

CDM-EB92-AA-A10

Annual report on communications and feedback from stakeholders

Version 01.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board of the clean development mechanism (hereinafter referred to as the Board) at its sixty-second meeting adopted the “Procedure on direct communication with stakeholders” and subsequently revised the procedure at its eighty-second meeting. The procedure requires that the Board be provided with an annual report on all communications received through the dedicated interface on the UNFCCC CDM website and inputs received during workshops and events.

2. Purpose

2. The purpose of this document is to summarize and analyse all communications from stakeholders to the Board and to the secretariat from 1 October 2015 to 30 September 2016.

3. Impacts

3. The feedback received from stakeholders resulted in the identification of areas for improvement with respect to CDM regulations and operational activities.

4. Subsequent work and timelines

4. Improvement work is currently in progress. Any future work to address other key areas will require further analysis and an assessment of options and will be done in the context of revising the relevant regulatory documents.

5. Recommendations to the Board

5. The secretariat recommends that the Board take note of the information contained in this document;

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1. Introduction

1. At its sixty-second meeting, the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) adopted the “Procedure: direct communication with stakeholders” and subsequently revised the procedure at its eighty-second meeting. The procedure requires the secretariat to submit an annual report to the Board on all communications received through the dedicated interface on the UNFCCC CDM website, including letters to the Board, emails, and inputs received during workshops and events.
2. The report covers the period from 1 October 2015 to 30 September 2016 and includes a summary and analysis of communications to the Board and the secretariat.

2. Analysis of communications

2.1. Scope

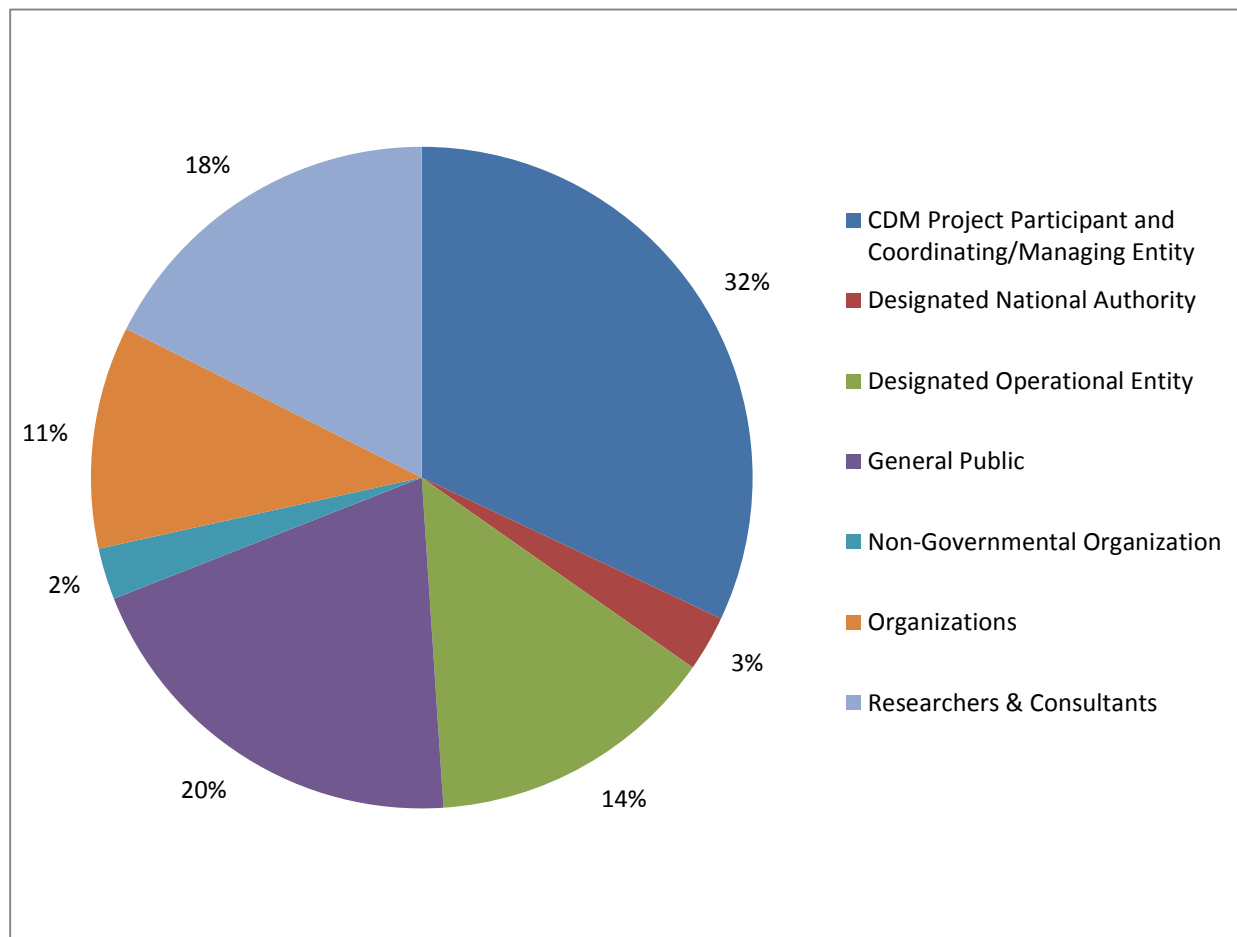
3. The scope of the analysis includes (i) stakeholder communications related to improving the understanding and application of CDM rules; and (ii) feedback on existing CDM rules. Stakeholder communications that are ‘case-specific’ (e.g. dealing with the processing of cases relating to registration, issuance, accreditation, methodologies or standardized baselines) fall outside the scope¹.
4. During the period under review, a total of 478 stakeholder communications were received and processed. Of these, 70 were letters to the Board and 408 were emails to the secretariat.

