EIGHTEENTH PROGRESS REPORT OF THE CDM ACCREDITATION PANEL (CDM-AP)

Twenty-eighth Meeting of the CDM-AP

19 – 21 April 2007

CONTENTS

I. Introduction

1. This eighteenth progress report covers the period from 03 March 2007 to 21 April 2007. During this period the accreditation panel (CDM-AP) held one meeting.

2. The CDM-AP in this meeting devoted time to discuss process and procedural related matters in depth. In this context, the CDM-AP held general discussion and also considered proposed revisions and modifications to witnessing assessment forms to find out how these operational tools of the assessment can be modified to improve and strengthen the assessment process. The CDM-AP agreed to continue the discussion through electronic means and also to consider additional revisions of the forms at its next meeting.

II. Expert Resources

3. The Chair of the CDM-AP briefed the members on the background and rationale of the decision of the Board relating in strengthening of the role of the secretariat in the assessment work. The members recognized the need to undertake structural measures to overcome the difficulties in the assessment work to improve overall performance of the accreditation system, facilitate decision making and achieve consistency in the assessment reporting. The CDM-AP members recognized that assessment work is the most important aspect of the accreditation process.

4. The CDM-AP considered the recent additions to the roster of experts and taking into consideration the evaluation of the applicants agreed to include them in the roster. In addition, the CDM-AP considered detailed profiles of competency requirements for auditors to develop training modules for assessment team members. The CDM-AP provided further inputs to the assigned CDM-AP member for possible revisions and modification in order to fully incorporate the CDM requirements. The CDM-AP held a brief discussion on the possibility for these competency requirements to be made available to the applicant entities (AEs) and designated operational entities (DOEs) for them to determine and design their systems for competency requirements. The CDM-AP agreed to hold further discussion on this issue and provide its proposal to the Board possibly at the next meeting.

III. Status of applications

5. The total number of active applications currently under consideration by the CDM-AP remains 37. It may be noted that three applications are withdrawn.

6. The **geographical distribution of the 37 applications** under consideration is as follows: 17 are from Asia and Pacific region, 17 from Western Europe and Other region, two from Latin America and Caribbean region and one from the African region. Eight applicants from the Asia and Pacific region, two from Latin America and Caribbean region and one from the African region are from Non-Annex I Parties (Republic of Korea (4), Malaysia (2), China (2), Columbia, Brazil and South Africa). Thus a total of eleven applications are from Non-Annex I Parties and one from economies in transition country.

7. With regard to the status of work, five CDM-ATs are at the stage of finalizing the desktop reviews and coordinating for their on-site assessments. Remaining entities are at different stages of the accreditation procedure. The Board may wish to note that the CDM-AP have already issued indicative letters to 24 entities. It indicates that these entities have successfully passed through the stage of desk review and on-site assessment and require witnessing activities to complete their accreditation.

8. With regard to witnessing activities, in the case of ten entities CDM-ATs are undertaking witnessing activities for validation and verification functions. Out of them, nine for validation functions and three for verification functions.

9. The Board may wish to note that a total of seventeen entities are accredited for validation functions and seven for verification functions, covering a wide range of sectoral scopes. It may be noted that at least one DOE exists for each sectoral scope. For details on status of all applications please refer to the overview table in annex 2.

10. The CDM-AP also considered documentation received from three DOE for its re-accreditation. The CDM-AP undertook the preliminary consideration of the application and agreed to proceed in accordance with the procedure. The CDM-AP established new CDM-ATs to proceed with the detailed assessment work and also determined the additional documents required to be submitted by these DOE. The CDM-AP, based on the assessment and recommendation of the CDM-AT, approved shifting of location of one DOE.

11. The CDM-AP also considered a number of specific issues sent by AEs/DOEs for the consideration and/or requiring guidance from the panel. The CDM-AP discussed and agreed on respective guidance, clarifications and/or responses, as appropriate.

