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## Annex 2

### ACCREDITATION OF OPERATIONAL ENTITIES BY THE EXECUTIVE BOARD OF THE CDM

#### Note by the secretariat

#### I. BACKGROUND

1. The executive board, at its second meeting, agreed to launch the accreditation process at its fourth meeting at the latest, including the establishment of the CDM accreditation panel. In this context it requested the secretariat to continue the development of detailed procedures to operationalize the accreditation of operational entities, taking into account guidance received by the board, with a view to the executive board adopting them at its third meeting. The board also agreed on the further development of draft terms of reference for the CDM accreditation panel (CDM-AP) and the competence requirements for ad hoc accreditation assessment teams.

2. Attachment 1 to this note contains the revision of the draft detailed procedures to operationalize the accreditation of operational entities, including the competence requirements for ad hoc accreditation assessment teams (original draft see Annex 3 to the proposed agenda and annotations for the second meeting of the executive board<sup>1</sup>). The draft terms of reference for the CDM accreditation panel which were prepared taking into consideration comments by executive board members and alternate members, are contained in attachment 2 (to this note).

3. Compared to the draft version presented to the second board meeting, the major changes in this version of the draft detailed procedures to operationalize the accreditation of operational entities are the following two proposals:

(a) To develop the scope of accreditation (by project type and/or role in the project cycle) in a “bottom-up” manner, i.e. by linking it to the characteristics of a witnessed activity related to an applicant operational entities (AOE).

(b) To stipulate that the CDM-AP should maintain a publicly available list of AOE's which meet the organizational and operational requirements for accreditation but not yet those related to performing validation and/or verification and certification activities. This provision is to reduce, albeit not totally avoid, the risk that project participants engage an AOE which ultimately does not meet the accreditation requirements. Apart from reducing the risk, this provision may also facilitate the regional and sub-regional distribution of operational entities.

#### II. POSSIBLE SCENARIO FOR WORK UNTIL AND AT THE FOURTH MEETING OF THE EXECUTIVE BOARD

4. At its third meeting, the executive board may wish to consider the attached drafts and:

(a) Approve the detailed procedures to operationalize the accreditation of operational entities;

(b) Request the secretariat to prepare the necessary forms to launch the accreditation process at its fourth meeting and foresee their approval on the basis of rule 29 of the draft rules of procedure before the fourth meeting;

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<sup>1</sup> Attachment 1 of Annex 3 to the Proposed agenda and annotations of the second meeting of the executive board available at <http://unfccc.int/cdm/ebmeetings/eb002/eb02anagdran3.pdf>.

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- (c) Approve the terms of reference for the CDM-AP and request the secretariat to:
- (i) Post, on the CDM website, an invitation to experts to submit their applications;
  - (ii) Compile a list of applications and a short-list for further consideration by the board, including from the UNFCCC roster of experts, at its fourth meeting, with a view to designate members as well as the chair and vice-chair of the panel;
- (d) Consider requesting the secretariat to make a call for experts qualified to be a member of a CDM ad hoc accreditation assessment team (CDM-AT) in order to facilitate and accelerate the establishment of CDM-ATs immediately after the fourth meeting of the EB.

## **Attachments:**

- Attachment 1: Draft technical paper on detailed procedures to operationalize accreditation (Revision 1)
- Attachment 2: Draft terms of reference for the establishment of the CDM Accreditation panel (CDM-AP) (Revision)

## Attachment 1

### Technical Paper (Revision 1)

## DETAILED PROCEDURES TO OPERATIONALIZE THE ACCREDITATION OF OPERATIONAL ENTITIES

### I. INTRODUCTION

1. This draft technical paper contains a proposal for detailed procedures to operationalize the accreditation of operational entities by the executive board in accordance with the annex on modalities and procedures (M&P) for a clean development mechanism (CDM), in particular the provision contained in paragraph 5 (f) (ii). It is based and further elaborates the relevant provisions contained in the M&P and its Appendix A on accreditation standards for operational entities. In accordance with the M&P, the executive board of the CDM is responsible for the accreditation of operational entities and recommends those accredited for designation to the COP/MOP. In addition the COP/MOP shall “review the regional and sub regional distribution of designated operational entities (DOEs) and take appropriate decisions to promote accreditation of such entities from developing country Parties”<sup>2</sup>. The M&P further contains provisions for the suspension and withdrawal of designation by the executive board and possible consequences thereof.
2. In preparing the draft, the ISO guidelines for accreditation bodies (ISO/IEC 61) and comments by a number of experts<sup>3</sup> have been taken into consideration in order to ensure that the procedures conform as closely as possible to international standard requirements applicable to accreditation processes.
3. This draft technical paper proposes to operationalize the accreditation of operational entities by suggesting the establishment of a CDM accreditation panel (CDM-AP) to be supported by CDM ad hoc accreditation assessment teams (CDM-AT). It thus draws on the provisions that the executive board may “seek assistance in performing the functions”<sup>4</sup> and “establish committees, panels or working groups to assist in the performance of its functions. The executive board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.”<sup>5</sup>
4. Compared to the draft version presented to the second board meeting, the major changes in this version of the draft detailed procedures to operationalize the accreditation of operational entities are the following two proposals:
  - (a) To develop the scope of accreditation (by project type and/or role in the project cycle) in a “bottom-up” manner, i.e. by linking it to the characteristics of a witnessed activity related to an applicant operational entities (AOE).

