



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Twentieth meeting

UNFCCC headquarters
Bonn, Germany
6–8 July 2005

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II. ANNOTATIONS TO THE PROPOSED AGENDA

1. Membership issues (including disclosure of possible conflict of interest)

1. **Background:** The Chair shall ascertain whether (a) the members present constitute a quorum, and (b) the absence of any member or alternate member is “without proper justification”¹.
2. The Chair shall request, at the beginning of each meeting of the CDM Executive Board, members and alternates to disclose whether they consider to have any conflict of interest relating to the work of the Board.
3. **Action:** The Board may consider information provided by any member and alternate member, including with respect to any potential conflict of interest, and take action, as appropriate.

2. Adoption of the agenda

4. **Background:** The Board agreed, at its nineteenth meeting, on items to be included in the provisional agenda for its twentieth meeting. In accordance with rule 21 of the rules of procedure of the Executive Board, subsequent additions or changes to the provisional agenda by members and/or alternate members were to be incorporated in the proposed agenda. The title of item 4 of the agenda has been amended, as proposed by the Chair, to accommodate the consideration of the CDM Management Plan (CDM-MAP), in addition to the resources for the work on the CDM. The proposed agenda was transmitted to the Board on 15 June 2005 and thereafter posted on the UNFCCC CDM web site.
5. **Action:** Members may wish to adopt the proposed agenda for the twentieth meeting.

3. Work plan

(a) Accreditation of operational entities

6. **Background:** The Board, at its nineteenth meeting, took note of the sixth progress report of the CDM Accreditation Panel (CDM-AP) and an oral report on the work of the CDM-AP presented by Mr. John Kilani, Chair of the CDM-AP, including the status of applications and developments with respect to desk reviews and on-site assessments. The Board requested Mr. John Kilani to consult with Board members and alternates on the feasibility of an entity applying solely for the function of verification/certification, bearing in mind the discussion of the Board at its nineteenth meeting, and prepare an input for consideration of the Board at its twentieth meeting. The seventeenth meeting of the CDM-AP (CDM-AP 17) took place in Oslo (Norway) on 18 and 19 June 2005.
7. **General issues:** The CDM-AP 17 agreed on seventh progress report (CDM-ACCR-R07) to the Board. The progress report was submitted to the Board on 20 June 2005 and subsequently made publicly available on 22 June 2005. It provides, inter alia, information on:

- (a) The issuance of an “Indicative letter” to an entity,

¹ Please refer to rules 28 and 7 of the rules of procedures of the Executive Board.



(b) The status of applications and specific work items. In particular since the nineteenth meeting of the Board:

- (i) One new application for accreditation was received, which brings the total number of applications to thirty (30). It should be noted that three of the 30 applicant entities have withdrawn their applications.
- (ii) The geographical distribution of the 27 applications under consideration is as follows: Eleven are from Asia and Pacific region, 13 from Western Europe and Other region, two from Latin America and Caribbean region and one from African region. Three 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 (2), Malaysia, Columbia, Brazil and South Africa). Thus a total of six applications are from Non-Annex I Parties.

(c) The regional distribution of CDM assessment team (CDM-AT) members contained in a table annexed to the report showing that each CDM-AT contains at least one expert from non-Annex I Parties.

8. The Chair of the panel invited the panel to discuss the feasibility of an entity applying solely for the function of verification/certification and possibly provide the Board with an input on this issue. The CDM-AP 17 agreed on a recommendation related to the phasing of accreditation which is contained in annex 3 to its seventh progress report.

9. The CDM-AP 17 availed itself of meeting in Oslo with the Chair of designated entities (DOEs) / applicant entities (AEs) coordination forum who is based in Oslo. The Chair of the CDM-AP will provide a brief oral report to the Board on this meeting which took place on 19 June 2005.

10. **Case-specific recommendations:** The CDM-AP 17 considered three recommendations for phased accreditation for validation in specified sectoral scope(s) and one recommendation for phased accreditation for verification. In accordance with the accreditation procedure, the recommendations and the supporting documentation, as well as the deliberations of the Executive Board, are confidential. The decision by the Executive Board will be made publicly available. The documentation relating to these recommendations has been forwarded to the Executive Board under separate cover on 22 June 2005.

11. **Further schedule:** The CDM-AP 17 agreed to convene its next meeting on 8 and 9 September 2005

12. **Action:** The Board may wish to (a) take note of the seventh progress report on the work of the CDM-AP; (b) consider recommendations by the CDM-AP and take action, as appropriate; and (c) consider further guidance to the CDM-AP, as appropriate.

