

ClimateStrategies Mission

- ❑ Academic network organisation focused on developing and delivering research to meet the needs of international climate change policymaking.
- ❑ Convenes international groups of experts to provide rigorous, fact-based and independent assessment on international climate change policy.
- ❑ Works with decision-makers in governments and business, particularly, but not restricted to, countries of the EU and EU institutions.

Research Prospectus 2008



1. International economic instruments post 2012 for industrialized countries

□ ETS issues

- Tackling international leakage in a world of unequal carbon prices
- Auctioning of allowances
- Linking of emissions trading systems (directly, indirectly, new sectors such as transport)

□ EU: effort sharing agreement post 2012

□ East-West mechanisms

- Green Investment schemes
- CIS Countries and Post-Kyoto Politics: Positions and Backgrounds.

□ LULUCF options for post 2012

2. Developing countries programme

- ❑ CDM in post-2012 Climate Change Regime
 - CDM performance (empirical analysis)
 - Enhanced CDM (policy, sectoral; focus on China and India)
 - LDCs, programmatic CDM
 - Broadening the scope of land-use sector (revegetation, soils)
- ❑ North-South cooperation on domestic climate policies
- ❑ Reducing emissions from deforestation, and other national-level mechanisms

3. Synthesis and cross-cutting analyses

- ❑ What can the different instruments learn from each other?
- ❑ How could these elements be combined into a politically viable agreement
- ❑ Interplay between EU ETS and post 2012 international agreement
- ❑ International financial and technology flows
- ❑ Specific topics, e.g.
 - Synthesis on sectoral issues (REDD, CDM, intl.)
 - Role of banking of AAUs and EUAs

Funding

- Contributions from
 - Governments (core and project specific)
 - Industry
 - Foundations
- Secretariat (overhead) funded by UK CarbonTrust

Sponsors to date in 2008



Grant Thornton



BERR | Department for Business
Enterprise & Regulatory Reform



Releasing a new report



University of Zurich



Empirical analysis of performance of CDM projects

Summary of results

June 2008

Coordinator: Axel Michaelowa

University of Zurich

axel.michaelowa@pw.uzh.ch



The CDM project

Project aim

- assess whether the CDM projects currently developed will really produce CER volumes as projected to fill EU governments' Kyoto gaps and provide sufficient volume for companies to fulfil the requirements under the EU ETS
- understand the criteria that drive project success including factors such as
 - project type
 - type of project developer
 - project size
 - host country
 - additionality
 - degree of stakeholder participation

