



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Seventeenth meeting

Buenos Aires, Argentina
1-3 December 2004

CONTENTS

I. PROPOSED AGENDA

II. ANNOTATIONS TO THE PROPOSED AGENDA

Annex: Draft proposed amendments to the rules of procedure of the CDM Executive Board



I. PROPOSED AGENDA

1. Membership issues (including disclosure of possible conflict of interest)
2. Adoption of the agenda
3. Work plan:
 - (a) Accreditation of operational entities
 - (b) Methodologies for baselines and monitoring plans
 - (c) Issues relating to afforestation and reforestation project activities
 - (d) Issues relating to small-scale CDM project activities
 - (e) Matters relating to the registration of CDM project activities
 - (f) CDM registry
 - (g) Modalities for collaboration with SBSTA
4. Resources for the work on the CDM
5. Other matters
 - (a) Report of the CDM Executive Board to COP 10 (possible addendum)
 - (b) Relations with intergovernmental and non-governmental organizations
 - (c) Other business
6. Conclusion of the meeting



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. As indicated in the annual report of the Board to the Conference of the Parties at its tenth session (COP 10), the terms of several Board members and alternates will end just prior to the first meeting of the Board in 2005 and elections are therefore to take place at COP 10. In addition the terms of the Chair, Mr. John S. Kilani and of the Vice-Chair, Mr. Georg Borsting, will end at the same time.
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 sixteenth meeting, on items to be included in the provisional agenda for its seventeenth 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 10 November 2004 and thereafter posted on the UNFCCC CDM web site.
5. **Action:** Members may wish to adopt the proposed agenda for the seventeenth meeting.

3. Work plan

(a) Accreditation of operational entities

6. **Background:** The Board, at its sixteenth meeting, took note of an oral report on the work of the CDM Accreditation Panel (CDM-AP) presented by Ms. Marina Shvangiradze, Vice-Chair of the CDM-AP, and the complementary information by the secretariat, including on the status of applications and developments with respect to desk reviews and on-site assessments.
7. The fourteenth CDM-AP took place in Johannesburg, South Africa (12-13 November 2004). Subsequently, the CDM-AP submitted its fourth progress report (CDM ACCR R04) to the Board on 15 November 2005 which contains recommendations regarding:
 - (a) The default number of witnessing activities for accreditation for validation and verification/certification;
 - (b) An option for enhancing the post accreditation system with a view to ensure the quality of the substantive decision making by the DOEs;
 - (c) An additional document to be submitted with the application for accreditation in order to confirm that there are no legal impediments, in accordance with the applicable domestic law or the law/statutes of the international organization, to the applicant entities operations as DOE under the CDM;
 - (d) The call for experts to replace two panel members whose term ends in June 2005;
 - (e) The design of the third joint workshop (expected to be held in 2005).



8. The report provides information on the regional distribution of CDM assessment team members which has markedly improved since 2003 and informs on key issues under consideration by the panel. It contains updates on the status of the 22 applications (5 of which from non-Annex I Parties) which remain under consideration following the accreditation and provisional designation of four entities earlier in the year 2004. The Board will be informed of two indicative letters which were recently issued. No new applications were received since the last meeting of the Board. The geographical distribution of applications is therefore still 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 (i. e. both companies are based in a developing country). An oral update will be provided at the Board meeting, as necessary.

9. **Action:** The Board may wish (a) to take note of the progress report on the work of the CDM-AP; (b) to consider recommendations by the panel and take action, as appropriate; and (c) to consider further guidance to the CDM-AP, as appropriate.

(b) Methodologies for baselines and monitoring

10. **Background:** The Executive Board, at its sixteenth meeting, took note of the report of the twelfth 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.

11. At its fifteenth meeting, the Board had 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. At its sixteenth meeting, the Board started considering a draft document on “Procedures for the revision of an approved methodology” and agreed to further consider and finalize these procedures at its seventeenth meeting.

