Outcome of Break-out 8 Future market expectations

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- ✓ Discussions and views on the future role of CDM :
 - Should CDM continue with/without some changes (Pre & Post 2020)
 - Should CDM continue after bigger reforms and extended scope and together with new mechanisms (Pre & Post 2020)



- ✓ CDM should continue with some changes (Pre & Post 2020)
 - Strong support
 - CDM is too valuable to be simply discarded and its components are all fully operational (MRV, Accreditation system, standard setter, etc)
 - It took 10 years for CDM to develop capacity in many LDC and SIDS and it may take another 10 years to develop capacity on new mechanism. So, CDM can continue to play enhanced role in achieving regional distribution and enhance mitigation activities.
 - Revision of CDM Modalities and Procedures (Lima, 2014) is a step in a right direction.



- ✓ CDM should continue after bigger reforms and extended scope and roles under new mechanisms (Pre & Post 2020)
 - □ Role in Climate Finance
 - ✓ For institutions that invest in climate action, the <u>CDM is a ready-made</u>, reliable, <u>UN-recognized tool</u> that offers a transparent means to monitor, report, and verify mitigation outcomes (Ci-DEV, PAF- Methane) such as Results based Finance (RBF)
 - ✓ Even though tool exists, demand is the barrier
 - Role in Mechanisms supporting Domestic Policies
 - ✓ The CDM enables domestic policy makers to avoid developing an entirely new set of domestic rules or programmes, saving cost, effort and time.
 - Enhanced focus on Energy/ Power on Energy efficiency sector
 - ✓ Renewable Energy
 - ✓ Off-grid



- ✓ CDM should continue after bigger reforms and extended scope and roles under new mechanisms (Pre & Post 2020)
 - Role in Cities and Transport Sector
 - ➤ Cities and urban centres house more than 50% of the global population and contribute more than 70 percent of global GHG emissions and are still relatively poorly represented in the CDM.
 - > Barriers due to requirement of high upfront finance
 - Methodological reforms required
 - > How to credit policies rather than projects
 - □ Clean Technology and transfer of technologies



☐ Role as a Tool box under FVA, NMM and post 2015 agreement

- ➤ The CDM can be an instrument/ tool that can provide incentive for mitigation action beyond offsetting and compliance in pre and post 2020.
 - CDM as NMM
 - CDM for Results Based Financing
 - CDM for ETS linking
 - CDM as climate finance tool
 - CDM in support of net mitigation
 - CDM in support of domestic climate policies
 - CDM as sustainable development and adaptation tool.



☐ Other Inputs

- Flexibility should be incorporated
- > Expand CDM to under-represented sectors (esp. forestry and transport)
- Create innovate mechanisms to stimulate market prices, e.g. auctions, minimum price
- Encourage private sector to use CDM for voluntary cancellation
- Negotiations aspects:
 - set up a Technical expert meeting on "using the CDM to close the pre-2020 gap"
 - have a specific working programme on CDM for post-2020
 - involve DNAs in the ADP Track 1 2 negotiations to build on their knowledge and experience of CDM
- > The CDM should continue to be used to:
 - Build capacity
 - Develop SD co-benefits
 - Reduction of poverty

