

SUBMISSION FOR AFRICAN GROUP'S VIEWS ON THE REVIEW OF THE MODALITIES AND PROCEDURES FOR THE CLEAN DEVELOPMENT MECHANISM (CDM) AND COMMENTS ON THE TECHNICAL PAPER BY THE UNFCCC SECRETARIAT.

I. OVERVIEW

With reference to the above, this submission serve as a respond to the invitation made at the 39th session of the Subsidiary Body for Implementation (SBI 39) for Parties to submit their views on proposed changes to the modalities and procedures of the clean development mechanism (CDM) by April 30, 2013. This submission condenses the views of the African Group on the suggested changes to the modalities and procedures for the CDM.

It contains elements for a potential revision of the CDM Modalities and Procedures (CDM M&P) and responds to issues raised in the technical paper prepared by the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat (FCCC/TP/2014/1).

II. VIEWS ON THE POSSIBLE CHANGES TO THE MODALITIES AND PROCEDURES FOR THE CDM

It is requested that the Secretariat prepares a draft of the revised CDM M&P for discussion prior to COP20/CMP10 from 1-12 December 2014 that incorporates the following:

1. The CDM M&P shall include a separate section on Programme of activities (PoAs), recognizing the need to treat the PoA framework differently to single project activities. The new PoA section should, inter alia:
 - a. Include a description of the PoA project cycle that allows for **the option (i.e. not mandatory)** of a simplified validation and registration process for activities that satisfy micro-scale thresholds and are considered automatically additional. This process would permit the:

- Validation of PoAs without the submission of a specific CDM programme activity (CPA);
 - Inclusion on the basis of a pre-approved standardized inclusion template of CDM Component Project Activity (CPAs) directly by the Coordinating and Managing Entity (CME) without prior validation through a DOE.
- b. Recognizing that the PoAs is different to single CDM project activities, allow multiple issuances for CPAs within a monitoring period in order to align the monitoring and verification to the practical implementation realities of individual CPAs, which often have different monitoring and verification schedules.
- c. Develop separate guidance for multi-country PoAs that allow PoAs to include additional host countries without causing issuance delays for host countries that are already included. The inclusion of activities in countries that submit LoAs later should be allowed at the point in time the host country has submitted their LoAs.
- d. Revise the definitions and thresholds relating to the size of small scale and micro scale project activities by specifying a threshold for the individual units within a CPA rather than applying thresholds for the aggregated size of the CPA.
2. Add a provision to section G (validation and registration) of CDM modalities and procedures for single (non-PoA) projects that permits:
- a. Clean Development Mechanism project activities that qualify as automatically additional (e.g. through positive lists, microscale additionality or standardized baselines) and use pre-approved emission factors (e.g. default values in the methodology or standardized baselines) **can opt** (i.e. not mandatory) for simplified validation and registration so that;
- Registration is approved on the basis of a standardized pre-approved registration template using objective criteria without prior validation through a DOE;

- Ex-post confirmation of the compliance to the registered template of the implemented project activity is undertaken by the DOE during first verification.
- b. Considering that at the point of registration, the practical implementation of monitoring requirements can often not be sufficiently anticipated by project proponents, DOEs should be able to approve changes to the monitoring plan at the point of verification that do not have any impact on the validation decision (i.e. do not impact the baseline, the additionality determination, etc.).
- 3.** The CDM M&P shall include a separate section on the role and responsibilities of the DNAs, incorporating the following:
- a. Minimum guidance on what needs to be included within a LoA but not restrict DNAs who may wish to add additional conditions such as length of validity or terms for withdrawal, etc.
 - b. Role of DNAs need to be extended to cover issues such as development of standardized baselines, notification of prior consideration of the CDM, proposition of automatically additional specific microscale renewable technologies and measures, special underdeveloped zones in the countries of the DNAs, streamlined project cycle, etc.
- 4.** Improving access of Land Use, Land-Use Change and Forestry (LULUCF) to CDM so that:
- a. Further activities beyond afforestation or reforestation (A/R) can be included.
 - b. Alternative concept to non-permanence can be applied.
 - c. The eligibility criteria of lands to qualify for A/R is reviewed, and
 - d. Monitoring procedures are simplified.
- 5.** Review composition of the CDM Executive Board
- a. Provide additional seats for Least Developed Countries (LDCs) and for business and civil society (one non-voting member).

- b. Improve the gender balance on the board.

III. SPECIFIC COMMENTS ON THE TECHNICAL PAPER PREPARED BY THE UNFCCC SECRETARIAT

The following comments reflect views expressed during the discussion on some of the issues raised by the technical paper. The issues are presented in the same order they are raised in the technical paper and do not reflect any prioritization. In general it is recommended that language in the revised CDM M&P is not overly prescriptive on issues of a technical nature where there may be a need for flexibility in the future.

