

PROJECT DEVELOPER FORUM

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To COP17 Delegates
From Project Developer Forum Ltd.
Date 4 November 2011
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Subject **Project Developer Forum input to COP17 Delegates**

Dear Delegates,

The Project Developer Forum is the CDM's biggest grouping of investors and technology transfer, capacity building and sustainable development operators. We have important comments on the **key overarching issues** that we feel must be resolved in Durban to address climate change and ensure the long-term success of the flexible and other new and evolving market mechanisms. These general issues are followed by a summary of **issues related to the CDM**. Our input is deliberately short and we welcome one-on-one discussions to expand upon or clarify any particular issue listed below.

Key overarching issues

- *Increase demand for CERs to drive new investment*
- *Provide unequivocal support for the future of the CDM post 2012*
- *Define a timeline for development of new mechanisms based on CDM's successful elements*
- *Approve the Green Climate Fund: Engage with the private sector with respect to their contribution to the Green Climate Fund so as to promote private sector involvement in mitigation and adaptation*
- *Strengthen potential interaction between carbon schemes through common MRV and inventories*

Issues related to the CDM (further details in Annex I)

- *Enhance direct communication between project participants and the EB/Secretariat*
- *Develop accredited training of all stakeholders*
- *Continue streamlining of the administrative process to reduce issuance and registration timelines*
- *Progress the automation and digitization of processes*
- *Apply materiality thresholds at all levels*
- *Empower DOEs to make decisions via the introduction of materiality and without the risk of unlimited liability for minor omissions, misstatements or errors*
- *Encourage the development of new approaches to baselines, additionality and ER calculations*
- *Promote the scale up Program of Activities (PoA) and standardized baselines*

Thank you for your consideration and please feel free to call on us at any time.

Gareth Phillips,
Chairman

Leo S. Perkowski,
Co Vice Chairperson

Rachel Child,
Co Vice Chairperson

Attached: Annex I, Detailed Input on CDM Issues

Annex I

Detailed Input on CDM Issues

I. General

1. We *acknowledge* that the CDM has been and continues to be a very efficient and successful mitigation mechanism ensuring environmental integrity and multi-stakeholder participation and shall thus serve as an essential learning platform for the development of new mechanisms and of the Green Climate Fund;
2. We request the CMP *decide* that the CDM continues beyond the first commitment period of the Kyoto Protocol, allowing projects to complete their chosen fixed and renewable crediting periods;
3. We *commend* the EB for the work undertaken during the past year in reaching out to stakeholders and admitted observer organizations on ongoing improvements and changes to, inter alia, modalities, rules, guidelines and methodologies under the clean development mechanism;
4. We *request* the EB make available training and information materials to stakeholders and establish an accredited training program for Designated Operational Entities (DOE), RIT/secretariat assessment team members, and practitioners;
5. We *commend* the EB for the progress made on Programme of Activities (PoA) during the past year but remind the EB that a sustained training and communications effort will be needed to ensure that the monitoring, verification and issuance of these projects goes smoothly;
6. We *urge* the EB apply materiality thresholds, such as those currently under discussion by SBSTA, and ensure their use at all levels in the decision making process;

II. Governance

7. We *commend* the EB for the work undertaken to consolidate guidelines, decisions, procedures into three documents aimed at the unique responsibilities of each user, i.e., the Project Cycle Procedure (PCP), Project Standard (PS), and the Validation and Verification Standard (VVS);
8. We *urge* the EB to define an implementation schedule that minimizes the impact on projects, particularly in view of the EU's 2012 deadline for registration of projects that are not located in LDCs;
9. We *again request* the EB develop and implement modalities and procedures with a view to enhancing direct two-way communication to avoid reviews being raised based on a lack of understanding of the validation/verification criteria or local circumstances, vs. downward directed, with stakeholders on issues related to registration, issuance and methodologies work streams;
10. We *request* the EB to establish scheduling timelines and abide by internal guidance without further delay;
11. We *request* the EB prepare and implement a plan to begin the digitization of validation and verification activities with an initial focus on verification;

III. Accreditation

12. We *request* the EB further consider the areas of decision making that should be delegated to the DOEs in order to decrease the administrative burden associated with significantly increased numbers of requests for deviations, monitoring plan changes and post registration PDD changes;
13. We *request* the EB submit to CMP8, taking into consideration the views of stakeholders, a procedure which addresses the distinct legal and administrative roles involved in administering significant deficiencies in validation or verification reports;
14. We *request* the EB to operationalize procedures for sampling of requests for registration and issuance without further delay;

IV. Baseline and monitoring methodologies and additionality

15. We *encourage* the EB to promote and consider new approaches to establishing baselines, assessing additionality and quantifying emission reductions, including but not limited to, positive technology and countries lists for CDM, benchmarks and accelerated technology / market penetration rates and, deemed savings;

V. Standardized baselines

16. We *request* the EB, in consultation with the Methodology Panel, DNAs and other stakeholders, to develop new types of tools and methodologies to fully exploit the potential of standardized baselines as defined at CMP6;

VI. Registration of clean development mechanism project activities and issuance of certified emission reductions

17. We *request* the EB to recognize that the Monitoring Plan is correctly defined as the plan presented in the monitoring report, not the plan described in the registered PDD;
18. We *again encourage* the EB continue to seek ways in which to streamline the process for the registration of clean development mechanism project activities and the issuance of certified emission reductions which result in reductions in the waiting time and improved certainty for the project participants;
19. We *again request* the EB ensure that editorial errors which will not affect the assessment of compliance with validation and verification requirements do not lead to a determination that the request for registration or issuance is incomplete, while ensuring environmental integrity;
20. We *request* the EB and the secretariat to take steps to ensure compliance with the time limit of 15 days as defined at CMP6, and requests that the average time between the receipt of a submission and the commencement of the completeness check is less than 7 calendar days in 2012;
21. We *request* the EB define the date of registration as the date on which the registration fee is paid for all projects that are ultimately registered by the EB;

VII. Regional and sub-regional distribution and capacity-building

22. We *commend* the EB for the progress made on publication of guidelines and a work program to include suppressed demand¹ in baseline and monitoring methodologies;
23. We *request* the EB to continue their work to develop guidance on first of its kind and common practice, taking the views of stakeholders into account;
24. We *request* the EB finalize the operationalization of a loan scheme to support the development of clean development mechanism project activities in countries with fewer than 10 such activities registered as soon as possible;

VIII. Resources for work on the clean development mechanism

25. We *request* the EB to analyze the impact, with the aim of returning to project proponents a portion of, or all of the registration fees paid for registered projects which ultimately were not implemented post registration or resulted in significantly less emission reductions than estimated in the registered PDD.

¹ i.e. a baseline scenario in which future anthropogenic emissions by sources are projected to rise above current levels owing to the specific circumstances of the host Party