



# **Understanding Carbon Pricing in Cambodia**

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**Mr. OU CHANTHEARITH**

**Deputy Director**

**Department of Science and Technology**

**General Secretariat of National Council for Sustainable Development**

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# About National Council for Sustainable Development (NCSD)

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- NCSD is an inter-ministerial policy making body created established in 2015, bringing together 36 ministries and agencies and the 25 capital and provincial governors
- NCSD plays a role to coordinate inter-ministerial political dialogues and decisions (to leads sustainability policy) to achieve sustainable development through formulating, directing and evaluating policies, strategic plans, action plans, legal instruments, programs and projects related to sustainable development on behalf of the government
- It is chaired by the Minister of Environment with the Prime Minister as Honorary Chair
- The operation of the NCSD is supported by a General Secretariat under direct oversight of the Council's Executive Committee which consists of 12 members, derived from key Ministries members of the Council
- Create mechanisms for the implementation of the sustainable development agenda at sub-national level, in cooperation with provincial/municipality governors
- To promote sustainable development aimed to ensure an economic, environmental, social and cultural balance in the Kingdom of Cambodia (Mission).



# About NCSD

## NCSD 5 Years Priorities (2019-2023)

National Policy Framework	Climate Change	Biodiversity	Green Economy	Science and Technology	Operations
<ul style="list-style-type: none"><li>• Policy Alignment and Coordination</li><li>• Strategic Environmental Assessment</li><li>• Devolution of Authorities and Responsibilities</li></ul>	<ul style="list-style-type: none"><li>• National Strategy</li><li>• Awareness and Knowledge Management</li><li>• Adaptation and Mitigation</li><li>• Financing</li></ul>	<ul style="list-style-type: none"><li>• Policy Coordination</li><li>• Ex-Situ Conservation</li><li>• Biodiversity Research and Payment for Ecosystem</li><li>• Information Management</li></ul>	<ul style="list-style-type: none"><li>• Sustainable Cities</li><li>• Sustainable Energy</li><li>• Sustainable Consumption and Production</li><li>• Eco-innovation</li></ul>	<ul style="list-style-type: none"><li>• National Research Agenda</li><li>• Nuclear Cooperation</li><li>• Services and Technologies</li></ul>	<ul style="list-style-type: none"><li>• Identity and Profile</li><li>• Council Operations</li><li>• Planning and Management</li><li>• Human Resources</li><li>• Financing and Support</li></ul>

# Carbon Pricing Policy

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- The country is conducting preliminary studies on PES (payment for ecosystems services), covering carbon pricing issues;
- Cambodia will soon approve regulations for carbon offset mechanisms (now under final review/discussion, with approval to be expected by the end of this year).

# Current status of participation in carbon offset mechanisms

*Although Adaptation remains the chief priority of Cambodia's CC response, the key role that mitigation can play in moving the country towards more sustainable, resilient, low carbon modes of development is fully acknowledged.*

- **CCCSP SO8** underlines the strategic importance of CDM and other carbon credit mechanisms to country's response
- A few **interim legal instruments** have been put in place
- **But approval of carbon offset projects** (e.g. CDM, REDD+) is conducted *ad hoc*
- **Still minor participation in carbon offset mechanisms**

- CCCSP (SO8)

- iDNA for CDM (2003); JCM Agreement and Guidelines; REDD+ Strategy

11 CDM registered; 2 REDD+ ; 1 JCM

➔ ***NCSD is currently developing the regulatory framework to clarify rules and procedures regarding the implementation of carbon offset projects activities in Cambodia***

# Carbon offset mechanisms

## National Designated Authority (DNA): structure and role

### ➔ DNA: General Secretariat of the National Council for Sustainable Development (GSSD)

- **DNA Focal Point:** Director, Department of Climate Change (DCC), GSSD
- **DNA Technical Panel:** Sub-TWG on Mitigation, CCTWG \*  
(\*delegation to structures of relevant mechanisms when established)
- **DNA Secretariat:** DCC, GSSD

- **Assess and endorse, on behalf of RGC,** carbon offset project\* activities proposed under the different mechanisms;
- **Ensure alignment** with national development priorities, national legal and regulatory framework governing natural resources management and environment, and implementation of UNFCCC commitments including NDC;
- **Monitor implementation** of carbon offset project activities
- **Issue standards and guidelines** (eg E&S Safeguards, Public Consultation and Participation, MRV..)
- **Establish and manage the National Registry** (integrating all individual registries, e.g. JCM)

# *Carbon offset mechanisms*

## **Ownership, fees, taxes of carbon credits**

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- **Ownership and transfer of GHG emission reductions of carbon offset project activities:**
  - Cambodia has sovereign rights to GHG reductions and CER's achieved through carbon offset project activities; it may transfer these rights to authorized project participants through Letters of Approval
  - LoA states the conditions of transfer of ownership (e.g. proceeds from the sale of CERs are re-invested in the country)
  - Transfer of ownership occurs at the time of the sale of CERs (in the terms stipulated in the LoA)
- **Fees and taxes are being considered:**
  - Administrative fees will be charged, depending on the scale of the project
  - Taxes are under consideration: aim is to define a tax scheme that is fair and promotes investment in carbon offset project activities



