



Annex 32

**TERMS OF REFERENCE FOR THE
CONSULTATION WITH DESIGNATED OPERATIONAL ENTITIES ON INSURABILITY AND
OTHER APPROACHES TO RISK UNDER THE DRAFT PROCEDURE FOR ADDRESSING
SIGNIFICANT DEFICIENCIES IN PAST VALIDATION, VERIFICATION AND
CERTIFICATION REPORTS**

(Version 01.0)

CONTENTS

| | <i>Paragraphs</i> | <i>Page</i> |
|--|-------------------|-------------|
| I. Background | 1 | 2 |
| II. Purpose of the DOE consultation..... | 2 | 2 |
| III. Participation in the DOE consultation..... | 3 | 2 |
| IV. Administrative matters..... | 4–6 | 2 |
| A. Chair of the DOE consultation | 4 | 2 |
| B. Location, time and date of the DOE consultation | 5 | 3 |
| C. Record of the DOE consultation | 6 | 3 |



I. Background

1. At its sixty-fifth meeting the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) requested the secretariat to organise a study, involving experts in the relevant fields, (expert report) into the availability and cost of insurance and related products that are or may be available to designated operational entities (DOE) to manage the risk of liability resulting from the draft procedure (Liability Risk) and subsequently organise a roundtable consultation with DOEs (DOE consultation).

II. Purpose of the DOE consultation

2. The purpose of the DOE consultation is to provide a confidential forum in which the Board and DOEs (accompanied by their insurers, should the DOEs so choose) can exchange views on:
- (a) Issues raised by some DOEs prior to the Board's sixty-fifth meeting with regard to their ability to manage the Liability Risk, taking into account the results of the experts' report, including:
 - (i) Whether current insurance policies cover the Liability Risk;
 - (ii) Whether the Liability Risk is insurable in practice;
 - (iii) What are seen as the obstacles to insuring the Liability Risk;
 - (iv) What is the likely cost for insurance if the Liability Risk is insurable;
 - (v) Alternatives to traditional insurance products.
 - (b) If applicable, amendments that may be required to the draft procedure to facilitate insurance coverage of the Liability Risk.

III. Participation in the DOE consultation

3. Participation in the DOE consultation will be as follows:
- (a) Open to all DOEs and a representative of each DOE's insurance advisor;¹
 - (b) The chair of the DOE/AE coordination forum;
 - (c) Up to four members of the Board, including the Chair and/or Vice-Chair;
 - (d) The co-authors of the experts' report;
 - (e) UNFCCC secretariat staff.

IV. Administrative matters

A. Chair of the DOE consultation

4. The Chair/Vice-Chair of the Board will chair the DOE consultation.

¹ Due to room seating capacity, the number of representatives of each DOE and their advisors may be limited.

**B. Location, time and date of the DOE consultation**

5. The DOE consultation will held at Langer Eugen, UN Campus, Bonn, Germany on 7 June 2012, commencing at 10.30 am.

C. Record of the DOE consultation

6. The secretariat will provide to the DOEs a written record of the key points and outcomes of the DOE consultation.

History of the document

| Version | Date | Nature of revision |
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