

DNA Forum Interaction at EB 99

25 April 2018
Bonn, Germany



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, the link between CDM and Art. 6.4 Mechanism and the envisaged role of DNAs in the post-Paris world;
 - 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: Afghanistan, Côte d'Ivoire, Democratic Republic of the Congo, the Dominican Republic, Ecuador, Ethiopia, Guinea, Kenya, Kuwait, Swaziland, Switzerland.

Questionnaire for DNAs

1. How do you as a DNA approach the management of programme of activities? Do you complete checks on each applicable host country (where there is more than one involved)? Are there any lessons learned from this process?
2. How do you as a DNA assess 'bundled' projects? Do you face any difficulties which could be alleviated through the assistance of other DNAs who may be involved?
3. Do DNAs share lessons learned with other DNAs? How could further knowledge sharing among DNAs be facilitated?
4. To what extent CDM was successful in your countries?
5. How do you as a DNA see main barriers of CDM work and how should it be addressed?
6. What would you as a DNA change in CDM to become more interesting for countries?
7. How do you as a DNA see future of ongoing CDM projects and programme of activities?
8. What is your vision on how CDM can be linked with Art. 6.4 Mechanism?
9. Should existing certified emission reduction (CERs) be transferred to meet Parties' determined targets?
10. Are DNAs involved with developments under the Paris Agreement? How are the Paris Agreement negotiations being taken into account when considering the current role of your DNA?
11. Do you have any other information that you think would be good to bring to the Board's attention? If yes, please provide below.



CDM – past, present and future (1/2)

Current views on the CDM

- CDM has been successful in mobilizing resources for the development of distribution type CDM (e.g. cook stove, lighting) and capital intensive RE projects (geothermal), but not so successful in the AFOLU sector;
- A lot of reforms have taken place through the review of the M&P which has been good for many developing countries;
- Some elements/tools/infrastructure of the CDM can inspire Art. 6.4 or support its implementation, even if there is no legal relationship between KP and PA;
- CDM offers a very good learning platform for the new markets and there are a lot of good things we can build on for the new markets.

CDM – past, present and future (2/2)

Views on the barriers of the CDM

- Project development and registration process is complex, cumbersome, inefficient and time consuming, high cost to the process;
- Lacks funding at the design stage, lacks credit facility to operate CDM projects;
- Complex methodologies, needs technical experts, stakeholders lacks capacity;
- Low CER price makes the CDM unattractive;
- Working language is English only;
- Many people do not believe in the CDM;
- Policy-makers do not see the real impacts of CDM projects on the ground because conducted by private/individuals at a lower level;
- Stand-alone projects are smaller in size and no more viable for global challenges;
- Uncertainty around the status of CDM projects in post-2020 regime.

Linking CDM with Art. 6.4 Mechanism (1/2)

Should CDM be linked to Art. 6.4 Mechanism

- CDM should be part of Art. 6.4 Mechanism based on its success and established mechanism hitherto;
- CDM is the most appropriate tool for achieving the goals of SD and it may be the basis for NDC implementation;
- Art. 6.4 Mechanism is designed to meet NDCs goals and CDM can perfectly fit into Art. 6.4, but shift to programmatic approach is needed;
- If linked to Art. 6.4 Mechanism, it would be the best approach to address and achieve consistent solutions for adaptation and mitigation;
- Components on the mitigation co-benefits and the inclusion of adaptation criteria should be considered during the negotiations;
- Ongoing CDM projects should continue until the end of the project, but should be (re)designed to meet the host country's NDCs goals first.

Linking CDM with Art. 6.4 Mechanism (2/2)

Should CDM be linked to Art. 6.4 Mechanism (contd..)

- CDM projects could re-register under Art. 6.4 Mechanism, if these projects meet the M&P of the mechanism.
- Relying on DNAs will be helpful for the continuation of the process and not start from scratch. DNAs are already familiar with mitigation sectors of activities, framing the national context, methodologies, SD establishment, project approval, assistance to project developers in the search for financing or experts to development their projects, etc.

Post-2020 transfer of CERs

- CERs should meet host countries determined targets. Transfers between Parties should occur once the NDCs goals are met;
- Some think existing CERs should be transferred to meet Parties' determined targets, others think transfer would not benefit those who did not have many CDM projects, but had many mitigation projects.



Role of DNA (1/2)

Current activities of DNAs

- Negotiating under article 6 of the PA; offering good suggestions during the negotiations of article 6;
- Sharing their CDM experiences in global DNA Forums, regional carbon forums and events organized by the RCCs (also bilaterally upon request);
- Establishing a knowledge sharing platform for exchanging lessons among project developers;
- Sensitizing municipalities and regions, raising awareness of policy-makers/public on carbon issues;
- Coordinating both the Paris Agreement and the NDC;
- Prior to LoA issuance, checking a CPA or a PoA, based on SD criteria checklist set at the national level. In case of multi-country PoA, not developed such a checklist to involve other countries. Does not fall under the jurisdiction.
- Most DNAs do not have experience in bundled projects yet.

Role of DNA (2/2)

DNA role in improving the current situation of the CDM

- Continue approving projects and their success will draw other proponents to try green business not necessarily for carbon sale;
- Take part in giving the market confidence through linking the CDM with other mechanisms (e.g. GCF);
- Define a new, more flexible, more digestible and accessible DNA mechanism for each Party involved to promote CDM projects that support SD;
- Develop more standardized baselines
- Facilitate accessible loan, locally available DOE, skilled manpower, no additionality requirement for clean energy;
- Set SD criteria at the national level;
- Promote CDM more within the country;
- Support the creation and strengthening of national and regional carbon markets with incentives;
- DNA role is limited to project approval. Interactions among DNAs could improve under regional projects for example by using the same experts.

Suggestions to the Board

The CDM-EB should:

- Further simplify the CDM;
- Foster proper market signals from negotiators;
- Define a new mechanism to harmonize or create complementarity between the role of DNAs and that of NDC coordinators;
- Continue technical support and DNA support through Global DNA Forum meeting, regional carbon forums and RCC organized events, so that DNAs are at the same level of capacities and skills;
- Conduct a study to identify CDM capacity-building needs at the national, regional and sub-national levels;
- Conduct an assessment of barriers, as each country's barrier for CDM might be different;
- Reflect on the perspectives of the CDM beyond 2020 and draw lessons learnt that can be useful for other stakeholders to design Art. 6.4 Mechanism;
- Promote the CDM more worldwide;
- Promote the creation of national and regional markets.





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Thank you

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Forum