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Subject **Response to call for inputs on draft general guidelines on sampling and surveys**

Honorable Members of the CDM Executive Board,

I am writing to you on behalf of the Project Developer Forum (PD Forum), which is a not-for-profit organization established to be a collective voice for companies developing greenhouse gas (GHG) emission reduction projects in international carbon markets. In light of the call for public inputs by the Executive Board on the general guidelines on sampling and surveys, the PD Forum would like to provide feedback in order to enhance the practical application and user friendliness of the draft document.

This input is divided into two sections, the first being general comments on the implications of the draft guidelines, and the approach preferred by PD Forum members. The second section will provide more specific inputs on the topics and example provided in the draft guidelines.

SECTION 1 – GENERAL PRINCIPLES

1.1 Whilst the aim of the draft guidelines is to provide clarity in the application of sampling methods, the guideline as it stands could substantially increase the level of complexity associated with surveying for small-scale projects. PD Forum members have raised concerns that such increases in complexity would entail a higher level of expense and require a level of expertise in statistics beyond the level that can be borne by most developers of small-scale projects. Such complexity, cost and need for specialized knowledge will increase barriers to the development of small-scale projects.

1.2 The types of projects most likely to require sampling and surveys are those that already face high transaction costs, and these are already underrepresented in the CDM project pipeline. Projects such as distributed renewable energy, residential energy efficiency, household or community biogas, and efficient cook stoves can deliver outstanding sustainable development co-benefits, and their implementation under the CDM should not be inhibited by potentially complex and expensive sampling and surveying requirements.

1.3 The PD Forum would like to see guidelines that provide project participants with greater discretion and flexibility in the application of their chosen sampling and surveying methodology. The text contained in paragraph 5 of the draft guidelines is supportive of such an approach, however, there is need to further embed such sentiment throughout the guidelines. The application of theory-based sampling methodologies to 'real world' conditions will inevitably result in the need for adjustments, compromises and a flexible approach. Cultural, logistical and cost constraints and barriers will often mean that the on-ground implementation of sample surveys may have to deviate from guidelines that are established based on an academic or theoretical context.

1.4 Whilst paragraph 5 of the draft guidelines does provide for project proponent discretion in the *selection* of sampling techniques, nowhere in the guidelines is discretion or flexibility allowed for in the *implementation* of such techniques. The PD Forum strongly advises that such flexibility be embedded as a core principle of the sampling and surveying guidelines for project proponents and assessment guidelines for DOEs. Whilst this does entail a degree of uncertainty, with individual projects implementing bespoke sampling regimes based on local constraints and circumstances, failing to allow for such flexibility within the guidelines will entail significant barriers to implementation.

1.5 In order to account for project proponent discretion, the PD Forum would recommend that the guidelines allow for best practice approaches that take into account the reality of real-world conditions in achieving the two core requirements set out in the guidelines – unbiased estimates and minimum precision levels.

SECTION 2 – SPECIFIC INPUTS

2.1 The draft guidelines are lengthy, attempting to provide an overview of a variety of different sampling techniques and statistical treatments of survey data. It is the view of PD Forum members that much of this information can be found in standard sampling and statistical textbooks (a number of which are referred to in the draft guidelines) and does not need to be summarized in the guidance. The risk of providing only a brief overview of a limited selection of sampling and statistical methods is that DOEs will prohibit project proponents using alternative approaches not listed in the guidelines.

2.2 The guidelines should focus only on CDM-specific issues. From this perspective Sections I, II and IV should be the focus of the guidance. The information found in Section III and Annex 1 can be found, in much greater detail in the aforementioned texts and should therefore be removed for the reasons highlighted above in 2.1.

2.3 The guidelines do not set out procedures for deviations. Whilst it would be desirable at all times to meet the precision levels and randomized sampling requirements set out in the guidelines, as has been discussed in Sections 1.3 to 1.5 above, it is likely that cost, logistical and cultural constraints may make this impossible. DOEs will require guidance as to the degree of flexibility they have, without requiring a formal methodology deviation. A common sense, best practice approach should be adopted by project proponents and DOEs when designing, implementing and assessing sampling and surveying procedures.

2.4 In Section IV, the guidelines provide an example of the implementation of a sampling and surveying regime associated with a CFL installation project. Whilst practical examples may be helpful, there is some concern that the use of examples in the guidelines will set a precedent that DOEs and others will follow, limiting the capacity of project proponents to use alternative, more appropriate methods for their specific projects. The CFL example provided in the draft guidelines is a case in point: the surveying regime described does not align with the monitoring requirements set out in approved small-scale methodologies dealing with CFLs (AMS IIC or AMS IIJ). Further, the example introduces the application of arbitrarily rounding up sampling size to make them more “conservative”. Both of these issues could lead to confusion and unnecessary disagreement between project proponents and DOEs. To solve this issue, examples should be placed in an Annex or separate document, and the guidelines should make explicit that they serve only for illustrative purposes and should not be used as precedent by DOEs or others making assessments of projects.

2.5 A number of other inconsistencies and possible errors in the draft guidelines are listed below:

2.5.1 The terms 'reliability', 'precision', 'accuracy', 'confidence' are used interchangeably throughout the document. For clarity, the document should only use one term for each concept, define and apply it consistently throughout the guidelines.

2.5.2 In Annex 1 on page 13, line 2, the guidance refers to standard error when this should be standard deviation.

2.5.3 There appears to be an inconsistency between paragraph 8 and Table 1. We are highly supportive of the concept that parameters with indirect impact require lower levels of precision. However, whilst para 8 refers to the use of 90/30 precision, Table 1 allows for 80/20. For variables of only indirect consequence or impacts an 80/20 level of precision is appropriate.

2.5.4 Table 1 specifies both minimum sample sizes and precision/accuracy levels. It would be more appropriate to state the minimum precision level, with project proponents then able to create sampling regimes that attempt meet such requirements.

2.6 In their current form, the draft guidelines refer only sampling and statistical methods for the determination of point estimates of means. Determining other population parameters, such as variances, or other types of statistical modeling, such as regression analysis, are currently not covered. To avoid uncertainty, the guidelines should explicitly state that they refer only to the determination of population means.

2.7 If Annex 1 is to remain as part of the guidance, it would be helpful to include an explanation of when to use a t-distribution and when to use a normal distribution. Preferably, t-distribution should only be used when a) the variance is unknown, and b) the expected sample size is very small, e.g., smaller than 30 as a rule of thumb.

2.8 Further, the Annex provides a lot of detail on equations to be used for random, systematic and stratified sampling. However, the level of detail is much lower with regard to equations for cluster sampling and multi-stage sampling. This is perhaps indicative also of the need to refer to statistical textbooks for all equations rather than trying to capture everything in an Annex.

2.9 Finally, it appears that the equations provided in Annex 1 relate to finite populations, whereas in practice there are many situations where population sizes are infinite.

We trust that the Small Scale Working Group and Executive Board will find the inputs above valuable. In particular, we hope that adequate consideration is given to the ramifications of introducing sampling and surveying guidelines that fail to make provision for local conditions and the challenges faced by project proponents implementing small-scale projects. We suggest the creation of guidelines that clearly set out what is required to be documented in PDDs, whilst allowing project proponents and DOEs flexibility in applying a best practice approach to sampling and surveying.

Kind regards,

Martin Enderlin
Chair of the PD Forum