

SIXTH PROGRESS REPORT OF THE CDM ACCREDITATION PANEL (CDM-AP)

Sixteenth Meeting of the CDM-AP

22 – 23 April 2005

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I. Introduction

1. This sixth progress report covers the period from 6 February 2005 to 23 April 2005. During this period the accreditation panel held only one meeting.

II. Roster of Experts

2. Three new applications have been received (one from the Asia and Pacific Region and two from the Western Europe and Other Region).

3. The panel when establishing its teams continues to take into consideration the issue of capacity building and regional balance in the assessment teams (ATs). The CDM-AP is also continuously paying attention to means to further enhance the competence of the ATs and take appropriate action as necessary. For regional distribution of team leaders and team members please refer to the table in annex 1.

III. Status of applications

4. Since the eighteenth meeting of the Board, **two new applications** for accreditation was received, which brings the total number of applications to twenty nine (29). It should be noted that three of the 29 applicant entities have withdrawn their applications.

5. The **geographical distribution of the 26 applications** under consideration is as follows: Ten are from Asia and Pacific region, 13 from Western Europe and Other region, two from Latin America and Caribbean region and one from African region. Three applicants from the Asia and Pacific region, two from Latin America and Caribbean region and one from the African region are from Non-Annex I Parties (Republic of Korea (2), Malaysia, Columbia, Brazil and South Africa). Thus a total of six applications are from Non-Annex I Parties.

6. During the period covered by this report, two applicant entities have successfully passed the **desk review and on-site assessment stage**. For these two applicant entities, the panel issued the indicative letters (see section IV).

7. Two AEs are **addressing nonconformities** in accordance with the procedure for accreditation. For one entity the date for the on-site assessment have been agreed. One of the new entities had been requested by the panel to submit revised application documentation. For details on status of all applications please refer to the overview table in annex 2.

IV. Indicative letters and recommendation for accreditation

8. The panel at its sixteenth meeting agreed to issue **indicative letters** to following two entities;

- E-0004 ChuoAoyama Sustainability Certification Organization Co. Ltd.
- E-0025 Korean Foundation for Quality (KFQ)

9. Issuance of indicative letter to these entities indicates that these AEs have successfully completed the desk review and on-site assessment.

10. The Board will be able to consult reference files for these applicant entities during its next meeting.

11. The panel **considered four cases for recommendations regarding phased accreditation for validation** and its deliberation on this matter are presented to the Board under strict confidentiality.

V. Other recommendations

12. The CDM-AP considered an **annual report** submitted, in accordance with the paragraph 27 (g) of the modalities and procedures of the CDM, by a DOE. The CDM-AP agreed on elements, generic format and guidelines for consideration by the EB. The document has been designed to serve as guidelines to DOEs for purposes of consistency in reporting and to ensure that the key CDM activities are reported.

13. The panel at its sixteenth meeting considered the request by the Board to submit a proposal on means to enhance the performance of DOEs. The CDM-AP discussed and adopted a document on inclusion of the substantive decision making by DOEs into the scope of witnessing activities and means to enhance the performance of the DOEs. The document contains short and long term measures to enhance the consideration of competencies for DOEs. The CDM-AP concluded on short term measures and made recommendations for long term measures to the EB for its consideration.

14. The CDM-AP considered the need for **clarification on certain aspects relating to witnessing activities at verification stage**. The CDM-AP recommends that in accordance with current accreditation procedure, only one witnessing activity at the verification stage is required for applicant entities that have already been accredited for validation for all sectoral scopes applied for. However, CDM-AP took note of the need for the Board to give further clarity on the sequencing of the validation and verification processes in the context of phased accreditation. It is recommended, therefore, that the Board should invite views from the AEs/DOEs, through the AE/DOE coordination forum, on the desirability or otherwise of any revision to the accreditation procedure that would allow an AE to be accredited for verification prior to accreditation for validation in a given sectoral scope.

VI. Other outputs of the panel

15. The CDM-AP discussed and agreed on the revised handbook by updating the section on clarifications by the Executive Board. The revised handbook will be made publicly available not later than 20 May 2005.