2.2. Communications by stakeholder type

5. Project participants, designated operational entities, intergovernmental organizations, non-governmental organizations, designated national authorities, researchers, consultants, the media and the general public were among the submitters.

¹ Stakeholder queries and communications received during CDM workshops and events planned and organized by the Regional Collaboration Centres are included in the analysis provided in this report, including in section 3 on impact.

Figure 1. Per cent of communications by stakeholder type

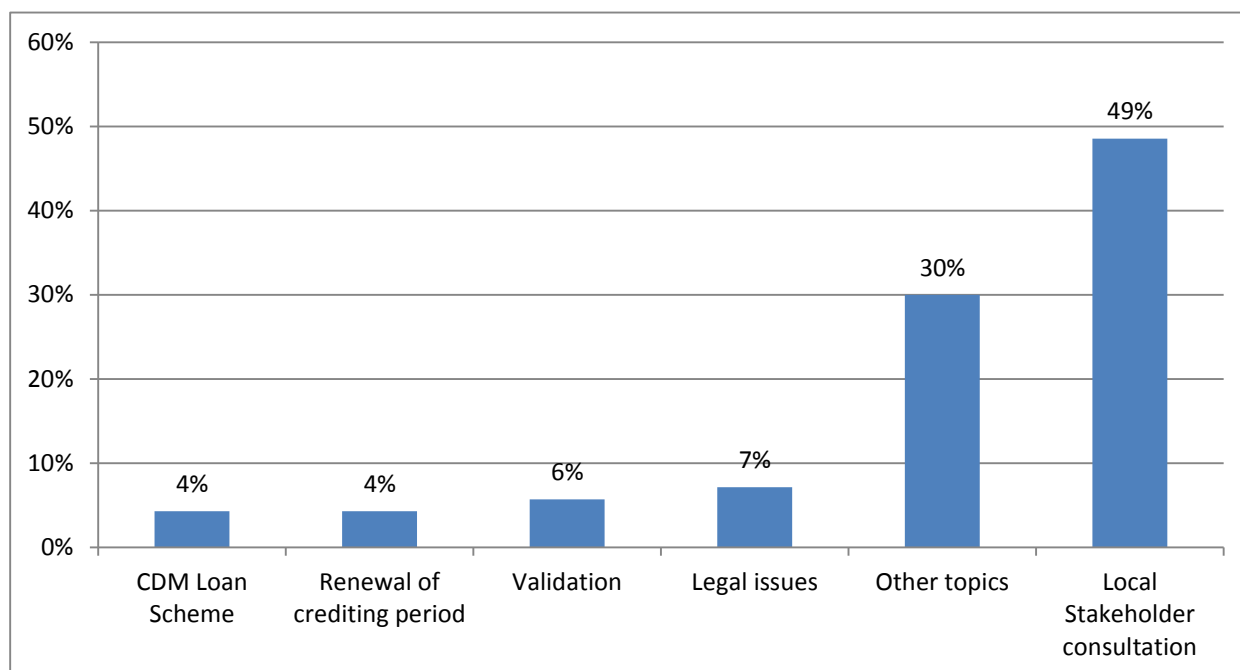


2.3. Main topics

2.3.1. Letters to the Board

6. Letters to the Board were primarily related to local stakeholder consultations, legal issues, validation, renewals of the crediting period and the CDM Loan Scheme. Letters were also received on topics such as requests for issuance for selected monitoring periods, scheduling of requests for registration submissions, guidance on the republication of project design documents following a post-global stakeholder consultation project design change, requests to extend the 10-year crediting period to 21 years, and requests for the removal of bundle partners.
7. Figure 3 below shows the most frequent topics of enquiry.

