



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Fourteenth meeting

Bonn, Germany
12–14 June 2004

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II. ANNOTATIONS TO THE PROPOSED AGENDA

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

1. **Background:** The Executive Board agreed, at its eleventh meeting, that the Chair shall request, at the beginning of each meeting of the Board, members and alternates to disclose whether they consider that they have any conflict of interest relating to the work of the Board.
2. Mr. Hassan Tajik, member from the Asian Group, informed the Secretary of the Board by e-mail, that he intends to resign from the Board. Upon having received the official signed confirmation addressed to the Chair of the Board, the Coordinator of the Asian Group will be informed of the vacancy and requested to consult with the Group in order to nominate a replacement for Mr. Tajik.
3. **Action:** Members may consider information provided by any members and alternates and take action, as appropriate.

2. Adoption of the agenda

4. **Background:** The Board agreed, at its thirteenth meeting, on items to be included in the provisional agenda for its fourteenth meeting. In accordance with rule 21 of the rules of procedure of the Executive Board, subsequent additions or changes to the provisional agenda by members and/or alternate members were to be incorporated in the proposed agenda. No suggestions for changes were received. The proposed agenda was transmitted to the Board on 24 May 2004 and thereafter posted on the UNFCCC CDM web site.
5. **Action:** Members may wish to adopt the proposed agenda for the fourteenth meeting.

3. Work plan

(a) Accreditation of operational entities

6. **Background:** The Executive Board, at its thirteenth meeting, considered the progress report on the work of the CDM Accreditation Panel (CDM-AP) presented by Mr. John Kilani, Chair of the CDM-AP, including the status of applications, and the process of desk reviews and on-site assessments. The Board also took note of the issuance of an “indicative letter” to two (2) applicant entities (AEs) that had successfully completed desk reviews and on-site assessments. The Board agreed to the first phased accreditation of two designated operational entities. The Board also agreed to have a meeting with applicant entities and designated operational entities in conjunction with its fourteenth meeting.
7. The panel prepared its third progress report covering the period 8 March 2004 to 22 May 2004 during which one panel meeting was held. The CDM-AP agreed to make three recommendations for the phased accreditation of AEs. In accordance with paragraphs 47 and 48 of the "Procedure for accrediting operational entities by the Executive Board of the clean development mechanism (CDM) (version 03)", the information submitted to the Board by the CDM-AP, under separate cover, is considered confidential and the deliberations shall take place in a closed session. The third report further informs on the status of applications, the roster of experts and on key issues under consideration by the panel. The report also contains a revised version of the “desk review and on-site review report form (F-CDM-DOR)” for consideration of the specific sections by the Board.



8. **Action:** The Board may wish to consider (a) to take note of the report of the CDM-AP on the work of the CDM-AP and any update provided by its Chair; (b) the recommendations by the CDM-AP regarding the accreditation of applicant entities; (c) appropriate action regarding the revised form (F-CDM-DOR); and (d) further guidance to the CDM-AP, as appropriate.

(b) Methodologies for baselines and monitoring plans

9. **Background:** The Executive Board, at its thirteenth meeting, took note of the report of the ninth meeting of the Panel on baseline and monitoring methodologies (Meth Panel), and of an oral report by its Chair, Mr. Jean-Jacques Becker, on the work of the panel.

10. The Board considered at that meeting shortcomings and bottlenecks in the process of approval of methodologies and agreed on a number of immediate measures aimed at improving the quality of products and easing the workflow of consideration and approval of proposed new methodologies. The Board agreed to keep this matter under review and to develop a structured proposal on future work on methodologies. The Chairs of the Board and the two Panels on methodology and accreditation will prepare a note with further suggestions for consideration of the Board at its fourteenth meeting. Once available, this informal note will be shared with the Board via list serve.

11. The Board further agreed on the revised terms of reference for the Meth Panel (effective as of July 2004). It noted the availability of most of the current members of the Meth Panel to serve a second term and requested the secretariat to post on the UNFCCC CDM web site an invitation to experts to submit their application for consideration as members of the Meth Panel. The Board requested the secretariat to compile a list of applications and a short-list, including members currently serving on the Meth Panel who indicated their interest to continue, for further consideration by the Board at its fourteenth meeting with a view to designating members for the panel at that meeting. The invitation to experts was posted on the UNFCCC CDM web site from 7 April 2004 to 7 May 2004. The confidential list of 84 applications and related documentation are available on the access-restricted extranet of the Board. In accordance with past practice, the confidential short-list will be made available at the meeting.

