

Call for public inputs – Template for inputs	Recommendations for possible changes to the modalities and procedures of the CDM
--	--

Name of submitter: Klaus Oppermann

Affiliated organization of the submitter (if any): The World Bank

Contact email of submitter: koppermann@worldbank.org

Date: 23 Jan 2013

0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
<b><i>Increasing regional distribution of the CDM</i></b>		
1	Future emissions by sources of host parties may rise when considering suppressed demand and impact the baseline and monitoring methodologies approved under the CDM. In this context, there is a need to consistently incorporate the concept of suppressed demand into methodologies, tools and guidelines approved under the CDM.	The consistent and appropriate consideration of suppressed demand and harmonization of approaches with reference to suppressed demand across the baseline and monitoring methodologies, tools, and guidelines needs to be implemented taking into account the characteristics of the project types and sectors; and conservative estimation of emission reductions.
2	To address the problem of data limitations in several developing countries, provisions need to be made for the use of higher aggregate data in standardized baselines for a period of time until improvements to data quality are implemented by host countries.	Considering the limitations in the availability of data on individual activities/locations, the use of high level aggregate data should be permitted in the development of standardized baselines along with the guidelines for updating the data at the subsequent revisions of the standardized baselines.
<b><i>Governance Structure and respective roles of EB, DOEs and DNAs</i></b>		
3	Role of DNAs need to be extended to strengthen their capacity and to ensure oversight of the implementation of standardized baselines and modalities and procedures for CDM projects using standardized baseline (see issue 7 below).	Taking into account the approval of guidelines on standardized baselines, the responsibilities of host country DNAs may be extended to develop standardized baselines and associated standardized project design documents (check lists) for CDM projects and propose positive lists and negative lists.

Call for public inputs – Template for inputs		Recommendations for possible changes to the modalities and procedures of the CDM
0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
4	Composition and professionalism of EB members	EB members shall have the appropriate professional qualifications to enable them to effectively perform their role as part of the Executive Board. The professional qualifications of members to be nominated under paragraph 7 and their experience in both public sector and private sector areas related to the sector scopes of the CDM need to be clarified.
5	Roles and responsibilities of the EB and Panels	<p>The roles and responsibilities of the EB need to be clarified to enable that the EB functions as a strategic and policy making body of the CDM. The EB should delegate the operational responsibilities of the CDM to a full time administrative body/panel.</p> <p>In this context, administrative and operational functions of the Accreditation Panel and Registration and Issuance Team need to be consolidated and delegated to a full time administrative body/panel that oversees the accreditation of DOEs; registration of projects and programmes of activities; issuance of credits; communications with project participants and consultations with stakeholders and other such administrative matters related to the operation of the CDM.</p> <p>The personnel of the administrative body/panel should be selected through a competitive process. The professional qualifications need to include experience and expertise in both public and private sector areas relevant to the sector scopes of the CDM.</p>
6	To ensure the due process, a procedure for appeals against the decision of the EB needs to be instituted under the modalities and procedures.	A procedure for appeals needs to be adopted to enable the project participants to appeal against the decisions with reference to the registration of projects and programmes of activities; issuance of CERs and operational aspects of the CDM. The appeals process is expected to provide for a due process for project participants with regard to the decisions of the EB and to promote transparency and efficiency of the mechanism.

Call for public inputs – Template for inputs		Recommendations for possible changes to the modalities and procedures of the CDM
0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
<b>CDM project cycle</b>		
<b>7</b>	<p>Recognising that standardisation will promote simplification, predictability, improve consistency, efficiency and transparency, it is recommended that automatic registration of projects using the standardized baselines (without validation) is incorporated into the modalities and procedures.</p> <p>The procedure will ensure environmental integrity, as the projects shall use the standardized baselines and conform to the modalities and procedures of verification and certification defined for the CDM project activities. Such a procedure will be optional, i.e. not compulsory.</p>	<p>In order to reduce transaction costs and to promote efficiency and predictability, establish simplified modalities and procedures for small-scale CDM project activities using standardized baselines.</p> <p>The CDM modalities and procedures are to be simplified as follows:</p> <ol style="list-style-type: none"> <li>1) a project cycle is simplified to enable automatic registration of projects using standardized baselines and the standardized project design document (check list); and</li> <li>2) a verification and certification of a registered CDM project activity combines (simultaneous) ex post assessment by the DOE of a project's compliance with the requirements of the registered standardized project design document (check list) and of the monitored emission reductions.</li> </ol>
<b>8</b>	<p>Recognising that simplification will promote predictability, efficiency and transparency and improve attractiveness of the Program of Activity (PoA) concept for micro-scale activities, it is recommended that the simplified modalities and procedures allow for automatic inclusion of micro-scale activities under a PoA (without validation by a DOE). Removing the concept of the CDM Programme Activity (CPA) and applying of the micro-scale threshold at the level of individual activity will avoid inefficient stratification between an individual activity and a CPA.</p> <p>Environmental integrity is ensured since the simplified modalities and procedures do not modify the modalities and procedures of verification and certification defined to the CDM project activities. Such a procedure will be optional, i.e. not compulsory.</p>	<p>In order to reduce transaction costs, promote efficiency, predictability, and to improve attractiveness of the PoA concept for micro-scale activities, simplified modalities and procedures for micro-scale PoAs need to be established.</p> <p>The CDM modalities and procedures for micro-scale PoAs are simplified as follows:</p> <ol style="list-style-type: none"> <li>1) micro-scale thresholds are applied at the level of each individual activity;</li> <li>2) a project cycle is simplified to enable automatic inclusion procedure for micro-scale activities in a PoA;</li> <li>3) monitoring approaches are simplified and streamlined; and</li> <li>4) a verification and certification of a registered PoAs combines (simultaneous) ex post assessment by the DOE of PoA' micro-activities compliance with the eligibility requirements of the registered PoA and of the monitored emission reductions.</li> </ol>

