

Head and Members of the CDM Executive Board
Mr. Clifford Mahlung
Chairman
UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D 53153 Bonn
Germany

Project Developer Forum Ltd.
100 New Bridge Street
UK London EC4V 6JA

t: +44 20 3286 2520
office@pd-forum.net
www.pd-forum.net

CO VICE CHAIRMAN

Your contact:
Leo S. Perkowski
t: +1-321-549-3965
leo.perkowski@pd-forum.net

To cdm-info@unfccc.int
From leo.perkowski@pd-forum.net
Date 9 July 2009
Page 1/5
Subject **Unsolicited Letter on draft review procedures**
RE Proposed options presented at CDM Roundtable on 12 June 2010 for revised procedures for the review of requests for registration and issuance

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

During the CDM Roundtable meeting held on 12 June, 2010, a member of the CDM EB proposed two options for the revised procedures for the review of requests for registration and issuance. The Project Developer Forum (PD Forum) would like to provide the Board with its view on the options presented.

The PD Forum strongly supported¹ the EB52 decision to make the Board more focused on policy and strategic direction, and so to fulfil the 'Executive' and 'Board' functions rather than 'programme administrator' functions for which it does not have the time availability. It is our strong belief that the underlying causes for the currently excessive number of review cases should be addressed at the source of the issue and not through an elaborate review process. These include longstanding issues such as:

- Simplified methodologies with an appropriate balance between conservativeness and accuracy;
- Materiality and level of assurance;
- Transparent and consistent decision making;
- Regular training sessions between Secretariat and DOEs; and finally,
- An appropriate and efficient appeals process.

When the CMP issued the mandate² to revise the review procedures it certainly envisaged a shortening of timelines and enhanced efficiency rather than a more complex process³. In our view, the procedures as presented at that CDM Roundtable render little, if any improvement to reach that goal. Instead they appear to require intensive time and resource inputs, which the Secretariat and DOEs will struggle to provide. This presents a very real risk that current backlogs and delays in processing of project cases will be exacerbated, not relieved.

We urge the Board to revise the procedures in a way that allows for simplification and enhanced transparency. Direct communication between the DOE/PP and the reviewing entity should be a prerequisite and mandatory step before arriving at a conclusion of a review.

¹ See letter sent on 4 May 2009 'PD Forum response to the call for input on efficiency in the operation of the CDM and opportunities for improvement' and letter sent on 10 Aug 2009 'PD Forum response to the call for input on efficiency in the operation of the CDM and opportunities for improvement'

² Decision 2/CMP.5, Paragraph 39

³ Decision 2/CMP.5, Paragraph 39(d)

Date 9 July 2009
Page 2/5
Subject **Unsolicited Letter on draft review procedures**

Our initial view on the proposed procedures leads us to believe that Option 2.6 has the potential to be more efficient than Option 2.7. However, to achieve that goal under this option would require strong and direct interaction with DOEs and PPs. We have provided additional detailed comments on the proposed review options in the annex to this letter.

Given the nature of the procedures and the direct impact they will have on all stakeholders, the PD Forum strongly suggests the Board open a Call for public inputs once the draft documents on the revised review procedures become available.

Kind regards,



Leo S. Perkowski
Co Vice Chairman

Date 9 July 2009
Page 3/5
Subject **Annex to Letter on draft review procedures**

Annex

General comments (applicable to both v2.6 and v2.7)

- The presented diagrams do not define timelines for every process. However, it is absolutely crucial for project participants that the review process be predictable in terms of timing, i.e. once the review is published and a commencement date for it set it needs to be certain that it takes x number of weeks until the final decision is effective, i.e. the project is registered, registered with corrections or rejected.
- In order for this process to function efficiently exceeded deadlines need to have automated consequences. For example, once a review is decided the Secretariat should be given a certain number of days to inform the DOE of the review and of its commencement date. In case this is not done within the set timeline, the review is deemed to be concluded and the project is registered. Under current procedures DOEs and PPs involved in a review have to adhere to set timelines, hence it can be expected that those entities undertaking the review should have to meet timelines as well. Exceeding timelines should not come at the expense of an increase in the overall duration of a review process.
- The presented procedures do not seem to allow for fast track procedures in case only minor corrections are required.