16. The CDM-AP considered a document, titled, 'comments on approved methodologies' from one of the accreditation team leaders. In considering this document the panel was of the view that most of the comments should be considered by the CDM Meth panel (CDM-MP). The team leader has, therefore, been advised to submit the document directly to the CDM-MP. The secretariat shall inform all CDM-AT members that comments on methodologies shall be submitted directly to the Methodology panel.

17. The CDM-AP, taking note of weaknesses of some applicant entities in identification of their competency criteria and related mechanisms to implement such criterion, adopted a revision of the **competency criteria** for the AEs/DOEs contained in appendix A of the list of sectoral scopes (CDM-ACCR-06). The new content of this appendix A is contained in annex 3. The 4th version CDM-ACCR-06 will be made available on the UNFCCC CDM web site.

VII. Key issues under consideration

18. The panel, in order to incorporate decisions and clarifications by the Board and also clarifications issued by the panel, continues to **revise the "procedures for accrediting operational entities by the Executive Board of the CDM"**. It decided to issue a new version only after a decision has been made regarding the inclusion or not of methodological aspects prior to accreditation and on the number of witnessing required for accreditation. The work by the secretariat on this item has been limited by the lack of resources.

19. The panel, with increasing experience, is continuously working on measures to enhance the harmonization of outputs from the CDM- ATs. It is presently **preparing guidelines for preliminary and final reports to guide team leaders**.
20. To ensure systematic management of the CDM accreditation documents and records, the panel, with the assistance of the secretariat, is developing “**document control and record management procedures**”.

Annex 1

Table: Regional distribution of team members*(in bold character members from Non-Annex I Parties)*

Organisation	Leader	Member	Member
0001 JQA	ASP	WEO	AFR
0002 JACO CDM	ASP	ASP	ASP
0003 DNVCert	ASP	WEO	AFR
0004 CHUO	ASP	ASP	WEO
0005 TUV Sued	ASP	WEO	ASP
0006 TECO	ASP	WEO	ASP
0007 JCI	ASP	ASP	ASP
0008 AZSA	ASP	LAC	WEO
0009 BVQI	ASP	WEO	AFR
0010 SGS	ASP	ASP	LAC
0011 KEMCO	WEO	ASP	WEO
0012 PWCC	WEO	ASP	WEO
0013 TUV Rhein.	WEO	WEO	AFR
0014 KPMG	WEO	WEO	AFR
0015 URS	WEO	ASP	WEO
0016 ERM-CVS	WEO	WEO	ASP
0017 Clouston Env.	WEO	ASP	ASP
0018 BSI UK	ASP	WEO	AFR
0019 Nexant	WEO	ASP	LAC
0020 CRA	AFR	WEO	ASP
0021 AENOR	AFR	ASP	WEO
0022 RWTUV	AFR	WEO	WEO
0023 LRQA	ASP	WEO	AFR
0024 ICONTEC	AFR	ASP	LAC
0025 KFQ	AFR	WEO	WEO
0026 TECPAR	AFR	ASP	LAC
0027 SQS	WEO	ASP	WEO
0028 Shin Nihon	WEO	ASP	ASP
0029 PWC	ASP	AFR	LAC

