



**CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD**

**PROPOSED AGENDA AND ANNOTATIONS**

Twenty-third meeting

UNFCCC Headquarters  
Bonn, Germany  
22 - 24 February 2006

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\*For more information please visit the page CDM Project activities “under review” and “review requested” (<[http://cdm.unfccc.int/Projects/under\\_review.html](http://cdm.unfccc.int/Projects/under_review.html)> and <<http://cdm.unfccc.int/Projects/review.html>>).



## II. ANNOTATIONS TO THE PROPOSED AGENDA

### 1. Membership issues (including disclosure of possible conflict of interest and election of Chair and Vice-Chair)

1. **Background:** Background: The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP), at its first session, in accordance with paragraphs 7 and 8 (b) of the modalities and procedures for the clean development mechanism (hereafter referred as CDM modalities and procedures), has elected to the Executive Board for the clean development mechanism the following members and alternate members:

- (a) For a term of two years:
  - (i) Mr. Xuedu Lu, as member (second term), and Mr. Richard Muyungi, as alternate member (first term), from Parties not included in Annex I;
  - (ii) Mr. Hans Juergen Stehr (first term), as member and Mr. Lex de Jonge, as alternate member (first term), from Parties included in Annex I;
  - (iii) Mr. Philip M. Gwage (first term), as alternate member from Parties not included in Annex I;
  - (iv) Ms. Anastasia Moskalkenko (first term), as member, and Ms. Natalia Berghi (first term), as alternate member from the Eastern European regional group;
  - (v) Mr. Rawlestone Moore (first term), as member and Ms. Desna Solofa (second term), as alternate from of the small island developing States.

2. The nomination of one member from Parties not included in Annex I, which is assigned to the Latin America and Caribbean regional group, is still outstanding.

3. In accordance with paragraph 8 (e) of the CDM modalities and procedures and rule 10 of the rules of procedure, members and alternate members have to take a written oath of service before being able to participate in the work of the Executive Board. The secretariat has received the written oaths of service from all newly elected members and alternate members.

4. At the first Executive Board meeting of each calendar year, i.e. at this twenty-third meeting, the Board shall elect a Chair and a Vice-Chair from among its members. In accordance with rule 12 of the rules of procedure of the Executive Board, the Board shall elect its own Chair and Vice-Chair, with one being a member from a Party included in Annex I and the other being from a Party not included in Annex I. The positions of Chair and Vice-Chair shall alternate annually between a member from a Party included in Annex I and a member from a Party not included in Annex I. As of 22 February 2006 the newly elected Chair shall therefore be from a Party not included in Annex I and the Vice-Chair from an Annex I Party.

5. Rule 12 of the rules of procedure of the Executive Board stipulates that the secretary of the Executive Board shall preside over the opening of the first Executive Board meeting of a calendar year and conduct the election of the new Chair and Vice-Chair. The secretary of the Executive Board shall ascertain whether (a) the members present constitute a quorum, and (b) the absence of any member or alternate member is “without proper justification”<sup>1</sup>. At this twenty-third meeting, the secretary of the Board shall also assume, at the beginning of the meeting, the function of the Chair to request members and alternates to disclose whether they consider having any conflict of interest relating to the work of the Board.

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<sup>1</sup> Please refer to rules 28 and 7 of the rules of procedures of the Executive Board.



6. **Action:** The Executive Board may wish to (a) welcome new members and alternates; (b) take note of their oaths of service; (c) elect for the year 2005 its Chair from among the members from Parties not included in Annex I and its Vice-Chair from among the members from Parties included in Annex I; and (d) consider information provided by any member or alternate member and take action, as appropriate, with relation to conflict of interest.

## 2. Adoption of the agenda

7. **Background:** The Board agreed, at its twenty-second meeting, on items to be included in the provisional agenda for its twenty-third 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 1 February 2006 and thereafter posted on the UNFCCC CDM web site.

8. **Action:** Members may wish to adopt the proposed agenda for the twenty-third meeting.

## 3. Work plan

9. The COP/MOP, at its first session, by its decision /CMP<sup>2</sup> (Further guidance relating to the clean development mechanism) recognized the need to ensure the continuation of the clean development mechanism beyond 2012. It provided to the Executive Board general guidance as well as more specific guidance related to governance, methodologies and additionality, regional distribution of project activities and resources.

10. COP/MOP 1 took note with appreciation of the annual report (2004–2005) of the Executive Board of the clean development mechanism and its addendum, commended the Board for its management plan and requested the Executive Board to emphasize its executive and supervisory role over a strengthened support structure which includes panels on methodologies and accreditation, teams supporting registration of project activities and issuance of certified emission reductions, working groups on afforestation and reforestation and on small-scale projects, designated operational entities and a strengthened secretariat servicing this system;

11. COP/MOP requested the secretariat to maintain and strengthen its clean development mechanism section dedicated to supporting the Executive Board through the provision of services as defined by the Executive Board and services defined in the decision which should be provided by the secretariat to the Executive Board subject to availability of resources.

12. Parties were invited to make submissions on the consideration of carbon dioxide capture and storage as clean development mechanism project activities (13 February 2006) and on their views on systematic or systemic barriers to the equitable distribution of clean development mechanism project activities and options to address these barriers (31 May 2006). More detail on these requests and the other mandates and requests emanating from the decision of COP/MOP on further guidance have been reflected or referred to in relevant sections of this annotated agenda.

### (a) Accreditation of operational entities

13. **Background:** The Board, at its twenty-second meeting, took note of the ninth progress report of the CDM Accreditation Panel (CDM-AP) and an oral report on the work of the CDM-AP presented by

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<sup>2</sup> The number of the decision is provisional. For the full text of the decision please refer to the section on latest documents in the UNFCCC CDM web site: <http://cdm.unfccc.int>.



Ms. Marina Shvangiradze, Vice-Chair of the CDM-AP, including the status of applications and developments with respect to desk reviews and on-site assessments. The Board considered a recommendation from the CDM-AP and agreed to amend the provisions regarding phasing of accreditation to reflect the role of large scale project activities in the process of leading to the accreditation for both functions simultaneously.

14. The Board agreed, pursuant to decisions 17/CP.7 and 21/CP.8, to accredit, and provisionally designate, three entities for sector-specific validation and one for sector-specific verification/certification. The Board noted that the first entity located in a non-Annex I Party was accredited: “The Korea Energy Management Corporation (KEMCO)” from the Republic of Korea.

15. The Board may wish to note that the COP/MOP 1, in its decision on further guidance relating to the clean development mechanism, decided to designate as operational entities those entities that had been accredited, and provisionally designated, as operational entities by the Executive Board to carry out sector-specific validation functions and/or sector-specific verification functions. The list of entities is contained in annex I to the document FCCC/KP/CMP/2005/4/Add.1. Furthermore, the COP/MOP 1, in the same decision, reiterated its request to the Parties, within the framework of decision 2/CP.7, to promote capacity-building with a specific view to obtaining more applications for accreditation as designated operational entities from entities located in Parties not included in Annex I to the Convention and invited intergovernmental and non-governmental organizations to contribute to this effort.

