

## Gold Standard Conference: Grow to Zero

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# *The future of the CDM SD tool*

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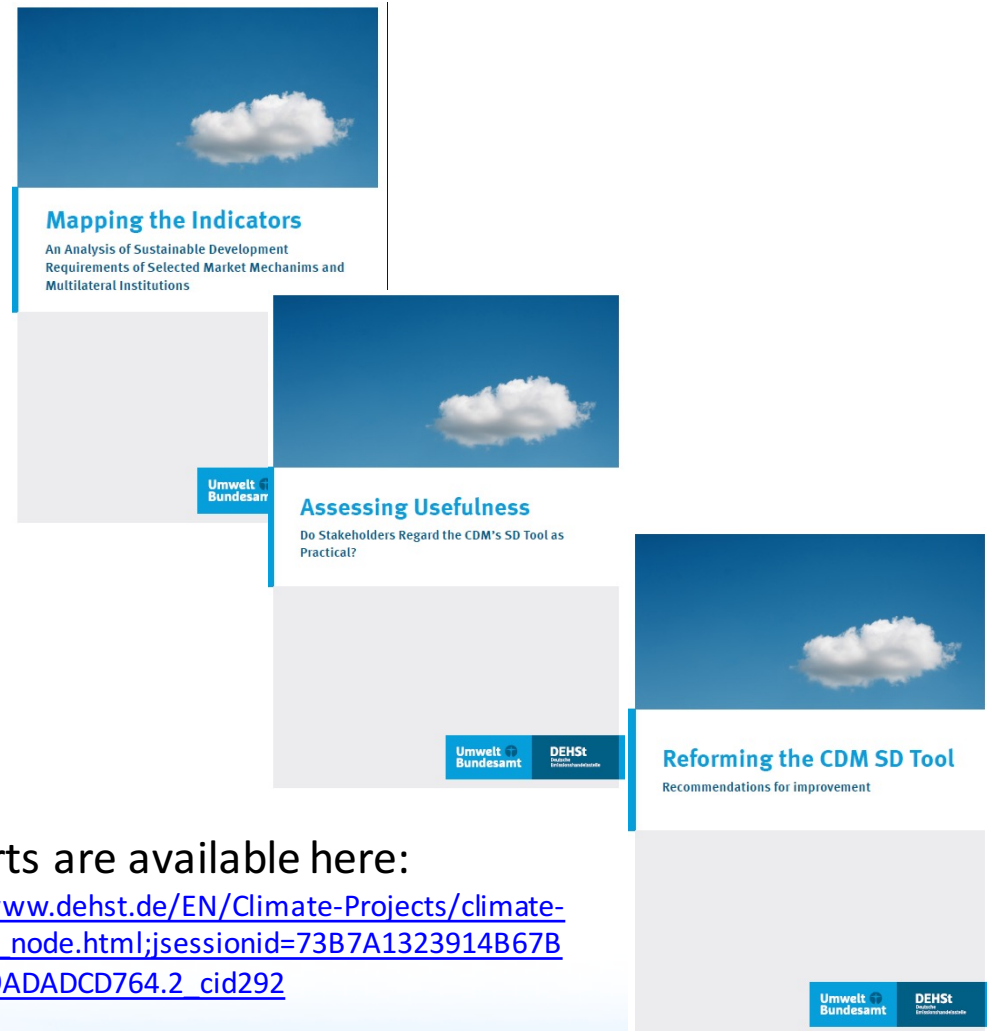
Low Carbon Development Programme

UNEP DTU Partnership



# The CDM SD tool – introduction and background

- The CMP in 2011 mandated the CDM EB to highlight SD co-benefits of CDM projects
- CDM EB launched the CDM SD tool in 2012 and it went online in April 2014
- In 2015 the German Emissions Trading Authority tasked the Wuppertal Institute and UNEP DTU Partnership to conduct the research project *‘Evaluation and development of recommendations on the CDM EB’s SD tool including the sustainability requirements of other flexible mechanisms’*



Reports are available here:

[http://www.dehst.de/EN/Climate-Projects/climate-projects\\_node.html;jsessionid=73B7A1323914B67B F48C1F9ADADCD764.2\\_cid292](http://www.dehst.de/EN/Climate-Projects/climate-projects_node.html;jsessionid=73B7A1323914B67B F48C1F9ADADCD764.2_cid292)

# Comparing the CDM SD tool with other mechanisms & stakeholder needs

	CDM SD tool	Social Carbon	CCB Standards	CDM Gold Standard	Crown Standard	UN REDD Programme	UNDP NAMA SD tool	ADB	IFC
Indicators for SD co-benefits	✓	✓	✓	✓	✓	Criteria but no indicators	✓	Safeguards	Safeguards
Quantification	X	X	Partly quantitative	X	X	X	✓	X	X
Assessment of negative SD impacts	X	✓	✓	✓	X	✓	✓	✓	✓
Monitoring and reporting	(✓)	✓	✓	✓	X	✓	✓	✓	✓
Independent 3 <sup>rd</sup> party validation and verification	(✓)	✓	✓	✓	X	n/a	n/a	X	X
Certification	X	✓	✓	✓	✓	n/a	n/a	n/a	n/a
Guidelines Stakeholder consultation	X	✓	✓	✓	✓	✓	X	✓	✓