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<sup>2</sup> M&P para. 4 a

<sup>3</sup> The secretariat gratefully acknowledges the generous input to this draft by Mr. Kevin Boehmer (Standard Canada (also ISO Ad Hoc group on climate change)), Mr. Hernán Carlino (Ministry of Environment, Argentina), Mr. Sean Mc Curtain (SANAS, South Africa), Mr. Thomas Facklam (Vice President, International Accreditation Forum), Mr. John Henry (Standards Australia), Mr. Haroldo Mattos de Lemos (Brazilian coordinator on SBNT/CB 38 (ISO 14000)), Ms. Mariani Mohammad (Department of Standards, Malaysia), Mr. Phillip Shaw (United Kingdom Accreditation Service), Mr. Einar Telnes (DNV and IOIC), Ms. Anne Marie Warris (Lloyd's Register of Shipping).

<sup>4</sup> M&P para. 25

<sup>5</sup> M&P para. 18

(b) To stipulate that the CDM-AP should maintain a publicly available list of AOE's which meet the organizational and operational requirements for accreditation but not yet those related to performing validation and/or verification and certification activities. This provision is to reduce, albeit not totally avoid, the risk that project participants engage an AOE which ultimately does not meet the accreditation requirements. Apart from reducing the risk, this provision may also facilitate the regional and sub-regional distribution of operational entities.

## II. ACCREDITATION AND DESIGNATION OF OPERATIONAL ENTITIES

### A. Accreditation and designation in the annex on modalities and procedures for a clean development mechanism<sup>6</sup>

1. The executive board of the clean development mechanism (CDM) shall be responsible for the accreditation of operational entities<sup>7</sup>.
2. The executive board shall recommend accredited operational entities for designation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP)<sup>8</sup>.
3. The COP/MOP shall designate operational entities of the CDM (DOE) on the basis of a recommendation by the executive board<sup>9</sup>.

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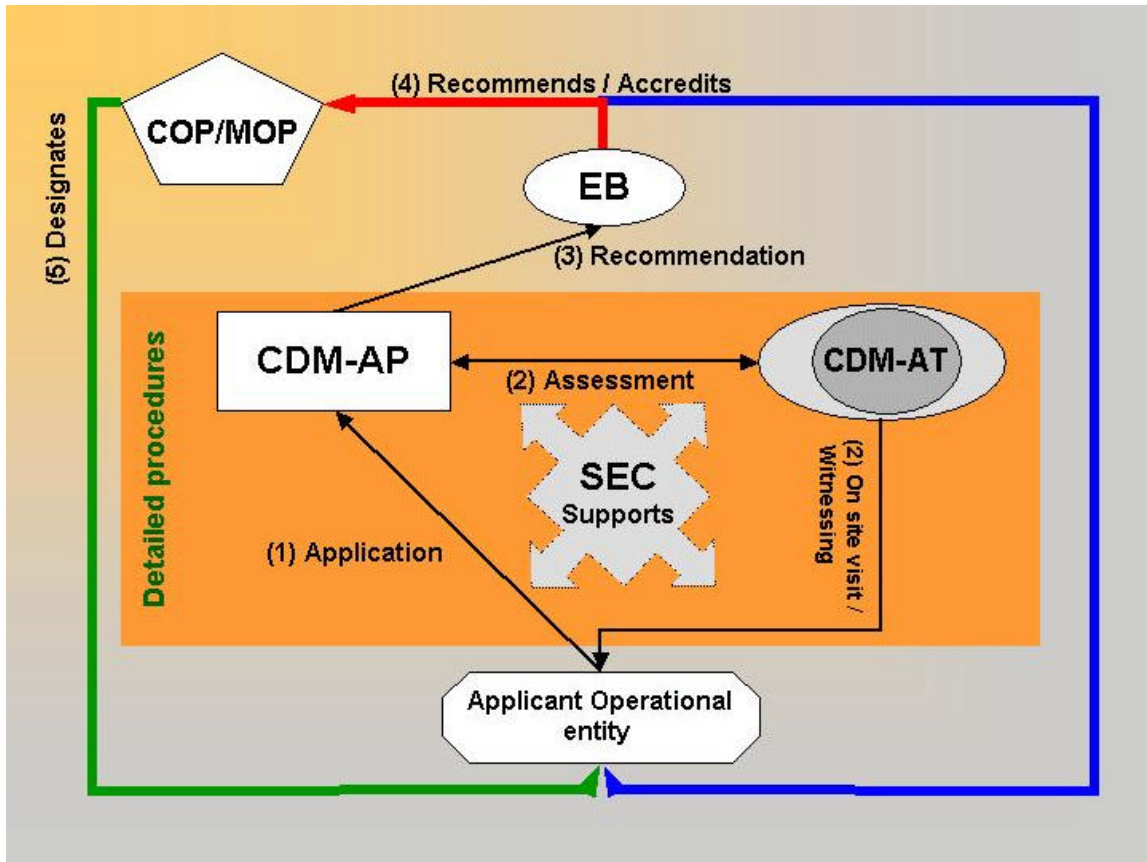
<sup>6</sup> M&P sections "C. Executive board", "D. Accreditation and designation of operational entities", "E. Designated operational entities", and "Appendix A: Standards for the accreditation of operational entities"

<sup>7</sup> M&P paras 5 (f), 20 (a)

<sup>8</sup> M&P paras 5 (f), 20 (b)

<sup>9</sup> M&P para. 3 (c)

Figure 1



CDM-AP: Accreditation panel; CDM-AT: Ad hoc accreditation assessment team

### B. Organizational set-up

4. In accordance with the modalities and procedures for a clean development mechanism (M&P), the executive board may “establish committees, panels or working groups to assist in the performance of its functions. The executive board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context it shall take fully into account the consideration of regional balance.”<sup>10</sup>

5. The organizational set-up for accreditation under the executive board shall comprise the CDM accreditation panel (CDM-AP), CDM ad hoc accreditation assessment teams (CDM-AT) and the staff of the UNFCCC secretariat (SEC) which services the executive board. The secretariat shall also assist the CDM-AP and the CDM-AT.

