



COP24 · KATOWICE 2018  
UNITED NATIONS CLIMATE CHANGE CONFERENCE



# ClimateMundial

Achievements of the Clean Development Mechanism  
Presentation to the CDM Executive Board Side Event at COP24, Monday 3 December 2018

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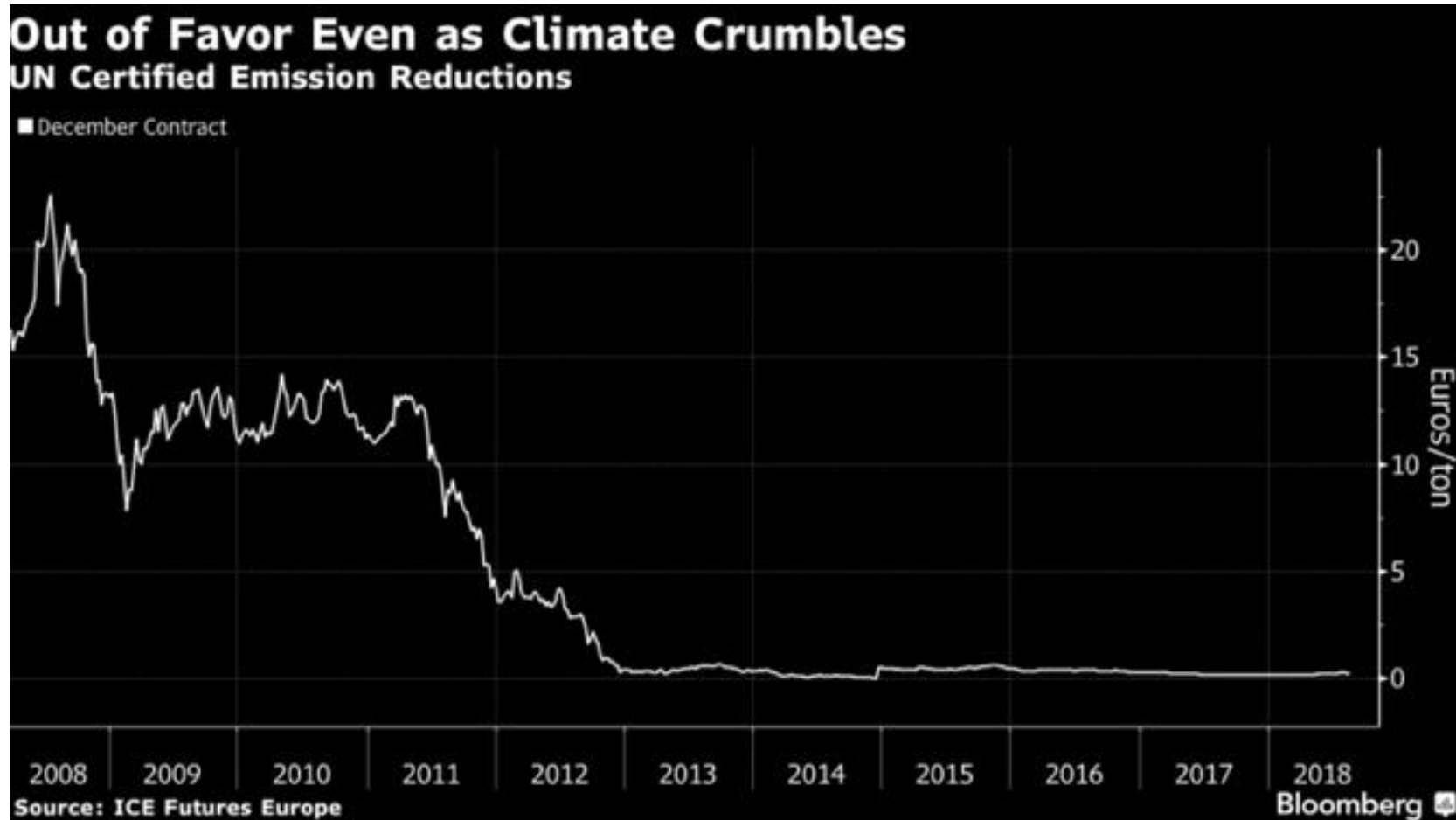
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# Outline

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- Achievements of Clean Development Mechanism
- Looking forward – CDM Servicing the NDCs

# A Sobering Reminder



Acknowledgement: Image courtesy of Bloomberg News

# Achievements of the CDM

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## *Macroeconomic benefits* to developing countries.

Long-term, foreign direct investment.

Foreign currency-denominated exports.



## *Reduced costs of compliance* for developed countries.

EU emissions trading system safety value.

