

- (a) **Possible alternative concept for PoA** : PoA which accommodate community project to take part.

PoA has arisen to address the issue of asymmetric participation, especially in very small-scale project activities due to low volume of reductions against high transaction costs. Bremen Overseas Research Development and Assistance and International Development Research Center have been advocating community project involvement within CDM scheme through development and registration of “PoA KIPRAH Community-based Integrated Solid Waste Management Indonesia”. We believe that low income communities which is the majority of the world’s population should be able to take part in the global effort of fighting climate change and economically benefiting from it, not only the big companies. KIPRAH is the name of a pro-poor project where community managed a solid waste management plant (Material Recovery Facility) which involves composting and serves up to 1500 HHs. On December 2009, PoA KIPRAH design documents were uploaded in UNFCCC website for global stakeholder consultation and now are going through validation stage.

**(b) Barriers in the current rules**

From the 1,5 years experience of advocating community project involvement through designing and going through registration of PoA KIPRAH some challenges are encountered, recognizing the extent of CDM complexity and high cost for a small scale community project:

- **Different paradigm of the project between UNFCCC and community.** UNFCCC is referring to the proven reductions of GHG as criterion for project eligibility. Therefore the monitoring requirement is rigid and sophisticated regardless of who runs the project, either big companies or the community. On the other hand, the community sees emission reduction as one small part among waste related social problems.
- **Monitoring mechanism required by UNFCCC is challenging to be implemented for community based projects.** Community project employs people from surrounding of where the project built. The monitoring required by UNFCCC is challenging to be managed by low educated Material Recovery Facility workers and community-based organization members.
- **High costs of registration process.** PoA KIPRAH design and validation cost at almost USD 80,000. Without donor or external financial support, community projects are discouraged to take part of PoA.
- **Small profit with high risk investment.** Regardless of its high social components, PoA KIPRAH is unattractive from the investment point of view. Apart from the small numbers of CER generation, KIPRAH doesn’t involve sophisticated technology and professional employees like any other CDM composting projects,

which leads to higher uncertainty in achieving certified emission reduction. Thus discourage investor to invest in pro-poor project.

- **Gold Standard, the only premium standard for which gives higher price for projects with high social component is still limited to renewable energy projects.**

(c) **Rules that now missing:** Rules that distinguish highly commercial project with the pro-poor project. Once the rules are made, a simpler methodology and lower cost of project design and registration process are expected (e.g. cost is define from x% of the CER issuance, funding for initial phase of PoA design and registration process.)