(b) **Methodologies for baselines and monitoring**

13. **Background:** The Executive Board, at its nineteenth meeting, took note of the report of the fifteenth meeting of the Panel on baseline and monitoring methodologies (Meth Panel), and of an oral report by its Chair, Mr. Jean-Jacques Becker, on the work of the panel.

14. **Work undertaken/in progress:** The Meth Panel held its sixteenth meeting in Bonn (CDM-MP 16) (Germany) from 14 to 17 June 2005. Following the expansion of the number of members from 10 to 15, the Meth Panel undertook its work in two (2) parallel groups. It dealt with case-specific issues as well as with general issues relating to procedures for submission of proposed new methodologies and methodological clarifications and guidance.



15. **General issues relating to process/guidance:** At its nineteenth meeting, the Board continued its work to improve the process of consideration and approval of proposed new methodologies. The Board agreed that a comprehensive proposal for improving the methodologies process, for consideration of the Board at its twentieth meeting, was to be prepared by Ms. Gertraud Wollansky, in collaboration with the Chairs of the panels on methodologies and accreditation and Mr. Hans Jürgen Stehr, Mr. Rajesh Kumar Sethi, Mr. José Domingos Miguez and Mr. Lu Xuedu. Work on this issue is undertaken through electronic exchanges, the outcome of which will be discussed at the twentieth meeting of the Board.

16. At its nineteenth meeting, the Board requested the secretariat to prepare a revised version of the procedures for submission and consideration of proposed new methodologies (version 7) in order to incorporate the measures identified at the nineteenth meeting of the Board. The revised draft is contained in annex 2 to these annotations. It highlights a list of issues that may need to be further addressed in the light of the outcome of discussions by the Board on improving the process for consideration of methodologies.

17. In response to requests by the Board at its nineteenth meeting to implement immediate measures aimed at improving the quality of products and easing the methodology process workflow, the CDM-MP 16:

- (a) Revised the form and guidelines for the submission of proposed new baseline methodologies as contained in annex 6 to its report;
- (b) Initiated a review of the conditions of use of measurement instruments in monitoring, with a view to preparing recommendations to the Board at its twenty first meeting on, inter alia, revisions to the form for the submission of proposed new monitoring methodologies;
- (c) Agreed on revised criteria to be used in the screening process to assess proposed new methodologies as contained in annex 8 to its report;
- (d) Developed a “summary” recommendation form on proposed new methodologies, to be filled by the panel in addition to the standard recommendation form. This form is to provide to the Board succinct information in a standardized and summarized manner. The form is contained in annex 7 to its report.

18. In order to consider methodological issues relating to the treatment of biomass in project activities, the Meth Panel held a meeting with the afforestation and reforestation working group (A/R WG) on 14 June 2005. The Meth Panel agreed on recommendations regarding the definition of biomass and consideration of changes in carbon pools in project activities other than afforestation and reforestation project activities, as contained in its report. Due to time constraints the joint discussion on issues relating to the treatment of biomass were, however, not concluded. In particular, the Meth Panel will, at its seventeenth meeting, in collaboration with the A/R WG and the “Working Group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities” (SSC-WG), further consider:

- (a) A definition of biomass that is used in a sustainable manner by a CDM project activity;
- (b) How to address the references to “renewable” and “non-renewable biomass” in the simplified methodologies for small-scale CDM project activities.

19. In response to the request by the Board at its fifteenth meeting, the Meth Panel agreed on recommendations, contained in its report, on issues that need to be addressed at the start of the second and third crediting period for a project activity, relating to i.e.:

- (a) Assessing the continued validity of the baseline;
- (b) Updating the baseline.



