



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Sixteenth meeting

Bonn, Germany
21–22 October 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. **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

3. **Background:** The Board agreed, at its fifteenth meeting, on items to be included in the provisional agenda for its sixteenth 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 5 October 2004 (delayed due to an internal communication problem in the secretariat) and thereafter posted on the UNFCCC CDM web site.
4. **Action:** Members may wish to adopt the proposed agenda for the sixteenth meeting.

3. Work plan

(a) Accreditation of operational entities

5. **Background:** The Board, at its fifteenth meeting, received an oral report on the work of the CDM Accreditation Panel (CDM-AP) presented by Ms. Marina Shvangiradze, Vice-Chair of the CDM-AP. The Board took note of the issuance of an indicative letter to an applicant entity (AE) by the CDM-AP at its thirteenth meeting. The Board further took note of the status of other applications and work in progress by the CDM-AP (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 Board also took note of a presentation by the secretariat on measures implemented to facilitate the involvement of entities from developing countries. The Board will report on activities related to capacity building in the addendum to its annual report (2003 -2004) to the COP.
6. Since the last meeting of the Board, no meeting of the CDM-AP has taken place (the fourteenth meeting of the panel is scheduled for 12-13 November 2004). One new application was received from an entity in a non-Annex I Party, which brings the total number of applications to 26 (5 of which from non-Annex I Parties). The geographical distribution of applications is now as follows: nine are from the Asia and Pacific region (two from companies located in a developing country), 15 are from the Western Europe and Other region and two are from the Latin America and Caribbean region (both companies are from a developing country). Applications for accreditation are at different stages of the accreditation procedure: since the last Board meeting, one more applicant entity has undergone the on-site assessment and dates for two more are agreed. Three AEs have indicated opportunities for witnessing activities and assessment teams are finalizing the schedule for undertaking witnessing. An oral update will be provided at the Board meeting.
7. **Action:** The Board may wish to take note of the progress on the accreditation process and provide guidance to the CDM-AP as appropriate.

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

8. **Background:** The Executive Board, at its fifteenth meeting, took note of the report of the eleventh 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.

9. The Board considered at that meeting the recommendations by the Meth Panel for tools for the demonstration of additionality and agreed on a revised draft to be made publicly available for comments on the UNFCCC CDM web site from 7 to 21 September 2004. The Board further agreed that it will consider these comments with a view to agreeing on the tools at its sixteenth meeting. A total of 30 public comments were submitted and made publicly available on the UNFCCC CDM web site on 21 September 2004. In order to facilitate the work of the Board in considering public comments, a compilation of the comments has been prepared by the secretariat as contained in annex 1 to this report.

10. At its fifteenth meeting, the Board also agreed on the need to develop procedures for the revision of approved methodologies, bearing in mind the need for a flexible approach so that minor revisions can be easily accommodated. The Board further agreed that if an approved methodology required potentially significant revision, its further use shall be put on hold and an announcement be made on the UNFCCC CDM web site and through the CDM News facility. The revision of a methodology shall be done in an expedited manner. Annex 2 to these annotations contains a proposed draft by the Chair of the Board on procedures for revisions of approved methodologies.

11. The Board considered at its fifteenth 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. It noted that a proposal taking into consideration views by members and alternates and also taking into account views expressed during the Joint Workshop (3-4 September 2004) will be made available by them for consideration of the Board at its sixteenth meeting. A draft is under preparation but requires further consultations before being tabled by the Board.

12. At its twelfth meeting, 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 had requested the Meth Panel to do the following:

(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.

13. In response to this mandate, the Chair of the Meth Panel had made a presentation to the Board at its fifteenth meeting on progress made. The Meth Panel at its twelfth meeting agreed on recommendations for the consideration of the Board at its sixteenth meeting as contained in annex 3 of the report of the twelfth meeting of the Meth Panel.

