

Annex 4**PROCEDURES FOR REVIEW AS REFERRED IN PARAGRAPH 41 OF THE CDM MODALITIES AND PROCEDURES****A. Background**

1. In accordance with paragraph 5 (o) of the CDM modalities and procedures (CDM M&P), the Executive Board shall elaborate and recommend to the COP (COP/MOP), for adoption at its next session, procedures for conducting the reviews referred to in paragraphs 41 and 65 of the CDM M&P including, *inter alia*, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. Until their adoption by the COP (COP/MOP), the procedures shall be applied provisionally.
2. Paragraph 41 of the CDM M&P stipulates that the registration by the Executive Board shall be deemed final eight weeks after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the project activity or at least three members of the Executive Board request a review of the proposed CDM project activity. The review by the Executive Board shall be made in accordance with the following provisions:
 - (a) It shall be related to issues associated with the validation requirements;
 - (b) It shall be finalized no later than at the second meeting following the request for review, with the decision and the reasons for it being communicated to the project participants and the public.
3. The draft procedures for review proposed below aim at elaborating on the provisions in paragraph 41, in particular by specifying detailed provisions for requesting a review, the scope of review, modalities for communicating with project participants and the DOE in question, possible outcomes of a review and the coverage of costs related to the review.

B. Request for review

4. A request for review by a Party involved in the proposed project activity shall be sent by the relevant designated national authority to the Executive Board, through the secretariat, using official means of communication (such as recognized official letterhead and signature or an official dedicated e-mail account). The secretariat shall acknowledge the receipt of a request for review and promptly forward the request to the Executive Board via the list-serve.
5. A request for review by a member of the Executive Board shall be made by notifying the Executive Board. The secretariat shall acknowledge the receipt of request for review and promptly forward the request to the Executive Board via the listserve.
6. In accordance with paragraph 41 of the CDM M&P, a review shall be related to issues associated with the validation requirements and a request for review shall, therefore, be specific in this regard.
7. A request for review shall:
 - (a) Include the form “CDM Project Activity Registration Review” contained in the annex to these procedures; (comments by Board members on the forms – reflect decision 17/CP.7) (*Note: Change needed because of requirement in para 4 above*)

(b) Provide reasons in support of the request for review, including any supporting documentation.

8. A request for review shall be considered to be received by the Executive Board as of the date it has been received by the secretariat. A request for review shall not be considered by the Executive Board if it is received after 17:00 GMT of the last day of the eight week period after the receipt of the request for registration.

9. The Executive Board will consider a request for review at its next meeting if a Party involved in a proposed CDM project activity or three Executive Board members request a review at least four weeks before the next meeting. For requests for review received less than four weeks before the next Executive Board meeting, the consideration shall be limited to the decision whether or not a review is granted (see paragraph 11 below). *(Note: This is proposed by the Chair of the Board in order to give stakeholders the opportunity to register in time and attend as observers the meeting in which the Board considers a request for review in detail)*

10. As soon as a Party involved in a proposed CDM project activity or three Executive Board members request a review of a proposed project activity, the following action shall be taken:

(a) The consideration of a review of the proposed project activity shall be included in the proposed agenda of the next Executive Board meeting;

(b) The Executive Board shall notify the project participants and the DOE which validated the proposed project activity that a review has been requested. The project participants and the DOE shall be informed about the date and venue of the next Executive Board meeting;

(c) The project participants and the DOE shall each provide a contact person for the review process, including for a conference call, in case the Executive Board would like to address questions to them during the consideration of a review at its meeting;

(d) The proposed project activity shall be marked as being “under review” on the UNFCCC CDM web site and a notification be sent through ‘UNFCCC CDM News’ facility.

C. Scope and modalities of review

11. The Executive Board shall consider, at its next meeting, a request for review and either decide to undertake a review of the proposed project activity or register it as a CDM project activity.

12. If the Executive Board agrees to undertake a review of a proposed project activity, it shall, at the same meeting, decide on:

(a) The scope of the review, based on the consideration of a the request for a review;

(b) The composition of a review team. The review team shall consist of two Board members responsible for supervising the review and outside experts, as appropriate.

