



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Fifteenth meeting

Bonn, Germany
1–3 September 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 to have any conflict of interest relating to the work of the Board.
2. Following the receipt of the letter of resignation of Mr. Hassan Tajik on 9 June 2004, a letter had been sent to the Coordinator of the Asian Group on 11 June 2004 so that the Group could nominate a replacement for the remainder of the term of Mr. Tajik. Mr. Al-Maslamani, Chair of the Asian Group, in a letter dated 12 June 2004 nominated Mr. Fared Al-Asaly to assume the vacant seat for the remainder of the term of Mr. Tajik. This nomination was submitted to the Board by its Chair for electronic decision-making regarding an appointment, in accordance with rule 30 of the rules of procedure.
3. **Action:** The Board may consider information provided by any member and alternate member regarding any potential conflict of interest and take action, as appropriate.

2. Adoption of the agenda

4. **Background:** The Board agreed, at its fourteenth meeting, on items to be included in the provisional agenda for its fifteenth 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. Three suggestions for changes were received by the Chair of the Board and incorporated in the proposed agenda. The proposed agenda was transmitted to the Board on 11 August 2004 and thereafter posted on the UNFCCC CDM web site.
5. **Action:** Members may wish to adopt the proposed agenda for the fifteenth meeting.

3. Work plan

(a) Accreditation of operational entities

6. **Background:** The Executive Board, at its fourteenth meeting, considered the third progress report on the work of the CDM Accreditation Panel (CDM-AP) presented by Ms. Marina Shvangiradze, Vice-Chair of the CDM-AP including the status of applications, of desk reviews and on-site assessments. The Board 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 accredited and provisionally designated for sector-specific validation three entities. The Board will continue to meet, as necessary with applicant entities and designated operational entities in conjunction with its meetings. It welcomed the offer by the secretariat to meet, as necessary, with DOEs and AEs prior to Board meetings. It invited DOEs and AEs to the second Joint Workshop, Bonn, Germany (3-4 September 2004).
7. The CDM-AP, at its thirteenth meeting, held on 24 – 25 July in Bonn, Germany, agreed to issue one indicative letter to the Japan Consulting Institute (JCI). The panel noted that ongoing processes for accreditation had not yet advanced to the stage where further recommendations for accreditation could be issued. As the work of the panel, at its thirteenth meeting, focused on procedural issues, it agreed that no written report would be prepared but that the Chair will brief the Board orally. A note will be circulated at the Board meeting on the status of application and on work in progress (revision of the accreditation procedure to reflect clarifications and guidance provided since the adoption of the present version; document



control procedures; and guidance to team leaders and teams). The panel agreed on themes to be proposed for discussion at the joint workshop, identified the panel member to introduce each theme.

8. **Action:** The Board may wish (a) to take note of the oral report on the work of the CDM-AP ; and (b) to consider further guidance to the CDM-AP, as appropriate.

(b) **Methodologies for baselines and monitoring plans**

9. **Background:** The Executive Board, at its fourteenth meeting, took note of the report of the tenth 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 the initial recommendations by the Meth Panel for consolidated methodologies for project activities for renewable energy displacing grid electricity and landfill gas project activities. The Board requested that these proposals for consolidation are to be made publicly available for comment on the UNFCCC CDM web site from 16 to 30 June 2004 and that the Meth Panel should consider the comments received, with a view to making recommendations to the Board at its fifteenth meeting. The Meth Panel, at its eleventh meeting (7-9 July 2004, Bonn (Germany)), having considered 40 public comments, prepared recommendations as contained in its report, made available to the Board and on the UNFCCC CDM web site on 23 July 2004.

11. The Board had also requested the Chair of the Meth Panel to convey the views by the Board to the Panel on the internal draft paper presenting work in progress in the Meth Panel on tools to assess additionality. The Meth Panel was requested to develop a recommendation on this matter to the Board for consideration at its fifteenth meeting. The recommendation by the Meth Panel is contained in the report of its eleventh meeting.

12. The Board considered at its fourteenth meeting an oral report of the Chairs of the Panels on methodologies and accreditation on how to improve the process of consideration and approval of proposed new methodologies. The Board requested the two Chairs to prepare a draft note on options to address the workload of the Meth Panel, taking into account suggestions by Board members and alternates, for consideration of the Board at its fifteenth meeting. The Chairs will make an oral report at the fifteenth meeting of the Board on their deliberations.

