



Plenary 2 – CDM Outlook



How the CDM could be IMPROVED TO CONTRIBUTE TOWARDS CLOSING THE PRE 2020 GAP

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Make CDM more compatible for RBF.

Proof of concept

- Pilot facilities of WBG and other organizations.

• Recognition as a mechanism to deliver climate finance

- Bridging the carbon market and climate finance communities;
- Results-based finance recognized under GCF.

Strategic CDM reform

- Make CDM understandable for broader business communities and commercial Banks: standardization;
- Reduce regulatory risk and transaction costs: methodology simplification and project cycle reform;
- Improve general perception of CDM: objective criteria for environmental integrity, improve visibility of co-benefits.





Implement CMP 10 decisions.

• Project cycle reform

- Allow the simplified registration of project activities and programme of activities that qualify as automatically additional;
- Registration is approved on the basis of a standardized pre-approved registration template using objective criteria without prior validation through a designated operational entity;
- ex post confirmation by a designated operational entity during the first verification of the compliance with the registered template of the implemented project activity or programme of activities;
- Apply microscale thresholds at the unit level rather than at the component project activity level;
- Allow, as an option, a simplified validation and registration process for activities that satisfy microscale thresholds and are considered automatically additional.





Focus on M&V, now.

- The percentage share of issued credits from projects in LDCs is still less than 0.5%.
- The average number of days from the date of registration until the date of issuance is around 2 years.
- High transaction costs compared to the value of emission reduction revenues.
- Significant delays in procedures for the approval of post registration design changes to the project.
- Project monitoring plans are rarely implemented as anticipated and described at the time of PDD registration.
- Cumbersome methodological and monitoring requirements along with demanding sampling survey procedures.
- Requirement for POAs to combine monitoring reports of all CPAs.





Focus on M&V, now.

Simplify monitoring requirements

- simplification of monitoring frequencies, more use of default values;
- promoting aggregated monitoring;
- making sampling procedures more practical;
- Roll back MR publication time to 14 days.

• Simplify verification requirements

- expanding the list of post registration changes that require no prior approval;
- empowering DOEs to approve certain deviations and revisions to monitoring plan requests;
- simplifying sampling results verification requirements for DOEs.

Streamline regulatory process

- changes to the start date of crediting period;
- flexibility with monitoring report submissions to POAs.





Make SB framework more useful.

- Countries are adopting 'all' policy and technology options
- High transaction costs: One POA & multiple CPAs or multiple POAs with multiple CPAs
- Encourage project developers who want to adopt several technology options: Reduce risks, facilitate financing
- Government(s) plays a significant role
- Identification of role of carbon finance is critical and then designing incentive scheme around it
- Baseline and additionality pre-established
- ERs against, for example, increase in electrification rate / increase in number of connections / service cost
- Explore if scope of existing SB framework can be expanded
- Approaches proposed under the Global Tracking Framework could be helpful





Scope for further simplification exists.

- Streamline all standards; but have predictability
- Consolidation of methodologies (e.g. rural electrification)
- Simplified GEF with increased frequency for updates, say once in 3 years
- Allow the same designated operational entity to carry out validation and verification for the same project activity or programme of activities of all scales
- Expand the scope of materiality









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