IV. Indicative letters and recommendation for accreditation

12. The CDM-AP, because of witnessing cases not finalized for the consideration of the CDM-AP, did not make any recommendation on issuance of indicative letters and for phased accreditation to the Board.

13. The CDM-AP considered the reports of the follow-up visit of the CDM-AT for verification of implementation of corrective actions relating to the spot-check of a DOE raised by the Board at its twenty-sixth meeting. The deliberations of the CDM-AP on this matter are presented to the Board under strict confidentiality.

V. Other recommendations

14. The CDM-AP in considering the request from the Board to re-visit the accreditation procedures, in particular, the procedures for "unscheduled surveillance" and to specifically address issues relating to verification of the implementation of the quality management system and use of technical resources from non-accredited premises of the DOEs, agreed on a note on multi-site accreditation system for the consideration of the Board. The CDM-AP agreed that the multi-site accreditation system may address some of the issues surfaced during the spot-check cases and other assessment exercises. The note provides general characteristics of the multi-site accreditation system as practiced in other accreditation schemes and how such a system could be useful for the CDM accreditation process. The note is contained in the annex III of this report.

15. The Board at its twenty-eighth meeting requested the CDM-AP to consider the request from the Chair of the AE/DOE Coordination Forum regarding the provision of monitoring services by other units of the DOE. These monitoring services, such as calibration services and laboratory analysis, are those performed by other units of the same DOE accredited by other accreditation bodies. In considering this request the CDM-AP took into account the various applicable scenarios in context of potential conflict of interest. The CDM-AP concluded that the laboratory accreditation, as identified by the request, provides the demonstration of technical competencies of a laboratory, but it does not provide assurance of independence of the accredited laboratory's services. The CDM -AP further concluded that if a laboratory related to a DOE has provided services for the monitoring, the same DOE cannot provide verification/certification services. In the same context, for a given project activity a DOE performing the verification function cannot use services of a laboratory involved in the respective monitoring activity.

16. The CDM-AP taking into consideration the assessment experiences, in particular level of involvement and inputs provided by different assessment team members, re-considered the fee structure for the assessment team members. The CDM-AP agreed to revise and increased the number of man-days required at different assessment stages. The revised fee structure is attached in the annex IV for the consideration of the Board.

17. The CM-AP in response to the request of the Board to submit a proposal for the Board to take appropriate actions for DOEs not complying with the requirements and/or following the instructions of the Board, agreed on a proposal for the consideration of the Board. The proposal is attached in the annex V of this report.

18. The CDM-AP considered proposals to utilize information by the registration and issuance team appraisal to improve the decision-making in the accreditation process. The CDM-AP agreed on elements of the information to be provided to CDM-AP by the secretariat so that the panel can utilize this information for determining the focus of the on-site, regular surveillance and/or witnessing assessments of an entity for the assessment team members or recommend other appropriate actions for the consideration of the Board. The CDM-AP requested the secretariat to arrange this information from the respective unit of the CDM programme for its consideration at its next meeting.

VI. Key Issues under consideration

19. The CDM-AP, taking into consideration recent experiences with the spot-check cases, considered a draft form for spot-check, prepared by the secretariat. The CDM-AP after minor modifications agreed to approve the form. This specific form for the assessment of spot-check cases will facilitate the coverage of the areas to be covered in the spot-check assessment by taking into consideration the scope of the spot-check determined by the Board. The form is expected to facilitate the decision making process of the CDM-AP and consequently making recommendations to the Board.

20. The CDM-AP also considered the revisions in the witnessing assessment forms both for validation and verification forms. The revision is being undertaken to ensure that recent decisions of the Board on different methodological and technical and other regulatory and procedural aspects of CDM project activities are incorporated in order to assess the competency of the entities. The CDM-AP assigned one panel member to propose changes in both the forms and present to the panel at its next meeting.

