

**Subject: IETA Response to the Call for Input on the design, substantive content and operational aspects of the draft development version (0.5) of the sustainable development voluntary tool (SD tool)**

August 10, 2012

CDM Executive Board  
UNFCCC Secretariat  
Martin Luther King Strasse 8  
P.O. Box 260124  
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Germany

Dear Mr. Duan Maosheng,

I write to you on behalf of the International Emissions Trading Association (IETA) in response to the call for input issued at EB 68 on the design, substantive content and operational aspects of the draft development version (0.5) of the sustainable development voluntary tool (SD tool).

**IETA Members' Commitments**

First and foremost, it should be noted that IETA and its +150 members are dedicated to:

- the objectives of the United Nations Framework Convention on Climate Change -- and ultimately climate protection;
- the establishment of effective market-based trading systems for greenhouse gas emissions by businesses that are demonstrably fair, open, efficient, accountable and consistent across national boundaries; and

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- maintaining societal equity and environmental integrity while establishing these systems.

In the absence of a universally defined and agreed-upon definition for sustainable development, host countries are authorized by the Kyoto Protocol to assess sustainable development according to their own national policies. IETA therefore considers any CDM sustainable development co-benefits tool as voluntary in scope and nature.

### **Avoid Confusion in the marketplace**

In many instances, we expect that this tool could be helpful in clarifying good practice for host countries in this important area. However, we would also hope to avoid creating any additional confusion that might arise for projects where the tool might not be appropriate. For example, there may be some project types where the tool is less useful – and others where it is valuable. But we would not want to discourage projects just because of the ease of utilizing the tool. A voluntary approach would help mitigate this concern.

In addition, given the challenge of quantifying co-benefits, such a tool should not be used to establish a ‘grading system’ whereby a project receives a score or points, etc. based on how many sustainable development co-benefits it holds.

### **Ensure Proper Placement and Design**

We believe that a voluntary sustainable development co-benefit tool as part of the project procedures for the CDM could yield positive results, so long as it is placed as an annex to a project design document and not included as requirement in the EB’s registration process.

IETA greatly appreciates the opportunity to provide our input on this issue. Please do not hesitate to contact IETA’s Director for International Policy, Jeff Swartz at [swartz@ieta.org](mailto:swartz@ieta.org) should you have any questions regarding this letter.



Thank you for your consideration.

A handwritten signature in black ink that reads "Dirk Forrister". The signature is written in a cursive, flowing style.

Dirk Forrister

President and CEO, IETA