

Side Event Report: High-Level CDM Policy Dialogue Panel Meets Civil Society

Bonn, 21 May 2012

On 21 May 2012, CDM Watch organised a side event at the Climate Change Conference in Bonn. The event was chaired by High-Level Clean Development Mechanism (CDM) Policy Dialogue Panel members Margaret Mukahanana-Sangarwe and Prodipto Ghosh. The aim of the event was to share views and experiences by civil society representatives on whether the CDM is delivering on its overarching objective to contribute to sustainable development. Four speakers from academia and civil society presented lessons learnt from CDM projects and laid out a series of specific recommendations for reform. Below you find a short summary:

Peter Newell, University of Sussex, synthesized research on the impact of CDM on sustainable development. He stated that current academic work mentions only vaguely sustainable development criteria in CDM projects and that an emphasis is given to measurable, direct benefits rather than indirect ones. Also, continued Newell, in depth, large-scale research has so far been proved unfeasible due to its high costs. The outcomes of his analysis highlighted that incentives are not yet in place to deliver sustainable development in project activities and that discrepancies between project design and actual implementation persist due to scarce post-project verification. He finally described an alternative process based on: clear national clean development strategies; common guidance on public consultation; strengthened Designated National Authority (DNA) capacity; and continuous monitoring and ex-post validation.

Ranjan Kishor Panda, Water Initiatives Odisha, presented the case study of the Indian CDM project Improving Rural Livelihoods Through Carbon Sequestration, which was designed to mobilize resource-poor farmers to raise tree plantations on farmlands. In his presentation, he highlighted negative impacts of the project on food security and indigenous peoples and denounced corporate interests are ignoring the mandate of the CDM of delivering sustainable development. According to Panda, no proper local stakeholders consultation was carried out on project activities and that, short-term solutions were deceptively recommended by the project developer. This fact eventually caused heavy protests by the farmers involved and raised once again doubts on the project's additionality.

Alyssa Johl, Center for International Environmental Law, noted current local consultation processes and ongoing UNFCCC negotiations on a CDM appeals procedure, underscoring debate on whether this should be available only to project developers and countries or to affected communities. Johl stressed that existing procedures to ensure the delivery of sustainable development at the local level are not enough. Furthermore, no monitoring system is in place to ensure that safeguards are implemented. She proposed, *inter alia*: international safeguard policies; a monitoring system to make sure a meaningful and effective participation in all stages takes place; and an appeals procedure open to local stakeholders.

Eva Filzmoser, CDM Watch, said that the sustainable development element of the CDM should be incentivized and described the key elements of new sustainable development modalities and procedures for the CDM. In her presentation, the two current issues affecting the CDM are additionality and sustainability and those projects not meeting these criteria should not qualify in the mechanism. Once again, monitoring activities in compliance with sustainable development indicators and verified by DOEs were defined as one of the main key solutions together with, *inter alia*, proper local stakeholders consultation and grievance mechanisms.

Following the presentations, Ms Mukahanana-Sangarwe opened the floor for participants' views on the CDM. She invited views about whether sustainable development indicators and local participation should be undertaken at international or national level. Some participants said DNAs and local courts are best placed to address problems related to individual CDM projects but that safeguards need to be strengthened and independently verified. Another participant called for preferential treatment, such as finding automatic additionality, for projects that have high sustainable development benefits, or additional financial support.

In conclusion, an Open Letter signed by 84 civil society organizations was presented to the High-Level CDM Policy Dialogue. The letter lists six main issues of concern: additionality, eligibility of project types, sustainable development, human rights, public participation in the CDM process and grievance mechanisms and calls on members of the Policy Dialogue to address these in their final September report. The letter concludes that the CDM can only be a "mechanism for the future" if it is able to face these issues and is reformed in a way that it can deliver actual climate and sustainability benefits first and foremost to the local communities.

For more information and copies of the presentations, please see this [link](#). A copy of the Open Letter is annexed to this report.

ANNEX: CIVIL SOCIETY OPEN LETTER TO THE CDM POLICY DIALOGUE PANEL

Bonn, 21 May 2012

We 84 civil society organisations, networks and concerned citizens from 27 countries submit this letter to draw attention to the several urgent concerns about the CDM.

The CDM must be considered in the larger context of the climate crisis and democratic process of selecting development options. Unsustainable economic development and inequitable growth have led to a sharp rise in carbon emissions, far beyond levels that can ensure a safe climate. This growth has exacerbated economic and political inequalities that lie at the very core of global warming. Yet countries have not yet agreed on the necessary legally binding reduction commitments to guarantee a safe climate, and the CDM has further weakened commitments to achieve the existing (and inadequate) targets established under the Kyoto Protocol by allowing the use of offsets through the CDM.