20. As requested by the Board, at its nineteenth meeting, the Meth Panel considered the type of information to be considered in the calculation of baseline emissions when a project activity is requesting retroactive credits. Its recommendation is contained in its report.
21. **Interaction with DOEs:** As requested by the Board at its nineteenth meeting, the Meth Panel held a meeting with representatives of DOEs on 13 June 2005 to discuss the application of approved methodologies. In order to improve communication among the DOEs and the Meth Panel on issues relating to the application of approved methodologies, the Meth Panel developed procedures for the submission of queries from DOEs to the Meth Panel on approved methodologies. These procedures are contained in annex 9 to its report. The Chair of the Meth Panel will also brief the Board, at its twentieth meeting, on outcomes of this meeting.
22. **Recent submissions of proposed new methodologies - status:** At the eleventh round for submitting new methodologies which concluded on 1 June 2005, 11 proposed new methodologies were submitted. These methodologies are currently at the stage of pre-assessment by the panel. At the tenth round for submitting new methodologies which concluded on 19 April 2005, 20 proposed new methodologies and three re-submissions had been put forward. Of the twenty (20) proposed new methodologies, thirteen (13) have passed the quality check assessment by the Meth Panel and are now under consideration by the Meth Panel and the Board. Information on methodologies currently under consideration by the Board is available on the UNFCCC CDM web site (<http://cdm.unfccc.int/methodologies/PAmethodologies/publicview.html>).
23. **Work on consolidation of methodologies:** As requested by the Board at its nineteenth meeting, the Meth Panel prepared a recommendation for a **draft consolidated methodology for “Grid-connected electricity and/or heat generation from biomass residues”** which consolidates the approved methodologies **AM0004** and **AM0015** as well as the proposed new methodologies **NM0081** and **NM0050-rev**. As agreed by the Executive Board at its eighteenth meeting, this consolidated methodology once approved by the Board is to replace AM0004.
24. The Meth Panel is to further develop recommendations, at its next meeting, on the possible expansion of the scope of this consolidated methodology to project activities that increase the energy efficiency of power generation with biomass, including the replacement of existing plants. In preparing this consolidated methodology, the Meth Panel identified a number of problems related to the approved methodology AM0015 and recommended to replace AM0015 by the consolidated methodology once expanded.
25. As requested by the Board at its nineteenth meeting, the Meth Panel has prepared a recommendation for a **draft consolidated methodology for “Waste gas and/or heat for power generation”**, incorporating elements from methodologies **NM0031-rev2**, **NM0087** and **NM0088**, as contained in annex 2 of its report of its sixteenth meeting.
26. The Meth Panel further agreed to incorporate cases **NM0045-rev2**, **NM0047-rev** and **NM0095** into a consolidated methodology on blended cement. The Meth Panel agreed to also include in this consolidation the newly submitted proposal **NM0106** as it has a similar applicability. The Meth Panel recognized that further analysis was needed before the work on the consolidation could be finalized. It agreed to continue its work at its next meeting with a view to preparing a final recommendation to the Board for its consideration at its twenty-first meeting.
27. The Meth Panel considered a technical input with regards to practices regarding coal mine methane and coalbed methane and recognized that additional expertise would be necessary for further analysis of the cases **NM0066**, **NM0075**, **NM0093** and **NM0094**. The Meth Panel agreed to include in this analysis the newly submitted proposal **NM0102**, as it has similar applicability. The Meth Panel also agreed to request



further technical input on these cases with a view to preparing a recommendation on methodologies relating to coal mine methane and their possible consolidation at its seventeenth meeting.

28. **Revisions of approved methodologies:** In response to technical queries and inputs by project participants, the Meth Panel considered the approved methodologies **AM0017** and **AM0022** and agreed on recommendations for the revision of these methodologies as contained in annexes 4 and 5 of the report of its sixteenth meeting.

29. **Case-specific recommendations:** The Meth Panel considered, at its sixteenth meeting, a total of thirty-six (36) cases of proposed new methodologies for baselines and monitoring, of which sixteen (13 new and 3 re-submitted) had been submitted in the tenth round. The Meth Panel, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on recommendations to the Board to:

- (a) Approve cases **NM0090** (yet to be reformatted) and **NM0091** (reformatted);
- (b) Incorporate case **NM0106** into consolidated methodology on blended cement (see above);
- (c) Forward cases **NM0070**, **NM0078** and **NM0080** for revision to the project participants without the need for further experts and public input;
- (d) Not approve cases **NM0071-rev**, **NM0096**, **NM0097**, **NM0099**, **NM0100**, **NM0101**, **NM0103**, **NM0104**, **NM0109** and **NM0114** which, if revised taking into account comments, can be resubmitted requiring new expert and public input.

30. Three preliminary recommendations (on cases **NM0082**, **NM0088** and **NM0092**) from the fifteenth meeting of the Meth Panel became final and shall be considered by the Board at its twentieth meeting. The Board may wish to note that case **NM0088** has been incorporated in the proposed consolidated methodology for waste gas and/or heat for power generation (see above). In accordance with the procedures for submission and consideration of a proposed new methodology, preliminary recommendations for which project participants do not provide any clarification within the ten-day consultation period become final and are made available in the UNFCCC CDM web site:

<http://cdm.unfccc.int/methodologies/PAMethodologies/publicview.html>.

