Sustainable Development Toolkit

Climate Change Mitigation Projects in India:
Incorporating Sustainable Development Concerns

Module 2

How to measure progress in business?

Who are the target users for this module ?

- Middle Level Technical experts of individual projects designed as CDM /proxy CDM CCMPs, who are actually going to be a key part of the implementation programme for the climate change mitigation project

- Government of India officials, who are involved in the process of developing a framework for assessing sustainability in the context of CDM projects in India

- Other project developers of CCMPs, who need to know the procedures to conduct assessment of sustainability in general

Objectives of the Module 2

- To structure a mechanism for assessment of sustainability of CCMPs.

- To identify the roles played by different stakeholders.

- To facilitate business sector to develop CCMPs and identify the contribution of the project to the process of sustainable development

1. *The SD Toolkit - Module 1 gives an idea to the users on how the climate change mitigation projects will actually contribute to sustainable development. More importantly, the module gives an insight on how to assess the process through periodic monitoring and verification of the indicators and targets that the project sets for itself at the inception stage. This module, should be able to tell the project developers at what levels of confidence should he run the tests to assess sustainability in his project, the only difference here being that the module is targeted at the technical levels of an implementing agency or a firm. The users has a clearer picture of the general costs involved in the assessment process.*

2. *The module is also relevant for the government of India officials who are involved in the process of designing an enabling environment for the CDM in India. The module contains the identification of roles by the various stakeholders which are integrated into the project approval procedure. This step involves the GoI in a major way and thus they are a potential stakeholder for this module.*

3.Structure of the module

4.

5.

- ntroduction to the Climate Change Project development process and sustainability requirements as incorporated in the cycle.

- Integrating sustainability considerations in the steps prior to project approval.

- Integrating sustainability considerations in the steps after project approval.

- A framework for assessment and approval of Climate Change Mitigation Projects in the Indian context

    1. *At this point the users have been initiated on the basic tenets of sustainability and what are it links with climate friendly projects. Now, he should be going in a couple of levels deeper and scrutinize the entire process of analysis and identification, selection, monitoring and evaluation of the sustainability in each and every climate change mitigation project.*

    2. *Having done that, the module wraps up by integrating the whole thing into the process of CCMP project evaluation and approval mechanism that exists in the country presently.*

3.

4.

5. Project development processes for CCMPs

6.

7.

8. The Climate Change Mitigation Projects involve the following basic steps:

9.

- Proposal drafting and refinement (defining and incorporating SDIs in the proposal in the case of CDM only)
- Identification of sources of financing and provision of information to meet their requirements.
- Project approval decision
- Project implementation
- Project monitoring

1.At this stage, the role that is played by the sustainable development indicators is brought out to the user.

Criteria for CCMPs

- **In CCMPs**, the criteria are comparatively lenient - the criteria should broadly conform to national level sustainable development priorities and strategies.

- Under activities implemented jointly **(AIJ)** there is a mechanism to ensure that project criteria conform to and are compatible with national developmental plans, priorities and strategies.

  1. *The users should distinguish between the sustainability requirements under different forms of partnership projects*

  2. *The fact that some CCMPs are designed as future CDM projects to facilitate the process of earning credits once the mechanism is in place has to be highlighted*

  3. *Other CCMPs that are not designed as proxy CDM projects need not set up a mechanism for rigorous assessment of the sustainability component, at the same time such CCMPs must achieve SD goals set in the project proposals*

Integrating sustainability considerations in the

Pre-project approval phase

- This section and the following sections are valid, or for CCMPs that are designed to be potential CDM projects as and when the Kyoto Protocol comes into force

- How SD are translated into measurable /quantifiable indicators to assess, monitor and verify the progress of sustainability in CCMPs?

  - Set of national SD goals to be established based on Ninth Five Year Plan priorities. CCOFC translates national SD goals into a limited number of project level sustainable development goals under the major heads of social, economic, environmental and technological.

