Dear friends,

The CDM Executive Board will have its 67th meeting just before the 14-25 May UN climate negotiations in Bonn, Germany. In this newsletter we give an overview of the relevant carbon market issues that are on the agenda in Bonn. Of course our team will be there to join fellow ENGOs to advocate for environmental and social integrity.

At the next Board meeting, discussions on the new revised rules for CDM coal power projects will be in the spotlight. We are asking the Board to reject the current proposal because it does not address the inherent problems of this project type.

The Board will also discuss what type of voluntary guidelines should be developed for sustainability benefits. Guidelines must be strengthened both for co-benefits in general and for public participation rules in particular. Many options have been brought forward to do so, now is the time for action! The guest article from India reports back from a CDM Watch workshop and describes how civil society in host countries is fighting for fairer and more meaningful participation. To contribute to the public dialogue on the CDM reform and to encourage frank communication between all stakeholders, CDM Watch launched an online discussion forum. Things are already heating up: one project developer has posted a detailed and provocative statement on the problems in the CDM. We invite everybody to post their views and engage in discussion. CDM Watch will also hold a side event in Bonn to facilitate dialogue between policy makers and civil society, draw attention to urgent concerns about the CDM and encourage change where needed.

Last but not least, we discuss the troubles of CDM’s little brother, Joint Implementation (JI). The lack of oversight and quality assurance, especially for Track 1 JI projects which can be approved by host governments themselves, is extremely problematic. The weaker a country’s emissions pledge is, the higher the incentive to have little or no environmental integrity for the JI projects it hosts. We explain why this is and point out why JI should serve as a cautionary tale. The JI story will dampen enthusiasm for market mechanisms that have little or no international oversight. This is why in Bonn we will fight for strong rules both for the new market mechanism and the framework under which a regional system would be coordinated.

Happy reading!  

The CDM Watch Team
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CDM WATCH AT WORK

Published Articles and Joint-submissions
› NGO Newsletter: Watch This! NGO Voices on the CDM, Issue 1 (April 2012)
› Guest Commentary on EU’s CER eligibility criteria by Eva Filzmoser, CDM Watch, Point Carbon CDM&JI Monitor (22.02.2012)
› CAN International Submission on a New Market-based Mechanism (09.03.2012)
› CAN International Submission on Framework for Various Approaches (09.03.2012)
› Newsletter of the Forum Environment and Development, Issue I/2012 - Landwirtschaft - Da ist der Wurm drin?! CDM Watch’s article „Kohlenstoffmarkt – Game Over?” (15.03.2012)
› CAN International submission on Joint Implementation (16.04.2012)

CDM Watch Press Releases
› UN’s offsetting project Barro Blanco hampers Panama peace-talks (English, Spanish, German) (15.03.2012)
› CDM Reality Check – CDM Watch launched Online Discussion Forum (23.03.2012)
› Brazilian judge ruling puts government under pressure to withdraw Teles Pires hydro dam from UN offsetting scheme (02.04.2012)

Policy Brief
› Hydro Power Projects in the CDM (February 2012)

Multi-stakeholder dialogue
› Launch of CDM Watch Discussion Forum (22 March 2012)

Presentations
› Troubling offset project types: European Parliament Lunch even on the Integrity of the CDM (29.02.2012)
› Withdrawal of LoAs – An NGO Perspective: 13th DNA Forum in Bonn (23.03.2012)
› Views on new market mechanisms under UNFCCC after Durban: CEPS Carbon Market Forum: New Market Mechanisms under the AWG-LCA (23.02.2012)
› Supressed Demand: Sustainable Development Mechanisms Joint Coordination Workshop at UNFCCC in Bonn (24.03.2012)
› NAMAs and NMM – what are the concerns?: CEPS Carbon Market Forum: New Market Mechanisms under the AWG-LCA (15.03.2012)
› A critical look at the future (of GHG market mechanisms) CAN-E General Assembly (18.04.2012)
› A discussion about Surplus AAUs – What is the role of NGOs? CAN-E General Assembly (19.04.2012)

Calls for public input
› Call for input on the draft revised methodology ACM0013 “Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology — Version 4.0.0?” (20.04.2012)

Policy Dialogue
› Presentation and input during 3rd CDM Policy Dialogue Stakeholder Engagement meeting (23.03.2012)

