

## CDM EXECUTIVE BOARD CALL FOR INPUTS ON THE VALIDATION PROCESS

15 August 2011

CDM Watch welcomes the opportunity to respond to the CDM Executive Board's important call for public inputs on the validation process<sup>1</sup>. Our response identifies current issues and suggests how improvements to the existing modalities could be made. We make concrete recommendations on how the validation process can be strengthened by providing guidelines and rules to improve civic participation and the transparency and quality of CDM projects.

CDM Watch makes the following recommendations to the CDM Executive Board, which are outlined in more detail in the following pages:

### RECOMMENDATIONS TO IMPROVE STAKEHOLDER INVOLVEMENT IN THE VALIDATION PROCESS

1. Provide clear rules and guidelines on how to conduct local stakeholder consultations
2. Establish clear guidelines to DOEs on how to assess stakeholder consultations
3. Increase access to information or the global stakeholder consultation
4. Increase the transparency of the validation process after the end of public commenting period
5. Establish a grievance mechanism for affected stakeholders

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<sup>1</sup> [http://cdm.unfccc.int/public\\_inputs/2011/eb62\\_02/index.html](http://cdm.unfccc.int/public_inputs/2011/eb62_02/index.html)

# RECOMMENDATIONS TO IMPROVE STAKEHOLDER INVOLVEMENT IN THE VALIDATION PROCESS

Stakeholder concerns can only be addressed if clear rules and guidelines are in place to enable stakeholders to comment on projects and to guide project participants and DOEs on how such concerns need to be sought and addressed. We recommend the following reforms:

## 1. PROVIDE CLEAR RULES AND GUIDELINES ON HOW TO CONDUCT LOCAL STAKEHOLDER CONSULTATIONS

Current CDM stakeholder consultation requirements are insufficient because they are ill-defined, poorly regulated and badly documented. For example, CDM project 3197 in Honduras and project 1953 in China, have both been linked to human rights abuses. These are just two of the most notorious projects. There are dozens of instances where projects were registered despite insufficient stakeholder participation, strong local opposition and clear evidence that the projects causes harm to the local populations and/or ecosystem.

Ensuring meaningful stakeholder involvement is inherently difficult. There are many reasons for this, including that local populations may not be sufficiently informed, may not be culturally used to giving critical feedback or may fear recrimination. International guidelines on stakeholder involvement are needed because CDM projects can and have the potential to significantly affect the livelihoods of local populations. It should therefore be a matter of course to involve them in the decision on whether to approve a project and how it should be designed. It is the responsibility of the international community to ensure that the mechanisms it creates safeguards the rights of those that are affected by these mechanisms.

Paragraphs 40-42 and 128-130 of the VVM<sup>2</sup> do not specify how local stakeholder consultations should be undertaken. The lack of specificity creates the risk that CDM projects that undertake cursory or superficial local stakeholder input are still validated by the DOEs. There is evidence of projects not conducting stakeholder consultation properly but still getting verified. For example, in at least two documented instances, parts of the information related to local stakeholder consultations were copied and pasted from another PDD.<sup>3</sup>

To ensure that public participation is not merely a formality, we suggest that the CDM Executive Board establishes clear requirements for how to conduct local stakeholder consultations, including:

### **GUIDANCE ON HOW LOCAL STAKEHOLDERS ARE TO BE INFORMED REGARDING STAKEHOLDER CONSULTATION**

Project proponents should be required to actively invite stakeholder participation through appropriate and effective means such as: radio, newspapers and informative flyers in the local language distributed

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<sup>2</sup> VVM ver.01.2

<sup>3</sup> [Energy efficient power generation at Dahej in Gujarat, India](#). and [Thoothukudi Thermal Power Project, India](#)

and put up at local meeting points in the project area (e.g. at community centers, churches, libraries, schools and post offices). This would eliminate any significant logistical and communication barriers by covering all major communication channels. Invitation letters should be sent to the following stakeholders, at the least:

- Local people impacted by the project or their official representatives
- Local policy makers and representatives of local authorities
- An official representative of the DNA of the host country of the project
- Local NGOs working on topics relevant to the project.

Prior to the consultation the Project Proponent must publish via media that is accessible to all stakeholders, a non-technical summary of the project activity in the local language(s) as well as a non-technical description of the project's EIA analysis including the project's projected scope, lifetime, adverse impacts and management plans, along with all other relevant information about the project.

