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. At its third meeting, the board agreed on the organizational set-up for the accreditation of operational entities. 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 fourth meeting. At its third meeting, the board agreed on the terms of reference for the CDM accreditation panel (CDM-AP) and on the competence requirements for ad hoc accreditation assessment teams. It requested the secretariat to (i) post on the CDM website an invitation to experts to submit their applications for the CDM-AP and (ii) compile a list of applications and a short-list for further consideration by the board at its fourth meeting and with a view to designating members of the panel. The board designated Mr. John Kilani as the chair of the CDM-AP and agreed to identify the vice-chair at the fourth meeting.

2. Attachment 1 to this note contains the revision of the draft detailed procedures to operationalize the accreditation of operational entities (previous draft see Annex 3 to the proposed agenda and annotations for the third meeting of the executive board[1]). A list of the forms required to operate the accreditation process is contained in attachment 2 to this note.

3. Compared to the draft version presented to the third board meeting, this version of the draft detailed procedures to operationalize the accreditation of operational entities incorporates the following three proposals:

(a) A procedure to operationalize the proposal 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 entity (AOE).

(b) A refined procedure on how the CDM-AP shall maintain a publicly available list of AOEs which meet the organizational and operational requirements for accreditation but not yet those related to performing validation and/or verification and certification activities (see also background to previous draft version of this document).

(c) A procedure which enables entities to appeal against recommendations by the CDM-AP. In accordance with the M&P, there is, however, no appeal is possible against recommendations/decisions of the EB and the COP/MOP.

II. POSSIBLE ACTION TO BE TAKEN AT THE FOURTH MEETING OF THE EXECUTIVE BOARD

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

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

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[1] Attachment 1 of Annex 1 to the proposed agenda and annotations of the third meeting of the executive board available at http://unfccc.int/cdm/ebmeetings/eb0 03/eb03annan1.pdf.

(b) Establish the CDM-AP by designating the vice-chair and panel members. A tentative schedule for the meetings of the CDM-AP is contained in attachment 3 to this note;

(c) Request the secretariat to launch the accreditation process at its fourth meeting and invite any entity interested in being accredited/designated as an operational entity to submit its application.

Attachments:

- Attachment 1: Draft technical paper on detailed procedures to operationalize the accreditation of operational entities (Revision 2)
- Attachment 2: List of forms for the accreditation procedure
- Attachment 3: Tentative schedule of meetings of the CDM-AP

Attachment 1

Technical Paper (Revision 2)

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 on 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"[2]. 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[3] 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"[4] 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."[5]

4. Compared to the draft version presented to the third board meeting, the major changes in this version of the draft detailed procedures to operationalize the accreditation of operational entities pertain to (a) provisions on how the scope of accreditation, (b) revisions in the accreditation procedure to reflect that the CDM-AP should maintain a publicly available list of AOEs which meet the organizational and operational requirements for accreditation but not yet those related to performing validation and/or verification and certification activities and (c) a procedure for appealing recommendations by the CDM-AP as indicated in paragraph 3 of the section "I. Background" above.

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2 M&P para. 4 a

3 The secretariat gratefully acknowledges the generous input to this draft by Mr. Kevin Boehmer (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).

