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Inputs to the CDM Policy Dialogue

The following is a list and description of issues I propose the dialogue should address:

Carbon price: One external factor of great concern is the carbon price: the volatility experienced 2005-2012 has alternately encouraged and discouraged participation in the CDM. Post-2012 the carbon price is still more uncertain than in the current period; this uncertainty and instability is more likely to put a damper on CDM development than to foment it. How to position CDM in the context of the post-2012 carbon market?

Frequent revision of CDM rules: One great challenge to participating in CDM has been the near constant reinvention of CDM rules. This practice continues to the present with, for example, the newly introduced Project Standard. Actors in the CDM market have to spend a great deal of time staying up to date on CDM rules, instead of spending it identifying, developing and supporting active project activities. This has made understanding of the CDM the realm of extreme specialists; non-specialists have to turn to specialists as a middleman to aid in their participation in the mechanism. Post-2012, CDM rules need to be steady to enable more actors to participate easily in the mechanism.

Target participants of CDM: As non-Annex 1 nations begin to take the initiative to reduce emissions domestically on a more sector or industry level via e.g. NAMAs, CDM could continue to provide the means for emission reduction activities to receive carbon finance in nations that *do not* follow that path, due to e.g. capacity or economic constraints. In some nations the establishment of adequate, reliable infrastructure and procedures to evaluate and approve domestic emission reduction actions may not be a priority; hence, these nations could continue to rely on the established, trusted process of the CDM. Is this a role that the CDM should take on? What would need to be adapted to fulfill this role successfully?

Checks and balances in CDM governance: CDM governance is under control of the CDM-EB, which answers to the COP. However, it has been observed that the same EB members also represent their parties on CDM issues at the COP. This may disturb the checks-and-balances that ought to be in place in CDM governance. How can the checks-and-balances in CDM governance operate adequately?