#### **FIRST ROUND OF THE LOCAL STAKEHOLDER CONSULTATION**

The guidelines contained in the current VVM do not ensure that such consultation occurs early on in the process, when the Project Proponents are still genuinely open to making changes to the project, i.e. during the design phase of the project. The first round of stakeholder consultation should be conducted before the PDD is submitted for validation, at a stage where the project developer is still open to adapting the project design and should include at least one physical meeting. The meeting should be required to be conducted in an appropriate local language and include the following agenda items:

- Presentation of the project
- Clear instructions on how to raise complaints after project registration (see suggestion 5 below on establishing a grievance mechanism).

To maximise the impartiality of the process, the DOE selected to validate the project should be required to attend the first meeting(s).

#### **FOLLOW UP TO THE FIRST ROUND**

The Project Proponents should be required to publish a non-technical report on the meeting or meetings, within one month of the meeting(s) taking place. This report should include all comments made and indicate how they will be taken into account in the project design. If a proposed project receives negative assessments from stakeholders without them being sufficiently addressed by mitigation measures, the assessment should be revisited. This should be done in consultation with the validating DOE.

#### **SECOND ROUND OF STAKEHOLDER CONSULTATION**

The purpose of the second round would be to discuss with the stakeholders whether their comments from the first round have been addressed appropriately. The second round should include all stakeholders that participated in the first round(s) and cover all issues addressed during the first round. The second round should include another physical meeting.

The second round could be conducted in parallel to the validation but should be open for at least two months before the validation is finalised. The PDD should be required to document how the second round was conducted, what comments were received and how they were taken into account. It should also state which concrete mitigation actions are planned and how they have been agreed upon with the local stakeholders.

## 2. ESTABLISH CLEAR GUIDELINES FOR DOES ON HOW TO ASSESS STAKEHOLDER CONSULTATIONS

Current rules do not establish criteria against which to assess the adequacy of local stakeholder consultation<sup>4</sup>. The majority of validation reports only summarise how stakeholder comments have been collected and repeat information from the PDD or the content of the comments, but do not present how stakeholder comments were addressed by the project participants. Yet the DOE is required to present this information in the validation report.<sup>5</sup>

In order to avoid the validation of CDM projects that undergo only cursory or superficial local stakeholder input, the CDM Executive Board should develop rules that clearly prescribe how local stakeholder consultation can be considered adequate, including:

**Who the stakeholders<sup>6</sup> are:** *inter alia*, establish rules on the minimum number and types of stakeholders that need to be consulted.

**How stakeholders need to be contacted and involved:** *inter alia*, require at least two rounds of stakeholder consultations, including at least one physical meeting. Include specific requirements as to how and when the two consultation rounds should be announced and organized. Local contexts (e.g. limited or no internet access, several local languages, large distances local people have to travel to come to meetings) must be taken into account to ensure groups or communities affected (or likely to be affected) by the project activity are reached effectively. For example, if a significant part of the population is illiterate, the information must be provided orally – such as at physical meetings and on the radio. DOEs should be required to be present at the physical meeting(s). Furthermore, the information must be provided in the language spoken and understood by the affected population.

**What information needs to be provided:** *inter alia*, the project needs to be described in non-technical terms in the local language(s) so that a lay audience can understand the effects of the project both when it is created and over the project's lifetime. Project proponents should also

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<sup>4</sup> According to VVM para 129 c) the DOE shall, by means of document review and interviews with local stakeholders as appropriate, determine whether: (c) The project participants have taken due account of any comments received [during the local stakeholder consultation period] and have described this process in the PDD. VVM para 130.a) further states that the validation report shall describe the steps taken to assess the adequacy of the local stakeholder consultation.

<sup>5</sup> VVM vers. 01.2, para 41

<sup>6</sup> Stakeholders means the public, including individuals, groups or communities affected, or likely to be affected, by the proposed clean development mechanism project activity (Decision 3/CMP.1 para 1e).

be required to translate the PDD and the EIA into the local language(s). All supporting validation documents should be made public and be made public and accessible to local stakeholders and internationally.

**How feedback is to be documented:** establish clear guidelines on how stakeholder meetings and feedback need to be recorded. Lists of participants that were invited and who actually participated need to be made public.

**How feedback is to be analysed:** establish clear guidelines on how DOEs can assess the validity of the stakeholder consultations and if comments have been taken into account.

### **3. INCREASE ACCESS TO INFORMATION FOR THE GLOBAL STAKEHOLDER**

#### **CONSULTATION PROCESS**

Even people who are keenly interested in a particular proposed CDM project, often have difficulties accessing information about public participation opportunities on the UNFCCC website. Improvements have been made, such as the introduction of RSS feeds. However, more improvements are needed to strengthen stakeholder participation.