6. The executive board shall assume the relevant responsibilities identified in the M&P<sup>11</sup> and in any of its revisions.

7. The executive board shall establish a CDM-AP in accordance with the M&P and its rules of procedure. Members of the CDM-AP shall not serve, at the same time, on any other panel established by the executive board. The executive board shall designate two executive board members to serve as chair and vice-chair of the panel.

<sup>10</sup> M&P para. 18

<sup>11</sup> M&P sections “C. Executive board” and “D. Accreditation and designation of operational entities”

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8. The decision on accreditation, re-accreditation, suspension or withdrawal of the accreditation of an operational entity by the executive board shall be based on a recommendation by the CDM-AP.
9. The accreditation panel may draw on a CDM-AT to undertake an assessment of an operational entity related to accreditation, re-accreditation, suspension or withdrawal. Members of a CDM-AT shall be selected by the CDM-AP ensuring that the team meets the qualifications set out in the section on "F. Requirements for members of the CDM-AP and CDM-AT". A team leader shall be identified by the CDM-AP for each CDM-AT.

## **C. Management system**

10. The executive board shall define and document policies for its operations, including its goals for and commitment to quality. This shall include a quality management policy. The executive board shall ensure that the policies are understood, implemented and maintained at all levels of the organizational set-up.
11. The executive board shall establish and operate a quality management system appropriate to the type, range and volume of work performed. This system shall be documented in a manual and associated documents. The executive board shall ensure that the manual and associated documents are easily accessible to staff of the SEC and shall ensure full understanding and effective implementation of the system's procedures by staff of the SEC.
12. The quality management system of the executive board shall define the roles, responsibilities and interfaces for all positions necessary for the effective operation of accreditation. This quality management system shall define and document procedures for key processes of the organizational set-up and criteria for these. It shall also establish and maintain procedures for:
  - (a) Document and data control, including handling of records;
  - (b) Use of subcontractors;
  - (c) Training of secretariat staff and subcontractors;
  - (d) Handling of complaints;
  - (e) Internal audits and management review of operational performance;
  - (f) Continuous improvement of operations.
13. A designated officer of the secretariat shall be appointed to be responsible for the effective implementation and operation of the quality management system of the executive board and its improvement.

## **D. Conditions for granting, maintaining, extending, reducing, suspending and withdrawing accreditation**

14. An applicant entity shall meet all the requirements for accreditation contained in the provisions of the M&P and those required under the accreditation procedures set out below before being recognized as an accredited operational entity.
15. The executive board shall take steps to ensure that each accredited operational entity complies with the terms of its accreditation and does not represent any work it may undertake as being accredited by the UNFCCC unless that work is within its scope of accreditation. A "spot-check", i.e. an

unscheduled surveillance, may be conducted at any time to confirm compliance with the requirements in accordance with provisions referred to in the respective section below.

16. An accredited/designated operational entity may apply for an additional scope of accreditation in accordance with special procedures for an extension of scope as set out in the section on accreditation procedures.

17. The scope of accreditation of an accredited/designated operational entity may be reduced on its own request or as a result of a spot-check/surveillance or a re-accreditation procedure.

18. The accreditation of an accredited/designated operational entity may be suspended or withdrawn in accordance with the provisions contained in the M&P.

19. The CDM-AP shall include in a publicly available list the applicant operational entities which meet the organizational and operational requirements for accreditation but not yet those related to performing validation and/or verification and certification activities. The inclusion in the list does not prejudice a decision on accreditation/designation which also depends on successful concluded witnessing activities.

## **E. Documents, records and confidentiality**

20. The SEC shall establish and maintain procedures to control, keep and safeguard all relevant records, databases and documents. The procedures shall ensure that confidential information is safeguarded.

21. Decisions by the executive board shall be made publicly available in accordance with provisions in the M&P.

22. Documents and records relating to a designated operational entity shall be kept for a period of ten years after the designated operational entity ceases its operation under the CDM. Those relating to an applicant operational entity that was not accredited shall be kept for a period of five years after the final decision of the executive board.

23. For each operational entity referred to in the previous paragraph, records shall be kept in printed or electronic form, as appropriate, on:

(a) The assessment process relating to accreditation/designation, spot-check/surveillance, re-accreditation, suspension or withdrawal procedures;

(b) Documents and data gathered with regard to accreditation/designation, spot-check/surveillance, re-accreditation, suspension or withdrawal procedures;

(c) Complaints, appeals and disputes;

(d) Contact information;

(e) The scope of accreditation/designation;

(f) The status of accreditation and designation as applicable.

24. Each record shall receive an identification number and its distribution/access shall be recorded.

25. The secretariat shall maintain a publicly available list of accredited/designated operational entities providing for each entity:

(a) The contact information;

- (b) The scope of designation;
  - (c) The status of accreditation and designation as applicable.
26. Other information obtained through the accreditation process shall remain confidential.

