



## Annex 4

### INFORMATION NOTE ON THE APPLICATION OF THE REQUIREMENTS FOR CONSIDERATION OF STAKEHOLDER INPUTS IN THE VALIDATION PROCESS

#### I. Background

1. At its sixty-first meeting the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) considered a note submitted by a member of the Board on improvements of guidance regarding stakeholder and public participation in the CDM process. The document highlights issues of consideration of stakeholder comment in the validation process and the introduction of an early interaction with project proponents and other stakeholders on the grounds of review based on the initial assessment by the secretariat.
2. The Board requested the secretariat to develop an information note on the application of the requirements for consideration of stakeholder inputs in the validation process to be considered by the Board at this meeting. The Board also requested to include in the note possible questions to be put forth in a call for public inputs.
3. This note provides a high level analysis of how the Board's requirements with regard to stakeholder consultations have been applied by the designated operational entities (DOEs) in the validation process. In addition, the note also provides an overview of stakeholders comments submitted outside of the validation process.

#### II. Requirements regarding stakeholder comments in the validation process

4. The CDM modalities and procedures (CDM M&P) requires that the designated operational entity (DOE) validating a proposed CDM project activity shall confirm that comments by local stakeholders have been invited, a summary of the comments received and how due account was taken of any comments, is provided by the project participants to the DOE. In addition, the CDM M&P stipulates that the validating DOE shall receive within 30 days (45 days for A/R projects) comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available. This process is commonly known as global stakeholder consultation (GSC).
5. The Board further elaborated the CDM M&P requirements with regard to local stakeholder consultation in the Validation and Verification Manual (VVM) version 1.2., paragraph 129, which specifies that the DOE shall, by means of document review and interviews with local stakeholders as appropriate, determine whether: (a) Comments by local stakeholders that can reasonably be considered relevant for the proposed CDM project activity, have been invited; (b) The summary of the comments received as provided in the PDD is complete; (c) The project participants have taken due account of any comments received and have described this process in the PDD.
6. The Board's procedures for processing and reporting on validation of CDM project activities (Annex 48 EB50) paragraphs 12–16 elaborates on how comments from global stakeholders should be submitted to the DOE, and how the DOE should treat these comments. The comments shall be submitted in English via a dedicated interface on the UNFCCC CDM website, and should provide the name and contact details of the individual or organization on whose behalf they are submitted. In case of doubt, the DOE should check the authenticity of this information. Comments submitted shall be made available by the UNFCCC webpage where the project design document (PDD) is displayed and shall be removed if the



DOE determines the information not to be authentic. The DOE shall acknowledge receipt of all comments submitted and made available to them via the UNFCCC CDM website and take account of such comments in conducting validation of the proposed CDM project activity.

### III. Analysis of consideration of stakeholders comments in the validation process

7. The PDDs and validation reports contain information on how the CDM M&P and Board's requirements with regard to stakeholder consultations have been applied in the validation process. The secretariat analysed this information in 25 randomly selected registered projects. Registered projects viz a viz projects in the validation pipeline were selected as the registration has been deemed final and all information have been made publicly available. Despite the relatively small number of samples analysed, efforts have been made to ensure that the selection covers as wide host country distribution as possible and types of projects where there is a higher likelihood of local or broader communities are being affected.

8. The composition of project distribution by types and host country are given in Table 1 below.

**Table 1.** Distribution of selected projects by project types and host country

Host Country	Project type	Number of projects analysed
Bhutan	Hydro	1
Brazil	Hydro, A/R	2
Chile	Biomass energy	1
China	Biomass energy, hydro	4
Colombia	Transport	1
Costa Rica	Biomass energy	1
Ecuador	Landfill gas	1
Guatemala	Hydro	1
India	EE Households, hydro, supercritical, biomass	4
Indonesia	Landfill gas	1
Malaysia	Biomass energy	1
Nepal	Biomass energy	1
Nigeria	EE Households, fugitive	2
Panama	Hydro	1
Peru	Hydro	1
South Africa.	EE Households	1
Viet Nam	Hydro	1
Total		25

9. For each of the project selected, the following information was reviewed:

- (a) How project participants have invited local stakeholders comments and addressed these comments - sourced from PDDs;
- (b) How DOE has validated due account of comments received by project participants in accordance with the VVM requirements - sources from validation reports;

- (c) Any comments received from stakeholders during GSC - sourced from project validation page in the UNFCCC CDM website;
- (d) How DOE has taken into account any comments received during GSC - sourced from validation reports;

The review of this information of all selected projects is presented in Appendix 1.