Study commissioned by CDM Watch
› Follow-up policy note on coal projects: Can Concerns with CDM Coal Power Projects be Addressed through Revisions to the ACM0013 Methodology? (December 2011)
Coal in the CDM –
the Saga Continues

The CDM Executive Board will discuss a revision of the coal methodology at its upcoming meeting. We described the shortcomings of the revisions in a technical note to the Board. Despite the proposed, more stringent rules, many CDM coal projects will still result in credits that do not represent real emission reductions. In addition, they will all severely harm climate goals without delivering any sustainability benefits. The proposed changes to the rules will also not apply to the six projects that are already registered.

The CDM Executive Board suspended the coal crediting methodology (ACM0013) in late 2011 after the UNFCCC’s Methodologies Panel presented evidence in a report that coal power projects in the CDM are severely over-credited. The Methodologies Panel has now revised the methodology and the Board will decide what to do with ACM0013 at its next meeting. Currently, 45 coal projects are in the CDM pipeline, located in India (32 projects) and China (13 projects). Six of these projects have already been registered. These projects will therefore not be affected by the revision and will still receive credits based on the flawed, newly-suspended methodology. These six projects alone could generate 89 million credits. Once a methodology revision has been approved, the remaining projects that are currently in the pipeline will have to conform to the new rules and can then apply for registration.

1 A seventh coal project (Chinese project 5027) slipped through to the registration stage just before the ban took effect. CDM Watch and Sierra Club provided detailed comments to the Board on why the project is not additional. Three Board members have initiated a request for review.

How Good is the New Revision?

The Methodologies Panel has issued a call for input on the revisions. Aided by the Stockholm Environment Institute (SEI) we carefully examined the proposed changes. SEI made several key observations on why the methodology revision is still problematic. For example, issues such as the small efficiency gains, the large project emissions, the impact of other variables on plant efficiency, and the lack of data quality are still not sufficiently addressed. If you want to read up on the technical details and also read what other submissions say, go here.

Along with the technical issues, the following broader issues remain:

› Using CDM finance for large, new and long-lived coal plants directly undermines the 2°C objective. Coal plants are the highest-emitting electricity resource. Using much-needed climate finance to support construction of these plants (even if it leads to slight increases in the efficiency of some coal plants) undermines the overall objective of limiting dangerous climate change.

› The focus on incremental change and the long-term lock-in of emissions are particularly troubling as the window of limiting warming to 2°C is closing. The 45 coal projects in the CDM pipeline will lock in over 400 million tCO2 in annual emissions – as much as the annual CO2 emissions of developed countries such as France, Spain and South Africa. The International Energy Agency has repeatedly warned that the continued development of coal power will make it impossible to hold global warming to safe levels.

› Coal projects do not deliver sustainability benefits. Instead, they inflict severe toxic burdens on local populations and ecosystems.

What Will Happen at the Upcoming Board Meeting?

At the upcoming meeting, the Board has several options. They can:
1. Approve the methodology as is
2. Make changes to the methodology themselves and then approve it (we think that given how technical this subject matter is, this is unlikely)
3. Send the methodology back to the Methodologies Panel so that the Panel can take the comments submitted in response to the call for inputs into account and then provide additional guidance to the Board.
Given that the Methodologies Panel has not yet had the opportunity to address these comments, we think that the Board should choose option three to ensure the integrity of the participatory process and, more importantly, to take advantage of the knowledge of and ideas from all stakeholders.

CDM WATCH URGES

the CDM Executive Board not to approve a revision of ACM0013, unless it can be proven beyond doubt that the new revisions are able to address all issues of this project type that currently undermine the goals of mitigation and sustainable development.

Joint Implementation – Why We Are Worried

The future of Joint Implementation (JI) is uncertain. The mechanism will have to be revised for the next commitment period. Currently the vast majority of JI credits come from dubious projects in countries with large Assigned Amount Units (AAU) surpluses. In these countries JI can be used to ‘launder’ surplus AAUs. Parties will discuss the future of JI again at the intercessional in Bonn. We present the main issues in this article.

