

STANDARDS AND REGULATIONS AS TOOLS FOR SUSTAINABLE DEVELOPMENT

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KYOTO PROTOCOL

AND CARBON TRADING

A new commodity— **emission reductions**

CO₂ is the principal greenhouse gas, so people speak simply of **trading in carbon**

Carbon is now tracked and traded like any other **commodity**



THE THREE MARKET-BASED MECHANISMS OF THE KYOTO PROTOCOL



a) International emissions trading

b) Clean Development Mechanism:
Projects in **developing countries**

c) Joint Implementation: Projects in
**any country with a commitment
under the Kyoto Protocol**



MARKET-BASED MECHANISMS

AND SUSTAINABLE DEVELOPMENT

Flexible mechanisms assist countries to achieve sustainable development and create incentive for investment

CDM and JI projects can earn tradable and saleable credits



BENEFITS

FOR HOST COUNTRIES



Opportunities for
sustainable development,
creation of employment,
improvement of air quality,
transfer of technology



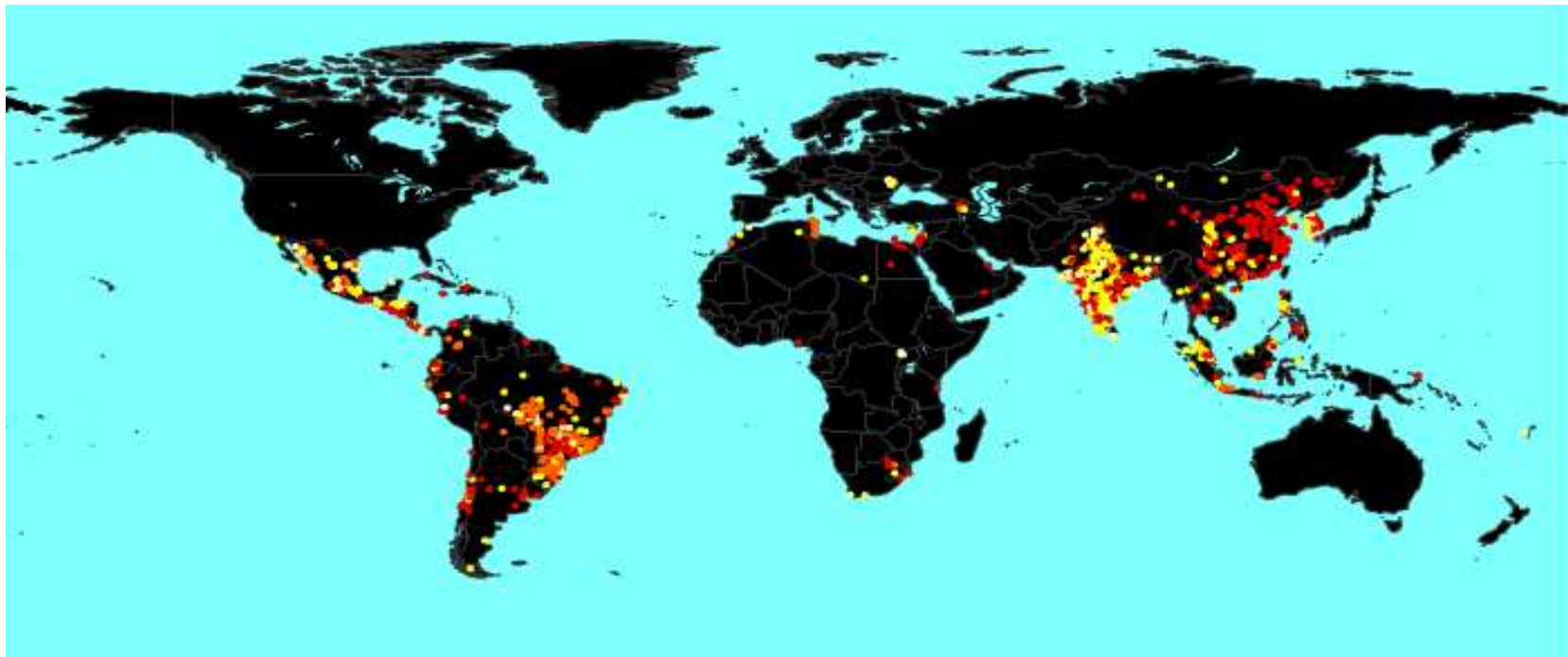
CLEAN DEVELOPMENT MECHANISM

A MECHANISM WITH GLOBAL REACH

3536 registered projects in **72** countries
Almost **2200** projects in the pipeline
Over **750 million** CERs issued to date

