



CDM Policy Dialogue

# **SUMMARY OF CDM POLICY DIALOGUE STAKEHOLDER MEETINGS**



MARCH–JULY  
2012





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# Key observations

## Impact of the clean development mechanism (CDM)

- I. The CDM has played a key role in the development of climate policy and especially carbon markets. It has also helped to build a platform for global knowledge and capacity, which is an important basis to build on in the future development of the CDM.
- II. The impact of the CDM in terms of the net global emission reductions that it has achieved was questioned by several stakeholders. Most stakeholders found no net gain from the CDM, but many agreed that the CDM has fulfilled the goal of identifying low-cost mitigation opportunities.
- III. While many stakeholders were of the opinion that the CDM has not made a significant contribution to sustainable development, almost as many said that the CDM has contributed to sustainable development. Some stakeholders underlined that the CDM has promoted sustainable development through mitigation and technology transfer. The inclusion of credits generated by forestry projects (afforestation/reforestation (A/R) or REDD+<sup>1</sup>) would enhance the sustainable development contribution of the CDM to the least developed countries (LDCs), although most stakeholders recommended not including REDD+ in the CDM.

## Operation and governance

- IV. Very few stakeholders believed that the ongoing improvements to the CDM are sufficient. Virtually all stakeholders criticized the governance and operations of the CDM and called for changes to the decision-making process and criteria for selecting members of the Executive Board of the CDM (EB), as well as to the division of labour between the EB, the secretariat, designated national authorities (DNAs) and designated operational entities (DOEs). But there was also wide recognition that the governance of the CDM has improved in recent years.

- V. There was broad agreement on the need to professionalize the EB and to introduce an appeals procedure. Also, most stakeholders believed that stakeholder consultation should be strengthened.
- VI. Additionality was a major concern for a majority of the stakeholders, with several mentioning establishing standardized baselines and removing the additionality assessment of CDM projects in the LDCs as solutions to the problem.
- VII. Transaction costs and administrative and technical issues were mentioned by many as major barriers to CDM projects, especially in the LDCs. However, at the same time, concerns were expressed that the CDM might end up engaging in a 'race to the bottom' if environmental integrity were sacrificed for reduced transaction costs.
- VIII. There was concern about the geographical distribution of CDM projects, with too few projects in the LDCs. Some argued that this is due to the very low level of GHG emissions in the LDCs. Other stakeholders highlighted the absence of land-use projects from the CDM, lack of capacity and the very high costs of DOEs as the main reasons for the lack of CDM projects in the LDCs.

## Future of carbon markets and the CDM

- IX. All stakeholders agreed that the lack of demand is the major problem that must be solved and that the future international framework will have a big impact on the CDM.
- X. Different opinions exist on the link between the CDM and a future new market mechanism (NMM), with some saying that the CDM has played out its role and more seeing the CDM as a stepping stone towards an NMM. Many stakeholders see a potential coexistence of the CDM with an NMM and all say that (an) NMM(s) should build on the experience gained from the CDM. Some question what an NMM could deliver that a reformed CDM could not.
- XI. Some stakeholders suggested that the CDM could be used to link national and regional carbon markets, to set the international metrics and to promote global measurement, reporting and verification (MRV) standards.

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<sup>1</sup> Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

