# Stakeholding as sorting of actors into categories: implications for civil society participation in the CDM

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**Abstract**

Following a deliberative shift towards public–private partnership networks in global environmental governance, the multi-stakeholder framework is increasingly advocated for engaging multiple actors in collective decision-making. As this arrangement relies on proper participatory conditions in order to include all relevant stakeholders, input legitimacy is crucial to achieving legitimate outcomes. However, 'stakeholding' implies that actors—recast into a specific institutional context—are sorted into new formal or informal categories. This paper scrutinizes the Clean Development Mechanism (CDM) under the Kyoto Protocol to interrogate the problematic issue of 'stakeholding'— i.e. the 'sorting' of actors—in enacting the multi-stakeholder framework. Based on an analysis of 25 CDM projects that provides insight into the widest range of participation opportunities for civil society regarding specific projects, this paper considers how certain institutional context of the Mechanism's stakeholder framework affects the involvement of civil society actors and the implications of this for balanced and fair input legitimacy. The findings suggest that, in practice, the informal corporate-induced sorting of actors into internal and external stakeholders keeps civil society actors outside the CDM's inner circle, forcing them to voice their concerns regarding specific projects via CDM insiders or through irregular channels. Furthermore, the absence of a clear definition of stakeholder in local consultations results in the inclusion of unsorted actors, destabilizing the distribution of participation opportunities. The paper concludes that recasting the deliberative principles of openness and plurality into the CDM's corporate-inspired stakeholding creates a specific institutional context that imposes more than one set of perhaps incompatible stakeholder categories while impairing input legitimacy.

**Keywords**

stakeholder, input legitimacy, civil society, Clean Development Mechanism, climate policy, global environmental governance

**Abbreviations**

| | |
|---|---|
| CDM | Clean Development Mechanism |
| CERs | Certified emission reductions |
| COP | Conference of Parties |
| CMP | Conference of the Parties serving as the Meeting of the Parties |
| CSOs | Civil society organizations |
| DOE | Designated operational entity |
| DNA | Designated national authority |
| EB | Executive Board |
| ENGOs | Environmental non-governmental organizations |
| GEG | Global environmental governance |
| GSCs | Global stakeholder consultations |
| GSOs | Grassroots support organizations |
| KP | Kyoto Protocol |
| LSCs | Local stakeholder consultations |
| NGOs | Non-governmental organizations |
| NMM | New Market Mechanism |
| PDD | Project design document |
| PP | Project participant |
| SBI | Subsidiary Body for Implementation |

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| VR | Validation report |
| UN | United Nations |
| UNFCCC | United Nations Framework Convention on Climate Change |

## 1. Introduction

In global environmental governance (GEG) studies, the *stakeholder* concept is used and discussed in the context of an ever-changing landscape of international affairs, namely, the shift towards innovative partnership networks that transcend conventional understandings of the sovereign state by facilitating cross-scale collaborations between governmental and non-governmental actors (Bäckstrand 2006a; Bäckstrand et al. 2010). A recurrent argument in GEG is that the involvement of a wide range of actors through participatory arrangements could reduce the implementation gap and bolster the effectiveness of environmental policy-making (Glasbergen et al. 2007; Haas 2004; Hemmati 2002; Lafferty and Meadowcroft 1996). From such a perspective, these multi-stakeholder practices are considered more legitimate as they may engender productive, collective decision-making beyond the public-private divide by including non-state actors and offering forums for public deliberation and pools of shared knowledge (Ansell and Gash 2007; Hemmati 2002). More participation by affected groups, however, does not necessarily and automatically translate into more effective policy-making, as the meaningful inclusion and deliberation of a diverse set of cross-sectoral actors relies on, as Nanz and Steffek (2004) argue, 'certain *participatory conditions* for rule-making [emphasis added]' (p. 320). In other words, the quality of *input* legitimacy—concerned with the fairness of the process and its compatibility with procedural demands—is crucial for multi-stakeholder arrangements to achieve better performative outcomes through

collaborative decision-making (Bäckstrand 2006b; Bodansky 1999; Kalrsson-Vinkhuyzen and McGee 2013).

