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To cdm-info@unfccc.int
From leo.perkowski @pd-forum.net
Date 13 November 2009
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Honorable Members of the CDM Executive Board,
Dear Mr. de Jonge,

On behalf of the membership of the Project Developer Forum, I am writing to you to follow-up on our earlier letter to the Executive Board, dated 26 August 2009, regarding the excessive amount of time it is taking to accomplish completeness checks at request for issuance. We hope you found our offered solutions constructive.

As we stated in our earlier letter, the timeframe for processing of issuance completeness checks is well beyond the EB mandated 20 days¹. Since our previous letter we have not observed any improvement as it continues to take over 60 days to complete the action. Further, the limit of 20 days imposed by the EB only applies within the limitation of 40 requests for issuance per month. In this follow-up letter we would like to further inform you that based on PD Forum membership forecasting of verifications and requests for issuances, it is clear that a significantly greater number than 40 requests for issuance per month will be submitted for the remainder of 2009 and throughout 2010².

Period	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	>1 year Average
Average number of requests per month for 10 companies who provided data	56	39	31	36	77	48
Average number of requests per month, extrapolated for the whole CDM pipeline	245	171	136	155	335	208

Our major concern, and the reason we provided a copy of this letter to Yvo de Boer, is that if efficiencies are not found soon, or the Secretariat's resources are not brought in line with Decision 2/CMP.4 paragraph 18 (b) and (d)³, then the above condition will worsen with no possibility of ever meeting issuance demands. The impact on the carbon market of this resource constraint is far reaching as project developers face contractual penalties, increased costs due to the need for bridge financing and cash flow shortages to name a few. This will ultimately put project sustainability in danger, reducing investor confidence and ultimately placing future emissions reductions at risk.

We hope you treat this issue with the importance it deserves for the carbon market and look forward to hearing from you.

About PD-Forum

The Project Developer Forum (PD-Forum) is a collective voice to represent the interests of nearly 30 companies that collectively represent a third of all registered CDM projects. We are located throughout

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the globe and develop greenhouse gas (GHG) emission reduction projects in international markets under the Clean Development Mechanism (CDM), Joint Implementation (JI) and other carbon emission reduction schemes and programs. Our primary goals are to 1) improve the efficiency, legitimacy and functioning of the regulatory systems governing the development and use of emission reduction projects, 2) assist in policy and regulatory standards development related to emissions trading and emission reduction projects, and 3) update and support independent standards and codes of conduct in order to further improve the integrity of the industry. The PD-Forum is active in communicating with regulators at national, supranational and international levels and other project developers about the rules and regulations governing emissions trading and emissions reductions projects.

Yours Truly,

Leo Perkowski
 Co-Vice Chairman, PD Forum

CC: - Yvo de Boer, Executive Secretary, UNFCCC (secretariat@unfccc.int)
 - Daniele Violetti, Secretary of the Executive Board, UNFCCC (dvioletti@unfccc.int)

NOTES

¹ Para 79, EB41 meeting report [<http://cdm.unfccc.int/EB/041/eb41rep.pdf>], instructs the Secretariat to perform completeness checks of requests for issuances within 20 working days from the submission, within a limit of 40 requests per month.

² The sample group of companies represents only a small share of the total number of CDM projects. According to the UNEP Risoe CDM Pipeline, the top 10 companies account for 27.5% of all projects; however, only 6 of the companies who contributed are in the top 20 and therefore, this sample represents less than a quarter of the to-be-expected requests. If conservatively extrapolated to take into account all projects, the expected number of requests for issuance can be expected to be higher than 200 per month.

Period	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010	Total
Aggregate expected number of requests for issuance by 10 member companies	169	118	94	107	231	719
Average number of requests per month, sample of 10 companies	56	39	31	36	77	48
Average number of requests per month, extrapolated for the whole CDM pipeline	245	171	136	155	335	208

Alternatively the volume can also be estimated as follows, with 1838 projects registered to date and each project expecting to request issuance at least once per year, there will be at least 1838 requests for issuance in 2010, which would be more than 150 per month on average.

Some of our members have previously presented you with estimates of the volumes of requests for issuance that far exceed the limitation of 40 per month. You also receive information from the DOEs about their expected volume of work and numbers of projects they work on, which will show the same. We hope that the information presented will be useful to you to prepare for the increase of the volume of requests that are forthcoming.

³ The COP/MOP "18. Requests the Executive Board: ... (b) To continue to streamline the registration and issuance processes of the clean development mechanism by assessing the existing timelines and take the necessary action to ensure the efficient and timely consideration of requests for registration and issuance; ... (d) To continue to closely monitor the adequacy of the operation of its support structure, particularly should the size and value of the clean development mechanism increase as expected, to take action, as appropriate, to ensure the effectiveness of its service and to report on actions taken to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session."

While USD 27.5 million are currently available to support the CDM activities in the remaining months of 2009 (report EB50, §79 and EB50 Annex 52), only 90 of the 143 CDM posts within the Sustainable Development Mechanisms programme (SDM) of the secretariat are occupied (EB49 webcast). The Secretariat is therefore staffed about 36% below levels required by the current management plan (ref. report EB49, §66).