



AWG on Further Commitments In-session workshop on means to reach emission reduction targets



Hamish Wilson/Panos Pictures

CDM Experiences and Lessons

UNDP, Bangkok, 1 April 2008

Putting CDM into *Development* Context

*“Our fight against global warming could set the stage for an eco-friendly **transformation of the global economy** -- one that spurs growth and development rather than crimps it, as many nations fear”.*

UN Secretary General, Ban Ki-moon

CDM in the context of:

Policies

Markets

Investments/ Risks

ODA

Governance

Institutional
Capacities

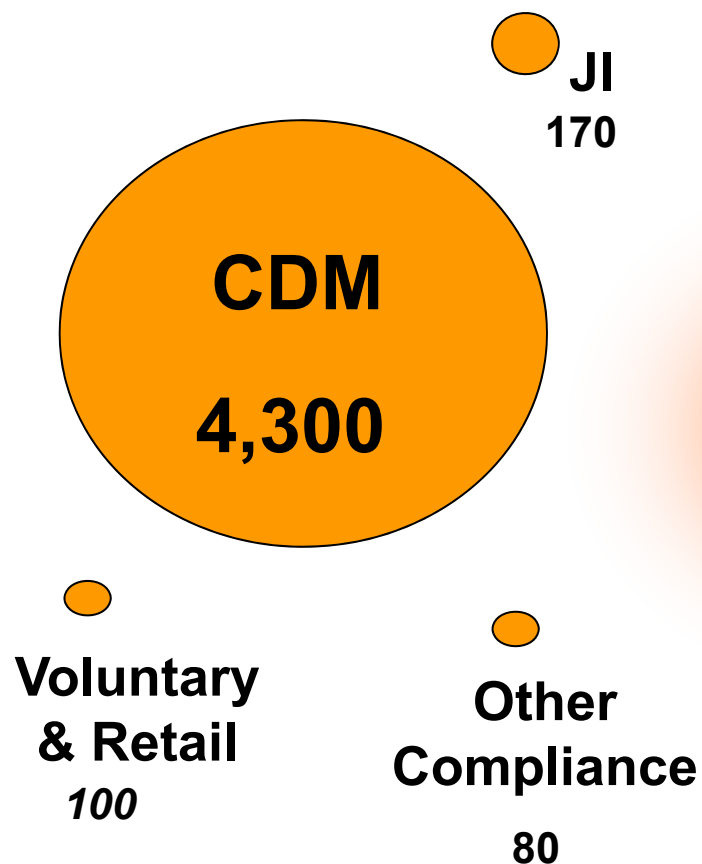
Private Sector

Putting CDM into *Mitigation* Context

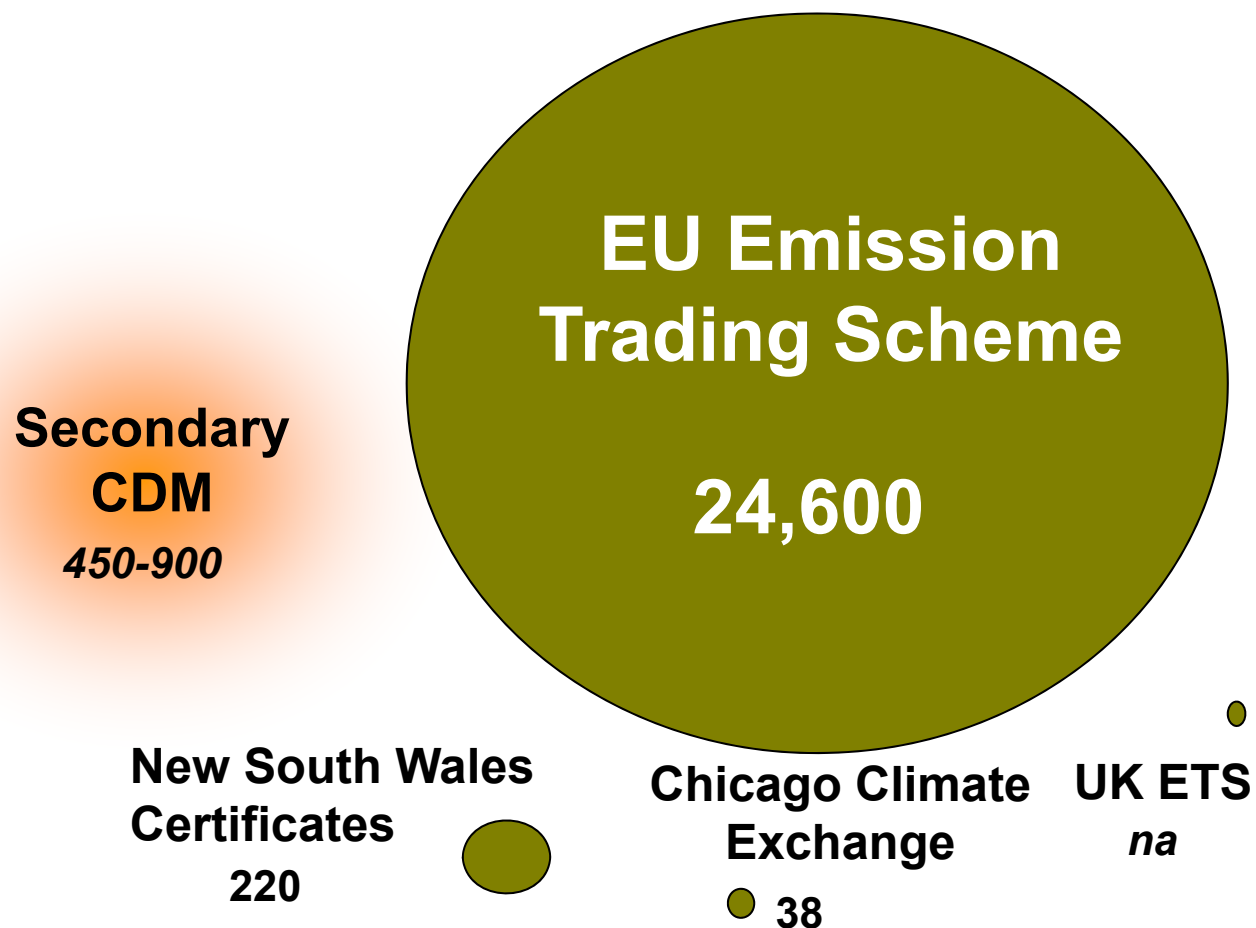
- About \$200-300 billion/ year of additional **investment** needed: Energy Supply, Industry, Buildings, Transportation, Waste, Agriculture, Forestry, R&D.
- More than half of these investments will need to take place in developing countries.
- **Combining, sequencing** and **aligning** CDM financing with private sector investments, public domestic spending, ODA, Development bank financing, GEF...

Putting CDM in the context of *Carbon Markets* 2006 (US\$ million)