# Impact of the CDM

## Mitigation

1. Several stakeholders agreed that the CDM has **driven the establishment of climate change policy and the development of carbon markets**. The CDM has increased the focus on the value of carbon and established a universal currency for it. Some noted that the CDM is an effective interim measure in the absence of coherent carbon markets. At five stakeholder meetings it was emphasized that the CDM has led to an emergence of carbon entrepreneurs and carbon trusts and created international, national, and local capacity for mitigation actions and institutional arrangements. Therefore, it has, to a certain extent, created a threat to itself through its own success. Several participants at nine different stakeholder meetings across the world highlighted the role that the CDM has played in spawning the emergence of regional carbon systems.
2. Many stakeholders pointed to the fact that the CDM has been **a major source of learning for verification bodies**, owing to its unparalleled monitoring and verification processes. At five stakeholder meetings held across the world it was stressed that the CDM has also played a role in **promoting renewable energy projects**, increasing awareness of clean energy and drawing in private finance, although some said that the CDM had originally been expected to be more geared towards energy efficiency and renewable energy projects.
3. Many criticized the CDM for being an offset mechanism and **not delivering net emission reductions**. It was also said that the CDM has created perverse investment incentives, drawing investment from other mitigation activities. Some said that the CDM is a zero-sum instrument in terms of global emissions; others pointed out that this is only true when looking at the crediting period and not beyond. At eight stakeholder meetings, held mainly in developed countries, many stakeholders made the point that the CDM has performed as expected in terms of **identifying low-cost mitigation opportunities** and that this should remain the primary focus of the CDM. Some pointed out that the CDM should remain technology-neutral to allow the mechanism to continue identifying such opportunities.
4. The CDM was mentioned by certain stakeholders as having **enabled technology transfer and significant capacity development in developing countries**, including their ability and willingness to embrace cap-and-trade schemes. In addition, certain stakeholders said that the CDM has succeeded in limiting corruption.
5. At six stakeholder meetings, participants said that the CDM has familiarized developing countries with mitigation activities and developed a pool of market actors. Others referred to domestic regulation and emission reduction targets as the preferred way to reduce HFC gases and asserted that the CDM has given some countries the excuse not to act. But others maintained that the CDM has shown such countries how cost-effective and manageable reducing GHG emissions generally can be.
6. There were calls for a CDM negative list, targeting nuclear, coal and large hydro projects. Others considered that excluding certain technologies from the CDM could pose a problem as some countries, if nuclear, coal and large hydro are excluded, will lack access to technologies that are important in making the next step in their energy mix.

## Sustainable development

7. Several stakeholders maintained that the **CDM has not contributed significantly to sustainable development**. Hence, at five stakeholder meetings across the world, several participants questioned the contribution of the CDM to sustainable development and either pointed to studies providing evidence of its lack of contribution or called for research into the impact of the CDM on sustainable development. At six different stakeholder meetings held across the world, stakeholders even said that the CDM has been harmful to sustainable development, and that **CDM host countries lack the capacity** to make assessments of sustainable development effectively, that there should be reviews of/standards for sustainable development and that more host-country responsibility could lead to a 'race to the bottom' in terms of sustainable development.

8. At eight stakeholder meetings, participants said that the CDM has indeed contributed to sustainable development, saying that the criticism of a few projects has drowned out the success of other projects; while others said that **mitigation and technology transfer are by definition sustainable development**. The significant flows of foreign direct investment created by the CDM were mentioned in support of this. Some stakeholders suggested that **one mechanism might not be capable of delivering in terms of both mitigation and sustainable development** and that the CDM should focus on the former. Others, although recognizing its dual role, saw the CDM as a tool more closely aligned with sustainable development than mitigation. It was also pointed out that the CDM is not a financing mechanism but creates a commodity that can generate money. There was a suggestion that the CDM should have an overriding focus on mitigation, with special arrangements for projects considered a priority because they contribute to a few specified objectives (access to energy was singled out).
9. A few stakeholders said that if too much emphasis is placed on the need to achieve **sustainable development this could be too big a challenge for CDM projects**, and that if regional imbalances in project distribution are to be fixed then sustainable development must be emphasized as a goal of the CDM. Also, some questioned the future existence of the CDM if it were limited to the role of achieving net mitigation.
10. **The lack of monitoring of the sustainable development benefits of projects** and the need to be able to impose sanctions were highlighted, such as withdrawing letters of approval from projects that do not deliver on sustainable development. Arguably, sustainable development must be integrated into the project development criteria of a country.
11. **Some stakeholders said that the current system, giving the CDM host countries responsibility for** setting their own definitions of and monitoring systems for sustainable development, **should remain**, but that the EB or the secretariat should assist by providing **guidelines for sustainable development** and developing monitoring criteria. Other stakeholders made the point that the general issue of national sovereignty versus the CDM needs further consideration.
12. Some suggested that the inclusion of forestry/land-use projects (A/R) in the CDM could be a way to enhance sustainable development in the LDCs.

## Operations and governance

### The Executive Board and the secretariat

13. At six stakeholder meetings, several participants stated that a major criticism of the **EB** is that it is **too political** in its nomination of members and making of decisions. At five meetings, stakeholders called for more independence from national interests and nominations on the basis of merit and professional experience, as well as expressing concern about **the lack of continuity in and the lack of clear criteria for the selection** of the Board members. It was noted that the EB has a limited mandate.
14. Participants at five stakeholder meetings said that they wished that **the EB would be non-political** in nature. At eleven meetings held across the world, stakeholders said that they want the **Board to evolve into a more traditional technical or standard-setting body**; if there were full-time Board members capable of reviewing the material that the EB has to address, **this would reduce delays**. **Other stakeholders opposed the idea of membership of the EB being a full-time job**.
15. A few stakeholders defended the EB's current role, arguing that it is already staffed by professionals. There is a perceived **conflict of interest** in the Board, owing to the members coming from different negotiation groups. It was also said that the Board's **corporate identity has not evolved** and that it still makes technical decisions. At six stakeholder meetings, it

