



Stakeholder Communication Form
(Version 01.0)

This form shall be used for any CDM-related communication with the UNFCCC secretariat or the CDM Executive Board. All the questions are mandatory unless otherwise indicated.

The completed form and any supplemental documents shall be submitted electronically to cdm-info@unfccc.int, or via fax to +49-228-815-1999 or via post to: Sustainable Development Mechanism (SDM) Programme, UNFCCC secretariat, P.O. Box 260124, D-53153 Bonn, Germany.

SECTION 1: COMMUNICATION HEADER

Please provide your contact information.

Title: Mr. **First Name:** Havard **Last Name:** Norstebo

Name of Organization: Green Development AS **E-mail Address:** hn@greendevlopment.no

Postal Address: Wergelandsveien 27, 0167 Oslo **Phone Number:** +47 936 30 730
Country: Norway *Include country code (e.g. +49-228-815-1999)*

Stakeholder Type: CDM Coordinating/Managing Entity (CME) If other: NA

Please indicate from whom you would like to get an answer.

This communication is addressed to¹: Chair of CDM Executive Board (normal track)

SECTION 2: PROJECT ACTIVITY OR PROGRAMME OF ACTIVITIES (PoA)

If this communication refers to a specific CDM project activity/PoA, please answer questions in this section (otherwise proceed to Section 3).

Project/PoA Ref. Number 07359 If applicable, CPA Ref. Number: 7359-0052
5-digit# format 01234 *8-digit# format 0123-4567*

Project Cycle Stage Issuance If other:

If there is no specific CDM Reference Number, please answer the remaining questions in this section (otherwise proceed to Section 3).

Host Country(ies) Nigeria

Project/PoA Title PoA for the Reduction of emission from non-renewable fuel from cooking at household level

Technology Type Renewable energy If other: NA

SECTION 3: YOUR COMMUNICATION

Title/Subject
Maximum 250 characters Payment of Share of Proceeds

Communication Text
Include background, details, and conclusion (unlimited length)

Dear CDM Executive Board
We understand that the CDM Secretariat is now requesting full pre-payment of expected Share of Proceeds (SOP) before they start processing a request for issuance. We would like the CDM EB to approve that the we would be allowed to pay the SOP upon approval of issuance for the Request for issuance for the Monitoring report covering the monitoring period from 28/05/2014 to 02/05/2017 which is available at the following link
https://cdm.unfccc.int/PoAIssuance/mon_db/poamon252642143/viewMR

Both the CDM Secretariat and the RCC in Kampala has advised us to communicate this issue through direct communication with the CDM EB.

¹ In accordance with the "Procedure: Direct communication with stakeholders" (version 02.0), stakeholders may address communications either (a) to the secretariat, in order to seek a fast-track technical or operational explanation regarding the implementation of existing CDM rules, or (b) to the CDM Executive Board, in order to communicate to the Board their views on CDM rules and their implementation, or to seek official clarifications of CDM rules.

In considering this request we hope that the CDM Executive Board will consider the following:

1. There is no requirement in the latest version of the “CDM project cycle procedure for programmes of activities”, version 02.0, stating that SOP must be paid prior to approval of issuance. There is however a references specifying that the Secretariat shall inform CME about the SOP due, and reference that apply to conditions related to situations where SOP has been paid prior to start of Information and Reporting Check (Implying that CME might pay SOP prior to the start of the Information and Reporting Check). But no reference to requirement of SoP having to be paid prior to approval of the issuance, as has previously been the practice.
2. The delay of issuance from this program is partly the fault of UNFCCC. Without such delay the current request for issuance in question would have been submitted before the new policies was requested by the CDM Secretariat. A senior technical advisor from UNFCCC made an unrequested call to CME giving advise on how CME could speed up issuance process for a previous request for issuance that was submitted for the same project activities. One day after CME had followed this advice, the same Senior Technical Advisor from UNFCCC informed CME that the advice has been based on his incorrect understanding of CDM rules and Regulations. As a result of this, the request for issuance from two separate Monitoring periods had to be cancelled resulting in substantial delay in the first issuance and substantial cost to CME, including the cancelation of ERPAs worth more than EURO 10,000,000. Delay in issuance has also previously been caused by the CDM Secretariat rejecting uploading of Monitoring reports for reasons that is not justified by CDM rules and regulations. The request for issuance has also previously been rejected because of faults made by the CDM Secretariat which is of no faults of CME or DOEs.
3. The project in our PoA has substantial quantifiable and verifiable development value, as has previously been communicated both to the CDM secretariat and directly to the CDM EB. The project is believed to provide greater quantifiable and verifiable development value, relative to investment and ER, than any other CDM projects. In addition to this the project contribute substantially to reduce terrorist financing, which is also stated in the Monitoring Report in question.
4. The request for pre-payment of SOP, before CDM Secretariat will start the Information and Reporting Check is understood to have relatively little impact on projects in which income from CERs is a small part of the income from the project activities. The additional transaction cost of such new policies would be far greater for projects that has no other income than the income from sales of CERs. Hence this new policy, even if it is not rule based, might have far greater negative impact on projects with unquestionable additionality and which provide the greatest development value relative to investment and ER. We trust that it is not the intention of the CDM EB.
5. CME has allocated all free capital to further expansion of the PoA, and this means that CME does not have the capital available for pre-paying SOP for the request of Issuance in question. Loan financing is not available, due to the perceived risk of CER issuance, and the fact that the ERPA for this project has been cancelled due to previous delay in issuance processes.
6. CME understand that there is a reference to a requirement of SOP to be paid prior to the start of the Completes Check. The CDM Secretariat informed us about this, as stated in a news bulletin on the CDM Website from 2017 (<https://cdm.unfccc.int/Registry/index.html>) under section “CDM Registry News – Operational”. In this news bulletin it is stated that SOP shall be paid prior to start of Completeness Check. We do not know if a new bulletin is to consider a CDM rule, but even so, it is our understanding that the latest CDM rules and regulations shall apply. The latest relevant CDM rules and regulations is, in our understanding, the CDM PCP for PoA version 02.0, which does not specify that SOP has to be paid prior to the start of the completeness check.
7. CDM Secretariat has also referred to CDM Executive board meeting (CDM EB 96, paragraph 38), where the SOP is also specified. In this ruling, which is also prior to the latest ruling as specified above, it is specified that CME might make partial payment of SOP, but no reference to SOP having to be paid prior to start of Completeness Check.
8. Pre-payment of SOP before CERs are issued, will greatly increase our transaction cost. This additional transaction cost is parly caused by need to pre-sell CERs prior to approval of issuance which will reduce the income from the CER sales. We have offered to sell sufficient number of CERs to cover the SoP payment at price which are \$2 lower than the price in which had agreed in previous ERPA (ERPA which was cancelled due to previous delay in issuance process). Even with this discount, buyers have let us know they will not buy until the CERs has been approved for issuance, even if this would increase the price they pay for the CERs. Bank financing of SOP is also not available until the CERs has been approved for issuance.

	<p>9. The project activities in question, do not only depend on CER financing only for justification of the investment in the project activities. The income from CER sales is also required to enable the projects to continue to operate. The projects will come to a halt and result in increased CO2 emission, increased deforestation and increased terrorist financing similar to the situation prior to the implementation of the project, without the income from the CERs.</p> <p>We look forward to your positive reply to this request for paying the SOP upon approval of issuance of CERs.</p>
<p>Supplemental Documents If applicable, list the title(s) of any attached file(s) or link(s)</p>	
<p>This communication may be made public</p>	<p>Yes</p>

Document information

Version	Date	Description
01.0	02 March 2015	<p>This form supersedes and replaces the following:</p> <ul style="list-style-type: none"> • F-CDM-RtB: <i>Form for submission of Letters to the Board</i> (version 01.2) • F-CDM-RtB-DOE: <i>Form for communication on policy issues initiated by AEs/DOEs</i> (version 01.1) • CDM-RtB-DNA: <i>Form for communication on policy issues initiated by DNAs</i> (version 01.1)

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