Nevertheless, some global governance scholars have critically assessed the extent to which the multi-stakeholder model may actually help reduce the implementation gap and democratic deficit in environmental and sustainability affairs (Bachram 2004; Bäckstrand 2006a; Ivanova 2003; Swyngedouw 2005). The substantive shortcomings in the practical enactment of such arrangements are found particularly in the ambiguous ontology of 'stakeholderness', namely, the crucial question of who shall be considered stakeholders in the predetermined institutional context of the policy-making process (Blühdorn 2007; Metzger 2013; Reed et al. 2009; Walters 2004; Whitman 2008). Because a multi-stakeholder model implies the involvement of diverse actors, some scholars observe that this necessitates *categorization*, resulting in unequal participatory opportunities for stakeholders of different types (Böstrom and Tamm Hallström 2010, 2013). Furthermore, critics have interpreted such arrangements as 'neo-liberal solutions in disguise' that promulgate corporate power while aggravating social injustice and environmental harm rather than abating them (Lövbrand et al. 2009: 74–75). This 'corporate-inspired' model of stakeholding—advanced as a strategy to control internal and external business relationships—is therefore perceived as one that comes with its own, predetermined assumptions about who can be relevant partners with 'stakes' in the decision-making and what can be deliberated in the process (Whitman 2008: 163–164).

In this paper, I approach the problematic of participatory conditions and particularly of stakeholding as the *sorting* of various (groups of) actors from the vantage point of the Clean Development Mechanism (CDM), cited as the prime example of environmental governance connecting global rules with local practice (Streck 2002, 2004; Streck and Lin 2008). Established in 1997 by the Kyoto Protocol (KP) under the United Nations Framework Convention on Climate Change (UNFCCC), the market-based CDM is a public–private

partnership comprising and depending on multi-stakeholder participation in order to succeed in its dual task of generating options for cost-effective greenhouse gas (GHG) emission reductions in industrialized nations and delivering local sustainable development opportunities to developing countries.

However, the condition and fairness of input legitimacy in the CDM have been subject to ongoing criticism by scholars (Fogel 2004; Gilbertson 2009; Lövbrand et al. 2009; Newell and Bumpus 2012), policy experts (CDM Policy Dialogue 2012), and non-governmental organizations (NGOs) (CDM Watch 2010; IETA 2010). This criticism has mainly concerned the lack of transparency and limited opportunities for involving relevant actors in the CDM project activity cycle. In particular, the adequacy, openness, and fairness of interactions with civil society have been contested by environmental non-governmental organizations (ENGOs) (Carbon Market Watch 2013; International Rivers 2013). Despite these negative assessments, the CDM's procedural framework for stakeholder participation is increasingly treated as a model and template for, among others, Nationally Appropriate Mitigation Actions (NAMAs) and the New Market Mechanism (NMM) currently under development by the UNFCCC (Olsen 2013; PD Forum 2012).

In this study, I am particularly interested in analysing how certain institutional context—defined as 'rules and practices governing the relations between actors' (Corell and Betsill 2001: 103)—in the CDM's multi-stakeholder model affects the inclusion of civil society in presumably collaborative decision-making regarding specific CDM projects. In particular, the analysis concentrates on how rules and practices for consultation and communication with civil society actors regarding specific projects unfold (Figure 1):

- *during the validation process*—including local stakeholder consultations (LSCs), global stakeholder consultations (GSCs), and follow-up interviews during project validation; and

- *outside the validation process*— letters of concern regarding case-specific issues sent by civil society actors outside existing procedures directly to the CDM Executive Board (EB).

The timely and nuanced mapping of these junctures offers a vantage point from which I interrogate the practical enactment of stakeholding, with close attention to how it results in sorting (groups of) actors into specific categories: *formal*, that identifies stakeholders as 'the public, including individuals, groups or communities' (UNFCCC 2005: Annex, par. 1e) (likely) affected by the proposed CDM project activity; and *informal*, corporate-inspired practical grouping into internal and external stakeholders to the Mechanism's process. This ambiguous categorization is, as Böstrom and Tamm Hallström (2013: 107) observe, an intriguing 'institutional/organizational aspect' of stakeholding that has broad implications for balanced and fair input legitimacy in the CDM.

The paper is structured as follows. Section 2 provides background on the analytical approach, while section 3 describes the data collection process. Section 4 sheds light on who, according to established rules and in practice, are considered stakeholders in the CDM project activity cycle. Section 5 examines participation opportunities for civil society regarding case-specific issues. Finally, the conclusions are presented in section 6.