12bis The review team, under the guidance of Board members responsible for supervising the review, shall provide inputs, prepare requests for clarification and further information to the DOE and project participants, analyze information received during the review.

(Note: Given the expertise needed and short time-frame for conducting a review, the Executive Board will probably need to have a roster of experts readily available. The Board may also consider the resource implications of using outside expertise. Possible peer review by DOEs?)

D. Review process

- 13. The decision by the Board on the scope of the review shall be made publicly available as part of the report of its meeting.
- 14. Project participants and the DOE which validated the proposed project activity shall be notified of the decision by the Executive Board.
- 15. A request for clarification and further information shall be sent to the DOE and the project participants. Answers shall be submitted to the review team, through the secretariat, within five (5) working days after the receipt of the request for clarification. The secretariat shall acknowledge the receipt of the answers and forward them to the review team.
- 16. The two Board members supervising the review shall be responsible for the compilation of inputs and comments and prepare the recommendation to be forwarded to the Executive Board via list serve at least two weeks before the next Executive Board meeting.

E. Review decision


- 17. In accordance with paragraph 41 of the CDM modalities and procedures, the review by the Board shall be finalized no later than at the second meeting following a request for review.
- 18. Taking into consideration recommendations by the two Board members responsible for the review, the Board shall decide on whether:
 - (a) To register the proposed project activity;
 - (b) To request the DOE and project participants to make corrections based on the findings from the review before proceeding with registration; or
 - (c) To reject the proposed project activity.
- 19. In accordance with paragraph 41, the Board shall communicate the decision to the project participants, the DOE that validated the proposed project activity and the public.
- 20. If the review uncovers any issues relating to fraud, malfeasance or incompetence of the DOE, the Board shall, in accordance with paragraph 29 (d) and (e) of the CDM modalities and procedures, conduct spot-checking of the DOE and, on the basis of the results, review whether the DOE continues to comply with the accreditation standards contained in Appendix A of the CDM modalities and procedures and with procedures for accreditation of operational entities, and on this basis, decide whether to suspend the DOE.

F. Coverage of costs

- 21. Option 1: The Executive Board shall bear the costs for reviewing a proposed project activity. [If the Executive Board decides to reject the registration of a proposed project activity and/or if a DOE is found in the situation of malfeasance or incompetence, the DOE shall reimburse the Board for the expenses incurred as a result of the review.]
or
Option 2: The Executive Board shall bear the costs for reviewing a proposed project activity;
or

DRAFT

Option 3: If the estimated costs for reviewing a proposed project activity exceed X per cent of the registration fee of this proposed project activity, the DOE shall bear and advance the additional costs.

| | |
|--|---|
|  | DRAFT: CDM-Project Activity Registration Review Form (By submitting this form, a DNA or Executive Board member requests that a review is undertaken) |
| Designated National Authority/Executive Board member submitting this form | |
| Title of the proposed CDM project activity submitted for registration | |
| Please indicate in accordance with paragraphs 37 and 40 of the CDM modalities and procedures which validation requirement(s) may require review. A list of requirements are provided below. Please provide reasons in support of the request for review, including any supporting documentation. | |
| <ul style="list-style-type: none"> <input type="checkbox"/> <i>The following are requirements derived from paragraph 37 of the CDM modalities and procedures:</i> <ul style="list-style-type: none"> <input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied; <input type="checkbox"/> Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received; <input type="checkbox"/> Project participants have submitted to the designated operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party; <input type="checkbox"/> The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures; <input type="checkbox"/> The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board; <input type="checkbox"/> Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP; <input type="checkbox"/> The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board. <input type="checkbox"/> <i>The following are requirements derived from paragraph 40 of the CDM modalities and procedures::</i> <ul style="list-style-type: none"> <input type="checkbox"/> The DOE shall prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development; <input type="checkbox"/> In accordance with provisions on confidentiality contained in paragraph 27(h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document; <input type="checkbox"/> The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available; <input type="checkbox"/> After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated; <input type="checkbox"/> The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and date of submission of the validation report to the Executive Board. The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received. | |
| Section below to be filled by UNFCCC secretariat | |
| Date received at UNFCCC secretariat | |

DRAFT