**F. Requirements for the members of the CDM-AP and CDM-ATs**

27. Experts selected for the CDM-AP<sup>12</sup> or the CDM-AT shall have demonstrated knowledge in the area of accreditation of certification bodies.<sup>13</sup> The experts shall document their competence through a self-declaration and three recommendations by referees.
28. The executive board shall require members of the CDM-AP or the CDM-AT to commit in writing to comply with the rules defined by the executive board and the modalities and procedures for a CDM, in particular with regard to confidentiality and to independence from commercial and other interests, including any existing or prior association with the entity to be assessed.
29. The CDM-AT, as a team, shall:
- (a) Be familiar with relevant legal regulations, procedures and requirements related to accreditation, spot-check/surveillance, re-accreditation, suspension or withdrawal, as applicable, and have a thorough knowledge of the relevant methods and documents;
  - (b) Have appropriate technical knowledge of the specific scope (see Annex on “Scope of accreditation”) and related activities for which accreditation is sought and, where appropriate, with associated procedures and potential for failure;
  - (c) Have a degree of understanding sufficient to make a reliable assessment of the competence of an applicant entity to operate within its requested scope;
  - (d) Be able to communicate fluently, both in writing and orally, in English and the operating language of the entity to be assessed;
  - (e) Be free from any interest that may cause the team to act in other than an impartial and non-discriminatory manner.
30. A CDM-AT member shall contribute to at least one of the team competence requirements of the CDM-AT identified in the previous paragraph and have, in particular, the following competencies:
- (a) Knowledge of accreditation procedures: Five years of working experience;
  - (b) Knowledge of the Kyoto Protocol and the mechanisms, in particular the CDM:<sup>14</sup>
  - (c) Scientific/technical background relevant to the scope of the assignment: 5 years of relevant experience, as applicable; or training and five years of experience in management systems auditing.

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<sup>12</sup> Members of the CDM-AP shall be selected by the EB in accordance with the requirements contained in attachment 2.

<sup>13</sup> Please note that the term “certification body” is commonly used in the industry; the equivalent term in the UNFCCC context is “operational entity”

<sup>14</sup> Note: What are the criteria? A UNFCCC recognized test?



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31. The secretariat shall maintain a record on CDM-AT members consisting of:
- (a) Name and address;
  - (b) Affiliation and position held (specifying the employer);
  - (c) Educational qualifications and professional status;
  - (d) Experience and training in each field of competence relevant to the scope of the assignment(s);
  - (e) The self declaration and the written statements referred to in paragraphs 27 and 28 respectively;
  - (f) Copies of at least three recommendations from referees which shall be kept in a confidential file<sup>15</sup>;
  - (g) Date of most recent updating of record;
  - (h) Performance appraisals;
  - (i) Assessment log.
32. The secretariat shall ensure and verify that subcontracted bodies maintain records of personnel who perform functions related to accreditation, spot-check/surveillance, re-accreditation, suspension or withdrawal procedures which satisfy the requirements of this document.

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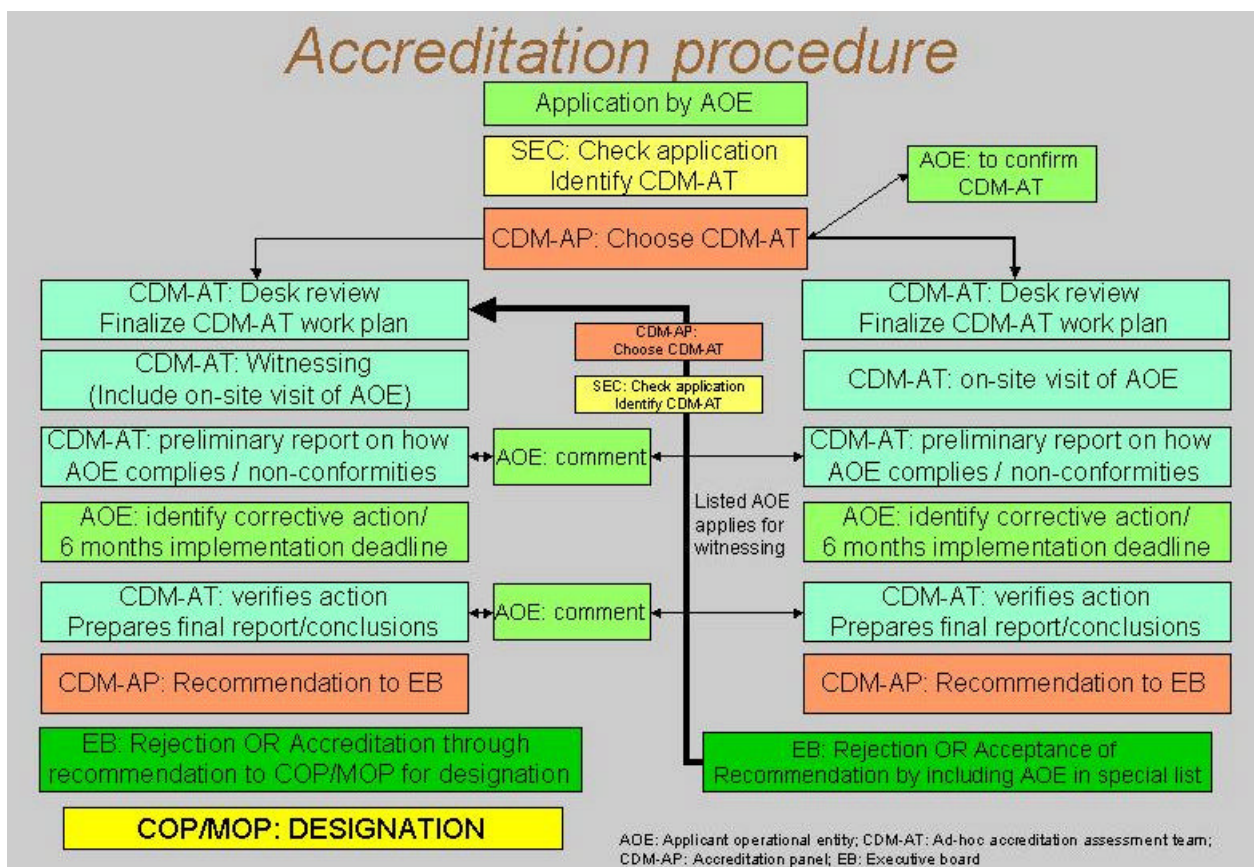
<sup>15</sup> Confidential information shall be accessible to the chair and the vice chair of the executive board only.