31. **Other case-specific issues:** The Meth Panel agreed on preliminary recommendations for cases **NM0076-rev**, **NM0079-rev**, **NM0098**, **NM0107**, **NM0108**, **NM0110**, **NM0112**, **NM0113** and **NM0115**.

32. The Meth Panel is prepared to consider the case **NM0072** (Mandatory energy-efficiency standard for room air conditioners in Ghana) once the Board has given guidance on whether local/national/regional policy development and/or implementation can be eligible as CDM project activities.

33. **Further schedule:** CDM-MP 16 agreed to convene its next meeting from 6 to 9 September 2005. The Meth Panel further agreed on its schedule of meetings until June 2006 as contained in annex 10 to its report.

34. **Action:** The Board may wish to consider: (a) the report of the sixteenth meeting of the Meth Panel and oral updates by its Chair; (b) proposal by Board members on how to improve the process of consideration and approval of proposed new methodologies; (c) the draft revised version of the procedures for submission and consideration of proposed new methodologies (version 7); (d) recommendations by the Meth Panel to implement immediate measures aimed at improving the quality of products and easing the methodology process workflow; (e) recommendations by the Meth Panel on procedures for the submission of queries on approved



methodologies from DOEs to the Meth Panel; (f) recommendations by the Meth Panel on the treatment of biomass in project activities; (g) recommendations by the Meth Panel on the renewal of the crediting period; (h) recommendations by the Meth Panel on information to be considered in the calculation of baseline emissions; (i) recommendations by the Meth Panel on consolidated methodologies for “grid-connected electricity generation from biomass project activities” and for “waste gas and/or heat for power generation”; (j) recommendations by the Meth Panel on reformatted revisions to methodologies AM0017 and AM0022; (k) the draft reformatted approved methodology for case NM0091; (l) the recommendations by the Meth Panel, referred to above, on cases NM0070, NM0071-rev, NM0078, NM0080, NM0082, NM0088, NM0090, NM0091, NM0092, NM0096, NM0097, NM0099, NM0100, NM0101, NM0103, NM0104, NM0106, NM0109, NM0114; (m) other recommendations by the Meth Panel as contained in the report of its sixteenth meeting; and (n) guidance to the Meth Panel on additional matters, as appropriate.

(c) **Issues relating to afforestation and reforestation project activities**

35. **Background:** The Executive Board, at its nineteenth meeting, took note of an oral report by the Chair of the Working Group on afforestation and reforestation project activities under the CDM (A/R WG), Mr. Martin Enderlin, on an update of the activities of this group, which were undertaken through two teleconferences.

36. One of the five new members for the A/R WG, selected by the Board at its nineteenth meeting for a term of one (1) year, resigned due to other commitments. The Board, after considering additional applicants selected, Mr. Franz Werner to replace this member. The Board also expressed, at its nineteenth meeting, deep appreciation to the outgoing members of the working group, Mr. Michael Dutschke and Mr. Walter Oyhantcabal, for their excellent work.

37. **Work undertaken/in progress:** The A/R WG held its fourth meeting in Bonn (Germany) from 12 to 13 June 2005. It dealt with case-specific issues as well as with general issues relating to methodological clarifications and guidance and simplified methodologies for small-scale afforestation and reforestation project activities (A/R project activities).

38. **General issues relating to process/guidance:** In response to guidance by the Board at its eighteenth meeting, the A/R WG started the development of simplified methodologies for small-scale afforestation and reforestation CDM project activities. The A/R WG agreed to launch a call for public inputs on a first draft version of the simplified methodologies, to be posted on the UNFCCC CDM web site.

39. The A/R WG further agreed to recommend to the Board a draft tool for the demonstration and assessment of additionality of A/R project activities as contained in annex 1 to the report of its fourth meeting.

40. The working group discussed the possibility of elaborating a tool for assessing the eligibility of lands for afforestation and reforestation project activities and requested guidance from the Board on this matter.

41. The A/R WG also noted that the Board is currently discussing issues relating the deadline for registering project activities that may request the crediting period to start before the date of registration. It requested guidance from the Executive Board on the need to address the implications resulting from the fact that for AR project activities the starting date of the project shall be the same as the starting date of the crediting period.

42. The A/R WG noted that the form for submitting new monitoring methodologies (CDM-AR-NMM) does not provide for the incorporation of any information relating to the monitoring of environmental and social impacts. It requested guidance from the Executive Board on this matter, in particular, whether a revision of



the forms is needed to incorporate such information and whether work on such a revision should start as of the fifth meeting of the group.