12. The Board considered at its sixteenth meeting a draft paper prepared by the Chairs of the Panels on methodologies and accreditation on how to improve the process of consideration and approval of proposed new methodologies and agreed to continue consideration of this paper at its seventeenth meeting.

13. At its fifteenth meeting, taking into consideration information that has emerged since the approval of AM0001, the Board had agreed to request the Meth Panel to review this methodology and make a recommendation on the possible revision in order to address, inter alia, the potential leakage, so that the Board could consider the matter. The Board further agreed that such revision shall be completed within four months (23 February 2005). The Board had also deemed the revision to be significant and had therefore agreed to put the methodology on hold. At its sixteenth meeting, the Board had taken note of comments submitted by the public (22 contributors) on the possible revision of methodology AM0001. These comments were received in response to the call for inputs posted on the UNFCCC CDM web site from 22 September to 7 October 2004. The Meth Panel, at its thirteenth meeting (8 – 10 November 2004, Bonn (Germany)), having considered technical issues highlighted in the public comments, prepared recommendations as contained in its report, made available to the Board and on the UNFCCC CDM web site on 18 November 2004.

14. Twenty three (23) proposed new methodologies were submitted at the eight round for submitting new methodologies concluded on 28 October 2004. From those methodologies nineteen (19) have passed the quality check assessment by the Meth Panel and will be considered by the Meth Panel and the Board. Information on methodologies currently under consideration by the board are available in the UNFCCC CDM web site.



15. The Meth Panel considered, at its thirteenth meeting, a total of eighteen (18) 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 cases NM0017-rev, NM0037-rev, NM0038 and NM0053;
- (b) Forward cases NM0020-rev and NM0050 for revision to the project participants;
- (c) Not approve cases NM0051, NM0058, NM0059, NM0060, NM0063 and NM0064.

16. The Meth Panel agreed on preliminary recommendations for cases NM0040, NM0045-rev, NM0057 and NM0061.

17. The Meth Panel also agreed that further consideration of cases NM0062 and NM0054 is needed before recommendations on them could be finalized at its fourteenth meeting.

18. **Action:** The Board may wish to consider: (a) the report of the thirteenth meeting of the Meth Panel and oral updates by its Chair; (b) procedures for the revision of an approved methodology; (c) recommendations by the Meth Panel and public comments on the possible revision of methodology AM0001; (d) the recommendations by the Meth Panel, referred to above, on cases NM0017-rev, NM0020-rev, NM0037-rev, NM0038, NM0050, NM0051, NM0053, NM0058, NM0059, NM0060, NM0063 and NM0064; (e) recommendations by the Meth Panel as contained in the report of its thirteenth meeting; (f) recommendations made by the Chairs of the accreditation and methodologies panels for streamlining the process for considering and approving newly proposed methodologies, and (g) guidance to the Meth Panel on additional matters, as appropriate.

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

19. **Background:** The Executive Board, at its sixteenth meeting, took note of the report of the second 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.

20. 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 in round 1 (A/R) which concluded on 5 October 2004 and another one under the second round of submissions concluded on 17 November 2004. The A/R WG is expected to make recommendations regarding proposed new baseline and monitoring methodologies for A/R project activities at its third meeting to be held from 24-26 January 2005 in Bonn (Germany).

21. **Action:** The Board may wish to take note of the progress of work relating to baseline and monitoring methodologies for A/R project activities and provide guidance to the CDM A/R Working Group, as appropriate.

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

22. **Background:** At its sixteenth meeting, the Board designated members to serve in the working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities (SSC WG). In accordance with the terms of reference of the SSC WG, the Meth Panel has selected Mr. Felix Dayo and Mr. Daniel Perczyk as representatives of the Meth Panel in the SSC WG so that the SSC WG is composed of the following members: Mr. Gilberto Bandeira de Melo, Mr. Felix Dayo, Mr. Binu Parthan, Mr. Daniel Perczyk and Mr. Kazuhito Yamada.



23. **Action:** The Board may wish to consider issues relating to proposed methodologies and project categories for small-scale CDM project activities and provide further guidance to the SSC WG, as appropriate.