4 M&P para. 25

5 M&P para. 18

II. ACCREDITATION AND DESIGNATION OF OPERATIONAL ENTITIES

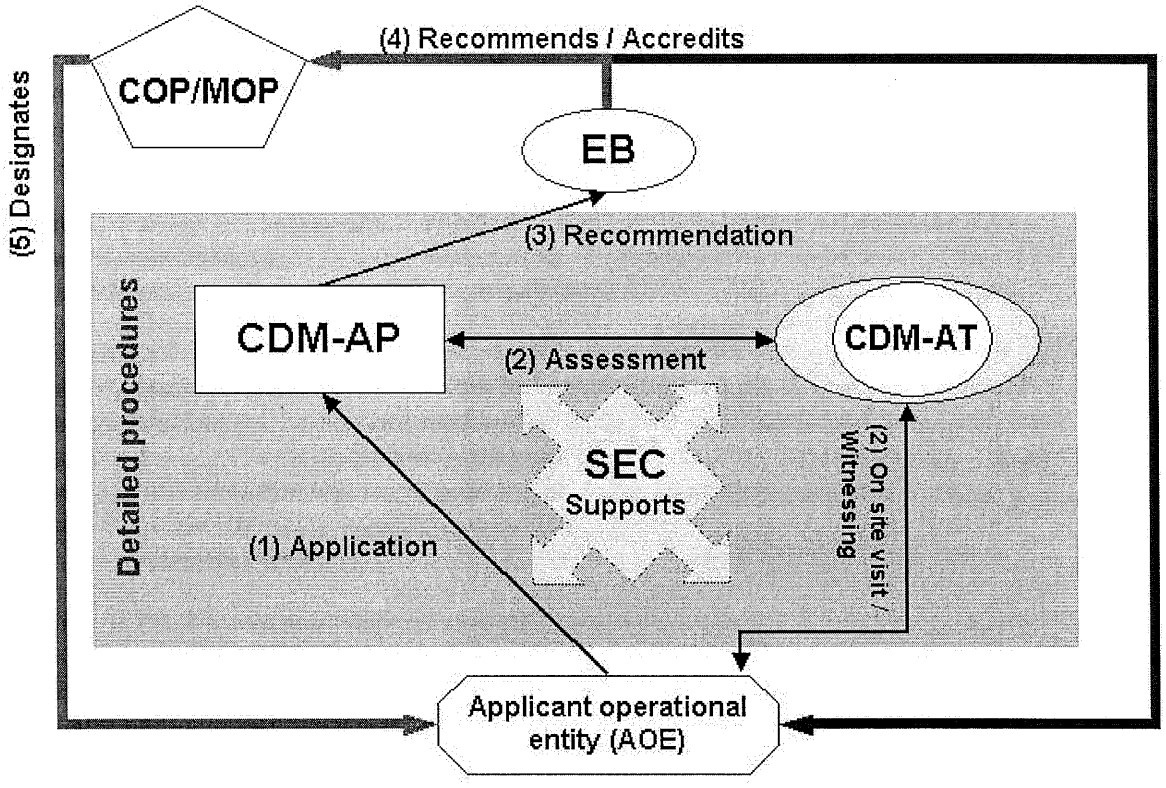
A. Accreditation and designation in the annex on modalities and procedures for a clean development mechanism[6]

1. The executive board of the clean development mechanism (CDM) shall be responsible for the accreditation of operational entities[7].

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)[8].

3. The COP/MOP shall designate operational entities of the CDM (DOE) on the basis of a recommendation by the executive board[9].

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,

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6 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"

7 M&P paras 5 (f), 20 (a)

8 M&P paras 5 (f), 20 (b)

9 M&P para. 3 (c)

including from the UNFCCC roster of experts. In this context it shall take fully into account the consideration of regional balance."[10]

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[11] 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.

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. In accordance with the M&P, the executive board shall never delegate such a decision unless COP/MOP revises the M&P accordingly.

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;

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10 M&P para. 18

11 M&P sections "C. Executive board" and "D. Accreditation and designation of operational entities"

(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 prejudge a decision on accreditation/designation which also depends on successfully 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. The list of applicant entities being assessed and information on the progress of the assessment shall remain confidential unless otherwise provided for in these detailed procedures or unless the applicant entity agrees in writing that this information may be released to the public at an earlier stage.

22. Decisions by the executive board shall be made publicly available in accordance with provisions in the M&P. The decision not to accredit an applicant entity at the initial application for a particular scope shall not be made public unless the applicant entity agrees in writing that this result may be released to the public.

23. 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 has been made.

24. 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.

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

26. 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.

27. Other information obtained through the accreditation process shall remain confidential.

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

28. Experts selected for the CDM-AP[12] or the CDM-AT shall have demonstrated knowledge in the area of accreditation of certification bodies.[13] The experts shall document their competence through a self-declaration and three recommendations by referees.

29. 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.

30. NOTE: The requirements identified in the TORs agreed to by the executive board at the third meeting and issued in the call for experts for the CDM-AP and the CDM-AT respectively will be copied in here.

31. NOTE Cont.: A revised copy of this section will be made available at the fourth meeting of the EB.

32. The secretariat shall maintain a record on CDM-AT members consisting of:

(a) Name and address;

(b) Affiliation and position held (specifying the employer);

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[12] Members of the CDM-AP shall be selected by the executive board in accordance with the terms of reference agreed to by the executive board at its third meeting (see http://unfccc.int/cdm).

[13] Please note that the term "certification body" is commonly used in the industry; the equivalent tern in the UNFCCC context is "operational entity".

(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[14];

(g) Date of most recent updating of record;

(h) Performance appraisals;

(i) Assessment log.

33. 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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14 Confidential information shall be accessible to the chair and the vice chair of the executive board only.