CER volume by 2012



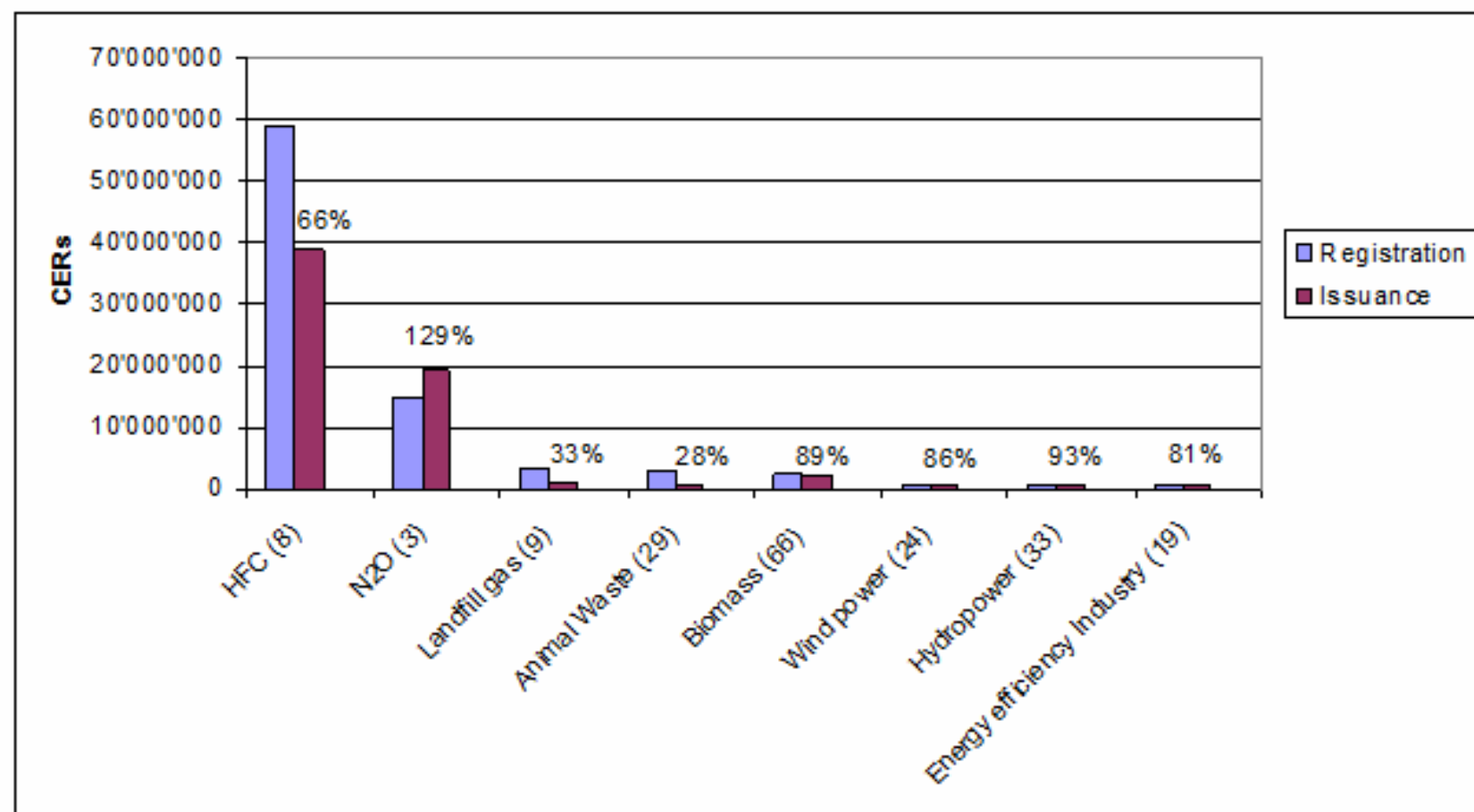
- **Depends on the following parameters**
 - Project inflow in the future
 - Slowdown due to post-2012 uncertainty? So far no indication
 - Depends on rules regarding additionality etc.: 1.5 – 5 billion
 - Share of projects achieving validation
 - Can only be assessed by duration of projects remaining in the validation phase: 50 – 90%
 - Share of projects being rejected
 - Has shifted substantially over time: 0 – 10%
 - Delay of implementation of registered projects: 6 months – 1 year
 - Performance of registered projects: 75 – 85%
- **CER volume could reach between 1.9 and 4.4 billion**
 - Much more than EU ETS demand and total government demand

Overall performance



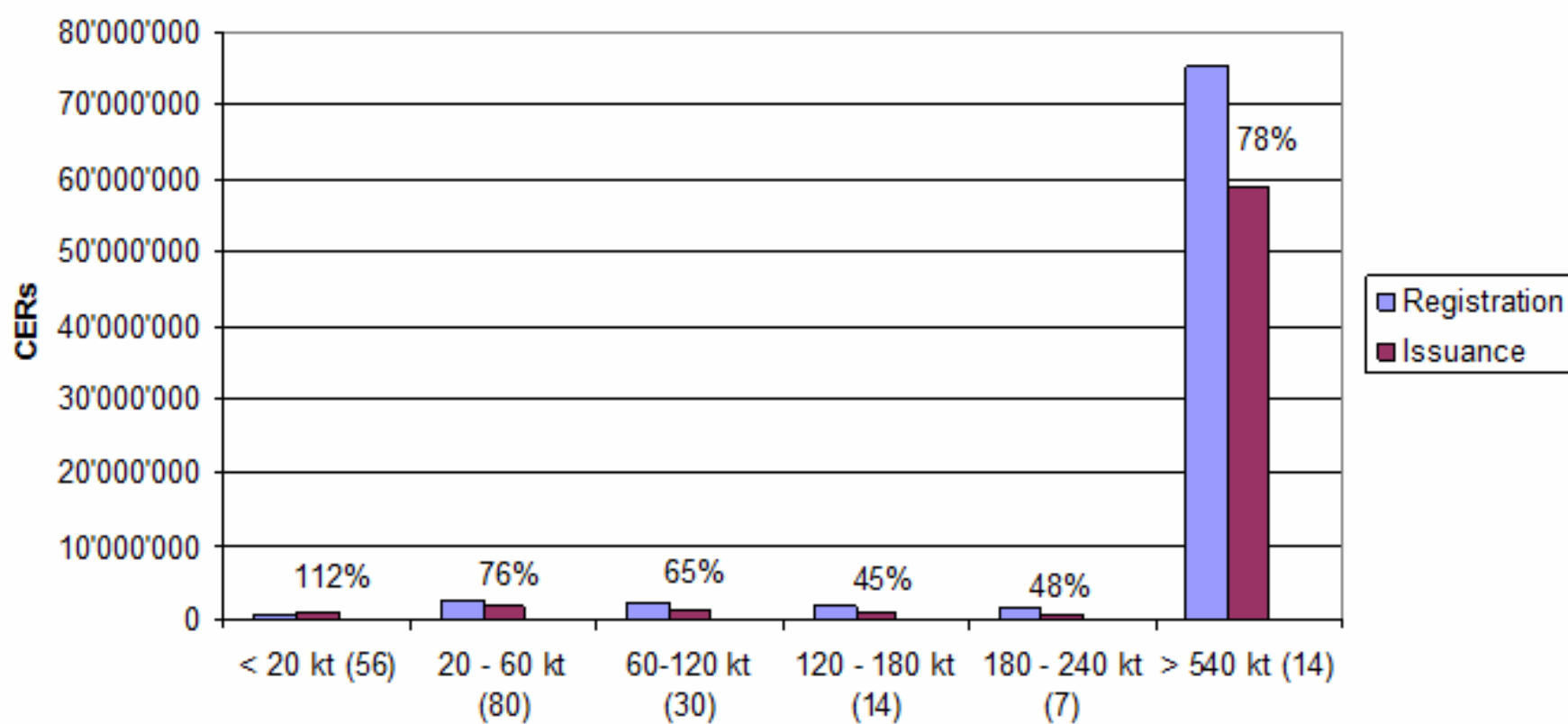
- Analysis of 203 CDM projects with issued CERs
- Data cut-off end of June 2007
- Performance: 76% of CER forecast at registration
- Performance may improve over time, as shown by the analysis of monitoring reports of four Indian CDM projects