# Priority sector actions for GHG reduction (NDC)

## Mitigation

### Energy Industries

Grid connected renewable energy generation (solar energy, hydropower, biomass and biogas) and connecting decentralized renewable generation to the grid  
Off-grid electricity such as solar home systems, hydro (pico, mini and micro)

Promoting energy efficiency by end users

Implementation of Climate Change Action Plan for Manufacturing Industry and Energy Sectors (2014-2018)

### Manufacturing Industries

Reducing emissions as a result of rice milling, garment, and brick works

Implementation of Climate Change Action Plan for Manufacturing Industry and Energy Sectors (2014-2018)

### Transport Sector

Motor vehicle inspection, public transport and improving efficiency of vehicles

Implementation of Climate Change Action Plan for Transport Sector (2014-2018)

<p><b>Other Sectors</b> Efficient cookstoves, biodigesters, water filters</p>	<p>Implementation of Climate Change Action Plan for Manufacturing Industry and Energy Sectors (2014-2018)</p>
<p><b>Forestry</b> Increasing forest cover to 60% of national land area, and maintaining that level from 2030 onwards</p>	<p>Implementation of: National Forest Programme 2010-29; Climate Change Action Plan for Agriculture, Forestry and Fisheries Sector (2014-2018); REDD+ Strategy</p>

Key agencies guiding the implementation of NDC:

- DCC/GSSD/National Council for Sustainable Development
- Ministry of Agriculture, Forestry, and Fisheries (MAFF)
- Ministry of Mines and Energy (MME)
- Ministry of Industry and Handicrafts (MIH)
- Ministry of Public Works and Transport (MPWT)
- Ministry of Water Resources and Meteorology (MWRAM)

## About REDD+ Project in Cambodia

- Cambodia is considered a relatively high forest cover country with a high deforestation rate. Deforestation is caused by the rapid pace of development in the country, including large scale agro-industrial development, and a lack of effective implementation of existing laws and policies for forest land and forest resource management.
- The principal forest management strategies of the Royal Government of Cambodia (RGC) are the National Forest Programme from 2010 for the permanent forest estate administrated by the Forestry Administration under the Ministry for Agriculture, Forestry and Fisheries, the Protected Area law from 2008 for the protected areas managed by the General Department of Administration for Nature Conservation and Protection under the Ministry of Environment and the Strategic Planning Framework for Fisheries for the flooded forests and mangroves managed by the Fisheries Administration under the Ministry for Agriculture, Forestry and Fisheries.

## About REDD+ Project in Cambodia (Cont)

- A significant part of Cambodia's greenhouse gases emissions are attributed to deforestation and forest degradation and improved management of forests and the drivers causing deforestation and forest degradation could reduce these emissions and contribute to the global efforts to mitigate climate change. At the same time REDD+ could form a significant new source of finance for implementation of these forest management strategies, in a way that explicitly recognizes local livelihood and biodiversity conservation co-benefits. This would help Cambodia achieve its national target of maintaining 60 % forest cover, which is one of the main objectives for mentioned in the RGC's Rectangular Strategy.
- Cambodia developed a national road map for readiness for REDD+ in 2009-2010 and established its first REDD+ pilot project in 2008, submitted a Readiness Plan Proposal to the Forest Carbon Partnership Facility in 2009 and also became a partner country of the UN-REDD Programme in 2009 and signed a UN-REDD National Programme in 2011. Cambodia has now three pilot REDD+ projects (Oddar Meanchey, Seima and Kulen Promtep).
- The main objective of implement REDD+ in Cambodia is to establish RGC REDD+ Readiness to become eligible for result based payment under the UNFCCC

# Forest Carbon Partnership Facility REDD+ Readiness Project II

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## Introduction

REDD+ is a global policy initiative to address climate change threats by reducing emissions from deforestations and forest degradation in developing countries. Its main goal is to prevent forest degradation and deforestation, and promote forest conservation through offering results-based payments as financial incentives.

The World Bank's Forest Carbon Partnership Facility (FCPF) was established in 2008 to support developing countries to be ready for REDD+ implementation. FCPF is a global partnership of governments, businesses, civil society, and Indigenous Peoples with 47 participant countries including Cambodia. UNDP has been selected as the delivery partner for the implementation of the FCPF project in Cambodia.

The FCPF II project document was signed by the Ministry of Environment of Royal Government of Cambodia, and UNDP in September 2019.

