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Proposals to reform the CDM

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- ② Areas and Objectives
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Reasons for the need of reforms

- ① Ecological integrity + subsequent political acceptance of the CDM is provided for only if CDM projects are additional! By applying the Additionality criteria it is ensured that only such projects will become eligible CDM Projects, which would otherwise not have been developed.

Many decisions taken by the COP/MOP and their implementation through the CDM-EB were aiming at safeguarding the compliance with the concept of Additionality of CDM project activities. However, looking at the implementation so far, we learned that the goal of strict application of the Additionality criteria has only be partially achieved.

This is not acceptable!



Reasons for the need of reforms

- ② Three goals should guide the creation and application of CDM procedures: objectivity, transparency + sustainability! These goals should be achieved in the most effective + economically sound manner possible.

Despite of some efforts by the CDM-EB this has only be partially achieved, too!

Therefore reforms are needed in the CDM!



Areas and Objectives

- ① The **Additionality** must be ensured by setting stringent + strict rules and regulations!
- ② **Objectivity + efficiency of Additionality tests** by DOEs need to be improved considerably!
- ③ **Existent institutions** are to strengthen + **legal certainty for all actors** is to ensure!

10 Proposals

1. Area: Rules + Regulations

- ① The **General Guidelines for the demonstration and assessment of Additionality** must be made binding for all methodologies!

Approved methodologies that only partly fulfil these criteria must be amended accordingly!

However, amendments not required for already registered projects!

10 Proposals

1. Area: Rules + Regulations

- ② The step Investment Analysis for each CDM project should be required!

Parameters used must be objective and regionally applicable!

Real alternatives must be taken into consideration when comparing projects as part of the analysis!

Any transfer payments between connected companies must be ignored!
(alternative: Analysis on company group level!)

10 Proposals

1. Area: Rules + Regulations

- ③ The step Barrier Analysis is applicable, if it is not possible to establish Additionality solely based on the step Investment Analysis passed on before!

Besides the existence of a barrier, it must be determined that barrier is indeed the cause of non-realisation of the project despite sufficient economic efficiency + that this barrier can be overcome through additional income generated by CERs!

10 Proposals

1. Area: Rules + Regulations

- ④ The step Common practice Analysis should be undertaken only once Barrier Analysis has been completed!

It must be established that comparable project types are not being implemented at the same time in the host country, save from projects that are being subsidized using public grants!

The broadest definition of comparable technologies or project types should be applied!

10 Proposals

2. Area: Validation/Validators

- ⑤ Within the CDM framework, the validators bear the responsibility to perform the validation in accordance with CDM regulations!

Therefore, the validators must take responsibility for the validation results!

The rules must be applied assuring objectivity + a high quality of project validation, eliminating malpractice!

10 Proposals

2. Area: Validation/Validators

- ⑥ If CDM-EB discloses that validator lacks technical expertise, and/or is not carrying out the validation using adequate diligence, the EB should be able to sanction the validators:

- monetary fines
- temporary cancellation of accreditation
- withdrawal of the accreditation

Must be proportional + take into account the level of non-compliance exercised by the validator!

Validators should bear costs of necessary review!

10 Proposals

2. Area: Validation/Validators

- ⑦ Should sanctions prove not practicable or still not lead to a significant improvement of the quality of validation in year 2008, it should be considered to abandon the freedom of choice of the validating body through the project developer, and validators should be assigned to the projects through the EB after random selection!

In that case EB should elaborate a scale of charges + fees that will be valid for all DOEs!

10 Proposals

3. Area: Institutions/Legal Certainty

- ⑧ The members of the CDM-EB should be afforded legal immunity, to safeguard their decision-making process from potential pressure of project developers or validators!

However, in specific cases EB as a quasi-statutory body should be liable for resulting damages!

10 Proposals

3. Area: Institutions/Legal Certainty

- ⑨ Legitimacy of and trust in decisions of the CDM-EB can be supported by providing procedural rules ensuring an equitable regulatory system.

Therefore, the introduction of appeal procedures granting the opportunity to review decisions made by the EB is proposed!

Appeal decision should consider known + investigated facts + apply the rules + regulations relevant to project!

Should be open to any person, entity or body directly affected by a decision of the CDM-EB!

10 Proposals

3. Area: Institutions/Legal Certainty

- ⑩ In order to accomplish the challenges of the ever increasing workload, the CDM-EB should be further professionalized.

This includes that at least a portion of the members of the EB should be made full time representatives, remunerated accordingly!

In addition, the administrative structure within the CDM staff need to be strengthened by employing necessary amount of supporting staff!

Summary

1. Reforms are needed in the CDM!
2. Main focus is to ensure Additionality of CDM projects!
3. Proposals are on the table!
4. COP/MOP has to decide urgently!

Thank you for Your Attention!

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