JI projects are currently implemented under two different tracks. Under Track 2, much like the CDM Executive Board, the Joint Implementation Supervisory Committee (JISC) approves JI projects and issuance of credits. Under Track 1, it is the host Parties that approve projects and are responsible for the verification of emission reduction and issuance of credits.

 Seven times more Emissions Reduction Units (ERUs) have been issued under Track 1 than under Track 2 (114 million versus 17 million as of April 2012, UNEP RISOE). Even though about half these projects have generated ERUs. On the other hand, 199 of the 288 Track 1 projects in the pipeline have already received ERUs (see graph below).

Track 1 projects have been notorious for their lack of transparency, accountability and environmental integrity. Nevertheless, the JISC in its recommendations on how to reform JI, suggests that starting in 2013 approval and registration of JI projects should be handled by the host country and that only issuance of credits into a JI registry should be administered by the JISC (or its follow up body). Giving host countries such power over these decisions is a recipe for continuing the lack of transparency, as no one is charged with checking their decisions. The experience with Track 1 is that having little or no international oversight and quality control for projects leads to offsets with little environmental integrity.

JI: Laundromat for Hot Air

Countries with large amounts of Assigned Amount Units (AAU) surpluses have started to use JI Track 1 to convert a significant number of AAUs to JI credits. Let’s take Ukraine as an example. Last year Ukraine was suspended from participating in trading AAUs because of their non-compliance with requirements under the Kyoto Protocol. At the end of August it became clear that a suspension would soon be passed. Until then Ukraine had issued a total of about 30 million ERUs. When a country issues ERUs, it has to retire the same amount of AAUs to avoid double counting. In mid October, when the final suspension was passed, 63 million ERUs had been issued. In other

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2 These shortcomings are outlined in the JISC recommendations and also in a recent report commissioned by the European Commission: Recommendations on options for building on the approach embodied in joint implementation, October 2011

Alessi M. and Fujiiwara N., Centre for European Policy Studies (CEPS): Briefing paper “JI Track 1 preliminary assessment”

3 AAUs are a kind of CO2 pollution permit. AAUs are given to each country that has an emissions reduction commitment under the Kyoto protocol. 1 AAU entitles a country to emit 1 ton of CO2e. Countries have large surpluses of AAUs because their pledges for the first commitment period were so weak that they received way more AAUs than their actual emissions levels. This surplus is therefore often referred to as ‘hot air.’
words, in less than 2 months the Ukrainian government issued 33 million ERUs, that's more ERUs than it had since the start of JI! It is very unlikely that such sudden and large quantities of JI credits are real and additional. In other words, countries with large AAU surplus can use the JI for “hot-air laundering.” This not only undermines environmental integrity but also threatens the viability of carbon markets.

Most ERUs come from JI projects located in countries that have surplus AAUs. As explained, these countries have an interest in having weak additionality and baseline requirements, to enable as many JI projects as possible to be registered. Non-mandatory ‘best practice’ guidelines, as suggested by JISC, will not suffice to ensure the environmental integrity of JI because they allow the host countries to write their own rules to suit themselves.

CDM Watch helped draft the CAN-International submission on JI which contains many more specific suggestions on how JI should be revised. The UNFCCC Secretariat will prepare a report of all the submissions in July 2012. The JISC will then draft a revised set of measures and possible changes of the JI guidelines. Parties will then discuss these at CMP-8 in Qatar in November 2012.

4 Joint Implementation: A Frontier Mechanism Within The Borders Of An Emissions Cap. CDC Climate, 2012
CDM Watch recently launched an online discussion forum to enable the public to participate in the CDM reform dialogue. The UN High-Level Panel on the CDM Policy Dialogue Panel is currently taking stock of the lessons learned in the CDM. CDM Watch’s Discussion Forum aims to foster open and constructive communication between civil society, policy makers and market participants.

CDM in Asia and the widespread problem of corruption

I am a CDM and carbon professional that began working on CDM project development several years back. My firm has many projects (>30), mainly in Asian countries.

Asia is a region known for its rapid growth and insatiable demand for power. It is also well-known for pervasive corruption, fraud and criminal activity (see Corruption Perception Index rankings of top Asian economies http://www.transparency.org/regional_pages/asia_pacific/resources/surveys_and_indices).

