
Governance of the CDM: Key Research Findings



Mischa Claasen (coord.), Perumal Arumugam, Michael Gillenwater, Crispian Olver, Margaret Lo, Vanessa Cassano, Laurence Boisson de Chazournes, Mara Tignino, Ernesta Swanepoel and Andrew Gilder

CDM Policy Dialogue Side Event
28 November 2012

Several research tasks

- Michael Gillenwater - conceptual issues reg additionality
- Perumal Arumugam – review of summary notes for reasons for rejection and additionality concerns
- Crispian Olver – roles and functions of the secretariat
- Margaret Lo, Vanessa Cassano – current criticism of conduct of EB constitution and conduct
- Ernesta Swanepoel, Andrew Gilder – review of stakeholder consultation concerns
- Laurence Boisson, Mara Tignino – legal options on appeal systems for the EB

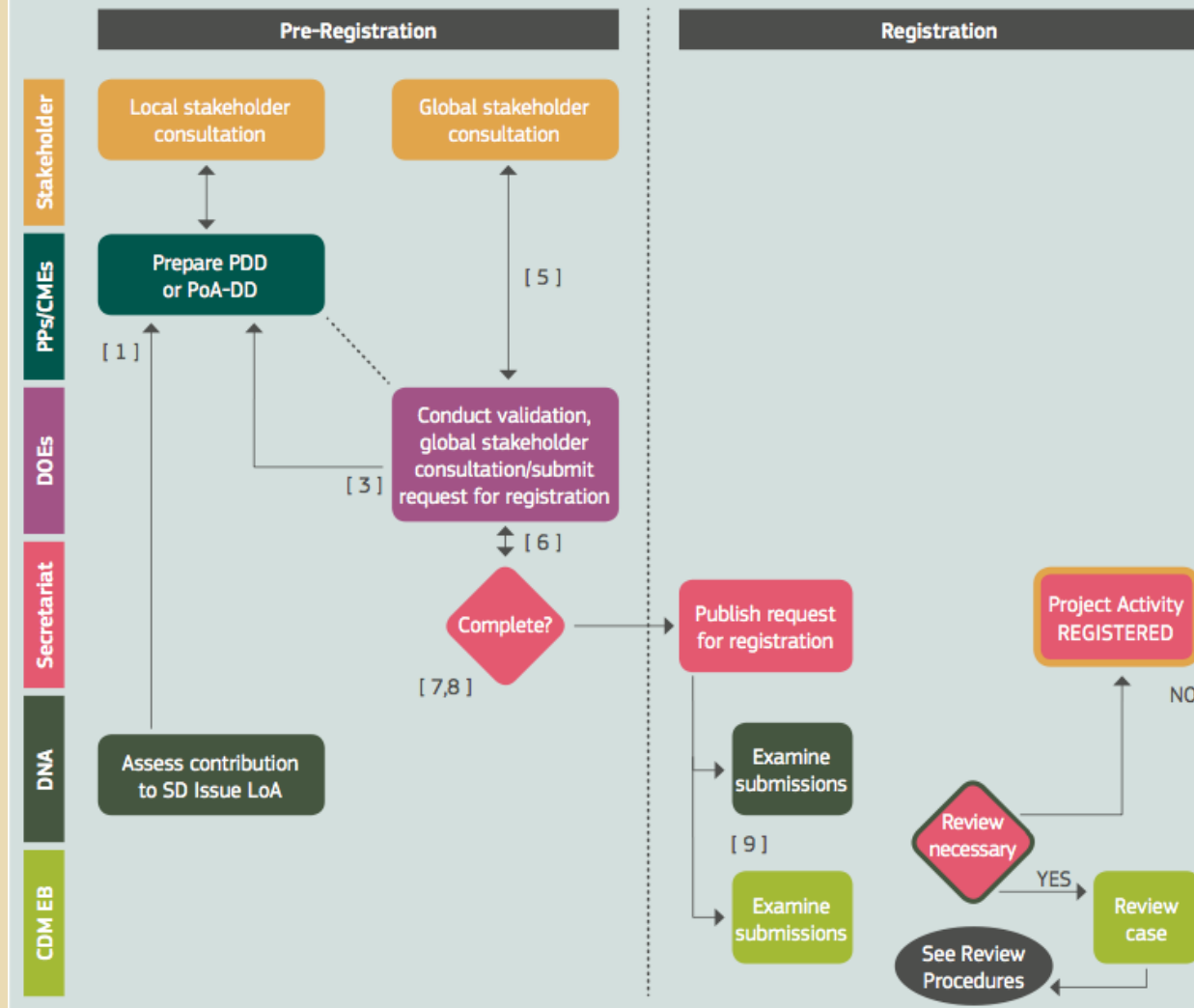
Overall coordination: Mischa Claasen



CDM Policy Dialogue

Governance framework of the CDM – project cycle

Figure 1. Project cycle steps during pre-registration and registration and the involvement of different entities



Governance of CDM: Key Research Questions

Can the project cycle be further streamlined to improve efficiency and reduce costs? How can this be done?

Recommendations:

- High priority should be given to the ongoing projects that aim at an automation of the workflow
- The level of support provided to the stake- holders that are subject to the CDM rules should be enhanced.
- Shift in the secretariat's role away from project scrutiny towards ensuring the capacity of the DOEs' auditors



Governance of CDM: Key Research Questions

- **Can the project cycle be further streamlined to improve efficiency and reduce costs? How can this be done? (cont.)**
- **Recommendations:**
 - With regard to SBLs, the recommendation is to prioritise further work on the framework, observe emerging findings and critically assess the workability and integrity of the resulting tools.
 - Explore merging validation with first verification.



Should the methods for determining additionality be changed? If so, how? (cont.)

Recommendations:

- to further prioritise the establishment of standardised approaches (PLF, profitability benchmarks, investment costs)
- drastically reduce the timelines for registration
- modify the existing rules for assessing additionality and baselines (clear dependence on signal-to-noise ratio, link to “project intervention”)
- Depart from technology-neutral approach to additionality determination



Governance of CDM: Key Research Questions

Does the UNFCCC secretariat discharge its functions effectively? (cont.)

