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To cdm-info@unfccc.int
From gareth.phillips@pd-forum.net
Date 17 March 2011
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Subject Call for public inputs Direct Communications with Stakeholders

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

The PD Forum welcomes the opportunity to provide input to the Executive Board to facilitate direct communications with stakeholders and we submit the following for your consideration.

- 1) Direct communications on project activity specific issues: Discussion on this issue began as early as Poznan in 2008 and while the CMP in both Copenhagen and Cancun clearly directed the EB to engage in project specific communication with stakeholders, little progress has been achieved in reaching the goal. We feel this one issue is fundamental to making significant efficiencies in CDM.
- 2) Such direct communication should not only address actions raised at registration and issuance, e.g., completeness check rejections or requests for review, but should also be in relation to actions with methodologies, e.g., new proposals, requests for revision, clarification and deviations. The methodology process could be improved and the need for interactions with stakeholders could be reduced by clarifying methodology-related procedures, for example:
 - Criteria for methodology decisions: There are no criteria on which the EB and its panels and working groups should base their decisions on methodologies (and, hence no guidance for methodology developers). This leads to inconsistency and unpredictability in methodology decisions. We therefore recommend that the EB adopt clear criteria (and procedures for the secretariat) to be applied in taking methodology decisions. These criteria would then form the basis on which the EB and its panels and working groups may justify their methodology decisions. We note that this topic was discussed at the recent Practitioners Workshop on "Standards for baseline scenarios..." and refer readers to our letter to the Executive Board of 16th March, also available at www.pd-forum.net.
 - Schedule for methodology decision making: As for other aspects of the CDM process, there should be clear rules on timelines for taking methodology decisions and for reporting on progress when methodologies are classified as a WIP.
 - Justification for top-down methodologies: The secretariat is preparing many top-down methodologies. And these are usually made available for public comment. However, unlike bottom-up methodology submissions, those coming from the EB do not contain any of the required justifications, including for decisions taken following public consultation – and the proposals are sometimes at odds with public input. The PD Forum has on several occasions raised this issue and made a recommendation: Top-down methodologies prepared under the

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auspices of the CDM Executive Board should be accompanied by background information justifying the proposed new methodology. This could be accomplished by adapting the existing submission forms for new methodologies for use by the CDM Executive Board and its panels and working groups (F-CDM-SSC-Subm for SSC methodologies and CDM-NM for regular methodologies), as appropriate. For example, Sections B and D of CDM-NM are needed to document the rationale for a proposed NM, as well as important explanations and justifications, such as for the choice of default values. This would help the public comment on them.

- 3) On numerous occasions the PD Forum has, requested the opportunity to communicate directly with the Secretariat and the Panels/Working Groups. The same has been mandated by CMP and requested by the DOE Forum. We believe that direct communication is extremely beneficial and vastly more efficient than written communication when there is room for interpretation of requirements. Many other professional approval mechanisms provide for the opportunity of on-the-record two-way communication. To that end, we request that the EB put in place procedures whereby the PP is automatically offered the opportunity of a telephone conversation with the Secretariat in every situation where project documents are delayed or rejected. Similarly, the Secretariat/RIT members shall have the opportunity to talk to DOEs/PPs during their assessments. The call can be automatically scheduled and offered to stakeholders in the existing notifications of CC/I&R rejections or Requests or Review. Calls could be limited to, for example, a 30 minute window with the scope of the call focusing on the issues which have been identified by the Secretariat. The participants in the call may include the secretariat or panel/working group/experts who have been involved in the decision, the PP and the DOE. While we feel many issues can be better understood and resolved during the primary call, there may be situations where a follow-up call may be required. We suggest the secretariat be given the authority to grant supplemental calls on a case-by-case situation. We further request these communications to be on-the-record.
- 4) Workshops and CDM Roundtables: We note a very recent and significant increase in invitations to workshops. PDF very much appreciates being invited to participate and we would like to make the following requests:
 - a. Please provide adequate notice to PDF Board of Directors if you wish to invest a speaker from the PD-Forum. We have annexed the Board of Directors contact details and also a list of contact details of members who have expressed both a desire to be invited to, and a serious commitment to attend CDM / UNFCCC workshops.
 - b. Where possible, we would like to have the opportunity to comment on the topics of the workshops as soon as possible – for example the recent workshop on the baseline standard, was complicated by the fact that the topics were insufficiently communicated (many participants came to work on standardized baselines, instead the workshop was about a tool to standardize methodologies) and that the document had already had considerable resources allocated to its preparation before our input was requested.
 - c. We would request that there are clear outputs from workshops that our members can point to in order to highlight the value of participation. As commercial companies, decisions to attend are linked to deliverables and the best way of ensuring that we are able to continue to justify attending workshops and incurring costs is to show that our input is valued. During the last CDM Roundtable in Bonn, the Secretariat had agreed to an approach whereby minutes and actions items would be documented and used as a basis for follow-up during subsequent meetings.
- 5) Transparency in communication: At present, almost all communications with the Secretariat are conducted anonymously, with little or no indication of the levels of expertise of the Secretariat staff. This is in contrast to the information provided by DOEs in their validation and verification reports, where extensive records of competency are provided. Whilst PPs should not seek to challenge the competency of the Secretariat staff and their experts, some transparency around levels of expertise would help to weigh the opinions of different “experts”. For example, if a DOE’s sectoral expert with