12. The Board also requested the secretariat to prepare draft terms of reference for a possible working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities. Draft terms were prepared in accordance with the simplified modalities and procedures for small-scale CDM project activities and are contained in annex 1 to these annotations.

13. Since the thirteenth meeting of the Board, the Meth Panel held one four-day meeting (27-30 April 2004). The report of this tenth meeting of the Meth Panel has been made available to the Board for its consideration via the list serve and to the public on the UNFCCC CDM web site (<http://unfccc.int/cdm>) on 28 May 2004. At that meeting, the Meth Panel, in response to the request by the Board at its twelfth meeting, agreed on recommendations for the consolidation of a baseline and a monitoring methodology for:

(a) Project activities for renewable energy displacing grid electricity (contained in annex 1 of the report of the tenth meeting of the Meth Panel); and

(b) Landfill gas project activities (contained in annex 2 of the report of the tenth meeting of the Meth Panel).

14. In addition, the Meth Panel initiated the consolidation of tools to demonstrate that a proposed project activity is additional, i.e. different from the baseline scenario. It also considered the issues of national policies



and continuation of practices. The Chair of the Meth Panel will provide an oral report at the fourteenth meeting of the Board on the ongoing discussions in the Meth Panel on these issues.

15. The Meth Panel considered a total of seventeen (17) cases of proposed new methodologies for baselines and monitoring:

(a) Nine (9) new cases (NM0036, NM0037, NM0038, NM0039, NM0041, NM0042, NM0043, NM0044 and NM0045), which had been submitted by the deadline of 23 January 2004. They were made available for public input on the UNFCCC web site, announced through the UNFCCC CDM News facility and attracted a total of 17 public inputs;

(b) One case (NM0028) that had been revised and resubmitted in accordance with paragraph 16 of the procedures for submission and consideration of a proposed new methodology (version 04);

(c) Six (6) cases (NM0012-rev, NM0022-rev, NM0024-rev, NM0030-rev, NM0031-rev, NM0034-rev) have been revised and resubmitted in accordance with deliberations by the Board on these cases;

(d) One case (NM0017), for which the Board had requested the Meth Panel to reconsider its previous recommendation.

16. The Meth Panel, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on recommendations to the Board to:

(a) Approve cases NM0017, NM0022-rev and NM0028;

(b) Revise case NM0034-rev.

17. The Meth Panel agreed on preliminary recommendations for cases NM0037, NM0039, NM0041, NM0042 and NM0045.

18. No specific recommendations were prepared on proposals NM0012-rev, NM0024-rev, NM0030-rev, NM0036 and NM0043. These cases were considered in the context of the consolidation effort for the methodology for project activities for renewable energy displacing grid electricity.

19. The Meth Panel agreed that additional expertise on electrical power factors would be needed to analyze the documentation submitted for proposal NM0044 before finalizing its recommendation on that case. Due to lack of time, the Meth Panel had to postpone the consideration of proposals NM0031-rev and NM0038 at its eleventh meeting.

20. **Action:** The Board may wish to consider: (a) the report of the tenth meeting of the Meth Panel and oral updates by its Chair; (b) the recommendations by the Meth Panel on cases NM0017, NM0022-rev, NM0028 and NM0034-rev; (c) the recommendations by the Meth Panel for consolidated methodologies for project activities for renewable energy displacing grid electricity and landfill gas project activities; (d) the shortlist of applicants to the Meth Panel and select members for the new term of the Meth Panel; (e) annex 1 and agree on revised terms of reference for a possible working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities or any alternative arrangement; and (f) further guidance to the Meth Panel, as appropriate.



(c) **Matters relating to the registration of CDM project activities**

21. **Background:** The Board, at its thirteenth meeting, took note of an oral report by Mr. Georg Børsting and Mr. Xuedu Lu on progress of work on matters related to registration of CDM project activities.

22. The Board requested Mr. Jean-Jacques Becker, Mr. Georg Børsting and Mr. Chow Kok Kee, with the assistance of the secretariat, to prepare a revised version of the documentation related to the CDM project design document. It also requested the revision of related guidelines to be considered by the Board at its fourteenth meeting. The documentation is contained in annex 2 to this agenda.

23. **Action:** The Board may wish (a) to consider and agree, as appropriate, on the revised version of the CDM project design documentation and a document guiding their use; and (b) to provide additional clarifications and guidance on validation and registration procedures, as appropriate.