was suggested that the Board should have **a policymaking and strategic role and evolve into a regulatory body** rather than **a technical one**. The EB should develop standardized models for CDM projects in certain sectors, in order to remove personal views from the review process. The EB, on the other hand, expressed the view that it is impossible for any single EB member to influence or corrupt the process and that the current rules for nominating EB members are adequate.

16. Some stakeholders suggested that the **secretariat** should take on a more **technical and regulatory role**. The secretariat should be accountable to the EB for its performance. Also, it was mentioned that, while the Board may not have been professionalized yet, the secretariat has been professionalized and the over 150 staff supporting the CDM (and joint implementation and emissions trading) are a valuable asset to the CDM. Also the panels and working groups under the EB are to a large extent staffed by experts.
17. Some stakeholders called for **enhanced private-sector involvement** (e.g. the Board could accept input from business in a similar way to the Organisation for Economic Co-operation and Development does through the Business Industry Advisory Committee process).
18. Some stakeholders made the point that there is a need to publicize **the success stories of the CDM**, although the EB does not view this as its responsibility. Undue criticism and misinformation about the CDM is being recycled without proper research.
19. At nine different stakeholder meetings there were calls for a **clearer division of labour and communication** between the secretariat and the working groups, the project developers, the DNAs and in general within the CDM system, and there were requests for EB meetings to be open to observers beyond non-governmental organizations (NGOs).

## Other governance issues

20. At 13 stakeholder meetings, several participants recognized that, in general, the **governance and operations of the CDM have improved** but that more improvements are needed. Others said that the CDM should stop innovating and changing modalities and settle on agreed working modalities, for the sake of the efficiency of the system. Another view was that

a large number of the challenges faced by the CDM stem from a conflation of distinct governance functions, which should be performed by separate institutions, and a duplication of roles and procedures. There were also proposals for the CDM working groups to deal only with technical issues and not political ones.

21. In addition, the point was made that there is **an inherent problem of conflict of interest in the CDM system**, such as DOEs being paid by project developers and the multiple roles played by Board members **(e.g. being both Board members and negotiators)**.
22. Some stakeholders expressed a need to **improve the accreditation of DOEs** and others a need to clarify **the role of DOEs versus other stakeholders** within the system. The level of performance of DOEs was said to be inconsistent and at times of poor quality. Some considered that DOEs should be entrusted with greater power, specifically with regard to making decisions on smaller issues. It was mentioned that in some countries DOEs have difficulty attracting skilled employees owing to lack of job prestige. Having country-specific DOEs would enhance their understanding of local circumstances and decrease transaction costs.
23. **Concerns** were raised about **the liability of DOEs** with regard to programmes of activities (PoAs). Some suggested making DOEs liable to ensure accountability, but another view was that liability should be borne by the market by placing it on the buyer or CERs.
24. At six stakeholder meetings held across the world, it was argued that **DNAs should play a larger role**, including undertaking monitoring activities post project approval. Some said that DNAs should have more resources. This would serve to reduce the UNFCCC workload. It was also suggested that there should be a formal mechanism for DNAs to provide comments. Some called for third-party monitoring after project implementation.
25. The **lack of direct consultation with project developers** was raised as an issue. Stakeholders aligned with this position, mentioning that the role of project developers should be looked at, as they are currently treated as any other stakeholder and are only able to communicate with the EB through DOEs.
26. At 12 stakeholder meetings, several participants mentioned the problem of the **lack of an appeals procedure** and the lack of clear rules, penalties and

a system for complaints. Some mentioned that an appeals procedure is being negotiated by Parties. Other stakeholders cited the EB's practice of not considering precedents (i.e. decisions taken in similar cases) as an example of non-transparency.

27. Some stakeholders felt that the CDM has **failed to engage with NGOs** and thereby lost the trust of the climate change community. Some said that the CDM will always be subject to criticism from such organizations as they do not accept the idea of carbon markets in general.
28. At five stakeholder meetings calls were made for **a more robust communication arm** to the CDM governance system, which should anticipate and respond to key strategic challenges.