Experience shows that the CDM in its current form has not achieved its dual objectives of reducing emissions and achieving sustainable development. Weak additionality rules have allowed for registration of many business-as-usual projects, thus failing to reduce global emissions. As for sustainable development, the benefits are meagre at best – in fact, a large majority of credits come from large industrial projects that deliver no social or environmental benefits and often heap adverse impacts on the poorest. Some projects are even causing severe environmental, social and human harm and/or violating national and international laws and standards, such as human rights.

We call on the members of the CDM Policy Dialogue Panel to hold the CDM to account and to especially address the following urgent issues at its upcoming report in September 2012 and at the COP-18 in Doha:

- **Additionality**
- **Eligibility of project types**
- **Sustainable development**
- **Human rights**
- **Public participation in the CDM process**
- **Grievance mechanisms**

ADDITIONALITY

Projects that are non-additional (*i.e.*, they are business-as-usual and would have been built even if not registered under the CDM) undermine mitigation goals. The CDM's additionality rules have long been criticised as ineffective and merely a formality of the CDM process. An estimated 40-70% of CDM projects are non-additional. Despite the fact that experts and policy makers have acknowledged that the current assessment and monitoring of CDM additionality is insufficient, the final CMP.7 decision text from Durban does not mandate the CDM Executive Board to prepare a new way to test additionality. The Parties must create effective ways to revise current CDM rules on additionality to strengthen the environmental integrity of the CDM and to help ensure that non-additional credits

generated by CDM projects are eliminated. In particular, large infrastructure CDM projects which are clearly non-additional (e.g., coal power projects and large hydro-power projects) must be excluded from the CDM.

ELIGIBILITY OF PROJECT TYPES

Project types that use or promote the use of fossil fuels are currently eligible under the CDM. Given the urgent need for action in the face of climate change and the mitigation gap, it makes little sense to support inherently climate-dangerous technologies and practices, even if those practices are deemed to be slightly more efficient than business-as-usual. We are no longer in a situation where we can afford to support small changes at the margin. The CDM should categorically exclude project types that lead to technological lock-in of very large amounts of emissions, and those that lead to loss of ecosystems and biodiversity, such as fossil fuel power plants, large hydro-power projects, incinerators, and monoculture plantations.

SUSTAINABLE DEVELOPMENT

The CDM has two principal objectives – achieving cost-effective emissions reductions and achieving sustainable development in the host countries. Nonetheless, many CDM projects have caused environmental and social harm. Unlike other provisions under the CDM, the assessment of whether a CDM project contributes to sustainable development is left to the prerogative of the host country government; the CDM Executive Board does not supervise compliance with sustainable development criteria. The CDM must be revised to ensure increased transparency and to allow for the assessment of sustainable development criteria at the international level. Of particular importance, CDM projects must adhere to sustainable development co-benefit indicators and conduct a ‘do no harm’ assessment to avoid negative impacts of CDM projects. The local communities should have a role in certifying a project’s contribution to sustainable development, and giving a significant part of benefits of the CDM credits directly to the local communities should be explored.

HUMAN RIGHTS

In 2011, the CDM Executive Board registered two projects despite evidence of human rights abuses. Several other cases of abuses directly linked to CDM projects have been reported. The CDM must not support projects that cause human harm, including rights violations. It must be clarified that CDM projects that violate or threaten to violate human rights, including labour rights, are ineligible for registration or will be suspended.

PUBLIC PARTICIPATION IN THE CDM PROCESS

Although it is a key requirement in the CDM process cycle, as established in the CDM modalities and procedures, the stakeholder consultation process has so far been only a mere formality. It is common practice that communities impacted by CDM projects are not informed about CDM projects or given an accurate account of expected impacts. Moreover, civil society is not informed about the short 30-day public commenting period that is only announced online and only allows submissions in English. Current requirements clearly do not ensure adequate means of communication with stakeholders or meaningful opportunities for stakeholders to participate in the design and implementation of CDM projects.

As more than 5,000 projects are currently in the pipeline and will be operational for many years to come, effective means for stakeholder involvement during the implementation of a CDM project

activity need to be introduced. Multiple meaningful opportunities (*i.e.*, in accessible languages) for local and global stakeholders need to be created to enable them to effectively raise concerns throughout the design and implementation of the CDM project and to have them addressed in a timely manner.

