

Entering the Carbon Market: CDM Projects in Israel



Treating municipal, industrial and agricultural waste



Reducing air pollution from transportation and industrial sources



Improving the environment and preserving open spaces



Catalyzing economic growth and national interests

Israel's entry into the carbon market promises a winning combination: greenhouse gas reductions and revenues

Much has happened since Israel first established its Designated National Authority (DNA) for the Clean Development Mechanism (CDM) in 2004. Interest in CDM projects has risen, consultancies specializing in CDM services were established and fourteen projects were presented to the DNA for approval.

Israel's entry into the global carbon market was highlighted in a May 2006 conference on the CDM and emissions trading as means of financing greenhouse gas reduction projects. The conference organized by Israel's DNA featured presentations by representatives of the Ministry of Environmental Protection and of companies specializing in the development and implementation of CDM projects.

Although never glossing over the bureaucratic and financial complexities that are part and parcel of the required procedures for preparing CDM projects, conference participants emphasized the unique possibilities that this mechanism offers for turning greenhouse gas reduction projects into attractive economic opportunities. According to the Kyoto Protocol, developed countries have the possibility to reduce their greenhouse gas emissions, *inter alia*, through the purchase of carbon credits from developing countries. Since Israel is classified as a developing country under the Kyoto Protocol, entrepreneurs who implement emissions reduction projects in Israel will be able to sell their carbon emissions credits to developed countries.

According to the head of the Air Quality Division in the Ministry of Environmental Protection, Ms. Shuli Nezer, greenhouse gas emissions in Israel

CDM Projects Worldwide

- More than 1000 CDM projects in the pipeline
- More than 1.2 billion tons expected CERs by the end of 2012
- 278 projects registered by September 1, 2006
- 76 projects requesting registration by September 1, 2006
- 640 million tons of expected CERs from registered and nearly registered projects by the end of 2012

currently exceed 80 million tons per year, with 80% of the emissions generated by the energy and transportation sectors. Therefore, Ms. Nezer utilized the conference to urge industrial plants and entrepreneurs to identify CDM projects in Israel so as to advance the reduction of pollutant emissions and to earn benefits in terms of revenues generated from the sale of certified reduction credits (CERs). "Within the framework of discussions on the Kyoto Protocol's second commitment period (2013 and beyond), the State of Israel may find itself obligated to comply with some kind of emission target; therefore, anyone entering the market in advance of this date only stands to profit," she added.

Why Israel?

Israel, which is classified as a non-Annex I country under the Climate Change Convention, provides an especially attractive option for CDM projects for a wide variety of reasons, including:

- **Technological and scientific expertise, including wide experience in the field of "clean" technologies.**

- Open access to a wide range of environmental data, including monitoring data.
- Availability of local professionals, including scientists, engineers and lawyers.
- Stable democratic and economic climate which is favorable for investment.

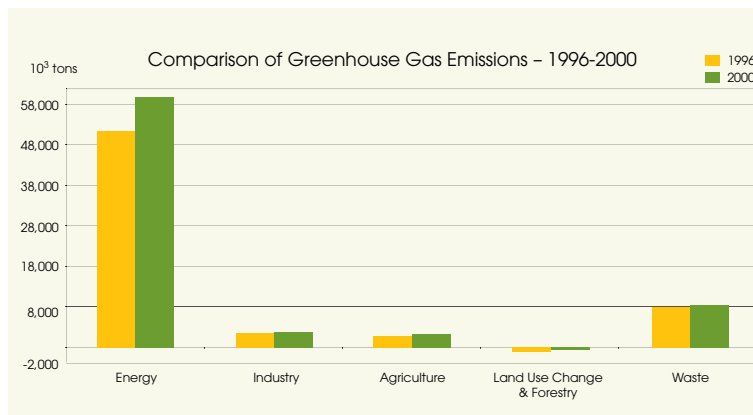
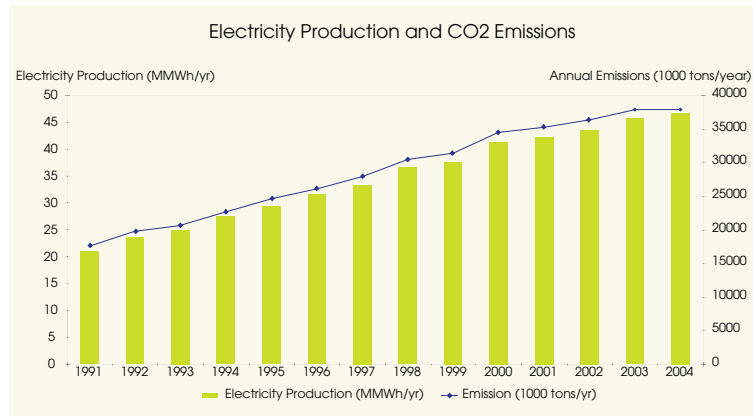
Israel's CDM offers investors from Annex I countries numerous opportunities for implementing projects in a wide variety of subjects, including energy, transportation and waste projects. In fact, the carbon credit market from CDM projects in Israel is estimated at about 15 million Euros per year. These funds will play a pivotal role in advancing environmental projects in Israel.

Hiriya Landfill Project: Israel's First Registered CDM Project

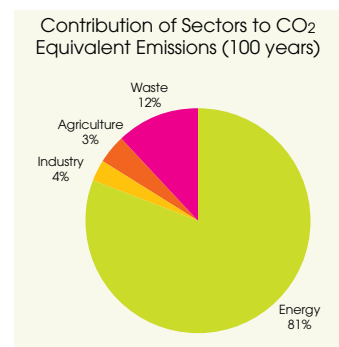
The Hiriya landfill was the main disposal facility for the municipal solid waste of the greater Tel Aviv metropolitan area (Dan Region) between 1954 and 1998 when it was finally shut down. The waste which accumulated in this "garbage mountain" for more than two decades led to serious environmental degradation as well as to the emission of methane gas as a result of anaerobic degradation. Methane (CH₄) is a powerful greenhouse gas whose global warming potential (GWP) is 21 times greater than CO₂.

The Dan Region Association of Towns for Sanitation, which operates the Hiriya landfill site, has set up a methane gas collection system at the landfill. Gas collected from some 63 drills is concentrated in a central transport pipeline and transferred to a flare at the base of the mountain for treatment. The biogas is being used as an energy source in a nearby industrial plant.

The Hiriya Landfill Project was officially registered on February 2, 2006 and is the first project in Israel to be registered by the Executive Board of the CDM. It is expected to generate 93,000 CERs per year.



To date (September 2006), fourteen projects, relating to such fields as landfill reclamation, renewable and clean energy, production efficiency and waste treatment, have been submitted to Israel's DNA for approval. They will be assessed according to nine sustainable development indicators. Once approved, they should deliver about 1.9 million tons of carbon dioxide equivalent (CERs) per year.



Adv. Lior Shmueli, Israel's CDM-DNA Coordinator, expects additional projects to be submitted to the DNA by the end of 2006, mostly in the area of renewable energy. According to Shmueli, **"Israel presents an excellent venue in which to develop CDM projects because, although categorized as a developing country under the Kyoto Protocol, it has all the characteristics of a developed country."**

For updated information on the CDM in Israel, please see the website of the Ministry of Environmental Protection: www1.sviva.gov.il/e_cdm