#### **SET UP EMAIL NOTIFICATION SYSTEMS FOR REGISTRATION, ISSUANCE AND METHODOLOGY PROCESSES AS WELL AS FOR ALL PUBLIC PARTICIPATION PROCEDURES THAT ARE TIME SENSITIVE**

We recommend that the CDM Secretariat establishes an email notification system which provides specific information about registration, issuance and methodology processes, and all public participation procedures that are time sensitive, including:

- Requests for registration
- Requests for renewal of crediting period
- Start of the public commenting period of projects and PoAs
- Start of the public commenting period for new methodologies.

#### **IMPROVE THE USER-FRIENDLINESS OF THE UNFCCC CDM WEBSITE INCLUDING THE TRANSLATION INTO ALL OFFICIAL UN WORKING LANGUAGES**

CDM Watch welcomes the CDM Secretariat's efforts to improve the user-friendliness of UNFCCC's website. Its recent update has enhanced accessibility and facilitated the inclusion of additional information. However there are still improvements to make to enhance the accessibility of information on the UNFCCC website. Many obstacles remain, for example, crucial information such as details about how the stakeholder consultation was conducted, is not made public at all or is not readily accessible.

Increasing the amount of information available in all of the official UN working languages would make a substantial improvement. We believe that the sections on the CDM site that deal directly with public participation process should be available in all official UN working languages.

#### **CLEARLY COMMUNICATE THE END DATE AND TIME OF THE COMMENTING PERIOD**

It is often not clear to many stakeholders what the exact end date and time for submitting comments is during the global stakeholder consultation. This confusion has resulted in comments by some

stakeholders not being included. While there is a general understanding that the official closing time is 24.00 GMT on the closing day there is no reference on the validation page where project applications are displayed. CDM Watch has seen several projects close a few hours before the official closing time. We ask the CDM Secretariat to display the actual deadline date and time (including the relevant time zone) on the validation page and to adhere strictly to the deadline time, ensuring that it does not close before the official time.

#### **ENSURE THAT ALL SUPPORTING DOCUMENTS ARE UPLOADED PRIOR TO THE START OF THE PUBLIC COMMENTING PERIOD**

Public comment on PDDs is significantly hampered because much of the supporting documentation, such as the IRR analysis and the environmental impact assessments (EIA) are not made available to the public. The documents are available for the CDM Executive Board's review of validation, but not during the public commenting period. Without the detailed supporting documentation, public review on the crucial issues of additionality and public participation in environmental analysis is limited to the summary information provided in the PDD itself. The supporting documentation should be required to be available along with the PDD at the start of the public comment period. We have also repeatedly observed temporarily non-functional hyperlinks to project documentation on the UNFCCC website, hampering public access to this information. The CDM Secretariat must ensure that all documents are available during the entire public commenting period and that server capacity is sufficient to allow for a large number of visitors to access project documentation during the global stakeholder commenting period.

#### **ALLOW SUBMISSIONS OF COMMENTS THROUGH LOCALLY FEASIBLE MEANS AND IN THE LANGUAGE(S) OF THE HOST COUNTRY**

The vast majority of stakeholders in CDM host countries do not speak English fluently, thus may not be in a position to submit comments in English. However, our experience is that comments by stakeholders that were submitted in languages other than English were not accepted by the UNFCCC Secretariat. Only allowing comments written in English creates an undue and unfair obstacle to non-English speaking stakeholders. Stakeholder comments should thus be accepted in the language(s) spoken in the project area.

Instructions for submitting comments are currently unclear and the upload tool is not user-friendly. Numerous national and international civil society organisations have reported having trouble when trying to upload their comments to the UNFCCC Website.<sup>7</sup> For this reason, organisations, conscious of the 30-day commenting period often decide to submit their comments by email in order to ensure they are received before the deadline. In many cases these emailed comments end up not being accepted as valid because they were not submitted through the website. We therefore suggest developing a clear step-by-step guide for submitting comments and accept the submission of comments by email. Helping to ensure the timely submission of comments from important stakeholders that have access to local

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<sup>7</sup> Requests for assistance with uploading comments following troubles with the upload tool: e.g. Mail to CDM Watch from CIEL (Center for International Environmental Law) on 27 July 2011; mail to CDM Watch from Heinrich Boell Foundation China 28 July 2011; mail from GAIA (Global Alliance for Incinerator Alternatives) in May 2010; mail from Sierra Club 11 June 2011; mail from Bank Information Center 18 July 2011.

information concerning the validation requirements of project activities would further increase the integrity of the validation process.

