Head and Members of the CDM Executive Board
Mr. Clifford Mahlung
Chairman
UNFCCC Secretariat
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To	cdm-info@unfccc.int
From	martin.enderlin@pd-forum.net
Date	5 November 2010
Page	1/3
Subject	**Problems with and suggestions for possible solutions for the completeness check**

Honourable Members of the CDM Executive Board,
Dear Mr. Mahlung,

The Project Developer Forum (PD Forum) would like to express its appreciation of the efforts of the Board and the Secretariat in organising the second CDM roundtable on 15 October 2010 in Bonn, and is looking forward to further and more frequent similar discussions. The PD Forum notes the efforts made by the Secretariat to reduce the delays and their commitment to clear the backlogs by the year end. We agree that if these targets can be achieved, the CDM transaction burden will be significantly reduced. The PD Forum presented findings on both the timelines for projects going through the approval process, and the problems encountered with going through the completeness checks. Following the discussions at the roundtable, which were not concluded due to time constraints, the PD Forum would like to submit the following suggestions towards the permanent resolution of the ongoing issues.

The **two most important suggestions** are:

a) that the **incompleteness messages** should **be made public**, perhaps in the form of a weekly summary report published on the UNFCCC CDM website. This would allow PPs/DOEs to quickly learn from others' experiences; and

b) that a **simple two-way communication between** the **Secretariat and** the **DOE/PP** is likely to resolve the vast majority of minor issues within days, possibly even hours. Establishing such interaction would not only reduce backlogs in the short term but as a permanent feature, we believe it would also help to minimize delays and workload in the long term.

The PD Forum is a collective voice representing the interests of companies developing projects under the CDM and other programmes. Our members are responsible for more than 40% of all CDM projects. Our comments and suggestions therefore are aimed at improving the efficiency and legitimacy of the CDM. The completeness and information and reporting checks are taking an unacceptably long time – over much of 2010 they have taken more than 100 days – and they have recently resulted in vast numbers of projects being rejected as incomplete. In addition to this, and to the detriment of the projects, the procedure for addressing incompleteness was significantly changed. We wish to ensure that the new procedures deliver a permanent solution to this problem.

PROJECT
DEVELOPER
FORUM

Date   5 November 2010
Page   2/3
Subject   **Problems with and suggestions for possible solutions for the completeness check**

The rationale behind the new completeness check procedures was two-fold; to improve the efficiency of the processing of requests for registration and issuance and to reduce the volume of review cases. Given the current delays in the registration process, the former has not yet been achieved (though we note progress in requests for registration) and as a consequence, it is too soon to conclude on the latter. The current situation is self-perpetuating in two ways: first, because the delays are extremely long and the results are not published, there is no opportunity to learn from other submissions from the last 3 to 4 months, making failure for the same reasons likely; second, because there are so many failures, and therefore re-submissions, the team conducting the checks continually face a high workload. The blame is often directed at the quality of the submissions which undermines the stakeholder's perception of the whole process. Without resolving these issues that lie at the heart of the new procedures, it is unlikely that the backlogs can be permanently reduced and the quality of submissions improved. The completeness check system remains at risk of backlog in the event of an increase in submissions, staff changes, etc.

As the incompleteness messages are not publicly available, our inputs are based on a database of incompleteness messages that have been collated by the PD Forum, based on voluntary reporting from our members. This database is therefore incomplete, and thus we shall refrain from attempting a serious statistical analysis. However, four main conclusions can be drawn:

- There are many instances of incompleteness;
- Many issues turn out to be very minor;
- Some issues should not have been raised; and
- Very few issues have any material impact on the project or have any bearing on the environmental integrity of the mechanism.

All stakeholders in this process are striving for higher quality; PD Forum members spend a lot of time double checking documents, and DOEs carry out various rounds of QA before submission. As a result, current documentation is significantly better than in previous years. However, the CDM process is evolving, with new guidance being adopted at every EB meeting, and new issues emerging every day, resulting in many last minute changes by PPs and DOEs before submission to take account of changes in the regulatory environment. To add to this, on many occasions, the incompleteness message refers to a new guidance or new interpretations which did not exist at the time of the submission. Overall, the process is very document intensive and being human, not every mistake is found and corrected.

We note that many of the incompleteness messages raised have proved to be very minor and have no material impact on the implementation of the project, the environmental integrity of the project, and thus also have no impact on the ultimate decision by the EB. For example, where the only issue raised is the missing geo coordinates on the "project view page", or that LOAs need to be merged into one document, or that the MOC has no date. There are also cases where some information is missing from one page, and thus receives an incompleteness message, while the required information was correctly included on another page. Or cases where the reviewer simply does not fully understand what is written. Such issues could be resolved within minutes, whilst ejecting the projects and requiring re-submission takes far more time and resources from all parties involved (PPs, DOEs and the Secretariat). The current delay of 3 to 4 months is disastrous and even a best case scenario delay of 1 month seems dis-proportionate.
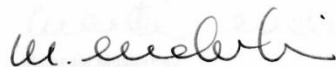
Date	5 November 2010
Page	3/3
Subject	**Problems with and suggestions for possible solutions for the completeness check**

While PD Forum members are committed to working with DOEs to further improve the quality of submissions, please find here a summary of our suggestions that may also form part of the solution:

- Make all incompleteness messages publicly available (unless confidential information is contained) in order to improve learning-by-doing that is the basis of the CDM. The learning process would apply not only to PPs but to DOEs as well, particularly in respect of transparency within the VVM.
- Adopt appropriate software for the submissions. Where a file is not submitted, this could be automatically flagged up by the system – just as happens when you order a book online and forget to give your credit card details – and thus the submission is never made until it is complete.
- Resolve minor issues through improved communication channels and avoid ejecting projects from the queue completely.
- Avoid retroactive application of guidance and interpretations.
- Avoid raising issues that have no impact on the project implementation or environmental integrity, or alternatively note such immaterial errors as a) points to be addressed at a subsequent revision of documentation such as a change in project activity or a renewal of the crediting period b) learning points for future submissions. Where such errors are consistently caused by PPs and DOEs, appropriate sanctions may be introduced.
- Allow documents to be updated or corrections made after submission without affecting the position of the project in the pipeline.
- Allow voluntary incompleteness withdrawal. As above, but if documents could not be corrected without affecting the project's position within the pipeline, then it needs to be possible to do a voluntary incompleteness withdrawal, without impacting upon the registration fee, so that corrections can be made, the project re-submitted and less time wasted.
- Set deadlines for resubmission of projects that fail the completeness or reporting and information check in order to reduce the backlog and ensure DOEs also give priority to these projects. Our suggestion is 15 days for Completeness Check and 30 days for Information and Reporting Check.
- Publish guidance or provide training on the completion of the completeness check and reporting and information check checklists so that PPs and DOEs can accurately implement their own quality control procedures.

While continuing to work on improving the quality of our submissions, we are also looking forward to improvements in the processes implemented within the Secretariat.

Kind regards,

Martin Enderlin
Chair of the PD Forum