**III. PROCEDURES FOR ACCREDITATION, UNSCHEDULED SURVEILLANCE  
AND RE-ACCREDITATION**

**A. Accreditation procedure**

33. The accreditation procedure (“Figure 2”) shall consist of:
- (a) A desktop review of the applicant entity by a CDM-AT;
  - (b) The witnessing by the CDM-AT of at least one activity performed by the applicant entity after successful desktop review. One witnessing shall, if possible, include the on-site review of the applicant entity.

**Figure 2**



34. The accreditation procedure shall be implemented using, to the extent possible, teleconferencing and electronic communication facilities.

35. An applicant operational entity may submit a request for accreditation without requesting simultaneously that validation and/or verification and certification activities be witnessed. In such a case, the accreditation procedure initially checks organizational and operational requirements for accreditation but not yet those which are to be assessed when an applicant operational entity performs validation and/or verification and certification activities. If the CDM-AP concludes that such requirements are met, the applicant operational entity shall be included in a publicly available list referred to in paragraph 19 above. The applicant operational entity shall apply in writing to request the witnessing of activities and thus the continuation of the accreditation procedure (identification of CDM-AT, work plan, report etc.).

36. An applicant entity shall submit to the secretariat of the executive board the documentation specified in the Annex "Application documents". The same annex specifies the documentation to be submitted by a designated operational entity which requests an extension of its scope of accreditation. In such a case, the work plan of the CDM-AT shall be designed in a way to minimize costs, bearing in mind scopes the applicant operational entity already holds, the last accreditation and/or last unscheduled surveillance.
37. The secretariat shall undertake an initial review with regard to the completeness of documents and information submitted. If the documentation is found incomplete, additional information shall be submitted by the applicant entity as requested.
38. If the application documents are complete, the secretariat shall prepare a file for the accreditation panel. The file shall contain:
- (a) Relevant application documents;
  - (b) Candidates for the CDM-AT<sup>16</sup> (including a proposed team leader);
  - (c) A draft of the work plan for the CDM-AT in accordance with the Annex "Basic elements of an assessment by an accreditation team".
39. The CDM-AP shall:
- (a) Choose the CDM-AT and identify the CDM-AT team leader taking into consideration issues of consistency of accreditation assessments;
  - (b) Review the application and, as appropriate, identify key areas or issues to be addressed by the CDM-AT.
40. The secretariat shall inform the applicant entity of the composition of the CDM-AT. The applicant entity may object in writing within three working days to members of the CDM-AT on the basis of the competency requirements set out in the "Requirements for members of the CDM-AP and CDM-AT". In case of a substantiated objection, the CDM-AP shall identify a replacement.
41. The secretariat shall provide the CDM-AT with:
- (a) The information related to the application;
  - (b) Comments from the CDM-AP;
  - (c) The draft work plan for the assessment reflecting comments by the CDM-AP.
42. The CDM-AT shall, with the assistance of the secretariat:
- (a) Undertake the desk review of the application;
  - (b) Decide if more than one witnessing activity is required;
  - (c) Finalize the work plan for the witnessing activities, in particular on the scope and detail of the on-site review of the applicant entity.

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<sup>16</sup> In order to strengthen local capacities in Parties not included in Annex I, a representative of the national accreditation body and a national expert, if available, could be invited to join the activities of the CDM-AT as an observer.

43. If the applicant operational entity does not request witnessing activities, the work plan shall only include the extent and detail for an on-site review. After successful conclusion of the on-site review and a positive recommendation by the CDM-AT, the CDM-AP shall decide whether or not to include the applicant operational entity on a publicly available list of applicant operational entities which meet organizational and operational requirements for accreditation but not yet those which are to be assessed when an applicant operational entity performs validation and/or verification and certification activities.

44. The secretariat shall inform the applicant entity in due time of the work plan for the on-site review and witnessing, as appropriate.

45. The on-site review shall consist of:

(a) An opening meeting, chaired by the CDM-AT team leader, between the accreditation team, the applicant entity's management, managers of the units to be involved in the review and the person identified by the applicant entity as the official contact person for the accreditation team. In this meeting, the assessment team shall explain its review activities and criteria;

(b) A review by the CDM-AT of the services of the applicant entity against the requirements:

(i) Contained in the modalities and procedures of the CDM<sup>17</sup>;

(ii) Related to the particular scope of accreditation sought as defined in the annex "Scope of accreditation and related accreditation requirements" and/or identified in the new scope proposed;

(c) A closing meeting, before the end of the on-site review, between the assessment team and the applicant entity's management to inform the applicant entity of the details of assessment regarding conformity, basis for non-conformities and any additional comments. This meeting shall provide an opportunity to the applicant entity to seek clarification and ask questions, if any.