## 2. Theoretical approach

By taking deliberative democracy as a proxy standard, partnership networks comprising multi-stakeholder constellations depend on certain participatory conditions for policy-making (Nanz and Steffek 2004). In other words, to achieve better performative outcomes through collaborative decision-making, multi-stakeholder arrangements rely on the quality of input legitimacy concerning the fairness of the process and its compatibility with procedural demands (Bäckstrand 2006b; Bodansky 1999; Kalrsson-Vinkhuyzen and McGee 2013).

However, the crucial question of who shall be considered stakeholders underpins the ambiguity of and confusion concerning ‘stakeholderness’. The ‘slippery’ nature of the notion (Weyer 1996), according to criticisms, translates into substantive shortcomings in the practical application of multi-stakeholder arrangements in environmental governance (Blühdorn 2007; Metzger 2013; Walters 2004).

The most commonly cited criterion for identifying (groups of) stakeholders in these collaborative networks is based on the ‘all-affected’ principle, implying that ‘only those who are affected by a decision (the impactees) should be entitled to have a say in it’ (Marchetti 2012: 31). In this form, the stakeholder label has been widely used in global environmental governance ever since the 1992 UN Conference on Environment and Development in Rio de Janeiro and the 2002 World Summit on Sustainable Development in Johannesburg, with the latter event institutionalizing multi-stakeholder frameworks as a cornerstone of effective environmental governance (Bäckstrand 2006a). In the spirit of deliberative democracy, the ‘all-affected’ attribute extends to accommodate universalism, plurality, social cohesion, and inclusiveness in order to achieve the holistic stewardship of environmental and sustainability affairs. However, precisely because the multi-stakeholder model—intended to link global rules to local action—is based on the pluralist framework, it requires assembling multiple actors with diverse and conflicting interests into a single policy-making process. These interests often encompass different horizontal and vertical scales (e.g. economic vs. environmental, local vs. national, and public vs. private) as well as internal and external dimensions, making it difficult to aggregate the multiple actors into a clear constituency.

Böstrom and Tamm Hällstrom (2010, 2013) identify two significant and interrelated problems with the design and participatory conditions of the multi-stakeholder model, problems that are relevant to this analysis. First, these scholars observe that the formal and informal institutional context (e.g. rules of access) ‘favours some actions and categories of

actors while hindering others' (Böstrom and Tamm Hallström 2010: 49). As a result, different (groups of) stakeholders confront different opportunities to participate in and influence the decision-making process. In this sense, a concrete institutional design may 'asymmetrically' affect actors' efforts to raise concerns, present arguments, and make a difference (Betsill and Corell 2008; Boström and Tamm Hallström 2010, 2013).

Concomitantly, the second problem that Böstrom and Tamm Hallström (2010, 2013) note concerns the pluralist framework of multi-stakeholder arrangements, implying a constellation of divergent and often competing interest groups. These scholars argue that including a wide range of agents and voices entails the 'sorting of actors' into 'categories' (Böstrom and Tamm Hallström 2013: 106). This *categorization* is, for Böstrom and Tamm Hallström (2013), 'a particularly intriguing institutional/organizational aspect' of the multi-stakeholder arrangement that 'plays a critical role in the exercise of power, often invisibly' as established categories tend to be presupposed and uncontested (p. 106–107). While labelling various actors as stakeholders connotes a certain level of legitimacy (they can claim a 'stake' in decision-making) and fairness ('all affected' actors have a stake), paradoxically, this process of sorting recasts agents into new (formal or informal) stakeholder categories may also 'constitute a principle of inclusion in and exclusion from crucial decision-making arenas' (Böstrom and Tamm Hallström 2013: 107). In other words, stakeholding may enable or constrain agency by implying different rules of access and participation opportunities for each category of stakeholder.

## 3. Data selection and methods

This paper explores participatory conditions in the Mechanism, specifically, the implications of sorting groups of actors into stakeholder categories, by mapping and analysing 25 CDM project activities (Table 1) contested by civil society actors through irregular communication

channels, namely by sending 'unsolicited' letters outside existing procedures directly to the Executive Board over the 2010–2013 period. This selection of cases provides a point of analytical entry into the widest range of currently available participation opportunities that civil society actors can take advantage of to raise concerns regarding specific CDM projects. These access points include (Figure 1):

- *during the validation process*—local stakeholder consultations (LSCs), global stakeholder consultations (GSCs), and follow-up interviews performed by the designated operational entity (DOE); and
- *outside the validation process*—direct communication through letters sent directly to the Executive Board.