Project-Based Transactions

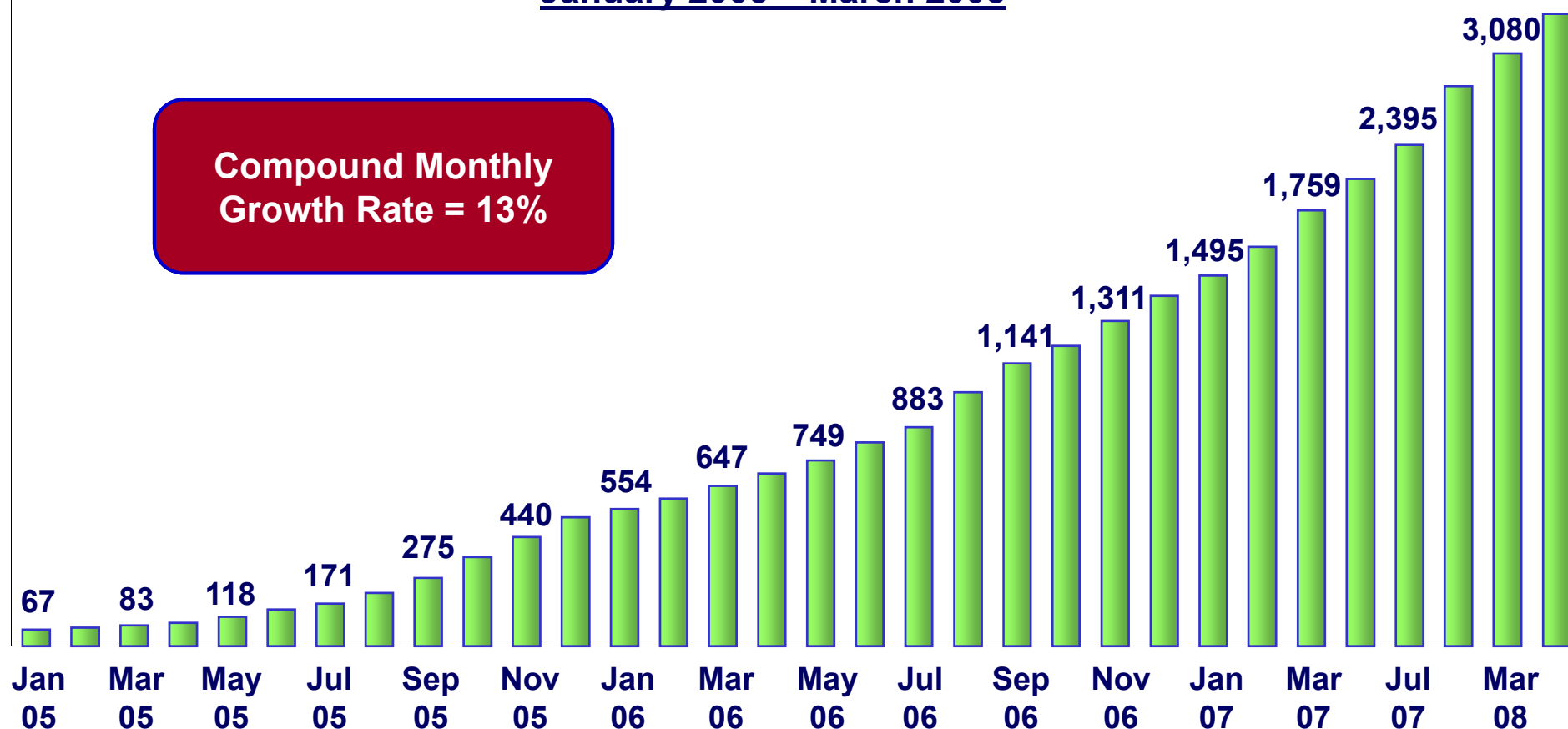


Allowance Markets



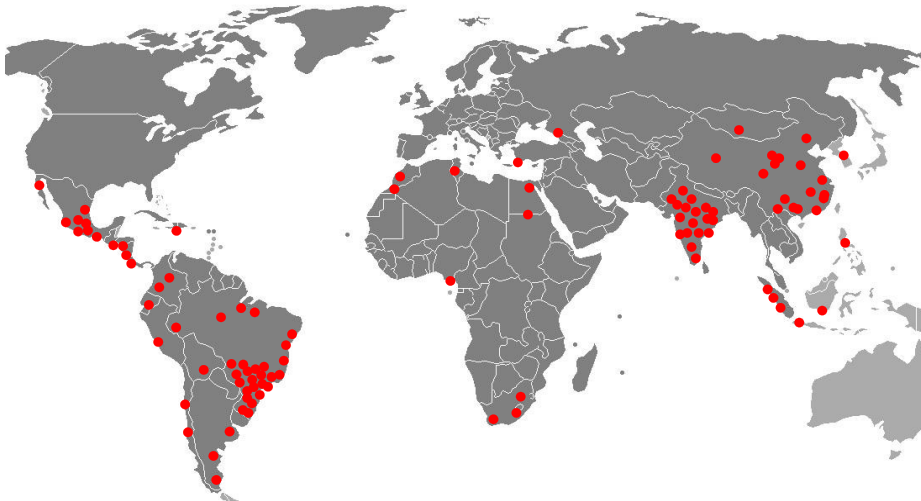
Rapid growth of the CDM (volume and prices)