16. **Work undertaken/in progress:** The CDM-AP held its twentieth meeting on 2 - 3 February 2005, in Bonn, Germany. The tenth progress report on the work of the CDM-AP had been sent to the EB on 9 February 2006. In accordance with the accreditation procedure, the recommendations for phased accreditation and the supporting documentation are confidential and have been sent under separate cover on the same date.

17. The Board, at its twenty-second meeting, noted the issue relating to promotional material by the DOEs/AEs containing factually wrong information. The Board requested the CDM-AP to prepare, taking into consideration common practices in accreditation schemes, options to (a) ensure that the Board is made aware of DOEs/AEs that do not conduct their functions in accordance with the CDM modalities and procedures, decisions by the COP/MOP and of the Executive Board; and (b) address such situations. The Board agreed to consider such options at its twenty-fourth meeting. The Board may wish to note that the CDM-AP in the third joint workshop provided an opportunity to the DOEs/AEs for exchange of views on this issue. The CDM-AP also took note with appreciation that the DOE/AE coordination forum is developing a professional code of conduct. The DOEs/AEs, at the joint workshop, indicated that the professional code of conduct would be based on what is considered professional behavior in performing CDM validations and, verification/certification functions and the associated business around it. All DOEs/AEs recognized the need and importance of such a professional code of conduct and expressed their commitment to it.

18. **Selection of panel members:** The Board, at its twenty-first meeting, agreed to increase the size of the CDM-AP by one more member which shall be a methodology expert in order to further strengthen the capacity of the CDM-AP to deal with methodological aspects in the accreditation process. The secretariat made a call for experts for which 17 February 2006 is the deadline for submission of applications. A list of short-listed candidates will be provided. The Board may wish to note that in June 2006 the term of three panel members will end and to request the secretariat to make a call for experts after the twenty-third meeting to replace such members.

19. **CDM-AP meeting schedule:** The CDM-AP agreed to hold its twenty-first meeting on 18 - 19 March 2006, Bonn, Germany.



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

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

21. **Background:** The COP/MOP, at its first session:

(a) Requested the Board to report to the COP/MOP, at its second session, on further progress with respect to guidelines on baseline and monitoring methodologies, as referred to in appendix C to the modalities and procedures for a clean development mechanism;

(b) Decided that a local/regional/national policy or standard cannot be considered as a clean development mechanism project activity, but that project activities under a programme of activities can be registered as a single clean development mechanism project activity provided that approved baseline and monitoring methodologies are used that, inter alia, define the appropriate boundary, avoid double-counting and account for leakage, ensuring that the emission reductions are real, measurable and verifiable, and additional to any that would occur in the absence of the project activity;

(c) Recognized that large-scale project activities under the clean development mechanism can be bundled if they are validated and registered as one clean development mechanism project activity and invites the Executive Board to provide further clarification if needed;

(d) Recognized and encouraged initiatives on methodology development by Parties and entities and invites further efforts from intergovernmental organizations, non-governmental organizations, industry and others;

(e) Encouraged project participants to develop, and the Executive Board to approve, more methodologies with broad applicability conditions to increase the validity and use of approved methodologies;

(f) Requested the Executive Board to expand its efforts:

(i) To broaden the applicability of approved methodologies;

(ii) To prepare consolidated methodologies that, wherever possible, cover the full range of methodological approaches and applicability conditions as in the underlying approved methodologies;

(iii) To provide clear guidance on small deviations from approved methodologies;

(g) Requested the Executive Board to make a call for public input, in accordance with paragraphs 43 to 45 of the modalities and procedures for a clean development mechanism, on:

(i) New proposals to demonstrate additionality, including options to combine the selection of the baseline scenario and the demonstration of additionality;

(ii) Proposals to improve the “tool for the demonstration and assessment of additionality”;

(h) Requested the Board to consider, at or before its twenty-fourth meeting, such proposals with a view to including approved approaches for the demonstration of additionality in baseline methodologies and reporting in its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session;



(i) Encouraged project participants to submit new proposals to demonstrate additionality through the existing process of proposing new methodologies;

(j) Confirmed that, as stipulated in decision 12/CP.10, the use of the “tool for the demonstration and assessment of additionality” is not mandatory for project participants, and that in all cases the project participants may propose alternative methods to demonstrate additionality for consideration by the Executive Board, including those cases where the “tool for the demonstration and assessment of additionality” is attached to an approved methodology;

22. With regard to the consideration of carbon dioxide capture and storage as clean development mechanism project activities, COP/MOP requested the secretariat to organize, in conjunction with the twenty-fourth session of the Subsidiary Body for Scientific and Technological Advice (May 2006), a workshop on considering carbon dioxide capture and storage as clean development mechanism project activities, taking into account issues relating to project boundary, leakage and permanence. It invited Parties to provide submission on this matter and, in particular what issues are to be considered at the workshop in May. COP/MOP furthermore requested the Executive Board to consider proposals for new methodologies for carbon dioxide capture and storage as clean development mechanism project activities with a view to making recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its second session, on methodological issues, in particular with regard to project boundary, leakage and permanence. COP/MOP decided to consider, at its second session, the submissions by Parties, the report of the workshop and the recommendations by the Executive Board with a view to adopting a decision on guidance to the Executive Board of the clean development mechanism on how to consider carbon dioxide capture and storage as clean development mechanism project activities, taking into account issues relating to project boundary, leakage and permanence.

23. The Board has considered, via listserv, a proposal by the Chair for electronic decision-making on the treatment of carbon capture storage related methodologies. Since several Board members had objected to this proposal, the Board shall consider the treatment of these methodologies at its twenty-third meeting.

24. The Board agreed, via listserv, to a proposal by the Chair for electronic decision-making for the withdrawal of the proposed new methodology NM0072 “Mandatory Energy-Efficiency Standard for Room Air Conditioners in Ghana “ given that the request occurred as a result of guidance provided by COP/MOP.

25. The Executive Board, at its twenty-second meeting, took note of the report of the eighteenth 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.

26. The Meth Panel held its nineteenth meeting in Bonn (CDM MP 19), Germany from 31 January to 3 February 2006. The Meth Panel undertook its work in two parallel groups. It dealt with general issues relating to process and methodological clarifications and guidance and with case-specific issues as specified below.