The focus is on mapping the types of actors that are, in practice, involved in each stage of stakeholder interaction, rather than on the problematic nature of each project as contested by civil society through direct letters to the EB. The purpose of analysing selected cases is not to illustrate what projects were better or worse at systematically consulting stakeholders, as this would require specific guidance as to how this should be done. The empirical data used in mapping the types of actors involved in each stakeholder participation stage consist of documentation of each CDM project, including project design documents (PDDs), validation reports (VRs), and letters of concern regarding case-specific issues sent directly to the Executive Board, all obtained from the CDM website (http://cdm.unfccc.int). Unsolicited letters from NGOs sent to the EB before the adoption of Modalities and Procedures for Direct Communication with Stakeholders were collected from the websites of Carbon Market Watch (www.carbonmarketwatch.org) and International Rivers (www.internationalrivers.org).

Moreover, to strengthen the textual analysis and provide internal insights into the practical enactment of the Mechanism's multi-stakeholder framework, the collected materials were supported by:

- open-ended interviews with the EB Chair and two members of the Secretariat, performed at the CDM Executive Board's 76th meeting, 6–8 November 2013 in Warsaw;
- open-ended interview with the Director of Carbon Market Watch (previously known as CDM Watch) at the UN Climate Conference COP19/CMP9, 15 November 2013 in Warsaw.

To corroborate the internal insights into the practical enactment of the CDM, additional evidence was collected through:

- analysis of webcast Executive Board meetings 59, 60, 61, and 62, accessed from the CDM website (http://cdm.unfccc.int/);
- textual analysis of key documents related to the CDM framework and procedures, obtained from the CDM website (http://cdm.unfccc.int); of documents related to the work of the Executive Board and the Secretariat, obtained from the CDM website (https://cdm.unfccc.int/EB); and of articles related to the CDM, obtained from the Carbon Market Watch website (http://carbonmarketwatch.org/);
- on-site observations of the CDM Executive Board's 76th meeting, 4–8 November 2013 in Warsaw; and on-site observations of the negotiation process—particularly meetings of the Subsidiary Body for Implementation (SBI)—and side-events related to the CDM in the first week of the UN Climate Conference COP19/CMP9, 11–15 November 2013 in Warsaw;

As it can be observed, the analysis is supported by the use of different types of evidence, sources and methodological approaches. Following the 'triangulation' framework proposed by Betsill and Corell (2001) in their assessment of NGO influence in global environmental negotiations, I argue that it does not suffice to look at stakeholding – as sorting of actors into categories – in the CDM project activity through the lens of one type of evidence. Rather, the multi-data approach can shed broader light on the CDM's institutional context in which the

practice of stakeholding is enacted. Thus, the primary evidence in form of text analysis of documentation related to each CDM project tells us how this sorting of actors unfolds in rules and practices for consultation and communication with civil society during and outside the Mechanism's validation process; whereas the secondary evidence – open-ended interviews supported by analysis of webcasts, text analysis of key documents and other insightful publications, as well as on-site observations – lets us substantiate the institutional dynamics within which actors are recast into formal or informal stakeholder categories.

## 4. Stakeholding in CDM project activities: between insiders and outsiders

In Decision 3/CMP.1 on Modalities and Procedures for the Clean Development Mechanism adopted at the UN Climate Conference COP11 in Montreal, 'stakeholders' are defined as: 'the public, including individuals, groups or communities affected, or likely to be affected, by the proposed clean development mechanism project activity' (UNFCCC 2005: Annex, par. 1e). The first part of the definition of 'stakeholders' is broad and inclusive in scope, implying the universal and pluralistic nature of participation by delimiting it to the general public, based on the 'all-affected' principle. However, the second part of the definition narrows the notion of who are relevant stakeholders by indicating agents likely to be affected by a certain process in the form of a CDM project activity. This conveys specific procedural steps in the project cycle, such as design, validation, registration, monitoring, verification, certification, and issuance. However, the definition identifies only those stakeholders that are likely *affected* by the CDM project activity, but not those that *affect* it through their procedural roles and duties, for example, by designing and validating the projects or establishing internal procedures. In practice, however, those agents that are not only affected by but that particularly affect the project activity play a primary role in the CDM process. Consequently, the practical application of admittedly market-based Mechanism's multi-stakeholder framework results in

an informal and subliminal distinction between *internal* and *external* stakeholders closely resembling the corporate-inspired management that has been, since the 1990s, increasingly interposed into the deliberative efforts of environmental policy-making (Whitman 2008).