Figure 2. Letters to the Board by topic



8. Table 1 summarizes the main resolution/outcome for each main topic included in letters to the Board.

Table 1. Letter to the Board by topic and resolution/outcome

Reporting year: 1 October 2015 to 30 September 2016		
Most common topics	Issues raised	Resolution/outcome
CDM Loan Scheme	Case-specific submissions	Redirection of communications to the implementing agency of the CDM Loan Scheme
Renewal of the crediting period	Shifting of the start date by more than two years in a non-least developed country	Regulatory improvement related to changes to the start date of the crediting period (details in section 3.3. below)
Local stakeholder consultation (LSC)	Timing of LSC: seeking exemption from the requirement in paragraph 78 of the “CDM project cycle procedure”	Regulatory improvement on timing of LSC (details in section 3.1 below)
Stakeholder rights and concerns	Stakeholder rights; alleged environmental concerns, contractual question regarding validation/verification in conflict zones	Regulatory improvement to the design of the LSC (details in impact section 3.1 below) and the direct communication procedure (details in section 3.4 below), as well as the provision of clarifications

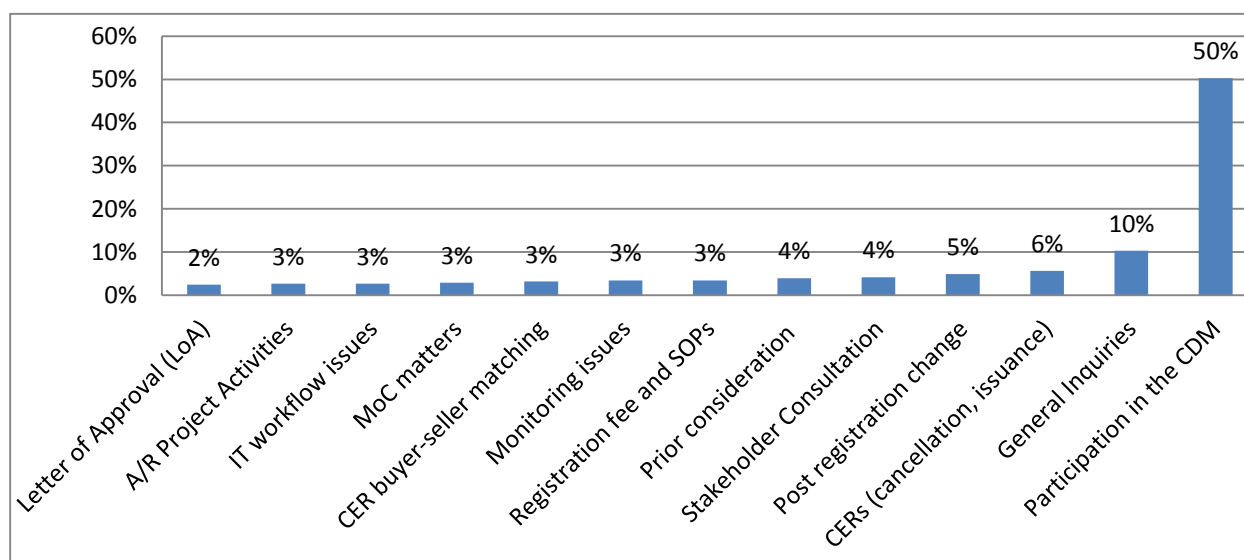
Reporting year: 1 October 2015 to 30 September 2016		
Miscellaneous topics	Request for a waiver of the share of proceeds; guidance on the republication of project design document following a post-global stakeholder consultation project design change; submission of request for issuance for selective monitoring periods; request to extend 10 year crediting period to 21 years; request for removal of bundle partners; and scheduling of request for registration submissions	Provided clarifications on and made operational improvements to the scheduling of request for registration and issuance submissions (details in section 3.4 below)

2.3.2. Substantive queries to the secretariat

9. Queries to the secretariat were primarily related to: (i) prior consideration of the CDM; (ii) local stakeholder consultation; (iii) post-registration changes; (iv) certified emission reductions (CERs) (cancellation, carry-over and issuance of CERs); (v) participation in the CDM; and (vi) general, administrative and/or operational issues.