13. The Board agreed to consider a revised draft of the terms reference for the working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities (SSC-WG) and take a decision through the list serve, in accordance with the provisions on electronic decision-making. The Board requested the secretariat to issue, once the terms of reference were agreed, a call for experts prior to the fifteenth meeting of the Board.

14. At its eleventh meeting, the Meth Panel considered a total of fourteen (14) cases of proposed new methodologies for baselines and monitoring:

(a) Seven (7) new cases (NM0046, NM0047, NM0048, NM0049, NM0052, NM0055 and NM0056) which had been submitted by the deadline of 15 April 2004. They had been made available for public input on the UNFCCC web site, announced through the UNFCCC CDM News facility and attracted a total of 13 public inputs;

(b) Five (5) cases (NM0037, NM0038, NM0039, NM0044 and NM0045) that had been revised and resubmitted in accordance with paragraph 16 of the procedures for submission and consideration of a proposed new methodology (version 05);



(c) Two (2) cases (NM0018-rev and NM0031-rev) that have been revised and resubmitted in accordance with deliberations by the Board on these cases.

15. 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 NM0018-rev and NM0039;
- (b) Forward cases NM0037 and NM0045 for revision to the project participants;
- (c) Not approve cases NM0044, NM0046, NM0049, NM0052, NM0055 and NM0056.

16. The Meth Panel agreed on preliminary recommendations for cases NM0031-rev, NM0038, NM0047 and NM0048.

17. **Action:** The Board may wish to consider: (a) the report of the eleventh meeting of the Meth Panel and oral updates by its Chair; (b) the recommendations by the Meth Panel, referred to above, on cases NM0018-rev, NM0039, NM0037, NM0045, NM0044, NM0046, NM0049, NM0052 and NM0055 and NM0056; (c) the recommendations by the Meth Panel for revised consolidated methodologies for project activities for renewable energy displacing grid electricity and landfill gas project activities; (d) consolidated tools for demonstration of additionality; (e) guidance on how the Meth Panel shall proceed with recommendations on individual methodologies covered (NM0012-rev, NM0024-rev, NM0036 and NM0043) or concerned by (NM0020-rev, NM0030-rev, NM0050, NM0051, NM0053 and NM0054) the consolidated methodologies; and (f) guidance to the Meth Panel on additional matters, as appropriate.

(c) **Modalities and procedures for afforestation and reforestation project activities**

18. **Background:** The Board, at its fourteenth meeting, agreed to establish a working group on afforestation and reforestation project activities under the CDM (CDM A/R working group) and agreed on the terms of reference for this group. The Board designated Mr. Eduardo Sanhueza and Mr. Martin Enderlin as Chair and Vice-Chair, respectively, of this working group and designated five (5) members from the short-list of applications received.

19. The Board further agreed that the list of short-listed candidates currently not designated as members shall be maintained so that the Board may draw on it in the future. As one of the members selected by the Executive Board, at its fourteenth meeting, has, in the meantime, resigned due to other commitments, the Board may wish to designate a replacement.

20. The Board requested the CDM A/R working group to prepare with priority, for consideration of the Board at its fifteenth meeting, draft documentation for the project design document on afforestation and reforestation project activities.

21. The CDM A/R working group, at its first meeting, held on 12 - 13 July 2004 in Bonn (Germany), agreed on recommendations on documentation for the project design document on afforestation and reforestation project activities, and on procedures for submission of proposed new baseline and monitoring methodologies for such project activities, as contained in its report, made available to the Board and on the UNFCCC CDM web site on 22 July 2004.

22. **Action:** The Board may wish to (a) select a new member for the CDM A/R working group from candidates short-listed at the fourteenth meeting of the Board; (b) consider the recommendations from the CDM A/R working group contained in the report of its first meeting; (c) propose further guidance to the CDM A/R working group, as appropriate.



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

23. **Background:** The Board, at its fourteenth meeting, agreed on a revised version of the documentation related to the CDM project design document. The revised and edited documents CDM-PDD, CDM-NMB, CDM-NMM and the new guidelines for completing such documents, including a glossary of terms, were made available to the public on 1 July 2004. (UNFCCC CDM web site <http://cdm.unfccc.int/Reference/Documents>).

24. At its fourteenth meeting, the Board further agreed on internal procedures for evaluating requests for registration. For this purpose, it agreed to assign incoming requests for registration to two members or alternate members of the Board, in alphabetical order. Since the fourteenth meeting of the Executive Board no request for registration of a proposed CDM project activity has been submitted. Given that a considerable number of projects had been made available by DOEs for comments at validation stage, the secretariat is continuing to survey DOEs to obtain information on the status. The secretariat will provide an oral report on its findings to the Board.

