



FRAMEWORK CONVENTION ON CLIMATE CHANGE - Secretariat
CONVENTION - CADRE SUR LES CHANGEMENTS CLIMATIQUES -
Secrétariat

Date: 2 December 2003

Ref: CDM-EB-12

EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM

TWELFTH MEETING

Report

Date of meeting: 27–28 November 2003

Location: Milan, Italy

Attendance: The names of members and alternate members present at the meeting are bolded below. Where only the name of an alternate member is bolded, the alternate participated as a member.

Member	Alternate member
Mr. John W. Ashe ¹	Ms. Desna M. Solofa ¹
Mr. Jean-Jacques Becker ²	Mr. Martin Enderlin ²
Mr. John Shaibu Kilani ²	Mr. Ndiaye Cheikh Sylla ²
<i>(vacant)</i> ²	Mr. Eduardo Sanhueza ²
Mr. Sozaburo Okamatsu ²	Ms Sushma Gera ²
Mr. Oleg Pluzhnikov ¹	Ms Marina Shvangiradze ¹
Mr. Hassan Tajik ²	Mr. Chow Kok Kee ²
Mr. Hans Jürgen Stehr ¹	Mr. Georg Børsting ¹
Mr. Franz Tattenbach Capra ¹	Mr. Fared Al-Asaly ¹
Mr. Abdelhay Zerouali ¹	Mr. Xuedu Lu ¹

¹ Term: Two years for example, 2001–2003

² Term: Three years for example, 2001–2004

Quorum (in parenthesis required numbers): **10** (7) members/alternate members acting as members present of which **4** (3) from Annex I Parties and **6** (4) from non-Annex I Parties.

WWW broadcasting: <http://unfccc.int/cdm>

**Agenda item 1. Membership issues (including disclosure of possible conflict of interest)**

1. No conflict of interest was reported.
2. The Chair informed the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) of a letter forwarded by the secretariat on behalf of the Chair of the Board to the Vice-President of the Conference of the Parties (COP), Mr. Menéndez, recalling the current vacancies on the Board and the provisions governing membership contained in the CDM modalities and procedures.
3. Bearing in mind the need to ensure continuity of work by the Executive Board, in particular with regard to the Chair and Vice-Chair being in office in the period between the election of new members and alternates and the first meeting of the Executive Board in a calendar year, the Board recommends that COP consider, at its ninth session, the inclusion in its decision on guidance to the Executive Board, an amendment to the rules of procedure of the Executive Board as contained in annex 1 to this report.

Agenda item 2. Adoption of the agenda

4. The Board adopted the agenda as proposed.

Agenda item 3. Work plan**Agenda sub-item 3 (a): Accreditation of operational entities**

5. The Board considered the progress report presented by Mr. John Kilani, the Chair of the CDM Accreditation Panel (CDM-AP), on the CDM-AP including the status of applications, and the process of desk reviews and on-site assessments. The Board welcomed the proposal by the Chair of the CDM-AP to continue submitting such progress reports on a regular basis.
6. The Board took note of the intention of the CDM-AP to issue “indicative letters”¹ to four (4) applicant entities (AEs) that have successfully completed desk reviews and on-site assessments. The names of the four AEs are: (i) Japan Quality Assurance Organization, (ii) Det Norske Veritas Certification Ltd., (iii) TÜV Süddeutschland Bau und Betrieb GmbH, and (iv) Tohmatsu Evaluation and Certification Organization. The Board also expressed deep appreciation to the members of the CDM-AP and the CDM assessment teams (CDM-ATs) for their dedicated work in undertaking desk reviews, on-site assessments and for the panel's consideration of the CDM-AT reports on an expedited basis.
7. The Board, taking into consideration the necessity for continuity of work in the CDM-AP, agreed, in accordance with the terms of reference of the CDM-AP, to designate the five present members of the panel to serve for a second term (from 1 January 2003 to 30 June 2005).
8. The Board took note, with appreciation, of the applications received from interested applicants in response to the call for experts to serve on the CDM-AP. The Board recalled, that in accordance with the terms of reference of the CDM-AP, the present members of the CDM-AP would not be eligible to serve for another term beyond the one ending on 30 June 2005.
9. Recognizing the need to ensure continuity and wide geographical representation in the CDM-AP, the Board agreed to further consider the following issues at its fourteenth meeting:

- (a) Options for revising the terms of reference of the CDM-AP with a view to possibly staggering the terms of panel members;

¹ In accordance with the "Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (Version 03)", an indicative letter is issued by the CDM-AP if it concludes that an applicant entity has satisfied the desk review and on-site requirements .



