



# The power of the CDM to mobilize the mitigation potential

UNFCCC side event:  
Experience gained and lessons learned from the CDM

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# Report on the Achievements of the CDM (CDM Executive Board)

Nice summary of **direct accomplishments**.

Credits the CDM for harnessing the **power of the private sector** and for its **transparency** and **innovations**.

Also draws attention to the **indirect accomplishments**.

**Broad recognition** of the CDM's successes shared by long-term supporters and critics.





# Personal highlights



- + Role of the CDM in **national carbon pricing** schemes (e.g. China, Korea, Colombia, South Africa)
- + New departments and renewable energy regulations



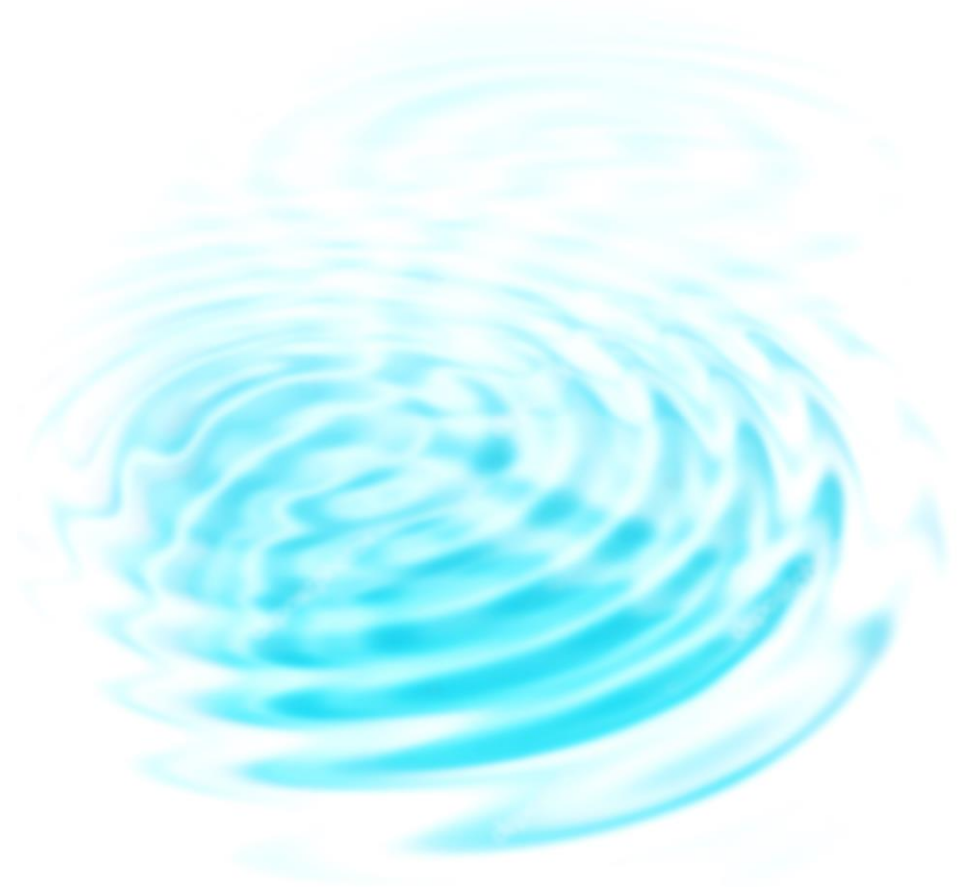
# How does the CDM stimulate investments?

## **Increasing the return on investments**

Impact varies largely from *a few % points* in the IRR to fully financing the investment, depending on technology and price of the CER

**Upfront finance** offered by many carbon buyers (e.g. up to 30% of ERPA value)

**Currency:** Carbon finance is paid in US\$ or € and used as a currency hedge



# How does the CDM stimulate investments?

**Diligent MRV** of emission reductions and involvement of international partners paves the way for more investments

**Result-based payments** lowers the risk for financiers

**Joint ventures** between local project developers and international carbon market developers

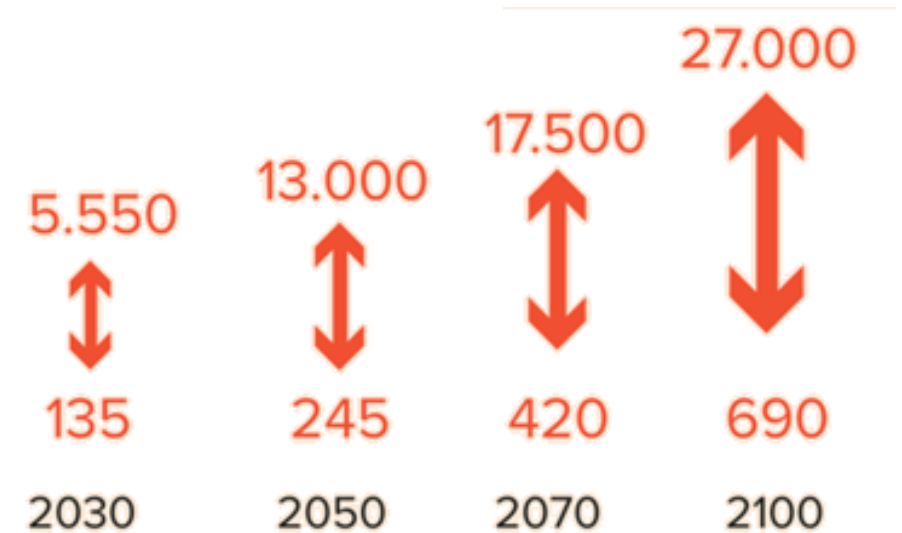
**Dedicated Funds:** Large amount of finance made available in carbon funds (e.g. World Bank)

The CDM achieved its results in the US\$ 5-15 price range!