Annex I

Table: Regional distribution of team members

(in bold character members from Non-Annex I Parties)

Organisation		Leader	Member	Member
0001	JQA (Re-accreditation)	WEO	ASP	**ASP**
0002	JACO CDM	**ASP**	ASP	**ASP**
0003	DNV Certification AS (Re-accreditation)	**ASP**	**AFR**	**ASP**
0004	MISUZU Sustainability Certification	**ASP**	ASP	WEO
0005	TÜV Sued (Re-accreditation)	**ASP**	WEO	**ASP**
0006	TECO	**ASP**	WEO	ASP
0007	JCI	-	ASP	**ASP**
0008	AZSA	**ASP**	**LAC**	WEO
0009	BVC Holding S.A	-	**ASP**	WEO
0010	SGS (Re-accreditation)	**ASP**	**LAC**	**ASP**
0011	KEMCO	WEO	**ASP**	**LAC**
0012	PWCC	Application Withdrawn		
*0013	TÜV Rhein.	WEO	**LAC**	-
0014	KPMG	WEO	WEO	**AFR**
0015	URS	Application Withdrawn		
0016	ERM-CVS	WEO?Juhani	WEO	**ASP**
*0017	Clouston Env.	-	**ASP**	ASP
*0018	BSI UK	-	**ASP**	WEO
0019	Nexant	Application Withdrawn		
0020	CRA	WEO	WEO	**ASP**
0021	AENOR	ASP	ASP	WEO
*0022	TÜV NORD CERT	ASP	WEO	-
0023	LRQA	**ASP**	**ASP**	WEO
0024	ICONTEC	WEO	ASP	**LAC**
0025	KFQ	WEO	WEO	ASP
0026	TECPAR	**ASP**	ASP	**LAC**
0027	SQS	WEO	ASP	WEO
0028	Shin Nihon	**ASP**	WEO	ASP
0029	PWC, SA	**ASP**	**AFR**	WEO
0030	NKKKQA	**ASP**	ASP	WEO
0031	Perry Johnson	WEO	ASP	**LAC**
0032	LGAI Tech.	WEO	WEO	**AFR**
0033	ECA Cert.	**ASP**	**AFR**	ASP
0034	CEC	WEO	**ASP**	ASP
0035	Tsinghua	WEO	ASP	**LAC**
0036	AWMS	WEO	WEO	**AFR**
0037	RINA S.p.A	WEO	**LAC**	**ASP**
0038	SIRIM QAS Int.	**ASP**	WEO	**AFR**
0039	KSA	ASP	**AFR**	**ASP**
0040	EMC	ASP	WEO	**LAC**

* Replacement of Team Members being confirmed

Annex II

Table: Status of application of AEs

Entity	Completeness check	Initial consideration	CDM-AT	Work plan	Desk review	Add. Docs	On-site assessment	Witnessing activities	Indicative letter	Phased Accreditation and provisional designation
E-0001 / JQA	X	X	X	X	X	PR	X	WOI	I (1.12.03) I (5.10.06)	AC (24.03.04) AC (11.05.05)
E-0001 / JQA (Re-accreditation)	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A
E-0002 / JACO CDM	X	X	X	X	X	PR	X	WOI	I (4.2.05)	AC (23.2.05)
E-0003 / DNV Certification AS	X	X	X	X	X	PR	X	WOI	I (1.12.03) Ie (5.2.05)	AC (24.03.04) AC (12.06.04) AC (08.06.05) ACv (29.8.05) AC (20.7.06) ACv (20.7.06)
E-0003 / DNV Certification AS (Re-accreditation)	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A
E-0004 / MISUZU Sustainability Certification	X	X	X	X	X	N	X	X	I (23.04.05)	
E-0005 / TÜV-SÜD	X	X	X	X	X	PR	X	WOPa	I (1.12.03) Ie (5.2.05)	AC (12.06.04) AC (23.2.05) ACv (28.9.05) AC (24.11.05) ACv (22.02.06) ACv (20.7.06) AC (1.11.06) ACv (1.11.06)
E-0005 / TÜV-SÜD (Re-accreditation)	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A
E-0006 / TECO	X	X	X	X	X	N	X	WOI	I (1.12.03)	AC (11.05.06)