Number of Projects in the CDM Pipeline,
January 2005 – March 2008



Geographical imbalance in the CDM

Location of CDM Projects

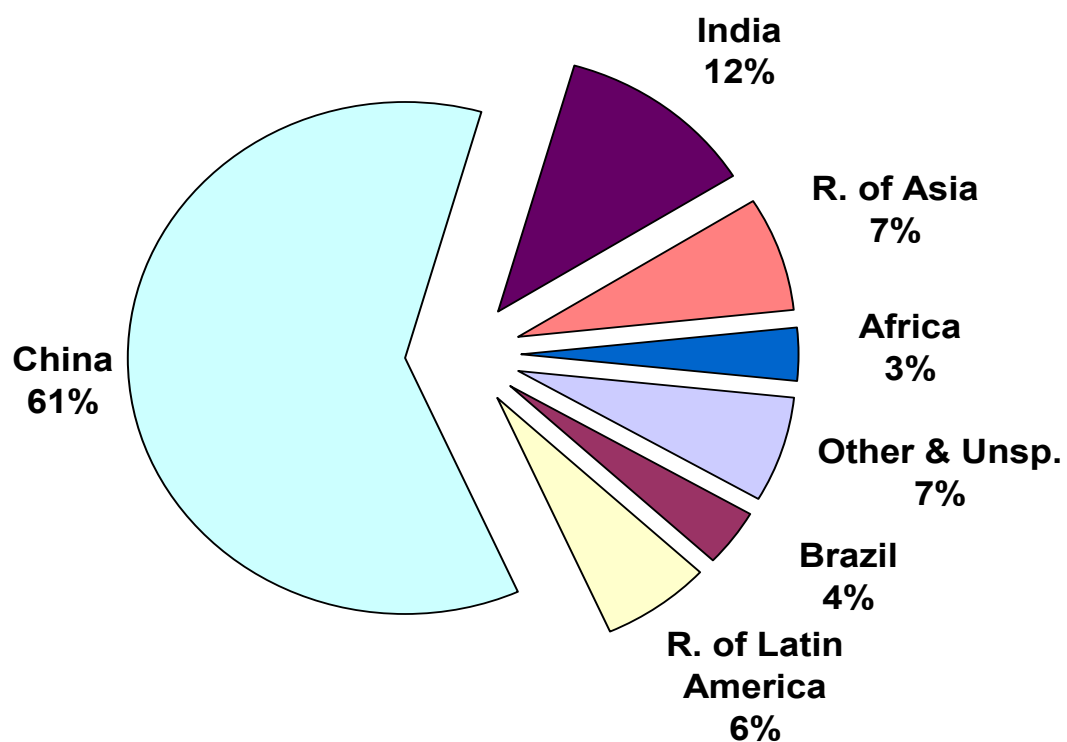


- 4 countries (China, India, Brazil and South Korea) account for 70% of CDM projects and 80% of CERs through to 2012
- Sub-Saharan Africa accounts for 2% of registered projects and 5% of CERs through to 2012
- 88 non-Annex 1 countries have yet to benefit from any registered CDM project activity – including 47 countries that possess DNAs

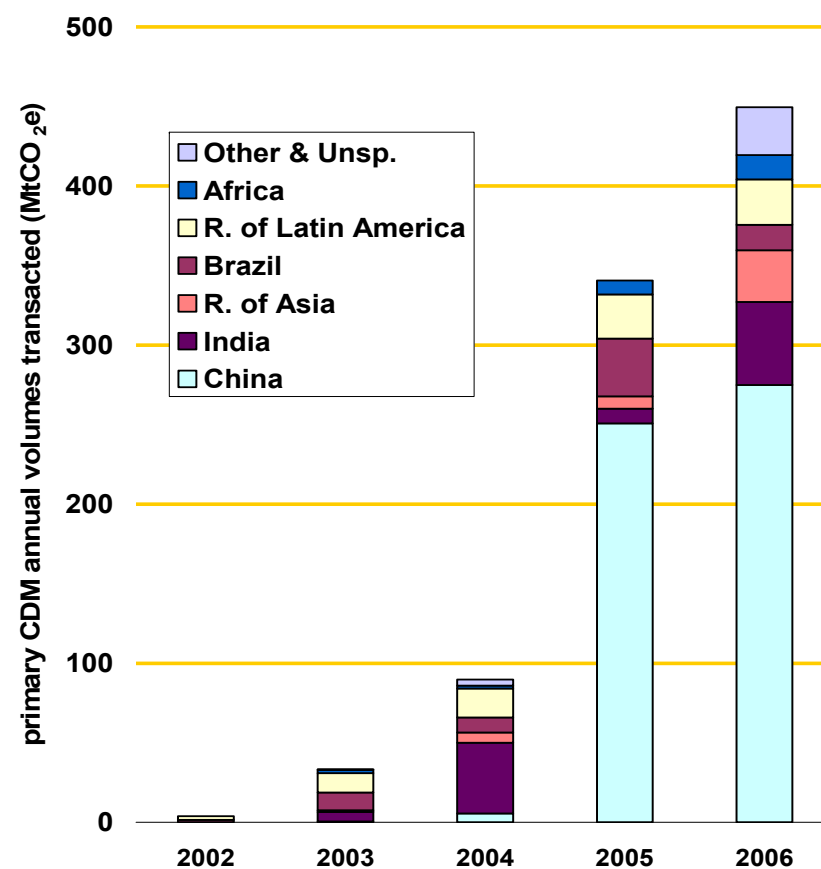
CDM Sellers

China leads supply

(share of volumes)

