

**CDM Executive Board Chair's
oral report to CMP10, 3 December 2014
Agenda item 4. Issues relating to the clean development mechanism**

Mr. President
Distinguished Parties
Observers
Friends of the Clean Development Mechanism
Ladies and Gentlemen

When Parties created the CDM, they forged a powerful tool to turn their vision of international cooperation on climate change into reality.

Now, as the remarkable groundswell of climate action and collaboration gathers strength across the world, it is becoming clear that the CDM is a tool that has even more powerful uses than was imagined.

Yes, the CDM has come through another difficult year.

The Board is deeply concerned that low demand has reduced the incentive to start new projects and threatens the continuation of existing projects.

For that reason, the Board is determined to take this challenging period as an opportunity to make the CDM even better and more flexible.

In this light, the Board now recommends to the CMP that the Board should develop a procedure to allow for voluntary deregistration of CDM project activities by project participants, while ensuring environmental integrity and the consultation of Parties involved, and report on its implementation to the CMP at its 11th session.

But does this downturn mean there is *less* need for the CDM today?

Absolutely not!

The challenge posed by climate change is clearer than ever.

The opportunities for sustainable development that economic and market-based solutions to climate change bring have become part of mainstream thinking.

Emissions trading systems are being set up in countries and constituencies around the world.

Meanwhile, Parties and stakeholders have evolved and improved the CDM, both as a market mechanism to incentivize emission reductions and as a trusted instrument to recognize and evaluate the impact of mitigation measures.

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The CDM has been honed to a point where it can continue to serve at this historical juncture when Parties are crafting further ways and means to meet the climate challenge.

The CDM is a *proven* success:

- 7,800 projects and programmes in 107 developing countries
- Hundreds of billions of dollars invested
- 1.5 gigatonnes of greenhouse gas emissions reduced or avoided

All of this is far more than was ever expected.

Let's pause to grasp what we have here -- if we were to cancel all the CERs currently available and all those that could be issued from all registered projects, we could close the emissions gap by a large margin, potentially by as much as 30%.

In Warsaw last year, Parties invited themselves to do just that: promote the use of the CDM to help close the pre-2020 emissions gap.

All this is why we on the Executive Board are anxious that Parties in Lima and in Paris next year renew their commitment to the CDM.

Parties can do this in several ways:

- by recognizing the CDM's strengths for monitoring, reporting, and verifying mitigation action on the ground
- by recognizing the CDM's ability to credit that action, if desired
- by recognizing the value it can add to emerging domestic and regional emissions trading systems
- by recognizing its strengths for results-based financing
- by recognizing its usefulness as a policy tool at the domestic level
- by increasing their demand for CERs before 2020, and, *most importantly*,
- by recognizing the CDM's potentially greater value to the international response to climate change.

The Executive Board also requests Parties to consider how the CDM can help ensure that funds pledged to the Green Climate Fund are used to best effect.

For donors, the CDM can ensure mitigation outcomes that are both internationally credible and comparable.

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So I call on you – the Parties – to provide clarity on the future role of the CDM.

Because one of the most effective instruments created under the UNFCCC, that contributes to emission reductions, climate finance, technology transfer, capacity-building, sustainable development, and adaptation – everything that Parties are asking for from the new agreement – is in danger of falling into disuse.

Harness the value of the CDM infrastructure! Draw every lesson and apply everything we have learned!

As Parties search for a new market mechanism, I urge you to build on the one you have.

The CDM has delivered much ... Time now for it to deliver much more.

Thank you