



H. E. Mr. Frank Bainimarama
President of COP 23/CMP 13/CMA 1.2

Date: 1 October 2018
Reference: RS/CB/jma
Direct line: +49 228 815-1377

Mr. Michał Kurtyka
President of COP 24/CMP 14/CMA 1.3

COP 24 stocktake on pre-2020 implementation and ambition

Excellencies,

Thank you for your letter of 17 June 2018 inviting me, on behalf of the Executive Board of the Clean Development Mechanism (CDM) (hereinafter referred to as the Board), to submit a written input to the pre-2020 stocktake on the Board's work of relevance to pre-2020 implementation and ambition. The Board considered your request at its one-hundredth meeting in Bangkok (August 2018) and provides the following input to the stocktake.

The Board has recently published a report entitled "Achievements of the CDM - Harnessing incentive for climate action (2001-2018)"¹, which highlights the extent of the CDM's contribution to the implementation of climate action in the pre-2020 period.

The CDM has been a prominent part of climate action since it became operational in 2001. Over 140 Parties are engaged in CDM activities which has resulted in the trusted third party certification of the reduction almost 2 billion tonnes CO₂e.

These certified emission reductions (CERs) have supported compliance by Parties with emission limitation obligations under the Kyoto Protocol while assisting in the sustainable development of more than 111 developing country Parties.

Since 2001 the CDM has registered 7807 project activities and 315 programmes of activities and has issued 1,967,910,393 CERs. Underlying these achievements has been the investment of 303.8 billion USD and in addition to the emission reductions generated by this investment communities in developing countries have benefited from:

- (a) 100,000 GWh per annum of electricity from renewable sources;
- (b) 1 million efficient cookstoves installed with attendant health benefits;
- (c) Access to clean water for 840,000 people;
- (d) A contribution of 200 million USD to the Adaptation Fund.

¹ <https://unfccc.int/documents/181797>.



While the Doha Amendment has yet to enter into force the CDM remains fully operational and positioned to continue delivering on its success and making a valuable contribution to achieving the objective of the Convention. Almost half a billion of the CERs issued by the CDM relate to emission reductions that have occurred since the end of the first commitment period of the Kyoto Protocol. The Board continues to receive new requests for registration of projects and programmes and new component activities continue to be included in existing programmes.

Underpinning all of these achievements is a robust infrastructure that continues to enable climate action including;

- (a) 216 methodologies, rules for designing projects and programmes, for ensuring real and additional emission reductions;
- (b) 39 standardized baselines in 15 sectors, such as energy and agriculture, for simplified but conservative estimation of emission reductions;
- (c) 172 Designated National Authorities responsible for approving projects and programmes at the national level and attesting to their contribution to sustainable development;
- (d) 30 Designated Operational Entities with a network of global offices providing third party verification of the projects and programmes before and after registration;
- (e) An expert infrastructure of technical experts supporting the CDM's operations, through a methodologies panel, accreditation panel, various working groups and expert rosters and a streamlined oversight mechanism for the assessment of requests for registration and issuance;
- (f) A CDM registry for the issuance and transfer of CERs;
- (g) A CDM information system for transparent and real time information on the CDM of its rules and operations; and
- (h) Systems and processes for stakeholder involvement and engagement through forums and through a network of regional collaboration centres.

This system has been built by years of engagement of a wide variety of stakeholders and the Board continues to review its rules and operations to ensure that the CDM delivers environmental integrity while being easy for a variety of stakeholder to apply in differing local contexts.

In recent years, a number of Parties, most notably the Republic of Korea and Colombia, have started to use the CDM in conjunction with national climate policy instruments such as emission trading schemes and carbon taxation. This approach to the utilization of CERs for compliance with obligations other than those inscribed in the Kyoto Protocol is being considered by other jurisdictions.

As at August 2018, 34 million CERs have been voluntarily cancelled. This includes cancellations by corporations, UN entities and private individuals.



During the second commitment period of the Kyoto Protocol, from 2012 to 2020, the CDM has also emerged as a tool for other purposes such as 'results-based' finance. For example, the World Bank uses the CDM for its results-based finance programmes, namely: (1) the Carbon Initiative for Development, a performance-based low-carbon investment fund that purchases and cancels CERs, providing finance for energy access and low-carbon development in low-income countries; and (2) the Pilot Auction Facility for Methane and Climate Change Mitigation, which provides a CER price guarantee or minimum return expectation for CDM project activities.

Despite the delay in entry into force of the Doha Amendment the continued and widespread use of the CDM demonstrates its effectiveness and appeal. Nevertheless, the Board would welcome the ratification of the Doha amendment and the entry into force of the second commitment period of the Kyoto Protocol.

The Board has maintained the readiness of the CDM. Parties and the private sector are continuing to make use of the mechanism and it is ready to serve renewed sources of demand, including from Annex I Parties. The implementation of further CDM project activities would significantly enhance climate action now.

The Board looks forward to continued collaboration with the Presidency and welcomes any further opportunity to outline its important work to the Parties.

Yours sincerely,

Arthur Rolle
Chair, CDM Executive Board