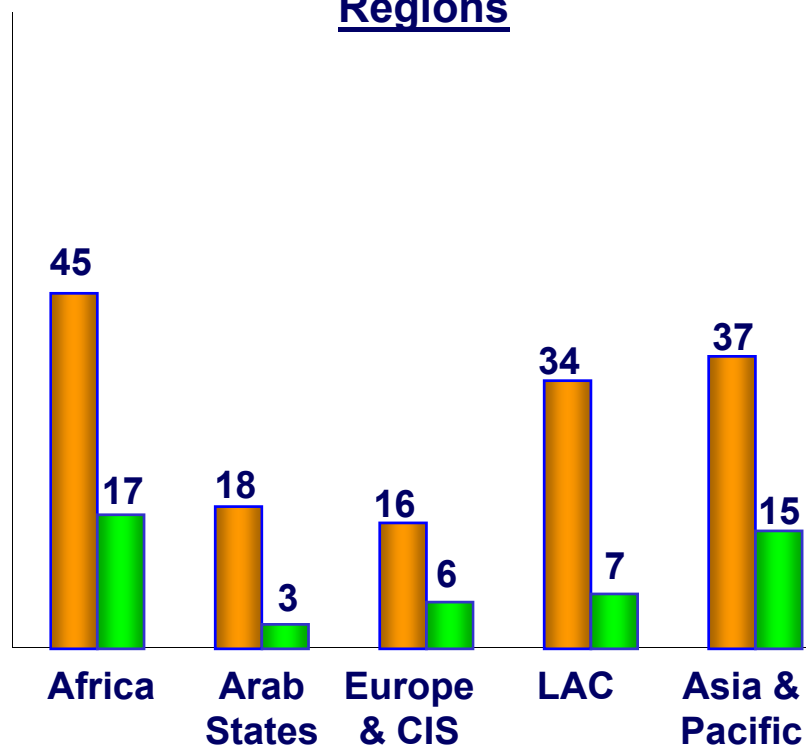


Jan. 2006 to Dec. 2006



More than 50 countries have yet to see a CDM project

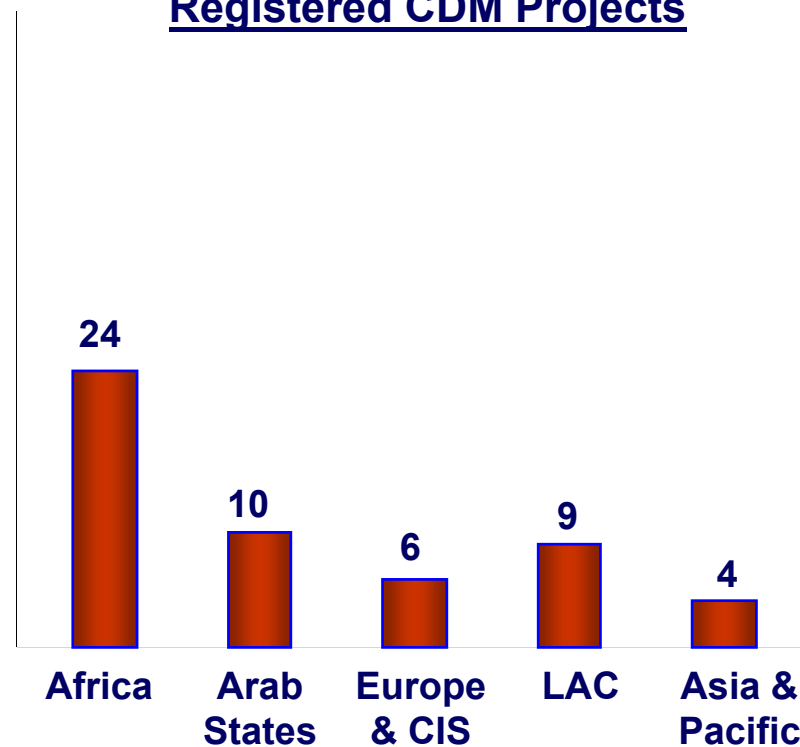
DNA Presence Across Regions



 Number of countries