The *internal* stakeholder category—often referred to in CDM documents as 'project' stakeholders—refers to those actors that, due to their designated functions and procedural powers, are closely tied to the CDM project cycle because they are critical to its productivity, efficiency, and thus survival. The internal stakeholders that affect the CDM project activity include:

- project participant (PP)—a Party or a private/public actor authorized by a Party to act as a PP, responsible for designing and implementing a project activity (project design);
- designated operational entity (DOE)—a private entity authorized by the Executive Board to assess the eligibility requirements (validation) and GHG emission reduction of a project activity (verification and certification);
- designated national authority (DNA)—an entity granted responsibility by a Party to authorize the participation of a project participant in a given CDM project (approval); and
- the Executive Board (EB) and the Secretariat functioning as a 'kernel' designated to manage the CDM's internal process, i.e. the project activity cycle, and the stakes of relevant actors (e.g. registration, certification, issuance, and communication).

These groups constitute the inner circle of the Mechanism and are considered insiders for which the regulatory process and value creation are crucial. How they affect the CDM through their designated functions and procedural powers is vital to the survival and success of the arrangement.

Conversely, the *external* stakeholder category of actors—often referred to in CDM documents as 'other' stakeholders—is associated with the world outside the Mechanism's 'kernel' process and relates to a wide range of civil society actors, such as local groups and

communities, transnational activists, and individuals. Unlike the insiders, these outsider actors have distant ties to and indirect relationships with the CDM, as they are not assigned specific functions or given procedural powers that could affect the internal process of the Mechanism. Instead, they are likely affected by the CDM's dual goal of reducing GHG emissions in developed nations and providing options for sustainable development implementation in developing countries.

The implications of this practical categorization of various actors as internal or external stakeholders are particularly obvious in the adoption of Modalities and Procedures for Direct Communication with Stakeholders in July 2011 (CDM-EB 2011a), which represents the most significant advance to date in improving the means of interaction between the Executive Board and various groups of agents relevant to the CDM. The document stipulates several communication channels for internal stakeholders—i.e. designated national authorities, designated operational entities and project participants—in two main areas: general policy matters and project-specific matters. For external stakeholders (i.e. civil society actors), while the procedure provides several opportunities to participate in the CDM process regarding general policy issues (e.g. time slots for admitted observers during Executive Board's meetings, CDM roundtables, and workshops as well as calls for public input), participation opportunities to express concerns regarding specific cases directly to the Board are not specified. Deprived of regular channels to communicate their opinions regarding specific CDM projects with the Mechanism's executive body, civil society actors are left with very few 'indirect' options to influence decisions regarding CDM project activities. Their concerns and critique of particular projects have to be formally channelled through and are assessed by internal stakeholders (i.e. project participants and designated operational entities), during local and global stakeholder consultations, in order to reach the Executive Board.

## 5. Participation opportunities for civil society in case-specific issues

### *5.1. Local stakeholder consultations*

Local stakeholder consultations take place in the initial stage of the CDM project activity cycle and are part of the project design process for which project participants are responsible (Figure 1). Current CDM modalities and procedures do not provide specific guidance regarding consultations and do not define the local stakeholders. According to Decision 3/CMP.1, in preparing the project design document, the project participant is required to provide 'stakeholder comments, including a brief description of the process, a summary of the comments received, and a report on how due account was taken of any comments received' (UNFCCC 2005: Appendix B, par. 2g). As a consequence of these scanty instructions, PPs have to rely on their own judgment as to what actors, potentially affected by the proposed project activity, can be categorized as local stakeholders.

Based on the analysis of 25 projects, Table 2 illustrates the distribution of participation in local consultations. As can be observed, various local actors, such as local communities, local community representatives, villagers, village representatives, local residents and/or farmers, are involved in these consultations in all cases. In addition, officials from local public administrations (e.g. local government officials and local law enforcement) and/or local religious leaders are involved in LSCs in 11 projects. Nevertheless, the participation map indicates that not only local civil society and local leadership are involved. The findings presented in Table 2 indicate that participation in local consultations also includes private-sector actors (e.g. local business and/or industry, CDM consultants, contractor staff working on project construction, and business operators) and, to a much lesser degree, local and/or national media and NGOs. Most significantly, however, two insider stakeholder groups from the inner circle of the CDM process were apparently included in the LSCs, namely, project participant's employees and/or representatives in nine projects and national government