## Additionality/environmental integrity

29. At nine stakeholder meetings the dialogue gave rise to several calls to **address the issue of additionality in order to ensure the environmental integrity of the CDM**. The complexity of determining additionality has prevented some good projects from being implemented – the rules on additionality should be made simpler, but more robust and credible. It was agreed that additionality has in fact come to be seen as a way of limiting the flow of cash to projects in developing countries.
30. At seven stakeholder meetings participants **criticized the EB for doing too little work on additionality**. **Positive lists** could be a solution. Likewise, some stakeholders encouraged the EB to look into **standardization** as it would have a positive impact on the integrity of the CDM. A few stakeholders felt that the problems concerning additionality have been **largely eliminated**. Some pointed out that the additionality test does work and that people simply do not accept the offsetting nature of the CDM.
31. To resolve the additionality issue, some stakeholders said that it should be possible for the **CDM to differ between regions within a country**, so that less economically developed regions could still host CDM projects, and that the LDCs should not be required to prove the additionality of projects. Others proposed positive lists for developing countries, depending on their stage of development, to streamline the process for assessing additionality. Some stakeholders suggested doing away with the requirement for financial additionality, including to avoid delays; alternatively,

country- and sector-specific internal rates of return could be employed to address problems related to additionality assessments..

32. On the issue of **financial additionality**, it was pointed out that **shorter crediting periods** should be considered. A CDM project developer expects a return within three to four years rather than within the 10 years (or three times seven years) that is the crediting period of CDM projects. Some stakeholders said that large-scale projects, such as supercritical plants and hydropower plants, do not need the CDM to be financially viable. In addition, it was proposed that publicly funded projects should be treated slightly differently, as such projects are not obliged to make a profit.

## Double counting

33. Some stakeholders said that, to **avoid the double counting of emission reductions**, the CDM should be part of **a broader framework** at the country level. Others called for the **United Nations (UN) to create a tool to avoid double counting** and others again called for a focus on standardized baselines and a programmatic CDM.

## Transaction costs, administration and technical complications

34. Some stakeholders said that **administrative issues** can lead to substantial delays and costs. At nine stakeholder meetings held across the world, participants underlined that **transaction costs can even stop projects from going ahead**. **Language** can also prove to be a major barrier in the system, as project design documents (PDDs) have to be submitted in English. Even minor administrative issues (such as typos) have been allowed to give rise to substantial delays. Some believed that the CDM, as a UN mechanism, should be accessible in all UN languages. A pre-screening process to detect issues of a basic nature in the PDD could be a solution to avoid delays. A more conservative generation of credits was proposed as a way to give more flexibility and speed to the process. However, reducing the administrative burden must not compromise the environmental integrity of the mechanism.
35. At six stakeholder meetings, several participants mentioned standardized baselines as a measure to



**decrease uncertainty and bring down costs** for project developers, while others called for speedier approvals and more efficient access to information. Some stakeholders argued that standardized base-lines should be focused on particular regions and particular technologies.

36. It was noted that **200 CDM methodologies have been approved, but only 82 have been used** and some only a few times. The unused methodologies indicate that there is a problem that needs to be solved. It was stated that **new methodologies should be approved in one to two months rather than one to two years**. At five stakeholder meetings, the EB was criticized for **changing methodologies too frequently**, making many projects irrelevant before validation is completed. Proposals were made to approve methodologies only if they are based on concrete project proposals and to allow a single DOE to be both validator and verifier (to avoid delays due to differences in interpretation).

## Human rights and transparency

37. Human rights violations as a result of CDM projects were mentioned at six stakeholder meetings by several stakeholders. Some said that **human rights** abuse should be assessed so as to protect the reputation of the CDM and that human rights issues are an obligation for the UN to honour. One solution could be **a forum separate from the CDM** to scrutinize the cases of human rights violations that are brought forward. Others said that keeping the CDM in the UN system would allow human rights issues to be addressed using the existing international norms and procedures. One suggestion was that, when human rights issues are raised, the EB should be able to transfer their further assessment to an existing UN body with the capacity to deal with such issues. This is in line with the view that the EB is not fully qualified to deal with all of the issues that are raised in association with the CDM.
38. One stakeholder drew attention to the **lack of public participation** in the CDM in some countries, while others reported that the **transparency of the CDM is an issue** for local communities because of the technical language used and the complexity of the system.
39. **Weaknesses in stakeholder consultation** were mentioned at seven stakeholder meetings, namely

that stakeholder consultation should be strengthened in order to ensure the **legitimacy of projects**. One stakeholder stated that consultation in its country has a sound institutional footing. Another stakeholder made the point that the CDM is still the most transparent of any carbon market mechanism, and that this is the reason why it is easy to criticize.