>2.7 billion certified
emission reductions
expected to the end
of 2012

Status: 21 October 2011



JOINT IMPLEMENTATION

GROWTH IN NUMBERS

- 270 projects published under Track 2
- 33 positive determinations deemed final under Track 2
- 302 projects published under Track 1



Status: 21 October 2011





Providing
efficient fuel
wood stoves
to local
communities

Nigeria
CDM Project 2711



Providing wind energy to half a million people

Oaxaca, Mexico
CDM Project 0728





Providing solar cookers to villagers

Pengyang, China
CDM Project 2307



Providing rural households with low-cost energy services

Kolar District, India
CDM Project 0121



ENVIRONMENTAL INTEGRITY

ASSESSING QUALITY OF PROJECTS AND EMISSION REDUCTIONS



The CDM itself is a carbon 'standard' because it sets out its own standard procedures for assuring the quality of projects.

AN INTERCONNECTED CARBON MARKET IS MORE EFFICIENT

- Harmonisation of standards
- Common rules for measurement, reporting and verification
- Robust market regulation ensures market integrity



EXAMPLES OF STANDARDS

MANUALS, METHODOLOGIES, TOOLS

Methodologies

CDM Accreditation Standard

Tools

CDM Validation and Verification Manual

Clarifications

Procedures

Information Notes

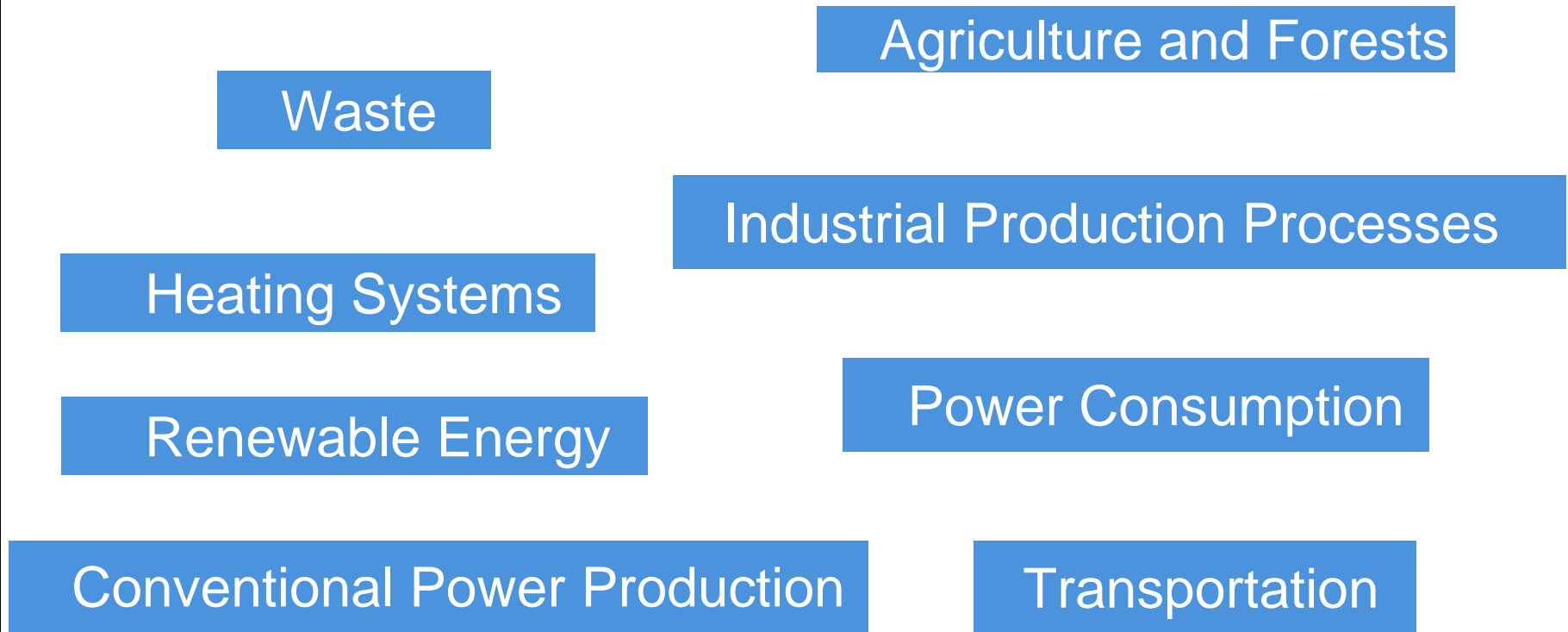
Guidelines



WIDE RANGE OF EXISTING METHODOLOGIES

METHODOLOGIES

DIVERSE IN COMPOSITION AND APPLICATION



IMPROVEMENTS OF THE CDM REGULATORY SYSTEM

- **Streamlining** of the CDM process
- **Loan scheme** for countries with fewer than 10 projects
- **Monitoring framework** for certifiers
- **Support** to national authorities



PROGRAMMES OF ACTIVITIES

EXPANDING THEIR USE

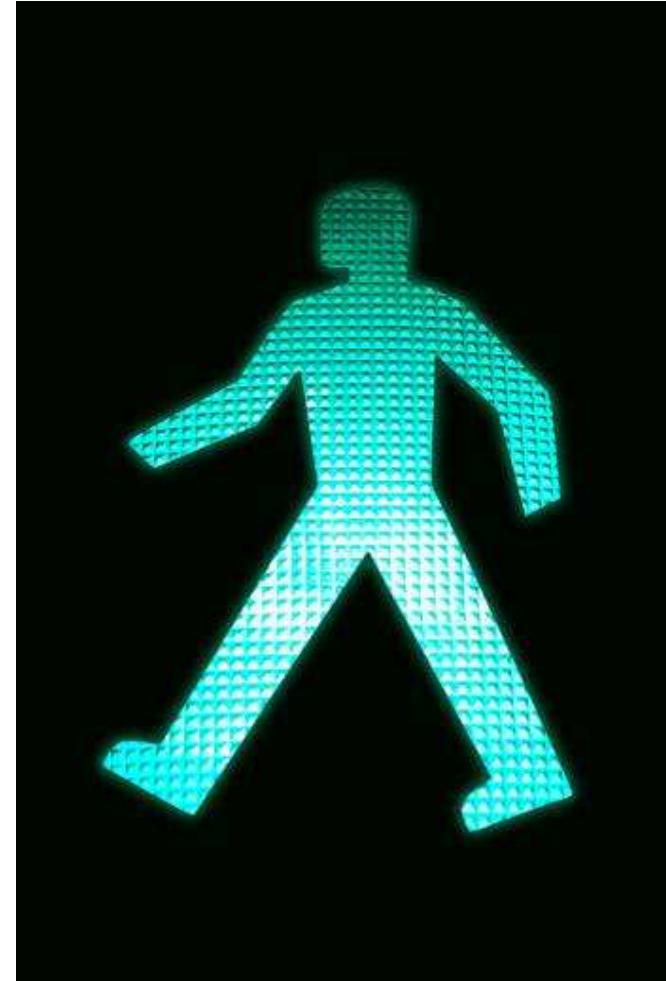


New standards will expand PoAs:

- Multiple methodologies
- Eligibility criteria
- Demonstration of additionality

NEW RULES TO OPEN UP CDM TO POORER NATIONS

- Guidelines on **suppressed demand**
- Guidelines on **standardized baselines**
- They will both lead to **life-improving** projects in countries that have missed out on the **benefits of the CDM**



KEY EB DECISIONS

TO IMPROVE REGIONAL DISTRIBUTION

- a) Clarification of the rules for PoAs
- b) Selection of administrators for the loan scheme
- c) Creation of top-down methodologies
- d) Adoption of guidelines on suppressed demand and standardized baselines



