

**CDM Policy Dialogue: Summary of stakeholder engagement meeting  
in Bangkok, Thailand**

Date and time:	8 June 2012
Location:	UNESCAP, Bangkok (Thailand)
Panel member(s):	Dr. Prodipto Ghosh, Ms. Changhua Wu
Senior expert advisor(s):	Ritika Tewari
Participants:	Group - Government representatives and DOEs (12 participants) Group – Financial institution and CDM business groups (8 participants) Group – Non-governmental organizations (3 participants) UNFCCC team: – Niclas Svenningsen, Flordeliza Andres, Lindita Xhaferi

**Key observations:**

- The issue of duplication of work between the different governing bodies in CDM should be resolved to streamline the CDM process further;
- There is a requirement for more effective communication between different stakeholders in CDM;
- The current stakeholder consultation process is inadequate and needs to be strengthened further;
- While some improvements in the system are required, CDM should play an important role in the future;
- Host countries have compliance systems in place and hence are best positioned to assess whether projects meet sustainable development requirements.

**Proceedings**

During the second day of the Asia Stakeholder Consultation, the panel conducted individual meetings with different stakeholder groups. The discussions are summarized as follows:

**Governance**

Some participants pointed out that there is duplication between the work of the secretariat and the Registration and Issuance Team (RIT) as both review the work of the DOEs. CDM business groups stated that the secretariat should not re-evaluate a project evaluated by a DOE. Instead it should do a random sampling of projects and the errant DOEs should face stricter consequences for non-performance. Further, they observed that the current process of validation and verification are repetitive assessments, especially for small scale projects. Some DNAs felt that the secretariat should be more facilitative and keep DNA informed about the progress of projects post issuance of Letters of Approval.

DOEs and NGOs mentioned that currently project participants (PPs) and consultants do not face legal liability if they provide incorrect information to DOEs. Therefore, in cases of excess issuance due to incorrect information by PPs, the liability should be shared between PPs and DOEs. Reacting to this, the CDM business groups stated that the PPs are already liable under national laws.

Some participants reflected on the need for more capacity building of DNAs to ensure they can implement and monitor projects by doing site-visits. The example of REDD+ was given, where a lot of capacity building is underway. It was stated that CDM could learn from Gold Standard, which trains local experts to undertake frequent site visits. However, the cost of the site visit is transferred to the project participant.

The DOEs specifically pointed out the need for further improvement in direct communication between the DOEs and the secretariat. Some DOEs highlighted incidents when their queries (even on methodological issues) were not answered by the secretariat. They also voiced concerns about the complexity of procedures for post-registration changes and said that there should be a portal for clarifications. Some participants acknowledged the recent efforts done by the secretariat to enhance communication with CDM stakeholders. However, technical issues still exist with such calls (line interruptions, delay in posting of meeting reports). Further, the need for a designated person in the secretariat for addressing concerns and queries of DOEs was pointed out.

Participants observed that the role of secretariat has been very significant in the success of the CDM. At present, however, they have very large workload which impedes quick response. A participant stated that there is need for a systems change and the EB should only have a supervisory role. This view was, however, contested by other participants.

## **Impact**

Participants pointed out that the main barriers to implementation of the CDM were uncertainty of the CERs price, time consuming CDM procedures, need for clearer guidelines by the EB, unfavorable investment climate of a country, lack of institutional capacity, and lack of technical and institutional capacity in some countries.

From the arguments presented, it emerged that there is a need for clearer communication between DOEs and the EB, and DOEs and PPs. Reacting to concerns about the lack of sincerity of DOEs towards some projects, DOEs stated that there is a requirement of reporting the status of projects every six months to the EB. Failing to do so affects the performance assessment of DOEs. Hence, DOEs are accountable to project proponents and cannot have a lax approach.

The participant DNAs said that there is a need for frequent dialogue among DNAs to share best practices in terms of SD indicators. Most DNAs did not welcome the idea of mandatory reporting, stating that their countries have compliance systems in place and hence they are best positioned to assess compliance. One DNA mentioned that they are in the process of developing performance requirements that could be submitted by project developers to explain how they are complying with the requirements for Sustainable Development.

Participants from Non-Governmental Organizations (NGOs) observed that CDM, in its present form, lacks serious stakeholder consultations. There is a need for clearer guidelines on this issue. Further, they mentioned that the current validation process does not include checking of the EIA

reports (unlike Gold Standard) and that it should be included to ensure that environmental sustainability is taken seriously by DOEs.

### **Future Context**

Not speaking much on the role of the EB, secretariat and DOEs, all stakeholder groups expressed the need for emerging carbon markets to have internationally agreed rules (as provided by CDM). They also stressed the need for accountability and common standards (for MRV) in the new system/s to ensure the comparability of a ton of carbon abated. A participant said that if the emerging mechanisms share similar MRV systems then it will be much easier to merge all in future and suggested that EB should facilitate sharing of information between mechanisms.

A DNA suggested that the CDM should serve as an umbrella mechanism for the NMMs. The EB could be positioned as a central body for a common registry to ensure that standards of each mechanism are at least equivalent to the CDM. Separate governing bodies should be created for efficient functioning of each of the mechanisms.

Participants also voiced concerns about the decreasing demand for CERs. A participant stated that the main reason for imbalance in supply and demand is the low ambition levels of Annex I, and the artificial restrictions placed for some countries. However, other participants still stressed that there is a significant role of the CDM in the future. There is need for some improvements in the mechanism but no other mechanism has grown the way CDM has, they said.