 Number without a DNA

Countries With A DNA But No Registered CDM Projects

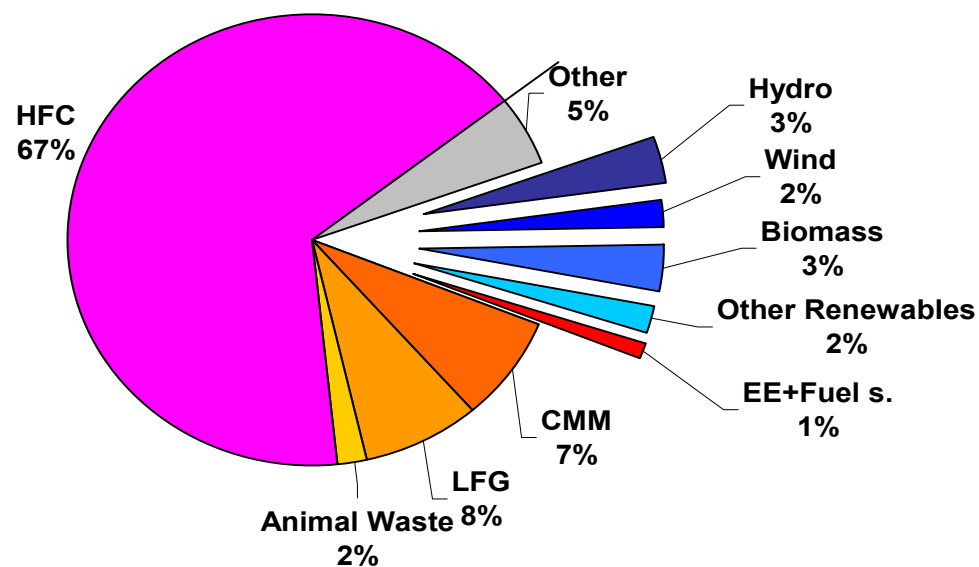


CDM Asset classes

Share of Clean Energy Rises

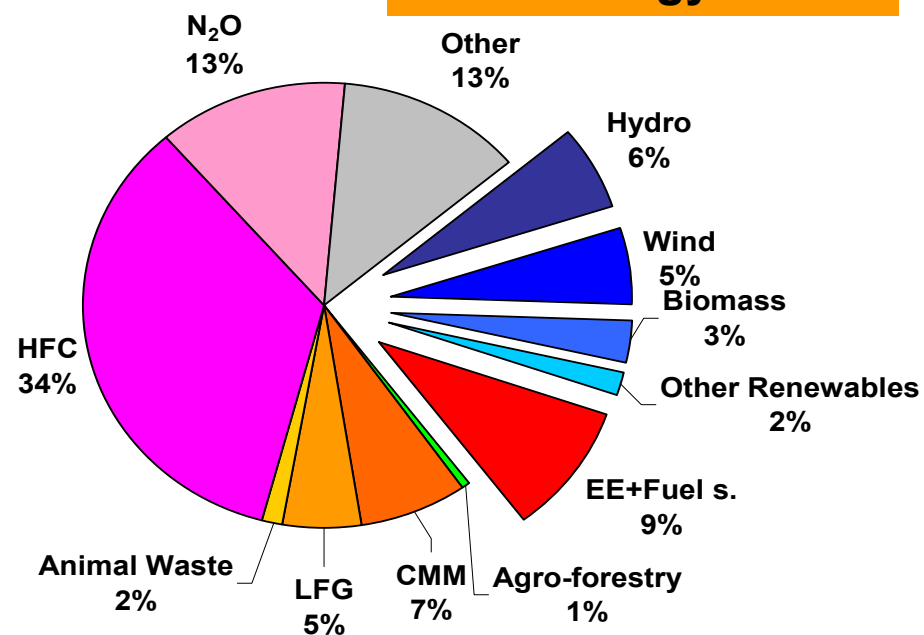
(share of volumes)