#### **INCREASE THE DURATION OF THE PUBLIC COMMENTING PERIOD ON NEW PROJECTS TO AT LEAST 60 DAYS FOR ALL PROJECTS**

Given the highly technical nature of CDM projects and the low literacy rates in some project regions it is not reasonable to expect citizens and NGOs to be able to understand PDDs and provide meaningful responses in a commenting period of 30 or 45 days. This is a particularly short time frame to comment on projects that are controversial or present significant potential environmental or community risks. The fact that major afforestation/reforestation (A/R) projects have a 45-day timeline is an implicit acknowledgment that complex and high-impact projects require longer time periods for sufficient review. Given that other major non-A/R projects can have equally complex impacts, we believe that the commenting period should be extended to 60 days for all project types.

#### **INCREASE THE DURATION OF THE PUBLIC COMMENTING PERIOD ON NEW METHODOLOGIES**

The current time provided for public comment on new methodologies is only 15 days. This is an inadequate time frame to allow for meaningful public participation and comment. New methodologies are technically complex and as a result, often take several years to proceed from initiation to adoption. Fifteen days is simply not a reasonable period for public review because it is inadequate time for individuals or NGOs to get acquainted with the complexity of new methodologies. Since new methodologies will determine the quality of many projects, it is of utmost importance that civil society has the opportunity to adequately scrutinise the environmental integrity of CDM methodologies. We believe that 60 days should be the new minimum appropriate commenting period.

### **4. INCREASE THE TRANSPARENCY OF THE VALIDATION PROCESS AFTER THE END OF PUBLIC COMMENTING PERIOD**

Once the commenting period is over, no feedback or information is provided to stakeholders who have submitted their concerns. Further guidance to the DOEs and an automated feedback system would increase transparency and improve the integrity of the validation system.

#### **ESTABLISH AUTOMATED SYSTEM FOR UPLOADING COMMENTS IN REAL TIME TO THE UNFCCC WEBSITE**

In compliance with decision 3/CMP.1- Para 40c<sup>8</sup> the CDM Secretariat needs to ensure that comments submitted during the global stakeholder consultation period be made public immediately upon their submission. The currently practiced three week delay is unacceptable and leaves room for omission of important comments. We suggest establishing an automated system for uploading comments in real time to the UNFCCC website.

#### **DEVELOP GUIDELINES THAT SPECIFY HOW DOEs MUST RESPOND TO STAKEHOLDER CONCERNS**

According to Paragraph 42 VVM, if comments submitted during the public commenting period indicate that the project activity does not comply with CDM requirements, the DOE shall request further clarification from the entity that submitted the comment. However, currently the DOE is **not** required to enter into a dialogue with parties, stakeholders or NGOs. In the absence of such a requirement for the

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<sup>8</sup> [...] comments from stakeholders will be received by the DOE within 30 days upon publication of the PDD and that these will be made publicly available.

DOE to engage with such comments, the DOE runs the risk of approving potentially harmful CDM projects by not investigating comments. We recommend that guidelines be developed which specify how DOEs must respond to stakeholder concerns.

#### **ESTABLISH AUTOMATED NOTIFICATION SYSTEM ABOUT THE STATUS OF A PROJECT'S VALIDATION TO STAKEHOLDERS WHO HAVE SUBMITTED CONCERNS**

It is difficult for concerned stakeholders to monitor the status of a project. Years can pass before a project moves to the next phase in the project cycle. There is currently no RSS feed for projects which have had their validation terminated or rejected and finding these projects on the UNFCCC website is difficult and time-consuming. Notice on the status of a project's validation should be given to stakeholders who have submitted their concerns through an automated system. This would enable them to review whether their concerns have been taken into account and thus improve the accountability and integrity of the validation process.

### **5. ESTABLISH A GRIEVANCE MECHANISM FOR AFFECTED STAKEHOLDERS**

Under the current rules there are only limited opportunities for input during the validation of a CDM project and there is no grievance mechanism in place after a project has been registered. Because of the inherent risk that project implementers may not meet the requirements, a recourse mechanism needs to be established for stakeholders who feel they have not been adequately consulted or if agreed actions have not been carried out as promised by the Project Proponent. This would enhance the accountability and, ultimately, the integrity of the validation standards and processes.