Entity	Completeness check	Initial consideration	CDM-AT	Work plan	Desk review	Add. Docs	On-site assessment	Witnessing activities	Indicative letter	Phased Accreditation and provisional designation
E-0007 / JCI	X	X	X	X	X	PR	X	WOI	I (26.7.04)	AC (11.05.05) AC (24.11.05)
E-0008 / AZSA Sustainability Co.	X	X	X	X	X	PR	X	NP	I(13.11.04)	
E-0009 / BVC Holding S.A.	X	X	X	X	X	PR	X	WOP	I (15.3.04)	AC (08.07.05) ACv (11.05.06)
E-0010 / SGS UK Ltd	X	X	X	X	X	PR	X	WOI	I (25.5.04) Ie (23.4.05)	AC (12.06.04) AC (23.2.05) AC (08.07.05) AC (28.9.05) ACv (24.11.05)
E-0010 / SGS UK Ltd (Re-accreditation)	X	X	X	X	N/A	N/A	N/A	N/A	N/A	N/A
E-0011 / KEMCO Additional Sectoral Scopes	X X	X X	X X	X X	X D	PR PR	X P	WOI WOP	I (13.11.04)	AC (25.11.05)
E-0012 /PWCC	Application Withdrawn									
E-0013 / TÜV Rheinland	X	X	X	X	X	PR	X	WOP	I (25.5.04)	AC (13.05.05) AC (22.02.06)
E-0014 / KPMG	X	X	X	X	X	N	X	XNC	I (4.2.05)	AC (08.07.05) AC (1.11.06)
E-0015 / URS	Application Withdrawn									
E-0016 / ERM	X	X	X	X	D	N	XNC	NP	N/A	
E-0017 / Clouston*	X	X	X	X	RD	N/A	N/A	N/A	N/A	
E-0018 / BSI	X	X	X	X	X	N	X	WOI	I (23.04.05)	AC (11.05.06)
E-0019 / Nexant	Application Withdrawn									
E-0020 / CRA	X	X	X	X	D	PR	X	N/A	I (25.11.05)	
E-0021 / AENOR	X	X	X	X	X	PR	X	WOI	I (5.2.05)	AC (13.05.05) ACv (11.05.06)
E-0022 / TÜV NORD	X	X	X	X	X	PR	X	WOI	I (4.2.05) I (5.10.06)	AC (28.9.05) AC (20.7.06) ACv (20.7.06)
E-0023 / LRQA	X	X	X	X	X	PR	X	WOI	I (4.2.05)	AC (1.11.06) AC (16.2.07)

Entity	Completeness check	Initial consideration	CDM-AT	Work plan	Desk review	Add. Docs	On-site assessment	Witnessing activities	Indicative letter	Phased Accreditation and provisional designation
E-0024 / ICONTEC	X	X	X	X	X	PR	X	WOI	I (19.06.05)	
E-0025 / KFQ	X	X	X	X	X	PR	X	WOP	I (23.04.05)	AC (25.02.06)
*E-0026 / TECPAR	X	X	X	X	D	NP	N/A	N/A	N/A	
E-0027 / SQS	X	X	X	X	D	N/A	N/A	N/A	N/A	
E-0028 / Shin Nihon	X	X	X	X	X	N	X	N/A	I (06.09.06)	
E-0029 / PWC, SA	X	X	X	X	X	N	X	N/A		AC (11.05.06)
E-0030 / NKKKQA	X	X	X	X	X	PR	X	N/A	I (06.09.06)	
E-0031 / Perry Johnson	X	X	X	X	X	PR	X	N/A	I (06.09.06)	
E-0032 / LGAI Tech.	X	X	X	X	X	PR	XNC			
E-0033 / ECA Cert.	X	X	X	X	D	N/A	N/A	N/A	N/A	
*E-0034 / CEC China	X	X	X	X	PX	NP	N/A	N/A	N/A	
E-0035 / Tsinghua	X	X	X	X	X	N/A	PX	N/A	N/A	
E-0036 / AWMS	X	X	X	X	D	N/A	N/A	N/A	N/A	
E-0037 / RINA	X	X	X	X	X	PR	PX	N/A	N/A	
E-0038 / Sirim Qas Int	X	X	X	X	X	N/A	N/A	N/A	N/A	
E-0039 / KSA	X	X	X	X	D	N/A	N/A	N/A	N/A	
E-0040 / EMC	X	X	X	X	N/A	N/A	N/A	N/A	N/A	

