

The Verification of the Problem on CDM project in Southeast Asia

- Case study of CDM Feasibility Study Program -

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Global Environment Centre Foundation, Southeast Asia, principal component analysis, project risk

1. INTRODUCTION

When completing the CDM-PDD, we should consider geographical and technical balance of host countries. It promises excellent contribution to the realization of environmental pollution control measures and global warming measures of CDM. GEC considers above points as important concept, and it conducts CDM feasibility study on Southeast Asian projects. The objective of this study is to clarify project risks, in order to make high quality feasibility study and to promote smooth CDM project process.

2. METHODOLOGICAL APPROACH

Principal component analysis was carried out, on the assumption that variable number is GHG, IRR(Internal Rate of Return), YEAR of feasibility study data. Subsequently, project risk is classified based on METI (Ministry of Economy, Trade and Industry) guidelines. Using these two analysis method, project risk of respective project is identified. In addition, interviews to GEC staff were carried out.

3. RESULTS AND DISCUSSIONS

The obtained results are summarized as follows; In CDM feasibility study programs, (a) In developing countries, improvement of project business owner's technique and good financing is most important thing. (b) In host countries, making relationship should be built on trust with developing countries. By principal components analysis, CDM feasibility study programs are classified into four patterns and most programs are categorized as pattern (GHG: small, IRR: -, YEAR: new) or pattern (GHG: large, IRR: -, YEAR: old). In the future, when a new CDM programs are adopted, programs categorized as pattern should be more important. Therefore, many project business owners pointed out that policy for financial resources credits from the host country and low-interest financing from commercial money lenders are needed to improve GHG, and enhancing technical efficiency is needed to improve IRR. Recently, project risks concerned with business owners in host countries become obvious. That is big problem, so GEC make efforts capacity building. Effects of this capacity building on improvement program risks should be continued to estimate and to improve in the future.