

Clean Development Mechanism: Sectoral Considerations

Environmental integrity

- * Important to maintain or enhance the environmental integrity of the CDM.**
- * The CDM is an offsetting mechanism so all emissions reduction must be real, additional, measurable and verifiable. Some slippage due to unilateral projects;**
- * Expanding the CDM to include sectoral or programmatic approaches likely to make it more difficult to show that the offset emissions are real, additional, measurable and verifiable.**

Alternative Sectoral Approaches for Developing Countries

- * Safer way to develop sectoral emissions reductions in developing countries under AWG LAC that don't have inherent environmental integrity problems of offsetting mechanisms
- * Nationally appropriate mitigation actions by developing countries under the AWG LAC process consider means to achieve sectoral emissions reductions within that process
- * Positive incentives developed under the Convention process through new revenue sources such as auctioning of AAUs to generate sufficient funds

Income generation

- * Emission trading we need to centralised the allocation of AAUs so that these can be auctioned.
- * The revenues gained from auctioning AAUs placed in a central fund to support nationally appropriate mitigation actions in developing countries – key sectors

CDM Review:

- * Once sectoral arrangements under the AWG LAC process established then we may be able to consider rule changes for CDM
- * CDM could then be made more accessible to fund sustainable development mitigation efforts in **lower emitting developing countries** which are not participating in sectoral arrangements under AWG LCA.

How can this be done?

Review of :

- * accessibility rules to favour low emitting developing countries (subject to outcomes of AWG LAC)
- * rules concerning geographic distribution;