

**China CDM Fund**  
**-- an innovative mechanism**  
**for addressing climate change**

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# **Addressing Climate Change for a Better and Faster National Development**

**In the 17th National Congress of Communist Party of China, General Secretary HU Jintao highlighted “to enhance capacity building of climate change and achieve greater contribution to global climate protection”.**

**In the Report on the Work of the Government 2008, Premier WEN Jiabao highlighted “to implement National Climate Change Programme and enhance capacity building of climate change ”**

# The Kyoto Protocol and CDM Cooperation

CDM is one of the flexible mechanisms under the Kyoto Protocol. Its first service is to help developed countries to fulfill their emission reduction commitment stipulated by the Kyoto Protocol. It will also facilitate developing countries to receive some additional financial resources for their sustainable development.

Question: Based on the nature of CDM – sustainable development purpose, how to enhance and upgrade the CDM contribution from project level to national level for tackling climate change in both domestic and international sides?

# **Brief Introduction to China CDM Fund**

# Establishment

The establishment of China CDM Fund is a pioneering effort of great international significance made by the Government of China to take actions of addressing climate change, and it will play a piloting role in tackling climate change through international cooperation. This clearly shows that the Government of China attaches great importance to global climate change, and is very supportive of developing climate change related business and industries.

In October 2005, MOF, NDRC, MOFA and MOST jointly launched the preparation of establishing the Fund. In August 2006, the State Council approved establishing the Fund and its Management Center. In Nov. 9, 2007, MOF and NDRC jointly held the inauguration ceremony for the Fund. Since then, the Fund entered into business operation.

# Mandate and Roles

The mandate of the Fund is, under the guidance of national sustainable development strategy, to support and promote national activities of addressing climate change.

The China CDM Fund is created as a policy-oriented and development served, non-profit, long-term, open-ended and state-owned fund.

The Fund will rely on extensive domestic and international cooperation to enhance its operation, and give full play as a funding source, a platform of financial cooperation, a platform of cooperative actions and a platform of information collection and dissemination.

# Management

**The Board of the Fund is the inter-departmental coordination institution for CDMF affairs. The board members are NDRC, MOF, MOFA, MOST, MOA, MEP and CMA.**

**The China CDM Fund Management Center is the legal management institution of the Fund and operates the business of the Fund, including raising, management and utilization of the capital of the fund.**

# **Financial Resources**

**National belonged revenues from CDM project cooperation;**

**Donations from domestic and international institutions, organizations and individuals;**

**Earnings from the Fund's business operation;  
Other income resources approved by the State Council.**



# Utilization

The Fund will offer supports for activities of addressing climate change in ways of grant, concession loan and other financial instruments:

**capacity building**

**public awareness**

**mitigation**

energy conservation, energy efficiency

renewable energy

other activities with significant

mitigation benefits

including CDM projects

**adaptation**

# **Some Strategic business Stresses**

# Exploring Ways and Developing Creative Mechanisms

China CDM Fund will operate its business to integrate scattered financial resources and to make integrated efforts for the better and faster national development.

## Exploring Ways and Developing Creative Mechanisms

**Building up action mechanism.** In the process of practicing the *Concept of Scientific Development Approach*, China CDM Fund will support and facilitate achieving measurable, reportable and verifiable energy savings and relevant capacity building for such a purpose, in a cost-effective way to further development of sectors and industries in relation with addressing climate change.

# Exploring Ways and Developing Creative Mechanisms

**Building up financing mechanism.** In order to support national actions of tackling climate change, new financing channels and ways will be explored and established to mobilize national and international, and government, private sectors and other institutions owned financial resources.

Both government administrative measures and market-based approaches should be stressed for addressing climate change. In collaboration with administrative measures, China CDM Fund will play active functional role in guiding and organizing aspects, to explore and develop market-based approaches so as to mobilized wide involvement of social financial resources and other resources.

## Exploring Ways and Developing Creative Mechanisms

Transferring knowledge and enhancing capacity **Building**. Through active international cooperation, China CDM Fund will facilitate to renew thinking, improve management and transfer technology for national actions of combating climate change.

# **On-going Business Preparation**

# Regulation Formulation

The Regulation of the China CDM Fund is in legislation procedure for its issuing as a mutli-Ministrial legal document.

Some specific regulations are in preparation and will be issued soon.

The Action Plan, another basic document for guiding the Fund's business, is in drafting.



## Capacity Building and Public Awareness for Addressing Climate Change

In 2008, China CDM Fund will provide grant support for 17 projects to relevant Ministries in aspects of policy research about post-2012 regime of international climate change cooperation, and imperative capacity building and public awareness activities for implementing China's *National Climate Change Program*. One of the projects is for formulating the *China's Policies and Actions on Addressing Climate Change*, the government's white book issued by the State Council in November 2008.

## Promoting Sector and Industry Based Actions

In different ways, China CDM Fund is promoting sector and industry based, and therefore making concrete contributions for mitigation of and adaptation to climate change.

## International cooperation

China CDM Fund is developing strategic partnership with the World Bank, Asian Development Bank, United Nations Industrial Development Organization. Under the strategic partnership, concrete cooperation has been initiated.

In financial aspect, China CDM Fund is cooperating with the World Bank and a domestic commercial bank to build up a debt facility, with IFC and a domestic bank to establish a guarantee facility, and with ADB on project co-financing.

# Cooperation with Local Partners

China CDM Fund is working with line Ministries to promote local governments enhancing their actions of addressing climate change, including to explore new areas and resources for international economic cooperation at local level.

# Cooperation with Private Partners

China CDM Fund is developing partnership with private sectors especially financial institutions. New mechanisms under PPP are in exploring.

**Thank you!**