10. Figure 4 shows the most frequent topics of enquiry.

Figure 3. Queries to the secretariat by topic



11. Table 2 summarizes the main resolution/outcome for each main topic.

Table 2. Queries to the secretariat by topic and resolution/outcome

Reporting year: 1 October 2015 to 30 September 2016		
Most common topics	Issues raised	Resolution/outcome
Letter of approval (LoA)	Enquiries on whether requests for registration can be submitted without a LoA, as obtaining one is sometimes difficult due to reasons beyond the control of the project participants	Reference to CMP 11 decision indicating that no agreement was reached to allow submission without a LoA
Afforestation and reforestation (A/R) project activities	Enquiries on how to register an A/R project activity; requests for funding support; general information about planting trees and forests	Provision of general information and a link to the A/R manual available on the UNFCCC CDM website; offer of technical assistance by the Regional Collaboration Centres
IT workflow issues	Request to retrieve login credentials; erroneous uploading of project documentation	Resolution of IT issues raised by the users of UNFCCC CDM website/workflow
Modalities of communication	General queries related to changes to the "Modalities of communication statement"	Provision of general information and links to how-to guides available on the UNFCCC CDM website
Certified emission reduction (CER) buyer-seller match-making	Follow-up queries on communications sent to project participants on the promotion of CERs, e.g. call for CER purchases by Annex I Parties; promotion of voluntary cancellation platform	Provision of general information
Monitoring issues	Enquiries on whether requests for issuance can be submitted for selective monitoring periods	Reference to the response to a similar communication provided in the EB85 meeting report, paragraph 69(c)
Registration fee and share of proceeds (SOP)	Request to waive SOP or revision of fee structure; request for refund of registration fee; partial payment of SOP	Reference to existing rules and requirements
Prior consideration of the CDM	Enquiry of about prior consideration and relevant requirements	Provision of the project cycle flyer and reference to the relevant regulatory documents
Local stakeholder consultation	Enquiry regarding the consequence of not complying with paragraph 78 of the "CDM project cycle procedure" with regard to the treatment of comments received at stakeholder meetings	Reference to existing rules and requirements in the relevant regulatory documents
Post-registration changes	Request for clarification of post-registration change rules and requirements	Reference to the relevant regulatory documents

Reporting year: 1 October 2015 to 30 September 2016		
CERs (cancellation, carry-over, issuance)	General requests concerning the voluntary cancellation of CERs and CERs in general, procedural requests (deadlines and process), batch issuance, partial forwarding, deadlines, and errors in issuance dates	Provision of general information
General, administrative and/or operational issues	General inquiries related to where to find CDM-related information and data related to rejected/deregistered projects, registered projects, CERs issued and CER prices; requests for CDM data and analysis, requests for focal point information and the unilateral withdrawal of focal points ²	Reference to UNFCCC CDM website and regulatory improvements to the MoC procedure for the unilateral withdrawal of focal points (details in section 3.2. below)
Participation in the CDM	Enquiries about the carbon market, eligibility to participate in the CDM, carbon pricing, offsetting, how to procure CERs, grants for projects, sharing of project ideas, etc.	Provision of general information

3. Impact of stakeholder communications on the regulatory framework and/or operations of the CDM

12. The information received through the stakeholder communications process is reviewed and assessed and supports the continuous improvement of CDM regulations and operations. Additionally, to monitor the stakeholder communication process the Board, at its eighty-fourth and ninetieth meetings, adopted the following key performance indicators related to stakeholder communications to be reported annually:
- (a) Proportion of communications to the Board processed within the specified timelines;
 - (b) Proportion of communications to the secretariat processed within the specified timelines;
 - (c) Proportion of communications escalated to the Chair of the Board by a stakeholder after a response is received from the secretariat;
 - (d) Proportion of stakeholders using the correct channels of communication.
13. As a result of the monitoring and continuous improvement processes, significant work is currently underway. Much of this work is happening under the current MAP project related to the simplification and streamlining of the CDM. The improvements described in

² A letter to the Board was received on 6 July 2015 as a follow-up to the initial emails.

this section were primarily initiated by the Letters to the Board³ as outlined in Table 1 above.