43. **Recent submissions of proposed new A/R methodologies - status:** Five (5) proposed new methodology for afforestation and reforestation project activities (A/R methodologies) were submitted at the fifth round for submitting new methodologies which concluded on 10 June 2005. These methodologies are currently at the stage of pre-assessment by panel. Four methodologies had been submitted in the fourth round which had concluded on 28 April 2005. One proposed new methodology was submitted in the third round of submissions which concluded on 17 February 2005. Methodologies submitted under the third and fourth rounds are now under consideration by the A/R WG and the Board. Information on methodologies currently under consideration by the Board is available on the UNFCCC CDM web site (<http://cdm.unfccc.int/methodologies/ARmethodologies/publicview.html>).

44. **Case-specific recommendations:** The A/R WG considered, at its fourth meeting, a total of five (5) cases of proposed new A/R methodologies for baselines and monitoring which were submitted in the third and fourth rounds. The A/R WG, taking into consideration the inputs by experts (desk reviewers) and the public, agreed:

(a) On recommendations to the Board to not approve cases **ARNM0003**, **ARNM0004** and **ARNM0005**.

(b) On preliminary recommendations for cases **ARNM0006** and **ARNM0007**.

45. **Further schedule:** CDM-MP 16 agreed to tentatively convene its next meeting from 31 to 2 September 2005.

46. **Action:** The Board may wish to consider (a) recommendations by the A/R WG, referred to above, on cases ARNM0003, ARNM0004 and ARNM0005; (b) the draft tool for the demonstration and assessment of additionality of A/R project activities; and (c) the need to address the implications resulting from the starting date of the project being the same as the starting of the crediting period in the specific context of A/R projects. The Board may further wish to provide guidance to the A/R WG on: (a) the elaboration of a tool for assessing the eligibility of lands; (b) the information relating to the monitoring of environmental and social impacts within the forms for submitting new monitoring methodologies; and (c) any additional matters, as appropriate.

(d) Issues relating to small-scale CDM project activities

47. **Background:** The working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities (SSC-WG) held its second meeting in Bonn (Germany) from 16 to 17 May 2005.

48. **Work undertaken/in progress:** The SSC-WG considered, at its second meeting, eight (8) queries from project participants and operational entities and agreed on recommendations, contained in its second report, on further work in amending the “indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories” contained in appendix B to simplified modalities and procedures for small-scale CDM project activities (hereafter referred as appendix B).

49. The SSC-WG further agreed on recommendations to the Board regarding:

(a) The revision of the simplified project design document for small-scale CDM project activities (CDM-SSC-PDD) and the development of guidelines for completing the CDM-SSC-PDD;



- (b) A form for processing of queries on and/or proposals for amendments to appendix;
- (c) Bundling of small-scale CDM project activities.

50. **Action:** The Board may wish to consider (a) the report of the second meeting of the SSC-WG and oral updates by its Chair; (b) recommendations by the SSC-WG on the revision of the CDM-SSC-PDD and its guidelines; (c) recommendations by the SSC-WG of a form for processing of queries on and/or proposals for amendments on appendix B; (d) recommendations by the SSC-WG on bundling of small-scale CDM project activities; (e) other recommendations by the SSC-WG as contained in the report of its second meeting; and (f) guidance to the SSC-WG on additional matters, as appropriate.

(e) **Matters relating to the registration of CDM project activities**

51. **Background:** There are nine (9) registered CDM project activities as of 22 June 2005. While one (1) project activity was registered in the last quarter of 2004, three (3) and five (5) project activities were registered in the first and second quarter to date. Five (5) of the nine (9) registered project activities are small-scale.

52. A total of 17 project activities have requested registration so far. Five (5) of these 17 requests have been made recently while three (3) cases have been undergoing a review (see paragraph 55 below).

53. The “Status of project activities submitted for registration”, contained in annex 3 to this report, summarizes, for ease of reference, the comprehensive information available in the section on “Project Activities” on the UNFCCC CDM web site, indicating the host country and status categories as follows:

- (a) “Registered CDM project activities” (indicating the date of registration, Parties involved, approved methodology used, estimated reductions, as well as detailed documentation on the project activity self);
- (b) “Request for registration” (indicating the date at which the project activity would be automatically registered: 8 weeks after the date when the request was received in the case of regular projects and 4 weeks in the case of small-scale projects). Subsequent to a request being received, in accordance with the Board’s internal procedures for evaluating requests for registration, one member and one alternate member are responsible for receiving comments by fellow Board members and alternates and for preparing an appraisal to facilitate any consideration which the Board may wish to undertake;
- (c) “Request for review” (indicating the Board meeting at which the request for review will be considered). For these cases, at least three Board members, or a Party involved, must have requested a review;
- (d) “Under review” (indicating the Board meeting at which the case will be considered). For these cases, the Board has agreed to undertake a review. Cases under review might be at the stage of “being considered by the Board for the first time”, “being considered by the Board once recommendations by a review team are available” or “implementing corrective actions identified by the Board”.

