

Questions to Project Participants

8 May 2012



CDM Policy Dialogue

Introduction

The high-level panel of the CDM policy dialogue was established in late 2011 by the CDM Executive Board to carry out the CDM policy dialogue as a high-level independent process and take stock of lessons learned. The aim of the dialogue is to provide recommendations on how to best position the CDM in the future. The panel's mandate is wide-ranging, allowing it to decide for itself what issues and aspects of CDM it wishes to consider, and what methods to use to address them. The recommendations are to be presented at the 69th meeting of the CDM Executive Board in September 2012, and will also be made publicly available. The recommendations are expected to influence the future design and operation of the CDM, as well as other new market based mechanisms.

The high-level panel convened for the first time on 14-15 February 2012 in Bonn, Germany. At this meeting, the panel adopted the approach that it will follow to provide the report and recommendations expected. The three main elements of this approach consist of:

- a. A research programme
- b. A stakeholder engagement plan, and
- c. A process for drafting the final report.

The research program was set to address three specific aspects of the CDM:

- 1) impact of the CDM,
- 2) governance and efficiency of the CDM, and
- 3) future context of the CDM.

Stakeholder input from Project Developers

The panel requests the Designated National Entities (DNAs), who are key stakeholders in the CDM process, to present their opinions on some issues raised about the CDM. The key source for these questions was a call for input that was closed in January 2012 and received 58 responses from different stakeholders. The questions have been further guided by previous consultations held in Shenzhen, China (13 March 2012), Brussels, Belgium (23 March 2012) and Bonn, Germany (22-25 March 2012).

Kindly send across your feedback/comments/views on the following issues to the policy dialogue contact facility: www.cdmpolicydialogue.org/contact or through the email CDM-Policy-Dialogue@unfccc.int by 31st May to facilitate the panel's work.

Governance and efficiency of the CDM

1. Do you have specific suggestions on how the efficiency and cost-effectiveness of the CDM project cycle may be improved without compromising the environmental integrity of the mechanism?
2. Do DNAs fulfill their roles in the project cycle efficiently? How objectively are sustainable development criteria applied by DNAs? What are best practices in the role played by DNAs in different countries?
3. Do you have any concerns about the current process for validation and verification, including with the role of DOEs?
4. What is your view on the function of DOEs? Do they discharge their duties effectively? Do you have any suggestions for how to improve their function and efficiency, including with regard to how they are hired and paid by the project developer?
5. Do you think that country specific DOEs (DOEs specialized within one country) could improve project registration? If so, in what way?
6. Is it reasonable to hold a DOE liable for damages (e.g. due to delays) that are based on negligent conduct of this DOE? What are, in your experience, the options to appeal a decision of a DOE?
7. Under what circumstances and for what damages (excess issuance, environmental and sustainability aspects, etc.) would you accept that project proponents can be held liable? What entity would bear the liability (project owner, consultant, CME, etc.) and what impacts on the business operation could be foreseen?
8. Overall, is the current stakeholder consultation process adequate? Otherwise, do you have any suggestions on how the current stakeholder consultation processes can be improved (in particular for projects that have attracted criticism)?
9. What is your view point on an appeals process for registration and issuance decisions (e.g. scope of review)? What according to you is the reason for delay in its adoption?

10. Do you think the current guidelines for assessing additionality of CDM projects are adequate and effective? Otherwise, do you have any suggestions, possibly in the following areas, on how they can be improved?

- a. Consideration of national sectoral policies (E+/E-) and ODA
- b. Timing of assessment – i.e., only at the time of investment decision or continue to post-implementation (e.g., reassessing additionality due to change in project design from the registered PDD)
- c. Certain CDM projects/project types for which concerns about additionality have been raised (e.g., industrial gas projects, large hydro and coal projects)
- d. Appeals process (for registration and issuance decisions) and liabilities for negligent conduct and excess issuance (including allocation between the PP and DOE)
- e. Other (Pls. identify, if any)

11. Do you agree that there is a need to verify the additionality of CDM projects after registration? Why/Why not? What events and circumstances could change additionality after registration?