III. PROCEDURES FOR ACCREDITATION, UNSCHEDULED SURVEILLANCE, RE-ACCREDITATION, CHANGE OF STATUS AND APPEALS

A. Accreditation procedure

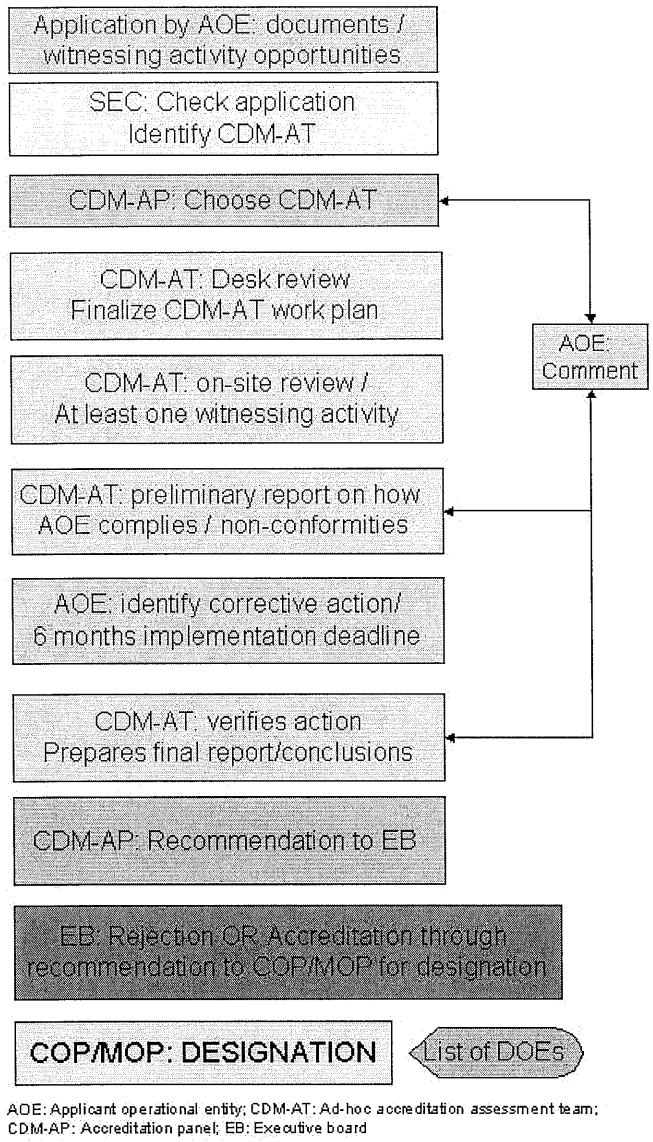
34. The accreditation procedure ("Figure 2 a") shall consist of:

(a) A desktop review of the applicant entity by a CDM-AT;

(b) On-site assessment of the head office of the applicant entity;

(c) The witnessing by the CDM-AT of at least one activity performed by the applicant entity. Where possible, one of the witnessing activities should include the on-site assessment of the head office of the applicant entity.

Figure 2 a: "Accreditation Procedure"