(b) Options for further promoting applications by experts with a view to obtaining a wider regional spread of members on the CDM-AP and CDM-ATs.

10. The Board took note of the request by the CDM-AP to convene a joint coordination event for the Board and members of the CDM-AP, CDM-AT and Meth Panel.

11. In accordance with paragraph 4 (b) of the CDM modalities and procedures, the Board agreed on a recommendation to the COP, to consider the need for promoting capacity-building, with a view to obtaining more applications from operational entities, located in non-Annex I Parties.

Agenda sub-item 3 (b): Methodologies for baselines and monitoring plans

12. The Board took note of oral reports by Mr. Jean-Jacques Becker, the Chair of the Panel on baseline and monitoring methodologies (Meth Panel), and Mr. Franz Tattenbach, Vice-Chair of the Meth Panel, on the work of the panel.

13. The Board, taking into consideration recommendations by the Meth Panel regarding revisions to appendix B of the simplified modalities and procedures for CDM small-scale project activities, agreed on amendments as contained in annex 2 to this report.

14. The Board took note of the draft recommendations prepared by the Meth Panel regarding the revisions in the CDM Project Design Document (CDM-PDD) and the process for collecting public inputs on these, and will consider the final recommendations at its thirteenth meeting.

15. The Board considered a note, prepared by the Chair and the Vice-Chair of the Meth Panel, on implications of national and/or sectoral policies and circumstances on the establishment of a baseline scenario, as well as barriers for investment. It agreed to request the Meth Panel, for the consideration of the Board at its fourteenth meeting, to further:

(a) Prepare recommendations on how to take into account national and/or sectoral policies and circumstances on the establishment of a baseline scenario, without creating perverse incentives that may impact host Parties' contributions to the ultimate objective of the Convention; and

(b) Analyze investment barriers, taking into account suggestions made by members and alternates, thus broadening the scope of the current note.

16. The Board agreed on the need for further analysis of criteria and conditions, related to proposals for new methodologies, developed for project activities that constitute a "continuation of existing practices". Taking into account the presentation by the Chair of the Meth Panel, and views expressed by members and alternates of the Board, the Board requested the Meth Panel to further consider methodological issues related to such project activities, and to prepare recommendations thereon to be presented to the Board at its fourteenth meeting. It was further agreed that methodologies proposed for such project activities shall not be considered before the Board had agreed on an approach to that issue.

17. The Board requested the Meth Panel to take into consideration the following issues when making recommendations on proposed new methodologies and reformatting approved methodologies:

(a) The need to explore consolidation options, in relation to approved methodologies, applicable to landfill gas project activities; and

(b) The need to provide criteria for choosing from different methodological approaches such as operating margin, build margin or combined margin, for methodologies related to project activities which deliver electricity to the grid.



18. Taking into consideration recommendations by the Meth Panel, desk reviewers and seven public inputs, the Board considered three proposals for new baseline and monitoring methodologies and agreed on the following recommendations:

NM0001 rev: Methodologies proposed for Vale do Rosario Bagasse Cogeneration

19. The Board agreed to approve the proposed baseline and monitoring methodologies contained in annexes 3 and 4 of proposal NM0001 rev.

20. The Board requested the Chair of the Executive Board to reformat, with the assistance of the Chair of the Meth Panel, members of the Meth Panel and the secretariat, the baseline and monitoring methodologies for proposal NM0001 rev, in order to:

- (a) Incorporate the titles proposed by the Meth Panel;
- (b) Incorporate applicability conditions as proposed by the Meth Panel;
- (c) Incorporate the minor changes proposed by the Meth Panel and issues raised by the Board; and
- (d) Edit the document to improve its presentation, by removing repetitive paragraphs and improving syntax, and ensuring that it reflects methodology-specific information and not project-specific information.

21. The Board requested the Meth Panel to prepare a recommendation for the Board, to be presented at its thirteenth meeting, on whether the applicability of these proposed baseline and monitoring methodologies could be further generalized so that they would also pertain to:

- (a) Other biomass cogeneration project activities where no methane would be released from the feed stock; and
- (b) Nuclear or biomass dominated grids.