Before working actively on the development of CDM, I had strong suspicions about the veracity of claims to financial additionality in PDDs. How could almost every new hydro plant, biomass project or wind farm in India and China have an IRR conveniently below an already conservative investment benchmark?? Furthermore, given the CDM registration risk, carbon price risk and general project performance risks, would...
a rational investor seriously consider potential CDM revenue as the basis for proceeding with the project? It was all very fishy...
Not surprisingly, my suspicions were amply confirmed as soon as I began my new (tedious) job drafting PDDs and financial models. Almost every project I encountered was being been gamed or defrauded in some way in order to prove addi-
tionality. Unorthodox financial engineering, false certificates, false board meeting minutes (a classic technique for “proving” prior con-
sideration), redacted and re-edited feasibility studies, deliberate omission of material information (e.g. PPAs).

These were all tools of the trade if the original documents or numbers didn’t “fit” the rules. At times, when it got really bad we were told to turn a blind eye as our clients created the necessary evidence. We blamed the challenges we faced on the Executive Board (all those standards and guidelines!). Anything was OK so long as it helped achieve the ultimate goal: Registration and money for hot air. Nor was this in any way unique to my firm. After about six months working in-country and after attending numerous international conferences, I discovered that every other CDM developer appeared to be doing similar things.

There is plenty of hard and anecdotal evidence out there that support my position. CDM Project owners themselves admit that CERs are just a bonus to further line their pockets, as wikileaks conveniently revealed not long ago (http://www.cdm-watch.org/wordpress/wp-content/uploads/2011/10/Press_Release_ERegistersIndianProjects.pdf). And it’s not just in India. I would go so far as to suggest that almost every CDM project with a significant income stream aside from CER revenues has defrauded and gamed this system in some way.

DOEs are complicit in these actions too, usually tacitly, careful to cover their tracks. They will give advice via telephone on “alternative approaches” and knowingly accept false documents. Unscrupulous host country validators are often the perpetrators here while technical reviewers sit, oblivious, in their German offices. Again, such behaviour is pervasive. I have known DOEs to openly accept soft bribes to overlook clear breaches of the rules.

Given the above it begs the question: why is there no global investigation taking place? Why is it up to tiny outfits like CDM Watch and International Rivers to level criticism? Where are the serious fraud offices and Interpol in all of this? A part of the answer, surely, is that UNFCCC Parties (i.e. governments) are complicit in the sham of the CDM.

In the developing world most host country DNAs (with the notable exception of Brazil) are nothing more than rubber stamp committees paying lip service to sustainable development. They are far more interested in the millions of dollars of spurious foreign direct investment their rubber stamps will generate. Developed countries are similarly self-interested; CDM massively lowers their cost of meeting GHG abatement targets, helping politicians stick to their bold pledges and appeasing large manufacturers. So it’s a wonderful win/win situation, isn’t it? The system isn’t broken, it just needs a little tweaking, it’s an immature market etc., etc.

This may sound like an extreme view but it is a carefully consider-
ed one, having worked directly and indirectly in carbon markets for nearly 7 years.

Many of you working for CDM consultancies will outwardly deny that fraud is so endemic. But I know for a fact that my experiences are the rule and NOT the exception. Many passionate young people like me that work(ed) for consultancies are disillusioned about the system in practice. Unfortunately, many of them are scared to speak up because their hard-won jobs and livelihoods are at risk. Others just leave the industry quietly or, given current CER prices, get fired. That is why open forums like this are important and I encourage others with similar experiences to speak out with their stories.

Which brings me back to my original point – in a region where corruption is pervasive and energy demand massively outstrips supply, the CDM is a gift. It is money for nothing and there are few repercussions if you get caught cheating the system. Your project may not get registered. Big deal.

So corruption and the terminally problematic concept of additionality mean the CDM will never function to produce real, measurable and verifiable emission reductions. Instead it exacerbates climate change by providing a carte blanche to pollute. It is a “hollow market” and arguably worse than no CDM at all.

Recommendations
There are a few good CDM projects that genuinely need CER income and create a net environmental benefit (e.g. small scale biogas, efficient cook stoves, roof top solar). If these were the only projects allowed, we would see carbon prices at a much higher level, deeper abatement within Annex 1 countries and some genuine sustainable development benefits for low income households.

