

sustainable development and the opportunity that CDM has to contribute to such development. After reviewing the history of JI and AIJ, Mr. Leslie highlighted the key question which relates to the integration of CDM into the development priorities of the developing world. The prize for such integration is the win-win combination of economic efficiency in greenhouse gas emissions reduction and trade and technology cooperation to support sustainable development in the developing world. He outlined the development aspects of CDM under the headings of capacity-building, technology cooperation, financial flows and the linkage of knowledge to action. He stressed the importance of overcoming the barriers to the achievement of this potential - barriers which exist both in the developed and in the developing world. He referred to the areas of opportunity and application for CDM in contributing to developments in the energy sector, in urban development and in rural development. Finally, he set out a vision for CDM and sustainable development that would include the creation of a new private sector source of funding for sustainable development; the building of new trade and technology cooperation linkages; and enhanced capabilities for cooperative international action on climate change.

Robert Hornung, Climate Change Program Director, Pembina Institute provided an ENGO perspective on CDM. He welcomed the CDM development and he stressed the criticality of good design as it moves into application. He outlined the issues related to CDM including technical issues, baselines, additionality and the criteria to be used for assessing progress in sustainable development. In relation to technical issues, Mr. Hornung referred to the necessary tensions between the desire for broad participation in CDM and the quality of CDM action. He highlighted the difficulties in setting appropriate baselines against which progress would be measured. He outlined the various aspects and measures of additionality in terms of emissions reduction, regulatory requirements, investment technology and business strategy. Mr. Hornung reviewed the various criteria related to the promotion and pursuit of sustainable development and talked of the policy issues that are raised in relation to CDM, in particular the issues of the use of sources and sinks and options for dealing with uncertainty. He reviewed the issue of limits on international action and the various options that have been discussed for such limits.

Question and Answer Session

In the second question and answer session, the panelists (Dr. Robert Falls, Jim Leslie & Robert Hornung) responded to a variety of questions on a number of issues. The questions included the following:

- What are credits from CDM action to be applied against?
- What is the definition of projects that fit within CDM?
- What are the limits on the use of CDM, whether in Canada or globally?
- Should there be an additionality test related to profitability of projects?
- What should be the mix of actions, bilaterally or multilaterally?
- How do we deal with the issues of diversity of projects and diversification of action?