10. In general it was observed that the project participants and DOEs have made efforts to comply with the requirements in the VVM and the Procedures for processing and reporting on the validation of CDM project activities. In all projects analysed, it appears that the local stakeholders comments have been duly taken into account and the DOEs have validated that these are the case.

11. Similarly, for comments received via GSC, although there were relatively not many, the data shows that the DOEs have captured and addressed these comments accordingly in the final version of the validation reports, in line with the current Board's requirements.

#### IV. Analysis of stakeholders comments outside the validation process

12. While the stakeholders comments in the validation process are regulated within CDM M&P and Board's procedures, there have been a number of comments regarding proposed project activities made by public/stakeholders were outside of the validation process. Most of these comments were directed to the Chair of the Board or to the Executive Board via unsolicited submission process and a few were sent directly to the secretariat. For the simplicity of the analysis, the secretariat looked only at the comments made by stakeholders via unsolicited submission process.

13. All the unsolicited submissions submitted since 2010 (fifty-second meeting of the Board) have been scrutinized and those submitted by submitters other than PPs and DOEs and directly related to project activities and programmes of activities are identified. In addition, the submissions were analysed to identify whether those are submitted during or after the GSC and to categorize in the following areas: technical, environmental, sustainable development, human right issues, or related to GSC itself.

14. The overview of the results is presented in table 2 below while the more detailed of the submissions is included in Appendix 2.

**Table 2.** Overview of number of submissions by stakeholders outside the validation process

Sl. No.	EB Meeting	Date	Total No. of Submissions	Submissions related to ST comments on project activities	Timing of the Submissions	
					No. of Submissions Submitted During GSC	No. of Submissions Submitted Post-GSC
1	52	8-12 Feb 2010	13	1		1
2	53	22-26 March 2010	18	0		0
3	54	24-28 May 2010	15	2		1
4	55	26-30 July 2010	28	4		4
5	56	13-17 Sep 2010	21	1		2



Sl. No.	EB Meeting	Date	Total No. of Submissions	Submissions related to ST comments on project activities	Timing of the Submissions	
					No. of Submissions Submitted During GSC	No. of Submissions Submitted Post-GSC
6	57	12-14 Oct 2010	19	2		2
7	58	22-26 Nov 2010	7	0		0
8	59	14-18 Feb 2011	21	3	1	2
9	60	11-15 April 2011	12	2		2
10	61	30May-3Jun 2011	17	2		2
11	62 <sup>1</sup>	11-15 July 2011	6	1		1
GRAND TOTAL			177	18	1	17

15. Out of 177 submissions received, 41 submissions were directly related to project activities and PoAs. Among the 41 submissions, 18 submissions are related to comments from people/organizations other than PPs and DOEs of the project activity.

16. From the data captured, it can be seen that almost 95% of comments by stakeholders made after GSC period of the proposed CDM project activity has been closed. Further, 12 of those comments made post-GSC process were submitted when the request for registration of the proposed project activity had been submitted by the DOE to the Board but not yet registered (70%), four comments were submitted regarding projects that have been registered, and one comment was regarding a general comment. Therefore, it can be concurred that the intention of the sender of these comments is to seek for Board's attention on their views of the potential registration of the proposed project activity.

17. It cannot be ascertained of why these comments were not made during the local stakeholder consultation or GSC process of the respective CDM project activity, however, it may indicate that there may be a need to revisit the adequacy of these processes to enhance public participation.

#### V. Expected from the Board

18. Based on these findings, the Board may wish to launch public calls for inputs on the following:

- (a) Whether current regulations for conducting local stakeholder consultation and global stakeholder consultation is adequate to ensure that the objectives of these processes are met (*Focus areas*: process conducted by project participants, validation by DOEs, timing, and proposals to improve current process if current regulations are considered inadequate);



- (b) Whether there is a need to have additional stakeholder participation process after the validation of proposed project activity has been finalised by the DOEs (***Focus areas:*** form of participation, timing, proposals on additional guidelines needed).

