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**From** [rachel.child@pd-forum.net](mailto:rachel.child@pd-forum.net)  
**Date** 27 February 2013  
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**Subject** **Call for input on "Issues included in the annotated agenda of the seventy-second meeting of the CDM Executive Board and its annexes"**

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Honorable Members of the CDM Executive Board,  
Dear Mr Stiansen,

The Project Developer Forum (PD Forum) would like to welcome the publication of the annotated agenda for EB72 and would like to provide detailed input on one item on the annotated agenda, Annex 1, as well as a more general remark regarding Annex 2, as outlined below. We apologise for the late submission of this input, but hope you will consider our input in the constructive spirit in which it is submitted.

### **Annex 1: Experience gained by the UNFCCC secretariat in implementing the CDM**

The PD Forum notes with appreciation the publication of this document highlighting the experience gained with the CDM. This experience is a most valuable resource for the review of the mechanism, as well as for shaping the New Market-based Mechanism (NMM) and the Framework for Various Approaches (FVA).

We would like to discuss each of the recommendations by the secretariat in turn, much of which we agree with.

Recommendation 1: We agree that consolidation of the modalities and procedures would be helpful. As indicated in previous submissions by the PD Forum, the differences in requirements for normal and small-scale CDM projects have been reduced to the point where maintaining separate documents is no longer necessary.

Recommendation 2: We agree that the provisions for confidential information can be replaced by principles.

Recommendation 3: We agree that some rules for accreditation can be replaced by principles.

Recommendation 4: We agree that the para 48 should be revised to allow more options for baseline development, in particular for the development of standardised baselines, and with an eye to future use of CDM baseline and methodologies in NMM and FVA.

Recommendation 5: We agree that the role of clarifications should be clarified to avoid potential overlap with revisions.

Recommendation 6: We agree that the division between microscale, small-scale and normal CDM projects is not always relevant and could be removed as indicated in our previous submissions.

Recommendation 7: We agree that it should be possible to develop methodologies without actual project activity, in particular to encourage standardised baselines, expansion in under represented regions and sectors, and with an eye to future use of CDM baseline and methodologies in NMM and FVA.

Recommendation 8: We agree that the procedures for POAs may need to be different. In our submission regarding the CDM review we propose that POAs – with (credited) NAMAs – could be separated out of the CDM as a separate approach as soon as possible (potentially under FVA), of course without affecting existing POAs in the pipeline.

Recommendation 9: We agree that additional wording is necessary to create certainty.

Recommendation 10: A project's contribution is already assessed in the PDD. We do not agree that a project's contribution to promoting sustainable development needs to be monitored on an ongoing basis.<sup>1</sup> If a PP wishes to monitor their contribution, this should be allowed and may be encouraged, for example through the voluntary tool developed by the Secretariat, but should not be mandated. It is the host country's prerogative to determine whether the project contributes. And it should be the host country's prerogative whether the project should monitor its contribution on an ongoing basis. Any such monitoring should then be reported to and accepted (and approved) by the DNA. Whether the project is contributing to sustainable development is a value judgement, which can only be made by the host country.

Recommendation 11: A project's contribution to meeting the ultimate objective of the Convention is already assessed in the PDD in terms of additional emission reductions being achieved, and the project's emission reductions are already monitored and verified. Where CERs are used for compliance by an Annex I Party, the underlying projects have helped that country to be able to sign up to the Convention/Protocol. Additionally, it is not possible for an individual project to assess the net mitigation achieved – even if the CERs are used as offsets – from the conservativeness applied, etc. Also, it is not necessarily in the project's control how CERs are used. The ultimate objective of the Convention is also already captured under sustainable development (see recommendation 10). Therefore, we do not agree with this recommendation.

Recommendation 12: We agree that it should be possible to have multiple host countries.

Recommendation 13: We agree that it should be the DNA's responsibility to confirm a project's compliance with relevant national and sub-national rules. It should only be the responsibility of the DOE to check whether the DNA has confirmed this information, which will simplify the validation.

Recommendation 14: Our position regarding LOAs remains unchanged.<sup>2</sup> The unconditional nature of LOAs has greatly helped the success of the CDM but eliminating country risk. The prospect of country risk being re-introduced to CDM projects is very detrimental to the attractiveness of CDM projects. Without prejudice to our opposition, we make the following observations<sup>3</sup>: an LOA has to be valid for a complete crediting period; due process must be guaranteed and the appeals process must be operational.

Recommendation 15: We agree, and have proposed this in our submission on the CDM Review, that the Board should focus on their supervisory role, with the executive functions delegated to the various panels and the secretariat (including an executive director).

Recommendation 16: We agree that the period for serving on the Board should be limited, irrespective of being a member or alternate member. Additionally, tagging of seats, whereby a different member

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<sup>1</sup> See our submission to the Board dated 8 Aug 2012, <http://www.pd-forum.net/files/d4278a69761bd43db3afc0fe9c76bf6b.pdf>.

<sup>2</sup> See our submission to the Board dated 22 Oct 2012, <http://www.pd-forum.net/files/874f1e6114188653f3931f9ec0ce1c0c.pdf>.

<sup>3</sup> See our previous submission on LOAs, above, for detailed arguments.

takes over in the second year, should not be permitted as this impacts upon the continuity of decision making and institutional knowledge; turnover of members is already addressed through the membership rules.

Recommendation 17: We agree that the distinction between members and alternate members is superfluous and should be removed. We agree there should be increased stakeholder representation by expanding the membership to include two representatives from each of Private Sector Organizations and Civil Society Organizations. We agree that more efforts should be made to increase female representation on the Board.

Recommendation 18: We agree that voting could be applied more often in order to resolve issues within a reasonable timeframe.

Recommendation 19: There are conflicts of interest where EB members are either also negotiators or also in their DNA, or both. While we are not aware whether this has led to problematic instances to date, trying to resolve any potential conflicts would be good. However, the proposed recommendation could effectively exclude future Board members from smaller countries, where it would be impractical for these various roles to be carried out by different people. Any such impact should be avoided.

#### **Annex 2: Summary compilation of stakeholder inputs regarding possible changes to the CDM modalities and procedures**

The PD Forum notes that the summary compilation shows that, while there may be differences on the detail, there is general agreement about the direction of the possible changes among stakeholders.

We thank you for the opportunity to provide our comments on the annotated agenda and annexes and would be very happy to discuss them with you further. We also would like to apologise again for the late submission.

Kind regards,



Rachel Child  
Co Vice Chair, Project Developer Forum