27. **General issues relating to process:** The **procedures for submission and consideration of queries regarding the application of approved methodologies by DOEs to the Meth Panel**, adopted by the Board at its twentieth meeting, are being implemented. The CDM MP 19 considered 11 requests for **clarifications by DOEs relating to the application of approved baseline and monitoring methodologies** and provided answers. The requests and the clarifications are publicly available on the UNFCCC CDM web site at <<http://cdm.unfccc.int/methodologies/Clarifications>>. Clarifications that implied a recommendation by the Meth Panel to revise an approved methodology are reflected in paragraph 32 below.

28. In accordance with the procedures for revision of an approved methodology, agreed by the Board at its twenty-first meeting, the CDM MP 19 considered 4 requests for **revisions of approved methodologies**



relating to the application of approved baseline and monitoring methodologies and provided answers. The requests and the responses are publicly available on the UNFCCC CDM web site at <http://cdm.unfccc.int/methodologies/PAMethodologies/Revisions>. Request for revisions that implied a recommendation by the Meth Panel to revise an approved methodology are reflected in paragraph 41 below.

29. In order to further improve the consistency between methodologies and to facilitate the development of new baseline and monitoring methodologies, the CDM MP 19 agreed to finalize the first draft of “technical guidelines for the development of new baseline and monitoring methodologies” and “catalogue of methodological components” at its twentieth meeting for consideration of the Board.

30. The Meth Panel agreed to work on the development of separate guidelines on the details to be included in CDM-PDD, CDM-NMB and CDM-NMM with respect to standards and resources for measurement and calibration.

31. The CDM MP 19 considered the **revision of forms CDM-NMB and CDM-NMM and its guidelines**, in order to streamline the submission of proposed new methodologies, taking into account the revisions undertaken by the afforestation and reforestation working group at its last meeting. The Meth Panel agreed that further work, in collaboration with the A/R WG, is needed for finalizing the revision of these forms (including the panel’s recommendation and desk reviewers’ form) at its next meeting.

32. **General issues relating to clarifications and guidance:** The CDM MP 19 considered a number of methodological issues for which further clarifications and guidance by the Board are necessary as outlined below.

(a) In relation to the monitoring of the CDM project activities, the CDM MP 19 recommended to the Board that **the specific uncertainty levels, methods and associated accuracy level of measurement instruments and calibration procedures to be used for various parameters and variables should be identified in the PDD**, along with detailed QA and QC procedures. The verification of the authenticity of the uncertainty levels and instruments are to be undertaken by the DOE during the verification stage.

(b) As requested by the Board at its twenty-second meeting, the CDM MP 19 took note of the current call for public inputs on **double counting** launched by the Board. The panel highlighted that certain methodologies (NM0082-rev, NM0129, and NM0142) are currently under consideration by the Meth Panel, and require guidance on **double counting** from the Board on how to treat these cases before providing a final recommendation to the Board. The CDM MP 19 noted that it will take into consideration public inputs and additional expertise in considering approaches to address double counting and for further deliberations at its twentieth meeting.

(c) The CDM MP 19 recommended to the Board an optional tool (draft **‘baseline selection tool’**) in assisting the selection of a baseline scenario from a set of potential baseline alternatives, as contained in an annex to its report.

(d) In context of some project proponents requesting the use of the IPCC tier 1 approach instead of the first order decay model to estimate avoided methane emissions from landfilling in the baseline. The IPCC tier 1 approach assumes that all potential methane emissions from the waste are emitted in the year it was placed in the landfill. In such cases, the uncertainty in the baseline scenario beyond the crediting period and the impossibility of its verification makes it inappropriate to use the IPCC tier 1 method. Therefore, the panel recommends the use of the first order decay model in such cases. The CDM MP 19 acknowledged that project activities may avoid emissions from the landfill beyond the crediting period, and requests confirmation from the Board that these emission reductions are not to be credited.

(e) As requested by the Board at its twenty-second meeting, the CDM MP 19 further considered the treatment of reservoir emissions in large hydro projects and agreed to recommend use of values for





estimating such emissions, as specified in its report. Once the Board approves the above recommendation, the Meth Panel agreed that the specific approved methodologies would need to be revised to incorporate approved guidance.

33. **Recent submissions of proposed new methodologies – status of consideration:** Thirty-three (33) proposed new methodologies were submitted at the fourteenth round for submitting new methodologies, which concluded on 11 January 2006. Eight (8) of these cases were pre-assessed by the DOEs. The remaining 25 cases are currently undergoing pre-assessment by the Meth Panel members, in accordance with paragraph 7 of the procedures of submission and consideration of a proposed new methodology. The cases, which will pass the quality-check done in pre-assessment by the Meth Panel, will be considered at the twentieth meeting of the Meth Panel, taking into consideration the workload of the panel. Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM web site (<<http://cdm.unfccc.int/methodologies/PAmethodologies/publicview.html>>).

34. The CDM MP 18 considered 28 **cases of proposed new methodologies** for baselines and monitoring, of which nineteen (19) had been submitted in the thirteenth round. Recommendations for consolidation or for preliminary and final considerations were prepared for 21 cases.

35. The CDM MP 19 agreed to defer the consideration on cases **NM0121** and **NM0130** as these concern the production of electricity from dams with reservoirs on which additional expertise needs to be obtained and guidance by the Board is requested as mentioned in paragraph 23 (e) above. The panel agreed to continue considering the cases **NM0080-rev** and **NM0124-rev** at its twentieth meeting. Additional expertise is required to analyze the possible technical and financial issues with respect to use, recycling, treatment of leakage and substitution of SF<sub>6</sub> in transmission/distribution systems, in context of the submission of the proposed new methodology **NM0135**, which aims to reduce SF<sub>6</sub> emissions in high-voltage transmission/distribution systems. The Meth Panel highlighted that the methodology **NM0082-rev** requires guidance from the Board on how to address possible double-counting of emission reductions before finalizing its recommendation.

36. **Case-specific recommendations:** The CDM MP 19, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on recommendations to the Board to:

- (a) Approve case **NM0111**;
- (b) Forward case **NM0129** for revision to the project participants and for resubmission without the need for further experts and public input;
- (c) Not approve cases **NM0126**, **NM0137** and **NM0139** that, if revised taking into account comments, can be resubmitted but will require new expert and public input.

37. The CDM MP 19 prepared a recommendation for a **draft consolidated methodology** for “Consolidated methodology for industrial fuel switching from coal or oil to natural gas” which is based on cases **NM0131** and **NM0132** and the approved methodology **AM0008**. In this regard, the Meth Panel recommended to remove **AM0008**, as it will be contained in the new consolidated methodology. The Meth Panel also recognized to further improve this proposed consolidation of the cases **NM0131**, **NM0132** and approved methodology **AM0008** and agreed to work on a revision of the consolidated methodology at its twentieth meeting.

38. The panel further agreed to recommend revision of the approved methodology **AM0025** “Avoided emissions from organic waste composting at landfill sites --- Version 2” incorporating the case **NM0127**.