Note: *E-0012 / PWC C, E-0015 URS Corporation and E-0019 Nexant withdrew their applications*
** The entity has not submitted adequate documentation at the desk review stage as requested by the panel.*

Legend:
X=stage completed
PX= partly completed
N/A= stage not yet reached
PR=provided
NP=not provided
N=not requested
D=Drafting
P=Planned
DC=Dates confirmed
RD=Requested Delay
WOI = Witnessing opportunities identified by AT
WOP =Witnessing opportunities proposed by AE
WOIa = WOI identified for all sectoral scope(s) applied for
WOPa = WOP identified for all sectoral scope(s) applied for
I (date) = Issuing date
Ie (date) = Issuing date for scope extension
AC (date) = Accredited and provisionally designated (validation)
ACv (date) = Accredited and provisionally designated (verification)

Annex III

Note on multi-site accreditation system for the consideration of the CDM Executive Board

I. Introduction

1. The CDM accreditation panel (CDM-AP), in its recent experiences, in spot-checks and assessments noted differences in understanding by the designated operational entities (DOEs) on requirements for the quality management systems and use of external technical resources from non-accredited premises. The Executive Board requested the CDM-AP to consider the issue and propose to the Board options to address the matter.

2. The CDM-AP considered various options including the possibility for multi-site accreditation system for DOEs, as practiced in other accreditation schemes. The Board, at its thirtieth meeting, took note of the consideration by the issue by the CDM-AP and requested the CDM-AP to further explore this option and submit to the Board a proposal at its next meeting.

3. This note is intended to provide general characteristics of the multi-site accreditation system as practiced in other accreditation schemes and how such a system could be useful for the CDM accreditation process.

II. An overview of the multi-site accreditation system

4. The multi-site accreditation system, as referred in the "IAF Guidance on the Application of ISO/IEC Guide 62:1996", is an accreditation process involving an independent examination and assessment of an organisation/entity having identified more then one (multi) sites under a centrally identified and accredited office. It allows the organisations/entities to seek a single accreditation for their operations in various locations by establishing a quality management system that ensures its operations to be complying with the requirements.

5. The multi-site accreditation system implies that a centrally identified office is accredited exercising an overall control on the CDM related activities with the accreditation of other sites involved in undertaking certain defined activities. All sites to be accredited must operate under the policy and standards adopted by the central office and shall have a legal and/or contractual link with the central office and shall work under the authority of the central office.

6. The entities applying for the multi-site accreditation shall demonstrate that their policies, procedures and management system shall be centrally decided, implemented and administered under a centrally controlled system. It shall further demonstrate that operations of the site offices shall be subject to centrally planned internal audits, management reviews and other operational and management system requirements.

7. The entities shall further demonstrate that the central office has established a management system in accordance with the requirements and that the whole organisation meets the requirements of the CDM standards. The management system shall also include measures and mechanisms to ensure the continuous compliance of the standards by the site offices.

8. The entity shall also demonstrate that it has put into place mechanisms, such as procedures, forms and other tools to collect data and information from all sites including the central office and defined its authority and ability to implement changes in the processes, procedures and organisational structures, if required. The data and/or information to be collected and analysed shall include, inter alia, following:

(a) System documentation;

(b) Changes in the system documentation;

(c) Details of their activities undertaken over a period of time;

(d) Programme and planning of internal audits and evaluation of the results.

