

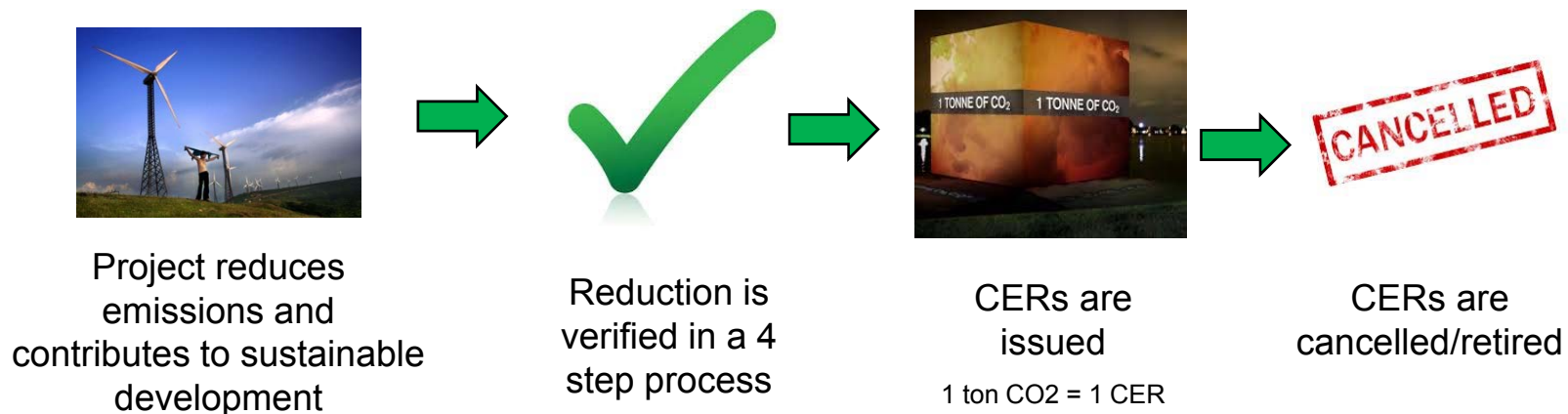
Adaptation through CDM: finance and co-benefits

Standing Committee on Finance Forum
22 June 2014



What is CDM?

- Established as a “flexible mechanism” by the Kyoto Protocol, to help Annex I Parties meet their **emission reduction commitments**, while bringing **sustainable development benefits** to the CDM host countries.
- Only projects that would not happen without CDM incentive (*additional*) and with high standards (*environmental integrity*).

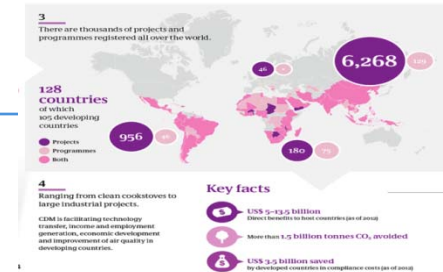


- CERs can be cancelled by **Parties** as part of commitments or voluntary targets, by **organizations** and even **individuals** for voluntary offsetting.