39. **Other case-specific issues:** The Meth Panel agreed on preliminary recommendations to project participants for proposals NM0133, NM0134, NM0136, NM0138, NM0140, NM0141, NM0142, NM0143, NM0105-rev, NM0107-rev, NM0112-rev, NM0117-rev and NM0123-rev.
40. **Work on process of consolidation of methodologies:** The CDM MP 19 agreed to recommend that case NM0038-rev is to be consolidated in approved methodology AM0013: “Forced methane extraction from organic waste-water treatment plants for grid-connected electricity supply, version 2”. The Meth Panel will finalize this consolidation at its twentieth meeting with a view to prepare a recommendation for consideration by the Board.
41. **Revisions of approved methodologies:** In response to technical queries and inputs by project participants and DOEs, the CDM-MP 19 considered and recommended to revise the approved methodologies AM0025, ACM0003, ACM0004, ACM0002, ACM0006, AM0016, as outlined in the annexes to its report.
42. Based on the revision of approved methodologies, the CDM MP 19 also recommended that the approved methodology AM0005 to be removed as the consolidated methodology ACM0002 is applicable for the same type of CDM project activities. Maintaining AM0005 would not provide additional value to project participants beyond that which ACM0002 provides.
43. In addition, the CDM MP 19 agreed to revise the approved methodology ACM0001, to accommodate the request for revision of the said methodology as well as consistency with the Boards guidance on methodological issues, at its next meeting.
44. **Further schedule:** The CDM-MP 19 agreed to convene its next meetings on 4 – 7 April 2006 and 6 – 9 June 2006 taking into account the schedule of the Board. The tentative schedule for meetings in 2006 will be available at: <<http://cdm.unfccc.int/Panels/meth>>.
45. **Action:** The Board may wish to consider: (a) the decisions and requests by the COP/MOP related to methodological issues; (b) the treatment of carbon capture storage methodologies; (c) the report of the nineteenth meeting of the Meth Panel and oral updates by its Chair; (d) the request for guidance on information details regarding monitoring to be provided in the CDM-PDD and CDM-NMM; (e) the request for guidance on treatment of methodologies that may include double counting; (f) the draft baseline selection tool; (g) the request for confirmation that emission reductions for avoidance from baseline emissions of methane from landfill are not to be credited; (h) the proposal on estimating emissions from reservoirs for hydroelectricity projects; (i) the recommendation of the Meth Panel to consolidate AM0008; (j) the recommendation of the panel to revise AM0016, AM0025, ACM0002, ACM0003, ACM0004, and ACM0006; (k) the withdrawal of AM0005 (l); the final recommendations by the Meth Panel on draft reformatted approved methodology for NM0111; (m) the recommendations by the Meth Panel, referred to above, on cases NM0126, NM0127, NM0129, NM0137, NM0139; (n) other recommendations by the Meth Panel as contained in the report of its nineteenth meeting; and (o) guidance to the Meth Panel on additional matters, as appropriate.

(c) **Issues relating to afforestation and reforestation project activities**

46. **Background:** The Executive Board, at its twenty-second meeting, took note of the report of the sixth meeting of the Working Group on afforestation and reforestation project activities under the CDM (A/R WG), and of an oral report by its Chair, Mr. Martin Enderlin, on the work of this working group.
47. The A/R WG held its seventh meeting (A/R WG 07) in Bonn (Germany) from 7 to 8 February 2006. It dealt with case specific issues as well as with general issues relating to process and methodological clarifications, as specified below.



48. **General issues relating to process:** Taking into consideration the small scale methodology for afforestation and reforestation projects adopted by COP/MOP and as requested by the Board at its twenty – second meeting, the A/R WG 07 prepared a draft **project design document form and its guidelines for small scale afforestation and reforestation project activities (CDM-AR-SSC-PDD)**, for consideration by the Board.

49. Taking into consideration the revised version of CDM-AR-NM as agreed by the Board at its twenty-second meeting, the A/R WG 07 agreed to recommend for approval a revision of the **project design document form for afforestation and reforestation project activities (CDM-AR-PDD) and its guidelines** to the Board.

50. The A/R WG 07 also revised the **proposed new methodology assessment form (CDM-AR-NM as ver.2)** for afforestation and reforestation project activities under the CDM in order to align it with the assessment form used by the Meth Panel.

51. **General issues relating to clarifications/guidance:** The A/R WG 07 considered a number of methodological issues for which further clarifications and guidance by the Board are necessary as outlined below:

(a) The AR WG took note of the draft “baseline selection tool” recommended by the Meth Panel at its last meeting, and agreed to recommend to the Board that the A/R WG develop a **baseline selection tool for afforestation and reforestation project activities**.

(b) In response to the request from the Board at its twenty-second meeting to further elaborate the proposal on the **definition of renewable biomass**, the A/R WG agreed on a revised version of the proposal for consideration by the Board.

(c) Taking into consideration the guidance by the Board on national and sectoral policies at its twenty-second meeting, the A/R WG 07 agreed on recommendations to the Board on **national and sectoral policies** specific to **afforestation and reforestation project activities**.

(d) A/R WG 07 agreed to encourage project participants to use nomenclature for parameters and variables, as used in previously approved AR methodologies, when submitting proposed new methodologies. This was recommended in order to maintain consistency of approved methodologies and to facilitate the methodology approval process for afforestation and reforestation.

52. **Recent submissions of proposed new A/R methodologies - status of consideration:** Two (2) proposed new methodologies for afforestation and reforestation project activities (A/R methodologies) were submitted at the eighth round for submitting new methodologies, which concluded on 11 January 2006. These cases are currently undergoing pre-assessment by the A/R WG members, in accordance with the procedures of submission and consideration of a proposed new AR methodology. The cases, which will pass the quality-check done in pre-assessment by the A/R WG, will be considered at the eighth meeting of the A/R WG. Information on A/R methodologies currently under consideration by the Board and the A/R WG are available on the UNFCCC CDM web site (<http://cdm.unfccc.int/methodologies/ARmethodologies/publicview.html>).

53. The A/R WG 07 considered eight (8) **cases of proposed new A/R methodologies** for baselines and monitoring, of which five (5) were submitted in the seventh round.

54. **Case-specific recommendations:** The A/R WG, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on recommendations to the Board to:

(a) **Not approve** cases **ARNM0014** and **ARNM0016**;



(b) Forward case **ARNM00013** for **revision** to the project participants without the need for further experts and public input.

55. **Other case specific issues: The A/R WG agreed on preliminary recommendations to project participants** on proposals **ARNM0015**, **ARNM0017** and **ARNM0018**.

56. The A/R WG agreed to revise the case **ARNM007-rev** with a view to prepare a recommendation for possible approval at its eighth meeting.

