

The future of the Clean Development Mechanism is dark

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Working with the clean development mechanism (CDM) has done little or nothing for local sustainable development, poverty reduction or sustainable energy for all. The support for CDM in developing countries and civil society groups is deteriorating fast. Countries and other interested parties investing in CDM, among which Canada, The Netherlands and Japan, face serious loss of credibility if performance is not improved soon.

175 representatives of environmental and developmental organizations from all over the world are very worried about achieving sustainable development goals via CDM projects and even reaching climate mitigation goals are dubious.

What needs to be done is taking action to reduce the unsustainable projects from the portfolio of the CDM and enhance the number of projects that contribute to local sustainable development and poverty reduction. This can be done by starting an international regulatory programme to mandatory fluorocarbon incineration and nitrous oxide destruction in chemical plants and put an end to methane emissions or methane flaring in the oil and gas business and landfill sites. Also International Financial Institutions like the World Bank and parties to the Convention should adopt and adhere to the criteria of the World Commission on Dams for large hydro-electric projects.

Sustainability and poverty reduction can be stimulated by improving the special provisions for small scale sustainable energy projects and by involvement local civil society groups in the decision making process. Also local capacity building in civil society needs support and decision making processes of national and international bodies need to be transparent and accessible.

The participants of the Renewable Solutions conference were unanimous in their support for the Gold Standard Initiative. Adopting Gold Standard criteria for CDM projects would amend many of the shortcomings of the instrument. A three stage strategy was proposed for mainstreaming the Gold Standard. After the current phase of pilot projects a second phase of exploring niche markets like voluntary greenhouse gas emissions offset and Corporate Social Responsibility follows. The goal of the third phase would be mainstreaming by adoption of the Gold Standard by donor countries, private investors and the World Bank.

Keeping agriculture out of the CDM still has full support, but the participants of the conference feel that the change from regular to organic agriculture should be exempt from this rule. Greenhouse gas emission reductions and carbon storage capacity are considerable and can be quantified on a scientific basis. Also organic agriculture improves local adaptation to climate change because of better droughts rainfall resistance. Considerable additional environmental and social benefits are to be expected from the switch to organic agriculture. Because organic agriculture has an independent verification and certification system in place, monitoring of emission reduction and carbon storage can easily be accommodated. The UNFCCC secretariat and the Executive Body of the CDM are asked to further explore the possibilities of climate change mitigation via the switch from regular to organic agriculture and seriously consider exempting such switches from the exclusion of agricultural CDM projects.

The 11th Conference of the Parties should adopt the Marrakesh Accords of which the clean development mechanism is a part, and take a decision about the status of emission rights resulting from CDM projects after 2012. Already investors become hesitant to invest in long term sustainable CDM projects and tend to favor the quick and cheap emission reduction projects that do not contribute to local sustainable development. This trend could be turned by a clear signal about climate finance after 2012 and the continued effort to guarantee sustainable development in CDM projects.

Also the parties should start work to develop a new financial mechanism for climate change mitigation in developing countries in the post 2012 period that has sustainable development and poverty reduction as a starting point.

The clean development mechanism is seriously ill and possibly dying. Rigorous treatment should start immediately, but survival is not guaranteed. Sustainable energy projects and other climate change mitigation projects that were presented on the Renewable Solutions conference are in serious need of financial support. The process to develop a new and more sustainable financial mechanism for climate change mitigation in developing countries needs to start now.

This was the main message from the CDM day of the Renewable Solutions conference held on 1 and 2 December 2005 in Montreal. It was presented to delegates and observers at the 11th Conference of Parties to the United Nations Framework Convention on Climate Change. It was presented on the Renewables Solutions side event sponsored by the Canadian Renewable Energy Alliance (CanREA) and Citizens United for Renewable Energy and Sustainability (CURES).

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Further information:

Renewable Solutions conference: <http://www.pembina.org/cop11/workshop4.shtml>

Details about day 2 of the conference: <http://www.snm.nl/cdmcanada>

About the Gold Standard: <http://www.cdmgoldstandard.org>

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