Clean energy: 11%



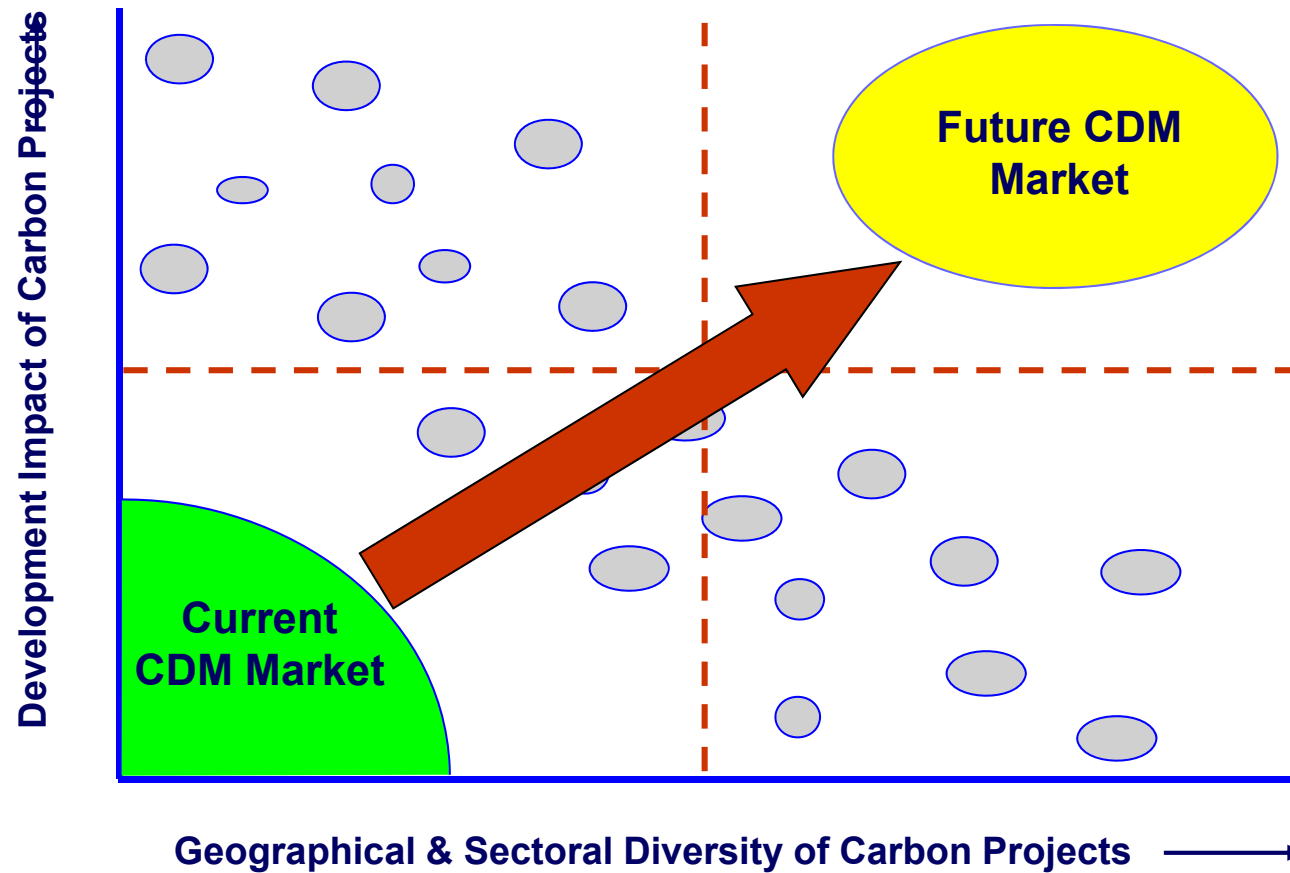
Jan. 2005 to Dec. 2005

Clean energy: 25%



Jan. 2006 to Dec. 2006

Moving the Carbon Market



Lessons for the Future

1. **Investments:** CDM is helping to support long-term investments necessary for transition to low-carbon economy.
2. **Markets:** Developing countries and EITs have strongly responded to EU and Japan demand.
Markets to manage GHG emissions have demonstrated their ability to source ERs.
3. **Enabling environment:** CDM needs the right market environment.
Creating viable carbon markets in more countries and sectors requires: public policies, institutional capacities, investment pipelines.
Need for combining and sequencing CDM with grant funding, public domestic spending, GEF.
Renew international efforts such as the Nairobi framework to increase CDM distribution.

Lessons for the Future

- 4. Sustainable Development:** Maximise SD impacts, including through innovations in CDM, in particular the programmatic approach, deemed methods, and possibly sector driven approaches.

SD benefits have been incidental/add-ons rather than intrinsic in project designs; but this is trending in right direction with more SD per project appearing.

- 5. Programmatic Approaches:** In addition to project-by-project approach, not instead.



Thank you

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