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Members of the CDM Executive Board  
c/o UNFCCC Secretariat  
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### **Policy Dialogue on the Clean Development Mechanism**

Input to the Public Call from 27 October 2011 to 16 January 2012

Dear Mr. Martin Hession,

Dear Mr. Maosheng Duan,

Dear Members of the CDM Executive Board,

Dear Members of the independent panel for the CDM policy dialog,

We welcome the opportunity to express our views concerning issues which should be addressed in the policy dialogue on the CDM. The objective of the policy dialogue is to make recommendations to the challenges to the future operation and development of the CDM. In this regard, we consider the following issues as relevant for the dialogue:

- a) For a better understanding of the merits of the CDM the assessment of the experience, benefits and shortcomings should be associated and evaluated with corresponding actions of the EB in order to demonstrate transparently what has already been achieved and which the most important decisions were.
- b) Building on the analyses of the state of play of the CDM the policy dialogue should address the constraints of the CDM with respect to a potential new market mechanism. The discussion should elaborate criteria defining for which sectors what kind of mechanism is most appropriate.

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- c) With regard to the future of the CDM and the international climate regime the capacity building efforts of the UNFCCC and other stakeholders are crucial for a successful implementation of climate projects. Therefore, the policy dialogue should assess the main capacity building programmes for DNAs and discuss how this could be further improved. In particular, it should be discussed how capacity building for the CDM could be embedded in capacity building for a national climate protection strategy.
- d) Due to the lack of future demand on CERs the potential compatibility of the CDM with offset-standards set by emerging emissions trading systems will be a major challenge to the mechanism. The policy dialogue should explore how the CDM has to be further developed to be able to safeguard a common global offset market. Regarding this issue we would like to draw your attention to the German research and dialogue project called "The Role of CDM and Offsets as Part of Future Carbon Markets". The project seeks to share and explore information about offset-standards of countries with the most important potential sources of demand for credits, such as Australia, California (USA) South Korea and Japan. Furthermore, the projects will examine to what extent CDM standards could, or could be reformed to to serve as an offset in these countries.

Yours sincerely,  
On behalf of the German DNA/DFP  
Frank Wolke