## Comparison with other mechanisms - summary

- highly differentiated requirements for SD assessment
- SD Tool in its current form quite limited
- Shortcomings:
  - no coverage of negative impacts, missing safeguards
  - no monitoring & evaluation
  - no stakeholder requirements, grievance mechanism
- Inclusion of these elements could strengthen CDM as a whole
- Report „Mapping the indicators“

## Comparison with stakeholder needs - a synthesis

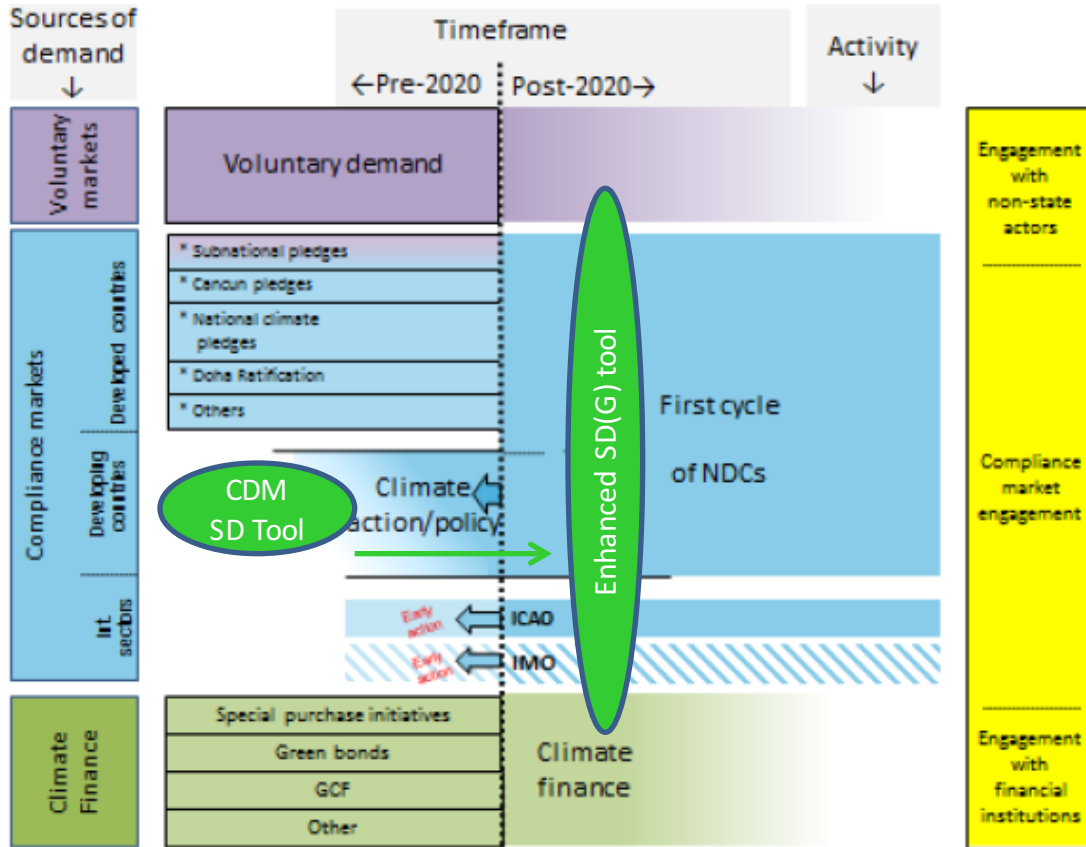
- The SD tool is not directly useful to DNAs, as it is meant for PPs to use
- The UNFCCC evaluation (2014) found that most DNAs plan to refer to the tool for approval of CDM projects at national level (92%)
- The tool is similar to the checklist approach of most host countries. It facilitates a structured comparison that respects Parties' prerogative to decide national priorities
- There is an emerging interest to follow-up that SD claims are met
- From the perspective of users, all interviewees find the tool very useful and simple
- Weaknesses are identified, particularly avoiding negative impacts and attracting a premium price for carbon credits with high sustainable development benefits
- National standards fall short of meeting expectations in the premium market

# Recommendations for improvements

- Recommendations at two consecutive levels:
  - Level 1: Improvements to the SD tool
  - Level 2: Enhancement of the SD tool
- Level 1: Improvements
  - Introduce no-harm safeguards
  - Develop monitoring and reporting guidelines
  - Introduce 3rd Party validation and verification of SD claims
  - Link enhanced stakeholder requirements to the CDM SD tool
- Level 2: Enhancements
  - Introduce UNFCCC certification of SD co-benefits
    - Meet interest in national certification (see Thailand);
    - Develop UNFCCC certification framework for DNAs with low capacity
  - Create a global standard for quantification of SD co-benefits
    - Develop a global approval standard for quantification methodologies

# Outlook to the future for the CDM SD tool

Figure 1. Evolving operating environment of the clean development mechanism



- Enhanced CDM SD tool can set robust standards beyond CDM
- Linking and harmonization with emerging mechanisms (Article 6 of PA)
- Not only carbon, also development relevance (SDGs)
- Globally harmonized SD assessment has multiple benefits:
  - Comparable across mechanisms
  - Mainstreamed into national development planning
  - Integrated into national performance measurement

**Thank you!**

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