Performance – project types



Variability among projects of the same type is **very large**, showing the importance of a good project management

CER performance: project size





Performance: uni- vs. bilateral

- **Bilateral projects perform better than unilateral ones**
 - CER issuance rate 77% versus 67%
 - Better access to technology, technical support, quality control and upfront financing.
- **Unilateral projects have on average shorter lead times (275 days) than bilateral ones (325 days).**
- **More unilateral than bilateral projects lagged for over a year in the validation stage**
- **Unilateral projects are more likely to be rejected**

Additionality



- **Additionality is the main cause of project rejection**

- 65% of the rejections were caused – at least in part – by problems in the additionality demonstration
- In all of them, the barrier analysis was found not sufficiently convincing or demonstrated.
- 75% of large projects were rejected due to additionality, only 50% of small ones were

- **Additionality demonstration is still a problem in all studied countries**

- All of them have both good and bad examples of additionality demonstration
- Public comments, corrections and clarifications during validation and requests for review are frequently related to additionality

Stakeholder consultation



- **Brazil has a specific procedure for carrying out stakeholder consultations, China and India do not**
 - China: mainly through written survey
 - India: 70% of the PDDs mention having had some kind of consultation meeting, but not necessarily specific for issues related to CDM
 - Brazil: > 5% of projects receive any comment from stakeholders
- **Stakeholders are not informed about the economic benefits brought by CER sales and the benefits that could “trickle down” to them from these revenues**
- **No links between quality of the stakeholder consultation processes described in the PDDs and the rejection or withdrawal of projects**

Report is available at:

□ Main report:

[/www.climate-strategies.org/uploads/1_Empirical_analysis_of_performance_of_CDM_projects.pdf](http://www.climate-strategies.org/uploads/1_Empirical_analysis_of_performance_of_CDM_projects.pdf)

□ 8 detailed discussion papers:

[/www.climate-strategies.org/item_list.php?item=document&id=149#149](http://www.climate-strategies.org/item_list.php?item=document&id=149#149)

□ Other forthcoming papers (by end of June):

- Joint Implementation – Looking back and forward (A. Korppoo, O. Gassan-Zade)
- Scaling Up AFOLU Mitigation Activities in Non-Annex I Countries (P. Baalman, B. Schlamadinger)
- The role of forestry offsets in linking Emissions Trading Systems (A. Tuerk et al.)

Projects presented at this side event

- **The EU ETS and carbon leakage: addressing a multilateral challenge**
(Susanne Dröge, German Institute for International and Security Affairs, Berlin)
- **Green Investment Schemes(GIS): Maximizing their benefits to climate and society**
(Liming Qiao, Central European University, Budapest)