




F-CDM-RtB

 <b>CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD”</b> <b>(Version 01.1)</b> <i>(To be used only by the Project Participants and other Stakeholders for submitting Letter to the Board as per Modalities and Procedures for Direct Communication with Stakeholders)</i>	
Name of the stakeholder <sup>1</sup> submitting this form (individual/organisation):	Project Developer Forum
Address and Contact details of the individual submitting this Letter:	Address: 100 New Bridge Street, London, EC4V 6JA Telephone number: +65 6578 9286 E-mail Address: office@pd-forum.net
Title/Subject (give a short title or specify the subject of your submission)	Options for improving communication and the accountability of the CDM
Please mention whether the Submitter of the Form is:	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify PD Forum
Specify whether you want the Letter to be treated as confidential <sup>2</sup> :	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
<b>Purpose of the Letter to the Board:</b>	
Please use the space below to describe the purpose for submitting Letter to the Board. (Please tick only one of the four types in each submission )	
<input checked="" type="checkbox"/> <b>Type I:</b> <input type="checkbox"/> <b>Request Clarification</b> <input checked="" type="checkbox"/> <b>Revision of Existing Rules</b> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input checked="" type="checkbox"/> Others. Please specify reference Comment on options for improving communication and the accountability of the CDM	
<input type="checkbox"/> <b>Type II: Request for Introduction of New Rules</b>	
<input type="checkbox"/> <b>Type III: Provision of Information and Suggestions on Policy Issues</b>	

<sup>1</sup> Note that DNAs and DOEs shall not use this form to submit letter to the Board.

<sup>2</sup> Note that the Board may decide to make this Letter and the Response publicly available



Please use the space below to describe in detail the issue that needs to be clarified/revised or on which the response is requested from the Board as highlighted above. In doing this please describe the exact reference source including the version (if any).

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**To** cdm-info@unfccc.int  
**From** [rachel.child@pd-forum.net](mailto:rachel.child@pd-forum.net)  
**Date** 7 August 2012  
**Page** 2/4  
**Subject** **Letter to the Executive Board on options for improving communication and the accountability of the CDM.**

Honourable Members of the CDM Executive Board,  
Dear Mr. Duan,

We would like to congratulate the EB and the Secretariat for the considerable efforts made in improving the procedures governing the requests for registration, both in terms of efficiency and the overall accountability. In this letter we propose four options to improve the accountability still further.

The introduction of the Completeness Check (CC) and the Information and Reporting Check (IRC), as well as the corresponding review procedure has reduced the time taken to process requests for registration and issuance considerably. At the same time, the establishment of publicly available checklists that underpin the CC and the IRC, as well as the recently adopted guidelines for direct stakeholder communication, contribute to improved governance of the project assessment process.

The general perception of our membership is that communication has improved hugely compared to the years before the establishment of these procedures. For example, there have been many accounts of helpful clarification calls lasting less than 30 minutes where appropriate solutions were agreed upon in a straightforward and pragmatic way. These calls work especially well when the key issue is simple misunderstandings created due to the limits of the written account in the PDD and validation/verification reports.

On a more negative note, our members observe with concern that many projects are held back for insubstantial reasons. While compliance with CDM rules is already confirmed by the validation report, the delays in the registration process too often stem from misunderstandings rather than substantive issues. Such misunderstandings are eventually resolved in most cases. This is evidenced by the low rejection rate. And even for initially rejected projects, most are resubmitted and eventually registered.

We are of the opinion therefore that misunderstandings must not unduly delay projects and that current review processes are too onerous for all involved parties in the way they are handled at present. Therefore we propose below four options for improvement. These are based on the principle that the PPs (1) are informed in due time about critical outcomes, (2 and 3) have the right to be heard, and lastly (4) can address remaining concerns to an ombudsman.