25. **Action:** The Board may wish (a) to take note of the oral report by the secretariat; and (b) to provide additional clarifications and guidance, as appropriate.

(e) **CDM registry**

26. **Background:** The Board, at its thirteenth meeting, agreed that the secretariat was to proceed with the selection, development and implementation of the CDM registry in a manner that, inter alia, is in accordance with the relevant UN procurement procedures and continues to give priority to the assessment of the technical functions and the timing of when the system could be made operational. At its fourteenth meeting, the Board took note of an oral report by the secretariat, and agreed to request the secretariat to continue its work and report on progress on this issue at its fifteenth meeting.

27. Since the fourteenth meeting of the Board, the secretariat issued a call to obtain expressions of interest for submitting a proposal on the work to develop and establish the CDM registry. Three respondents expressed such interest. The secretariat also completed preparation of the Request for Proposal (RFP) document. It further developed the functional requirements of the CDM registry, in order to make these consistent with the latest developments in the data exchange standards for registry systems, to which the CDM registry must conform. The responses of the RFP are to be received during the fifteenth meeting of the Board. These proposals are to be evaluated in September 2004, with a view to establishing the CDM registry before the end of 2004. Further information is to be available at the sixteenth meeting of the Board.

28. These activities are consistent with the approach adopted by the secretariat to focus first on identifying a developer of the registry through a RFP process. A framework agreement is to be put in place with the selected developer under which it would provide support during the operation of the registry, in particular in relation to the periodic maintenance and upgrading of the registry. Upon identifying the developer of the CDM registry and, in doing so, clarifying the specific technical system to be applied, solutions for the hosting and operation of the CDM registry may be identified. As previously considered, these solutions include the hosting of the CDM registry by the secretariat and the contracting of some specialized technical tasks to a suitable external organization.

29. Regarding matters related to the issuance of certified emission reductions (CERs), the Board, at its fourteenth meeting, nominated its Vice-Chair, Mr. Georg Børsting, to elaborate the first draft of procedures for review related to paragraph 65 of the CDM modalities and procedures for consideration of the Board at its fifteenth meeting.



30. **Action:** The Board may wish to consider (a) an oral report by the secretariat on progress of work relating to the CDM registry and provide further guidance to the secretariat, as appropriate and (b) a draft of procedures for review related to paragraph 65 of the CDM modalities and procedures for consideration of the Board at its fifteenth meeting prepared by Mr. Børsting, contained in annex 3 of this report, and take action, as appropriate.

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

31. **Background:** At its fourteenth meeting, the Board requested Mr. Eduardo Sanhueza and Mr. Martin Enderlin to follow negotiations at SBSTA 20 on simplified modalities and procedures and measures to facilitate small-scale afforestation and reforestation project activities under the CDM and report on the outcomes to the Board at its fifteenth meeting.

32. The Board also requested Ms. Sushma Gera and Mr. Xuedu Lu to follow negotiations at SBSTA 20 on issues relating to registries and to report on the progress to the Board at its fifteenth meeting.

33. **Action:** The Board may wish to invite members to report and take note of progress made.

4. Resources for the work on the CDM

34. **Background:** The Board, at its fourteenth 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, to allow CDM-related tasks to be carried out in a sustainable manner and ensure the necessary support by the secretariat. The Board also reiterated its call for a special contribution to finance the joint workshop referred to in paragraph 46 below.

35. 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.

36. The Board, at its fourteenth meeting, had requested Mr. George Børsting start elaborating on a draft proposal for the level of the share of proceeds to cover administrative expenses of the CDM.

37. **Action:** The Board may wish to take note of (a) the report by the secretariat and take action, as appropriate; (b) the presentation by the Vice-Chair, regarding the elaboration of a draft proposal of the share of proceeds for administrative cost of the CDM.

5. Other matters

(a) **Report of the CDM Executive Board to COP 10**

38. **Background:** In accordance with paragraphs 2 to 5 of the CDM modalities and procedures and bearing in mind paragraphs 2, 4 and 19 of decision 17/CP.7, the Executive Board shall report on its activities to each session of the COP (upon entry-into-force of the Kyoto Protocol to the COP/MOP) with a view to the COP reviewing, inter alia, these annual reports and taking decisions, as appropriate, on:

(a) Recommendations made by the Executive Board on its rules of procedure;

(b) Recommendations made by the Executive Board, in accordance with provisions of decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP (COP/MOP);

(c) The designation of operational entities accredited, and provisionally designated, by the Executive Board in accordance with Article 12, paragraph 5.