officials in seven projects. In line with these findings, two problems arise. First, due to the lack of specific guidance regarding local consultations and, most significantly, in the absence of a clearly defined local stakeholder category in the CDM's Modalities and Procedures, the role of PPs and DNAs becomes highly ambiguous. On one hand, a project participant may act both as the internal stakeholder designated to perform local consultations and as a local stakeholder that consults itself (e.g. its own employees and/or representatives). On the other hand, the designated national authority may, exercising its procedural powers as an internal stakeholder, issue a letter of approval to the PP regarding the specific project design and, simultaneously, be consulted as a local stakeholder (e.g. national government officials) by the project participant. This implies a hindered opportunity for *external* stakeholders—namely, local civil society groups, communities, and individuals—to participate in local consultations and voice their concerns on a given project that could affect them as they are crowded out by the presence of *internal* stakeholders, namely, PPs and DNAs.

Interestingly, formulating more specific procedures and a clear-cut, formal categorization of stakeholders in local consultations is seen as problematic, because any internationally established guidance would need to be balanced against different national legal frameworks (interview with EB Chair; observation of SBI meetings at COP19/CMP9; Michaelowa 2013). During the 38th SBI session, the Executive Board suggested strengthening input legitimacy in LSCs by allowing designated operational entities to validate local consultations 'in accordance with host Party laws and regulations' (CDM-EB 2013: par. 30). Instead, at the following 39th SBI session, the Parties agreed to another option by requesting that the EB compile and publish on the Mechanism's website 'information on practices conducted' in LSCs as well as 'provide technical assistance to national designated authorities, upon their request, for the development of guidelines for local stakeholder consultations in their countries' (SBI 2013: par. 20).

*5.2. Follow-up interviews during PDD validation*

The project design document is further validated by the designated operational entities that, among other functions, are assigned to assess the adequacy of local stakeholder consultations performed by the project participant (Figure 1), but guidance related to this process is vague as well. The CDM modalities and procedures stipulate only that the DOE (selected by the PP) should confirm that 'comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received' (UNFCCC 2005: Annex, par. 37b). Despite the lack of specific guidance and categories for local consultations, in some cases designated operational entities would attempt to strengthen their assessments by voluntarily performing follow-up interviews with selected stakeholders.

As the mapping presented in Table 2 illustrates, follow-up interviews were performed in 17 of 25 analysed projects. In 14 cases, the DOE interviewed project participants' employees and/or representatives, but this could be explained by the necessity of properly validating the adequacy of local stakeholder consultations that PPs are required to perform. In four cases, however, interviews were conducted with designated national authority representatives and/or national government officials, in eight cases with CDM consultants, and in one case with buyers of certified emission reductions (CERs). It is puzzling as to why the DOE would find it necessary to interview these specific actors, particularly DNAs, to validate consultations with local stakeholders performed by the project participants. Nevertheless, this illustrates how, as in the case of cryptic guidance related to local consultations, the lack of specific rules and categories may allow internal stakeholders to be heard while hindering external stakeholders from expressing their concerns on specific projects.

*5.3. Global stakeholder consultations*

Global stakeholder consultations are designed to allow for public comments on the project design document. When a given PDD is completed, it is published on the CDM website for stakeholder input within a 30-day period (Figure 1). Any comments received are assessed by the designated operational entity in its validation report. As the findings presented in Table 2 illustrate, only 14 of the 25 analysed projects received comments from global stakeholders, while in 11 cases no global stakeholder input was received. The mapping further indicates that, of the 14 'commented' projects, nine were contested by ENGOs. Furthermore, input was also received from anonymous individuals in 10 cases and from individuals who provided their names in three cases. This indicates that not only groups and/or organizations but any potentially affected individual can openly or anonymously claim a stake in the CDM project design process. In other words, global consultations are not limited to collective bargaining but, following the deliberative aspirations of the multi-stakeholder model, extend to encompass the inclusiveness and plurality of all potentially affected agents, whether collective, individual, named, or anonymous.