I therefore suggest to this forum and to the policy-makers that are probably not reading this that the CDM is massively scaled down; that it assists small scale projects where there is no significant revenue stream but the sale of carbon benefits. Decision makers must also be very careful not to replicate the same mistakes with new market mechanisms (REDD+, sectoral CDM, NAMAs etc), no matter how attractive the economics and politics may seem.

I also ask for those in industry to take a cold, hard look at themselves, at the ethics of what they do and the long term consequences for the climate and for their children.

Any policemen reading this may also wish to take note.

I have now left the CDM business but am especially interested to hear the thoughts of those that remain.

Regards to all.

Roddy3
Preview of the Climate Negotiations in Bonn

The next climate negotiations will take place between 14-25 May in Bonn, Germany. CDM Watch will be there to advocate for environmental and social integrity in carbon markets. Here is a summary of the relevant issues that will be discussed in Bonn.

New Market Mechanisms

At the climate negotiations in Durban in November 2011 countries agreed to establish a new market-based mechanism and to establish a framework that new bilateral or regional market mechanisms would have to comply with. However, none of the details have been worked out. Now Parties are working hard on coming up with rules and governance systems for these new market-based systems.

In Bonn these issues will be discussed at the 15th session of the Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (AWG-LCA), download the provisional agenda. There will also be two workshops on these topics held in Bonn on May 19th:

- **Workshop on a framework for various approaches:**
  - Information note on the workshop
  - Submissions from Parties
  - Submissions from admitted observer organisations

- **Workshop on the new market-based mechanism:**
  - Information note on the workshop on the new market-based mechanism
  - Submissions from Parties
  - Submissions from admitted observer organisations

Currently, the two largest market-based mechanisms, the European Emissions Trading System (EU-ETS) and the CDM are on the brink of collapse. The economic crisis in Europe has lead to a dramatic decline in CO₂ emissions. As a result, the demand for allowances has fallen and prices have dropped. In 2011, the price for EU-ETS allowances fell by about half, to around €7. Because the EU is also the largest buyer of CDM offsets (CERs), the prices of CERs have also dropped significantly to around €4.

The reason there is no demand for credits is that most countries have made very weak mitigation pledges. They simply will not need many credits to meet their commitments. So who will buy credits from new market-based mechanisms, if there is no demand for the existing ones? Some people argue that having new market-based mechanisms will motivate countries to take on more stringent pledges because they will be able to meet those pledges with cost-efficient market-based credits. But if there is already an oversupply of cheap credits, why aren’t countries upping their pledges now?

The future of carbon markets is uncertain but we will follow the negotiations carefully and keep you posted!

Appeals Procedure

Since its inception the CDM has been criticised for its lack of accountability, effective safeguards and grievance mechanisms. Establishing a legitimate process that provides means for all those impacted by a CDM project to raise their concerns and have them addressed in a timely manner is the only way forward. Currently there is no way to appeal a project once it has been registered or rejected. CDM Watch has been advocating for a broad appeals procedure that would ensure access to justice for all impacted stakeholders. Peoples and communities that must be involved in the local stakeholder consultation and stakeholders that are involved in the global stakeholder consultation should have legal standing for appeals. It is unacceptable to grant access to justice for project participants only! The right to information, the right to public participation and the right to seek justice are intrinsic to every individual and inherently human rights. Yet many countries actively argued against an appeal procedure that would include registered projects and local stakeholders with the argument that this would make the CDM process even less efficient. This is why no decision was taken in Durban and the discussion was postponed. Indeed, it would be preferable to have no appeals procedure at all than one that excludes civil society from legal standing.

Parties will get another chance in Bonn to adopt a meaningful appeals procedure that will be applicable to positive as well as negative decisions by the CDM Executive Board and allow all impacted stakeholders to launch an appeal. The appeals procedure will be discussed at the 13th meeting of the Subsidiary Body for Implementation (SBI), download the provisional agenda here.

Other CDM Issues

At its 36th session, the Subsidiary Body for Scientific and Technological Advice (SBSTA) (download the provisional agenda) will discuss the following issues related to the CDM:
**Carbon dioxide capture and storage (CCS) in the CDM**

CDM Watch and many other NGOs had worked tirelessly to prevent CCS from being allowed under the CDM, yet Parties approved this project type in Cancun and modalities and procedures for it in Durban. Despite intensive negotiations some issues remained unresolved in Durban, such as transportation and transboundary issues, a possible dispute mechanism, and a global reserve of CERs. These issues will be discussed at the upcoming meetings in Bonn.