**1. Inform PP/DOE immediately about the outcome of the IRC (Summary Note)**

We understand that the Secretariat, in the Summary Note, prepares a recommendation on whether or not the case should be subjected to a review subsequent to the IRC. In order to avoid a review being raised based on factual mistakes and misinterpretations, it is essential that the recommendation and its rationale is shared with the PP so as to provide for an opportunity to resolve misinterpretations before a review is raised.

*We suggest* that the summary note is shared immediately with the PP/DOE before it is finalised and only sent to the EB after the end of a non-objection period, say 48 hours during which the PP/DOE have the opportunity to clarify/react. The publication of the rate at which the EB follows the recommendation would likewise strengthen the accountability of the system. A rationale for cases where the EB did not follow the recommendation would therefore be warranted.

**2. Inform PP/DOE immediately about a negative outcome of a review and the rationale for it**

In the case of a review, despite the past improvements of the procedures, the flow of information remains at an unsatisfactory level and the principle of transparency is not observed sufficiently. While the PP/DOE are involved in providing supplemental information requested during the review process, the rationale for the rejection is disclosed only after the decision has become final. This is too late for clarifications and the Secretariat declines to answer requests for disclosing the rationale with the following explanation: "...As the decision on the rejection ... has already been notified, we are constrained to reiterate that according to the procedure for direct communication as defined under the PCP, we will not be in position to have a conference call for this project to further clarify the reasons for rejection." This practice deprives the PP/DOE of any means for clarifications.

Moreover, the current process is prone to flawed decisions if the parallel assessments made by the Secretariat and the RIT do not concur for the same reasons. There are justified grounds to suspect that the Secretariat in times comes to a negative assessment for reason A while the RIT concurs with the negative opinion, but for reason B. Such cases warrant further consideration by the EB. The timely disclosure of the decision rationale would contribute an additional safeguard against such flawed outcomes of decision-making.

*We suggest* that the Secretariat provides the PP/DOE with the review decision and the rationale before the decision becomes final.

**3. Grant the PPs the right to request a clarification call at CC, IRC and review stage**

As highlighted before, direct interactions with the Project Assessment team can effectively avoid simple misunderstandings. In the current modalities for direct communication, however, no option for initiating communication by PPs on project specific cases is foreseen. We deem it as the basic right of regulated entities that they are heard and be given the right to defend their case before the ruling becomes final.

*We suggest* an option to be introduced in the modalities for direct stakeholder interactions by which PPs may request direct interaction with decision makers in case of negative outcomes of CC, IRC and review.

**4. Institute an ombudsman to whom a PP can direct concerns and clarifications**

From past experience our members reported situations where their arguments were heard, but not considered or not understood. As an international organisation, the UNFCCC is accountable to due process and PPs must be given the possibility to direct qualified complaints to a dedicated body that investigates the eligibility of the complaint, aiming at conciliation or resolution by the EB.


*We suggest* that the EB explores the possibilities for instituting an ombudsman that could address the concerns of regulated entities with respect to due process of the Secretariat.

With these four suggestions we wish to contribute to further improving the CDM with regards to performance, legitimacy and international standing. The perceived lack of accountability and the limited legal protection constitute an obstacle for investors and policy makers to believe in the viability of the CDM. With the proposed options we believe that some of the underlying concerns can be addressed.

We sincerely thank you for the opportunity to provide our suggestions and would be very happy to discuss them further with you,

Kind regards,



	
Rachel Child Co Vice Chair, Project Developer Forum	
Please use the space below to any mention any suggestions or information that you want to provide to the Board. In doing this please describe the exact reference source including the version (if any). [replace this bracket with text, the field will expand automatically with size of text]	
If necessary, list attached files containing relevant information (if any)	<ul style="list-style-type: none"> <li>[replace this bracket with text, the field will expand automatically with size of text]</li> </ul>
<b>Section below to be filled in by UNFCCC secretariat</b>	
Date when the form was received at UNFCCC secretariat	

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**History of document**

Version	Date	Nature of revision
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Form <b>Business Function:</b> Governance		