



*Global DNA Forum Meeting
June 2019, Bonn*

DNA Forum Interaction at EB 105

25 November 2019
Madrid, Spain

Aim of the presentation

- The aim of the presentation is to:
 - give an overview of how the DNAs see the current situation of the CDM, current DNA efforts for participation in the CDM and any untapped mitigation potential that may be supported by the CDM;
 - deliver suggestions to the Board on what work they could do to address the concerns/suggestions of the DNAs;
 - receive feedback from the Board.
- Inputs were received from DNAs who responded to a survey: Afghanistan, Brazil, Burkina Faso, Burundi, Central African Republic, Comoros, Costa Rica, Dominican Republic, Kenya, and Mongolia.

CDM situation: What worked well?

- During the first commitment period of the Kyoto Protocol, there was a great interest from private sector in developing CDM projects attracted by foreign investment and the additional incomes of the price in the carbon market of CERs at that time;
- Although at a slower pace, the CDM is still active;
- DNAs continued to guide project idea holders to identify and design projects according to the CDM methodology; encourage the DNA Committee to approve, investors to fund and facilitate CDM project promoters to implement and monitor/manage CDM projects that ensure sustainable development and reduce GHG emissions in accordance with the Kyoto Protocol.

CDM Situation: What worked well?...Contd.

- In addition to emission reductions, the CDM was of great importance as a driver of new technologies and expansion of energy sources that had not been developed before, e.g. small hydro, wind, landfill methane recovery, bagasse cogeneration plant, etc.;
- CDM encouraged capacity-building of human resources dedicated to climate change, as well as, in particular, emissions reductions and the promotion of sustainable development;
- CDM spurred the need for national policy and regulatory framework for carbon trading.

CDM Situation: What could have been improved?

- The complex political, the imminent legal vacuum of the Kyoto Protocol's second commitment period, as well as the adverse economic conditions faced by the largest economies are factors that make it difficult for the CDM to keep rising;
- Something that could have improved was to keep an attractive price of CER. Also, the simplification of methodologies specifically for large-scale projects;
- Perverse incentives such as "additionality" caused low rate of CDM project implementation;
- A significant number of PDDs could have been developed if the investors have been availed to support the development of those PDDs;

CDM Situation: What could have been improved?...Contd.

- DNAs do not have financial means to monitor the implementation of CDM projects in the field;
- Reduction of the challenges related to baseline development, project registration time, reduction in transaction costs, etc.;
- Strengthening National CDM DNA Focal Point capacity for identification of national priority needs related to the CDM and the formulation of CDM projects;
- More capacity-building and awareness to private sector and the general public to demystify CDM.

Critical factors in raising CDM awareness

- Economic attractiveness of the CDM;
- Uncertainty about the future of the CDM, including already registered projects, has been a reason for concern and the main cause of the steady drop in the implementation of new projects. This has led to a reduction in the mechanism credibility and may even have a negative effect on the credibility of new mechanisms being created under the Paris Agreement;
- Availability of financial means to sensitizing private sector on the CDM through national workshops;
- DNA capacity, including participation of DNA in international forum like SB/CMP/COP.

Sectors where CDM could support more

- Agriculture;
- Afforestation and reforestation;
- Mangrove conservation;
- Rangeland management;
- Energy generation from urban waste or other types of biomass;
- Infrastructure construction (roads and buildings);
- Industrial or semi-mechanized mining operations.

Current DNA efforts for participation in the CDM

- Receiving CDM prior consideration notification and assessing and approving potential CDM projects;
- Developing standardized baselines, including preparing financial support request letter to update standardized baselines;
- Receiving CDM technical support from the regional collaboration centers;
- Train, inform and sensitize national actors at all levels on the CDM;
- Responding to local stakeholder queries and meet UNFCCC secretariat requests (CDM surveys, etc.);
- Keep DNA function active, including updating UNFCCC secretariat of any focal point changes and website maintenance;

Current DNA efforts for participation in the CDM...Contd.

- Publication of material, e.g. *“CDM Legacy – Impacts and lessons learned from the implementation of the Clean Development Mechanism in Brazil”* as input for new mechanisms (Portuguese version published in December 2018 and English version scheduled for December 2019);
- Actively participating in the DNA Global Forum meeting;
- Hosting and participating in national/regional CDM workshops, regional carbon forums and regional climate weeks;
- Representation in the DNA Charing Committee, the CDM Executive Board and participating in CDM discussions at SB/CMP/COP.

Suggestions to the Board

The CDM-EB should:

- Ensure simplified process and efficiency;
- Ensure active communication;
- Conduct capacity-building events for DNAs on how to prepare and develop the CDM PIN to access international fund;
- Release regular knowledge/lesson learn sharing report;
- Continue to conduct regional and international forums;
- Support DNAs to ensure CDM transition into the Paris Agreement to raise investor confidence in opportunities in Article 6 of the Paris Agreement;
- Conduct regional or global training workshop focused on the future of the CDM and the linkage or synergy with Article 6 of the Paris Agreement.



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Thank you

Mr. Albert Magalang (Philippines)
Mr. David Hynes (United Kingdom)
Global Co-chairs of the DNA Forum