United Nations Framework Convention on Climate Change

Break-out session

Session: Project cycle and methodologies (1)

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

UNFCCC Secretariat

Project cycle and methodologies

➢ **Length of crediting periods**

- Current M&P

  ➢ 7 years, renewable twice (= max 21 years) or 10 years, non-renewable (all except for A/R)

  ➢ 20 years, renewable twice (= max 60 years) or 30 years, non-renewable (A/R)

- Inputs

  ➢ Review the provisions taking into account, inter alia, the certainty of investment and additionality

  ➢ Make it shorter or more flexible, related to technologies

  ➢ Determine in respective methodology (in general either 7 or 10 years)

  ➢ Limit to max 10 years for large-scale projects, 7 years, renewable once, for small-scale projects

  ➢ Take into account development of technology and project lifetime

  ➢ Define individually per project type in a conservative manner

Project cycle and methodologies

➢ **Materiality**

- Current M&P

  ➢ Does not provide the concept of materiality, but the standard adopted through decision 9/CMP.7

  ➢ Scope is limited to:
  - Project activities (not PoAs)
  - Verifications by DOEs
  - Assessment by the Board/support structure of requests for issuance

- Inputs

  ➢ Incorporate decision 9/CMP.7 in M&P

  ➢ Provide guidance for the application of the concept

  ➢ Apply also to PoAs and data verification in validations

  ➢ Apply to all steps of the CDM, and apply the materiality thresholds also to validations

Project cycle and methodologies

➢ Stakeholder consultation

- Current M&P

    - ➢ Global stakeholder consultation – publication of PDD for commenting for 30 days

    - ➢ Local stakeholders consultation – invitation of comments, taking due account of them (no timeframe or channel specified)

- Inputs

    - ➢ Improve stakeholder consultation process and validation of comments

    - ➢ Allow stakeholders also comment on verifications before submission to the Board

    - ➢ Develop clear rules/guidance how to undertake local stakeholder consultation

    - ➢ Require DOEs to validate the local stakeholder consultation was carried out in accordance with host Party laws and regulations

    - ➢ Respect international human rights (Universal Declaration of Human Rights)

Project cycle and methodologies

➢ Communication with the Board

- Current M&P

  - ➢ There is no provision allowing direct communication between the project participants or stakeholders with the Board

- Inputs

  - ➢ Introduce the principle of direct communication between stakeholders and the Board/support structure

  - ➢ Establish communication channel for case-specific matters before and after registration of CDM project activities

  - ➢ Establish a mechanism by which civil society can raise concerns once a project is registered (grievance mechanism)

  - ➢ Formalize regular interactions between the DOE forum as well as other stakeholders and the Board in M&P

Project cycle and methodologies

➤ **Sustainable development co-benefits**

- Current M&P

  ➤ DOE, in validating a project activity, has to confirm whether it assists the host Party in achieving sustainable development

- Current practice

  ➤ PP describes sustainable development benefits in PDD but content not validated; host Party LoA includes statement that project assists it re SD

- Inputs

  ➤ Make the monitoring, reporting and verification of sustainable development aspects mandatory during the entire project cycle

  ➤ Make the use of sustainable development tool mandatory

  ➤ Establish international sustainable development criteria (that would apply in addition to national criteria)

  ➤ Use of sustainable development tool should remain voluntary, and it should not be monitored and verified at international level

  ➤ Promote the development of projects with high co-benefits

Project cycle and methodologies

➢ **Forestry under the CDM**

- Current M&P

  ➢ Credits issued (tCERs, lCERs) have expiration dates

  ➢ Second and subsequent verifications have to take place every 5 years

  ➢ Threshold for small-scale A/R is defined as removals less than 8 kt-CO2/year

  ➢ Decision 2/CMP.7 extended A/R M&Ps, including definitions, to the second commitment period.

- Inputs

  ➢ Allow issuance of permanent CERs

  ➢ Allow for flexibility for timing of verifications

  ➢ Consider implications of more cost-effective approaches in monitoring

  ➢ Revise the definition of A/R and threshold for small-scale A/R

  ➢ Move A/R out of the CDM into REDD+