GRIEVANCE MECHANISMS

Currently, there is no opportunity for civil society to raise concerns once a project is operational. Yet, as demonstrated by a number of CDM projects to date, CDM projects may result in adverse effects to local communities. Project-affected peoples and communities, as well as civil society groups, must have the right to appeal decisions by the CDM Executive Board. More broadly, they must also have the right to seek recourse when CDM project activities cause harm to communities or the environment at any point during the project cycle, and if claims by project developers prove to be fraudulent.

Only if the CDM is reformed in a way that it can deliver actual climate and sustainability benefits first and foremost to the local communities will it be a “mechanism for the future.” We urge the panel to make specific recommendations on how to address the highlighted shortcomings on all governance levels.

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Signatures:

Khazer Ecological and Cultural NGO	Armenia
Australian Youth Climate Coalition	Australia
Sustainable Population Australia	Australia
ESHO JATI GORHI (EJAG)	Bangladesh
Participatory Research & Action Network- PRAN	Bangladesh
Deepti Bhuban	Bangladesh
SHELTER	Bangladesh
CDM Watch	Belgium
Groupe One	Belgium
11.11.11 -coalition of the Flemish North-South Movement	Belgium
Instituto de Valorização Ambiental e Humana - IVAH	Brasil
Asociacion ANDES	Cusco, Peru
HELIO International	France
Klima ohne Grenzen gemeinnützige GmbH	Germany
Climate Concept Foundation	Germany
Lernen - Helfen - Leben e.V.	Germany
Urgewald	Germany
AusgeCO2hlt	Germany
FIAN International	Germany
Abibimman Foundation	Ghana
NEERI	India
SKG Sangha	India
Water Initiatives Odisha	India
Manipur Nature Society	India

Gujarat Forum on CDM	India
ECONET	India
Regional Centre for Development Cooperation (RCDC)	India
Guru Arjan Dev Institute of Development Studies	India
Paryavaran Mitra	India
Stree Mukti Sanghatana	India
MASS	India
South Asia Network on Dams, Rivers & People	India
GRAM Abhyudaya Mandali	India
Regional Centre for Development Cooperation (RCDC)	India
Centre for Environment Education	India
READ CENTRE	India
Care for Environment & Prakruti Nature Club	India
Uttarakhand Save The Rivers Campaign	India
Himal Prakriti	India
Gori Ganga Jan Sangharsh Morcha	India
REDS	India
Centre for Science and Environment	India
READ Centre	India
Smt. Nandini Satpathy Memorial Trust (SNSMT)	India
Society for Direct Initiative for Social and Health Action (DISHA)	India
SPWD, New Delhi	India
Kalpavalli cooperative	India
South Asia Peace Alliance	India
Institute for Essential Services Reform (IESR)	Indonesia
International Rivers	International
Transparency International	International
Horizon Vert	Mali
Universidad Nacional Autonoma de Mexico	Mexico
Revuetla Verde/Rising Tide Mexico	Mexico
Unión Popular Valle Gómez	México
Entornos Educativos A.C.	México
Maderas del Pueblo del Sureste, AC	México
NCAD- Foundation	Nepal
Water Safety Initiative Foundation	Nigeria
Labour,Health and Human Rights Development Centre	Nigeria
Movimiento 10 de Abril para Defensa del Tabasara	Panama
Asociacion Ambientalista de Chiriqui	Panama
Alianza Ambiental Pro Desarrollo Integral Unidos por Panama (AAPRODIUPA)	Panama
Alianza ProPanamá	Panamá
Alianza ProCiudad	Panamá
Aksyon Klima Pilipinas	Philippines
WISE	Philippines
Asia-Pacific Network for Food Sovereignty	Philippines
Asian Peasant Coalition (APC)	Philippines

ENDA Tiers Monde
 Organization of Indigenous Peoples in Suriname (OIS)
 Johann Dupuis, Individual
 Taiwan Environmental Protection Union
 Both ENDS
 Ecological Christian Organisation (ECO)
 Pro-biodiversity Conservationists in Uganda
 Kyoto2
 Viresh V Patel, Independent Academic Researcher
 Gatun Lake Defense Committee
 Center for International Environmental Law (CIEL)
 International Rivers Network
 Earth Justice
 People and Nature Reconciliation
 CSDM - Center for Sustainable Development in Mountainous Areas

Senegal
 Suriname
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 Taiwan
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 Uganda
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