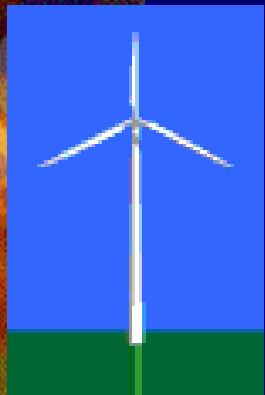




Possibility and Role of CDM Issue Mapping

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Bonn Agreement

— Decision 5/CP.6



★ CDM

- ★ Eligibility of the project
 - Assistance in achieving sustainable development
 - Judgement by the host country
 - Refrain from nuclear
 - No diversion of ODA
 - Reforestation/afforestation for sink (1st Period) [upto 1%]
 - Additionality
 - Executive Board / Operational Entities (not in 5/CP.6)
- ★ Share of proceeds
 - 2% of CERs for Adaptation Fund
- ★ Election of EB members at COP 7 (prompt start !)
- ★ Simplified procedures for small-scale projects (COP 8)



Possible decisions at COP 7

— FCCC/CP/2001/CRP.11



- ★ Supervised by the Executive Board
 - Accreditation of Operational Entities
 - Approve methodologies *etc.* (e.g., baseline)
- ★ Designated Operational Entities
 - Validation of projects
 - Verification and certification of reductions
- ★ Others
 - No retroactive application of new methodologies
 - Baseline: project-specific with standardization



Issue Mapping I



★ Investing country-related issues

★ Financial institutions

⇐ Carbon fund (project portfolio), project finance, ...

★ Domestic incentives to earn credits

⇐ Domestic emissions trading, Government procurement

★ Host country-related issues

★ Rigid policy for inviting CDM and other project investments

⇐ Reducing country risks; establishment of CDM office

★ X-cutting issues

★ continued...



Issue Mapping II



✦ X-cutting issues

✦ CDM rules and modalities

- Eligibility (sustainability, additionality, sink)
- Additionality (baseline, others?)
- Public funds (geographic imbalance, capacity building, ...)
- Special arrangements for small-scale projects
- Unilateral CDM?
- CDM Reference Manual?

✦ Others

- Capacity building, education
- Information – matching needs and seeds
- Development of liquid emission reduction market

(Emerging concerns for instruments for adaptation)



Issue Mapping III



- ✦ **Development driven by market mechanism**
 - ✦ How can CDM be attractive for private sector?
 - Appropriate domestic incentives in Annex I
 - Good investment opportunity
 - Low transaction costs
 - Less risks
 - ✦ Scale of the project
 - Big projects: Underlying project + CDM project
 - Small projects: CDM project (standalone)
- ✦ **How to standardize/simplify the procedures and accumulate know-how for sustainability conditions**
 - ✦ Maximizing **co-benefits** by integrating development of less carbon-intensive economy and (local) development
- ✦ **Step-wise approach**