(d) **CDM registry**

24. **Background:** The Board, at its thirteenth meeting, considered six systems on which the development and implementation of the CDM registry could be based. These systems had been identified through the public call for inputs on the CDM registry and were the subject of an extensive information survey prior to the thirteenth meeting. The secretariat had undertaken an evaluation of these systems against criteria relating to both the technical functions of the systems and issues concerning the location and costs of hosting them.

25. The Board agreed that the secretariat was to proceed with the selection, development and implementation of a system in a manner that, inter alia, is in accordance with relevant UN procurement procedures and continues to give priority to the assessment of the technical functions and the timing of when the systems could be made operational. It further agreed that it would welcome any financial contributions by Parties as a means to cover necessary expenditures related to the selected system. The Board requested the secretariat to report on progress to its fourteenth meeting, outlining the activities undertaken and any further estimates of resource implications available at that time.

26. Since the thirteenth meeting of the Board, the secretariat has reviewed a number of options for the manner in which the selection, development and implementation of a system may be undertaken. It has adopted a phased approach: first, a developer for the CDM registry would be contracted and only subsequently would the most appropriate means for its hosting, under the responsibility given to the secretariat by the Board, identified. A framework agreement would also be put in place with the developer under which the secretariat could receive support in the future for issues concerning in particular the upgrading of the registry.

27. The secretariat is currently preparing a request for proposal (RFP) document, through which proposals for the development are to be solicited. This request takes into account work already undertaken by the secretariat and the Board in the course of identifying approaches and technical functions of the registry. The RFP will contain the requirements of the CDM registry, taking account of comments received from Board members on the version circulated after the thirteenth meeting. Under UN procurement procedures, the RFP is to be made available to any of the developers identified through the prior work of the Board and any other individual, company or government body expressing interest in submitting a proposal.

28. The secretariat expects to release the RFP around mid-June 2004, based on an “expression of interest” notification, with a view to the CDM registry to begin operation by the fourth quarter of 2004.

29. The selection of a developer would be followed by an evaluation of appropriate means to host the CDM registry, under the responsibility of the secretariat as CDM registry administrator. Separate work by the



secretariat has recently identified the roles to be performed by administrators of registries. In the case of the CDM registry, the following roles would need to be performed under the responsibility of the secretariat:

(a) Management-related roles. This includes the overall management of the registry, liaison with the Board, definition of business rules, consultation with stakeholders, definition of service level agreements, establishment of agreements with other registry systems, and management of the cooperation with other administrators;

(b) Application-related roles. This includes day-to-day activities such as the management of accounts and account access, the provision of user support and training, the monitoring of record logs, the review of transactions, the resolution of inconsistencies discovered through reconciliation processes, the publication of selected information, and the coordination of business continuity and system upgrades;

(c) Technical support roles. This includes the provision and maintenance of hardware, the management of the communications infrastructure (including a secure connection to the transaction log), database management, the archiving and backing-up of data, the implementation of disaster recovery procedures, the performance of technical upgrades and the resolution of day-to-day issues and problems as they arise.

30. The secretariat will need to assess whether some specialized technical tasks could be cost-effectively performed by a suitable external organization. In this case, any such organization would be identified in accordance with UN procurement procedures.

31. Further estimates of resource implications for developing, implementing and operating the CDM registry are not available at this stage. They will become clearer once proposals, in response to the RFP described above, have been submitted and evaluated.

32. In accordance with sub-paragraph 5 (o) of the CDM modalities and procedures, the Board is to elaborate and recommend to COP/MOP(COP) procedures for the review at issuance of CERs in accordance with paragraph 65 of the CDM modalities and procedures and apply those provisionally until adoption by the COP/MOP(COP).

33. **Action:** The Board may wish to (a) take note of this progress report and provide further guidance to the secretariat, as appropriate, and (b) consider assigning to a member the task of elaborating the first draft of procedures for review related to paragraph 65 of the CDM modalities and procedures.

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

34. **Background:** At its thirteenth meeting, the Board took note of an oral report by Mr. Eduardo Sanhueza on the results of negotiations regarding afforestation and reforestation project activities at the ninth session of the Conference of the Parties. The Board further took note of an oral report by the secretariat on preparations for negotiations, at the twentieth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), of simplified modalities and procedures and measures to facilitate small-scale afforestation and reforestation project activities under the CDM. It requested Mr. Eduardo Sanhueza and Mr. Martin Enderlin to follow the matter during SBSTA 20.

