#### CDM Sustainable Development: added value to mitigation activities

Presentation for DNA Forum November 13, 2014



• Climate Policy and Markets Advisory.

A consultancy firm specialising in climate policy and market based mechanisms

 Presentation based on a report commissioned by the Swedish Energy Agency



#### Content

- Added value: literature review
- Comparison between voluntary standards including how they deal with follow ups
- Views from project developers and buyers
- Examples of DNA approaches
- What will the future bring?



#### **Review of Research I**

- A lot of research CDM critical:
  - Lack of contribution to sustainable development,
  - Difficult to prove additionality,
  - Deficient stakeholder consultations
  - DNAs 'race to the bottom'
  - Added value of CDM in question (even mitigation value questioned)



# **Review of Research II**

- In defense of CDM
  - Lots of research use PDDs as main source of information, PDDs which contain limited information in relation to SD
  - 'conflict of objectives': global mitigation vs local SD
  - Role of DNAs: lack comparison with non CDMprojects, lack of national level
  - Does every project need to score high on SD when it is an objective of the whole scheme?

Expectations on CDM too high



# Standards and Tools

However, although improvements are made, CDM can still improve:

- local stakeholder consultations one of the elements in assessing and assuring contribution to SD
- Follow ups, grievance mechanisms: how to deal with projects that fail to deliver over time?

How is this handled among the voluntary standards?

- Requirements for local stakeholder consultations
- Monitoring of SD, follow ups, and grievance mechanisms
- Revoking of certification



#### Comparison I

Standard	Number of projects		
Carbon Action Reserve (CAR)	374	Listed	
Climate, Community	131	Listed	
Biodiversity Standards (CCBS)			
Social Carbon	58	Publicly listed	
Gold standard	354	Listed	
CDM SD-Tool	15	Published	
		documents	

Standard	Projects Registered	Carbon Credits Issued (millions)
CAR	374	
Voluntary Carbon Standard	1209	> 157
CDM	7573	>1,508 Including PoA



#### **Comparison II**

	Boundaries	Sustainability and environmental objectives	Development of indicators	Data collection	Follow up requirements	Withdrawal of certification
CDM SD -Tool	Set by project activity or PoA as described in PDD	Relevant areas described.	Pre-defined for the areas and area sections	By project participants	-	-
Gold Standar d	Project developer provides GPS location. Boundaries for project set in documentation may differ from area defined for sustainability assessment. Stakeholders define their impact areas.	UN MDG and MDG Carbon Safeguards. Must show environmental benefits.	Pre-defined for different project types. Operationalized to fit local stakeholders. Indicators developed by local stakeholders.	Project developer (mandatory), NGO Supporters and local stakeholders (voluntary)	Verification of monitoring of sustainable development indicators at verification within two years from project start and then every three year. Grievance mechanism for local stakeholders and NGO supporters.	Activity cannot be verified (request for clarifications not answered within time limit, project deleted)
Social Carbon	Project developer defines geographical boundaries	Maximize six resource bases	Predefined resources. Can provide new indicators.	Project developer through interviews, questionnaires and stakeholder meetings	Continuous improvement required	Certification lost if failure to use methodology, verify a report or does not fulfill the guidelines and requirements.
CCBS	Project area and project zone	Must show climate, community and biodiversity benefits	Guidance for developing indicators but no definition of specific indicators	Project developer with encompassing stakeholder consultation	Perform periodic evaluations to ensure the respect of full and effective participation	Communities can withdraw consent. Projects expire if verification is not done in time, projects are suspended by CCBS at any time
CAR	Impact consideration regardless of proximity	Prioritizing project types with significant co- benefits	Project proponent proposes protocol following basic principles	Project developer	Site visits required for GHG monitoring	Deadline for verifications



# Reflections

- Several standards exist to capture added value of carbon projects
- Methods for ensuring participation and to assess compliance with SD requirements vary
- Process of suspension when projects turn out bad not always very explicit but is there

*Projects specifically aiming at being nice – are likely to be nice* 

#### The challenge: > 7,000 CDM projects.

Mandatory reporting, compliance? Monetization? Larger role for DNAs? More help from CDM EB/Secretariat?



# **Experiences and Views**

Voluntary standards and tools useful but sometimes administratively burdensome

*Project Developers' views:* 

- Gives extra monetary value thus important
- Does not give any extra monetary value so why bother
- DNAs could do more
  - Support in the definition and assessment of sustainable development
  - Review of portfolios

#### Project Developers' / Buyers' views

- Want to buy stories (voluntary market)
- Want to buy stories (compliance market but co-benefit aspect important)
- Want to buy something with a rubberstamp
- Want to have rating (and ranking)
- Want to have information (some sovereign buyers, climate finance)



#### Future

Sovereignty prevails – any rules should recognize that

DNA overburdened - CDM EB/Secretariat could facilitate

Minimum requirements: to have a system of SD evaluation as part of LoA issuance

Story, stamp or rating?

- Easily accessed information and incentives to make each project as good as possible



# Thanks for listening!

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