57. The ARWG agreed to consider **ARNM0012** at its eighth meeting.

58. **Further schedule:** The A/R WG 07 agreed to convene its next meeting from 28 to 29 March 2006 and subsequent meeting from 13 to 14 June 2006, taking into account the schedule of the Board. The tentative schedule for meetings in 2006 can be found at: <<http://cdm.unfccc.int/Panels/ar>>.

**Action:** The Board may wish to consider (a) the report of the seventh meeting of the A/R WG and oral updates by its Chair; (b) the proposed draft project design document form for small scale afforestation and reforestation project activities and its guidelines; (c) a revision of the CDM-AR-PDD and its guidelines; (d) a recommendation to develop a baseline selection tool for afforestation and reforestation project activities; (e) a recommendation regarding the national and sectoral policies particular to afforestation and reforestation project activities; (f) a recommendation regarding the definition of renewable biomass; (g) recommendations by the A/R WG, referred to above, on cases ARNM0013, ARNM0014 and ARNM0016; and (h) guidance to the A/R WG on additional matters, as appropriate.

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

59. **Background:** The Executive Board, at its twenty-second meeting, took note of the report of the third meeting of the working group to assist the Executive Board in reviewing proposed methodologies and project categories for small-scale CDM project activities (SSC-WG) and of an oral report by its Chair, Ms. Gertraud Wollansky, on the work of this working group.

60. **Work undertaken/in progress:** The SSC-WG considered, at its fourth meeting, eleven (11) requests for clarifications/revisions from project participants and operational entities and agreed on recommendations, contained in its report, relating to amending indicative simplified baseline and monitoring methodologies:

61. SSC WG considered submissions on '**Alternative methods for calculating emission reductions from SSC project activities that propose the switch from non-renewable to renewable biomass**' received in response to the call for public inputs requested by the CDM Executive Board at its twenty-first meeting which was welcomed by Parties at COP/MOP 1. Taking into consideration these submissions, the SSC WG agreed to **recommend** amendments to the indicative simplified baseline and monitoring methodologies **to include two new categories** for project activities switching from non-renewable biomass and increasing the efficiency in thermal applications of non-renewable biomass. i.e. **(a) Category I.E. Switch from non-renewable biomass for thermal applications and (b) Category II. G. Energy efficiency measures in thermal applications of Non-Renewable Biomass.**

62. In response to the request by the Board at its twenty-first meeting to provide **more accurate methodologies for specific characteristics of project activities that may fall under SSC type III**, the SSC-WG developed **recommendations for four new categories** under this type: (a) Landfill Methane Recovery (b) Avoidance of methane production from biomass decay through composting (c) Methane Recovery in Wastewater Treatment (d) Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems.



63. Based on the guidance by the Board and incorporating the general principles of **bundling** approved by the Board, at its twenty second meeting, the SSC-WG prepared **recommendations to the Board** on the following: (a) The **revision of the simplified project design document for small-scale CDM project activities ‘CDM-SSC-PDD’ to include a cover form ‘F-CDM-SSC-BUNDLE’** to be completed and submitted by all bundled projects (b) **Guidelines for completion and submission of the form ‘F-CDM-SSC-BUNDLE’** to be included in the Guidelines for completing the simplified Project Design Document ‘CDM-SSC-PDD’.

64. As requested by the Board at its twenty-first meeting, the SSC WG started developing detailed **guidance on the direct project emissions to be considered under type III activities**. Recommendations for **guidance have been completed for five categories**. The working group will continue to work on the remaining three categories and make recommendations at its next meeting.

65. As requested by the Board at its twenty second meeting, the SSC-WG agreed to recommend to the Board **amendments to indicative simplified baseline and monitoring methodologies to include provisions for retrofit and renewable energy capacity additions as eligible activities under type I**.

66. Following the request by the Meth Panel, the SSC-WG recommended to include additional guidelines for monitoring under the General Guidance section of the indicative methodologies for SSC CDM project activities.

67. The SSC-WG noted that the **received submission SSC\_038** (“Anthropogenic Ocean Sequestration by Changing the Alkalinity of Ocean Surface Water”) is **related to carbon dioxide capture and storage (CCS)** project activities. Taking into account the guidance provided by COP/MOP 1, the working group seeks **guidance from the Executive Board on how to treat these methodologies** and recommends in the interim to place these submissions “on-hold”.

68. The SSC-WG further considered the submissions on SSC\_012 proposing “**transfer of know-how and training that induce behavior changes**” as a possible CDM project activity. After consulting the Meth Panel, the SSC-WG agreed to **request guidance from the Board on whether such activities are eligible as CDM project activities**.

69. Taking into account the clarification provided by Executive Board, at its twenty-second meeting, related to the revisions to Appendix B, the SSC-WG recommends that small-scale methodologies should be treated independent documents rather than as a part of Appendix B in terms of revisions and versioning.

70. All recommendations by the SSC-WG referred to above are contained in the report of the fourth meeting and its annexes.

71. **Further schedule:** The SSC WG agreed to schedule its fifth meeting from 30 - 31 March 2006.

72. **Action:** The Board may wish to consider (a) the report of the fourth meeting of the SSC-WG and oral updates by its Chair; (b) recommendations by the SSC-WG on the revision of the CDM-SSC-PDD to include cover form ‘F-CDM-SSC-BUNDLE’ and its guidelines; (c) recommendations by the SSC-WG for new categories for project activities that switch from non-renewable to renewable biomass; (d) recommendations by the SSC-WG on new categories for methane avoidance project activities; (e) recommendations by the SSC-WG on direct project emissions under type III project activities; (f) recommendations by the SSC-WG on retrofit and capacity addition project activities; (g) recommendations by the SSC-WG to treat small-scale methodologies independently; (h) to provide guidance on whether behavior change projects are eligible as CDM project activities; (i) to include additional guidelines for monitoring under the General Guidance section of the indicative methodologies for Small Scale CDM project activities; (k) to provide any other guidance to the SSC-WG, as appropriate.



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

73. **Background:** The information available in the section on “Project Activities” on the UNFCCC CDM web site (<http://cdm.unfccc.int/Projects>), indicates the status of project activities submitted for registration. As of 10 February 2006 the main information can be summarized as follows:

- (a) Registered CDM project activities: 90;
- (b) Request for registration: 65;
- (c) Request for review: 2;
- (d) Under review: 0;
- (e) Withdrawn: 2.

74. **Work undertaken/in progress on cases:** The **90 registered CDM project activities** as of 10 February 2006 represent an increase of 51 since the end of November 2005. Forty three (44) of the 90 registered project activities are of small scale.