22. The Board further agreed that, before being posted on the UNFCCC CDM web site, the reformatted version of the proposed new methodologies would be forwarded to the Board via list serve. Comments by members and alternates will be invited for a period of ten (10) working days.

23. The Chairs of the Meth Panel and the CDM-AP informed the Board that those methodologies will be linked to scope 1 of accreditation (energy industries).

NM0021: CERUPT Methodology for Landfill Gas Recovery

24. The Board agreed to approve the proposed baseline and monitoring methodologies contained in annexes 3 and 4 for proposal NM0021.

25. The Board requested the Chair of the Executive Board to reformat, with the assistance of the Chair of the Meth Panel, members of the Meth Panel and the secretariat, the baseline and monitoring methodologies for proposal NM0021 in order to:

- (a) Incorporate the titles proposed by the Meth Panel;
- (b) Incorporate applicability conditions as proposed by the Meth Panel;
- (c) Incorporate the minor changes proposed by the Meth Panel and issues raised by the Board; and



(d) Edit the document to improve its presentation, by removing repetitive paragraphs and improving syntax, and ensuring that it reflects methodology-specific information and not project-specific information.

26. The Board further agreed that, before being posted on the UNFCCC CDM web site, the reformatted version of the proposed new methodologies would be forwarded to the Board via list serve. Comments by members and alternates will be invited for a period of ten (10) working days.

27. The Board noted the recommendation by the Meth Panel of the need for proposal NM0021 to provide reasons to assert whether biogas generation and oxidation in a landfill would be identical for the baseline scenario and the project activity. As this is an issue relevant to all methodologies for landfill gas project activities, the Board agreed, however, that it should not be a reason for not approving proposal NM0021. The Board requested the secretariat to prepare a technical paper, for consideration by the Meth Panel, on the impact of oxidation of biogas in the calculation of emission reductions of methane (CH₄) for landfill gas project activities. The Board agreed that the Meth Panel shall prepare a recommendation on this issue to be presented to the Board, for its consideration, at its fifteenth meeting.

28. The Chairs of the Meth Panel and the CDM-AP informed the Board that those methodologies will be linked to scope13 for accreditation (waste handling and disposal).

NM0023: Methodologies proposed for El Gallo Hydro-electric Project

29. The Board agreed to approve the proposed baseline and monitoring methodologies contained in annexes 3 and 4 for proposal NM0023.

30. The Board requested the Chair of the Executive Board to reformat, with the assistance of the Chair of the Meth Panel, members of the Meth Panel and the secretariat, the baseline and monitoring methodologies for proposal NM0023 in order to:

- (a) Incorporate the titles proposed by the Meth Panel;
- (b) Incorporate applicability conditions as proposed by the Meth Panel and issues raised by the Board;
- (c) Incorporate the minor changes proposed by the Meth Panel; and
- (d) Edit the document to improve its presentation, by removing repetitive paragraphs and improving syntax, and ensuring that it reflects methodology-specific information and not project-specific information.

31. The Board further agreed that before being posted on the UNFCCC CDM web site, the reformatted version of the proposed new methodologies would be forwarded to the Board via list serve. Comments by members and alternates will be invited for a period of ten (10) working days.

32. The Chairs of the Meth Panel and the CDM-AP informed the Board that those methodologies will be linked to scope 1 of accreditation (energy industries).

**Agenda sub-item 3 (c): Matters related to the registration of CDM project activities**

33. The Board took note of an oral report by Mr. Georg Børsting, Mr. Xuedu Lu and Mr. Fareed Al Asaly on progress of work on matters related to registration of CDM project activities and agreed on recommendations to COP 9, for its consideration at its ninth meeting, regarding paragraphs 12 and 13 of decision 17/CP.7 as contained in annex 3 of this report.

34. The Board agreed to consider, at its thirteenth meeting, a recommendation on documentation regarding the 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.

Agenda sub-item 3 (d): CDM registry

35. The Board took note of a presentation by the secretariat on issues and options concerning the development of the CDM registry and agreed that:

(a) The secretariat is to further explore the development of the CDM registry, including the possibility of adapting one of the registry software systems identified through the public call for input, and to report on progress to the Board at its fourteenth meeting, taking account of the:

- (i) Overall costs, including maintenance and licensing costs;
- (ii) User-friendliness of the CDM registry and its interfaces with the transaction log, national registries and the UNFCCC CDM web site;
- (iii) Time of delivery of the CDM registry; and
- (iv) Other software systems identified through the public call for input.