(e) Programme and details of management reviews;

(f) Details of Complaints received relating to their activities and evaluation of corrective actions performed.

9. The accreditation process shall include assessments of these aspects to ensure that the entity applying for the multi-site accreditation system has implemented the system to meet the requirements both at the central as well as at site offices to be accredited.

10. The table below provides an overview of how different responsibilities and functions may be divided between the central office and site offices under the multi-site accreditation system.

Element	Central office	Site Office
Quality Management System		
Policy definition	X	
Initial competence analysis and competence needs definition	X	
Resources allocation	X	
Advisory committee	X	
Procedure elaboration	X	
Document control	X	X
Policy and structure to ensure impartiality, and independence of the operations	X	
Control and improvement of the System	X	
Internal audit	X	X
Management review	X	
Validation and verification Activities		
Contracting with client		X
Competence criteria for specific project acitivities		X
Auditors and experts qualification		X
Contract review		X
Team selection		X
Validation/verification activities		X
Internal Control/Quality Assurance and Quality Control		
Internal technical review	X	
Submission for registration/Request for Issuance	X	
Request for registration/Issuance	X	

11. It may be noted that under the current system, as clarified by the Board at its twenty-eighth meeting, that the decision-making responsibilities regarding validation, verification and certification shall be with the accredited office. It further clarified that management review, contract review, signing of the CDM related contractual arrangements, validation reports, verification/certification reports, requests for registration/issuance and other relevant documents as well as resources allocation shall also remain within the responsibility(ies) of the accredited office. It however, may be noted that the above-mentioned provisions do not exclude utilization of the external resources by the accredited entity(ies) under the due contractual arrangements. As may be noted from the above table under the proposed system part of these functions will be transferred to the site offices.

III. Usefulness for the CDM accreditation process:

12. The experience in the CDM have identified differences among the DOEs in the understanding of the accreditation requirements with regard to responsibility of the accredited sites and possibility for use of external resources from non-accredited sites. In some of the cases DOEs have delegated their operations to their country offices which are not accredited. It has also been found that these non-accredited sites were undertaking CDM activities without appropriate involvement and authority of the central or accredited offices. It resulted into incidents when the Board observed that DOEs were not following the requirements of the Board as well as it raised questions on the full legal validity of some of the CDM activities undertaken by the DOEs.

13. Taking into consideration CDM specific requirements and experiences, multi-site accreditation may allow overcoming some of the difficulties experienced with the entities. Some of the potential benefits are as follows:

(a) It provides an opportunity to assess the potential competencies of the sites to undertake CDM validation and verification activities;

(b) It provides an opportunity to the entities to make their site offices recognised to carry on CDM activities by meeting the requirements through the accreditation process;

(c) It provides an opportunity to the entities to utilise their local technical and other resources for their CDM activities. It may reduce the cost for them as well as provides an opportunity to build the capacity of the local resources, in particular, in developing countries;

(d) A central office shall be identified and accredited from the perspective of not only managing its own operations but from the perspective of controling the operations of the sites identified to be accredited. It provides confidence on the competency of the central office to manage operations for its multi-site operations;

(e) The management system by the central office shall have to be designed in a way that includes management and operational requirements of the sites;

(f) All sites shall be subject to common quality management system and other operational and procedural requirements;

(g) The accreditation of multi-sites provides confidence that central office including the sites have implemented the unified system and is expected to meet the quality standards and produce reliable results;

14. It however, may be noted that introduction of such a system may result into disadvantageous situation, in particular, for smaller companies located in the developing countries.

IV. Conclusion:

15. It may be noted that before such a system can be implemented a number of operational aspects shall have to be determined. Some of these aspects include:

(a) Number of sites to be visited for granting multi-site accreditation;

(b) Granting of the phased sector-specific accreditation to the sites if one or more then one of the sites is not found to be competent in certain sectoral scopes;

(c) Suspension and/or withdrawal of accreditation status.