**Reforestation of lands with ‘forest in exhaustion’**

Parties will discuss (again) if ‘forests in exhaustion’ (depleted forests) should be included as afforestation and reforestation CDM project activities. CDM Watch strongly opposes the inclusion of this project type because it is likely to provide subsidies to industrial tree plantations in circumstances that encourage bad management practices and the establishment of plantations in inappropriate locations.

**Not on the agenda: new HFC-23 facilities**

In Durban parties briefly discussed whether new HCFC-22 facilities should be included under the CDM to destroy their HFC-23. Not surprisingly the big HCFC producers China and India support eligibility. However, credits from HFC-23 facilities will no longer be eligible in the EU-ETS starting in 2013. CDM Watch has long argued that these emissions should be dealt with through non-market-based mechanisms under the Montreal Protocol. The issue will not be discussed in Bonn but instead be taken up at COP18 in Doha.

**KP or not to KP?**

Although Parties have decided on a second commitment period of the Kyoto Protocol (KP2) in Durban, a couple of vital issues still have to be decided. If they are not, it is unclear what the future of KP2 will be. The Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol will discuss:

- **The length of the next commitment period**
  - In Durban, Parties decided that the KP2 will begin on 1 January 2013 and end on either 31 December 2017 or 31 December 2020.

- **How Parties should translate their pledges into the amount of actual emissions they are allowed to emit under KP2**
  - This is usually called translating pledges into quantified emission limitations or reduction objectives (QELROs). Parties are supposed to submit their QELROs by 1 May 2012 but it remains to be seen how complete and specific these submissions will be, since how pledges are translated into QELROs has a significant impact on how much a country actually has to reduce its emissions and countries may still want to hedge their options in terms of how stringent their emissions reductions will be.

**How to deal with ‘hot air’ AAUs**

Russia, Ukraine, Poland and a few other countries have large amounts of allowances left over from the first commitment period. The whole surplus is an estimated 11 Gigatons. Under current Kyoto rules, the full carry over of these credits is allowed. But if these surplus AAUs were all to be used, they could easily wipe out the current reduction commitments of all developed countries. Countries with large surpluses are strongly advocating for keeping the carry over, whereas OASIS and the African group and other countries that will be severely impacted by climate change have been calling for the severe restriction of the carry over. The EU unfortunately has been silent on the issue because there is no internal EU agreement on the issue, primarily because Poland staunchly opposes any canceling.

**Durban Platform meets for the first time**

Parties will have to discuss all three of these important issues in Bonn. The newly established Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP), will have its first session in Bonn.

**Side-Event in Bonn: CDM Policy Dialogue Panel meets Civil Society**

CDM Watch is organizing a side-event in Bonn where civil society representatives will meet members of the CDM Policy Dialogue Panel. The presenters will highlight lessons learnt from CDM projects and lay out a series of specific recommendations to improve the CDMs ability to involve stakeholders and deliver real sustainability benefits.
Scrubbing carbon offsets

The high-level panel on the CDM Policy Dialogue is currently assessing experiences with the CDM. The panel has been established to conduct a dialogue on the past and future of the CDM and recommend how to position the mechanism going forward.

This side event is meant to foster a honest and constructive dialogue between civil society representatives and panel members to ensure that the voices of all stakeholders are heard.

CDM Policy Dialogue Panel meets Civil Society
Monday, 21 May 2012 13:15–14:45
WIND, Ministry for the Environment (MoE), Bonn

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<td>13.25 – 13.40</td>
<td>Peter Newell, University of East Anglia, Norwich, UK</td>
<td>Sustainable Development: How Well is the CDM Delivering?</td>
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<td>13.40 – 13.55</td>
<td>Ranjan Kishor Panda, Water Initiatives Odisha, India</td>
<td>Stakeholder consultations in the CDM? A case study from India</td>
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<td>13.55 – 14.10</td>
<td>Alyssa Johl, Center for International Environmental Law (CIEL)</td>
<td>Safeguards in the CDM: where we are and where we need to go.</td>
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<td>14.10 – 14.25</td>
<td>Eva Filzmoser, CDM Watch</td>
<td>A future CDM: Synthesizing the needs for reform</td>
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<td>14.25-14.45</td>
<td>Moderated by CDM Policy Dialogue Panel Members (TBC)</td>
<td>Panel Discussion: Where do we go from here?</td>
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History Shows the Way

