Reform and future of the CDM

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Some outcomes of Copenhagen

• Decision 2/CMP.5: 60 paragraphs on CDM
• Some CDM reforms and improvements, most based on the EB’s own proposals + “China wind decision”:
  – Change/shorten registration & review process
  – Introduce possibility to appeal
  – Increase transparency, consistency, impartiality
  – Revisit guidance on treatment of national policies
  – Standardized baselines to be discussed at SBSTA
  – Additionality simplified for projects < 5 MW / 20 GWh
• Pursue various approaches, including markets...
Example of timelines CDM
Expected focus CDM in 2010

• Revised/shortened registration & issuance (= attempt to reduce timelines)
• Appeals procedures (EB and DOE decisions)
• Increased training stakeholders
• Enhanced performance assessment DOEs
• Updates of VVM and other documents
• Workplan Meth Panel provides for new priorities and for cooperation with e.g. US EPA
• Further simplified approaches for small scale
• Long debates on additionality / common practice
• Long debates on impact of national policies
Limitations to the CDM

- Registration cases: < 500 – 700 / year → not possible to process 1000 – 2000 / year
- Shift of national subsidies → “CDM subsidy”
- Unclear how to resolve “Chinese wind dilemma”
- Methodologies are complex and must be simplified & move towards standardized baselines
- Move towards sectoral approaches inevitable
- Several actors explore sectoral bottom up approach
- But avoid the sensitive S-word
Possible way forward

• CDM will survive and conditionally continued
• Continue CDM in LDCs and other moderate developing economies
• Large & fast emerging economies:
  – “sectoral” approaches for some sectors (power, cement, iron&steel?)
  – CDM for other sectors
• Transition period for already approved projects
• Assess diversity and role of NAMAs
Annex 1 proposal for developing countries