46. The CDM-AT shall, after the last witnessing activity, finalize its preliminary report. The applicant entity shall have the opportunity to ask for clarification and to comment on the draft preliminary report before it is finalized. The preliminary report shall contain as a minimum:

(a) The date(s) of the assessment(s);

(b) The name(s) of the CDM-AT responsible for the report;

(c) The name(s) and address(es) of all the relevant applicant entity sites assessed (on-site review);

(d) The scope of accreditation assessed;

(e) An assessment of the competence and experience of the organization in the scope of accreditation assessed, including the names of key staff encountered and their qualifications, experience and authority;

(f) The adequacy of the internal organization and procedures adopted by the applicant entity ensuring confidence in the quality of its services;

(g) Description of the validation and/or verification/certification activities witnessed;

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<sup>17</sup> Contained in Appendix A to the Annex decision 17/CP.7.

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- (h) A description of the conformity of the applicant entity with the accreditation requirements, in particular in regard to key areas or issues identified by the CDM-AP and, where applicable, any useful comparisons with the results of previous assessments of the applicant entity;
  - (i) An identification and description of non-conformities.
47. The applicant entity shall:
- (a) Receive, from the secretariat, the preliminary report;
  - (b) Have 30 days to identify actions to resolve non-conformities including timeframes for each action. All actions identified should be completed within six months. If actions are not completed within six months, the applicant entity shall submit a new application for accreditation.
48. The CDM-AT shall verify the implementation of actions to address non-conformities and prepare, with the assistance of the secretariat, a final report.
49. The applicant entity shall have the opportunity to comment on the draft final report.
50. The final report shall contain as a minimum:
- (a) The preliminary report;
  - (b) The actions taken to correct non-conformities identified in the preliminary report;
  - (c) Conclusions regarding accreditation for consideration by the CDM-AP.
51. The CDM-AT shall submit its final report to the CDM-AP.
52. The CDM-AP shall consider the final report and prepare a recommendation to the executive board regarding accreditation of the applicant entity.
53. The executive board shall consider the recommendation by the CDM-AP at its next meeting in accordance with its rules of procedure regarding availability of documents prior to its meetings.
54. The executive board shall decide whether to:
- (a) Accredite the applicant entity by recommending it to COP/MOP for designation as an operational entity; or
  - (b) Reject the application.
55. The secretariat will inform the applicant entity of the decision by the executive board and make the decision publicly available in accordance with the rules of procedure of the executive board.
56. The designation<sup>18</sup> for a particular scope shall be valid for three years from the date of designation by the COP/MOP. No regular surveillance related to a particular scope shall be undertaken within the three-year period.
57. A designated operational entity shall have the opportunity for re-accreditation in accordance with the provisions below.

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<sup>18</sup> The accreditation by the executive board is equivalent to designation, on a provisional basis, pending the designation by the Conference of the Parties at its eighth session. However, the validity of the accreditation shall extend to three years after the designation by COP at its eighth session.

**B. Unscheduled surveillance (“spot-check”)**

58. The M&P provide for the possibility to undertake “spot-checks” activities (i.e. unscheduled surveillance) on designated operational entities. The executive board delegates the authority to conduct such “spot-check” activities to the CDM-AP. The CDM-AP shall submit a report and a recommendation to the executive board on each “spot-check” activity. The executive board shall take the final decision on the outcome of a “spot-check”.

59. The executive board may at any time decide to initiate a “spot-check” to be conducted. A “spot-check” may be triggered by:

- (a) A request for review submitted at issuance of CERs in accordance with the M&P;
- (b) Changes significantly affecting the quality of a designated operational entity’s operations and performance, such as ownership, organizational structure, internal policies and procedures, technical expertise of personnel;
- (c) A written complaint regarding the failure of a designated operational entity to comply with its terms of accreditation by either another designated operational entity and/or NGOs accredited with UNFCCC.

60. After a “spot-check” has been initiated, the secretariat informs the designated operational entity concerned and the CDM-AP. The secretariat shall attempt to resolve the matter in case of minor objections.

61. In case the matter may not be resolved by the secretariat, the accreditation panel shall consider the case. The CDM-AP shall decide whether:

- (a) To recommend to the executive board the suspension of the accreditation in accordance with the provisions of the M&P and to establish a CDM-AT to conduct an assessment as to whether the designated operational entity continues to meet the accreditation requirements;
- (b) To establish a CDM-AT, without suspension of designation, to carry out surveillance functions.

62. The accreditation assessment procedures described above shall apply to “spot-check” activities, with the exception that the CDM-AP may decide, in the case that the operational entity was not suspended, that no on-site review and/or witnessing activity shall be carried out.

63. Upon reception of the final “spot-check” report of the CDM-AT, the CDM-AP shall make a recommendation to the executive board.

64. The executive board shall decide whether to:

- (a) Confirm the accreditation and designation of the designated operational entity;
- (b) Confirm the suspension and therefore withdrawal of the accreditation and designation of an entity.

65. The secretariat shall inform the designated operational entity and, as applicable, those that initiated the “spot-check” activity of the decision by the executive board. The secretariat shall update relevant records and publicly available lists.

**C. Re-accreditation**

66. The secretariat shall inform a designated operational entity in due course when a scope of accreditation is expiring and request the designated operational entity to confirm whether it wishes to apply for re-accreditation.

67. The designated operational entity shall submit to the secretariat the documentation specified in the Annex "Application documents".

68. An operational entity may request re-accreditation at an earlier time to group the re-accreditation of several scopes into one re-accreditation process.

69. After submission of the application documents, the accreditation procedures described above shall apply, with the exception that the CDM-AP may decide that no on-site review and/or witnessing activities are required.

70. The executive board shall recommend re-designation, withdrawal, suspension or reduction of scope of a designated operational entity based on the recommendation of the CDM-AP.