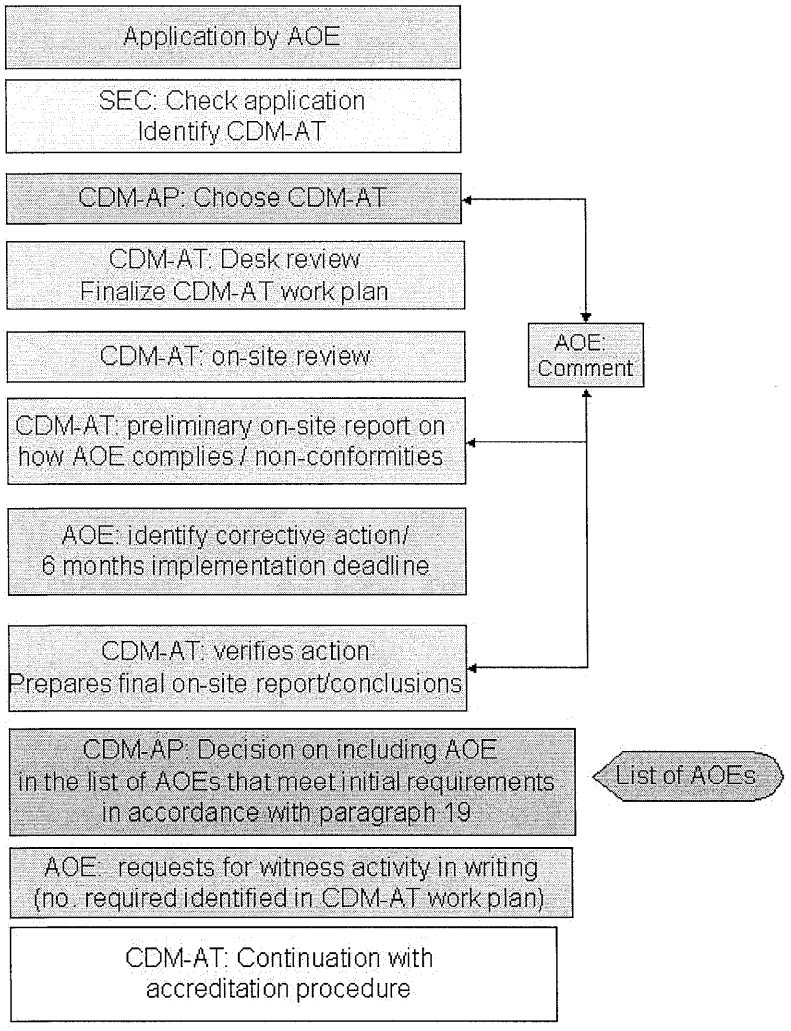


AOE: Applicant operational entity; CDM-AT: Ad-hoc accreditation assessment team; CDM-AP: Accreditation panel; EB: Executive board

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

36. An applicant operational entity may submit a request for accreditation without indicating simultaneously validation and/or verification and certification activities which could 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 indicate in writing to the secretariat possibilities for witnessing of activities and thus the continuation of the accreditation procedure. ("Figure 2 b")

Figure 2 b: Procedures for applications without witnessing activity opportunities



37. An applicant entity shall submit to the designated officer (SEC) an application form and all 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 those scopes which the applicant operational entity already holds and the last accreditation and/or last unscheduled surveillance.

38. The secretariat shall start processing an application upon receipt of the non-reimbursable application fee. Applications will be processed in the order the application fees are received. Whenever costs of the detailed procedure are to covered by the entity (see Annex "Fee structure"), the related step in the procedure will only be implemented after payments are made.

39. 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.

40. If the application documents are complete, the secretariat shall prepare a file for the CDM-AP. The file shall contain:

(a) Relevant application documents;

(b) Candidates for the CDM-AT[15] (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".

41. 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 of significance that the CDM-AT should report on.

42. 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 conflict of interest. In case of a substantiated objection, the CDM-AP shall identify a replacement.

43. 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.

44. 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;

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[15] In order to strengthen local capacities in Parties not included in Annex I, an additional 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.

(c) Finalize the work plan for each witnessing activity, in particular on the scope and detail of the on-site assessment of the applicant entity.

45. If the applicant operational entity does not indicate, at the time of application, activities that could be witnessed by the CDM-AT, the work plan shall only include the appropriate anticipated number of activities to be witnessed as well as the extent and detail for an on-site assessment. After successful conclusion of the on-site assessment 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 intends to perform validation and/or verification and certification activities.

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

47. The on-site assessment 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[16];

(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;

(iii) Of an activity to be witnessed, if applicable;

(c) A closing meeting, before the end of the on-site assessment, 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.

48. Each witnessing activity identified in the work plan shall be carried out by a suitably qualified member of the CDM-AT who shall witness in person an applicant entity performing the functions of validation and/or verification and certification relevant to the scope of accreditation. This may include on-site visits outside the headquarters of the applicant entity. The CDM-AT member shall prepare a witnessing report at the end of each witnessing which shall include an evaluation of the performance of the applicant entity with regard to (a) its knowledge of requirements and (b) implementation of a particular function.

49. 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 members responsible for the report;

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[16] Contained in Appendix A to the Annex decision 17/CP.7.

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

(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;

(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.

50. 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.

51. The CDM-AT shall verify the implementation of actions to address non-conformities and prepare, with the assistance of the secretariat, a final report.

52. The applicant entity shall have the opportunity to comment on the draft final report.

53. 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) The comments of the applicant entity on the draft final report on how they have been addressed;

(d) Conclusions regarding accreditation for consideration by the CDM-AP.