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**Appendix 1****Stakeholder comments and its consideration during validation process**

<b>Ref</b>	<b>Registration date</b>	<b>Host Country</b>	<b>Project type</b>	<b>PA title</b>	<b>Local stakeholder comments - PDD</b>	<b>How comments are taken into account - validation report</b>	<b>Global stakeholder comments (GSC) - UNFCCC CDM website</b>	<b>How comments are taken into account - validation report</b>
62	23 May 2005	Bhutan	Hydro	Bhutan Micro Hydro Power CDM Project	The villagers had positive opinions for the project as they have been eager for village electrification. In response, Comments from the villagers were considered and were included in the environmental clearance	The comment did not directly address the issues raised by the stakeholders but did confirm that appropriate actions have been taking by JACO CDM to address the issues.	One comment was received saying the project does not include the potential environmental impacts that can occur with the construction, operation and maintenance of the project.	Suitable environmental assessment had been conducted at the feasibility study and necessary measures including monitoring are considered and reflected into the project.



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
79	27 August 2005	South Africa.	EE Households	Kuyasa low-cost urban housing energy upgrade project, Khayelitsha Cape Town; South Africa.	The community stakeholders have formed part of the project design team and all comments from other stakeholders have been incorporated. In response, reference was made to the Environmental Impact Assessment and no adverse effects likely.	Local stakeholders were consulted extensively through a comprehensive consultation process.	One comment received: The project baseline does not show what type of low cost energy source that will be displaced by the solar-renewable energy	The issue was subsequently addressed sufficiently by DOE
88	23 October 2005	Peru	Hydro	Small scale hydro-power project. Santa Rosa, Peru	Removal of waste that fall into the river; economic support from the sponsor of the maintenance of the water reception system and of the Santa Rosa derivation channel; a call for agreements regarding an adequate coordination of the water needs for agriculture and generation. In response, water rights were renewed, free electricity was offered to orphanage, located in the direct area of influence. Land owners of the area surrounding the project	DOE confirmed relevant stakeholders were consulted and due account been taken on comments received	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
					site was satisfied with the renewed water rights			
121	10 December 2005	India	Biomass energy	Bagepalli CDM Biogas Programme	The project created excitement among the direct beneficiaries. There is high demand for the replication of the project in family homes.	No adverse comments received.	No comments	N/A





Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
73	17 December 2005	Guatemala	Hydro	Las Vacas" Hydroelectric project	The local stakeholders felt generally satisfied with the project. They viewed it to be beneficial to them and their community in general. In response to the comments, reforestation projects were initiated, collecting and recycling of plastics that gather at the dam, and dredging and sorting sediments nearby the dam.	Majority of the stakeholders agreed with the project concept and their only real concerns were with regards to deforestation and water quality. The PDD described measures that were implemented to attend these demand.	Two comments bordering on additionality were received.	The comments were fully addressed in detail.
133	24 December 2005	Panama	Hydro	Project for the Refurbishment and Upgrading of Macho de Monte Hydropower Plant (Panama)	Local authorities expressed satisfaction for the project development and no objections in relation with managing its environment. But raised issues over improvement of water supply and public lighting. In response, these comments and issues were addressed.	There is Validation confirmation that comments from stakeholders were addressed	One comment was received in quote: that the PDD was not downloaded from the website.	This has been corrected immediately.



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
136	27 December 2005	Nepal	Biomass energy	Biogas Support Program - Nepal (BSP-Nepal) Activity-1	The stakeholders generally expressed satisfaction with the project.	A mechanism for continuous consultation was set up to continue to maintain and improve the quality of biogas programs An annual end user survey is conducted by independent researchers.	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
379	4 June 2006	Chile	Biomass energy	Russfin Biomass CHP Plant Project	The general perception of the project is positive and related benefits regarding the use of clean mechanisms for electricity generation are well recognized by the stakeholders. In response, the project developer will inform the stakeholders regularly on the progress of the project.	N/A	One comment was received concerning the methodology adopted for the project.	The comment was noticed by the validator and communicated to the developer of the project for revision.
395	10 June 2006	Malaysia	Biomass energy	LDEO Biomass Steam and Power Plant in Malaysia	Will your bio-mass plant generate any pollution such as discharge to sea?; can you elaborate on the design of the landfilling for rubbish? Etc. Appropriate response was given to all comments from local stakeholders	No negative comment was received	One comment was received concerning effect of the project on wild life/biodiversity.	The comment received appropriate answer and solution.