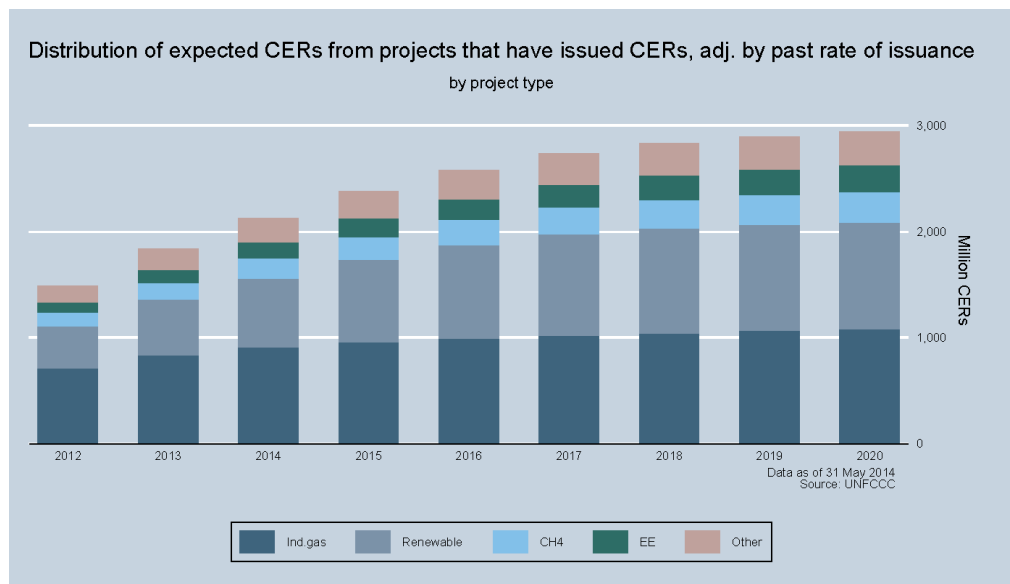


Achievements of the CDM

- **During its 10-year history, a first-of-its-kind approach to mitigation, CDM has been able to:**
 - ✓ Develop **200+ methodologies** in 25 different sectors
 - ✓ Establish **125+ Designated National Authorities**
 - ✓ Accredite **40+ validators/verifiers** (Designated Operational Entities)
 - ✓ Involve **4,500+ institutions** in CDM projects
 - ✓ Establish **four Regional Collaboration Centres** (Africa, Latin America, and the Caribbean)
 - ✓ Develop **countless CDM development experts** worldwide
 - ✓ Develop an **experienced secretariat**
- **In addition:**
 - ✓ Brought **climate change to the agenda** of many developing country governments
 - ✓ **Built capacity** for identifying and implementing mitigation actions
 - ✓ Attracted interest of the **private sector** (implementers, verifiers)
 - ✓ **Demonstrated that market mechanisms can work – new coming online**



CDM in energy and transport



Energy generation and distribution and energy efficiency are among the most successful project types in CDM.

50% of the methodologies.



Transport accounts for 34 projects

(Transmilenio Bogota)

“CDM incentive brought wind energy to China and Mexico”



