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International Network for Sustainable Energy

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Proposal for a new CDM

While the Clean Development Mechanism (CDM) is the largest climate financing mechanism for developing countries, its effects on development have been meagre, and its ability has even been worse to reach the poor and the vulnerable, such as women and indigenous people. In addition, many of the projects that receive support are much less effective to reduce emissions of greenhouse gases than the reductions they offset in the industrialised countries. Among the reasons for this are that some of the projects would have happened anyway (they are not fully additional), that some projects have reductions that are so cheap that they could be better be mitigated in other ways, and that some projects have adverse effects, leading to increased productions of strong greenhouse gases (such as HFCs), primarily to destroy them.

If we should continue to have a mechanism, where industrialised countries can pay for reductions in developing countries instead of reducing emissions at home, such a mechanism must bring more benefits than adverse effects, and it must do it certainly. To do so, it must follow a new set of criteria, including:

- Projects must lead to poverty reduction, and fulfilling of the Millennium Development Goals (ODM). In this way they will have additional benefits compared with greenhouse gas reductions in the north. Projects are in pre-defined categories with certain poverty reduction (such as improved cook stoves and small-scale biogas plants) should not be obliged to prove this on a project basis.
- Measures in CDM projects must be climate-proof and strengthen the adaptive capacity of the target group to current climate variability and future change. The adaptation actions should be linked to sustainable development, and measured with measurable and verifiable indicators and targets.
- Projects must directly target poor people and increase their welfare and/or income via the projects, proportionally to the project size (large projects must benefit proportionally more poor people than smaller ones)
- Only reductions of CO₂ and CH₄ emissions can be calculated as benefits, while eventual increases in other emissions, such as N₂O, should be counted against a project's reductions.
- Project organisers must be non-profit, to avoid exploitation of the mechanism for profit, which have been detrimental for the development of the current CDM.
- Project administration and verification must be proportional to the project size, giving a similar burden to small and large projects. For smaller project the validation, verification, and registration procedures should be simplified, less time consuming, and less costly than today.
- Projects must be additional, which should be verified either directly, or via verified comparison of dissemination of projects' mitigation solutions inside and outside the project areas.
- Project bundling should be allowed, combining similar projects within a region or country, provided verification is secured.

- CDM credits and eventual other external credits must only fulfil up to 10% of the total reduction target of a country, including reductions via public authorities, legislation, and companies. A country with 20% reduction target can then offset 2% of its emissions with CDM credits and eventual other external credits.
- CDM income should be available for upfront investments, for instance via a fund and/or via a possibility to sell a part of the certified emission reductions (CER) early in the project.

The current CDM mechanism must be replaced with a new CDM mechanism based on above principles. Only then it can be justified to replace emission reductions in the high-emitting developed countries with emission reductions in developing countries.

This change of CDM shall not change the historical responsibilities of developed countries and international institutions of past emissions as well as of dissemination of high-emission solutions. A fair, global climate regime shall include a mechanism for support emission-reductions of developing countries, based on historical responsibilities and on abilities to support, but that mechanism shall be different from the proposed CDM and shall not count towards meeting greenhouse gas reduction targets of developed countries. It shall be used to support mitigation in developing countries in the most cost-effective way.

INFORSE is urging the countries working on a new phase of the Kyoto Protocol to change the CDM so projects follow the criteria in this proposal.

INFORSE is a network of 160 NGOs working for renewable energy and energy efficiency throughout the world.

Please send comments to this proposal and expressions of support to ove@inforse.org
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