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
553	9 November 2006	Nigeria	Fugitive	Recovery of associated gas that would otherwise be flared at Kwale oil-gas processing plant, Nigeria	The local stakeholders welcomed the project and asked if power could be supplied directly to the community as part of the project. In response, the issues were addressed but the details were not given.	Stakeholders consultation has been completed and letters of support from the are included in the PDD	No comments	N/A
668	25 November 2006	Brazil	Hydro	Braço Norte IV Small Hydro Plant	No comments received	N/A	No comments	N/A
672	7 December 2006	Colombia	Transport	BRT Bogotá, Colombia: TransMilenio Phase II to IV	Bus owners complained of their non-inclusion in phase I of TransMilenio as the bid structure favored implicitly large and well organized companies.	The complaints from small bus owners were not properly addressed. But the quality of service was addressed.	No comments	N/A
798	8 March 2007	Ecuador	Landfill gas	Zámbiza Landfill Gas Project	Generally there is no objection from the local stakeholders concerning the project.	No negative comments was received that should lead to any changes	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
895	1 June 2007	India	Hydro	20MW Samal Grid-connected Hydroelectric Project in Orissa, India	No negative comments were received.	No response since no negative comments were received.	2 comments were received on additionality issues and its transparency	Detailed on site investigations were carried out and a breakdown of the 2 responses were also analyzed
1405	5 June 2008	Costa Rica	Biomass energy	CEMEX Costa Rica: Use of biomass residues in Colorado cement plant	local stakeholders supported the project and no objection was raised. In response appropriate measures were taken to address some of the comments received.	Stakeholders commentaries were reviewed and it was verified that these commentaries have been taken into account by the PP	No comments	N/A
1808	10 October 2008	China	Hydro	Danian 14MW Hydropower Project in Gansu Province	There was a general consensus for the project to be executed	There were no adverse comments as 100% of the respondent agreed with the development of the project.	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
1885	4 November 2008	Indonesia	Landfill gas	Gianyar Waste Recovery Project	The community warmly welcomed the project as it eliminates hazardous emissions from the existing landfill. It created 125 new jobs. In response to the comments, arrangement was made for regular meetings between stakeholders and the villagers. All employees were vaccinated against tetanus and free medical check-ups conducted by regional health service.	N/A	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
1754	12 February 2009	India	EE Households	Visakhapatnam (India) OSRAM CFL distribution CDM Project	Generally the project was welcomed by the stakeholders but questions were raised as follows: what is CFL? Why is it so costly? Why is it not good looking? Which power factor does it have? and how is it disposed? In response, no concern was raised as most questions raised were satisfactorily answered.	No comments	No comments	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
2221	19 February 2009	China	Biomass energy	Hubei Eco-Farming Biogas Project Phase I	The stakeholders expressed satisfaction with the project but raised issues on how to acquire training on its operation. They also expressed worries of how to mobilize the needed counterpart funding. In response, The issues and comments raised by the local stakeholders were all addressed.	All stakeholders comments are positive. To improve the training situation, more focus has been laid on the technical training resources. To cope with the financing problems of farmers, an improved concept of payment guarantees is under discussion, but not yet finalized.	No comments	N/A
2592	24 August 2009	China	Hydro	Sichuan Yonghe Yulong Hydropower Project	Generally the project received support from the stakeholders though a few non serious issues were raised which was taking into account by the PP	All comments were analyzed in line with the way they were addressed by the PP	No comments	N/A





Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
2627	5 September 2009	Viet Nam	Hydro	Nam Pia Hydropower Project	The overall comments received from the local stakeholders were supportive. Though one of the stake holder raised concern on environmental impact during the construction stage and in response, the project owner expressed his commitment to minimizing negative impacts on local environment in the PDD.	The comments from the stake holders and response of the PP were acknowledged by the validator	One comment raised on the FIRR of the excel calculation	Appropriate response was given to the comment raised.



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
2711	12 October 2009	Nigeria	EE Households	Efficient Fuel Wood Stoves for Nigeria	Many locals showed interest in the programme and raise issues on affordability and availability of the stove. They wished to see practical and workable solutions to their day to day problems and wanted to learn more on the technology. In response to the comments, the CDM revenues will be utilized to make the stoves affordable to the local population and will lead to reduction in price of cooker. Availability was assured through advance payments for future CERs.	The comments were not specifically addressing the stakeholders comments but in a broader perspective it did say the project is in line with the host country criteria Nigeria and all relevant UNFCCC requirements for CDM.	No comments.	N/A



