Reforming the CDM

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Outlook of the CDM

There are several barriers to wide scale adoption of CDM

• Too complex and bureaucratic
• Lengthy Process- 3.5 years average time to get first credits
  • 500 days validation and 800 days from registration to first issuance
• High front-end and administrative costs
• Uneven outreach of the CDM
  • Low income countries largely unrepresented
  • Energy efficiency and transport sectors bypassed by the CDM
• Limited contribution to sustainable development
Recommendations on CDM reform
Provisions for POAs

- Include POA provisions in CDM modalities and procedures
  - Set out the key principles, definitions and rules that are specific to POAs
  - Clarifies the application of other sections of the M&P to POAs
- Include definitions of coordinating/management entity, validation requirements, guidelines for written approval/authorization from new host parties, duration of POAs and the duration of the crediting period for CPAs and monitoring and verification procedures
Determining Crediting Period

• Use flexible approach to determining crediting periods
  • Use criteria such as technology, project type, project scale, barriers, lifetime of equipment, country contexts and others.
• Increase flexibility to address issues relating to environmental integrity, financial viability and mitigation delivery
• Can lead to the use of advanced technologies
Demonstration of additionality

• Concerns that some projects are implemented that are not really additional
  • Include additionality assessment at the renewal of crediting period

• Introduce key principles of additionality into CDM modalities and procedures
  • Standardised approaches
  • Positive lists

• This would provide clarity to stakeholders in the demonstration of additionality

• Limit technology types- industrial gas projects (hydrofluorocarbon-23), large hydro electric plants, efficiency measures at coal-fired plants without carbon dioxide capture and storage.
Elaboration of the roles of DNAs

• DNA has role to ensure sustainable development benefits accrue from projects
• Measures to be taken:
  • Clarify roles of DNAs in new section of CDM Modalities and Procedures
  • Increase transparency by making information publicly available at national and international levels
  • Include in M&P aspects relating to the definition of letters of approval, information to be included in the letter and time period for validity of letters of approval
  • Include mandatory requirements for monitoring, reporting, and verification of sustainability benefits and negative impacts during the entire project cycle
The role of DNAs Cont’d

- DNAs should ensure the elaboration of sustainable development benefits and provide these to stakeholders for accountability
- Include stipulations to strengthen and clarify the requirements for stakeholder involvement including the incorporation of a best practiced guideline for local stakeholder consultation
- Introduce a procedure for the CDM Executive Board to forward concerns about social and environmental impacts of specific CDM project activities to the relevant DNAs for investigation and assessment
- Introduce best practice guidelines for addressing grievances
Simplifying the project cycle for certain project categories

- Facilitate standardized registration of projects
- Use registration template developed for a sector or for a specific technology which should fulfill the function of a traditional project design document.
- This is a simplified PDD structured as a checklist:
  - Applied technologies and methodologies.
  - Compliance with the applicability conditions set for the use of the standardized baseline.
  - Compliance with stakeholder consultation process and of completion of the environmental impact assessment in accordance with national requirements, existing CDM rules, and international good practices.
Membership and Composition of the EB

• Leave the distinction between members and alternates
• Eligibility criteria for CDM Executive Board members that do not allow individuals from a Designated National Authority (DNA), a Designated Operational Entity (DOE) or for a public or private institution that develops CDM projects or purchases or trades CERs.
• Create additional non-voting seats for private sector organizations
THANK YOU FOR YOUR ATTENTION

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