75. In addition to the 90 registered activities, a total of 65 requests for registration had been received until 10 February 2006 and are awaiting for automatic registration unless a review is requested. Of the 157 activities which have requested registration so far, reviews were undertaken for eight (8) cases of which five (5) were registered. In one case, the project participants withdrew their request; and in two cases, the Board agreed to register the project activity with modifications that were incorporated by project participants and the DOE. In one project case the proposed activity was withdrawn by project participants before the end of the request for registration period.

76. In accordance with the “Procedures for review referred to in paragraph 41 of the modalities and procedures for a clean development mechanism”, the Board, at its twenty-third meeting, shall (a) consider **the request for review of the proposed project activities** “BK Energia Itacoatiara Project” (ref number 0168, date of request for review: 19 January 2006) and “Santa Cândida Bagasse Cogeneration Project (SCBCP)” (ref number 0065, date of request for review: 3 February 2006) and (b) decide whether to undertake a review of the proposed project activities or to register them as CDM project activities. If the Board agrees to undertake a review of these project activities it shall also decide on the scope of the review and the composition of the review teams for these cases.

77. **Work undertaken/in progress on registration procedure and related issues:** At its twenty-second meeting, the Board, with a view to **streamlining the registration procedures**, agreed to the revised “Clarifications to facilitate the implementation of the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, version 02” (Annex 18 to EB 22 Report)<sup>3</sup>.

78. The Board, at its twenty-second meeting, also agreed to a number of clarifications with regard to the submission of requests for registration of proposed activities seeking to have a crediting period starting prior to the date of registration (deadline 31 December 2005). Subsequently, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first meeting in Montreal decided that project activities that started in the period between 1 January 2000 and 18 November 2004 and have not yet requested registration but have either submitted a new methodology or have requested validation by a designated operational entity by 31 December 2005 can request retroactive credits if they are registered by the Executive Board by 31 December 2006 at the latest.

<sup>3</sup> The document is available in the section “Reference/Clarifications/guidance” of UNFCCC CDM web site.



79. The Board, at its twenty-second meeting, agreed to the **terms of reference and procedure for a Registration Team** to assist Board members in their task to consider requests for registration of project activities submitted to the Board by DOEs (Annex 19 to EB 22 Report). The secretariat launched a public call for experts with a deadline of 31 January 2006 and received 40 applications. The secretariat compiled a list of applications and a short list of applicants for consideration by the Board on the basis of which the Board shall select six members taking fully into account the consideration of regional balance.

80. With respect to appraisals of project activities that have requested registration, some Board members have communicated that while some project activities should be registered, some **minor corrections and/or considerations** should be undertaken **before registration takes place**. Therefore guidance is sought from the Board as to how these issues could be addressed and what role the registration team could play in this matter.

81. The Board, at its twenty-second meeting, agreed to the **Procedures for requests for deviation to the Executive Board** (Annex 20 to EB 22 Report). Since this meeting, four (4) requests for deviations have been submitted by DOEs (for detailed information: <http://cdm.unfccc.int/Projects/Deviations>). One of these requests was dealt by the Board via electronic means, one has had a recommendation made by the methodology panel at its 19<sup>th</sup> meeting for consideration by the Board at its twenty third meeting, and the remaining two will be considered by the Board at its twenty-third meeting.

82. The Board at its twenty-first meeting, agreed on a recommendation to the first session of the COP/MOP related to the share of proceeds to cover administrative expenses of the CDM (Annex 26 to EB 21 Report). This recommendation indicated, inter alia, that “The **revised registration fee** shall be the share of proceeds multiplied by the expected average annual emission reduction for the project activity over its crediting period. No registration fee has to be paid for CDM project activities with average annual emission over the crediting period below 15,000 t”. It was also recommended that until the COP/MOP has taken a decision on the share of proceeds for administration the Board continues to apply its current practice of registration fees.

83. The COP/MOP at its first meeting decided on the amount of the share of proceeds to cover administrative expenses of the CDM, in this regard **guidance** is sought from the Board **whether the revised registration fee can be applied as defined in the Annex 26 to EB 21 Report and the timeframe** for its implementation.

84. **Action:** The Board may wish to (a) take note of the registered CDM project activities to date; (b) consider the requests for review and take action in accordance with the procedures for review; (c) consider the applications for the registration team received, select the six members and appoint the Chair of the registration team for the first period; (d) decide on the implementation of the revised structure of the registration fee and (e) provide additional clarifications and guidance, as appropriate.

(f) **Matters relating to the issuance of certified emission reductions and the CDM registry**

85. **Background:** The Board, at its twenty-second meeting, took note of an update by the secretariat on the status of the CDM registry. The Board was also informed that three requests for issuance had been processed. These requests resulted in the issuance of 57,744 CERs. **By 10 February 2006, a total of 2,276,260 CERs has been issued.** A minimum of **214 million tonnes is expected to be delivered by the presently 90 registered CDM project activities** before the end of 2012. **All project activities, at present being in any of the stages from validation to registered, are expected to deliver 800 million tonnes.**<sup>4</sup>

<sup>4</sup> These estimates are based on the assumption that all activities presently at validation stage and/or requesting registration will eventually be registered. Furthermore, it is assumed that crediting periods will not be renewed (conservative approach).



86. The “Status of Requests for Issuance of CERs”, contained in annex 1 to this annotated agenda, summarizes, for ease of reference, the information available in the section “Issuance of CERs” on the UNFCCC CDM web site (<http://cdm.unfccc.int/Issuance>), indicating status categories as follows:

(a) “CERs Issued” (indicating the date of issuance, the amount of CERs issued, the verification period, host party, and other parties involved);

(b) “Requests for Issuance” (indicating the amount of CERs requested, the period for requesting a review, the host party, and other parties involved). Subsequent to a request being received, 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;

(c) “Request for review” (indicating the Board meeting at which the request for review will be considered). For these cases, at least three Board members, or a Party involved, must have requested a review.

87. ***Work undertaken/in progress on issuance:*** As of **10 February 2006 seven (7) requests for issuance** have been received by the secretariat since the last meeting of the Executive Board. Five (5) of these requests have resulted in the issuance **of a total of 2,276,260 CERs**. The period for requesting a review of one (1) of these requests is still open, and review has been requested for the remaining request for issuance.

88. In accordance with the “Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism”, the Board at its twenty third meeting shall (a) consider the request for **review of the request for issuance** of 6,330 CERs for the Granja Becker GHG Mitigation Project (ref number 0108, date of request for review: 5 January 2006) and (b) decide whether to undertake a review of the request for issuance or to instruct the CDM registry administrator to issue the requested CERs.

89. With reference to the eight issuance of CERs taken place to date, **a total of 46,682 CERs** have been **forwarded to the account for the share of proceeds for the Adaptation Fund** (2% of each issuance).