Japanese Kiedanren program cost relief.



## *Engagement of the private sector* in developing and developed countries.

International price on carbon with fungibility.

Over 2 million CERs traded daily during peak.



## *Market infrastructure* created, maintained and still available.

Over 200 methodologies developed.

Transaction infrastructure and secretariat.

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# Paris Agreement and the 2°C Temperature Goal

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## Paris Agreement Article 2(a):

*“Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognising that this would significantly reduce the risks and impacts of climate change.”*

### Notes

- The effort required under currently published NDCs (covering the period 2021-2030) is not yet sufficient to meet scientific guidance of the IPCC and will therefore likely be increased;
- Substantial amounts of additional effort required may need to be undertaken through collaborative approaches such as Article 6.

# Scientific Guidance from the IPCC

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*“Multi-model results show that limiting total human-induced warming to less than 2°C relative to the period 1861–1880 with a probability of greater than 66% would require cumulative CO<sub>2</sub> emissions from all anthropogenic sources since 1870 to remain below about 2,900 GtCO<sub>2</sub> (with a range of 2,550 to 3,150 GtCO<sub>2</sub> depending on non-CO<sub>2</sub> drivers). About 1,900 GtCO<sub>2</sub> had already been emitted by 2011.*

## Notes

- In order to have a scientifically plausible chance of achieving the 2-degree target within Article 2(a) of the Paris Agreement, it can be implied from the IPCC analysis that governments will eventually need to limit emissions globally at around 1,000 GtCO<sub>2</sub> between 2012-2050;
- The IPCC also estimated that, in 2010, the world was emitting around 49 GtCO<sub>2</sub>e per annum (+/- 4.5) and is increasing. Based on this level and in the absence of efforts to limit emissions, all nations will have emitted the remaining 1,000GtCO<sub>2</sub> by around the year 2032
- For further details, please refer page 10 of the IPCC's 5<sup>th</sup> Assessment Report.

# Effort Required by Selected OECD Countries

Country	Base Year	Emissions in Base Year (MtCO <sub>2</sub> e)	Reduction Target	Cumulative Effort Required to 2030 (MtCO <sub>2</sub> e)
Australia	2005	585	26%	1,196
Canada	2005	736	30%	1,387
European Union	1990	5,626	40%	11,100
Japan	2013	1,343	30%	2,618
New Zealand	2005	49	30%	186
Norway	1990	50	40%	168
Switzerland	1990	51	50%	236
United States	2005	7,254	26%	11,000
Total	N/A	15,694	N/A	27,891

Source: Climate Mundial analysis of information published by the UNFCCC

## Notes

- Reductions are based on the NDCs as they are currently published and also the country reports to UNFCCC covering the period 1990-2012;
- The analysis excludes Russia, which will have a surplus in 2030 and but assumes they will not trade any surpluses on an international basis;
- Cumulative effort assumes linear reduction from present to 2030.



# 2021-2030 Demand Analysis

Scenario	Remarks	Demand
Low Case	NDCs unchanged but without US and no CORSIA	1.9 billion tCO <sub>2</sub> e
Medium Case	NDCs unchanged but without US but with CORSIA	3.2 billion tCO <sub>2</sub> e
High Case	NDCs unchanged with CORSIA and no US withdrawal	4.2 billion tCO <sub>2</sub> e
2°C Case	NDCs revised to align with 2°C goal	To be advised
1.5°C Case	NDCs revised to align with 1.5°C goal	To be advised

Source: Climate Mundial analysis of information published by the UNFCCC and ICAO

## Notes

- Assume that selected OECD countries will have an incentive to use Article once domestic costs of compliance increase above €30/tCO<sub>2</sub>e
- CERs issued under the Clean Development Mechanism since its inception 1.98 billion (i.e. includes industrial gases);
- ERUs issued under Tracks 1 and 2 of Joint Implementation since its inception 872 million (i.e. includes industrial gases);
- Less than 2% issuance of CERs and ERUs from LULUCF due to qualitative restriction within the EU ETS.

# Re-engagement of the Private Sector

**International standards** to define NDC-compliant mitigation outcomes are needed.

A ton is a ton is a ton (fungibility).

Additionality remains key, but it's time to agree.



**Regulation** to ensure that UN Carbon Market Version 2.0 takes on board lessons learned.

Regulation to minimize risk of scandals.

Procedures for approval and assignment of title.



**Governance** where the role of the private sector and governments are both clear.

Long-term certainty and transparency.

Commitment to avoid ex-post changes.



**Encouragement of liquidity**, leading to risk mitigation and delivery of market potential.

As few qualitative restrictions as possible.

Incentives for low penetration markets.

# Disclaimer

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