54. In accordance with the “Procedures for review of requests for registration as referred to in paragraph 41 of the CDM modalities and procedures”, the Board agreed, at its eighteenth meeting, to proceed with a review, upon having identified the scope of review, of the following cases:

- (a) “Graneros Plant Fuel Switching Project” (00024)
- (b) “La Esperanza Hydroelectric Project Request” (0009)



(c) “Olavarría Landfill Gas Recovery Project”(0029).

55. At its nineteenth meeting, the Board agreed to request the DOE and the project participants to make corrections in the CDM-PDDs and the validation reports of the proposed project activities “Graneros Plant Fuel Switching Project” (00024) and “La Esperanza Hydroelectric Project Request” (0009) as outlined in annexes 11 and 12 of the report. DOEs and project participants have resubmitted documentation to the Board and recommendations from the review teams responsible for the overview of the two cases were forwarded to the Board for electronic decision-making, in accordance with rule 30 of the rules of procedure of the Executive Board. If the Board is not able to agree via electronic decision-making before its twentieth meeting, the resubmission shall be considered at that meeting.

56. At its nineteenth meeting, the Board further agreed that it could not complete the review of the “Olavarría Landfill Gas Recovery Project”(0029) project activity as a small scale project activity and invited project participants and the DOE to resubmit the CDM-PDD and the validation report using a methodology appropriate to the size of the project activity taking into account the issues highlighted in annex 13 to its report. The re-submissions is still awaited.

57. The Board agreed at its nineteenth meeting to continue through electronic exchanges its work to streamline the “Clarifications to facilitate the implementation of the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures (EB16, Annex 5)” with the aim to considering and adopting revised procedures at its twentieth meeting. The electronic exchanges are being continued and the outcome will be discussed at the twentieth meeting.

58. **Action:** The Board may wish to (a) take note of the registered CDM project activities to date; (b) consider, in case is not able to agree via electronic decision-making, the status of implementation of corrective action of projects “Graneros Plant Fuel Switching Project” (00024) and “La Esperanza Hydroelectric Project Request” (0009); (c) take note of an oral report by the secretariat on the status of requests for registration; and (d) provide additional clarifications and guidance, including on the issue of suggesting to the COP/MOP a revision of the retroactivity clause, as appropriate.

(f) **CDM registry**

59. **Background:** The Board, at its seventeenth meeting, requested the secretariat to continue its work to develop version 2 of the CDM registry, with a view to demonstrating this version to the Board in May 2005. Due to the number of issues to be considered at its nineteenth meeting, the demonstration of version 2 of the CDM registry had to be postponed. A comprehensive demonstration is planned for the twenty-first meeting of the Board.

60. The Board, at its nineteenth meeting, took note of a presentation by the secretariat on (a) the “Technical paper on draft procedures relating to the CDM registry”, as made available in the extranet of the Board, and (b) areas for which policy-related guidance by the Board is required, as described in annex 6 of the annotated agenda of that meeting. The Board established a small group to look at the issues. However, due to time constraints, no conclusions were reached on these matters at the nineteenth meeting. While the possibility was discussed of using, before the twentieth meeting, electronic decision-making for some priority issues, this has not proven necessary.

61. The Board agreed to request Mr. Rajesh Kumar Sethi and Ms. Anastassia Moskalenko to conduct further consultations on the areas of the draft procedures relating to the CDM registry for which policy-related guidance by the Board is required and to prepare inputs for the consideration of the Board at its twentieth meeting.



62. **Action:** The Board may wish to further consider and agree upon guidance to the secretariat regarding the areas for which policy-related guidance by the Board is required.

(g) **Modalities for collaboration with the Subsidiary Body for Scientific and Technological Advice**

63. **Background:** At its nineteenth meeting, the Board requested Mr. Martin Enderlin and Mr. José Domingos Miguez to follow negotiations at the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its twenty-second session relating to “Implications of the implementation of project activities under the CDM, referred to in decision 12/CP.10, for the achievement of objectives of other environmental conventions and protocols” and report on the outcome to the Board.