**D. Notification on changes of status of an OE**

71. A designated operational entity shall inform the secretariat of significant changes affecting its:

- (a) Legal, commercial or organizational status, e.g. ownerships, partnerships;
- (b) Key professional staff;
- (c) Management system;
- (d) Compliance with accreditation requirements.

72. Any change that may affect the designated operational entity's performance or conditions specified for the granting of accreditation shall be communicated to the secretariat within five days.

73. The executive board shall give due notice to designated operational entities of any changes to requirements for accreditation or designation through announcing such changes on the UNFCCC CDM web site.

## **Annex: “Scope of accreditation and related accreditation requirements”**

1. An applicant entity shall be accredited for validation and/or verification and certification if it meets the general accreditation requirements contained in the M&P and those related to any requested scope of accreditation
2. This annex identifies the requirements in addition to Appendix A of the M&P which an operational entity has to meet in order to be accredited for a specific scope. This includes documents to be submitted for application in addition to those identified in the Annex "Application documents".
3. The scope of accreditation comprises those activities and sectors/subsectors related to which a designated operational entity may perform any functions ascribed to designated operational entities in the M&P.

### **SCOPE**

4. Scopes of accreditation will be developed based on witnessed validation and/or verification and certification activities by applicant operational entities and reflected in this annex.
  5. This annex shall be updated each time a new scope has been identified.
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## **Annex “Basic elements of an assessment by an accreditation team”**

1. This section shall list the basic elements and assessment criteria in function of a scope of accreditation.
2. This section shall be updated each time a new scope is reflected in the annex “Scope of accreditation and related accreditation requirements”.



## Annex "Application documents"

1. In case of an application for accreditation, the applicant entity shall provide the following documents:
  - (a) Documentation on its legal entity status (either a domestic legal entity or an international organization) (*M&P*<sup>19</sup>);
  - (b) The names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers and other relevant personnel (*M&P*);
  - (c) An organizational chart showing lines of authority, responsibility and allocation of functions (*M&P*);
  - (d) Its quality assurance policy and procedures (*M&P*);
  - (e) Administrative procedures including document control (*M&P*);
  - (f) Its policy and procedures for the recruitment and training of operational entity personnel, for ensuring their competence for all necessary validation, verification and certification functions, and for monitoring their performance (*M&P*);
  - (g) Its procedures for handling complaints, appeals and disputes (*M&P*);
  - (h) Particular documents related to a scope of accreditation as described in Annex "Scope of accreditation and related accreditation requirements". If a new scope is proposed all relevant information that would permit the determination of such a new scope.
  - (i) A declaration that the applicant entity has not pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as an accredited independent entity (*M&P*);
  - (j) If part of a larger organization and where parts of that organization are, or may become, involved in the identification, development or financing of any CDM project activity (*M&P*):
    - (i) A declaration of all the organization's actual and planned involvement in CDM project activities, if any, indicating which part of the organization is involved and in which particular CDM project activities (*M&P*);
    - (ii) A clear definition of links with other parts of the organization, demonstrating that no conflict of interest exists (*M&P*);
    - (iii) A demonstration that no conflict of interest exists between its functions as an operational entity and any other functions that it may have, and how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all sources of conflict of interest, whether they arise from within the applicant operational entity or from the activities of related bodies (*M&P*);
    - (iv) A demonstration that it, together with its senior management and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in

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<sup>19</sup> Some of the elements in this list are taken from the M&P (marked accordingly).

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relation to its activities, and that it complies with any rules applicable in this respect (*M&P*);

2. In the case of an application for re-accreditation or an additional scope, the designated operational entity shall submit, as applicable:

- (a) Particular documents related to the new scope of accreditation;
- (b) Updates of the documents required for accreditation ensuring that all information available to the executive board and the CDM-AP reflects the most up-to-date state of information.

Attachment 2

**TERMS OF REFERENCE FOR THE ESTABLISHMENT OF THE  
CDM ACCREDITATION PANEL**

**I. INTRODUCTION**

1. These terms of reference, including competence requirements, are based on the detailed procedures to operationalize the accreditation of operational entities and provide details on the following: (a) areas of work of the panel (see II.A.), (b) modalities of work (see II.B. below), (c) membership in the panel (see II.C. below), and (d) a time-table for work until COP 9 (see II.D. below). Once the executive board has decided on the terms of reference, the secretariat shall post, on the CDM website, the invitation to experts to submit their applications, and compile a list of applications and a short-list for further consideration by the board, including from the UNFCCC roster of experts

**II. TERMS OF REFERENCE**

**A. Areas of work**

2. In accordance with the draft detailed procedures to operationalize the accreditation of the operational entities (hereafter “detailed accreditation procedures”<sup>20</sup>), the CDM accreditation panel (CDM-AP) shall make recommendations to the executive board regarding:

- (a) The accreditation of an applicant operational entity (AOE);
- (b) The suspension of accreditation of a designated operational entity (DOE);
- (c) The withdrawal of accreditation of a designated operational entity;
- (d) The re-accreditation of a designated operational entity.

3. The tasks identified in the paragraph above imply that, *inter alia*, the following activities are carried out by the CDM-AP:

- (a) Selecting the members of a CDM accreditation assessment team (CDM-AT) (see para 37 of the detailed accreditation procedures) as and when required;
- (b) Identifying and defining key areas or issues to be addressed by a CDM-AT (see para 37 of the detailed accreditation procedures);
- (c) Receiving and considering recommendations by a CDM-AT with regard to an application of an applicant entity (see para. 48 and 49 of the detailed accreditation procedures);
- (d) Determining whether or not to recommend the suspension of accreditation of a designated operational entity (see para. 58 of the detailed accreditation procedures);
- (e) Deciding on the need of witnessing procedures in cases where no suspension was decided by the executive board (see para. 59 of the detailed accreditation procedures);
- (f) In the case of re-accreditation, deciding on the need for an on-site visit and witnessing of the designated operational entity.