54. The CDM-AT shall submit its final report to the CDM-AP.

55. In the case where, at the end of the on-site assessment of the applicant entity, no activity was identified to be witnessed, the procedures contained in paragraphs 44 to 51 shall be applied to the requirements that are not be witnessed when an applicant entity performs a validation or verification and certification activity. Instead of the final report referred to in these procedures, the CDM-AT shall prepare a "final report part one" and a recommendation to the CDM-AP regarding the inclusion of the applicant. Once the number of witnessed activities identified in the work plan has been undertaken, the CDM-AT shall submit the "final report part two" to the CDM-AP covering the witnessed activities. The two parts shall constitute the final report referred to in paragraph 54 below.

56. The CDM-AP shall consider the final report and prepare a recommendation to the executive board regarding accreditation of the applicant entity.

57. 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.

58. The executive board shall decide whether to:

(a) Accredit the applicant entity by recommending it to COP/MOP for designation as an operational entity; or

(b) Reject the application.

59. 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. A decision to reject an initial application for a particular scope shall not be published.

60. The designation[17] for a particular scope shall be valid for three years from the date of designation by the COP/MOP. No regular surveillance shall be undertaken within this three-year-period. Unscheduled surveillance ("spot-check") may however be undertaken in accordance with the provisions contained in section "E. Unscheduled surveillance ("spot-check")".

61. A designated operational entity shall have the opportunity for re-accreditation in accordance with the provisions below.

B. Unscheduled surveillance ("spot-check")

62. The M&P provide for the possibility to undertake "spot-check" 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".

63. 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 an NGO accredited with UNFCCC.

64. 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.

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

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[17] 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.

(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.

66. 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 designated operational entity was not suspended, that no on-site assessment and/or witnessing activity shall be carried out.

67. Upon receiving the final "spot-check" report of the CDM-AT, the CDM-AP shall make a recommendation to the executive board.

68. The executive board shall decide whether to:

(a) Confirm the accreditation and designation of the designated operational entity;

(b) Confirm the suspension and therefore the withdrawal of the accreditation and designation of an entity.

69. 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

70. 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.

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

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

73. After submission of the application documents, the accreditation procedures described above shall apply.

74. 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 change of status of an OE

75. 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.

E. Appeals procedure

76. An entity shall have the opportunity to appeal against a recommendation by the CDM-AP to the EB within 3 working days after having been immediately informed of such a recommendation. The scope of the appeal shall include the qualification of the team and/or non-compliance with procedures.

77. The appeal shall be submitted in writing to the designated officer in the SEC.

78. The designated officer shall, immediately inform the CDM-AP and the EB of the appeal.

79. The designated officer shall submit to the EB, for consideration at its next meeting, taking into consideration its document deadlines provided for in the draft rules of procedure, a file containing:

(a) The appeal submitted by the entity;

(b) The recommendation of the CDM-AP challenged by the entity;

(c) A list of five (5) candidates for an appeal panel.

80. The EB shall consider the file and establish an appeal panel of three (3) members.

81. The appeal panel shall prepare a recommendation regarding the appeal for consideration at the next meeting of the EB.

82. The cost for conducting an appeals procedure shall be covered in accordance with the provisions in annex "Fees".

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 those contained in Appendix A of the M&P, which an applicant 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 an accredited/designated operational entity may perform any functions ascribed to designated operational entities in the M&P.

4. Scopes of accreditation will be developed based on witnessed validation and/or verification and certification activities by applicant entities and reflected in this annex.

5. The procedure for the identification of a new scope of accreditation is as follows:

(a) An applicant operational entity that wishes to identify a new scope not reflected in this annex shall submit a brief description of the scope of activities and sectors/sub-sectors (Annex A of KP?) and include all relevant information required to determine the new scope and assess an applicant entity against the proposed scope.

(b) The secretariat shall submit the proposed new scope to the CDM-AP along with the file referred to in paragraph 38.

(c) The CDM-AP shall determine whether the proposed scope is not part of or the extension of an existing scope. If the proposed scope is new or an extension of an existing scope, it shall define the scope. The CDM-AP shall aim at concluding the definition of a new scope at the session it considers the file for the first time.

(d) If the CDM-AP agrees to the scope as proposed by the applicant entity, it shall proceed, with the application of the entity as referred to in paragraph 39. In case the CDM-AP modifies the proposed scope, the applicant entity shall have the choice to maintain or to withdraw its application (IN the case of withdrawal: reimbursement of 70% of the non-reimbursable application fee). If the applicant entity maintains its application, the application procedures shall be continued at the subsequent meeting of the CDM-AP.

6. This annex shall be updated each time a new scope has been identified.

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: Fees

1. This annex provides the structure for fees related to the accreditation of designated operational entities under the CDM. This annex does not provide the amount of fees but explains the underlying cost structure. The secretariat shall make publicly available the amount of fees.