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

24. **Background:** In the period from 1 September - 17 November 2004, five requests for the registration of proposed project activities were received. Reference is made to the UNFCCC CDM web site. In accordance with the Board's internal procedures for evaluating requests for registration, one member and one alternate member are responsible for receiving comments by fellow Board members and alternates and for preparing an appraisal to facilitate any consideration which the Board may wish to undertake.

25. As of 18 November 2004, the project “**Brazil NovaGerar Landfill Gas to Energy Project**” has been registered as the first CDM project activity.

26. Two requests pertain to small-scale project activities. It should be recalled that such a project activity is automatically registered four weeks after a request for registration has been received unless three members of the Board or one Party involved request a review. These two small-scale project activities are: “La Esperanza Hydroelectric Project” and “Cuyamapa Hydroelectric Project”.

27. For the two remaining project activities, requests for review were made. In accordance with the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, the consideration of these requests for review is foreseen in the proposed agenda of the seventeenth meeting of the Executive Board. The project activities are “Project for GHG emission reduction by thermal oxidation of HFC 23 in Gujarat, India” (0001) and “HFC Decomposition Project in Ulsan”(0003). Having considered the requests for review for a proposed project activity, the Board shall either decide to undertake a review of the proposed project activity or register it as a CDM project activity.

28. The secretariat will provide an oral update on the status of requests for registration at the Board meeting.

29. The Board further agreed on clarifications regarding elements it expects to be covered in letters of approval and authorization. The Board further agreed to revise the CDM glossary of terms in order to incorporate these clarifications. The Board may wish to agree on such revisions at its seventeenth meeting.

30. **Action:** The Board may wish (a) to consider the appraisal of comments on any project activity proposed for registration; (b) to undertake the consideration of the requests for review and agree on the further course of action; (c) to take note of the oral report by the secretariat on the status of requests for registration; and (d) to provide additional clarifications and guidance, as appropriate.

(f) CDM registry

31. **Background:** The Board, at its sixteenth meeting, took note of the selection of a vendor for the development, deployment and operational support of the CDM registry. In accordance with the request made by the Board at its thirteenth meeting, this selection had been made by the secretariat in accordance with UN procurement procedures. The Board further took note of a presentation by the secretariat on the development and deployment schedules and was given a demonstration of a prototype of the CDM registry.

32. It is envisaged that the developer of the CDM registry will present phase 1 of the CDM registry, as deployed in the secretariat, and outline the next steps of the development. The developer will be available for questions and answers.



33. **Action:** The Board may wish to take note of the presentation by the developer of the CDM registry and provide guidance to the secretariat, as appropriate.

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

34. **Background:** At its sixteenth meeting, the Board requested Mr. Eduardo Sanhueza and Mr. Martin Enderlin to follow negotiations at SBSTA 21 on simplified modalities and procedures and measures to facilitate small-scale afforestation and reforestation project activities under the CDM and report on the outcome to the Board.

35. The Board also requested Ms. Sushma Gera and Mr. Xuedu Lu to continue to follow negotiations, including at the intersessional consultations (Bonn (Germany), 8 to 10 November 2004) on issues relating to registries and to report on the progress to the Board.

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

4. Resources for the work on the CDM

37. **Background:** The Board, at its sixteenth 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.

38. The secretariat will brief the Board on major activities expected to be undertaken in 2005 and respective resource requirements for the work on the CDM. With the Kyoto Protocol entering into force in the second half of February 2005, and in accordance with decision 16/CP.9 on the UNFCCC programme budget 2004-2005, resources for the work on the CDM in 2005 are expected to come from three sources: (i) Kyoto Protocol Interim Allocation (part of the core budget), (ii) voluntary contributions by Parties; and (iii) fees for applications for accreditation and requests for registration as CDM project activities. In presenting a proposal on expected activities in 2005, the secretariat will bear in mind that a significant further increase in the scope and complexity of the caseload (accreditation, methodologies, registration, issuance) as well as major activities for the development, deployment and operation of the CDM registry are anticipated. The secretariat will also give an up-to-date report on the status of income as of 30 November 2004.