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<sup>20</sup> Attachment 1 of Annex 3 to the Proposed agenda and annotations of the second meeting of the executive board available at <http://unfccc.int/cdm/ebmeetings/eb002/eb02anagdran3.pdf>.

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(g) Deciding, based on a recommendation by a CDM-AT, on the inclusion of an applicant operational entity in the publicly available list of applicant operational entities that meet organizational and operational requirements but which have not yet been assessed against those requirements related to performing validation and/or verification and certification activities;

(h) Taking into consideration recommendations by a CDM-AT, making recommendations to the executive board.

## **B. Modalities of work**

4. The panel shall operate under the guidance of the executive board, in accordance with general guidelines for panels. Two executive board members, Mr./Ms. [] and Mr./Ms. [] will act as chair and vice chair of the panel, respectively.

5. The panel shall be established as a permanent panel of the accreditation process. The mandate of the panel may be revised or terminated by the executive board if necessary.

6. Panel meetings can be held with panel members being physically present or through electronically linking them up. The date and mode of panel meetings shall be determined by the chair and vice chair of the panel, bearing in mind resources available. Based on the assumption that 40 applications are to be dealt with in 2002-2003, the CDM-AP is anticipated to meet physically up to five times in 2002 and four times 2003 (see timetable in section II.D.).

7. The executive board has decided that no fees shall be paid to panel members. Travel costs and a daily subsistence allowance will be paid to panel members attending a meeting of the panel in accordance with the UN rules and regulations.

## **C. Membership in the panel**

8. A panel member shall be designated to and serve on the panel for one year. A member may be re-designated to serve for a maximum of three consecutive times.

### **Competence requirements:**

9. In addition to requirements contained in the general guidelines for panels<sup>\*\*</sup>, a panel member shall:

(a) Have demonstrated relevant working experience of at least five years at managerial/decision making level in a national, regional or international accreditation body;

(b) Be fluent in English. Working knowledge of other UN languages desirable;

(c) Have excellent drafting skills, strong operational and analytical skills, and the ability to work as a member of a team;

(d) Have advance university degree in economics, environmental studies, natural sciences, engineering, development studies, or any related discipline.

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<sup>\*\*</sup> The general guidelines for panels have been approved on 22 March 2002 by the executive board in accordance with rule 29 of the draft rules of procedure.

**Size and composition:**

10. In addition to the designated executive board members who act as chair and vice chair, the panel shall be composed of six members<sup>21</sup>.

11. The secretariat shall post, on the UNFCCC CDM website, the invitation to experts to submit their applications and shall compile a list of applications and a short-list for further consideration by the board, including from the UNFCCC roster of experts. The executive board shall select five members of the panel from this short list, taking fully into account the consideration of regional balance. In addition, the executive board shall select one of two experts nominated by the IAF who both meet the competence requirements for panel members

**Compensation:**

12. Travel costs and daily subsistence allowance shall be paid to panel members attending a meeting of the panel in accordance with UN rules and regulations.

**D. Timetable until COP 9**

<i>From</i>	<i>To</i>	<i>Meeting<sup>(*)</sup></i>	<i>Location</i>
27 May	27 May	EB 04-1	Electronic, if required
09 Jun	10 Jun	EB 04-2	Bonn
<b>June</b>		<b>Panel 01</b>	<b>Bonn</b>
<b>July</b>		<b>Panel 02</b>	<b>TBC</b>
31 Jul	01 Aug	EB 05	Bonn
<b>Early August</b>		<b>Panel 03</b>	<b>TBC</b>
31 Aug	01 Sep	EB 06	Johannesburg, South Africa
<b>September</b>		<b>Panel 04</b>	<b>TBC</b>
20 Oct	20 Oct	EB 07-1	Electronic, if required
02 Nov	03 Nov	EB 07-2	New Delhi, India
<b>December</b>		<b>Panel 05</b>	<b>TBC</b>
<b>1<sup>st</sup> Quarter 2003</b>		<b>Panel 06</b>	<b>TBC</b>
<b>2<sup>nd</sup> quarter 2003</b>		<b>Panel 07</b>	<b>TBC</b>
Date	Date	SB 18	Bonn, TBC
<b>3<sup>rd</sup> quarter 2003</b>		<b>Panel 08</b>	<b>TBC</b>
<b>3<sup>rd</sup> or 4<sup>th</sup> quarter 2003</b>		<b>Panel 09</b>	<b>TBC</b>
Date	Date	COP 9	TBD

Note: The timetable is indicative and will be determined at a later stage. In addition to the physical meetings shown here, electronic meetings may be scheduled by the chair and vice chair of the panel, as appropriate.

<sup>21</sup> The cost for travel and daily subsistence allowance for six members for nine meetings in 2002-2003 amounts to ~US\$189,000 (per member US\$31,500). Assuming a total of 40 applications to be handled by the CDM-AP over this period, this would translate into an application fee component of ~US\$4,725 (per member ~US\$800). It should be noted that any additional costs arising from the processing of an application will be included in the application fee to be borne by the applicant entity. Costs related to the CDM-AT will also be charged to the applicant entity. More detail on application costs will be contained in a separate note.