Application

2. The non-reimbursable application fee is calculated on the basis of the estimated average cost per application. The costs are to cover the CDM-AP meetings, the desktop assessment of the application (in estimate CDM-AT member fee for 2 working days) and administrative costs. The non-reimbursable application fee is to be paid at the time the application is submitted. Applications shall be processed in the order in which payments of the non-reimbursable fee are received by the SEC. In case the desktop review requires more than 2 working days, the SEC will include the cost in the quote mentioned in paragraph 5 below.

Costs associated with on-site assessment of headquarters and witnessing of an AOE

3. The applicant entity shall pay directly to members of each CDM-AT the following items:

(a) Business airfare for each assessment team member (dates and schedules to be coordinated through the SEC);

(b) Accommodation, including breakfast in a four star hotel;

4. In addition, the applicant entity shall pay to the SEC an amount to cover the cost for the work provided by the CDM-AT members. The SEC shall make publicly available the cost charged for one CDM-AT member per day. The SEC shall provide the applicant entity with a quote indicating the number of CDM-AT members and the days of intervention. The applicant entity, if it wishes to pursue the application, shall pay in advance the amount quoted.

Witnessing

5. The applicant entity shall pay directly for each CDM-AT the following costs:

(a) Business airfare for each assessment team member (dates and schedules to be coordinated through the SEC);

(b) Accommodation, including breakfast, in a four star hotel;

6. In addition the applicant entity pay to the SEC the cost for the work provided by the CDM-AT member(s). The SEC shall provide the applicant entity with a quote indicating the number of CDM-AT members and of the days of intervention. The applicant entity, if it wishes to pursue the application, shall pay in advance the amount quoted.

Appeal

7. In case the appealing entity is given right through the appeals procedure, the cost of the appeal shall be paid for by the executive board. If the appeal is rejected, the entity that appealed shall pay the related costs.

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[18])*;

(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)*, including a procedures manual on how the entity conducts validation and/or verification and certification activities;

(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

[18] Some of the elements in this list are taken from the M&P (marked accordingly).

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

FORMS USED IN THE CDM ACCREDITATION PROCESS

The executive board, at its third meeting, requested the secretariat to prepare forms necessary for the accreditation process for consideration by the board at its fourth meeting. The list below indicates the necessary forms (F-CDM-__) by step of the accreditation procedures. Some forms can be used at several steps. The drafts of the forms are availabe on the UNFCCC WWW site and the executive board extranet.

Application for accreditation

- F-CDM-A = Application for accreditation

Desktop review

- F-CDM-DR = Desktop review report

On-site assessment of the applicant entity

- F-CDM-OR = On-site assessment report form
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Witnessing of activities performed by the applicant entity

- F-CDM-WR = witnessing report form
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Spot-check/Unscheduled surveillance

- Spot-check/unscheduled surveillance report (to be prepared at at later stage)
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Other

- F-CDM-CA = Confidentiality and non-disclosure agreement for personnel taking part in an assessments (CDM-AP members, CDM-AT member)

Preliminary report

- F-CDM-PR = Preliminary report (includes, as attachments, forms used in the preceding steps)

Final report

- F-CDM-FR = Final report (includes, as attachment, F-CDM-PR)

Attachment 3

TENTATIVE TIMETABLE OF THE CDM ACCREDITATION PANEL [1]

From	*To*	*Meeting*[*]	*Location*
09 Jun	10 Jun	EB 04-2	Bonn
24-25 June		**Panel 01**	**Johannesburg, South Africa**
29-30 July		**Panel 02**	**Bonn**
31 Jul	01 Aug	EB 05	Bonn
27-28 August		**Panel 03**	**Johannesburg, South Africa**
31 Aug	01 Sep	EB 06	Johannesburg, South Africa
21-22 October		**Panel 04**	**New Delhi, India**
20 Oct	20 Oct	EB 07-1	Electronic, if required
02 Nov	03 Nov	EB 07-2	New Delhi, India
9-10 December		**Panel 05**	**TBC**
1st Quarter 2003		**Panel 06**	**TBC**
2nd quarter 2003		**Panel 07**	**TBC**
Date	Date	SB 18	Bonn, TBC
3rd quarter 2003		**Panel 08**	**TBC**
3rd or 4th quarter 2003		**Panel 09**	**TBC**
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.

[1] The schedule of CDM-AP is subject to applications to applications being received by the executive board.

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