Annex 2

Table: Status of application of AEs

Entity	Completeness check	Initial consideration	CD M-AT	Work plan	Desk review	Add. Docs	On-site assessment	Witnessing activities	Indicative letter	Phased Accreditation and provisional designation
E-0001 / JQA	X	X	X	X	X	PR	X	WOP	I (1.12.03)	AC (24.03.04)
E-0002 / JACO CDM	X	X	X	X	X	PR	X	WOP	I (4.2.05)	AC (23.2.05)
E-0003 / DNVCert	X	X	X	X	X	PR	X	WOI	I (1.12.03) Ie (4.2.05)	AC (24.03.04) AC (12.06.04)
E-0004 / CHUO	X	X	X	X	X	N	X	NP	I (23.04.05)	
E-0005 / TUEV sued	X	X	X	X	X	PR	X	WOI	I (1.12.03) Ie (4.2.05)	AC (12.06.04) AC (23.2.05)
E-0006 / TECO	X	X	X	X	X	N	X	NP	I (1.12.03)	
E-0007 / JCI	X	X	X	X	X	PR	X	WOI	I (26.7.04)	
E-0008 / AZSA Sustainability Co.	X	X	X	X	X	PR	X	NP	I(13.11.04)	
E-0009 / BVQI	X	X	X	X	X	PR	X	WOI	I (15.3.04)	
E-0010 / SGS	X	X	X	X	X	PR	X	WOI	I (25.5.04)	AC (12.06.04) AC (23.2.05)
E-0011 / KEMCO	X	X	X	X	X	PR	X	WOP	I (13.11.04)	
E-0013 / TUEV Rhein	X	X	X	X	X	PR	X	WOP	I (25.5.04)	
E-0014 / KPMG	X	X	X	X	X	N	X	WOP	I (4.2.05)	
E-0015 / URS	Application Withdrawn									
E-0016 / ERM	X	X	X	X	D	N	P	N/A	N/A	
E-0017 / Clouston	X	X	X	X	D	N/A	N/A	N/A	N/A	
E-0018 / BSI	X	X	X	X	X	N	Xnc	N/A	N/A	
E-0019 / Nexant	Application Withdrawn									
E-0020 / CRA	X	X	X	X	D	PR	N/A	N/A	N/A	
E-0021 / AENOR	X	X	X	X	X	PR	X	WOP	I (4.2.05)	

Entity	Completeness check	Initial consideration	CD M-AT	Work plan	Desk review	Add. Docs	On-site assessment	Witnessing activities	Indicative letter	Phased Accreditation and provisional designation
E-0022 / RWTUV	X	X	X	X	X	PR	X	NP	I (4.2.05)	
E-0023 / LRQA	X	X	X	X	X	PR	X	N/P	I (4.2.05)	
E-0024 / ICONTEC	X	X	X	X	X	PR	X	Xnc	N/A	
E-0025 / KFQ	X	X	X	X	X	PR	X	NP	I (23.04.05)	
E-0026 / TECPAR	X	PX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
E-0027 / SQS	PX	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
E-0028 / Shin Nihon	X	X	X							
E-0029 / PWC, SA	X	X	X							

Note: E-0012 / PWC C withdrew its application

Legend:

X=stage completed

PX= partly completed

N/A= stage not yet reached

PR=provided

NP=not provided

N=not requested

D=Drafting

P=Planned

DC=Dates confirmed

RD=Requested Delay

WOI= Witnessing opportunities identified by AT

WOP=Witnessing opportunities proposed by AE

WOIa= WOI identified for all sectoral scope(s) applied for

WOPa= WOP identified for all sectoral scope(s) applied for

I (date) =Issuing date

Ie (date)=Issuing date for scope extension

AC (date) = Accredited and provisionally designated

Xnc=AE addresses non conformities

Annex 3

COMPETENCE CRITERIA FOR THE DOE/AE UNDER CDM

B. General

21. An AE/DOE shall demonstrate competence through analysis of the competence required for the CDM activity in the sectoral scopes applied for accreditation at the following two levels:

- (a) At the Management level
- (b) At the Validation and Verification Team level.

22. The Management of the AE/DOE shall have enough knowledge of the typical CDM project including the technical process, baselines, additionality, boundaries, and monitoring requirements relevant to the sectoral scopes in which the AE/DOE is active to enable it to operate an effective system for defining the competence needed to perform validation, verification and certification.

Note: The sectoral scopes referred to above are likely to be further subdivided into technical areas for the analysis of the competence required as the CDM projects within one sectoral scope are likely to vary in technical process, baselines, boundaries, additionality, monitoring requirements, geographical location etc.

C. Competence requirements at management level

23. The management of AE/DOE shall demonstrate that it has performed an initial competence analysis (determination of competence requirements in response to evaluated needs) for each technical area in which it operates. In particular, the management shall be able to demonstrate that the OE/AE has the competence to perform the following activities:

- (a) Identify the major processes and environmental issues associated with each technical area within a sectoral scope
- (b) Identify the requirements relevant to the baseline and monitoring methodologies in each technical area in which it operates
- (c) Define the competence needed in the OE/AE to validate, verify and certify CDM projects in each technical area in which it operates (this includes the competence of its auditors and of those responsible for conducting contract reviews, selecting assessment teams and making validation, certification decisions).