Version 2.6

Commencement of review: The scheduling of a review seems to leave a lot of time unused. The time between the date when a review is determined, i.e. when a Party or three EB members submit a request for review, and the date when the review is started could be better utilised by already allowing DOEs and PPs to prepare their answers to the questions raised in the review. Therefore review questions should be sent to the DOE within 3 business days after it is determined that a review will be undertaken.

Initial assessment: The mandate/review scope of PEA and RIT is not clear, which gives the impression that both bodies are undertaking the same type of review. This would certainly be duplication of work and imply inefficient use of resources. Moreover, having dual track reviews reduces accountability for each reviewer, and reduces the available expertise for both review tracks, lowering the overall outcome quality. While the concept of a 'second opinion' may be an appropriate mechanism for an appellant in an appeal process, the best way to facilitate robust and credible review is to provide authorisation to a review body that is suitably qualified, trained, resourced, and held fully accountable for its decisions.

The output of the Initial Assessment should be:

- a) Reconciled final assessment and recommendation (i.e. reject, register or register with corrections)
- b) Corrected Verification Report
- c) Corrected Monitoring Report

This process should not result in yet another assessment. Instead the assessments by RIT and Secretariat should be reconciled at this stage by means of scheduling conf calls with DOE/PP. It should therefore include another and this time direct interaction with the DOE, which is about Q&A

Date 9 July 2009
Page 4/5
Subject **Annex to Letter on draft review procedures**

and requesting required corrections.

Additional assessment: This process should be made obsolete by enabling reconciliation of RIT and Secretariat recommendation already during the Initial Assessment.

Publish recommendation: The recommendation should either be published on the website or made available to the DOE and PP.

Delay: Leaving 21 days between the publication of the recommendation and the finalization of the ruling for the EB to raise objections is considered as too long and as unnecessarily delaying the process. 10 working days should suffice for objecting to the proposed ruling.

Finalization & implementation of ruling: This process should be a purely automated step where the recommendation (to reject, register or register with corrections) is executed. Assuming that enhanced and direct communication has taken place during the Initial Assessment, the required corrections of monitoring and verification reports will already be done. Also the assessment of those corrections should be finalised before the stage of 'Finalization & implementation of ruling' so that the project can be registered or rejected once the period for raising objections by EB members is closed. We appreciate the time provided for implementing corrections, but given the overall length of the review process, we expect that in the majority of cases the corrected documentation will be handed in much earlier. Hence the implementation of ruling should happen once the objection period has passed.

Add to EB agenda: The reason for 'request for reconsideration' should be published or at least be provided to the DOE and PP.

Version 2.7

Commencement of review: see comment for version 2.6 above

Assessment of Responses and Further Interaction: It is not clear from the diagram what entity is undertaking the assessment.

The second activity within this step, 'Reconcile first assessment', is not clear, as there is only one assessment undertaken at this stage, which would not need to be reconciled with another view.

The answers provided by DOEs and PPs should be taken into account at the beginning of the assessment.

The outcome of this assessment should be the recommendation of whether to reject, register or register with corrections. The proposed outcomes 'agreement after initial assessment', 'additional assessment required' and 'different ruling' seem to be inappropriate here, especially because an additional assessment follows in any case.

The interaction with the DOE, which should involve a conference call, should already result in the required corrections and their assessment thereof.

Assessment by R&I Committee: It is not clear who the R&I Committee will be and what value this

Date 9 July 2009
Page 5/5
Subject **Annex to Letter on draft review procedures**

entity adds to the previous assessment. It rather appears as a duplication of the work undertaken already at the previous assessment and adds another 7 weeks to the overall procedure.

Publish recommendation: see comment on version 2.6 above

Delay: Leaving 21 days between the publication of the recommendation and the finalization of the ruling for the EB to raise objections is considered as too long and as unnecessarily delaying the process. 10 working days should suffice for objecting to the proposed ruling.

Finalization & implementation of ruling: see comment on version 2.6 above

Add to EB agenda: see comment on version 2.6 above