39. Further, noting decision 21/CP.8 and 18/CP.9, as well as conclusions of the SBI at its twentieth session¹, the Board may wish to discuss the implementation of rules 26 and 27 of the rules of procedure.

40. Annex 1 to this annotated agenda contains the draft report of the CDM Executive Board to COP10 on its work during the period from end of November 2003 until September 2004. In accordance with UNFCCC and United Nations documentation regulations, in order for the report to be reproduced, translated and made available in time for COP10, the Board needs to agree on its report to COP10 at its fifteenth meeting. Any work of the Board occurring after 3 September 2004 and before COP10 shall be reported to COP 10 orally by the Chair of the Board and/or through an addendum to the report, as appropriate.

41. The draft report to COP10 provides information on progress made towards the implementation of the CDM during its third year of operation. Such progress relates to advancements in the process leading to the registration of CDM project activities, notably regarding the accreditation and provisional designation of operational entities and the approval of new methodologies for baselines and monitoring and the consolidation of methodologies. The development of the CDM registry is a further issue of prominence. The report recommends decisions to be taken by the COP at its tenth session, such as on the designation of operational entities.

42. **Action:** The Board may wish to consider annex 1 and agree on the report by the Executive Board to COP10, including any issue related to the Rules of Procedure.

(b) Relations with intergovernmental and non-governmental organizations

43. **Background:** On the occasion of its fourteenth meeting, the Chair and other members of the Board met with registered observers for informal briefings.

44. Board members and alternates continued receiving communications from the public and invitations to participate in CDM-related events.

45. **Action:** The Board may wish to (a) agree to avail itself for informal briefings in the morning of 3 September 2004; (b) confirm modalities for responding to communications; and (c) invite members and alternates to share information on events in which they participated.

(c) Other business

46. The Board agreed to hold, in conjunction with the fifteenth meeting of the Board, the second joint workshop for the Executive Board, members of panels and working groups, desk reviewers and accreditation team members as well as designated operational entities and applicant entities. The main purpose of this Joint Workshop is to promote common understanding of the modalities and procedures for the CDM as well as of the operational provisions which have been developed by the Board since the Marrakesh Accords were adopted in 2001. In order to achieve its purpose, the Joint Workshop will be organized in a manner where short introductory presentations on key issues are to be followed by interaction among participants.

47. This joint workshop is to be held in Bonn on 3 (from mid-day) and 4 September 2004. Invitations containing a proposed agenda and work programme for the workshop were forwarded to the participants on 16 July 2004. In order to focus the discussions, workshops participants were also invited to submit questions for discussion to the secretariat by 30 July. Two comments were received to date. Presenters were invited to submit presentations by 20 August 2004. The secretariat also developed a page on the UNFCCC CDM web site to provide updated information to participants.

¹ Please refer to FCCC/SBI/2004/L.7 paragraph 13 “The SBI took note of a concern expressed with respect to the interpretation of rule 26 and 27 of the rules of procedure of the Executive Board of the clean development mechanism.”



48. The provisional agenda of the second joint workshop is attached as annex 2.
49. Since its fourteenth meeting the Board has received the following communications from the public:
- (a) “Concerns about CDM projects based on decomposition of HFC-23 emissions from 22 HCFC production sites”, from Mr. Othmar Schwank, IFRAS Consulting, Policy Analysis and Research (30 June 2004);
 - (b) “Carbon Dioxide Capture and Storage Issues – Accounting and Baselines under the United Nations Framework Convention on Climate Change”, from Dr. Richard Bradley, Head, Energy Efficiency and Environment Division, International Energy Agency (26 July 2004);
 - (c) Request for clarification on registration of CDM project activities from Société Générale de Surveillance UK Ltd. (SGS) (13 August 2004);
 - (d) “Observations on Meth Panel's advice on additionality”, from Ministry of Housing Spatial Planning and the Environment (VROM) (12 August 2004).
50. **Action:** The Board may wish to (a) take note of the oral report by the secretariat on the second joint workshop for the Executive Board and agree on any actions, as appropriate; (b) take note of communications submitted by the public and agree on any actions, as appropriate; and (c) consider any other business it deems necessary.

5. Conclusion of the meeting

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