

CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Seventh meeting

Wissenschaftszentrum, Bonn (Germany)

20 – 21 January 2003

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I. PROPOSED AGENDA

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Annex 1: Recommendation by the CDM accreditation panel regarding a revision of the “Procedural guidelines for accrediting operational entities by the Executive Board of the clean development mechanism” (will be made available separately).

II. ANNOTATIONS TO THE PROPOSED AGENDA

1. Adoption of the agenda

1. **Background:** The Executive Board of the clean development mechanism (CDM) agreed, at its sixth meeting (New Delhi (India), 23 - 24 October 2002), on items to be included in the provisional agenda for its seventh meeting. In accordance with Rule 21 of the Rules of Procedure of the Executive Board, adopted by COP 8 through its decision 21/CP.8, subsequent additions or changes to the provisional agenda by members and/or alternate members were incorporated in the proposed agenda which was transmitted to the Board on 3 December 2002 and thereafter posted on the UNFCCC CDM web site.
2. **Action:** Members may wish to adopt the proposed agenda for the seventh meeting.

2. Election of Chair and Vice-Chair

3. **Background:** In accordance with Rule 12 of the Rules of Procedure of the Executive Board, the Board shall elect its own Chair and Vice-Chair, with one being a member from a Party included in Annex I and the other being from a Party not included in Annex I. The positions of Chair and Vice-Chair shall alternate annually between a member from a Party included in Annex I and a member from a Party not included in Annex I. At the first Executive Board meeting of each calendar year, the Board shall elect a Chair and a Vice-Chair from among its members.
4. **Action:** For the year 2003, the Board may wish to elect its Chair from among the members from Parties included in Annex I and its Vice-Chair from among the members from Parties not included in Annex I.

3. Work plan

(a) Accreditation of operational entities

5. **Background:** In accordance with decision 21/CP.8 (*Guidance to the Executive Board of the CDM*), the Executive Board is authorized to accredit operational entities and designate them, on a provisional basis, pending the designation by the COP at its next session.
6. The Executive Board, at its sixth meeting, had agreed - having considered an oral report by the Chair of the accreditation panel (CDM-AP), Mr. John Kilani - on further guidance to the CDM-AP on a number of issues and its further work (contained in sub-agenda item 2 (a) of the report of the Executive Board at its sixth meeting).
7. The Board had also invited public comments on the "Procedural guidelines for accrediting operational entities by the Executive Board of the clean development mechanism" to be submitted until 30 November 2002. Three comments, including one on behalf of the European Union, were received and made publicly available in the UNFCCC CDM web site.
8. The CDM-AP has further considered the "Procedural guidelines for accrediting operational entities by the Executive Board of the clean development mechanism" and agreed, at its fourth meeting (6-7 December 2002), to recommend a revised document for consideration by the Board at its seventh meeting (Annex 1). This annex will be made available two weeks before the seventh meeting of the Board in accordance with Rule 24 of the Rules of Procedures of the Executive Board.
9. The Chair of the CDM-AP will report to the Board at its seventh meeting on the work undertaken by the CDM-AP, in particular on progress made regarding the accreditation of operational entities.

10. **Action:** Members shall take note of the guidance by the COP and may wish (a) to consider the recommendations by the CDM-AP on “Procedural guidelines for accrediting operational entities by the Executive Board of the clean development mechanism” as well as public comments received on the matter, (b) to consider the report by the Chair of the CDM-AP, and (c) to provide guidance to the CDM-AP, as appropriate.

(b) Methodologies for baselines and monitoring plans

11. **Background:** COP 8, through its decision 21/CP.8 (*Guidance to the Executive Board of the CDM*), adopted the simplified modalities and procedures for small-scale CDM project activities which had been recommended by the Board. Work on this issue can therefore proceed as planned.

12. At its sixth meeting, the Board - having considered an oral report by the Chair of the panel on baseline and monitoring methodologies (Meth Panel), Mr. Gylvan Meira Filho - had requested the Meth Panel to prepare recommendations, for consideration by the Board at its seventh meeting, on the following issues:

- (a) A glossary for the CDM project design document (CDM-PDD);
- (b) A Simplified project design document for small-scale CDM project activities;
- (c) An indicative list of simplified methodologies for small-scale CDM project activities;
- (d) Provisions for avoiding debundling of larger project activities into small-scale CDM project activities.

13. At its third meeting, held in Paris (France) on 27 and 28 November 2002, the Meth Panel agreed on final recommendations on the issues referred above and forwarded them to the Board on 5 December 2002. In accordance with Rules 24 and 35 of the Rules of Procedure of the Executive Board, these recommendations were made publicly available on the UNFCCC CDM web site.

