

**MEANS TO REACH REDUCTION TARGETS AND
IDENTIFICATION OF WAYS TO ENHANCE
THEIR EFFECTIVENESS AND CONTRIBUTION
TO SD**

THE FUTURE CDM

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Synopsis

- ❑ Emission Trend and Sectors. Where to focus
- ❑ Current CDM barriers/experiences and lessons for the future
- ❑ Thoughts for enhancing SD and future CDM/mitigation in developing countries
- ❑ Conclusion

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Emissions trend provide a basis for the best mitigation approach

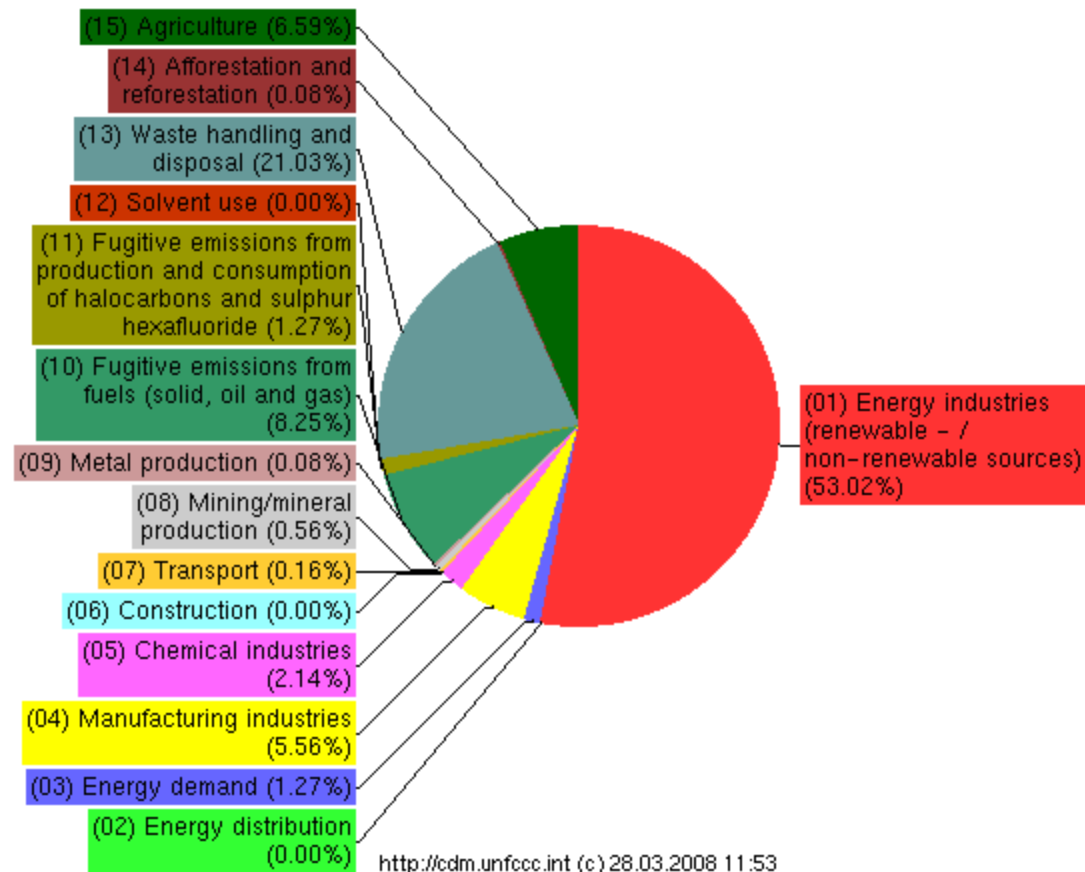
We know from the IPCC AR4 that:

- ❑ The largest growth in global GHG emissions b/n 1970 and 2004 has come from:
 - Energy supply;
 - Transport;
 - Industry; and
 - LULUCF and that
- ❑ Between 1970 and 1990 emissions from agriculture grew by 27% and from buildings by 26%
- ❑ In 2004 A1 countries held a 20% share in world population, produced 57% of world GDP, and accounted for 46% of global GHG emissions