Call for public inputs – Template for inputs		Recommendations for possible changes to the modalities and procedures of the CDM
0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
9	The modalities and procedures could encourage the use of objective and standardized approaches to additionality demonstration such as positive lists, market penetration rates, technology specific benchmarks, etc.	Objective criteria on additionality, including positive lists, technology specific benchmarks, market penetration rates and other relevant measures applicable to a sector scope need to be considered.
10	To improve the efficiency of validation and verification, the modalities and procedures need to provide guidance for the application of concept of materiality.	To improve the project cycle efficiency and predictability, DOEs shall be required to apply the materiality thresholds during both validation and verification per the guidelines approved by EB.
11	The CDM modalities could define a reserve/pool to serve the purpose of mutual insurance for DOEs and to support the enforcement of measures to address significant deficiencies in past validation, verification and certification reports. The reserve/pool is expected to have secondary role in preserving the environmental integrity as the risk of excess issuance is primarily mitigated through conservativeness of methodologies.	Expand the decision 3/CMP.1 Para 24 and decision 3/CMP.1 Appendix D, Para 8 to include a portion of the DOE license fee to be set aside in an escrow account to generate a reserve/pool. A DOE that is found liable of professional negligence could be allowed to purchase CERs up to a cap at the pre-determined price for transfer to the cancellation account.
12	Continued use of a version of a methodology used in the registration of a project or programme of activity should be permitted in cases where the methodology expires during the period of completeness check and information and reporting check.	A project or programme of activity that fails during completeness/information and reporting check can continue to use the version of methodology applied at the time of submission of request for registration but expired during the period of completeness check and information and reporting check.
13	In accordance with the request from the CMP.8, allow for flexibility in the timing of the verification of afforestation and reforestation projects during a crediting period and during commitment periods that are longer than 5 years.	In the Annex to Decision 5/CMP.1, paragraph 32 should be deleted. The paragraphs 36 to 60 need to be reviewed to ensure that environmental integrity is guaranteed and double counting is avoided in cases where multiple verifications (and hence issuances of credits) take place in a commitment period.

Call for public inputs – Template for inputs		Recommendations for possible changes to the modalities and procedures of the CDM
0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
14	In accordance with the request from the CMP.8, consider the use of more cost-effective approaches in afforestation/reforestation methodologies for the estimation of baseline stocks and removals, including the use of remote sensing for monitoring.	<p>In the Annex to Decision 5/CMP.1, the following changes are proposed:</p> <p>[Paragraph 25.] Project participants shall include, as part of the project design document, a monitoring plan that provides for:</p> <ul style="list-style-type: none"> <li>a) The collection and archiving of all relevant data necessary for estimating or measuring the actual net greenhouse gas removals by sinks during the crediting period. The monitoring plan shall specify techniques and methods, including remote sensing, for sampling and measuring carbon pools and greenhouse gas emissions by sources included in the actual net greenhouse gas removals by sinks, that reflect commonly accepted principles and criteria concerning forest inventory;</li> <li>b) The collection and archiving of all relevant data necessary for determining the baseline net greenhouse gas removals by sinks during the crediting period. If the project uses control plots for determining the baseline, the monitoring plan shall specify techniques and methods for sampling and measuring individual carbon pools and greenhouse gas emissions by sources. If the project uses other techniques, such as remote sensing for determining the baseline, the monitoring plan shall specify techniques and methods for estimating changes in relevant carbon pools and greenhouse gas emissions by sources.</li> </ul> <p>[Paragraph 26.] A monitoring plan for a proposed afforestation or reforestation project activity under the CDM shall be based on a previously approved monitoring methodology or a new methodology appropriate to the afforestation or reforestation project activity, in accordance with paragraphs 12 and 13 above, that:</p> <ul style="list-style-type: none"> <li>a) Is determined by the DOE as appropriate to the circumstances of the proposed afforestation or reforestation project activity;</li> <li>b) Reflects good monitoring practice appropriate to the type of afforestation or reforestation project activity;</li> <li>c) Takes into account uncertainties by appropriate choice of monitoring methods, such as number of samples or the resolution of remote sensing images, to achieve reliable estimates of net anthropogenic greenhouse gas removals by sinks;</li> <li>d) In the case of small-scale afforestation and reforestation project activities under the CDM, is in accordance with simplified modalities and procedures developed for such activities.</li> </ul>

Call for public inputs – Template for inputs		Recommendations for possible changes to the modalities and procedures of the CDM
0	1	2
Issue No.	Issue to be addressed (including need for change)	Proposed change (including proposed text, if applicable)
15	The current definition of afforestation and reforestation under the CDM need to be revisited for the second and subsequent commitment periods. Definition of 'Reforestation' with a reference to 31 December 1989 was specific to the first commitment period. It is proposed to revise this definition for the second and subsequent commitment periods in relation to the starting date of the project activity.	<p>In the annex to Decision 5/CMP.1 paragraph 1, it is proposed that the reference to the definitions of forest, reforestation and afforestation in the annex to the draft decision 16/CMP.1 is removed and replaced with the CDM specific definitions.</p> <p>The definitions of forest and afforestation shall remain the same, while the definition of reforestation should be revised as follows.</p> <p>“Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For second and subsequent commitment periods, reforestation activities are expected to occur on those lands that did not contain forest 10 years prior to the starting date of the proposed CDM A/R project activity.</p>