## Geographical balance

40. There was general concern expressed with regard to the unbalanced geographical spread of the CDM. Concern was also expressed about the outdated and irrelevant definition of non-Annex I countries. At nine stakeholder meetings, a majority of the stakeholders expressed concern about the **underrepresentation of African countries and in particular the LDCs**. Some participants noted that this reflects **the market-driven nature of the CDM**, with private investors seeking the greater security of the more developed countries; while others called for **a more streamlined or separate CDM system for the LDCs**. The point was made that the LDCs need to accept market-based mechanisms. Underrepresented countries often **lack a strong market and/or financial infrastructure**. The CDM can help to attract private-sector participants to work in the LDCs, where the impact of the CDM can be greater than in other more developed countries. POAs do include elements which could address geographical imbalances.
41. The point was made that reducing emissions in the LDCs is not possible because there is **not a significant level of emissions in the LDCs**. If the focus of the CDM were to shift to the LDCs, the CDM would no longer address climate change mitigation to such a significant degree.
42. Some said that the underrepresentation of Africa was due to sectors such as **land use and forestry being underrepresented in the CDM pipeline**. With more CDM projects within these sectors, the LDCs in general and rural populations specifically would benefit more from the CDM. Some stakeholders argued that if large-scale projects were removed from the calculation of the CDM's regional spread it would be more balanced because **small-scale projects** have a better geographical distribution.
43. **The high charges of DOEs** were also seen as a barrier to project development in the LDCs, with the **CDM being too expensive for the implementation of**

**small-scale projects. Easing strict requirements and increasing investor security** were proposed as ways to improve the regional distribution of the CDM. POAs have also had a positive impact on the distribution of the CDM.

44. **Technical assistance** in the LDCs should be enhanced to support CDM projects in the LDCs. There was concern about what would happen to the LDCs in a future without the CDM. Some felt that the CDM should enhance LDCs' capacity to access carbon markets.

## Future of the carbon market and the CDM

### Demand for certified emission reductions (CERs)

45. One major issue raised at all stakeholder meetings was that of **insufficient demand for CERs**, and a number of issues were linked to this. At 13 meetings held across the world, several participants said that future demand for CERs is highly contingent on the international rules for carbon markets. Some noted that CERs/the CDM are not an end in themselves and that domestic mitigation action should be the primary focus. **Clarity on the post-2020 regime is needed to reduce uncertainty** and to build trust in the CDM for the market to better manage the transition to said regime. Nevertheless, the immediate future of the carbon market will be characterized by **price volatility** and/or low offset prices. Certain stakeholders believed that the future regime will lead to a huge demand for CERs, but this view was not widely shared.
46. Some stakeholders said that **the text of the Durban Platform is too weak for the private sector** and that this will lead to low expectations on the continuation of UNFCCC supported carbon markets in the short term, with private actors and knowledge leaving the CDM. Some participants said that the **CDM is already losing private-sector expertise fast**.
47. At five stakeholder meetings, participants underlined the **need for an indicative timeline to increase market certainty**, outlining how a future, improved CDM could fill the gap until an NMM is operational and/or the CDM could continue to coexist with it. Many stakeholders envisioned the project-based CDM declining in importance over time, while the CDM as an institution could grow, expand and, for example, certify new offset mechanisms.

### The CDM and the NMM

48. There was general agreement that the **CDM has contributed much learning on the subject of market mechanisms**, including building data for many sectors. Hence, whether the CDM is reformed and/or an NMM is developed, at nine stakeholder meetings it was considered imperative that **an NMM build on the CDM** and that it is ensured that **no gap is left between the CDM and an NMM**.
49. At eight stakeholder meetings, participants saw **a substantially diminished role for the CDM**; however, at the same time, the world is in effect replicating the CDM on multiple scales. Others said that market-based approaches should be abandoned in favour of control and command, leading to a decommissioning of the CDM.
50. One view was that developing countries need to be put on a path away from offsetting and towards cap-and-trade schemes and that the CDM must be restricted to the LDCs. Others questioned whether this view remained valid in a context in which many countries are already moving towards cap-and-trade schemes.
51. At six stakeholder meetings, participants **warned that the European Union's decision to allow only credits from projects in the LDCs** in the European Union emissions trading scheme will severely harm the project pipelines in the non-LDCs.
52. Some said that an **NMM would pose a threat to the CDM** by generating credits in competition. Also, bilateral mechanisms would be a threat. Some stakeholders even see a danger in creating several new mechanisms that would face similar problems to the

CDM. They suggested that reforming the CDM into an NMM would be better than reinventing the wheel.

