

3 July 2011

CDM Executive Board
UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D 53153 Bonn
Germany

Dear Mr. Hession,

I am writing to you in response to your call for public input, requesting proposals on how to include co-benefits and negative impacts in the documentation of CDM project activities and the role of the different actors and stakeholders in this process. We feel that this is a matter of the greatest importance as it affects the basic pillars of the CDM and that CMP guidance must be sought on this matter before proceeding further.

We would like to point out that, as foreseen in the Marrakech Accords (MA), it is the Host Country's sovereign right to define the sustainability criteria that will be used by its Designated National Authority (DNA) as a condition to grant letters of approval (LoA). As such, creating guidelines to highlight the co-benefits related to Sustainable Development (SD)— even if provided for the voluntary use of the Parties— was not foreseen in the Marrakech Accords (MA), and indeed was specifically made the prerogative of Host Countries.

In addition, this matter is currently being discussed under the AWG-KP as part of the post-2012 debate, and many Non Annex-1 countries have expressed strong reservations to any such text moving forward. The existence and ongoing nature of this discussion clearly indicates that there is a need for CMP approval of and guidance for such an initiative.

There is experience with SD guidelines, for example, with those developed under the World Bank's Community Development Carbon Fund, which point out that buyers may develop criteria for their own, if they are so inclined. These experiences, however, have demonstrated the many difficulties faced when attempting to develop universally applicable SD criteria. That is why SD priorities are the prerogative of Host Countries and must take into account national priorities and circumstances.

We acknowledge that while some countries have developed a well-defined set of sustainability criteria, other countries are far less advanced in this area. We believe that an appropriate solution would be for those countries to seek assistance to develop frameworks that are appropriate for their circumstances.

We also believe that the existing reporting requirements of the project participants with regard to co-benefits and negative impacts already suffice. They are part of obtaining the necessary CDM approval as detailed in the CDM project cycle, and there is no need to burden CDM projects with additional obligations beyond what the Parties have negotiated.

For the last few years, the CMP has directed, and the Board has undertaken, successful efforts to turn CDM into a more streamlined instrument. New documentation requirements run contrary to those efforts.

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IETA Input on Co-benefits and Negative Impacts

In light of these views, we feel that the best course of action would be to seek CMP guidance, as it is very clear that such new initiative would require a modification of the MA.

Thank you very much for your consideration of our comments.

Kind regards,

A handwritten signature in black ink, appearing to read "H. Derwent". The signature is written in a cursive style with a long, sweeping flourish extending to the right.

Henry Derwent
President and CEO, IETA