64. The SBSTA 22 discussed implications of the establishment, under the CDM, of new HCFC-22 facilities seeking to obtain certified emission reductions (CERs) for the destruction of HFC-23 for the achievement of the objective of the Montreal Protocol on Substances that Deplete the Ozone Layer, taking into account the principles established in Article 3, paragraph 1, and the definitions in Article 1, paragraph 5, of the Convention. The SBSTA invited Parties and admitted observers and relevant intergovernmental organizations to submit to the secretariat, by 5 August 2005, their inputs on these implications and means to address them. The SBSTA at its twenty-third session shall consider the submissions by Parties and an information document to be prepared by the secretariat laying out options based on submissions by Parties and inputs by the Executive Board.

65. At its nineteenth meeting, the Board also requested Ms. Anastassia Moskalenko and Mr. Rajesh Kumar Sethi to follow negotiations at SBSTA 22, preceded by pre-session consultations, relating to registries and report on the outcome to the Board.

66. **Action:** The Board may wish to: (a) take note of oral reports by designated members on the outcome of negotiations at SBSTA 22; (b) invite designated members prepare written reports on matters followed by them at SBSTA and (c) consider action to be taken, in particular with regards to input to the information paper to be prepared by the secretariat regarding implications of the establishment, under the CDM, of new HCFC-22 facilities seeking to obtain certified emission reductions (CERs) for the destruction of HFC-23 for the achievement of the objective of the Montreal Protocol on Substances that Deplete the Ozone Layer, taking into account the principles established in Article 3, paragraph 1, and the definitions in Article 1, paragraph 5, of the Convention.

4. Management plan and resources for the work on the CDM

67. **Background:** At its nineteenth meeting, the Board agreed on the outline for its CDM Management Plan (CDM-MAP) 2005-2006, based on inputs by the secretariat on major elements to be covered in such a plan, as contained in annex 15 to its report. The Chair of the Board, in consultation with her predecessors, Mr. John Kilani, Mr. Hans Juergen Stehr and Mr. John Ashe, and with the support of the secretariat, was requested to prepare a first draft and circulate it before the twentieth meeting of the Board, with a view to the Board agreeing to the CDM-MAP at that meeting.

68. The Board, at its nineteenth meeting, took note of a report by the secretariat on income and expenditures to date. It was noted that income from the Kyoto Protocol Interim Allocation and supplementary funding fell short of requirements for activities in 2005 as only 44% of the required budget of USD 6.8 million (core and supplementary) had been received by 10 May 2005. The secretariat informed the Board that resources for supporting the operations of the CDM in the biennium 2006-2007, both from core and supplementary funding, were included in proposals by the Executive Secretary to the Subsidiary Body for Implementation at its twenty second session (SBI) at its twenty-second session (contained in document



FCCC/SBI/2005/8, and Add.1 and Add. 2). The budget provisions for the CDM in 2006-2007 amounted to USD 4.69 million (core budget) and 12.69 million (supplementary), thus jointly totaling USD 17.4 million. Apart from contributions by Parties, a part of the administrative expenses for case-specific work is to be covered by fees for requests for accreditation and for registration of project activities. Beyond 2007, it is expected that a share of proceeds will cover administrative expenses. To this end, the Board is to make a recommendation to COP/MOP on the level of the share of proceeds.

69. The SBI agreed on a budget which was USD 1.75 million below the proposal by the Executive Secretary. As these reductions in the core budget affected, inter alia, the CDM, the level of supplementary resources will need to be increased by an amount of USD 140,000. Further adjustments may be needed as a result of activity levels emanating from the CDM-MAP.

70. Regarding the availability of resources for the work in 2005, the secretariat will provide the status report as of 7 July 2005. Since the nineteenth meeting of the Board (May 2005), contributions have been received from the following Parties: France (USD 128,410) and the United Kingdom (USD 300,000). The overall amount of contributions received in 2005 thus amounts to USD 1.16 million. Resources were also pledged in response to the letter to Ministers of Annex II Parties that was sent jointly by the Chair of the Board and the UNFCCC Executive Secretary in April 2005. In this respect, pledges have been received by Germany (USD 315,000), Norway (USD 155,000) and Switzerland (USD 40,000). The resource gap as of 15 June 2005 amounts to USD 3.33 million.

71. **Action:** The Board may wish to (a) consider the draft CDM-MAP 2005-2006 and agree on a final version; (b) endorse the work plans and activity levels of the Board, the panels and working groups in 2005 and 2006-2007 and request the secretariat to use them as a basis for revising resource requirements to be met from outside the core budget; (c) take note of the report by the secretariat on the status of resources; (d) to express its appreciation to Parties which have generously contributed resources for the work of the CDM; (e) initiate work on options for determining a share of proceeds for covering administrative expenses, with a view to making a recommendation to COP/MOP¹; and (f) to take further action, as necessary.