Recommendations:

- Establish a mutual accountability framework between EB and the UNFCCC secretariat
- Vest a body within the secretariat with explicit decision-making power so as to ensure an efficient daily operation of the CDM.
- Enhance accountability system for managing the concerns of and interventions from stakeholders and project developers (request for registration, issuance and review procedures)
- Scale up communications functions of the secretariat



Should the current validation/verification model be reformed? If so, how?

Recommendations:

- Do not change contractual arrangements for DOEs
- Evaluate concerns for accreditation framework prior to deciding on liability for excess issuance of CERs
- Promote employment of local expertise
- Promote communication with, and training of DOE, to ensure common understanding of rules
- Clarify validations and verification requirements
- Promote the use of standardised elements



Should the EB be professionalised in terms of its composition and conduct? If so, how?

Recommendations:

- Promote a nomination procedure that pays greater attention to the competencies
- the EB should retain its system of part-time engagement in recurrent meetings



Governance of CDM: Key Research Questions

How should the major disputes regarding the registration/issuance appeals process be resolved?

Recommendations:

- Establish two complementary mechanisms
- Establish an appeals mechanism
 - Limit access to project participants, NGOs and other related concerned entities which fulfil certain admissibility criteria.
 - Allow appeals against unlawful project rejections and flawed project approvals.
 - Give the appeals body the power to confirm or remand the decisions made by the EB.
- Establish parallel grievance mechanism for environmental and social concerns



Should the current requirements for stakeholder consultation be strengthened? If so, how?

Recommendations:

- Carry out continued stakeholder consultation at predefined intervals and document the consultation process and the concerns raised in the monitoring report.
- Seek inputs as to whether or not verification by the DOE of the continued consultation should be required.
- The EB should establish a guideline to differentiate the requirements for stakeholder consultation depending on the project's exposure.
- Establish an interface between the local legislation and the CDM and consider whether this should be a requirement for participation in the CDM.



Thank you!

More info at
www.cdmpolicydialogue.org



CDM Policy Dialogue