



Achievements of the CDM

- successes and failures

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20 November 2008

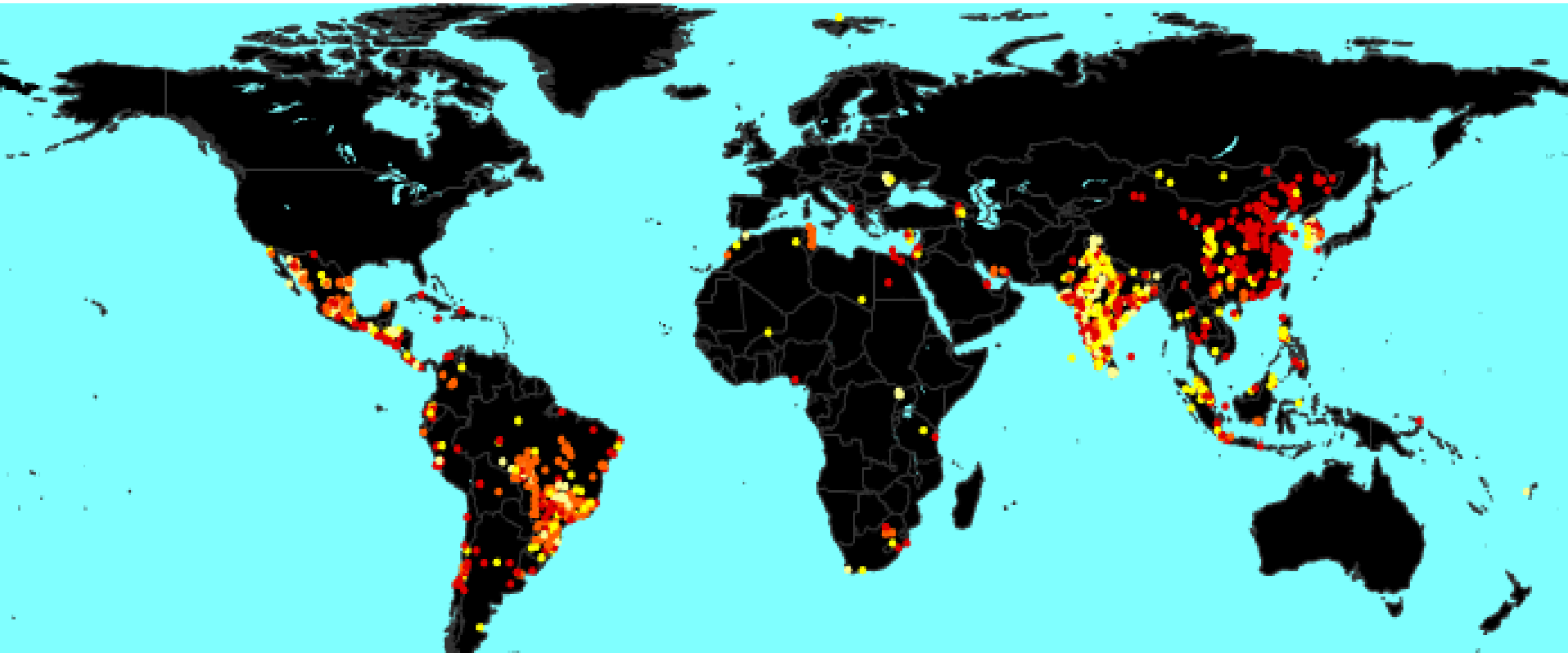
Clean Development Mechanism

- Practical exercise in international climate change co-operation
- Engages private sector capital
- Can lead onto a more sustainable development path at a phase when large investments are made in developing countries
- Flexible mechanisms made more far-reaching A1-commitments possible and KP ratifiable

Experience can be built upon for future climate change regime

CDM projects to date

- 3 years of operational experience
- Some 1200 registered projects
- Another 2000 projects in the pipeline
- 1300 million CERs expected by end of 2012



CDM – a market based mechanism with 2 purposes

- Emission reductions
- Contribution to Sustainable Development
(according to host country priorities)

2% of proceeds goes to the Adaptation Fund

...and many expectations (Tech Transfer,
Regional Distribution, "favourite" technologies...)

Plus

- More projects than imagined when CDM was designed
- Awareness that GHGs have a price
- Private sector actively participating
- We learnt a lot about methodologies and how to account for GHGs

Minus

- Difficult process, not designed to adapt
- Additionality - trickier than one might think
- Regional distribution, market chooses
- Multipurpose tool
- Project based

Challenges for the future of the CDM

- Overcome opposition EU/US
- Simplify the process while maintaining environmental integrity
- GOVERNANCE
- Regional distribution
- Energy efficiency and transport – large potential but methodologically challenging
- Differentiation of CDM
- Scaling up

Market based mechs will be central in new CC regime

- No time to start from scratch
- What do we want of future mechs?
 - Carrot to join CC deal
 - Deployment of cleaner technology
 - Sustainable development paths
 - Attract private investment (public won't be enough)
 - Price on emissions, enhanced carbon market
 - ...
- But not all mechs for all countries for ever
 - Graduation project to sector, larger infrastructure
 - Differentiation

