

UNFCCC Secretariat
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April 5, 2012

Subject: Inputs on the “Definition of Special Underdeveloped Zone (SUZ) under the Guidelines for the demonstration of additionality of microscale project activities” in response to the call for public inputs made at EB66

Dear Members of the Executive Board and UNFCCC Secretariat,

We welcome the opportunity to provide inputs on the **“Definition of Special Underdeveloped Zone (SUZ) under the Guidelines for the demonstration of additionality of microscale project activities”** in response to the call for public inputs made at EB66.

We appreciate the efforts of the SSC WG in recommending the criteria to facilitate the identification of underdeveloped zones in a host country and to ensure that the criteria are comparable across the countries. In this context, suggestions for consideration of criteria for defining the Least Developed Countries (LDCs) and indicators used in Millennium Development Goals (MDG) to meet the requirements of paragraph 2(a) of the microscale additionality guidelines are made in the information note.

The paragraphs 24(c) of decision 2/CMP.5; and paragraph 38 and 39 of 3/CMP.6 that outline the thresholds for the microscale CDM project activities also reflect that the types of project activities feasible within the thresholds specified mostly promote minimum standards of living (e.g., access to electricity using off-grid renewable energy (micro hydro, wind, solar), improved cook stoves, water purification, energy efficient lamps etc. Therefore, in the spirit of CMP guidance on the need to develop simplified modalities for implementing microscale project activities, these activities should be eligible for implementation in all countries irrespective of a country is least developed country/small island developing States (LDCs/SIDs) or not. Therefore, it is suggested to delete the paragraph 2(a) on the geographic location of the project activity from the microscale additionality guidelines so that microscale project activities could be eligible for implementation in all countries without restrictions on the geographic location for their implementation. Considering that countries have their specific policies and procedures for notification of areas as underdeveloped zones, paragraph 2(a) on the geographic location of microscale activities can potentially conflict with the policies and procedures followed by host countries on the identification of underdeveloped zones.

Furthermore, considering that an underdeveloped zone reflects the barriers that a CDM project encounters in a country, data on development indicators at sub-national are crucial. A review of the criteria proposed in the paragraph 10 of the Information Note on the topic reflects that the data on the criteria are published only at the national level.

For the criteria outlined in paragraph 10, (a) GNI per capita; and paragraph 10 (e) proportion of population with income less than USD 1 per day are published for countries, the data are not generally available at the sub-national level to define underdeveloped zones in countries.

The criterion in the paragraph 10 (c) economic vulnerability index requires data on component indices, which are not published at the sub-national level by official sources. For example, official data on component indices of economic vulnerability index such as - merchandise export concentration; instability of exports of goods and services; instability of agricultural production etc. are not generally available at the sub-national level. The use of data other than official data by projects within the same zone for such indices is expected to result in inconsistent results.

For the criteria noted in paragraph 10(b) human asset index; and in paragraph 10(e) access to improved drinking water supply, official data at the sub-national level could be available. However, there could be differences in the official data reported by countries and the data reported in UN DESA and WHO/UNICEF, respectively for these indices.

From the above overview, it is clear that the national level data on the eligibility of LDCs and progress on MDG cannot be directly applied to the sub-national contexts for defining the underdeveloped zones considering the limitations on the availability of official data on specific criteria at the sub-national level or wide differences in the data reported officially by countries and by the international agencies.

Even with the data and efforts needed for identification and categorization of underdeveloped zones, the likelihood of significant differences between the underdeveloped zones identified as per the national policies and procedures, and international data and standards would call into question the basis for considering the geographic location criteria as part of the simplified modalities and procedures for implementing CDM project activities.

Moreover, countries may view that the criteria and procedures approved by CDM Executive Board under the paragraph 2(a) of microscale additionality as exceeding the mandate of the simplified modalities and procedures of the paragraphs 24(c) of decision 2/CMP.5 and paragraph 38 and 39 of 3/CMP.6, which may require the EB to seek guidance from the CMP with regard to the inclusion of geographic location criteria in the simplified modalities and procedures for the demonstration of additionality of microscale project activities.

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In the above context, we suggest for the deletion of the paragraph 2(a) of the microscale additionality guidelines to enable the implementation of microscale project activities in all countries without the limitation on the geographic location of the project activities within the least developed countries or the small island developing States (LDCs/SIDS) or in a special underdeveloped zone of the host country.

In case of EB moving forward with the work on the identification of special underdeveloped zones, it is suggested to initiate wide ranging consultations with the experts and stakeholders such as DNAs, project developers and development agencies on the procedures for identification of special underdeveloped zones.

We will be pleased to provide further information and clarifications and would welcome the opportunity to further contribute to the discussion on the topic.

Yours sincerely



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