16. It may be noted that it is not intended to make the multi-site accreditation system mandatory for the entities under the CDM accreditation process. It remains voluntary for the entities to opt for it, taking

into consideration their specific circumstances, such as operational and organisational set-ups, size and level of their activities and geographical dispersion of their sites and activities.

- - - - -

Annex IV

Indicative level of fees to be paid to CDM AT by the Applicant Entities

1. The table below provides indicative level of fees to be paid by the applicant entity to the CDM assessment team (CDM-AT) for different assessment activities.

Assessment Activity	Team Leader	Team Member participating in the task (man-days)	No. of days times daily fee [1] = Total Cost (US $)
Preparation of desk review report (F-CDM-DOR)*	2	1	1,600
On-site assessment**	2	2	2,400
Verification of implementation of corrective actions to address non-conformities	1	1	800
Witnessing activity	2	2	1,600
Preparation of preliminary report (F-CDM-PR) per activity	1	1	800
Preparation of final report (F-CDM-FR) per activity	1	1	800

2. For detailed information on number of CDM assessment team members for each assessment activity refer to the CDM accreditation procedure (http://cdm.unfccc.int/DOE/cdm_accr_01.pdf).

3. The fee for on-site assessment and witnessing activities shall be paid directly to the relevant team member and team leader. The secretariat shall forward to the AE, copy to the team members, a request for payment together with a pre-filled receipt form for each team member. The AE shall ensure that the secretariat receives the original signed receipts by the respective team member. The application process will be halted in case such receipts are not received within deadlines indicated.

---

[1] The level of fee is determined by the Executive Board and presently set to US$ 400 per day.

* The fee for desk review is included in the non-reimbursable application fee.

** The on-site assessment is typically undertaken by three AT members including the team leader. The on-site assessment may be combined with witnessing activities, in which case the on-site assessment may be extended accordingly.

Annex V

Options on appropriate actions for DOEs for not complying with the requirements/instructions of the Board

I. Introduction:

1. The paragraph 5 of the decision 3/CMP.1 (modalities and procedures for the clean development mechanism) stipulates that the Executive Board of the CDM shall supervise the CDM, under the authority of the conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), and be fully accountable to the COP/MOP.

2. The same decision specifies the areas of the authority of the Executive Board, which, inter alia, includes that the Board shall be responsible for the accreditation of operational entities in accordance with the relevant accreditation standards and to the operationalization of accreditation procedures and standards. This responsibility also includes decisions by the Board on re-accreditation, suspension and withdrawal of the accreditation of the operational entities.

3. In accordance with the CDM M&P, the designated operational entities (DOEs) shall therefore be accountable to the COP/MOP through the Executive Board and shall comply with the M&P, relevant decisions of the COP/MOP and relevant decisions, clarifications and procedures of the CDM Executive Board.

4. The Executive Board, at its last meeting, in taking note that one DOE had not been able to submit its annual activity report after repeated instructions by the Board, requested the CDM accreditation panel to submit to the Board a proposal for taking appropriate actions for DOEs in situations where DOEs fail to comply with the requirements of the Board.

II. Consideration of proposals:

5. The Board may wish to consider possible options as below:

(a) **Option 1:** Publish the name of the non-complying DOE in the Executive Board meeting report, and

(b) **Option 2**: Levy a fixed fine as a penalty to the DOE failing to comply with the defined requirements and/or instructions of the Board communicated to the DOE in advance (amount of the fee to be determined by the Board on a case-to-case basis). or.

(c) **Option 3:** To exercise its authority to trigger a limited spot-check on the accredited office to confirm that the DOE continuous to comply with the requirements of the Board. or.

(d) **Option 4:** To exercise its authority to suspend the accreditation status of the DOE for a limited period of time

6. The Board may wish to note that publishing of name in the report under option 1 and levy of fine under option 2 is not explicitly in the purview of the CDM M&P, whereas option 3 and 4 are in agreement with modalities and procedures as well as the CDM accreditation procedure.

- - - - -