

CDM Executive Board
Martin Luther King Strasse 8
P.O. Box 260124
D-53153

Re: Inadequacy of local stakeholder consultation of CDM project 3197 (Bajo Aguan)

24 June 2011

Dear Mr Hession,

I am writing to you in relation to very serious concerns about how the local stakeholder consultation was carried out in the case of PA 3197 (Aguan, Honduras). Based on the information provided below we believe that the validation report does not comply with the VVM requirement paragraphs 17, 18, 39, 129(c), and 139 (a) and that therefore the project request for registration must be rejected. Moreover, actions against the performance of the DOE, that issued a positive validation despite clear concerns about the adequacy of how the local stakeholder consultation was conducted, must be initiated.

The validation report of the Aguan Biogas project section 3.9 "Local stakeholder consultation" (page 25 validation report Aguan) states: *"The relevant local stakeholders have been invited via local and regional newspaper advertisements. The evidence of these invitations **is presented in the IRL 10 and IRL 11**. The local stakeholder meeting has been held at the project site on 03 January 2008. The assessment team has reviewed the documentation in order to validate the inclusion of relevant stakeholders (see IRL 37, Listado de personal para invitacion and IRL 38 Listado de asistencia) and **using the local expertise it can be confirmed that the communication method used to invite the stakeholders can be considered appropriate**. The summary of comments presented in the PDD has been cross checked with the documentation of the stakeholder consultation and is **found to be complete**. Comments presented by the local stakeholders have been taken into account by the PPs. This has also been cross checked with information obtained during interviews. Hence the local stakeholder consultation has been adequately performed according to the CDM requirements."*

According to validation requirements in the VVM paragraph 129 (c) *"The DOE shall, by means of document review and interviews with local stakeholders as appropriate, determine whether the project participants have taken due account of any comments received and have described this process in the PDD"*. Moreover, paragraph 139 (a) requires that the validation report shall *"Describe the steps taken to assess the adequacy of the local stakeholder consultation"*.

Simply stating that *"using the local expertise it can be confirmed that the communication method used to invite the stakeholders can be considered appropriate"* does not describe the steps taken to assess the adequacy of the local stakeholder consultation. Moreover, it is not reproducible how the summary of comments in the PDD has been cross checked with the documentation of the stakeholder consultation and is *"found to be complete"* since neither of the evidence referred to above (IRL 10 and IRL 11) is available to the public.

Simply referencing evidence as *"IRL xx"* without providing any further information and hence, not allowing stakeholders to cross check the credibility of the claims does not comply with paragraph 17 of the VVM that states that *"information in the validation and verification reports shall be presented in an open, clear, factual, neutral and coherent manner based on documentary evidence"* and paragraph 18(b) that *"DOEs must clearly reference background material"*. Moreover, assuming that *"Hence the local stakeholder consultation has been adequately performed according to the CDM requirements"* does neither clearly and explicitly state nor document the assumptions as required in paragraph 18 (b).

Having approached the DOE to get access to the documents, we were informed that IRL 10 is available in the newspaper „La Prensa“ of 24 December 2007 and the IRL 11 in the newspaper „La Tribuna“ of 27 December 2007. We were further informed that IRL37 and IRL38 (list of people that

were to the local stakeholder consultation and people that participated) is confidential and is only disclosed to UNFCCC.

Allowing all stakeholders to reproduce credibility of validation assumptions is a basic transparency requirement in auditing standards and included in paragraph 39 of the VVM that states that the DOE shall undertake its reporting *“in a transparent and unambiguous manner that allows the reader to understand the nature of the issue raised, the nature of the responses provided by the project participants, the means of validation of such responses and clear reference to any resulting changes in the PDD or supporting annexes”*. It is also required by other standards, for example contained in the ISO standard (e.g. 14064-2) that states that *“Transparency relates to the degree to which information is seen as being reported in an open, clear, factual, neutral and coherent manner based on documentation. Information is recorded, compiled and analysed in such a way that will enable internal reviewers and external intended users to attest to its credibility”*.

Based on the information provided in the validation report without specifying neither date and name of the local newspapers that announced the local stakeholder consultation, nor the list of people that were invited and that participated at the meeting on 3 January 2008, it is impossible for any stakeholder outside the closed circle of project participants, DOEs and internal UNFCCC staff to reproduce the credibility and adequacy of the local stakeholder consultation.

Additionally compounding the evidence that stakeholder consultations were not conducted properly, the DOE informally informed us that the announcements about the local stakeholder consultations were made on 24 December 2007 and 27 December 2007, less than 10 days before the actual stakeholder consultation. At least 5 of these 10 days are national holidays (Christmas and New Years) during which people traditionally do not read newspapers and are travelling to visit relatives often far off their actual residence. Based on this information it is impossible to reproduce how the DOE could assume that the local stakeholder consultation requirements have been *“adequately performed according to the CDM requirements”*.

The local disputes around the Aguan biogas projects are well known and have been covered widely in the national and local press. Following basic research, the DOE should have been aware of disputes between local communities and the project participant. Therefore it should have paid particular attention as to whether all stakeholders likely to be affected by the project activity were informed about the local stakeholder consultation in an adequate manner. Not having done so does not only breach local stakeholder and transparency requirements contained in the VVM but suggests that the information was intentionally not made public in order to omit the inadequacy of how the local stakeholder consultation was conducted.

Based on the evidence provided above we urge you as the Chair of the CDM Executive Board to reject the registration request of the PA 3197 and to initiate actions against the performance of the DOE.

We trust that you take this issue seriously.

Yours sincerely,



Eva Filzmoser
Programme Director CDM Watch