

Dear all,

Instituto Ecologica (IE) is a Brazilian non-profit organization working in the social and environmental aspects of climate issues for 15 years. In 1998, the IE created the Social Carbon Methodology, which was applied to the first carbon sequestration project in the Amazon Forest and Cerrado biomes, namely the Ilha do Bananal Carbon Sequestration Project. Therefore, we feel that we have an important contribution to make to the CDM Sustainable Development tool.

Firstly, we would like to compliment the CDM Executive Board for putting up together so many important and experienced organizations during the development of this tool for assessing sustainable development in carbon projects.

Our main inputs regard the concept and methodologies proposed for sustainability evaluation, and its efficacy, as we briefly describe below:

- The questionnaire contains relevant questions for a general evaluation of projects, but the indicators do not assess the specificities of each project deeply. Even if we consider the possibility of additional YES/NO questions, the check list method doesn't seem capable of addressing specific social, economic and environmental impacts that are related to the project's implementation. Such a goal could only be achieved with an approach capable of analyzing quantitative and qualitative aspects of the carbon project.

- Though the questionnaire is easy to fill in, there is no continuity in the sustainability assessment throughout the lifecycle of the project, which makes the monitoring of project benefits in terms of carbon credits commercialization harder. To guarantee the commitment to long-term sustainability, the tool must carry out periodic monitoring, and reflect on upon the project's potential strengths and weaknesses, and how to work with and improve them in order to enhance the project's contribution to sustainable development.

- The use of the tool is not obligatory and it does not represent any aggregated value for project developers nor investors, as it does not for instance, increase CER prices or attractiveness. This may lead to a situation where the developers will not put in real effort to enhance the project's contribution to sustainable development along the project life cycle. This commitment could be achieved by periodic monitoring, subject to verification by independent third parties, however, our understanding is that at this point the SD tool is voluntary and does not require any kind of auditing process.

In addition to these comments, we believe that a more comprehensive assessment of project impact to sustainable development could be reached using standards geared towards socioeconomic and environmental development, such as Community, Climate and Biodiversity Alliance (CCBA), Gold Standard, FSC, and SOCIALCARBON Standard, for all these have been subject to extensive experience, consultation and are acknowledge by the voluntary market, which has always been highly concerned with the co-benefits from carbon projects.

Hence, we find that promoting an interface between CDM and such standards will be a highly desirable solution, since all these standards are able to monitor project's life cycle, they define qualitative and quantitative sustainability indicators, and they can be verified, giving the CER a certification which aggregates value to the offsets and promotes transparency and credibility for buyers. All these aspects combined can ensure long term contribution for project's sustainability.