

The Chair and Members of the CDM Executive Board
c/o the UNFCCC Secretariat
P.O. Box 260124
D-53153 Bonn
Germany

Re: Call for Inputs on CDM Policy Dialogue

The Institute for Global Environmental Strategies (IGES) welcomes the CDM Executive Board's call for public inputs on issues to be addressed in the dialogue, including external forces affecting the CDM, future challenges it can be expected to face and opportunities and possible directions for its future use and development.

In responding to the call, we would like to submit our suggestions and inputs on how the CDM Policy Dialogue will better serve in respect to the objectives and mandates.

IGES has been proactively involved with the development of CDM from the early stage of its preparation to the full implementation stage with diverse stakeholders, in particular, the designated national authorities (DNAs) to enhance the institutional and human capacity to fully engage to this unique mechanism and try to propose policy reform to the system based on the on-ground experience.

We believe that our experience and our approach as well as lessons learned could contribute this process and hope to further improve the system as a whole to better fit into the future climate regime.

Followings are more of the suggested approach and topics to be further elaborated in the CDM Policy Dialogue and we are more than happy to further engage and involve the process throughout this year.

1. Direct involvement of all the stakeholders particularly feed backs from the project participants both from Annex I country and Non-Annex I country would be necessary to understand the reality of CDM on the ground. Post registration survey can be initiated through the policy dialogue.

2. The Concept of Baseline and Crediting System Based on the Actual Implementation of CDM Project should be critically evaluated in the context of its effectiveness and environmental integrity. It would worth consider and critically evaluate to what extent this concept was put into practice and what was the actual experience from the implementation of CDM project activity with particular interest of external factors that influenced baseline scenario, hence, changed the emission reductions. Based on our experience, many things could happen after the registration of CDM project and such changes were caused due to external factors (e.g. economic conditions, technological improvement and change of CER prices).

- 3. The review of how the concept of “additionality” was translated into the practice. Evaluation of effectiveness and weakness based on the experience from the registered projects combined with feedbacks from all the stakeholders to suggest the way to redefining the concept in the next regime.**
- 4. Revisiting the role of designated national authorities (DNAs) in the post registration stage and the revision of the modalities and procedures in the context of programme of activities (PoAs) where many existing rules cannot accommodate the complex nature of the PoA.**
- 5. The review of the format of project design document (PDD) based on the experience and to assess any consolidation and addition to the section or some part based on the experience gained and feedbacks obtained. Review of how PDD has been accommodated the description of project activity.**
- 6. The review of the function of CDM registry and account system based on the experience in order to fit into the future climate regime beyond. Specifically, the review of the use of certified emission reductions (CERs) and possible revision of CER use by non Kyoto Protocol Parties.**
- 7. The assessment of effectiveness of validation process and possible form of simplification based on the experience and prospects of on-going initiatives (e.g. risk-based registration analysis).**
- 8. The comprehensive analysis of experience and lessons learned from review process during the registration and issuance of CERs**
- 9. The review of the support structure of the CDM EB and to assess the effectiveness of the current structure for the possible reform.**
- 10. Lessons learned from the Afforestation/Reforestation CDM project activities and implication to the CDM reform.**

Kazuhisa KOAKUTSU (Mr.)

Senior Researcher

Deputy Director, Market Mechanism Group

Institute for Global Environmental Strategies (IGES)

2108-11 Kamiyamaguchi, Hayama, Kanagawa, 240-0115 Japan

Tel: +81-46-855-3825 (Direct)

E-mail: koakutsu@iges.or.jp

IGES Market Mechanism Database: <http://www.iges.or.jp/en/cdm/index.html>