

CDM Executive Board recommendations

Workshop on review of CDM modalities and procedures

Bonn, Germany, 8–9 June 2013

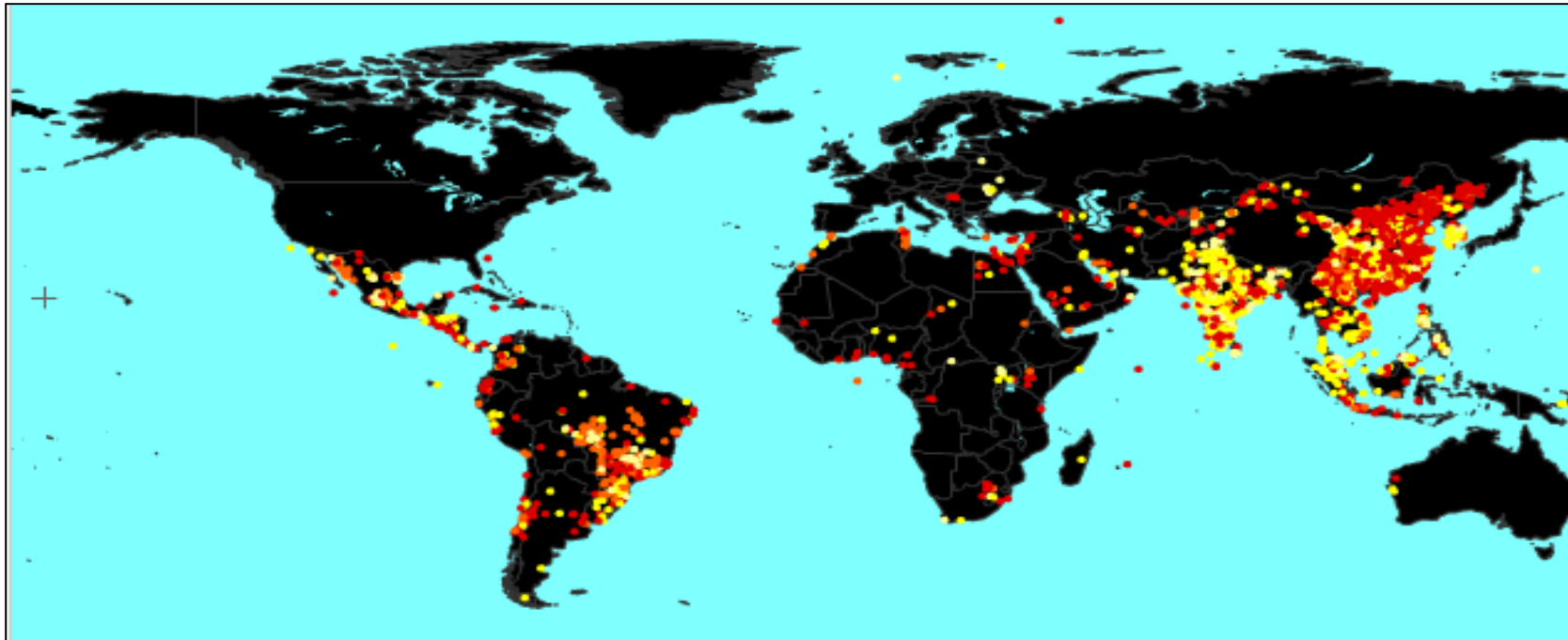


Introduction

To date, more than

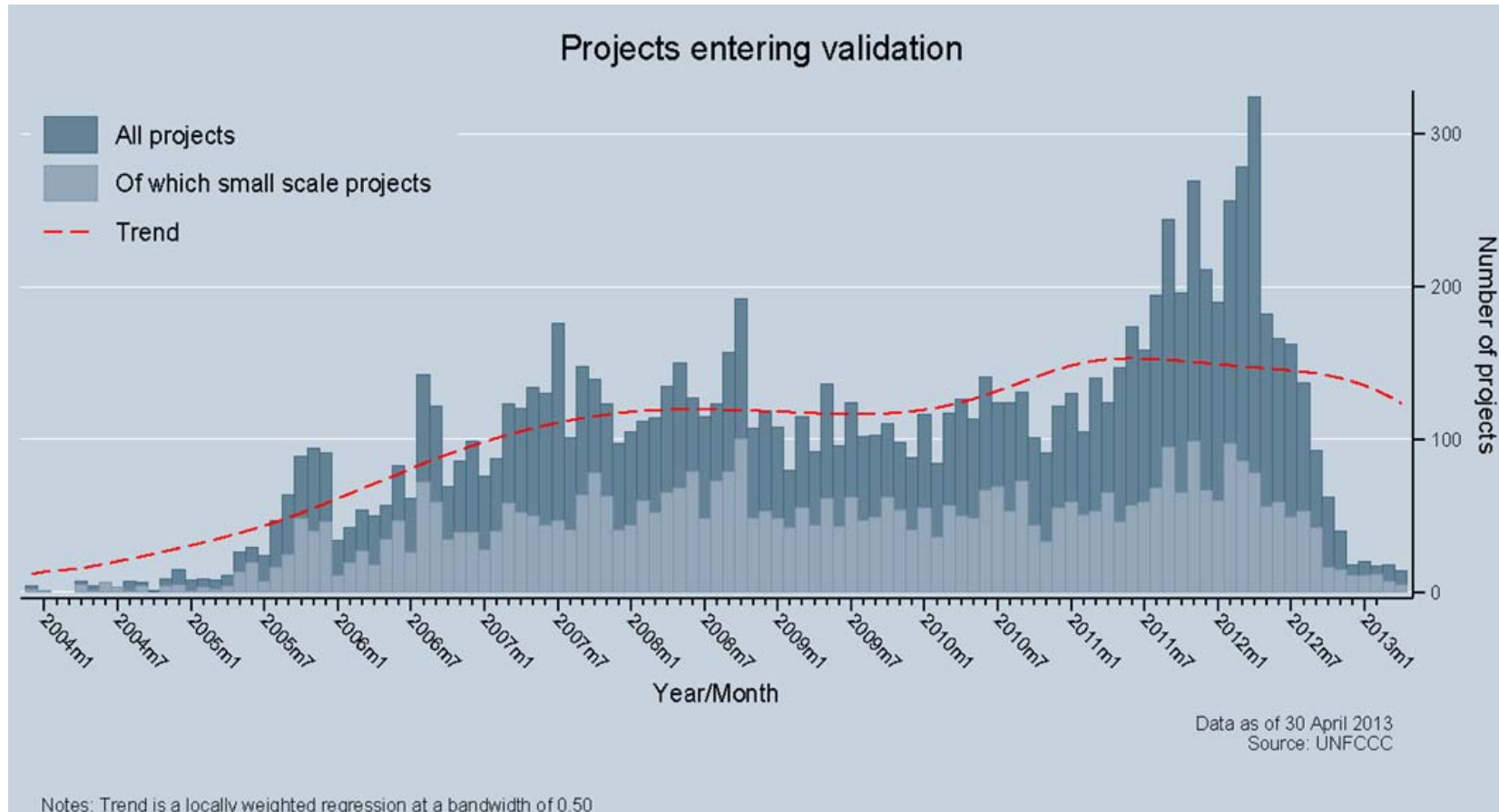
6900 registered projects in 86 countries

1.3 billion certified emission reductions (CERs) issued



Introduction

Number of projects entering validation per month



Background

- Decision 5/CMP.8 → Pursuant to decision 3/CMP.1, the first review of the CDM modalities and procedures (M&P) shall be carried out at CMP 9
- Request the CDM Executive Board to submit recommendations for SBI 38 on possible changes to the CDM M&P drawing upon experience gained by:
 - a) CDM Executive Board
 - b) UNFCCC secretariat
 - c) Stakeholders



Process background

- Summary of 11 responses received in the call for public inputs (17 December 2012 – 23 January 2013)
→ Annex 2 to annotations EB72
- Experience report of the secretariat
→ Annex 1 to annotations EB72

<http://cdm.unfccc.int/Meetings/MeetingInfo/DB/AZNJPUB6GSW20R7/view>



Process background

- Recommendations do not address all inputs because:
 - Board did not agree with the idea
 - Board agreed the idea but can be addressed without changing M&P
 - Board could not reach agreement within the time available



