



CDM Policy Dialogue

Climate Change, Carbon Markets and the CDM: A Call to Action

Side event to COP 18
28 November 2012, Doha

Agenda

- ❖ Background about the process
- ❖ Research on Impact
- ❖ Research on Governance and Operations
- ❖ Research on Future Context
- ❖ Q&A



Our mandate

- ❖ CDM Policy Dialogue, established by the CDM Executive Board, and launched at the United Nations Climate Change Conference held in Durban, South Africa, in 2011 by the EB Chair and Executive Secretary of UNFCCC
- ❖ Objective was to make recommendations on how best to position the CDM to respond to future challenges and opportunities, and how to ensure the effectiveness of the CDM in contributing to future global climate action
- ❖ The Panel was tasked with ensuring an independent, inclusive and transparent process, and taking a bird's eye view of the system and its challenges



Panel members

Mohammed Valli Moosa (Chair),
former Environment Minister,
South Africa

Joan MacNaughton (Vice Chair),
President of the Energy Institute,
Global Advisor Sustainable
Policies, Alstom

Luciano Coutinho, President,
Brazilian Development Bank

Maggie L. Fox, President & CEO,
The Climate Reality Project

Ross Garnaut, Professor of
Economics, Australian National
University

Prodipto Ghosh, Distinguished
Fellow, The Energy and Resources
Institute - TERI

Yolanda Kakabadse, President,
World Wide Fund For Nature



Margaret Mukahanana, Permanent Secretary, Ministry of
Tourism and Hospitality Industry of Zimbabwe

Paul Simpson, Chief Executive Officer, Carbon Disclosure
Project

Nobuo Tanaka, Global Associate for Energy Security and
Sustainability, The Institute of Energy Economics, Japan

Changhua Wu, Greater China Director, The Climate Group

CLIMATE CHANGE,
CARBON MARKETS AND THE CDM:
A CALL TO ACTION

Report of the High-Level Panel on the CDM
Policy Dialogue



Outcome of the CDM Policy Dialogue

The full report is available at:
www.cdmpolicydialogue.org

All supporting research and
consultation reports will be
available at the same web
site from end of September



Recommendations

51 specific recommendations under 12 headings:

- 1.** Urgently address the immediate crisis of demand
- 2.** Develop new approaches to enhance mitigation impact
- 3.** Set robust standards to enable linking and harmonization
- 4.** Support the rapid implementation of the Green Climate Fund
- 5.** Implement standardized methods for assessing additionality
- 6.** Ensure that CDM projects help to achieve sustainable development



Recommendations

51 specific recommendations under 12 headings:

- 7.** Strengthen co-benefits and enhance the scope of energy technology
- 8.** Encourage greater access to the CDM by under-represented regions
- 9.** Rethink existing governance arrangements
- 10.** Improve stakeholder interactions and public engagement
- 11.** Establish mechanisms for appeals and grievances
- 12.** Promote regulatory certainty and streamlining



Our approach

- Focus on **dialogue** with stakeholders:
28 official meetings + numerous informal consultations in all regions and with all stakeholder groups + submissions through website.
- Underpinned by **research** in 22 priority areas:
 - Impact of the CDM to date
 - Governance and operations of the CDM
 - Future context in which the CDM could operate
- Deliberations by the Panel in three face-to-face meetings and many on-line meetings.



Stakeholder Consultations across the World

- Stakeholder consultations including meetings, call for inputs, and a mailbox where stakeholders could send input at any time,
- Around 50 meetings (see annex E of report):
 - Benefited from regular CDM stakeholder meetings
 - Bringing consultations to the regions: HLP members taking a lead on stakeholder meetings in their respective regions
 - Engaging with broad range of stakeholders



Key Observations (1)

from Stakeholder meetings

- **Impact of CDM:**
 - Key role in developing climate policy and carbon markets
 - Most felt no net global emission reductions was achieved but many felt CDM has identified low-cost mitigation options
 - 50/50 views on CDM and its sustainable development impact
- **Operation and Governance:**
 - CDM need further improvement, transaction costs etc. a barrier
 - EB professionalization incl. appeals process and better stakeholder consultations needed
 - Most stakeholders concerned about lack of additionality requesting standardisation approach
 - Concern about biased geographical distribution, divergence on reasons for this: low emissions in LDCs vs lack of capacity and high DOE costs



Key Observations (2)

from Stakeholder meetings

- **Future of carbon markets and CDM.**
 - All agrees. Lack of demand the major problem - must be solved
 - Future international carbon market framework is essential for the future of CDM
 - All agrees future New Market Mechanism(s) must build on CDM; Differences in opinion about how CDM can be linked with New Market Mechanisms (NMMs):
 - CDM has played out its role
 - CDM is a stepping stone for an NMM
 - CDM can co-exist with various New Market Mechanisms
 - Some stakeholders see CDM as a linking mechanism between national and regional schemes and an enabler to set international metrics and global MRV standards



HLP's assessment of the Key Observations

- Key Observations from stakeholder consultations were a main item of the HLP meeting agenda
- High recognition of the convergence of stakeholder opinions across the regions and only few areas of divergent opinion across stakeholders
- HLP taking guidance from the stakeholder consultations while also building their recommendations on the research findings as well as own experience and internal discussions



Conclusions

- Mitigation pledges that fall far short of what is needed to allow carbon markets to function.
- Well regulated carbon markets, including the CDM, have an important contribution to make in the global mitigation effort.
- Carbon markets can bring much needed private sector financing into the global mitigation effort
- Need action to halt the loss of a depth of knowledge and capacity, which has taken several years to build is urgent.
- It is imperative that mitigation ambition be stepped up in order to restore demand in carbon markets.
- Once this happens, market mechanisms can be expected to play an increasing role over time.