12. What is your overall view on the role of the CDM Executive Board in the CDM Process? Does the EB discharge its responsibilities effectively? Otherwise, can you suggest ways in which the EB performance can be improved?

13. Please comment on the secretariat as a body in the CDM process. Does the secretariat discharge its responsibilities effectively?

14. Does the current system, in your view, provide for effective means of communication between various stakeholders in the CDM process, e.g., between DOEs and Project Proponents, Project Proponents and EB, EB support structures and DOE/Project Proponents, and Secretariat and other stakeholders etc.). Can you suggest any improvements?

Impact of the CDM

15. What is, in your view, the main purpose of the CDM? Should the CDM contribute to net mitigation of greenhouse gas emissions or is it simply a pure offset mechanism? Which of the following additional objectives should CDM aim to achieve, and why?

- a. Sustainable development
- b. Technology transfer
- c. Regional distribution (of benefits associated with CDM projects)

d. Other (Pls. identify, if any)

16. Do you think the CDM has contributed to sustainable development in host countries? If so, in your view, what aspects are most significant (e.g., increased renewable energy supply, demand-side energy efficiency, employment and income generation, etc.)? Do you have any suggestions for how such contribution could be enhanced?

17. Do you think that the CDM has contributed - directly or indirectly - to increased renewable energy supply and/or increased demand-side efficiency in host countries? Please explain on what basis you form your view on this matter.

18. Should large scale hydro power plant projects remain eligible in the CDM? What is your view on the criticism that has been leveraged against such projects?

19. Did CDM contribute to technology transfer in the projects assessed by you? Do you see any trends in how specific sectors or countries have benefited from the technology transfer? Are there ways in which such trends can be improved or replicated in other sectors and countries?

20. Do you consider that the CDM has leveraged new and additional financing for mitigation? If so, are there any particular sectors or countries where you find technology transfer being more prominent? What do you think are the barriers and enabling factors for technology transfer?

21. How should the CDM Executive Board aim at increasing the regional distribution of projects and mitigation activities? Do you see PoAs making a difference?

22. What factors influence CDM implementation in particular countries, and constrain CDM investments in underrepresented regions such as LDCs?

23. To what extent has suppressed demand for energy and other services been recognized in carbon accounting and operationalized as a source of avoided future emissions?

24. Are suppressed demand and standardized baselines pertinent issues for the future of CDM? what are the implications if these are taken into account, and how should CDM procedures be reformed to realize this?

Future context of the CDM

25. What is your overall view regarding the future of the CDM? Will it continue to play an important role in future carbon markets?
26. What, in your view, are the most important factors that will influence the demand and supply situation in future carbon markets?
27. In view of the emergence of other carbon market mechanisms (e.g. voluntary, domestic, bilateral, UNFCCC), what do you think is the CDM's comparative advantage? Can the CDM complement or contribute to emerging carbon market mechanisms around the world, e.g. in improving standards for carbon mechanisms?
28. What is the CDM's comparative advantage amongst the proliferation of mechanisms, and how might the CDM complement or contribute to emerging carbon market mechanisms?
29. In light of the emergence of new carbon markets outside of the UNFCCC and EU ETS what role, if any, should CDM play in directly issuing credits to these markets?
30. Should the CDM have a role in linking future carbon markets and pave the way towards a global carbon market, e.g. by providing common baselines and methodologies, or by allowing CER to be used as a global standard for internationally recognized offsets?
31. Should REDD+ project activities be incorporated in the CDM? What are the options of incorporating REDD+ in CDM so as to build learning-by-doing? What are the advantages and disadvantages of these options?
32. Should project-by-project offset generation, as currently carried out in the CDM, remain part of the future climate mitigation architecture? Are there sectors or regions where project based CDM is more suitable as an offset generator than other types of carbon market mechanisms?
33. Should the CDM remain embedded in the United Nations/UNFCCC? What, in your opinion, are the advantages and disadvantages of operating the CDM under the United Nations / UNFCCC?