## Main activities of FCPF II

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The programme will undertake the following activities:

- Support for national REDD+ readiness coordination mechanisms
- Capacity building and training for REDD+ implementation
- Stakeholder engagement and communication
- Development of NRS Action (or Investment) Plan and policy support for government agencies
- Development of a safeguards Information system including grievance redress mechanism
- Development of an arrangement for management of REDD+ Finance
- Development of subnational management plans for NRM and REDD+
- Support for community based REDD+ through CPAs, CFs and collaborative management (to be -financed by the UN-REDD CBR+)
- Strengthening the capacity of National MRV Technical Team and national capacity
- Support for production of nationally-derived activity data, emission factors, greenhouse gas estimates for LULUCF/AEOLU sector improved, and reporting



# About JCM in CAMBODIA

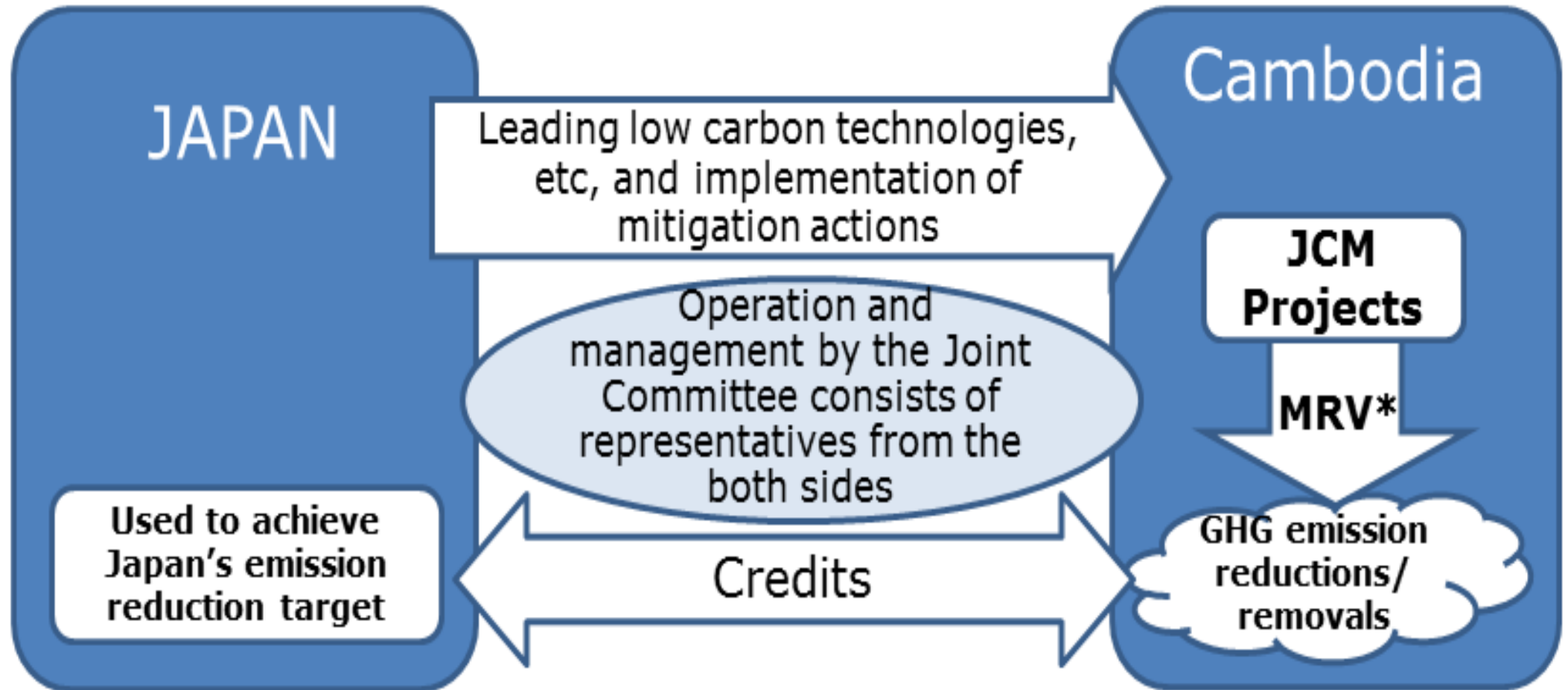
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## Basic Concept of the Joint Crediting Mechanism (JCM) ☺

- The JCM facilitates diffusion of leading low carbon technologies, products, systems, services, and infrastructure as well as implementation of mitigation actions, and contributing to sustainable development of Cambodia. It appropriately evaluates contributions to GHG emission reductions or removals from Japan in a quantitative manner, by applying measurement, reporting and verification (MRV) methodologies, and uses them to achieve Japan's emission reduction target.
- Ex) the JCM scheme between Cambodia and Japan

# About JCM in CAMBODIA

## the JCM scheme between Cambodia and Japan



\*measurement, reporting and verification



## About JCM in CAMBODIA

Cambodia and Japan signed a bilateral document for the introduction of the JCM on April 11th, 2014.



# Challenges/Capacity Building Needs

- Need to strengthen technical capacity and mobilize financial resources to support emission reduction efforts
- Need to promote technology transfer within ASEAN
- Promote the development and participation in emission trading schemes in the region and new carbon offset mechanisms which promote both emissions reduction and sustainable/resilient development
- Find new ways to channel climate finance and technical resources to support adaptation activities, which are still the chief challenge for Cambodia





**Thanks You**