90. The COP/MOP at its first session decided on **the amount of the share of proceeds to cover administrative expenses of the clean development mechanism (SOP-ADMIN)** and that the issuance of certified emissions reductions, in accordance with the distribution agreement, shall be effected only when the share of proceeds has been received. The COP/MOP further agreed to review the arrangements at its second sessions and requested the Executive Board to report on revenue received from the SOP-ADMIN to assist that review (see also agenda item “4. Management plan and resources” below).

91. For all project activities for which CERs have been issued, the secretariat has informed **project participants**, in accordance with the modalities of communication, of the amount of the SOP-ADMIN to be paid. In cases where the share of proceeds is less than the registration fee, project participants have been informed that the SOP-ADMIN has been deducted from the registration fee.

92. In addition, the secretariat has also sent instructions to these project participants on how they may **open holding accounts in the CDM registry**. These instructions included an application form and a list of supporting documentation required as part of the application. Instructions regarding forwarding requests to allow the CERs to be transferred from the pending account to these holding accounts, including the form to be used in communication with the secretariat, have also been forwarded.

93. ***Work undertaken/in progress on the CDM registry:*** The secretariat has deployed, and is utilizing, a revised version of the CDM registry. This version is capable of communicating with the International Transaction Log (ITL) when the ITL will become available. The next upgrade of the CDM registry will





allow communication between it and the CDM information system. This communication link will help ensure the consistency of data, including project activity information, between the registry and the information system.

94. **Action:** The Board may wish to (a) take note of progress on the issuance of CERs and the CDM registry; (b) consider the request for review and take action in accordance with the procedures for review and (c) provide additional clarifications and guidance, as appropriate.

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

95. **Background:** The COP, by its decision 12/CP.10, requested the SBSTA, in collaboration with the Executive Board of the clean development mechanism (CDM), to develop a recommendation to the COP/MOP, at its first session, relating to implications of the implementation of project activities under the CDM for the achievement of objectives of other environmental conventions and protocols, in particular, the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol). This was, in particular, related to the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities by project participants who seek to obtain certified emissions reductions (CERs) for the destruction of hydrofluorocarbon-23 (HFC-23), taking into account the principles established in Article 3, paragraph 1, and the definitions in Article 1, paragraph 5, of the Convention.

96. The SBSTA, at its twenty-third session, took note of the submissions from Parties contained in document FCCC/SBSTA/2005/MISC.10 and of an information paper prepared by the secretariat on “Options relating to implications of the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities seeking to obtain certified emissions reductions for the destruction of hydrofluorocarbon-23 (HFC-23)” (FCCC/SBSTA/2005/INF.8), based on submissions by Parties and input by the Executive Board of the clean development mechanism.

97. The COP/MOP, at its first session, adopted a decision on Implications of the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities seeking to obtain certified emission reductions for the destruction of hydrofluorocarbon-23 (HFC-23.). The decision contained:

(a) Definitions new “HCFC-22 facilities” for the purpose of project activities under the clean development mechanism;

(b) Recognized that issuing certified emission reductions for hydrofluorocarbon-23 (HFC-23) destruction at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23 than would otherwise occur and that the clean development mechanism should not lead to such increases;

(c) Further recognized that the destruction of HFC-23 is an important measure to mitigate greenhouse gas emissions;

98. The COP/MOP requested the Subsidiary Body for Scientific and Technological Advice to continue deliberating on implications of the new HCFC-22 facilities seeking to obtain certified emission reductions for the destruction of HFC-23, and means to address such implications, with a view to preparing a draft recommendation with guidance to the Executive Board of the clean development mechanism for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session.

99. The Board requested Mr. José Miguez and Mr. Martin Enderlin to follow negotiations at SBSTA 23 relating to “Implications of the implementation of project activities under the clean development mechanism, referred to in decision 12/CP.10, for the achievement of objectives of other environmental conventions and protocols” and report on the outcome to the Board.



100. The Board further requested Ms. Anastasia Moskalenko and Mr. Rajesh Kumar Sethi to follow the negotiations at SBSTA 23 agenda item relating to registries and report on the outcome to the Board.

101. **Action:** The Board may wish to (a) take note of progress on the issues; (b) consider the availability of members to continue reporting on the issues and (c) identify new members to follow the issues, as appropriate.

#### **4. Management plan and resources for the work on the CDM**

102. **Background:** At its twenty-first meeting, the Board agreed on the CDM Management Plan (CDM-MAP) for the 18 months period from mid 2005 to the end of the year 2006 and it was made publicly available on 12 October 2005. A summary has also been included in the annual report of the Board to COP/MOP 1. At its twenty-second meeting, the Board agreed on a number of issues raised at the meeting to be incorporated and requested the Secretariat to draft these amendments. COP/MOP 1 requested the CDM Executive Board to keep the CDM-MAP under review and to make adjustments as necessary to continue ensuring the efficient, cost effective and transparent functioning of the CDM.

103. With respect to resources, the Board, at its twenty-second meeting, took note of a report by the secretariat on income and expenditures as of 25 November 2005. Since early October 2005, the CDM had received USD 1.64 million (USD 1.19 million from contributions and USD 0.45 from fees) bringing the total amount of resources received in 2005 to USD 5.5 million. As the late availability of resources had hampered the full implementation of activities in 2005, an estimated USD 4.24 million became available to be carried over into 2006. The Board also expressed its appreciation to Parties which had generously contributed resources for the work on the CDM and invited Parties which have recently pledged resources to convert them into contributions in the very near future.

104. COP/MOP 1 decided, with a view to accruing resources to cover administrative expenses for operational functions as of 2008, and with the understanding that the issuance of certified emissions reductions, in accordance with the distribution agreement, shall be effected only when the share of proceeds to cover administrative expenses (SOP-ADMIN) has been received, that the share of proceeds to cover administrative expenses of the clean development mechanism as referred to in Article 12, paragraph 8, of the Kyoto Protocol shall be: (a) USD 0.10 per certified emission reduction issued for the first 15,000 tonnes of CO<sub>2</sub> equivalent for which issuance is requested in a given calendar year; (b) USD 0.20 per certified emission reduction issued for any amount in excess of 15,000 tonnes of CO<sub>2</sub> equivalent for which issuance is requested in a given calendar year. COP/MOP agreed to keep the issue under review at its second session and requested the Board to provide as an input to that review information on the revenue from the SOP-ADMIN.

105. **Work undertaken/in progress:** Following a number of issues raised at the twenty-second meeting of the Board, the Secretariat incorporated new amendments in a new draft of the CDM-MAP. These amendments provided more detailed budget information, included a communication officer and a support staff to work in the CDM section in order to improve the communication on decisions and to strengthen the outreach activities of the Board, and added provision to improve the information flow and the link between the Board and the DNAs through appropriate ways and channels, including regular information on activities by the Board and by establishing a DNA Forum that would meet twice a year. The Board agreed to keep the concept of a CDM Executive Committee and its role under further review.

