



## Center for Clean Air Policy

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## Project Overview: Dialogue on the Clean Development Mechanism

### Center for Clean Air Policy

In response to the Buenos Aires Plan of Action, which calls for the Parties to the UNFCCC to develop the modalities and procedures for the CDM by COP-6, the Center for Clean Air Policy created its CDM Dialogue. The Dialogue was designed to bring together high-level delegates from a mix of European Union, Umbrella Group and developing countries, providing these delegates with a forum to discuss CDM design issues in an informal and off-the-record way. The Dialogue group held three meetings during the year 2000 to set the stage for COP-6 and beyond. Over the span of the three meetings, the participants included over 45 delegates from 21 countries as well as representatives from the UNFCCC Secretariat and the Foundation for International Environmental Law and Development (FIELD). Staff from the Center and FIELD produced a total of 15 papers that provided the foundation for the discussions and that were distributed to all participants as well as invitees who were unable to attend the meetings. Issues discussed included:

- The terms of reference for the Executive Board and Operational Entities
- Sinks and the CDM: Project eligibility, leakage, and permanence issues
- Ensuring the stringency of project baselines under the CDM
- A prompt start for the CDM: Implementing the CDM after COP6
- Project eligibility and the CDM: A "positive" or priority list
- Fungibility and banking of CERs
- A unilateral approach to project development and financing
- The surcharge on the proceeds from CDM activities
- Equity in the geographic distribution of projects

The CDM Dialogue was highly successful in helping delegates to discuss and find common ground on a number of important CDM design issues. The process was especially effective in helping the negotiators to define a CDM institutional structure that would ensure the environmental integrity of the CDM yet not be overly bureaucratic, to understand the many difficult issues related to forestry and land use activities, and to think through how the CDM might be established promptly after COP-6. In addition, the process has been a valuable resource to developing country negotiators on issues of particular concern to them, such as the geographic distribution of projects, the fungibility of CERs and the "share of proceeds" surcharge for adaptation funding. The ultimate results of the three meetings were reflected in a series of six final CDM Dialogue papers that were distributed broadly at COP-6.

At the demand of the participants, the CDM Dialogue will be continued for another year to lay additional technical groundwork for the negotiations at COP-6bis and COP-7. The countries that will participate during the second year of the CDM Dialogue are expected to include the following:

EU	Umbrella	Non-Annex I	
Belgium	Australia	Argentina	Mexico
Denmark	Canada	Bolivia	Nigeria
European Commission	Japan	Brazil	Peru
France	New Zealand	Chile	Republic of South Korea
Germany	Norway	Colombia	Senegal
Netherlands	US (tentative)	Indonesia	South Africa
Sweden		Jamaica	Tuvalu
UK		Malaysia	Zimbabwe

For additional information about this project, please contact Ned Helme, Executive Director, or Catherine Leining, Senior Policy Analyst, at (202) 408-9260.