53. At six stakeholder meetings, some participants said that the **CDM can coexist with an NMM**, while others said that it could coexist with nationally appropriate mitigation actions (NAMAs) but in a niche role. Some raised concerns about the interaction between the CDM and NAMAs. An NMM could build on an improved CDM that would fill the vacuum until a new international climate policy architecture is conceived and operationalized. It was also proposed that the CDM and an NMM could sit side by side **servicing different geographical regions and sectors**.
54. At nine stakeholder meetings, participants suggested building on the CDM. The coexistence of the CDM alongside an NMM would ensure that **the knowledge and experience** built up under the CDM would be maintained in the future. A new mechanism could not scale the learning curve any faster and would probably not become effective before 2020.
55. Some stakeholders said that the CDM should also have a future role in **facilitating technology transfer**.
56. With national and regional emissions trading schemes being created in several countries, at seven stakeholder meetings some highlighted the need to **link these markets into a global platform**. At nine meetings, stakeholders suggested that the **CDM could be the catalyst for linking markets together** and upholding **global MRV standards**. Essentially, the CDM could offer a common credit currency in carbon markets.
57. At seven stakeholder meetings, several participants proposed that the CDM should develop **a sectoral approach** as well as going beyond pure offsetting. At five meetings, however, stakeholders felt that a **project-based mechanism is still needed**. Another set of stakeholders held the view that the CDM should **remain a project-based mechanism**, while also **scaling up** to cover more activities. Some remarked that the CDM is already moving towards sectoral approaches through the development of PoAs and standardized baselines. However, the challenges posed by heterogeneity (in terms of scale and processes) within sectors and issues of sharing of benefits and liabilities make implementing a sectoral mechanism difficult in practice. In addition, it was suggested that the CDM should only be used

for projects that have a low global warming potential (i.e. not industrial gas projects).

58. At six stakeholder meetings, several participants expressed the need for the CDM to improve further, in order to be ready for a role in the future global climate system, in terms of materiality thresholds, standardized baselines, streamlined registration and issuance procedures, and to move from a project-based approach to a more programmatic approach. The approach to determining additionality should be reassessed and **the future governance of the CDM** should be reviewed to assess what would work in the new context.
59. A few stakeholders **warned against overly ambitious reforms** of the CDM, foreseeing that this could have a negative impact on the global climate negotiations. On the other hand, some said that the CDM could create a positive context for future global climate negotiations.

## The objectives of the CDM

60. Stakeholders believing that the CDM should still be project-based also argued that the **objectives of the CDM** need to be expanded, namely to reward **energy security**, in terms of energy efficiency based projects and renewable energy projects (including grid), as well as making providing **access to energy** an objective of the CDM. Stakeholders who wish to maintain a project-based mechanism have concerns about setting baselines. Some would like to see the CDM go beyond offsetting to achieving net emission reductions by using more conservative baselines.

## REDD+

61. At five stakeholder meetings, some **questioned the possible inclusion of REDD+ in the CDM** on the grounds of hurdles with regard to additionality and technical challenges. Others argued that the inclusion of **REDD+ might reduce the credibility** of the CDM, owing to its lack of institutional development and acceptance. They also argued that **an influx of cheap REDD+ credits would further drive down offset prices**, potentially further endangering the credibility of the CDM market.
62. Some stakeholders did, however, see a future for REDD+ in the CDM. They mentioned that REDD+

would create a stable, low-cost source of future credits for the CDM. Others said that, instead of REDD+, the further development of A/R under the CDM could be considered.

## The role of the UNFCCC

63. Some stakeholders argued that **the CDM has gained credibility from being part of the UNFCCC**. Some also argued that the CDM should remain within the UNFCCC so that future decisions on the CDM can be closely aligned with decisions on mitigation ambition. Other stakeholders felt that the continued association of the CDM with the **UNFCCC lowers its reputation and credibility**. The business community could be less willing to invest significantly in a UN-controlled CDM.

