

Agenda item 2.2.

Paragraph 6 of the annotated agenda

Options for using the CDM as a tool for other uses

CDM EB 95

Bonn, Germany, 11 to 13 July 2017



Procedural background

- **CMP 11 (decision 6/CMP.11, para 7):** Also encourages the EB to continue exploring options for using the CDM as a tool for other uses and report back to the CMP.12;
- **EB 91 (EB91 meeting report, para 6):** made a set of recommendations to the CMP.12; [go to details](#)
- **CMP 12 (decision 3/CMP.12, para 4):** Encourages the EB to continue its activities in response to decision 6/CMP.11, paragraphs 7 and 8.



EB 91 recommendations to CMP (1)

- a. Invite the **CMA** to consider the **future role of the CDM or its elements**, in the context of the Paris Agreement;
- b. Invite **Parties** to consider the use of **CERs as a compliance instrument in ETS**;
- c. Encourage **aviation and maritime companies** to **commit to GHG emission reductions** in their operations, including through the immediate **voluntary cancellation of CERs**;
- d. Request the **Board and the secretariat** to engage with the **financial and investment communities** to promote the use of the **CDM as an MRV tool** for green securities;



EB 91 recommendations to CMP (2)

- e. Invite the COP to request the operating entities of the Financial Mechanism to consider using the CDM as a tool for the MRV of mitigation activities, as appropriate;
- f. Request the Board, in consultation with the operating entities of the Financial Mechanism, to explore means to simplify the application of the CDM for activities funded via the Financial Mechanism;
- g. Encourage Parties, public and private entities and citizens to contribute to the reduction in global emissions by supporting additional emission reductions through the voluntary cancellation platform;
- h. Invite development agencies and multilateral development banks to use the CDM or its elements, to verify the mitigation impact of their supported activities, as appropriate.

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Purpose

Purpose: to **provide updates** to the Board on progress regarding the potential other uses of the CDM.



Updates on potential other uses of the CDM (1)

- a. Future role of CDM or its elements, in the context of PA;
- b. Use of CERs as a compliance instrument in ETS:
 - EB side event “CDM and NDCs – the way forward” at SB 46, increased awareness on issues surrounding the future of the CDM;
 - Secretariat (RCCs in particular), following funding contributions received from non- CDM sources, supported 21 Parties in developing their NDCs including potential use of CDM;
 - Secretariat provided technical inputs on ways to operationalize the use of CERs under national schemes (e.g. South Africa and Côte d’Ivoire);
 - Secretariat through three regional carbon forums helped enhance awareness on potential use CERs in a post-Paris world;



Updates on potential other uses of the CDM (2)

- c. Encourage aviation and maritime companies to commit to GHG emission reductions:
- Secretariat is providing technical advice to ICAO in supporting Parties to develop “Emission Unit Criteria” for CORSIA;
 - Secretariat promoted voluntary use of CERs at five aviation carbon market workshops;
 - Liaison with IATA members to achieve pre-2020 actions of the CORSIA with the help of CERs;
 - Secretariat is contributing to IMO’s strategy on GHG emissions reduction from ships for the potential inclusion of “market-based measures”;
 - A detailed presentation on the above issues is included in this meeting;



Updates on potential other uses of the CDM (3)

d. EB and secretariat to engage with FIs to promote use of CDM as an MRV tool:

- Updates were provided to the Board (EB94):
 - Support for development of a green bond-based CDM refinancing facility (CDM Refinancing Facility) and CDM investment trust fund (Paris Climate Bond);
 - Finance via crowd investing and funding;
 - Support for development of a green bond programme for the West African Development Bank and the East African Development Bank;
 - Initiation of technical and convening support for a national development bank in a frontier financial market upon their request.

Secretariat is also monitoring developments regarding ongoing work of the GCF Board pertaining to policy guidance;



Updates on potential other uses of the CDM (4)

- g. Encourage Parties, public and private entities and citizens to support additional emission reductions through voluntary cancellation platform:
 - Updates provided to the Board at this meeting (EB95);
- h. Invite DAs and MDBs to use the CDM or its elements to verify mitigation impact of their supported activities:
 - Secretariat is supporting initiatives of MDBs that support the implementation of CDM activities such as:
 - World Bank's Carbon Initiative for Development (Ci-Dev) and the Pilot Auction Facility (demand for >25 million units created, more areas for coverage under planning);
 - UNDP's initiatives on the use of crowdfunding and blockchain technology (e.g. Alternative financing Lab in association with Solarcoin);
 - EBRDs initiatives for automation in monitoring of RE systems.



Subsequent work and timelines

- The outcome of the work in 2017 may serve as a basis for **informing the CMP13 on progress** against the mandate contained in decision 3/CMP.12.



Recommendations to the Board

- The secretariat recommends that **the Board take note of the progress** made with regard to other uses of CDM.

