

The CDM Forum

A panel discussion hosted by
the CDM Executive Board
on the evolving role of
the mechanism

Lima, Peru, 1 December 2014



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CDM Executive Board



Today's session will cover:

Highlights from the Board's work
in 2014

Panel discussion on the
evolving role of the CDM

Engagement with policymakers, private sector

- Informal meetings in context of **UN SG Climate Summit**, New York
- **Support to domestic policymakers on use of CDM** in domestic climate policy (ETS, carbon tax)

Increasing Demand

- Work towards **CDM online voluntary cancellation website** for launch in 2015

Procedures

- Launch of the **voluntary sustainable development tool**
- Recommendation to CMP on **flexibility in timing of A/R verification**
- Adoption of **procedures to support local stakeholder consultation**
- Choice to **validate monitoring plan later**, by first issuance.



Additionality

- Revised 10 plus standards/methodologies to **facilitate low-income community projects**
- More work on **simplification**

Methodologies

- First methodologies in **dairy and construction** sectors
- Expanded methodology on **rural electrification**

Standardized Baselines

- Adopted **four standardized baselines**, 24 currently submitted

Programmes of Activities

- Ongoing **simplification and flexibility**
- **Flexibility in timing of issuance** (CPA level issuance)

Suppressed Demand

- Included concept in **three methodologies**



What to do now:

- **Strengthen mechanism** to best serve the needs of emerging global climate system for the future
- **Careful stewardship of previous revenue** to ensure continuation of the CDM until end of Kyoto Protocol CP2



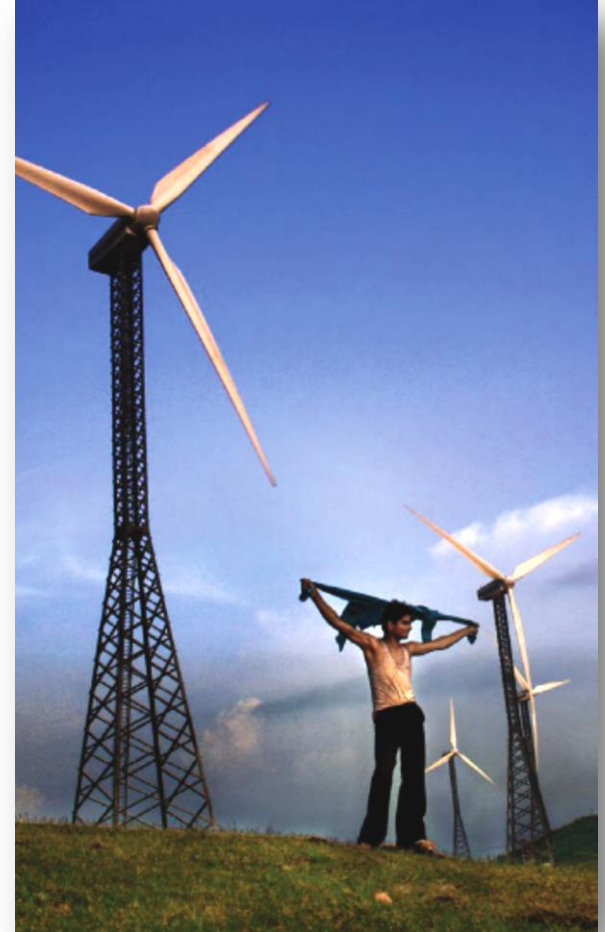


CDM = Largest, most widely recognized baseline and crediting mechanism in the world

- Has leveraged private investment 10 times the public funds invested
- Led to approx. **USD 138 billion** in climate finance **investment** in mitigation and sustainable development
- Reduced or avoided **1.5 gigatonnes** of CO₂ equivalent
- **Saved USD 3.6 billion** in Kyoto compliance costs

CDM has generated and supported green growth globally

- Technology transfer
- Employment
- Household income generation opportunities
- Education
- Rural electrification
- Improved air quality with resulting health benefits



CDM: What else?

- A decade of practical experience
- Strengthened capacity in low-emissions development in developing countries
- Support for transformational climate policies
- Closer networks of stakeholders and governments



The challenge for the CDM



The fundamental challenge is the **absence of demand:**

- Causes low prices, in turn causing;
- Loss of incentive to continue projects; and
- Departure of human capacity,

....all of which jeopardizes the long-term partnership of the UNFCCC Parties and the private sector.

However, the need for global action has never been greater!

Why we have to rise to the challenge...

The CDM is simply **too valuable to be discarded**:

- Its **components are all operational**: monitoring, reporting, verification, assessment apparatus, accreditation, registry system – all useful tools for future climate action
- CDM is the **de facto international standard**; across the world it is the source of rules for mitigation activities
- CDM enjoys **political legitimacy** as the **only** multilaterally agreed and jointly owned programme
- The CDM will not be easily repeated



The emerging environment

- Governments need access to **flexibility** in domestic mitigation: **carbon pricing policies and CDM** can be used directly or indirectly as a part of those policies;
- Future climate agreement needs **systems for quantifying efforts and results** of intervention, **measuring mitigation** and **tracking mitigation outcomes**
- CDM is suitable for other policy objectives too, such as: delivering climate finance and supporting development and corporate social responsibility



What the CDM can deliver

- **The CDM can be integrated into domestic carbon pricing and mitigation policies** – directly (through ETS) or indirectly (using CERs as a form of payment for carbon taxes)
- The CDM has potential to support **mitigation action in sectors where mitigation potential is not yet realized**
- The **CDM can be used for other complementary purposes** – as a tool for delivering results-based finance
- Voluntary cancellation of CERs can be used as a tool for corporate social responsibility
- The Board **recognizes its role in securing a future for markets** under the 2015 agreement – calling for a strong signal in Paris and the need for long-term horizons for investment in mitigation action



CDM Forum: Panel discussion