Sector	% emissions
Energy supply	145
Transport	120
Industry	65
LULUCF	40

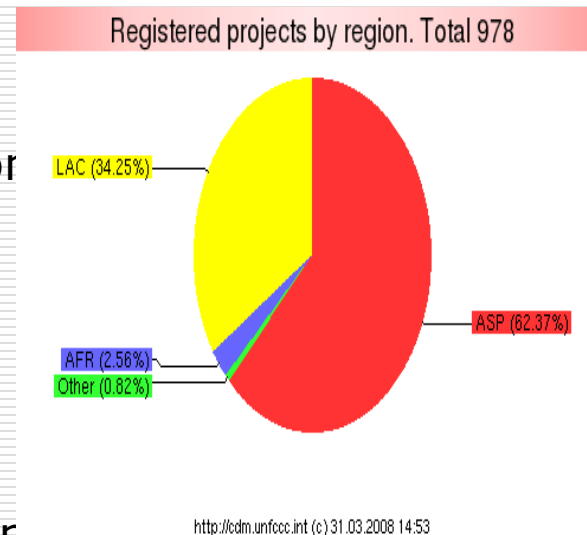
Also from CDM EB we know that Sectors with potential to date would still be potential in the future

Distribution of registered project activities by scope



From existing projects and experiences we have learnt that

- ❑ CDM alone and in its current form cannot contribute significantly to the two elements of Article 12: Real Mitigation for A1 parties and SD for Non-A1 parties (Tech Transfer, financial and CB)
- ❑ CDM has worked in some regions and sectors and in others not. Africa is literally out. Tanzania is among those with some few projects.
- ❑ For such a complex issue Capacity building approaches and implementation remain a challenge in terms of approach and delivery
- ❑ Initial financing, national capacity building and learning by doing have triggered projects in some countries



Thoughts for the future of CDM Beyond the 2012: Simplify Rules

□ Simply CDM.

The CDM is governed by a vast body of rules and guidelines, comprising:

- the Marrakech Accords
- COP/MOP decisions
- CDM Executive Board decisions;
- guidance from expert CDM bodies

These “International Rules” pose two types of barriers:

1. knowledge and understanding of the Rules
 2. ability to implement CDM projects in compliance with Rules
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Thoughts on the future of CDM

- ❑ The volume and complexity of these Rules make the CDM inaccessible, particularly to new players. They impose obligations on all stakeholders: Host Countries, Annex 1 Countries, project participants and CDM bodies.
 - ❑ Simplification of these rules will be vital for the success and continuity of CDM beyond 2012.
 - ❑ Note: Simplify the rules without changing the approach to ensure continuity (of existing projects) and confidence in the system
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Thoughts for the future : Sustainable Development Criteria

- ❑ CDM EB must take part in a regulatory framework that ensures delivery on Sustainable development by CDM projects. Leaving the issue of SD at the prerogative of host country parties does not work. Some host country parties are taken for a ride in most cases.
- ❑ Three options can be explored:
 - EB, from experience to put in place minimum criteria for each project or category of projects SD that can be verified by DOEs
 - Employ a percentage approach (say 5% of the CERs to remain in the host country for SD purposes) or
 - Host Country parties to define SD criteria for each category of projects and submit to EB for use by DoEs for project validation (as we are doing for the forestry definition);

Thoughts for the future: Additionality and REDD

- ☐ ~~Financial additionality should not be part of the additionality requirements/test.~~
Environmental additionality is the most important. As far as a project is locking or avoiding a unit of carbon this is what the world needs. Financial additionality is the biggest barrier to smaller business entities wishing to join CDM
- ☐ REDD methodologies need to be developed urgently - at least on the management/measurement issues to make it work as an important contribution to emission reduction and SD particularly in Africa

Thoughts for the future: Capacity Building

- Capacity Building should be undertaken through a multilateral approach consistent with the Framework decisions and not leaving everything on bilateral.
 - Engaging and Facilitative capacity programmes that involve learning by doing. Developing an actual project.
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Conclusion

- ❑ Domestic actions will remain key for substantive reductions
 - ❑ Regional Balance and Equity in CDM's Future is paramount
 - ❑ Focus on projects and Sectors that also contribute to adaptation; That might reduce the costs of addressing other sustainable development needs e.g. Heath vis-a-vis CDM waste mgt related projects
 - ❑ Modification of the KP might be necessary to accommodate REDD, etc
 - ❑ SD criteria must not be relegated to host parties; and
 - ❑ While simplification is important; the fundamental objectives of CDM must be kept intact. SD and Mitigation
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