

Wrap up of project cycle and methodologies break up session

Workshop on review of CDM modalities and procedures
Bonn, Germany, 8–9 June 2013



Topics discussed

- Length of crediting period
- Materiality
- Stakeholder consultation/Communications with the Board
- Sustainable development co-benefits
- Forestry
- Programme of activities
- Standardized baselines
- Additionality



Length of crediting period

- Explore a flexible approach to length of crediting period, with guidance in the M&P and further elaboration in relevant methodologies
- Determine the length of the crediting period taking into account different factors such as technologies , project types or barriers.
- Concern about the fact that at the renewal of the crediting period issues such as the assessment of the validity of the baseline need to be assessed
- Concern raised about the status of existing projects if length of crediting period is redefined

Materiality

- M&P should include the concept of materiality but further guidance on how to apply the concept could be done at Board level
- Discussions on whether materiality could also be applied to validation and PoAs; concerns raised about how it would be applied
- Concerns raised about how to set the thresholds for materiality; suggest further revision after assessing the reported data in verification; and more discussion

Stakeholder consultation/Communications with the Board

- Current process in relation to local stakeholder consultation needs to be improved
- Stakeholder consultation could take place through the project life cycle; concerns raised about whether this was practical and how to implement
- National sovereignty is key in this issue; must be taken into account if common guidance on consultation procedures is considered
- Balance between international guidance to DNAs and existing national legislation; suggestion that best practices approach templates could be made available
- Examples and lessons learned were shared on human rights issues as “food for thought” for further discussions

Sustainable development co-benefits

- Issue is still an on going discussion; more transparency is needed
- Assessment of sustainable development could follow international criteria; concerns raised about if this is appropriate or practical
- Mandatory reporting / verification / or assessment during the project cycle could invoke additional cost and burden to the project participant
- Sustainable development tool could be made mandatory; concerns raised about if this is appropriate or practical
- Concerns raised about applying the same sustainable development requirements to all countries
- Mixed views on mandatory reporting of sustainable developments
- DNA should publish the sustainable development criteria that apply in their country
- Board tools should be available to assist DNAs in assessing sustainable development co-benefits of projects

➤ **Forestry**

- Small share of A/R activities in CDM but potential for growth
- A/R projects face challenges relating to permanence of A/R CERs and current rules for monitoring; need for further exploration of practical examples that can lead to improvements
- Views were shared about the different nature of A/R CDM Project activities and REDD+.

➤ Programme of activities

- M&P should include a separate section for PoA and its unique features, such as the role of the CME, taking into account national circumstances
- PoA would benefit from further improvement in areas such as simplification of rules; further analysis on the monitoring requirements and applicable monitoring periods; streamline/flexible procedures for CPA inclusion to increase attractiveness to investors
- Focus could be put on microscale PoA as a starting point
- Different views on benefits in differentiating PoAs according to technologies and/or country groups, but need to take into account administrative challenges
- It is premature to consider migrating PoAs under NAMA framework; requires further analysis and greater elaboration of NAMA modalities
- Views shared about advantages of PoA, such as its transformative effect, scalability, and implications on transactions costs



➤ **Standardized baselines**

- Standardized baselines should be included in M&P, taking into account the need to provide sufficient flexibility to enable further evolution of the issue
- Standardization can be extended beyond baselines to additionality; further stages of the project cycle; or even stakeholder consultation requirements
- Further analysis needed regarding issue of update of the standardized baselines
- Further analysis needed on whether validation steps could be eliminated for projects using standardized baselines; checklist at the validation stage; validation at first verification
- Different views shared on whether standardized baselines should be voluntary or mandatory
- Concerns raised about challenges on DNA's capacity to deal with increased responsibility under standardized baselines process

➤ **Additionality**

- Discussion about work of the Board particularly regarding positive lists and tools for demonstration of additionality and how it can be incorporated into revision of M&P
- Suggestions were made on how to address factors such as common practice, first of its kind, technology penetration
- Discussed issues related to financial information in the context of additionality, signal-to-noise ratio, and application of standardisation approach
- Further analysis needed on how to move forward on E+/E- policy.
- Continuing discussion on the proposal to exclude certain type of projects