CHALLENGES

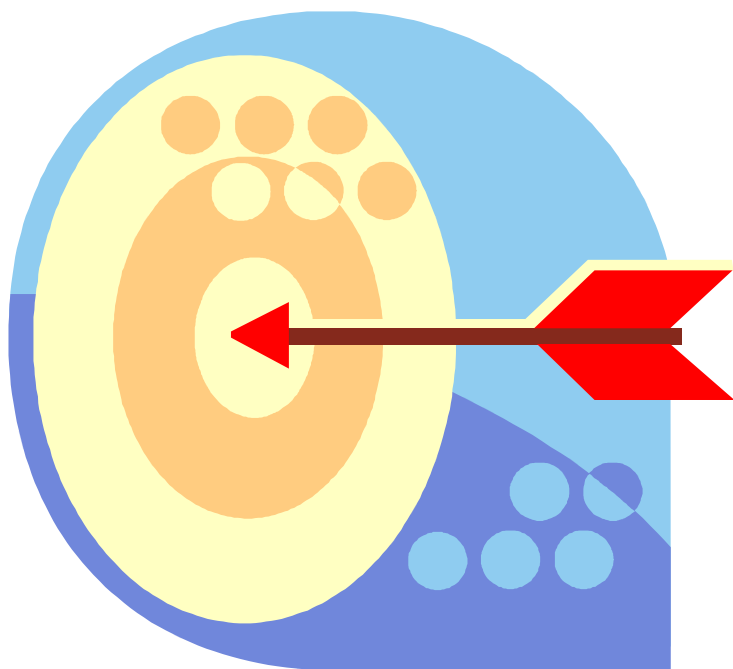
IN THE FUTURE DEVELOPMENT OF THE CDM



- a) Greater efficiency in the operation of the CDM
- b) Geographic expansion
- c) Improved objectivity, clarity and integrity
- d) Enhanced transparency
- e) Enhanced promotion of the mechanism

FIT FOR THE FUTURE

CDM OBJECTIVES



Ensure **quality** in assessment

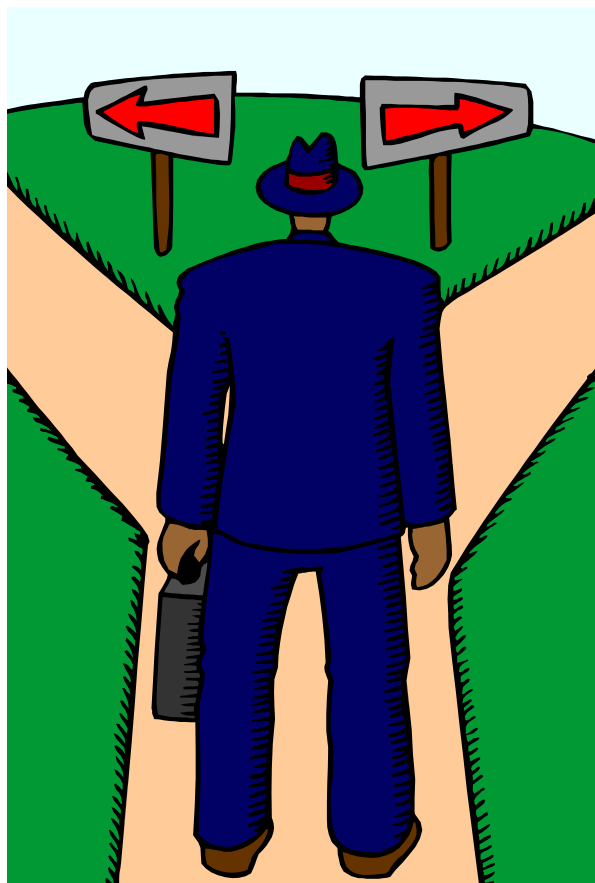
Ensure **efficiency** in
issuance of CERs

Constantly **improve** and scale up

Provide **clarity** to all actors
to fulfill their role



ENSURING USEFULNESS OF JI BEYOND 2012



A review of the JI guidelines will explore the merits of:

- A **unified JI process**
- A new, **collaborative governing body** to agree standards and oversee implementation at the national level



THANK YOU

For more information:

<http://cdm.unfccc.int/>

<http://ji.unfccc.int/>



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