

Background to Clean Development Mechanism

The United Nations agreed to stabilise greenhouse gases in the atmosphere at a level that would prevent dangerous changes to the climate. The Convention on Climate Change was agreed at the United Nations Conference on Environment and Development (UNCED) in Rio, 1992. To date, 186 countries have ratified the convention including Nigeria.

In 1997, United Nations Conference held in Kyoto, Japan put into operation a protocol which is known popularly as the Kyoto Protocol. It allows developed countries to reach their targets through different 'Flexibility Mechanisms'. These include: Emissions Trading (trading of emission allowances between developed nations); Joint Implementation (transferring emission allowances between developed nations, linked to specific emission reduction projects); and the Clean Development Mechanism (CDM).

The CDM is the only Flexibility Mechanism that involves developing countries. It allows developed nations to achieve part of their reduction obligations through projects in developing countries that reduce emissions or 'fix' or sequester CO₂ from the atmosphere. This implies that projects identified in developing countries can sometimes be partly financed by intending developed country in return for the carbon credits or the carbon credits could be paid for by Carbon market operators to the project developers (owners) in the developing countries. In effect, it provides additional revenue (carbon revenue) to the project.

So far in Nigeria, many on-going projects are not taking advantage of the CDM, while a few are at various stages of processing carbon credits. The knowledge of CDM will allow stakeholders in Nigeria to learn about the process, understand the concept, develop project ideas, and benefit from this mechanism which provides some level of financial comfort and additional revenues to Clean Technology Projects.

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