

# CDM linked Voluntary Dynamic Target

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# Dynamic Target: Way Forward

- Carbon Intensity per GDP
- Allows GDP Growth
- Encourages clean development
- Reduces Hot Air Uncertainty
- Promising Option for  
Non-Annex 1 target

# Limits of Dynamic Target

- Affected by economic cycle, industrial restructuring, financial crisis
  - Emission Reduction & Intensity: weak relation
- Limited availability and credibility of GDP data in developing countries
- Uncertainty of prediction still persists
- Difficulty of optimal target setting

# Drawbacks of Dynamic target Model

- Argentine Model,  
Dual Intensity target of WRI
- Trying to emulate Annex 1 formula
  - legally binding fixed target with Emission Trading
- Legally binding target: politically difficult to accept for Non-Annex 1
- Emission Trading: quantitative target
  - can not mix with qualitative target

# CDM linked Voluntary Dynamic Target

- Allows GDP carbon intensity target to be voluntary target, not binding
- Link with CDM not Emission Trading
  - specific Emission Reduction implemented to achieve Target should qualify for CDM credit

# Merits of New Formula

- Voluntary Target: Rather Easy Political Acceptance for Non-Annex 1
  - until the utility of dynamic target is proven as an initial learning process
- Link with CDM: based on actual emission reduction
  - No difficulty of linking with Emission Trading
  - No fear of Hot Air, uncertainty of optimal target

- Strong incentive to take action even without binding target
- Stepping stone for binding target
- Rather easy and simple start-up feasible without too much technical complexities

since it's voluntary target and provides incentives

- No need to struggle for target setting
- But could focus on emission reduction action of Non-Annex 1:
  - action more important than target

# Challenges for New Formula

- Getting rid of the Obsession for Fixed binding target
- Acknowledging the open architecture of CDM: No reason not to credit voluntary Emission Reduction of Non - Annex 1
- Scope and Eligibility for CDM credit:
  - details should be discussed and negotiated