5. Other matters

(a) Report of the CDM Executive Board to COP/MOP 1

72. In accordance with paragraphs 2 to 5 of the CDM modalities and procedures and bearing in mind paragraphs 2, 4 and 19 of decision 17/CP.7, the Executive Board shall report on its activities to each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) with a view to the COP/MOP reviewing, inter alia, these annual reports and taking decisions, as appropriate, on:

- (a) Recommendations made by the Executive Board on its rules of procedure;
- (b) Recommendations made by the Executive Board, in accordance with provisions of decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP (COP/MOP);
- (c) The designation of operational entities accredited, and provisionally designated, by the Executive Board in accordance with Article 12, paragraph 5.

73. Further, noting decisions 21/CP.8, 18/CP.9 and 12/CP.10, the Board may wish to discuss the implementation of rules 26 and 27 of the rules of procedure of the Executive Board.

74. In accordance with paragraphs 2 and 4 of decision 17/CP.7, before the entry into force of the Kyoto Protocol, previous reports of the Executive Board were submitted to the COP who provided guidance



accordingly. On 16 February 2005 the Kyoto Protocol has entered into force, hence the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) at its first session will assume the functions outlined in the CDM modalities and procedures upon having adopted draft decision -/CMP.1 (Article 12) and its annex, as recommended in decision 17/CP.7.

75. Annex 1 to this annotated agenda contains the draft report of the CDM Executive Board to the COP/MOP at its first session. It reports on work undertaken during the period from end of November 2004 until the beginning of July 2005. In accordance with UNFCCC and United Nations documentation regulations, in order for the report to be reproduced, translated and made available in time for COP/MOP 1, the Board needs to agree on its report to COP/MOP 1 at its twentieth meeting. Any work of the Board occurring after 8 July 2005 and before COP/MOP 1 shall be reported to COP/MOP 1 through an addendum to the report and/or orally by the Chair of the Board, as appropriate.

76. The draft report to COP/MOP 1 provides information on progress made towards the implementation of the CDM during its fourth year of operation. Such progress relates to the registration of CDM project activities, accreditation and provisional designation of operational entities and the approval of new methodologies for baselines and monitoring, including the consolidation of methodologies, and the development of the CDM registry in phase 2. The report recommends decisions to be taken by the COP/MOP at its first session, such as on the designation of operational entities and on the members of the Board regarding immunity from legal prosecution in the host country of the secretariat and other jurisdictions.

77. **Action:** The Board may wish to consider annex 1 and agree on the report by the Executive Board to COP/MOP 1, including any issue related to the rules of procedure of the Executive Board.

(b) Relations with stakeholders, intergovernmental and non-governmental organizations

78. **Background:** On the occasion of its nineteenth meeting, the Chair and other members of the Board met with registered observers for informal briefings.

79. Board members and alternates continued receiving communications from the public and invitations to participate in CDM-related events.

80. **Action:** The Board may wish to (a) agree to avail itself for informal briefings with registered observers in the afternoon of 8 July 2005; and (b) invite members and alternates to share information on events in which they participated.

(c) Other business

81. Since its nineteenth meeting, the Board has received the following communications from DOEs/AES and the general public:

(a) Mr. Dirk Brinkman, Brinkman & Associates Reforestation Ltd., “Extending the CDM Dec. 31, 2005 Deadline for registry of post 2001 planting”, 22 June 2005;

(b) Mr. Einar Telnes and Mr. Michael Lehmann, Det Norske Veritas (DNV), “Request for clarification on step 0 of the “Tool for the demonstration and assessment of additionality””, 17 June 2005;

(c) Mitsubishi Securities Co. Ltd, “Comments on the draft revision of AM 13”, 21 June 2005;

(d) Mr. Kikuko Okada, Mitsubishi Securities Co. Ltd, “Letter related to small-scale methodologies”, 22 June 2005.



(e) International Emissions Trading Association, IETA, two letters “Improving the Met Panel” and “Grace period for old methodologies revised by CDM EB” (dated 13 June, 2004) submitted electronically on 22 June 2005.

82. **Action:** The Board may wish to (a) take note of communications submitted by the public and agree on any actions, as appropriate; and (b) consider any other business it deems necessary.

5. Conclusion of the meeting

83. The Chair will summarize the meeting and adopt the report, including references to any decisions taken.

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