14. The Meth Panel considered at its twelfth meeting (5 to 6 September 2004 in Bonn (Germany)), a total of fourteen (14) cases of proposed new methodologies for baselines and monitoring. The Meth Panel, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on recommendations to the Board to:

(a) Approve case NM0034-rev2;



(b) Forward cases NM0031-rev, NM0041, NM0042, NM0047 and NM0048 for revision to the project participants;

(c) Not approve case NM0030-rev.

15. The Meth Panel agreed on preliminary recommendations for cases NM0017-rev, NM0020-rev, NM0050, NM0051, NM0053.

16. The Meth Panel also agreed that further consideration of cases NM0038 and NM0054 is needed before recommendations on them could be finalized at its thirteenth meeting;

17. **Action:** The Board may wish to consider: (a) the report of the twelfth meeting of the Meth Panel and oral updates by its Chair; (b) the recommendations by the Meth Panel, referred to above, on cases NM0030-rev, NM0031-rev, NM0034-rev2; NM0041, NM0042, NM0047 and NM0048; (c) public comments on the draft consolidated tools for the demonstration of additionality with a view to agreeing on a final version; (d) procedures for revisions of approved methodologies; (e) recommendation by the Meth Panel on how to take into account national and/or sectoral policies and circumstances; 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 Executive Board, at its fifteenth meeting, took note of the report of the first meeting of the Working Group on afforestation and reforestation project activities under the CDM (CDM A/R Working Group), and of an oral report by its Chair, Mr. Eduardo Sanhueza, on the work of that Group.

19. The Board took note that the CDM A/R working group would, at its second meeting (5 September 2004 in Bonn (Germany)), be revising forms for providing recommendations and for undertaking desk reviews and public comments on proposed new methodologies in order to apply them, *mutatis mutandis*, to afforestation and reforestation project activities. The Board agreed that the Working Group, desk reviewers and the public may, if necessary, on a provisional basis, use these forms, until the next meeting of the Board.

20. The CDM A/R working group, at its second meeting, agreed on: (a) the CDM Proposed new AR methodology form (F-CDM-AR-NM); (b) the CDM Proposed New AR Methodology – AR WG recommendation to the Executive Board (F-CDM-AR-NMar); (c) The CDM Proposed new AR methodology expert form (F-CDM-AR-NMex); and (d) CDM Proposed new AR methodology - public comment form (F-CDM-AR-NMpu). Following the guidance by the Board, a call for submission of proposals for new baseline and monitoring methodologies for afforestation and reforestation project activities was launched. One methodology has been submitted. The next deadline for submission of proposed new afforestation and reforestation methodologies is 17 November 2004.

21. **Action:** The Board may wish to (a) consider the report of the second meeting of the CDM A/R working group and oral updates by its Chair, and (b) propose further guidance to the CDM A/R Working Group, as appropriate.

(d) **Issues relating to small-scale CDM project activities**

22. **Background:** At its fifteenth meeting, the Board agreed on terms of 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). The Board designated Mr. Georg Børsting and Mr. Richard Muyungi as Chair and Vice-Chair, respectively, of the SSC WG and requested the secretariat:



(a) To post an invitation to experts to submit their application for consideration as members of the SSC-WG. The Board requested that the invitation be posted on the UNFCCC CDM web site from 7 September 2004 to 4 October 2004 (17.00 GMT);

(b) To compile a list of applications and a short-list for further consideration by the Board at its sixteenth meeting with a view to designating members for the SSC WG at that meeting.

23. Following this request, the invitation to experts was posted on the UNFCCC CDM web site from 7 September 2004 to 4 October 2004. The list of 31 applications and related documentation are available on the access-restricted extranet of the Board. In accordance with past practice, this shortlist will be made available to the Board at the meeting.

24. **Action:** The Board may wish to consider: (a) the shortlist of applicants to the SSC WG and select members of the SSC WG; and (b) propose further guidance to the SSC WG, as appropriate.

