

Market Mechanisms and Climate Change: Case of CDM

adhakrishnan

Where it all began?

and trade used for the first time for controlling NOx emissions

ly successful - more than expected

issues:

efficiency vs effectiveness

controlled pollution reduction

ocal vs. global

opping climate emissions

FCCC adopts Kyoto Protocol in 1997

ows for the use of markets to reduce emissions

missions Trading System

lean Development Mechanism

oint Implementation Mechanism

DM - its mandates

an Development Mechanism – is a mechanism under the Kyoto Protocol that allow developed nations to purchase carbon credits generated by greenhouse gas reduction projects in developing nations

DM's DOUBLE MANDATE:

to help developed country parties with cheaper reductions

sustainable development in developing country parties

believed the first, not the second

e Process

ect proponent hires consultant to do project design document (PDD); Stakeholder meeting mandated to assess sustainability of project

national government (national CDM authority) gives approval for project with a certificate that the project contributes to sustainable development – based on PDD without any verification."take the project developer at his word". No project ever rejected.

state validators (DOE) hired by company look at PDD. Certificate is additional. Take to CDM board.

CDM board gives approval based on DOE report and register project

ues

very little governmental oversight

designed for and managed by private sector

misleading and fraudulent methods used by consultants and project developers

is unchecked by DOE's who are consultants as well

centralised CDM Executive Board for clearance makes it cumbersome and expensive

e numbers

millionth CER issued in Oct 2012

prices crash down to 2 euros/CER

million CER's expected if all projects get registered

added demand in sight

e problems

ditionality

ibility - Sustainable Development

an or just cheap?

erent flaw - to offset

e way forward

M continues to second phase

y those with commitment under Kyoto Protocol phase 2 can
ess CER's

phered framework on new market mechanisms will be decided
er the Durban Platform

y Market Mechanisms could include REDD, sectoral crediting