  - Project level SD goals translated into indicators

  - Project Developer examines list of SD indicators and identifies those that will be affected by the project

  - Pre-project baseline for each indicator is established by developers of projects which may be subject to verification

  1. *The steps that have been designed here will equip the users to come out with indicators for the projects in a small group exercise*

Integrating sustainability considerations in the

post-project approval phase

- Post- approval Phase: Steps in Measuring SD Progress
- For CDM projects:
- project developer of CCMPs documents status of indicators for each during project implementation
- the indicators developed at the project approval stage need to be assessed, monitored, evaluated and verified at regular intervals.

- the final assessment need to be done by external auditors, appointed by the GoI /UNFCCC.
- the firm has to build up its capacity to be able to do the above.

1. *The discussion will inform the participants on what are the steps that are involved when the project gets approval and is operational. The key points to be discussed under this head are :*
   – *Cost of assessment*
   – *What is the frequency and duration of monitoring*
   – *What happens when the assessment shows that the project has failed to reach its SD goals ? The discussion on this issue should highlight the question of partial crediting. It should also talk about a pass-fail criterion on the credits based on the SD performance.*

Explanatory notes

1. The project developers need to understand the institutional framework in the entile process of CCM Project Development and implementation
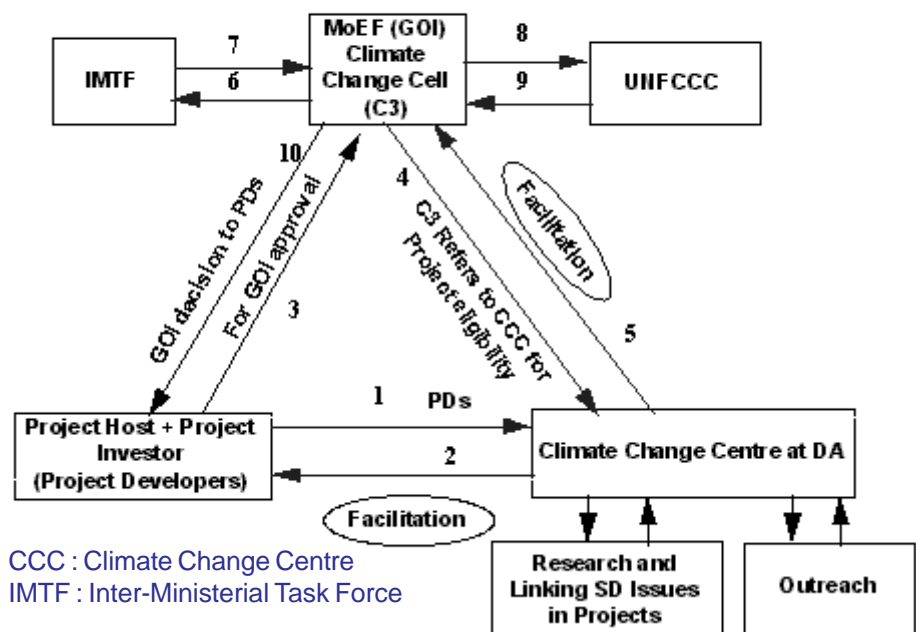
Small group exercise

Assignments for the Groups : Using case studies of various mock CDM projects, each of the groups are to complete the following exercise :

Five categories of project effects have been identified :
- GHG emission
- Resource consumption
- Local environmental effects
- Economic implications
- Social implications

Institutional framework and mechanisms for assessment of CCM projects in sequential order

CCC : Climate Change Centre
IMTF : Inter-Ministerial Task Force

For each of these above five Categories following parameters are identified as key variables:
1. Identify associated indicator using quantitative units.
2. Determine how pre-project baselines are to be established.
3. State frequency and duration of monitoring.
4. Identify unit(s) in firm responsible for collecting and recording indicator data.
5. Assess adequacy of human resources and equipment needed for data collection.
6. Estimate costs of proposed indicators monitoring.
7. State how information is to be used.

Explanatory notes

1. *This exercise should consume the bulk of the time allocated to the training on Module III.*

2. *The process may be replicated once if the participants have not been able to perform up to the trainer's expectations in the first round.*

3. *As a starting point for the training, the same projects that were considered for the small group exercise for Module II should be considered in Module III, so that there is a continuity in the process.*

4. *There should preferably be a resource person with each small group, so that the discussion stays focussed and does not slip out of context.*