(b) The CDM registry would include temporary accounts for Annex I Parties, and project participants from such Parties, until national registries for such Parties and entities would be operational, for the purposes of receiving certified emission reductions (CERs) forwarded to them from the pending account and for transferring such CERs to accounts in national registries; and

(c) The Board would further consider the issue of whether non-Annex I Parties, and project participants from such Parties, might transfer CERs from their accounts in the CDM registry to accounts in national registries of Annex I Parties.

36. The Board requested Ms. Sushma Gera and Mr. Xuedu Lu to continue to follow issues relating to registries, including deliberations during the nineteenth meeting of the Subsidiary Body for Scientific and Technological Advice (SBSTA), and to report on progress to the Board at its thirteenth meeting.

Agenda sub-item 3 (e): Modalities for collaboration with the SBSTA

37. The Board took note of an oral report by Mr. Eduardo Sanhueza on the deliberations by the SBSTA on “Definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period”. No further action was required. Mr. Eduardo Sanhueza and Mr. Martin Enderlin will continue to follow the matter during SBSTA 19 and COP 9.

38. The Board took note of an oral report by the secretariat on the deliberations by the SBSTA on elements of a future SBSTA work programme on methodological issues. No further action was required. Mr. Chow Kok Kee will continue to follow the matter during SBSTA 19.

**Agenda item 4. Other matters****Agenda sub-item 4 (a): Availability of resources**

39. The Chair invited the Acting Deputy Executive Secretary, Mr. Richard Kinley, to make a presentation to the Board on the provisions for resources for CDM related activities contained in the proposed programme budget 2004–2005, “Note by the Executive Secretary” (FCCC/SBI/2003/15 and Add.1).

40. The Board took note of the presentation and agreed on the need to call on Parties for continued contributions in 2004 for the prompt start of the CDM, to be made to the UNFCCC Trust Fund for Supplementary Activities, with a view to ensuring the continuation and sustainability of work.

41. The Board requested the secretariat to convene a joint coordination event for the Board and members of the CDM-AP, CDM-AT and Meth Panel in the first half of 2004 and invited a special contribution from Parties to finance this event.

42. The Board welcomed recent contributions/pledges received, since October, from the governments Canada, Germany, Italy, Netherlands and Sweden.

Agenda sub-item 4 (b): Relationship with intergovernmental and non-governmental organizations (registered accredited observers)

43. The Board met with registered observers for informal briefings on 28 November 2003 and agreed to continue with such meetings in the afternoon of the second day of its future meetings, unless otherwise indicated. These meetings are available on webcast.

Agenda sub-item 4 (c): Schedule of Board meetings in 2004

44. The Board agreed to hold its thirteenth meeting from 1 to 2 March 2004. The Board agreed on the provisional agenda for its thirteenth meeting as contained in annex 4 of this report.

45. The Board further agreed to continue to meet with the same type of arrangement as at its twelfth meeting, with space being made available for 50 observers, and to reconsider the issue when necessary. Observers to the thirteenth meeting of the Executive Board shall have registered with the secretariat by 9 February 2004, no later than 17:00 GMT.

Agenda sub-item 4 (d): Other business

46. The Board took note, with appreciation, of information forwarded and correspondence received from the public since its eleventh meeting.

47. The Board agreed to issue an addendum to its report to COP 9 with the recommendations contained in paragraph 9 above and annexes 1 and 3 of this report.

Agenda item 5. Conclusion of the meeting

48. The Chair summarized the main conclusions. The Board expressed its deep appreciation to the outgoing Chair, Mr. Hans Jürgen Stehr, and Vice-Chair, Mr. Franz Tattenbach, for the outstanding leadership and dedication in ensuring that the CDM is operated in an efficient, cost-effective and transparent manner. The Board also thanked all outgoing members and alternate members for their hard work during their tenure.



Agenda sub-item 5 (a): Summary of decisions

49. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the rules of procedure of the Executive Board.

Agenda sub-item 5 (b): Closure

50. The Chair closed the meeting.