35. The COP, by its decision 19/CP.9, invited Parties and accredited observers to submit their views on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the CDM and requested the secretariat to prepare a technical paper on this matter, based on submissions from Parties and relevant work by the CDM Executive Board. Submissions by Parties are available in documents FCCC/SBSTA/2004/MISC.3 and FCCC/SBSTA/2004/MISC.4 and submissions by accredited observers are



available on the UNFCCC web site in documents FCCC/WEB/2004/1 and FCCC/WEB/2004/2. The technical paper by the secretariat shall be made available on the UNFCCC CDM web site in the week starting 31 May 2004.

36. **Action:** The Board may wish to take note of progress reported.

4. Other matters

(a) Modalities and procedures for afforestation and reforestation project activities under the CDM

37. **Background:** The Board, at its thirteenth meeting, took note of the presentation by the secretariat of a draft work programme for afforestation and reforestation project activities. It agreed to nominate Mr. Martin Enderlin and Mr. Eduardo Sanhueza to follow up work on these issues.

38. Mr. Martin Enderlin and Mr. Eduardo Sanhueza were asked to prepare, assisted by the secretariat, draft of terms of reference for establishing a working group on methodological issues relating to afforestation and reforestation CDM project activities, applying mutatis mutandis the terms of reference for the Meth Panel. This draft was shared with the Board and the terms of reference agreed by it, via electronic decision making, except for the issues highlighted and in brackets (panel or working group, membership, chairing and relations of this working group/panel with other panels, in particular the methodologies panel). These issues are to be discussed and agreed upon at the fourteenth meeting of the Executive Board.

39. Based on the terms of reference, a call for experts was open from 30 April 2004 until 27 May 2004 on the UNFCCC CDM web site. The confidential list of applications received will be made available on the access-restricted extranet of the Board after 2 June 2004. In accordance with past practice, the confidential short-list will be made available at the meeting.

40. **Action:** The Board may wish to (a) agree on the outstanding issues in the terms of reference of the working group/panel for afforestation and reforestation; and (b) consider the short-list of applicants to the call, prepared by the secretariat, and select experts to be members of the working group/panel for afforestation and reforestation.

(b) Availability of resources

41. **Background:** The Board, at its thirteenth meeting, took note of a report by the secretariat on income and expenditures to date. It called on Parties to provide resources, in accordance with decision 16/CP.9, which allow CDM-related tasks to be carried out in a sustainable manner and ensure the necessary support by the secretariat. The Board also called for a special contribution to finance the joint workshop referred to in paragraph 46 below.

42. The secretariat will brief the Board on the resource requirements for planned activities in 2004-2005, including the one referred to in paragraph 46 below, and on the status of income to date.

43. In addition, the Board may wish to discuss how work on the determination of the share of proceeds for administration is to be undertaken. This work would also need to elaborate options for the management of this share of proceeds bearing in mind that a share of proceeds also goes to the Adaptation Fund.

44. **Action:** The Board may wish to take note of the report by the secretariat and take action, as appropriate.



(c) **Relations with intergovernmental and non-governmental organizations**

45. **Background:** On the occasion of its thirteenth meeting, the Chair and other members of the Board met with registered observers for informal briefings.
46. Board members and alternates continued receiving communications from the public and invitations to participate in CDM-related events.
47. The Board agreed to hold an information event on its activities (questions and answers), in conjunction with the sessions of the Subsidiary Bodies, on 16 June 2004.
48. **Action:** The Board may wish to (a) agree to avail itself for informal briefings in the afternoon of 14 May 2004; (b) confirm modalities for responding to communications; (c) invite members and alternates to share information on events in which they participated; and (d) request members and alternates, present at the Subsidiary Bodies sessions, to attend the Board's CDM information event on 16 June 2004.

(d) **Other business**

49. The Board, at its thirteenth meeting, requested the secretariat to convene a coordination workshop for the Board and panel members as well as members of CDM-AT on 3-4 September 2004 and invited a special contribution from Parties to finance this event.
50. The secretariat will provide an oral report on the current status of preparations for this event.
51. **Action:** The Board may wish to (a) agree on the agenda for the workshop and (b) consider any other business it deems necessary.

5. Conclusion of the meeting

52. The Chair will summarize the meeting and adopt the report, including reference to any decisions taken.

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