

Third East Asia Low Carbon Growth Partnership Dialogue  
31 October 2014, Yokohama, Japan

**Remarks by Tin Ponlok, Secretary General, National Council for Green Growth  
Ministry of Environment, Kingdom of Cambodia**

- Your Excellency Mr. Minoru Kiochi, State Minister for Foreign Affairs of Japan,
- Distinguished Delegates,
- Excellencies, Ladies and Gentlemen,

It is my great pleasure and honor to participate in this important dialogue. On behalf of the Royal Government of Cambodia and H.E. Say Samal, Minister of Environment, I would like to express our sincere gratitude to the Government of Japan for inviting me and hosting this very important regional dialogue and I wish you all a successful deliberation.

We all know that climate change is real and urgent and meaningful actions need to be taken to reduce greenhouse gas (GHG) emission and to adapt to its impacts. As a least developed county (LDC) Cambodia is very vulnerable to climate change although it contributes the least to it. Hence we take climate change very seriously in our development agenda to support building a greener, low-carbon and resilient society. While adaptation is of paramount importance for us, we see mitigation as an opportunity to embrace more climate-friendly technologies with their many co-benefits, in addition to GHG emission reduction. Against this background, I would like to share some of our experiences in government-private sector collaboration and technology transfer for low carbon growth, mainly in the context of Clean Development Mechanism (CDM) project implementation.

**Excellencies, ladies and gentlemen**

As an LDC party to the Kyoto Protocol, Cambodia has been active in implementing CDM projects. To date 10 CDM projects have been registered by CDM Executive Board with total emission reduction of over 2m tCO<sub>2</sub>-eq per annum. Key factors contributing to this relative success include: strong government commitment toward CDM, strong cooperation among line agencies, clear rules and procedures, availability of technical and advisory support to project developers, simple yet comprehensive criteria for project assessment, aggressive awareness raising campaign, full ownership of CERs by project developers, and constructive support and cooperation with partners. And I would express our thanks to various Japanese partner organisations, in particular the Institute for Global Environmental Strategies (IGES) of Japan for its constructive cooperation and support for almost 10 years.

As a market-based mechanism, CDM has the potential to channel private investments into development activities with economic, social, and environmental benefits. Unfortunately investments tend to flow to where activities provide higher returns with

limited economic and political risks, that is, outside of LDCs. In addition, Cambodia faces other technical, institutional and financial barriers. These include: low mitigation potential due to limited industrial processes and energy industry as well as small and fragmented projects, limited information and low level of awareness (on technologies, funding options, etc.), limited and unreliable baseline data, weak skilled personnel to develop, evaluate and implement projects, complex CDM rules and registration process, high capital investment and other transaction costs, underdeveloped domestic banking system (high interest rates, no grace period, short duration loans, stringent collateral requirements for loans, loans available only for traditional technologies and activities), and uncertainty in carbon prices.

Beside CDM Cambodia has also made significant efforts to implement mitigation projects via other schemes such as REDD Plus and voluntary carbon market. However, success is mix due to similar challenges listed earlier. Recently, in cooperation with Japan we also started preparatory work to support the implementation of the Joint Crediting Mechanism (JCM) and a few potential JCM projects has already been identified in our pipeline.

As for technology transfer, we believe that the existing market-based tools are deficient in promoting technology transfer due to their profit-oriented nature and the absence of a mechanism necessitating to take the global climate externality cost into consideration. In addition, new and climate-friendly technologies are normally expensive (due to IPR) which serves as further disincentive for private sector. In this regard, the "supply and demand" approach alone cannot efficiently serve as the driving force for technology transfer. Therefore, a combination of regulatory and market mechanisms should be used to promote technology transfer. For LDCs in particular, technology transfer should be multifaceted and involve at least equipment, know-how and relevant information, human capacity building and financial resources. In some circumstances, South-South technology transfer can also be more appropriate.

Excellencies, ladies and gentlemen

The concept of low carbon growth is attractive for countries like Cambodia which has been undergoing rapid economic development leading to increasing demand in energy. There is no doubt that Cambodia could benefit from low carbon growth by reducing its dependency on imported fossil fuel, reducing GHG emission, accessing to environmentally-friendly technologies, creating more jobs, improving living standard, and supporting sustainable development. While we will need to put more own efforts to address the stated challenges, developing countries, in particular LDCs, need additional external support to fully realize the potential offered by low carbon growth. Existing policy and institutional barriers can be overcome with government dedication, active private sector participation and stakeholder consultation. However, stakeholder commitment must be met by additional donor support and stronger public-private partnership if we are to successfully follow the low carbon growth path. I have no doubt

that emerging new initiatives such as the Joint Crediting Mechanism will contribute to this. I thank you for your attention.