The three-day program began with a keynote address from the vice chancellor of the University Dr. Sudarshan Iyengar. He spoke at great length on climate mitigation and equity issues, a highly relevant topic in the current international negotiations on climate change. He talked about Mahatma Gandhi’s vision, and the importance Gandhi placed on one’s lifestyle not damaging the environment in the long run. Participants also learned that while CSOs in India tend to be very critical of the CDM, CSOs from Nepal have a more positive view and are trying to promote CDM projects.

Where is ‘Sustainability’?

A political overview of the CDM was given on the first day. In particular, it highlighted where and when Civil Society Organisations (CSO) and other stakeholders can influence and provide input in the CDM process. Two presentations discussed projects where local stakeholder consultations were not adequately carried out. The case studies showed that even though renewable energy projects enable low carbon development they can still have serious, negative impacts on local populations. Participants learned that in India, renewable energy projects do not require an Environmental Impact Assessment (EIA) in order to receive a national letter of approval. Workshop participants agreed that EIAs should be made compulsory for renewable energy projects.

Civil Society Workshop on CDM and Carbon Markets

Guest article by Mahesh Pandya (Paryavaran Mitra) and Falguni Joshi (Gujarat Forum on CDM)

Along with local partner organisation Paryavaran Mitra, CDM Watch hosted its second successful CDM workshop in April 2012 in India. The workshop was held at Gujarat Vidyapith, a university founded by Mahatma Gandhi in 1920 in Ahmedabad, Gujarat, India.

We were delighted to be joined by over 80 participants from 15 states across the country. We were also joined by a small contingent of Nepalese activists who made the journey for the three-day event. The participants came from a variety of backgrounds including NGO, academia, government and media. Many of the participants were well versed in CDM topics – a credit to Indian NGOs who have worked tirelessly to raise awareness and highlight the shortcomings of the CDM and its stakeholder involvement processes.

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Lack of Adequate Stakeholder Consultation

The workshop emphasised the shortcomings in the CDM’s stakeholder involvement process. In many cases local stakeholders do not get invited. Participants agreed that the Government should be involved in the public consultation process, and that inviting local CSOs and stakeholders is equally important.

The next session involved a detailed discussion of the opportunities for engagement by CSOs in the CDM project cycle. Participants learnt about which stages civil society members are able to provide input and the most effective way to provide comments to try to stop harmful CDM projects.

Transparency and Governance – Essential Qualities for the CDM

Mr. Gagan Sethi, a well known Human Rights’ Activist kicked off the second day of the workshop. He raised the larger governance issues, in particular, the need for a reform of the monitoring requirements of CDM projects that includes active involvement of CSOs and local stakeholders.

The shortcomings of CDM forestry, waste management and hydro power projects were discussed. The participants split into small groups to discuss specific projects and how to improve the involvement of CSOs in the CDM. They came up with a list of actions and recommendations.

Communication – the Key to Positive Progress

On the last day the focus was on multi-stakeholder dialogue. Dr. K.U. Mistry, chairman of Gujarat Pollution Control Board (GPCB) and Mr. Prodipto Ghosh, a member of the CDM Policy Dialogue Panel, participated in a dialogue with the workshop participants. A number of problems were raised, such as CDM projects violating national environment laws. There was a difference of opinion between CSOs and the government officials on how the government agencies were functioning (and how they ought to). Nevertheless, the discussions paved the way for better coordination and more open dialogue between CSOs and government in India in future. For example, Dr. Mistry invited workshop participants to hold a meeting in his office regularly and to report and stop violations of environmental laws; Mr. Prodipto Ghosh invited CSO representatives to have an open dialogue with him.

At the end of the workshop, a workshop statement was written in a cooperative process with all the participants. The final version was circulated after a lot of discussion. The press conference at the end of the workshop rounded off this excellent and well received three-day workshop.