How to increase ambition in INDCs using the CDM

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Outline

• Background
• Current Status
• CDM In INDCs
• Conclusion

CDM Project activity : 5863: Wind Energy Project in Dewas, Madhya Pradesh (India)

CDM Project activity : 3965 Anhui Suzhou 2×12.5MW Biomass Power Generation Project ); China
Background: INDCs

• INDCs include the contribution but also often the “means of implementation” (how it is delivered)
  o Create trusts among Parties
  o INDCs de-facto provide blueprint for climate actions

Two key elements of INDCs:

➢ **Level of ambition** (e.g. target) which depends on availability of sufficient mitigation potential, tools for mobilising emission cuts, and capability/ambition to contribute to mitigation

➢ **Means of implementation** (e.g. projects, policies) with a wide range of instruments – domestic actions or international/regional collaboration,

+ Flexibility for the future?
Current Status

- Mainly bottom-up climate actions
- Many Parties see a role for international market mechanisms:
  - No double counting
  - Environmental integrity
  - Transparency
  - Verified outcomes
  - Real emission reductions
  - Robustness, etc.

Source:  http://www4.unfccc.int/submissions/indc/Submission%20Pages/submissions.aspx
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The reinforcing dynamic

**INDCs enables markets:**
- Send credible signals to stimulate investment
- Provide political grounds and intentions

**Market fulfills ambitions**
- Provide fast & direct access to finance to speed up or scale up mitigation
- Incentivize higher ambitions
- Foster trust and collaboration in long-term climate actions
CDM in INDCs

CDM as the means to achieve and increase INDC ambitions?

• Directly as project-based “contribution” (the emission reduction activities of the contributions may use CDM)

• To achieve part of a target to curb emissions
  ➢ Domestically: (i) in conjunction with domestic schemes (ETS, tax, etc.) or (ii) as main mitigation instrument
  ➢ Internationally: flexibility for funding emission reductions abroad

• To achieve a higher conditional target
  ➢ MRV result-based financing: condition for the higher target is the funding of emission reductions (by climate funds, Parties, etc.)
  ➢ MRV for climate actions: ensuring an appropriate MRV of results

• To allow and recognise early actions (e.g. voluntary cancellation) to close the pre-2020 ambition gap
CDM in INDCs

Why CDM?

• **Higher flexibility**: compatible with the use of multilateral instrument and national policies; allow linkage for Parties with a small domestic market size

• **Mature MRV tool**: to recognize reductions as well as for result-based finance with a harmonized approach; SBLs, Registry

• **Readiness**: the established infrastructure and methodologies enable prompt and early actions;

• **Sustainable Development**: Contributes to SD and catalyzing a low emissions development pathway

• **Private Sector involvement**: into climate action and thereby mainstreaming mitigation action
• **Calls for raising ambitions through multilateral instruments:**
  - **Indonesia:** welcomes bilateral, regional and international market mechanisms that facilitate and expedite technology development and transfer, payment for performance, technical cooperation, and access to financial resources to support Indonesia’s climate mitigation and adaptation efforts towards a climate resilient future.
  - **Myanmar:** Myanmar also intends to build its capacity to effectively and efficiently participate in future market based mechanisms.
  - **Bangladesh:** does not rule out the use of international market-based mechanisms in line with agreed modalities and accounting rules.
  - **Republic of Korea:** Korea will partly use carbon credits from International market mechanisms to achieve its 2030 mitigation target, in accordance with relevant rules and standards.
Examples of the use of market mechanisms/ CDM in INDCs-2 of 2

• Calls for raising ambitions through multilateral instruments:
  - **Switzerland**: use CDM credits to account for its mitigation commitment
  - **Mexico**: global market mechanisms essential for cost efficient mitigation; additional targets conditional on using market mechanisms
  - **Norway**: will continue to use market mechanisms and call for quality safeguard of emissions reductions
  - **Canada**: may use international mechanisms to achieve its target, subject to system robustness
  - **Morocco**: international market mechanisms is vital to reach 2°C cost effectively
  - **New Zealand**: call for unrestricted access to global carbon markets with reasonable standards (…) and makes it clear that ambition is conditional on access to carbon markets.
Conclusions

CDM, INDCs and ambitions

- CDM is applicable to both components of INDCs – target (i.e. conditional on the use of market) & implementation

- CDM as an existing and recognized instrument could facilitate flexible mitigation across time (pre-2020; post-2020), parties, and pillars of mitigation action (climate finance; emission targets)

- CDM is consistent with most of the calls for market mechanisms and rules by many parties

- Integrating CDM in INDCs will allow rapid and verifiable climate actions and harmonise international and national climate policies

- CDM ensures no double counting (ITL & registry), established processes, MRV, Standards.
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