Achieving size or quantity of emission reductions**
- **Keeping investor interest**
- **Obtaining commercial finance**
- **Obtaining guarantees**
- **Engaging bona fide purchasers**

Discussion between key institutional players



- **Host governments**
- **Investors**
- **Developers**
- **Financiers**
- **Export credit agencies**
- **Donors**

Solutions



- **Reducing risks in:**
- **Government approvals**
- **Baseline & Monitoring Plans**
- **Finance**
- **Purchase price**
- **Contracts**