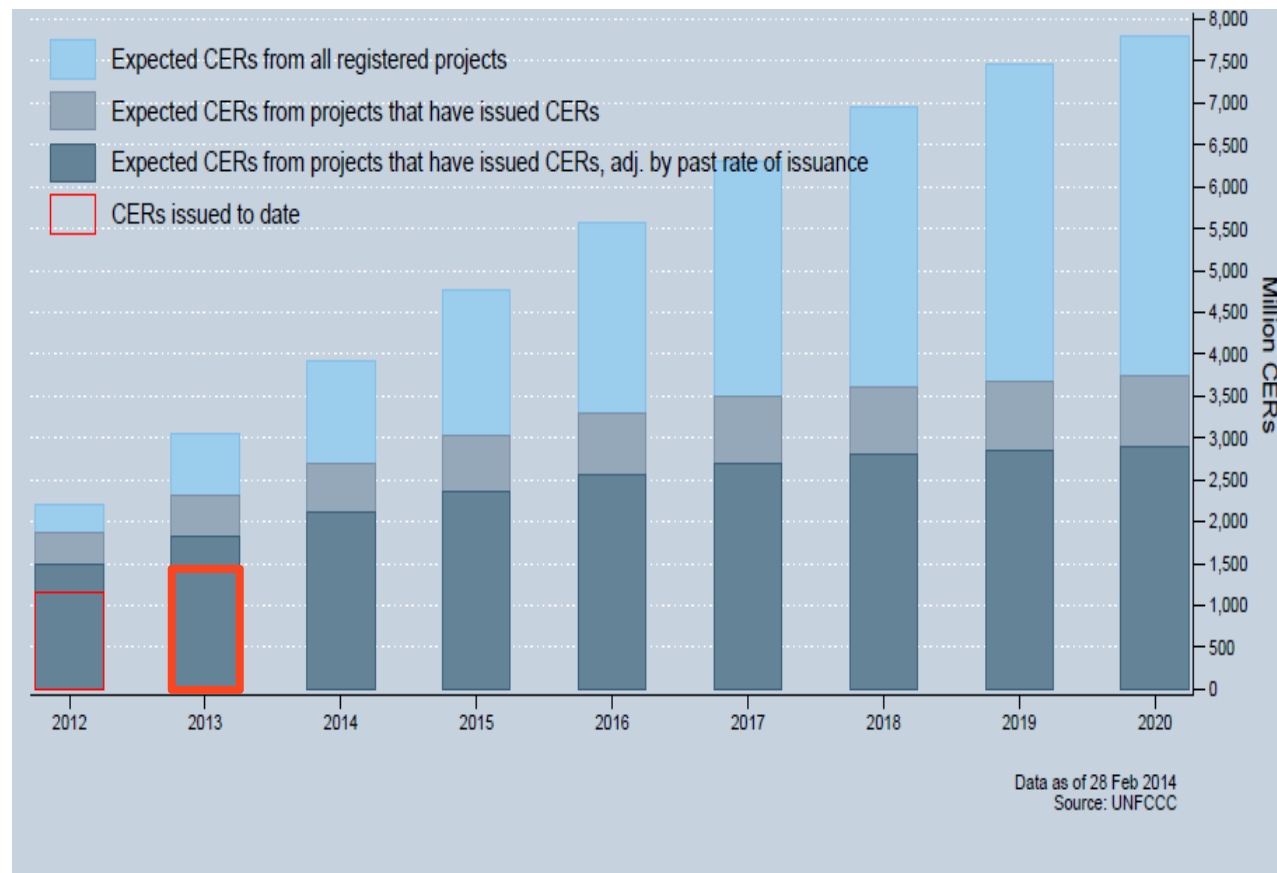
Contribution of CDM to adaptation - finance

Direct contribution

- 2% share of proceeds on issued CERs
 - Kept in Adaptation Fund (AF) account in the CDM Registry - automatic
 - World Bank - trustee
 - ✓ Over **7,500 registered projects**
 - ✓ **1.5 billion CERs** issued (tons CO2 equivalent avoided)
 - ✓ Approximately **US\$215 billion investment**
- ✓ **29,228,000 CERs raised for AF**
 - ✓ **US188 million** contribution Adaptation Fund (2% of CERs)



CDM's potential



Potential for **8 billion CERs** with registered projects
up to 2020 = 160 million CERs for AF



Contribution of CDM to adaptation – co-benefits

Indirect contribution

- CDM projects' **co-benefits**
- Adaptation **realized**, which is the final goal of adaptation finance.

- Conservation of water
- Improved access to water
- Water purification
- Creation of irrigation
- Improvement of ecological state of water bodies & other improvements
- Production of fertilizer
- Prevention of soil erosion & other land quality improvement/preservation
- Conservation of natural resources

