



CDM Board launches Sustainable Development Tool

Last week, the CDM Board published a tool to report about the contribution of CDM projects to sustainable development. The tool is far from being perfect but it is a step in the right direction to improve the oversight of sustainable development and to monitor co-benefits other than GHG reductions of climate mitigation projects. It could become a useful quality check tool for offset buyers and “cancellers” to help ensure a genuine contribution to sustainable development. Read more...

The CDM has a dual mandate to deliver climate mitigation and sustainability benefits. Despite these fundamental goals, numerous studies and anecdotal evidence show that most CDM projects fail to deliver sustainability benefits. This is because of a number of reasons:

- 1) To receive carbon credits under the CDM, only GHG emissions need to be monitored and measured. This means that the contribution to sustainable development has no financial value which puts more value to projects with more emissions reductions than to projects with potentially higher sustainability benefits;
- 2) There is no international sustainability assessment process. Countries that host CDM projects define their own sustainability criteria. In the absence of international guidance, the sustainability criteria usually lack specificity, transparency and stringency;
- 3) There is no mandatory monitoring and reporting process. The lack of an appropriate monitoring mechanism makes it impossible to follow up to the individual sustainable development goals of CDM projects. In other words, even if there were wonderful sustainability benefits, we'll never know about it. However, this also means that in the absence of monitoring, there are no means to incentivise project participants to fulfil the promised sustainable development benefits which along the lines can also lead to negative impacts;
- 4) Finally, there is no grievance mechanism in place in case negative impacts of the CDM project occur, for example when facing displacement, job loss or increased pollution.

Addressing part of this criticism, the CDM Board decided in 2012 to develop a voluntary reporting tool to highlight sustainable development co-benefits and finally launched the tool last week. This voluntary tool (SD Tool) for describing sustainable development co-benefits (SDC) of CDM project activities or programmes of activities enables CDM project developers to highlight the sustainable development benefits of their projects or PoAs by using a check list of predefined criteria and indicators. The result of using the tool is a “sustainable development co-benefit description report” (SDC description report). A first set of reports has been uploaded as part of the piloting process [here](#).

But... the tool has significant shortcomings:

- It can only be used by project participants as well as coordinating and managing entities, excluding civil society and potentially affected communities to raise concerns and assess impacts from their first-hand experience;
- The tool has a voluntary character which means that only the project participants that chose to do so provide information about the projects' sustainability benefits;
- The tool is only a reporting tool and does not require monitoring or verification of the actual sustainability benefits, which means there is no third party verification about the actual benefits;
- Finally, there is no measure in place when negative impacts occur.



As explained above, the tool is far from being perfect and the key shortcomings, such as lack of civil society engagement will need to be tackled. However, it's a good first step in the direction to improve the oversight of sustainable development and impacts of the CDM and for monitoring co-benefits other than GHG reductions of climate mitigation projects. Something that will be very important for other mechanisms, e.g. NAMAs.

The SD Tool could also become a useful quality check tool that might be mandated by governments to ensure that the credits they buy have a genuine contribution to sustainable development, e.g. by mandating in their purchasing agreements that only credits from projects that are using the SD Tool will be bought. The SD Tool could also be an add-on requirement for carbon credits that are eligible for cancellation through the new voluntary cancellation [registry](#).