106. At its twenty-third meeting, the Board may wish to discuss the requests by COP/MOP 1, in particular under this agenda item those reflected in the section “Governance” and “Resources for the work of the CDM” of its decision on “Further guidance relating to the clean development mechanism”, and how to reflect them in the management plan.



107. The budget provisions for supporting the operations of the CDM in the biennium 2006-2007, amount to USD 4.6 million (core budget) and USD 18.1 million (supplementary), thus jointly totaling USD 22.7 million. The secretariat will provide the updated status report on budget, income and expenditure to the Board as of 24 February 2006. Since the twenty-second meeting of the Board (November 2005), contributions have been received from Finland (USD 40,000), Germany (USD 309,940), Malta (USD 5,000), the Netherlands (USD 264,706) and Switzerland (USD 76,094). A further USD 14,967 were received from one applicant entity, USD 739,515 from 59 project registration fees and USD 7,929 from eight (8) methodologies fees for a total income of USD 1.6 million received since the twenty-second meeting of the Board. As a result of the above income and actual expenditure as of 7 February 2006, the total resource available amount to USD 6.2 million. Consequently the gap in supplementary resources for the remainder of 2006 amounts to USD 2.8 million. The secretariat will report to the Board at its twenty-third meeting on the status of contributions received in relation to the major pledges announced at COP/MOP 1 and to potential limitations in operations due to lack of funding.

108. With a view to accruing resources to cover administrative expenses for operational functions as of 2008 a further USD 0.5 million received since 1 January 2006 have been put aside (i.e. registration (USD 429,521) and methodologies (23,776) fees, and share of proceeds (USD 77,026)).

109. **Action:** The Board may wish to: (a) consider revisions of the CDM-MAP in light of the guidance/requests provided by COP/MOP 1 (b) take note of the report by the secretariat on the status of resources; (c) express its appreciation to Parties which have generously contributed resources for the work on the CDM; (d) alert Parties to the need for endowing the CDM, in a timely fashion, with resources for its activities in the 2006-2007; (e) take further action, as necessary.

## 5. Other matters

### (a) Relations with Designated National Authorities

110. **Background:** COP/MOP at its first session requested the Board, in relation to regional distribution and capacity-building, to broaden the participation in the CDM, including through meetings with a designated national authorities forum in a regular basis in conjunction with meetings of COP/MOP and its subsidiary bodies.

111. The Board had included the establishment of such a forum in its management plan with meetings taking place twice a year in conjunction with in conjunction with meetings of COP/MOP and its subsidiary bodies subject to availability of resources additional to those identified in the management plan. The Board may wish to note that the secretariat is maintaining an electronic listserv for DNAs which is being used to communicate with all DNAs. Furthermore it is envisaged to create an extranet to which DNAs have access and can share information to other DNAs.

112. **Action:** The Board may wish to (a) consider how it may facilitate activities of such a forum in-between meetings bearing in mind the resource constraints; and (b) provide guidance regarding the timing of the first meeting of that forum.

### (b) Relations with Designated Operational and Applicant Entities

113. **Background:** At its recent meetings, the Board met with Chair of the CDM DOE/AE Coordination Forum to be briefed on the work by the forum and on issues they wish to raise/discuss with the Board. The Chair of the forum will provide circulate prior to the EB meeting a list of issues DOE/AEs would like to bring to the attention of the Board and on progress of work on issues such as the CDM validation and verification manual and the development of a code of conduct.



114. **Interaction with the DOE/AE Coordination Forum:** The Board had an interaction with the forum in conjunction with its twenty-second meeting on 26 November 2005, in Montreal, Canada. The members discussed several issues with the DOEs/AEs including the simplification of the CDM project activity registration and validation report form (F-CDM-REG), further work on a validation and verification manual, criteria for pre-assessment of new proposed baseline and monitoring methodologies, and also questions related to requests for deviations from approved methodologies.

115. The Board may wish to note that, with the assistance of the secretariat, an information booth for DOEs and AEs was set-up during COP/MOP 1. Six entities participated by having a representation at the booth. The booth provided an opportunity to DOEs and AEs to introduce themselves and inform the participants of the COP/MOP 1 about the services they offer.

116. **Action:** The Board may wish to (a) to take note of the report by the Chair of the forum; and (b) provide feedback to the forum, as appropriate.

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

117. **Background:** On the occasion of its twenty-third meeting, the Chair and other members of the Board met with registered observers for an informal briefing.

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

119. **Action:** The Board may wish to (a) agree to avail itself for informal briefings with registered observers in the afternoon of 24 February 2006; and (b) invite members and alternates to share information on events in which they participated.

(d) **Regional distribution of project activities**

120. **Background:** COP/MOP at its first session requested Parties to submit to the secretariat, by 31 May 2006, their views on systematic or systemic barriers to the equitable distribution of clean development mechanism project activities and options to address these barriers, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session.

121. COP/MOP 1 Requested the Executive Board, taking into consideration the submissions by Parties referred to in paragraph 120, to report to COP/MOP 2:

(a) (a) Information on the regional and subregional distribution of clean development mechanism project activities with a view to identifying systematic or systemic barriers to their equitable distribution;

(b) (b) Options to address issues referred to in the paragraph 121 (a).

122. COP/MOP 1 the requested to Parties included in Annex I to the Convention to continue with measures to assist Parties not included in Annex I to the Convention, in particular the least developed countries and small island developing States among them, with building capacity in order to facilitate their participation in the clean development mechanism, taking into account relevant decisions by the Conference of the Parties on capacity-building and on the financial mechanism of the Convention.

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



(e) **Other business**

124. **Background:** At its twenty-first meeting the Board agreed on Procedures for public communication with the CDM Executive Board as contained in annex 27 to its report. These procedures shall be followed with respect to all unsolicited submissions.

125. The Board has received the following communications from DOEs/AES and the general public prior to the twenty-third meeting of the Board:

(a) Letter from "Fórum Brasileiro de ONGs e Movimentos Sociais para o Meio Ambiente e Desenvolvimento Sustentável – FBOMS" regarding "Can Waste Incineration be considered a Clean Development Mechanism? USINAVERDE Project - A critic from Civil Society" on 8 December 2005;

(b) Letter from Det Norske Veritas related to a request for guidance on L+ and L- cases signed by Mr. Einar Telnes and Mr. Michael Lehmann on 25 January 2006;

(c) Letter from Mr. Daniel R. Uhr, Technical Manager, Ducon Technologies Inc. related to specific methodologies 13 January 2006;

(d) Letter from International Emissions Trading Association (IETA) related to COP/MOP decision on CDM signed by Mr. Andrei Marcu on 8 February 2006.

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

**5. Conclusion of the meeting**

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

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