## Annex: List of CDM Policy Dialogue stakeholder meetings from March to July 2012

Date	Participants	Representatives of the High-Level Panel on the CDM Policy Dialogue	Location
13 March	50 stakeholders, including developed and developing countries, intergovernmental organizations, and carbon market industry players	Changhua Wu (Akihiro Kuroki and Margaret Lo)	Partnership for Market Readiness, Shenzhen, China
22 March	80 participants from the secretariat and designated national authorities (DNAs)	Mohammed Valli Mossa and Margaret Mukahanana (Crispian Olver, Ritika Tewari and Njogu Morgan)	Designated National Authorities Forum (DNA Forum), UNFCCC Headquarters, Bonn
23 March	20 participants, primarily European governments, business groups and non-governmental organizations (NGOs)	Joan MacNaughton (Helle Juhler-Verdoner and Vanessa Cassano)	Centre for European Policy Studies, Brussels
23 March	Mr. Jos Delbeke, Director-General of the Directorate-General for Climate Action of the European Commission, and staff	Joan MacNaughton (Helle Juhler-Verdoner and Vanessa Cassano)	Directorate-General for Climate Action, European Commission, Brussels
23 March	Ms. Lisa Elges and Ms. Alice Harrison (Transparency International) and Ms. Anja Kollmus (CDM Watch)	Mohammed Valli Mossa and Margaret Mukahanana (Crispian Olver, Ritika Tewari and Njogu Morgan)	DNA Forum, United Nations Campus, Bonn
24 March	Mr. Werner Betzenbichler, Chair of the Designated Operational Entities/Accredited Independent Entities Forum; Ms. Melanie Eddis, ERM CVS; Mr. Flavio Gomes, Bureau Veritas Certification; and Mr. Edwin Aalders	Mohammed Valli Mossa (Ritika Tewari and Njogu Morgan)	Sustainable Development Mechanisms Joint Coordination Workshop, Maritim Hotel, Bonn
24 March	Executive Board of the clean development mechanism (EB): Mr. Maosheng Duan, Chair; Mr. Martin Hession, Vice-Chair; and Mr. Jose Domingos Miguez, member	Mohammed Valli Mossa and Margaret Mukahanana (Crispian Olver, Ritika Tewari and Njogu Morgan)	Sustainable Development Mechanisms Joint Coordination Workshop, Maritim Hotel, Bonn
25 March	Mr. Miles Austin, Climate Markets & Investment Association; Mr. Gareth Phillips, Project Developer Forum (PD-Forum); Ms. Susanne Haefeli-Hestvik, PD-Forum; and Mr. Henry Derwent, International Emissions Trading Association	Margaret Mukahanana (Crispian Olver)	Sustainable Development Mechanisms Joint Coordination Workshop, Maritim Hotel, Bonn
25 March	Members of the Methodologies Panel, Small-Scale Working Group, Accreditation Panel, Afforestation and Reforestation Working Group, and Registration and Issuance Team	Mohammed Valli Mossa and Margaret Mukahanana (Crispian Olver, Ritika Tewari and Njogu Morgan)	Sustainable Development Mechanisms Joint Coordination Workshop, Maritim Hotel, Bonn

Date	Participants	Representatives of the High-Level Panel on the CDM Policy Dialogue	Location
28 March	12 stakeholders, including carbon investors, major business groups and NGOs. Included a separate meeting with Mr. Frank Jotzo on 26 March and a meeting with carbon-market professionals on 24 April	Ross Garnaut (Ingrid Burfurd)	Melbourne University
24–25 March	The EB and its support structure, designated operational entities (DOEs), DNAs, environmental NGOs, emissions traders, project developers and consultants	Mohammed Valli Moosa and Margaret Mukahanana (Crispian Olver, Ritika Tewari and Njogu Morgan)	Sustainable Development Mechanisms Joint Coordination Workshop, Maritim Hotel, Bonn
10–12 April	A broad cross-section of stakeholders in the North American and other carbon markets, including project developers, financiers and verifiers, credit purchasers and regulators	Maggie Fox (Samuel Grausz)	Navigating the American Carbon World Conference, San Francisco
18–20 April	A wide spectrum of actors, including carbon investment firms, project developers, multilateral organizations, civil-society organizations, government agencies and media	Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Africa Carbon Forum, Addis Adaba
18 April	Project developers at Africa Carbon Forum	Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Africa Carbon Forum, Addis Adaba
18 April	Open consultation at Africa Carbon Forum	Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Africa Carbon Forum, Addis Adaba
18 April	Not-for-profit institutions at Africa Carbon Forum	Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Africa Carbon Forum, Addis Adaba
18 April	Multilateral agencies and financial institutions at Africa Carbon Forum	Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Africa Carbon Forum, Addis Adaba
1 May	United States NGOs	Maggie Fox (Nigel Purvis)	Climate Reality Project, Washington D.C.
10–11 May	Japanese DNAs	Nobuo Tanaka (Akihiro Kuroki and Naoyuki Yamagishi)	Tokyo
10–11 May	Korean stakeholders	Nobuo Tanaka (Akihiro Kuroki and Naoyuki Yamagishi)	Tokyo
10–11 May	Japanese industry and project participants	Nobuo Tanaka (Akihiro Kuroki and Naoyuki Yamagishi)	Tokyo
10–11 May	Japanese research institutes and NGOs	Nobuo Tanaka (Akihiro Kuroki and Naoyuki Yamagishi)	Tokyo
15 May	23 Chinese participants, including representatives from Chinese government agencies, carbon markets and research	Changhua Wu (Margaret Lo)	Beijing