14. The Chair of the Meth Panel will report to the Board on the work undertaken by the Meth Panel.

15. Apart from requesting the Meth Panel to prepare recommendations, the Board, at its sixth meeting, also invited further public comments on the simplified project design document for small-scale CDM project activities, the indicative list of simplified methodologies for small-scale CDM project activities and provisions for avoiding debundling. These comments were to be submitted until 30 November 2002 with a view to the Board reviewing them at its seventh meeting. Seventeen comments, including one on behalf of the Government of Japan and one on behalf of the European Union, were received and made publicly available on the UNFCCC CDM web site.

16. **Action:** The Board shall take note of the guidance by the COP. It may further wish (a) to take note of the oral report by the Chair of the Meth Panel; (b) to consider recommendations by the Meth Panel on a draft glossary for the CDM-PDD and agree on such a glossary, as appropriate; (c) to consider recommendations by the Meth Panel and public comments on the simplified project design document for small-scale CDM project activities, the indicative list of simplified methodologies for CDM small-scale project activities and provisions for avoiding debundling; (d) to agree, as appropriate, on the items listed in (c) above; and (e) to provide guidance to the Meth Panel, as appropriate.

(c) Matters related to the registration of CDM project activities

17. **Background:** In accordance with sub-paragraph 5 (o) of the Annex to decision 17/CP.7 on modalities and procedures for a CDM (CDM M&P), the Board shall elaborate and recommend to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP)

procedures for conducting the reviews referred to at stages of registration of project activities (see paragraph 41) and of issuance of certified emission reductions (CERs) (see paragraph 65), including, *inter alia*, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. Until their adoption by the COP/MOP, the procedures shall be applied provisionally.

18. With requests for registration of project activities being imminent, the Board may wish to consider the development of draft procedures for conducting reviews (henceforth called “review procedures”), agree on them, as appropriate, and apply them provisionally until adopted by the COP or COP/MOP (upon entry-into-force of the Kyoto Protocol).

19. In developing draft review procedures, taking into consideration the scope and requirements for reviews stipulated in paragraphs 41 and 65, the Executive Board may wish to consider a number of issues, including:

(a) In which form should the required “three” Board members or Party concerned forward their complaints to the Board? For example, should reasons for a request for review be stated? Should these reasons be made publicly available?

(b) Which opportunity would be provided to project participants and the designated operational entity to respond to a request for review? What is the time frame for this process? If opportunities for providing further information are given, to which extent should such information be made publicly available?

(c) How should matters related to the designated operational entity be dealt with? What are the implications for the accreditation process?

20. **Action:** The Board may wish (a) to consider issues relating to the elaboration of draft review procedures, and (b) to agree on further action to be taken.

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

21. **Background:** Regarding definitions and modalities for including afforestation and reforestation activities under the CDM in the first commitment period, the Board, at its sixth meeting, took note of an oral report from Mr. Stehr on progress made and work ahead. At its seventeenth session, the SBSTA continued its consideration of this issue and requested the secretariat, under the guidance of the Chair of the SBSTA, to prepare options papers, as referred to in the agreed terms of reference and agenda for work (contained in the report of SBSTA 16 (FCCC/SBSTA/2002/6)), based on submissions from Parties and inputs from Parties at SBSTA 17. Three options papers have been prepared in response to this mandate and are available on the UNFCCC web site (see documents FCCC/SBSTA/2003/5, 6 and 7). They contain modalities for addressing non-permanence; baselines, additionality and leakage; and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems. SBSTA 17 also reiterated its request to the secretariat to organize, subject to the availability of supplementary funding, a workshop in early February 2003 to facilitate an exchange of views on the modalities for including afforestation and reforestation project activities under the CDM in the first commitment period. The workshop is planned to take place in Iguacu (Brazil) from 12-14 February 2003.

22. Regarding the development of registries, including the CDM registry, the Board, at its sixth meeting, took note of information provided by Mr. Pluzhnikov and the secretariat on the status of work. Subsequent to this meeting, COP 8 recommended to COP/MOP1 the adoption of general design requirements for the technical standards for data exchange between registry systems under the Kyoto Protocol, as contained in the annex to decision 24/CP.8. It also requested the secretariat to elaborate, prior to COP 9, detailed specifications of how the exchange of data is to occur between national registries,

the CDM registry and the transaction log. This work is to take place in conjunction with the development of the transaction log by the secretariat.

23. In addition to the requirements contained in decision 17/CP.7, the CDM registry will also need to conform to the general design requirements, and their detailed specifications, for the exchange of data. As the CDM registry will need to be in place prior to COP 9, the development of an “interim” CDM registry would need to be considered. Such an “interim” CDM registry could focus on the functions required to issue and record CERs in a coherent and consistent manner.