D. Assessment of resources required

24. The management shall:

- (a) Have a system, which ensures up-to-date knowledge of process technology, methodologies, modalities and procedures, EB decisions and clarifications, and the applicable legal issues relating to the CDM project cycle in the sectoral scope(s) applied for.
- (b) Have a system for assessing the adequacy of competence requirements for each CDM project it wishes to accept a contract within the sectoral scope(s) applied for.

- (c) Be able to demonstrate that it has performed a competence analysis of the requirements of each sectoral scope applied for. In particular, it shall have the competence to complete the following activities:
 - (a) Identify the typical CDM aspects like methodologies, baselines, additionality, monitoring, PDD etc. of the areas of activity of the sectoral scope;
 - (b) Define the competence needed to validate the application of approved baseline and monitoring methodologies including application of new methodologies and verify/certify projects in relation to the sectoral scope, with specific reference to CDM aspects.

E. Contract review

25. The management shall be able to demonstrate that it has the competence to complete the following activities for each of the CDM project activities it validates and verifies:

- (a) Confirm the appropriateness of the sectoral scope of the project;
- (b) Confirm that the typical CDM aspects, arising from the complete range of the project's activities, correspond to those referred to in section 4(c) above,
- (c) Confirm the availability of the required resources under its own control.

F. Training and selection of validation and verification teams

26. The management shall have criteria for the selection and training of validation and verification teams, consistent with the competence requirements for validation and verification team personnel (see section "Competence requirements for validation and verification team personnel"). Such criteria shall ensure the appropriate levels of understanding and knowledge in the following areas:

- (d) The Kyoto protocol and CDM project cycle;
 - (e) Technical and operational aspects of a project activity in the sectoral scope applied for to be validated;
 - (f) Regulatory requirements relevant to CDM Project cycle;
 - (g) Environmental issues relevant to the sectoral scope applied for;
 - (h) Environmental management system;
 - (i) Management system audit.
- 26 a. The management shall have a procedure for monitoring the performance of the validation and verification team members. The monitoring methods and frequency would be dependent on the type, range and volume of work performed by different personnel.

G. Management of the validation and certification decision process

27. The management function shall have the competence and procedures in place for decision-making regarding the validation, registration as well as verification and certification of CDM project activity.

H. Competence requirements at the validation and verification team personnel level

28. The competence requirements for validation and verification team personnel of AE/DOE are classified into three levels:

- (j) Individual team member,
- (k) Validation and verification team
- (l) External experts that may be required

I. The level of individual team member

29. All members of the validation and verification team should meet similar requirements to those in international standards for auditor competence (e.g. ISO 19011¹), and as may be specified by the Executive Board from time to time. In addition, all members shall, as a minimum, be familiar with the following:

- (m) The Kyoto Protocol and modalities and procedures for the CDM.
- (n) The concepts of management systems in general
- (o) Issues related to various aspects of CDM project activity.

J. The level of the validation and verification team

30. The validation and verification team shall collectively have experience, training and up-to-date knowledge through at least one validation and verification team member taking responsibility within the team for:

- (p) Leading the team and managing the validation and verification process
- (q) Regulatory and applicable legal requirements of the CDM
- (r) Baselines and monitoring methodologies (including GHG inventories)
- (s) Management systems and auditing methods
- (t) Applicable environmental and social impacts and aspects of CDM project activity
- (u) Current technical and operational knowledge of the specific sectoral scope
- (v) Sector specific technologies and their applications.

31. Notwithstanding the above responsibility, some of this expertise may be supplemented from external sources as described below.

K. The level of the external experts

32. The work of the validation and verification team may be supported by input from technical experts with specific knowledge regarding:

1. _____

¹ Where international standards for audit competence refer to "environmental science and technology" this shall be understood as "science and technology relevant for the understanding of the Kyoto protocol and CDM and their social and environmental impacts".

- (w) Regulatory and applicable legal requirements of the CDM
 - (x) Baselines and monitoring methodologies (including GHG inventories)
 - (y) Applicable environmental and social impacts and aspects of CDM project activity
 - (z) Current technical and operational knowledge of the specific sectoral scope;
 - (aa) Sector specific technologies and their applications.
33. Such experts shall not be considered as members of the validation and verification team.