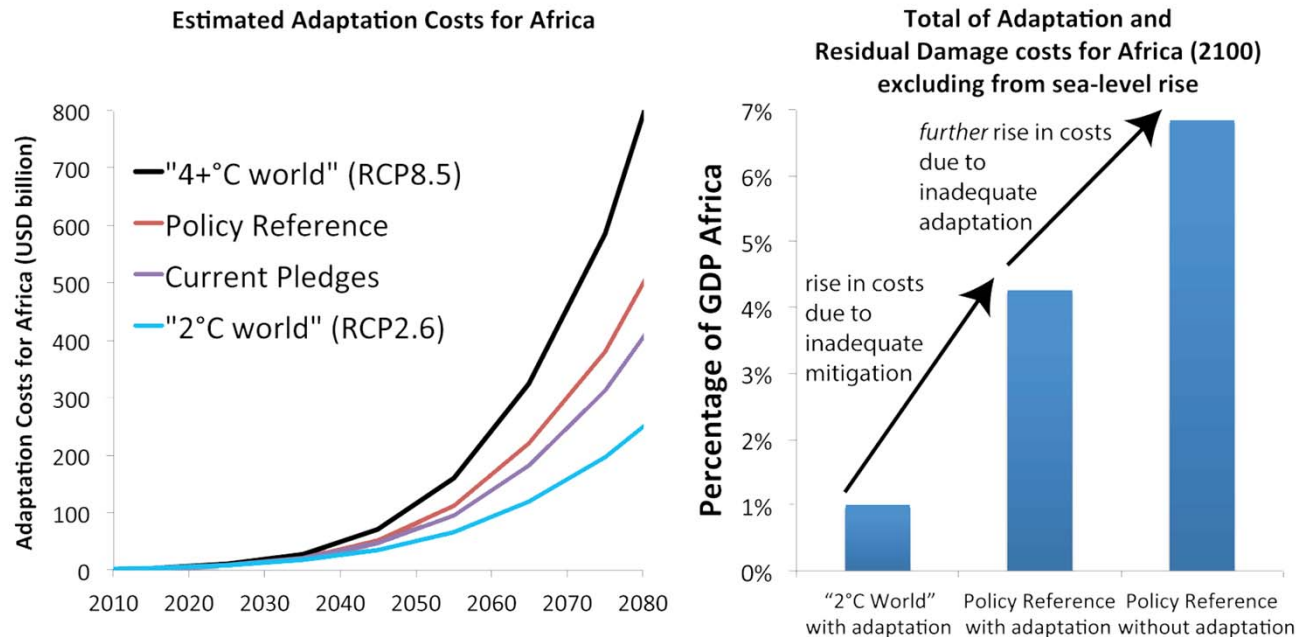
- Generation of income / job creation / poverty alleviation
- Increased revenue for local authorities
- Reduction of diseases
- Health benefits
- Education
- Access to energy
- Reduction of dependency on foreign energy sources



Contribution of CDM to adaptation – indirect

Indirect contribution

- More mitigation implies less adaptation. Mitigation finally means adaptation.



“Costs are lowest if adequate mitigation efforts are taken (i.e. if the emissions gap is closed). **Adaptation costs increase with increasing temperatures.**” (Source: Schaeffer et al., 2013b)



Potential of the CDM



- Fit for use in **emerging jurisdictions**, as a tool to promote and facilitate mitigation action with **adaptation benefits**.
- CDM can mobilize significant amounts of **private sector funding** (up to **US\$500 billion** with currently registered projects!)
- CDM provides a strong **monitoring, reporting and verification (MRV)** system for delivery of **results-based finance**.

Encouragement to countries and institutions for the use of CDM in existing and emerging jurisdictions and systems can continue to leverage important resources and expertise.

In conclusion

- ❖ CDM is a successful, ready-made tool, tested, improved and apt to be further evolved as required.
- ❖ Private sector has been successfully engaged.
- ❖ Potential to continue contributing to mitigation and adaptation worldwide.
- ❖ Fully developed system for MRV of mitigation action. Very effective for results-based finance.



Potential for continued contribution to mitigation and adaptation, with strong MRV, linking global markets and delivering finance



Sources of images

- Verified: <http://moreclaremore.com/2014/06/06/roco-cherokee-association-hog-fry-cancelled/>
- “Cancelled”: <http://moreclaremore.com/2014/06/06/roco-cherokee-association-hog-fry-cancelled/>
- Ton CO2: <http://www.treehugger.com/sustainable-product-design/how-big-is-one-tonne-of-co2.html>
- Transmilenio: <http://www.colombiainfo.org/Portals/0/Images/Bogota/Transmilenio%20-%20Bogota%200.jpg>



Thank you

Miguel Naranjo
Sustainable Development Mechanisms
UNFCCC secretariat
mnananjogonzalez@unfccc.int



@UN_CarbonMechs

/UNCarbonMechs