Despite the open and apparently pluralist nature of global consultations, only two projects received input from civil society organizations (CSOs) and grassroots support organizations (GSOs). This suggests that, while there is a formal window of opportunity for local and grassroots communities previously eligible to participate in local consultations (Figure 1) to contest CDM projects, in practice this access point is rarely exploited by these groups. Among the major problems hindering the participation of civil society in GSCs are lack of awareness of the procedure, language barriers as only English is allowed, and the relatively short 30-day period for providing comments. More significantly, however, another issue discouraging civil society actors from participating in GSCs (interview with the Director of Carbon Market

Watch; Lövbrand et al. 2009) is that global consultations are performed before and not after project validation is finalized by the DOEs (Figure 1).

In each CDM project, all comments received from stakeholders in global consultations are assessed exclusively by the designated operational entity and are submitted to the Board in the evaluated form included in the validation report. This procedure, however, leaves civil society actors without the possibility of challenging the adequacy of the DOE's assessment of both local and global consultations and, most significantly, with no opportunity to express their concerns directly to the higher Executive Board managing the CDM process. As a result, the absence of such an option to provide formal feedback on specific projects is perceived by civil society groups as blocking them from participation in the CDM process (interview with the Director of Carbon Market Watch; Carbon Market Watch 2011).

Nevertheless, EB members seem to find such potential opportunities problematic and unnecessary, as they prefer to receive condensed assessments of the project design document, local consultations, and global consultations in the form of a single report prepared exclusively by an entity specifically designated for the task (EB61 and EB62 webcasts; interview with EB Chair). In this sense, each DOE is intended to function as a semi-permeable membrane that allows the passage of only certain constituencies between the infinite outside, characterized by the multiple voices and interests of various external stakeholders (i.e. civil society), and the finite inside, namely, the decision-making process conducted and/or managed by internal stakeholders.

Interestingly, one proposal received during the consultations at the 39th SBI session in 2013 suggested granting stakeholders the right to comment 'on the published verification report before the submission to the board' (SBI 2013). However, this proposal is unlikely to end up in the new version of Modalities and Procedures (COP19/CMP9 observations; interview with EB Chair).

*5.4. Letters to the CDM Executive Board*

Formal channels in the CDM process for civil society consultation on specific projects end abruptly after the DOE validation is finalized and the report is submitted to the Secretariat, which submits the request for registration to the Executive Board (Figure 1). The mapping of 25 projects in Table 2 includes civil society comments submitted outside the validation process directly to the EB as 'unsolicited letters' and/or 'letters to the Board'. It can be noted that concerns regarding specific CDM projects are overwhelmingly expressed by environmental NGOs and to a much lesser extent by civil society organizations, local residents, and scientists. These examples suggest that civil society actors, unable to make their voices heard or dissatisfied with the adequacy and seriousness of local and/or global stakeholder consultations, seek windows of opportunity to raise project-specific concerns by bypassing the CDM's legal framework and expressing their views in letters sent directly to the Board.

Submitted outside formal channels, these letters have constituted an ongoing problem that the Executive Board and the Secretariat have been unable to address adequately (EB62 webcast; interviews with EB Chair and Secretariat members). In a note prepared for the 62nd EB meeting on comments occurring outside the project validation process, the Secretariat observed that 'the intention of the sender of these comments is to seek for Board's attention on their views of the potential registration of the proposed project activity' (CDM-EB 2011b: par. 16). Indeed, because the designated operational entity functions as a semi-permeable membrane between the infinite outside and finite inside, external stakeholders (i.e. civil society) seek ways—even though outside formal channels—to bypass it and communicate directly to the EB.

Due to their irregular status, until 2011 these letters were referred to as 'unsolicited'. At its 62nd meeting in 2011, the Executive Board adopted Modalities and Procedures for Direct

Communication with Stakeholders (CDM-EB 2011c), which formalized interactions regarding general policy issues by establishing an online interface for letter submissions. However, as the newly adopted rules did not stipulate communication with external stakeholders regarding specific projects, the problem of unsolicited letters, sent by civil society actors outside the formal CDM framework, was instead swept under the carpet. Consequently, civil society groups and individuals continue to submit their concerns to the EB via the online interface and these submissions are considered 'letters to the Board'. Contrary to the new procedures, civil society actors categorize these comments on specific projects as 'provision of information and suggestions on policy issues' (CDM form for submission of 'letters to the Board'), whereas the EB and the Secretariat continue to answer these letters regardless of their irregular character, encouraging civil society actors to take advantage of opportunities that may or may not exist at the national level of Parties to the KP, via designated national authorities but outside the formal CDM project cycle (Figure 1).

