

# CDM and Market Mechanisms for tackling climate change



Joan MacNaughton

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4<sup>th</sup> European Energy Forum, Paris

# What do carbon markets bring?

- ▶ Carbon markets allow nations to meet their mitigation targets in a flexible and cost-effective manner → should allow for more ambitious mitigation targets
- ▶ 1 billion CERs issued. US\$3.6 billion in savings for Annex I.
- ▶ In developing countries, CDM has built capacity to realize the potential for mitigation in nationally appropriate ways
- ▶ CDM has mobilised significant private sector investments – at least US\$215 billion

# CDM Reform

Concerns over:

- ▶ Environmental integrity
- ▶ Effectiveness of processes
- ▶ governance

CLIMATE CHANGE,  
CARBON MARKETS AND THE CDM:  
**A CALL TO ACTION**

Report of the High-Level Panel on the CDM  
Policy Dialogue



# Outcome of the CDM Policy Dialogue

The full report is available  
at:

[www.cdmpolicydialogue.org](http://www.cdmpolicydialogue.org)

All supporting research and  
consultation reports will be  
available at the same web  
site from end of September

# Summary of recommendations

The Panel has made **51 recommendations across 12 areas** to address the crisis in international carbon markets and to make the CDM fit for the future

1.

Secure market stability

Urgently address the immediate crisis of demand:

Increased mitigation ambition

Wider access to the CDM

Fund and reserve bank

2.

Adapt to new conditions

Enhance mitigation impact

Set standards

Support GCF

Sectoral

REDD+

Net mitigation

Linking

Harmonization

3.

Enact operational reforms

Standardized methods for determining additionality

Better sustainable development assessments

Strengthened co-benefits

Greater access for underrepresented regions

4.

Strengthen governance

Clearer roles and greater accountability

Stakeholder relations and public engagement

Appeals and grievance mechanisms

Regulatory certainty and streamlining

# Set robust standards to enable linking and harmonization

- ▶ Develop standards that anticipate the needs of emerging market-based mechanisms.
- ▶ Collaborate with other market-based mechanisms around common functions
- ▶ Ensure comparability among standards across market-based mechanisms
- ▶ Establish a common registry function that tracks mitigation outcomes effectively and avoids double counting
- ▶ Improve regulatory engagement and outreach efforts

# Support the rapid implementation of the Green Climate Fund

- ▶ Promote use of CDM standards and methodologies in accounting for payments for verified results.
- ▶ Apply the standards and methodologies developed under the CDM as a way to facilitate the implementation of mitigation activities supported by GCF.

# A Paris deal to encourage linking

- ▶ Minimum standards to ensure environmental integrity
- ▶ Reporting and recording via international and national registries
- ▶ Common definitions and default or model rules
- ▶ Linkage rules to be outside core agreement
- ▶ Provision that countries may transfer portions of their INDCs to others for use in compliance



# Conclusions

- ▶ Linkage in everyone's interests – including business
- ▶ Learn from/builds on CDM experience
- ▶ Depoliticise implementation

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