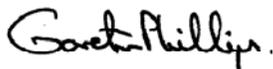
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10 years experience in a given sector has been on site and confirmed that the monitoring system is in compliance with the requirements of the methodology, then why should an anonymous desk reviewer in the secretariat be able to raise a question and cause several months in delays and consequent loss of revenues? It is only fair that the PPs and DOEs know the level of experience of the reviewer. Also, we would like to emphasize that DOEs are third party entities and they need to be allowed to interact with the regulator without being accused of lobbying. If there is such an accusation, which we observe in EB discussions, we would like to see evidence of this.

- 6) Many PPs have commented on the lack of quality control amongst communications. There are examples of similar projects being treated in completely different ways which exposes the lack of any basic quality control function within the Secretariat. Direct communication can only function effectively if PPs are confident that the Secretariat is handling cases consistently such that different enquiries into the Secretariat from different PPs about similar issues receive the same response. If PPs receive random responses or responses that are dependent upon the individual within the Secretariat then stakeholders will quickly establish and expose such inconsistencies and highlight the inefficiencies of the organization. To this end, the Secretariat should implement a quality control system complete with internal audits to ensure that their own procedures are being correctly followed.
- 7) One of the only avenues in the past that we have had to communicate with the EB is through EB unsolicited letters. We also propose to increase transparency, consistency and accountability by publishing letters to the EB and the EB's responses.
- 8) The EB should be required to provide a summary of the comments it receives on the Calls for Public Inputs it conducts, as well as a report on what the EB ultimately decides on the topic addressed by the call, together with its justification, which should present and take into account the EB assessment of the public inputs received. Currently, under the Call for Public Input process, respondents have no way of knowing if/how public inputs are considered and what the outcome is. Sometimes, these topics come up again in EB reports, but there is almost never any direct reporting on the inputs received and their assessment by the EB and these scattered references are nearly impossible to track.
- 9) Finally, in the interests of improving the consultation processes, we would like to note that the scheduling of multiple calls for input with the same closing date creates a significant workload for stakeholders who wish to comment on all issues, such as the PD-Forum. Whilst we appreciate the challenges of administering the process, we would like to suggest that the Secretariat considers staggering the closing dates so that stakeholders can, for example, work to finalize one or two responses per week.

We hope that these suggestions are useful in your discussions going forward and, as always, we would be more than happy to discuss these and any other issues with you.

Kind regards,



Gareth Phillips
Chairperson

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Annex: Contact details of PDF Board of Directors and *bona fide* workshop participants

PDF Board of Directors

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***Bona fide* workshop participants**

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