39. **Action:** The Board may wish (a) to take note of the proposal on expected activities in 2005 and the report by the secretariat on available and expected resources; and (b) to invite Parties to make further voluntary contributions to the work on the CDM so that the necessary activities can be carried out without delay and to the highest quality standards.

5. Other matters

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

40. **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 an addendum to this report.

41. By its decision 21/CP.8, the COP adopted the rules of procedure of the Executive Board and encouraged the Board to keep these rules under review and, if necessary, to make recommendations, in accordance with paragraph 5 (b) of the CDM modalities and procedures, on any amendments or additions aimed at safeguarding its efficient, cost-effective and transparent functioning. The Board may consider the draft proposed amendments to its rules of procedure as contained in annex to these annotations with a view to



agreeing on amendments and forwarding them for the consideration of the Conference of the Parties at its tenth session.

42. **Action:** The Board may wish to consider: (a) the annex to the annotations with a view to agreeing on amendments and forwarding them for the consideration of the Conference of the Parties at its tenth session; and (b) the need to forward to COP 10 an addendum to its report on work undertaken between 4 September and 3 December 2004.

(b) Relations with intergovernmental and non-governmental organizations

43. **Background:** On the occasion of its sixteenth 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. The Board agreed to hold an information event on its activities (questions and answers), in conjunction with the tenth session of the Conference of the Parties, on 7 December 2004.

46. **Action:** The Board may wish to (a) agree to avail itself for informal briefings with registered observers in the afternoon of 3 December 2004; (b) invite members and alternates to share information on events in which they participated; (c) request members and alternates attending COP 10 to be present at the Board's CDM information event on 7 December 2004 (13:00-15:00).

(c) Other business

47. Since its sixteenth meeting, the Board has received the following communications from the public:

(a) Embassy of Japan in Berlin, Government of Japan, "Submission by Government of Japan on the Operation of the CDM Executive Board", 14 October 2004.

(b) Mr. Deepak Mawandia, "Comments on the request for review of the HFC23 project in Gujarat", 4 November 2004;

(c) Mr. Gareth Phillips, SGS UKL, "Request for review of the Gujarat Fluorochemical Ltd Project number 00000001", 12 November 2004;

(d) Mr. Gareth Phillips, SGS UKL, "Submission of letter of clarification from Government of India", 12 November 2004;

(e) Mr. Deepak Asher, Gujarat Fluorochemicals Limited, "Detailed response to requests for review", 12 November 2004.

(f) Mr. Toru Komai, INEOS Fluor Japan, "Request for review of the Ulsan project number 0003", 12 November 2004;

(g) Mr. Andrew A Lindley, INEOS Fluor Limited, "Request for review of the Gujarat Fluorochemical Ltd Project number 0001", 12 November 2004;

(h) Mr. Lex de Jonge, Head of CDM Division, Ministry of Housing Spatial Planning and the Environment, Directorate General for Environmental Protection, "Netherlands' position paper for the EB", 12 November 2004.



(i) Mr. Yamamoto Shigenari, on behalf of Yoshikazu Kameyama, Japan Quality Assurance Organization, "JQA's view on the requests for review "HFC Decomposition Project in Ulsan" (Ref. no. 0003)", 16 November 2004

(j) Mr. Arato Ogawa, Sumitomo Corporation, "Re: Request for review of the Gujarat Fluorochemical Ltd Project number 0001", 17 November 2004.

(k) Mr. Hidetoshi Ohashi, Deputy General Manager, Japan Vietnam Petroleum Company Limited, "review to our request letter on revision of AM0009 "Recovery and utilization of gas from oil wells that would otherwise be flared", 17 November 2004.

48. **Action:** The Board may wish to (a) take note of communications submitted by the public and agree on any actions, as appropriate; and (b) consider any other business it deems necessary.

5. Conclusion of the meeting

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