

The Carbon Markets and Investors Association (CMIA) is an international trade association representing companies that finance, build, and support emission reduction projects across five continents, as well as service providers to liable entities under cap-and-trade schemes. Formed to represent businesses working to reduce carbon emissions through the market mechanisms of the United Nations Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol, CMIA's international membership accounts for an estimated 75 per cent of the global carbon market, valued at USD 100 billion in 2008.

### Reform of the CDM at the 15th Conference of Parties in Copenhagen is essential in order to:

- Ensure greater geographical and sectoral distribution of projects
- Continue and scale-up private sector investment in GHG reduction activities pre-2012, and
- Provide investor confidence and certainty in mitigation mechanisms now and post-2012.

### Improve the operation

- **Reduce delays and uncertainties in the registration and issuance processes** by making project reviews the exception rather than the rule, devolving responsibilities to the Secretariat and other bodies, adopting formal timelines and accounting for lapses and establish a grace period for all new guidance, rules and procedures.
- **Adopt guidance to lower the number of reviews and improve consistency and certainty** of issuance for Designated Operational Entities (DOEs) on what constitutes a material and non-material change to a project.
- **Encourage private investors to continue to commit finance** to sectors which may be subject to increased regulation and incentives in host countries by clarifying guidance on national policies and measures which support low-carbon technologies and ensure that investors are not penalized retroactively for supporting policies and regulations.

### Structurally reform and improve governance

- **Better align the work of DOEs with that of the EB** to eliminate duplication of effort and to enable the EB to rely on the results provided by the DOEs. Require DOEs to adopt common targets and to develop standards and procedures to ensure these targets are met. Explore feasibility of DOEs being compensated by the EB rather than project participants.
- **Rule that EB meetings be held in open session** and the reasoning behind decisions transparent and accountable.
- **Establish a formal review process** to enable project participants to appeal EB decisions and institute a rules-based approach to decision making and strengthening of accountability.

### Expand Mechanism beyond a project-by-project approach

- **Develop multi-project baselines to scale-up** the CDM, but maintain direct crediting of CERs at the installation level.
- **Allow wider and more certain and lower cost access to the CDM** through the establishment of national, regional and global baselines based on objective and transparent criteria – as opposed to project by project determinations – **to encourage the expansion of the CDM to new and underserved geographical regions, sectors and technologies.**
- **Use positive lists of technologies and projects types**, which automatically qualify under the CDM as an extension of the multi-project baseline approach. Positive lists can dramatically lower transaction costs and risks and thus mobilize investors to support smaller projects and new technologies and approaches.
- **Promote Programmes of Activities (PoAs)** by committing to specific registration timelines, addressing DOE liability and enabling programmes and activities, once approved, to be replicated easily and achieve rapid scale-up.

### Provide for the inclusion of new methodologies

- Eligible LULUCF activities under the CDM should be expanded to include REDD+.
- To safeguard the permanence of emissions reductions and provide clarity to investors and fungibility with other CERs, the tCER and ICER arrangement should be replaced by a risk buffer and insurance mechanism.

### For a policy paper detailing these principles with specific structural recommendations, please contact:

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