**Carbon-price level** consistent with achieving the Paris temperature target:

At least *US\$40–80* per tCO<sub>2</sub> **by 2020**      *US\$50–100* per tCO<sub>2</sub> **by 2030**

Report of the High-Level Commission on Carbon Pricing, led by Joseph Stiglitz and Nicolas Stern (May 2017)



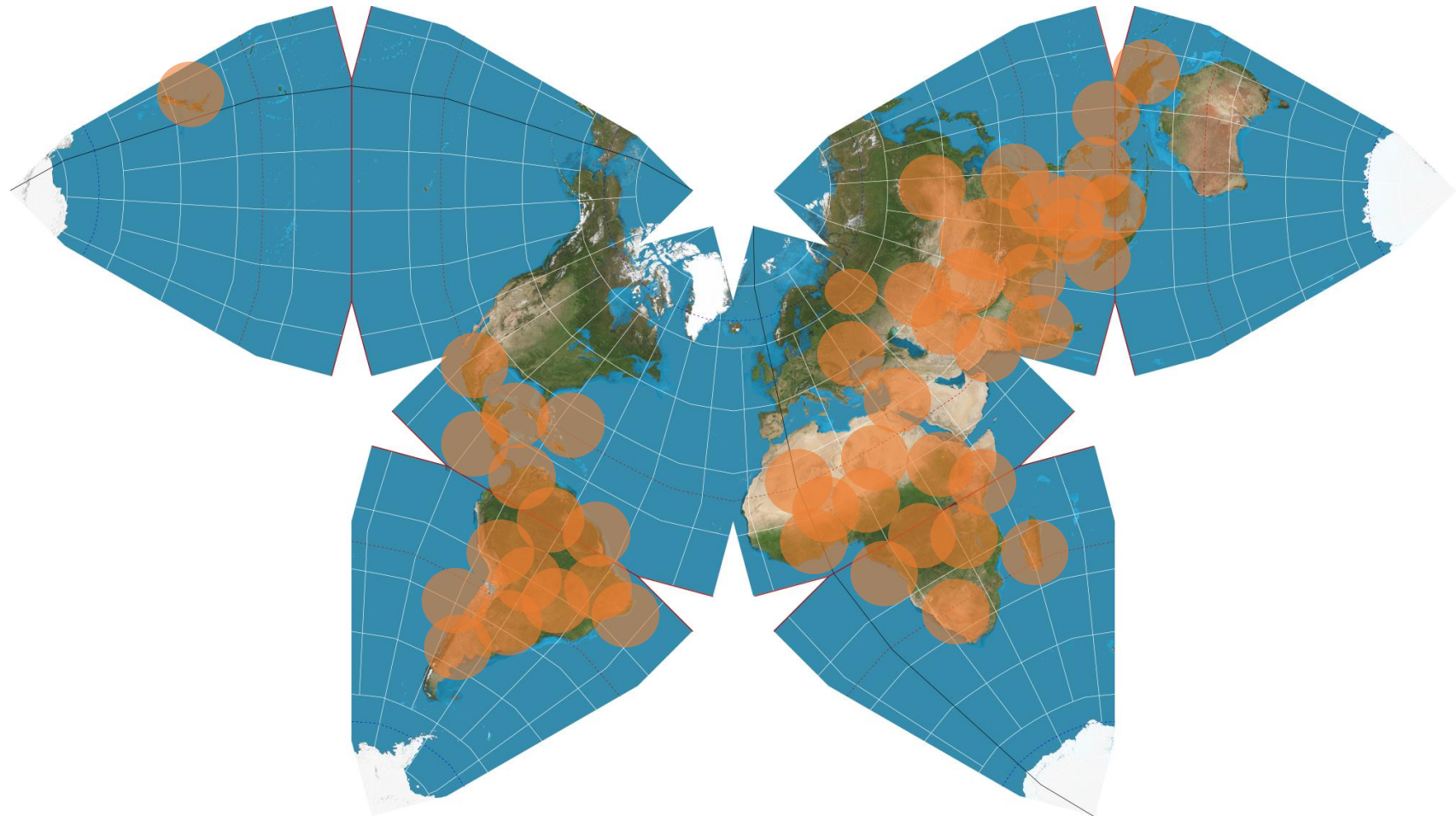
IPCC Special Report on Climate Change at 1.5C (October 2018)



And now?

## Power of Article 6 to mobilize mitigation potential

How does Article 6  
incorporate and  
build upon the  
**capacities of the  
CDM?**





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