A. Membership and Composition of the Executive Board of the Clean Development Mechanism (Paras. 7-42)

- i. It is recommended that non-voting seats are created for a single representative of the private sector and a single representative of NGOs.
- ii. An additional permanent seat should be created for a LDCs representative to attend in addition to the existing members. The quorum and voting rules should be amended accordingly.
- iii. The maximum length of service for individuals is recommended to be eight years on the EB during their lifetime, as outlined in Para 26 (a), Pg. 8 in the technical paper.
- iv. The provisions in the CDM MP regarding code of conduct should be strengthened to mitigate real or perceived conflict of interest as outlined in para 38 (b), Pg. 11.

B. Liability of DOEs to compensate for the issuance of CERs resulting from significant deficiencies in validation, verification and certification reports (Paras 43-58)

- i. Recommend that para 22-24 in the existing CDM M&P are retained and are not deleted as proposed in para 43, PG 12 of the technical paper.
- ii. The revised CDM M&P should not try to define a concrete rule, since further technical analysis is recommended to be undertaken in exploring the different options to define

the optimal solution. Instead of defining a rule it is recommended that language in the revised CDM M&P should be drafted in a way that ensures; environmental integrity is preserved, that no additional costs are passed on to project developers, and that the level of liability is reduced to a level which allows DOEs to perform.

C. Provisions for programmes of activities (Paras 59-67)

- i. It is recommended that a specific section is inserted into the CDM M&P that defines key principles, definitions and rules that are specific to PoAs and clarifies the application of other sections in the CDM M&P to PoAs as defined in the first part of para 62, pg. 17.
- ii. Furthermore the section should be drafted in such a way that the difference between CDM project activities and those activities implemented under the PoA framework are clarified. Recognition that PoAs add CPAs during the operational lifetime of the PoA should be acknowledged. Such language should also allow for the addition of new host parties to multi country PoAs at different points in time (see Para 67 (c) Pg. 20 and allowing CPAs to have different monitoring and verification schedules, with timings to be chosen by the coordinating/managing entity (CME) as defined in Para 67 (d), Pg. 20 in the technical paper.

D. Length of the crediting period (Paras 68-74)

- i. It is recognized that the crediting period currently applied is somewhat arbitrary; however, it has the advantage that it is simple. Further technical work is recommended that explores market penetration rates for different technologies and the possibilities for perverse incentives that could be created by generating technology specific crediting periods before amending the CDM M&P. The appropriate place for determination of technology specific crediting periods is within the methodologies.
- ii. The CDM M&P should emphasize that additionality should only be assessed at the point of registration and not at the renewal of the crediting period.

E. Requirements for the demonstration of additionality (Paras 75-105)

- i. The CDM M&P revision as proposed in para 83, pg. 23 regarding the inclusion of principles for standardized baselines and Para 86, Pg. 24 regarding positive lists described in the technical paper should be included in the next revision to the CDM M&P.
- ii. The technical paper explores dynamic baselines, common practice analysis, first of its kind and technology types. These technical issues are very country and project specific and it is therefore recommended that they need not be addressed in the revised CDM M&P but instead be resolved within specific EB rulings or within specific methodologies as is currently the practice.

F. Further elaboration of the role of designated national authorities (Paras 106-130)

- i. A new section should be developed in the revised CDM M&P to elaborate principles that clarify the role of the DNAs to improve the transparency and predictability of the CDM (Para 109, Pg. 28).
- ii. Such principles should also include requirements that DNAs make information publicly available as defined in Para 112. In the revision the language should clarify that a DNA is not responsible for national approval processes, neither for publishing information listed in paras c and d but can opt (i.e. not mandatory) to provide information on these procedures, policies, etc.
- iii. DNAs should not be allowed to validate CDM project activities and programmes of activities.
- iv. It is the role of the DNA to receive complaints from stakeholders (that are not regarding issues related to emissions reductions or removal enhancements of a registered CDM project activity). In the event that the EB receives such complaints these should be forwarded to the appropriate DNA.

- v. It is not clear what added value is gained by holding a Global Stakeholder consultation at the point of verification, since the project is already implemented and in many cases operating (see Para 121, Pg. 30). Such a revision is likely to only increase transaction costs.
- vi. The minimum requirements for a LoA as defined in para 123, Pg. 30 and 126, Pg. 31 of the technical paper would improve transparency in the CDM and should be included in the revision of the CDM M&P.

G. Simplification and streamlining of the project cycle for certain project categories (Paras 131-154)

- i. A streamlined project cycle should only be included as an option for single projects (not PoAs), i.e., not be mandated for both single projects and PoAs as currently proposed in the technical paper Para 135, Pg. 34. For PoAs, a streamlined project cycle would include validation of PoA-DDs without specific CPAs and inclusion of CPAs by the CME (see Section II of paper above for clarification on process recommended).
- ii. The thresholds defined for small scale and micro scale activities should be applied to the unit level as proposed in Para 143, Pg. 36.
- iii. Recommendations to improve the CDM M&P for afforestation and reforestation projects as outlined in Para 147, Pg. 36 regarding the use of statistical methods as well as allowing for periodic verifications and certifications for A/R CDM project activities as described in Para 152, Pg. 37 would greatly streamline procedures for these projects thereby reducing transaction costs.