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

25. **Background:** Since the fifteenth meeting of the Board, three requests for registration of proposed project activities were submitted. In accordance with the modalities for evaluating requests for registration, members and alternate members responsible for receiving comments by other members and alternate members shall prepare an appraisal of these comments for discussion at the sixteenth meeting of the Board:

- Project for GHG emission reduction by thermal oxidation of HFC 23 in Gujarat, India.
- HFC Decomposition Project in Ulsan.
- Brazil NovaGerar Landfill Gas to Energy Project.

26. At its fifteenth meeting, the Board has agreed to develop, in addition to its guidance contained in the CDM Glossary of terms, a list of elements it expects to be covered in letters of approval and authorization. The Board had requested the Chair to circulate this list via list-serve for a decision to be taken, in accordance with the provisions on electronic decision-making. A draft of this list will be circulated to the Board for consideration at its sixteenth meeting.

27. **Action:** The Board may wish (a) to consider the appraisal of the comments on each project; (b) take note of the oral report by the secretariat on matters relating to the registration of CDM project activities; and (c) to provide additional clarifications and guidance, as appropriate.

(f) **CDM registry**

28. **Background:** The Board, at its fifteenth meeting, took note of a presentation by the secretariat on the approach and timelines for the development and subsequent operation of the CDM registry. It requested the secretariat to continue its work and report on progress on this issue at its sixteenth meeting. It also agreed that the resource requirements for the development and operation of the CDM registry should be drawn from contributions to the Trust Fund for Supplementary Activities for the prompt start of the CDM, and called on Parties to make further contributions in this respect.

29. The Board further agreed on two specifications for the functioning of the CDM and on procedures for the review as referred to in paragraph 65 of the modalities and procedures for a clean development mechanism.

30. It is envisaged that the developer of the CDM registry to be selected in accordance with UN procurement procedures, will make a presentation to the Board and be available for questions and answers.



31. **Action:** The Board may wish to (a) take note of the report on progress by the secretariat, (b) take note of the presentation by the developer of the CDM registry, and (c) provide guidance as appropriate.

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

32. **Background:** At its fifteenth 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.

33. 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.

34. **Action:** The Board may wish to request the members/alternate members designated to continue following the deliberations on these issues.

4. Resources for the work on the CDM

35. **Background:** The Board, at its fifteenth meeting, took note of a report by the secretariat on income and expenditures to date. It reiterated its call to Parties to continue making contributions in 2004-2005 for the prompt start of the CDM to the UNFCCC Trust Fund for Supplementary Activities, bearing in mind that so far less than 50 per cent of the required resources for the biennium have been made available.

36. The secretariat will brief the Board on the resource requirements for planned activities in 2004-2005, including the one referred to in paragraph 27 above, and on the status of income to date.

37. **Action:** The Board may wish to take note of (a) the report by the secretariat, and (b) take action, as appropriate.

5. Other matters

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

38. **Background:** At its fifteenth meeting, the Board agreed on its report to the tenth session of the Conference of the Parties covering activities undertaken from the end of November 2003 until early September 2004. The work of the Board from September to December 2004 shall be covered in addenda to this report.

39. **Action:** The Board may wish to consider the need to issue an addendum to its report to COP 10 at its sixteenth meeting on work undertaken between 4 September and 22 October 2004.

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

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

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

42. **Action:** The Board may wish to (a) agree to avail itself for informal briefings in the afternoon of 22 October 2004; and (b) invite members and alternates to share information on events in which they participated.



(c) **Other business**

43. The Board held, in conjunction with its fifteenth meeting, 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 (Bonn (Germany), 3-4 September 2004). The main purpose of this Joint Workshop was 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.

44. Since its fifteenth meeting, the Board has received one communication from the public: H.E. Mr. Raúl Estrada Oyuela, “Comments on the afforestation and reforestation project design document and methodology forms”, 23 September 2004.

45. **Action:** The Board may wish to (a) discuss main outcomes of the joint workshop and possible follow-up action; (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

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