Date	Participants	Representatives of the High-Level Panel on the CDM Policy Dialogue	Location
16 May	World Bank	Maggie Fox (Nigel Purvis)	Washington D.C.
16 May	United States business community	Maggie Fox (Nigel Purvis)	Washington D.C.
16–18 May	Chinese DOEs, carbon industry, government and academia	(Margaret Lo)	Beijing
17 May	Representatives of the Alliance of Small Island States and the least developed countries	Margaret Mukahanana and Prodipto Ghosh (Crispian Olver)	Maritim Hotel, UNFCCC conference, Bonn
18 May	Representatives of EU member States	Margaret Mukahanana (Crispian Olver)	Maritim Hotel, Bonn
18 May	The Umbrella Group – representatives of Norway, Japan, New Zealand and Australia	Margaret Mukahanana and Prodipto Ghosh (Naoyuki Yamagishi)	Maritim Hotel, Bonn
19 May	Mr. LIU Qiang, deputy director of the CDM Project Management Centre; and Mr. Maosheng Duan, Chair of the EB	Margaret Mukahanana and Prodipto Ghosh (Crispian Olver)	Maritim Hotel, Bonn
21 May	Representatives from various stakeholder groups, such as the EB, NGOs, academia, financial institutions, emissions traders, project developers and consultants	Joan MacNaughton and Paul Simpson (Vanessa Cassano)	London School of Economics, London
21 May	Representatives of the Government of India	Margaret Mukahanana and Prodipto Ghosh	Maritim Hotel, Bonn
24 May	Brazilian stakeholders	Luciano Coutinho (Sergio Weguelin)	The Brazilian Development Bank, Rio de Janeiro
Various dates	Brazilian stakeholders	(Sergio Weguelin and Luiza Curado)	Brazil
1 June	Carbon Expo consultation: project developers, carbon traders, NGOs, international financial institutions, academic experts, etc.	Joan MacNaughton (Helle Juhler-Verdoner and Ritika Terwari)	Carbon Expo 2012, Cologne
4 June	Wide spectrum of African actors, including carbon-market players, international organizations and DNAs	Mohammed Valli Moosa and Margaret Mukahanana (Crispian Olver and Njogu Morgan)	Johannesburg
8 June	Government, DOEs, business and NGOs	Prodipto Ghosh and Changhua Wu	Bangkok
9 June	Mr. Greg Barker, Department of Energy and Climate Change Minister of State, Government of the United Kingdom	Paul Simpson (Vanessa Cassano)	London
11 June	Mr. Peter Liese, Member of the European Parliament	Paul Simpson (Vanessa Cassano)	Brussels

Date	Participants	Representatives of the High-Level Panel on the CDM Policy Dialogue	Location
11 June	Mr. Bas Eickhout, Member of the European Parliament	Paul Simpson (Vanessa Cassano)	Brussels
11 June	Mr. Kriton Arsenis, Member of the European Parliament	Paul Simpson (Vanessa Cassano)	Brussels
15 June	Latin and South American stakeholders	Yolanda Kakabadse and Margaret Mukahanana (Luiza Curado, Claudia Amarante, Vanessa Cassano, Lina Dabbagh and Tasneem Esop)	Rio de Janeiro
16 June	Mr. Matthew Wyatt, Department for International Development Head of Climate and Environment Department, Government of the United Kingdom	Paul Simpson (Vanessa Cassano)	London
16 July	Indian stakeholders	Dr. Prodipto Ghosh (Ritika Tewari)	New Delhi
17 July	The EB	Chanhua Wu, Margaret Mukahanana, Ross Garnaut and Yolanda Kakabadse (Vanessa Cassano)	Bonn