3.1. Improving the local stakeholder consultation process

3.1.1. Design of the local stakeholder consultation process

14. Communications were received from stakeholders that supported the proposals made by the secretariat on improving stakeholder consultation processes (CDM-EB86-AA-A15) while underlining the need for human rights protections when developing and implementing mitigation activities, such as CDM project activities.
15. The Board, at its eighty-sixth and eighty-seventh meetings, considered a concept note on the improvement of the stakeholder consultation processes (CDM-EB86-AA-A15) and agreed, in principle, to the local stakeholder consultation processes described in CDM-EB87-A12-INFO.⁴ This includes (i) new requirements for the local stakeholder consultation processes (e.g. the scope of the local stakeholder consultation process, minimum group of stakeholders to be involved, means for inviting stakeholder participation, information to be made available to stakeholders, etc.); and (ii) a new stakeholder consultation process following a post-registration change. A work-in-progress document containing the draft regulation is available on the UNFCCC CDM website.⁵

3.1.2. Timing of local stakeholder consultation

16. Project activities and PoAs that have already started cannot go back in time to conduct the local stakeholder consultation before the start date (retroactively), as required in paragraph 78 of the CDM Project Standard (version 09.0). Project participants also face difficulties fulfilling the requirement in paragraph 78 of the *CDM Project Standard* (version 09.0) due to national regulation related to local stakeholder consultation. Before the project start date, project developers usually do not have the information or documents such as a draft project/programme of/component project activity design document that are required by national regulation to undertake a CDM specific local stakeholder consultation in many jurisdictions.
17. Work is currently in progress to determine feasible solutions. The Board, at its ninety-first meeting requested the secretariat to analyse the feasibility of the current requirement that the project participants or the coordinating/managing entity shall complete local stakeholder consultation before the start date of the CDM project activity, PoA or CPA, and, if appropriate, propose an alternative to this requirement.

3.2. Improving the modalities of communication process

18. Project developers experience situations where projects are abandoned or focal point entities simply cease to exist, which means it is impossible to obtain a signature for necessary changes to the “Modalities of communication statement”, resulting in stranded projects.

³ Letters to the Board is a key driver for change to CDM regulations or CDM operational activities.

⁴ <https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20151130115522180/Info_note61.pdf>.

⁵ <<https://cdm.unfccc.int/UserManagement/FileStorage/NIJSDTZ25O08EB4F7LP6YXVRUM1GAC>>.

19. The Board, at its eighty-ninth meeting, considered a concept note on “Reducing risk of disputes and irregularities in the modalities of communication process” and agreed, in principle, to the concept of the voluntary withdrawal of the focal point. The Board, at the same meeting, requested the secretariat to, inter alia, develop a process for the voluntary withdrawal of focal points. Draft amendments to the relevant regulatory documents, including the process, will be sent to the Board for consideration at a future meeting.

3.3. Increasing flexibility in changing the start date of the crediting period

20. Some registered project activities currently lie dormant in the CDM pipeline, where the project participants have either not completed the implementation or not initiated monitoring and/or verification. The primary reason for inaction or the inability to implement project activities appears to be the prevailing carbon market conditions in which project participants have stalled activities to wait for the carbon price to recover. In addition, in some cases, implementation of the registered project activities cannot be started due to unavoidable or force majeure situations.
21. The Board, at its eighty-sixth meeting, agreed to remove the limitation on the number of years required to change the start date of the crediting period and allow any request for a change of the start date of more than two years (more than four years for least developed countries) to be submitted through the previous approval track. For such cases, the additionality of the project activities would need to be re-demonstrated in addition to the existing requirement to re-evaluate the baseline to ensure environmental integrity. The preparation of draft amendments to the relevant regulatory documents to operationalize the proposed procedure for the consideration of the Board at a future meeting is ongoing.⁶

3.4. Improving operational activities

3.4.1. Assessment of registration and issuance submissions

22. Stakeholders raised concerns regarding the secretariat delay in scheduling the registration and issuance requests. The Board, at its eighty-eighth meeting, requested the secretariat to prioritize the assessment of registration and issuance submissions over the planned deliverables contained in the Executive Board work plan. Additional measures including the redeployment of staff are being implemented to reduce the pendency as well as an internal review of relevant processes.

3.4.2. Responding to out of scope queries

23. Stakeholders’ concerns with regard to specific CDM project activities are, at times, outside the scope of CDM rules and regulations. The Board, at its eighty-seventh meeting, agreed to forward such concerns to relevant bodies within the United Nations system and within the host government.

⁶ <<https://cdm.unfccc.int/UserManagement/FileStorage/NIJSDTZ25O08EB4F7LP6YXVRUM1GAC>>.

4. Conclusion

24. While much has already been done to address stakeholder concerns through a combination of operational and regulatory improvements, any future work to address other areas will require further analysis and an assessment of options.

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	17 October 2016	Initial publication as an annex to the annotated agenda of EB92.
Decision Class: Operational Document Type: Information note Business Function: Governance Keywords: communications, data collection and analysis, reporting procedures, transparency		