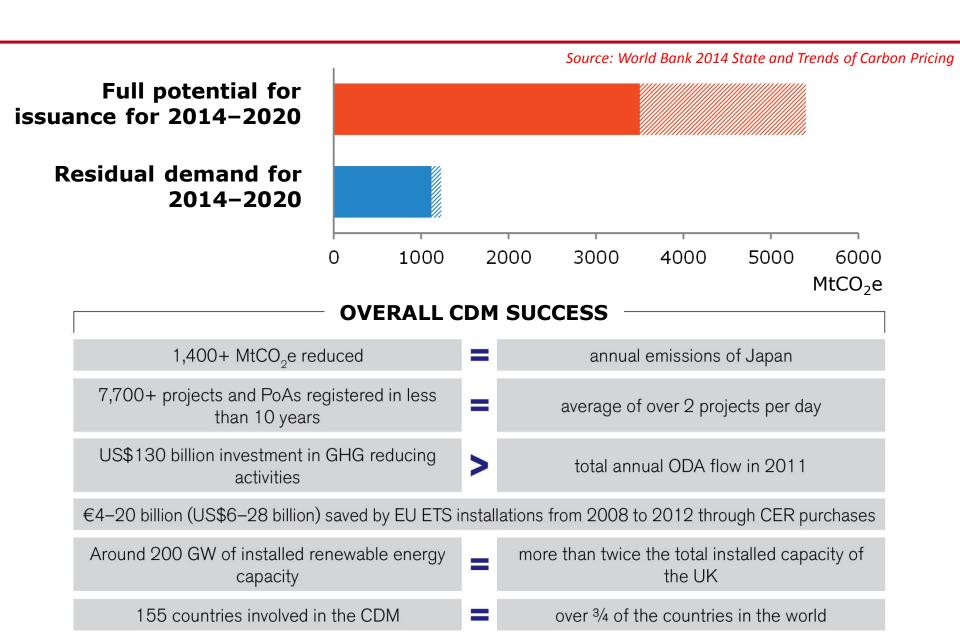


Status of the negotiations on the CDM reform

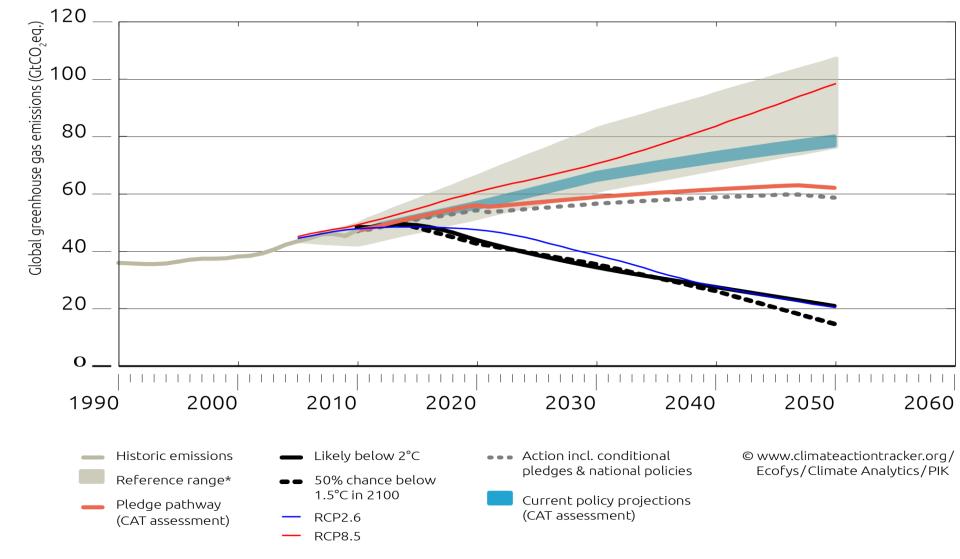
Asia and Pacific Regional Workshop: Promoting CDM and Market Mechanisms, Bangkok, Oct 13-15, 2014

Suphachol Suphachalasai, WBG

Building on CDM success and experience



CDM as part of policy tool kit for 2C World



^{*} Harmonized 90% range of recent reference scenarios from the literature.

Timeline of CDM reform negotiations

Review of M&P started in 2013 following Decision 3/CMP.1

Warsaw (Nov 2013)

- First round of negotiations at SBI 39 \rightarrow Note by the co-chairs
- CMP9 requested UNFCCC secretariat to prepare a technical paper on issues related to possible changes to M&P for consideration at SBI 40

Bonn (June 2014)

- Progress and converging views on supply-side improvements
- But conclusion not reached primarily due to controversy on 'net mitigation'
- SBI 40 produced Second note by the co-chairs and Draft conclusions by the chair
- Requested a technical paper on net mitigation and other remaining issues
- Invited EB to identify options for CDM evolution to generate substantial net emission reductions
- Requested the secretariat to prepare draft M&P based on SBI 39 and 40 outcomes
- Lima (Dec 2014): SBI 41 to continue the consideration of this agenda sub-item taking into account the documents above

Broad direction of CDM Reform

CDM as a multi-purposed tool

- Deliver results-based climate finance
- Help meet national targets
- Use as offset in domestic carbon pricing schemes
- Link with NMMs allowing net mitigation and scaling up
- MRV of mitigation outcomes
- Technology transfer and capacity building activities

Increase CDM inclusiveness and impact

- Allow developing countries full access to CDM for meeting their NAMAs or for commitments under other instruments
- Multi-country project activity
- Reduce complexity and transaction costs
 - Standardized baselines
 - Simplification of project cycle and methodology
- Promote access for low-income countries
- Target untapped potential (e.g. transport and buildings)
- Allow local stakeholders to comment on verification reports

Challenges ahead (some examples)

- Applicability of existing CDM infrastructure and MRV for mitigation actions that are beyond the current coverage
 - city-wide, economy-wide, policy-level instruments
- Readiness and capacity in sectors with limited scope under the CDM
- Comparability and consistency with other mechanisms
- Requirements for new rules and procedures that may be beyond CDM negotiations
- Clarification on—and options for—addressing net mitigation
 - Definition, quantification, and operationalization (likely case-specific)
 - Treatment of leakage under CDM
- Costs and lead time associated with clarifying these issues
- Swift actions on converging views → broadening CDM access particularly in low-income countries



Thank you!

World Bank carbon pricing initiative: http://www.worldbank.org/en/programs/pricing-carbon

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