24. **Action:** The Board may wish (a) to take note of the above-mentioned developments, and (b) agree, as appropriate, on any action to be taken regarding (i) the conclusions of SBSTA 17 on further work on definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period, and (ii) the implementation of decision 24/CP.8 on technical standards for data exchange between registry systems. Action on the latter may include the nomination of a Board member to replace Mr. Salamat who, together with Mr. Pluzhnikov, follows registry matters on behalf of the Board.

3. Other matters

(a) Rules of Procedure of the Executive Board

25. **Background:** By its decision 21/CP.8 (*Guidance to the Executive Board of the CDM*), COP 8 adopted the Rules of Procedure and encouraged the Board to keep these Rules under review and, if necessary, to make recommendations, in accordance with paragraph 5 (b) of the CDM M&P, on any amendments or additions aimed at safeguarding its efficient, cost-effective and transparent functioning. In the preamble to the same decision, the COP noted with appreciation the first report of the Board to the COP and encouraged the Board to continue reporting on its activities, including on the implementation of Rules 26 and 27 of the adopted Rules of Procedure.

26. **Action:** The Board shall take note of decision 21/CP.8 and may wish to consider further action, as appropriate.

(b) Other business

(i) Schedule of Board meetings in 2003

27. **Background:** At its sixth meeting, the Board agreed on a draft tentative schedule of meetings for 2003, with the tentative schedule to be adopted at its seventh meeting (see Annex 4 of the report of the sixth meeting of the Executive Board).

28. **Action:** The Board may wish to agree on the dates for its meetings in 2003.

(ii) Availability of resources

29. **Background:** By its decision 21/CP.8 (*Guidance to the Executive Board of the CDM*), COP 8 reiterated its invitation to Parties to finance the administrative expenses of operating the CDM by making contributions to the UNFCCC Trust Fund for Supplementary Activities. The Government of France pledged US\$ 385,000 in support of CDM activities at COP 8.

30. At its sixth meeting, the Board had taken note of an oral report by the secretariat on the status of financial resources available for the work of the CDM and on updated information on projected needs in 2003 as well as indicative budget estimates for 2004. The Board requested the secretariat to present a revised budget for 2003-2004 at its seventh meeting. This revision should include cost estimates (a) for

allowing experts from non-Annex I Parties who have been accepted on the roster for CDM accreditation teams (CDM-AT) to observe the work of a CDM-AT, and (b) for convening a joint workshop between the Board, the CDM-AP and experts from the roster for CDM-AT, to be held in conjunction with the Board meeting in March, subject to the availability of resources.

31. The secretariat will report to the Board by presenting the revised budget 2003-2004 and providing up-to-date information on the receipt of commitments as well as fees.

32. **Action:** The Board shall take note of decision 21/CP.8. It may further wish (a) to take note of the report by the secretariat, (b) to express its appreciation to Parties which have contributed to the UNFCCC Trust Fund for Supplementary Activities for the work related to the CDM, and (c) to welcome the initiative by the Executive Secretary to draw the attention of Parties to the requirements for the CDM.

(iii) Resignation of a member and of an alternate

33. **Background:** At its sixth meeting, the Board took note of the resignation of Mr. Salamat and, in accordance with paragraphs 8 and 11 of the CDM M&P, agreed to request the COP, at its eighth session, to elect a new member. Mr. Hassan Tajik has been nominated by the Asian regional group and elected by COP 8. His Oath of service has been received by the secretariat on 10 December 2002.

34. On 12 November 2002, Mr. Al Sunaid, alternate member nominated by the non-Annex I Parties constituency and elected by COP 7 in accordance with paragraph 7 and 8 of the CDM M&P, announced his resignation to the Chair of the Board and to the secretariat. The Chair of the Board would like to inform that the Asian regional group has nominated Mr. Fareed Al-Asaly as a candidate to replace Mr. Al-Sunaid.

35. **Action:** The Board may wish (a) to welcome Mr. Hassan Tajik as a Board member; and (b) to take note of the resignation of Mr. Al Sunaid and agree, in accordance with paragraphs 8 and 11 of the CDM M&P and Rule 8 of the Rules of Procedure of the Executive Board, on the process for appointing a new alternate member for the remainder of the mandate of Mr. Al-Sunaid.

(iv) Relationship with intergovernmental and non-governmental organizations:

36. **Background:** At the end of its sixth meeting, on 24 October 2002, Board members and alternates provided informal briefings to representatives of the IGO and NGO communities as well as the local government and indigenous peoples representatives.

37. **Action:** The Board may wish to avail itself for informal briefings in the afternoon of 21 January 2003.

4. Conclusion of the meeting

38. The Chair may wish to summarize the meeting and the decisions taken.

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