Ref	Registration date	Host Country	Project type	PA title	Local stakeholder comments - PDD	How comments are taken into account - validation report	Global stakeholder comments (GSC) - UNFCCC CDM website	How comments are taken into account - validation report
2569	21 July 2010	Brazil	Plantar	Reforestation as Renewable Source of Wood Supplies for Industrial Use in Brazil	Most of the comments received emphasized the importance of the project for the sustainable development at the local, regional and national levels.	All comments received adequate response	About 10 comments were received, ranging from questioning suspension status of DOE, additionality, sustainable source of biomass, social and environmental impacts,	PP responded to all comments received and the DOE responded to comments and concluded that the comments provided did not result in any change to the validation opinion.
3690	21 October 2010	India	Supercritical	Greenhouse Gas Emission Reductions Through Super-Critical Technology - Sasan Power Ltd	Local stakeholders were really impressed with the project and even requested for another of such projects from the PP	There was no real response since the project was generally seen by the stakeholders as positive.	1 comment received of incorrect data in the PDD	Comments were looked into detail and necessary corrections were effected.
3983	25 December 2010	China	Hydro	Gansu Lintan Shubu Small Hydropower Station Project	Comments were generally positive	Since most of the comments were positive no constructional comments needed to be taken into account	No comments	N/A

**Appendix 2****Stakeholder comments outside of validation process**

Sl. No.	Executive Board Meeting	Submission date of comments (Submission date of request for registration)	Subject	Category of the Submissions	Timing of the Submissions	
					Submitted During GSC	Submitted Post-GSC
1	52	14 January 2010 (Rfreg: 11 May 2009)	Questioning environmental integrity of CDM project Plantar S.A.	Environmental	NA	NA
2	54	17 March 2010	Reporting a cause of fraud and potential corruption re. Egyptian brick factory GHG reduction project 0834	Environmental, Additionality		X
3	54	7 May 2010	Effective means for public participation	N/A	N/A	N/A
4	55	14 May 2010	Review of request to renew crediting period of PA 0003	Environmental		X
5	55	20 May 2010	Request for a full review of the request for renewal of CP for PA 0003	Environmental		X
6	55	24 May 2010	Request for review of the proposed renewal of crediting period for the	Environmental		X



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Sl. No.	Executive Board Meeting	Submission date of comments (Submission date of request for registration)	Subject	Category of the Submissions	Timing of the Submissions	
					Submitted During GSC	Submitted Post-GSC
			Ulsan HFC-23 destruction project			
7	55	09 July 2010 (Rfreg: 8 February 2010)	CDM Watch_Additionality doubts about PA 2705	Additionality		X
8	56	11 August 2010 (Rfreg: 26 October 2009)	Concern on project 3102	Additionality		X
9	57	14 September 2010 (Rfreg: 11 May 2009)	Objection to Project Activity 2569	Sustainable development		X
10	57	14 September 2010 (Rfreg: 11 May 2009)	Statement on context of the A/R CDM Project Activity 2569	Environmental		X
11	59	14 December 2010 (Rfreg: 02 August 2010)	Review recommendation of request for registration of projects 3872 and 3944	Additionality		X



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Sl. No.	Executive Board Meeting	Submission date of comments (Submission date of request for registration)	Subject	Category of the Submissions	Timing of the Submissions	
					Submitted During GSC	Submitted Post-GSC
12	59	18 December 2010	Validation of CDM benefits to Hydro Power project in Uttarakhand, India	Additionality, Stakeholder meeting	X	
13	59	04 January 2011 (Rfreg: 22 December 2009)	Concerns on CDM Project Activity in Honduras	Human rights, Additionality		X
14	60	10 February 2011 (Rfreg: 22 Dec 2009)	Concerns about CDM project application 3237	Human rights, Stakeholder meeting		X
15	60	25 March 2011 (Rfreg: 22 December 2009)	Serious concerns about project Ref. 3237	Stakeholder meeting		X
16	61	13 April 2011 (Rfreg: 22 December 2009)	Allegations against CDM project in Honduras	Human rights		X
17	61	14 May 2011 (Rfreg:	Uguan CDM Project (3197)	Human rights		X



Sl. No.	Executive Board Meeting	Submission date of comments (Submission date of request for registration)	Subject	Category of the Submissions	Timing of the Submissions	
					Submitted During GSC	Submitted Post-GSC
		07 December 2009)				
18	62	26 May 2011 (Rfreg: 10 March 2011)	Summary of concerns regarding project (Ref. 4072)	Additionality		X