## 6. Conclusions

The Clean Development Mechanism is a market-based, climate policy instrument that exemplifies the shift towards innovative multi-stakeholder partnership networks in global environmental governance. Such forms of collaborative decision-making rely on the involvement of a wide range of actors representing divergent interests. This, in turn, requires certain participatory conditions to facilitate meaningful public deliberation within this diverse constellation of agents. To achieve better performative outcomes from multi-stakeholder models, properly designed and legitimate input—concerned with the fairness of the process and its compatibility with existing procedures—must be attained and sustained. However, the ambiguous nature of the *stakeholder* concept and the question of who shall be consider stakeholders makes this 'slippery creature' (Weyer 1996) highly challenging to implement in

practice. On the one hand, ‘stakeholderness’ can function as an umbrella for a diverse set of actors that, based on the ‘all-affected’ principle, can claim a stake in a given policy-making process. On the other hand, by including multiple divergent interests and voices, stakeholding entails sorting actors and recasting them into categories that, in turn, can enable or constrain their ability to influence decision-making.

According to this view, the CDM’s multi-stakeholder arrangement and its practical implementation illustrate two significant issues. First, instead of reflecting the ‘all-affected’ principle entailed by the stakeholder definition of CDM modalities and procedures, the Mechanism’s corporate-inspired institutional context is grounded in the intrinsic and subliminal categorization of actors as *internal* and *external* stakeholders. The category of internal agents includes project participants, designated national authorities, and the managing Executive Board (including the Secretariat). These insider stakeholders affect the Mechanism through their designated functions and procedural powers, for example, project design, validation, verification, or certification. The external category refers to the world outside the inner circle of the CDM, namely, a multitude of civil society actors, such as local communities, transnational activist groups, and anonymous individuals. Despite constituting a potentially affected group, these actors have very few formal opportunities to voice their concerns regarding specific cases directly to the Executive Board, a managing CDM body that plays a decisive role in registering or rejecting project activities. Even in these few opportunities, external stakeholders must channel their voices via insiders, in particular the DOEs that, like semi-permeable membranes, allow only selective communication between the infinite outside and finite inside. This is because, for the EB, increased pluralism of voices would create an unmanageable level of confusion that would be impossible to respond to. Consequently, the outsiders seek other means, via irregular channels, to raise their concerns directly to the EB and attract its attention.

Second, the CDM needs to partner with the outside world (i.e. civil society) to achieve its objective of linking global rules with local practice and to realize its deliberative aspirations of plurality and inclusiveness contained in the 'all-affected' definition of stakeholder. However, the Mechanism's rules concerning local consultations are so vaguely defined that the insiders—i.e. the project participants responsible for conducting the consultations and designated operational entities validating them—must rely on their own judgments as to what actors can be categorized as local stakeholders. Consequently, the absence of a clear, formal 'local stakeholder' definition results in the ambiguous inclusion of 'unsorted' actors into a single, vague category, destabilizing the distribution of participation opportunities and impairing rather than bolstering input legitimacy.

In line with the present results, the CDM's multi-stakeholder framework illustrates how recasting the democratic principles of openness, pluralism, and deliberation into a corporate-inspired market mechanism manufactures a specific institutional context that imposes more than one set of stakeholder categories (i.e. internal vs. external and local vs. global). In this sense, 'stakeholderness' in the Mechanism's framework is a carrier of two forms of governance, i.e. deliberative and corporate, that are mutually incompatible or even mutually exclusive, engendering imbalances in participation opportunities.

Furthermore, the arrangement and its practical application illustrate how input legitimacy is not necessarily autonomous from the power relationships that it legitimizes but rather may be reduced to the powerful forces that created the legitimacy in the first place (Clark 2005: 20). The input will not improve the output if deliberative mechanisms for enhancing multi-stakeholder consultations are not properly understood and defined. To guarantee the fairness of the process and benefit all involved actors, the input 'algorithm' must take into account constellations of various formal and/or informal stakeholder categories coexisting or clashing with each other within a certain institutional context.

The present findings may help guide policymakers involved in developing other mitigation mechanisms that, like the CDM, include a wide range of actors. Strong caution is advised in designing participatory frameworks for other mechanisms under the UNFCCC, including Nationally Appropriate Mitigation Actions and the New Market Mechanism, that treat the CDM's legal structure as a template for successful stakeholder involvement.

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