Context of review of CDM modalities and procedures

- **Mandate in CMP 8 refers to review of Modalities and Procedures (M&P) for CDM, decision 3/CMP.1. But there are 4 additional M&Ps:**
 - **Simplified M&P for small-scale CDM project activities**
(decision 4/CMP.1 (annex II))
 - **M&P for A/R project activities**
(decision 5/CMP.1)
 - **Simplified M&P for small-scale A/R project activities**
(decision 6/CMP.1)
 - **M&P for CCS project activities**
(decision 10/CMP.7)
- **Recommendations of the EB refer to all M&P, except CCS because:**
 - Interrelated nature of different M&Ps
 - Changes to 3/CMP.1 will have implications for other M&Ps
 - Reviews of M&Ps (except for CCS) are due
- **Further recommendation: alignment of M&P to 2012 Kyoto Protocol amendments needed (GWP, NF₃ inclusion)**



Areas of stakeholder inputs received by the Board

GOVERNANCE

- Role of host Party
- Role of the Board
- Support structure of the Board
- Decision making rules at the Board

- Membership at the Board
- Appeal process

ACCREDITATION

- Elaboration of rules
- Role of DOEs
- Significant deficiencies

PROJECT CYCLE AND METHODOLOGIES

- | | |
|-----------------------------|-------------------------------|
| ➤ Letter of approval | ➤ Stakeholder consultation |
| ➤ Crediting period | ➤ Sustainable development |
| ➤ Human rights | ➤ Afforestation/reforestation |
| ➤ Registration and issuance | ➤ Methodology development |
| ➤ Additionality | ➤ Materiality |
| ➤ Standardized baselines | ➤ Baseline setting |
-



Recommendations by the Board

- **General**

- Documentation: Consolidate the four sets of M&P, and to the extent possible, all decisions of the CMP relating to the CDM that created rules
- Reflection of current practice: Align M&P with current practice on, e.g.:
 - Specific timeframes for review and approval of new methodologies
 - Post-registration changes in CDM project activities and PoAs
 - Disclosure requirements in CDM registry administrator
 - Languages of decisions



Recommendations by the Board

- **Governance**

- Role of the Host Party: Create a new section on host Party's responsibilities to oversee aspects of projects and PoAs
- Membership of the Board: Decisions on nomination, membership, term and decision-making of the Board would need to consider implications for other matters (quorum, voting, triggering requests for review)

- **Accreditation**

- Elaboration of rules: Delete Appendix A and expand section D to include the principles to elaborate and enforce standards for DOEs
- Significant deficiencies: Principles of DOE liability for significant deficiencies need to be elaborated differently



Recommendations by the Board

- **Project Cycle (1)**

- Host Party: Determine the feasibility of allowing single project activities to be hosted in more than one Party
- Letters of approval: Include specific section with definition of host Party approval, required minimum content of the letter of approval and elaborate the requirements and process for a Party's withdrawal of a letter of approval
- Stakeholder consultation: Strengthen requirements to validate that local consultation occurs in line with host Party law and comments are taken into account
- Crediting period: Review the crediting period provisions, taking into account the certainty of investment and additionality of emission reductions



Recommendations by the Board

- **Project Cycle (2)**

- A/R project activities: Consider more cost effective approaches for estimation of baseline stocks and removals.
- A/R project activities: Make the timing of verification more flexible (review para 32, decision 5/CMP.1)
- Programmes of activities: Include principles of PoAs in the M&P
- Direct communication: Introduce into the M&P the principle of direct communication between the stakeholders and the Board
- Registration and Issuance: Remove the requirement to submit a description of a proposed project activity or PoA when submitting a new methodology



Recommendations by the Board

- **Methodologies**

- Methodology development: Delete requirement to submit meths through a DOE and recognize the Board's own development of methodologies
- Methodology development: Streamline the guidance relating to the developing meth to the level of key principles
- Clarification of approved methodologies: Define in the M&P the concept of clarifications to methodologies
- Additionality: Include the current Board practice of establishing a list of automatically additional activity types/scales and allow them to proceed through a simplified validation process
- Materiality: Incorporate decision 9/CMP.7 into the M&P
- Baseline setting: Allow a broader range of approaches to baseline methodologies
- Standardized baselines: Recognize standardized baselines in the M&P by insert key principles from paras 44–52 of 3/CMP.6



Questions?

