TWENTY-FIRST PROGRESS REPORT OF THE CDM ACCREDITATION PANEL (CDM-AP)

Thirty-First Meeting of the CDM-AP 22 - 24 August 2007

CONTENTS

I. Introduction

1. This twenty-first progress report covers the period from 15 July 2007 to 24 August 2007. During this period the accreditation panel (CDM-AP) held one meeting.

II. Expert Resources

2. The CDM-AP considered recent additions to the roster of experts and taking into consideration the evaluation of the applicants agreed to roster them accordingly. In addition, the CDM-AP considered detailed profiles of competency requirements required for CDM assessment team members and guidance for designated operational entities (DOEs) in order to design their systems for competency requirements. The CDM-AP agreed to submit the document for the consideration of the Board.

III. Status of applications

3. The total number of active applications currently under consideration by the CDM-AP is 38. It may be noted that three applications are withdrawn.

4. In terms of geographical distribution of the 38 applications under consideration, highest number of applications are from Asia and Pacific region (18) followed by Western Europe and Other region (17). Two applications are from Latin America and Caribbean region and one from the African region. Eight 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 (4), Malaysia (2), China (2), Colombia, Brazil and South Africa). Thus a total of eleven applications are from Non-Annex I Parties and one from an Annex I Party with an economy in transition (Romania).

5. The Board may wish to note that the CDM-AP have already issued indicative letters to 26 entities. It indicates that these entities have successfully passed through the stage of desk review and on-site assessment and require witnessing activities to complete their accreditation. With regard to the status of work of entities, three entities have recently undergone the on-site assessment and are implementing corrective actions. Remaining entities are at different stages of the accreditation procedure.

6. With regard to witnessing activities, three entities are undertaking witnessing activities for validation functions and one for verification functions.

7. The Board may wish to note that a total of seventeen entities are accredited for validation functions and eight for verification functions, covering a wide range of sectoral scopes. It may be noted that at least one DOE exists for each sectoral scope.

8. The CDM-AP also considered the progress of the assessment work for four DOEs that applied for their re-accreditation. In case of these four entities desk reviews works are at different stages and their on-site assessments are expected to be undertaken soon. The CDM-AP in one case determined the number of witnessing activities required for re-accreditation of the operational entity. It may be noted that number of witnessing activities has been determined on the basis of number of factors, including sectoral scopes for which entities were accredited in their initial accreditation period, volume of work undertaken in each sectoral scope for which entity is accredited, new sectoral scopes applied by the entity and also taking into consideration validation and verification work performed by the entity in the initial accreditation period.

9. The CDM-AP also considered a comprehensive analysis of the status of all AEs and DOEs provided by the secretariat. This analysis allowed to identify several aspects relating to the accreditation process, such as, overall status of entities, time taken by the assessment teams and entities for completing different accreditation procedural steps and indication of some possible sources of delays. The CDM-AP

requested the secretariat to undertake a more focused analysis of the process to identify the time taken at each assessment stage, causes for delays and also indication of any bottlenecks for operational entities to accomplish their accreditation process in a timely manner.

IV. Indicative letters and recommendation for accreditation

10. The CDM-AP, in this meeting, did not issue indicative letter to any entity.

11. The CDM-AP considered one case for the phased accreditation of an operational entity. The CDM-AP concluded that additional information was still required to finalize this case and agreed to request the entity for this additional information. The case will be considered by the CDM-AP at its next meeting.

12. The CDM-AP also considered two remaining cases submitted by a DOE under spot-check, following the decision of the Board at its thirtieth meeting, that this DOE shall undertake work on three project activities under the observation of the CDM-AP. The CDM-AP concluded its overall evaluation of the performance of the DOE by reviewing the work of the DOE on three project activities. The recommendation on the overall evaluation of the entity following the spot-check shall be presented to the Board under confidentiality.

V. Other recommendations

13. The CDM-AP following the request of the Board, at its thirty-third meeting, revised the appeals section of the CDM accreditation procedure. The revised accreditation procedure is contained as annex 1 to this progress report.

14. The CDM-AP considered profiles of competency requirements for CDM assessment team members and guidance for designated operational entities (DOEs) in order to design their systems for competency requirements. The document contains detailed profiles for competency requirements and also identify options for facilitating training to achieve these competencies. The CDM-AP agreed to submit the document for the consideration of the Board. The document is attached as annex 2 to this progress report.

VI. Key Issues under consideration

15. Following key issues are under the consideration of the CDM-AP:

(a) The CDM-AP considered the request from the AE/DOE Coordination Forum, relating to phased verification approach, requesting for the consideration of phased verification approach for CDM project activities. The CDM-AP, having considered the request, agreed to request for further information from the AE/DOE Coordination Forum on their proposal. The CDM-AP also considered the additional information, submitted by the DOE. The CDM-AP requested the secretariat to undertake an analysis to find out the compatibility and consistency of the request as depicted in the additional information with the CDM modalities and procedures and decisions of the Board. The CDM-AP agreed to consider the issue at its next meeting and submit its recommendation for the consideration of the Board at its thirty-fifth meeting.

(b) The CDM-AP in following-up the decision of the Board to undertake an elaboration of accreditation standards, considered a document prepared by the secretariat. The document identified areas of the accreditation standards to be elaborated and also provided the scope of their elaboration as a guidance for the AEs and DOEs. The document further provided broad terms of reference for an external resource to be hired

to undertake this work. The CDM-AP provided views and further guidance to the secretariat and requested to proceed with the work. The CDM-AP, taking into consideration the importance of this guidance document for the AEs and DOEs, requested the secretariat to finalize this work in an expeditious manner.

(c) The CDM-AP following the decision of the Board in its thirty-third meeting, to develop a policy framework for assessing non-compliance by a DOE on the basis of the risk it may pose to the system as well as assurance of its capability to perform CDM validation and verification functions, exchanged views and assigned one panel member, with the assistance of the secretariat to prepare the draft policy framework. The CDM-AP agreed to consider the document at its next meeting.

(d) The CDM-AP considered revisions in the validation and verification witnessing assessment forms. The revision is being undertaken to ensure that recent decisions of the Board on different methodological and technical aspects of CDM project activities are incorporated in order to assess the competency of the AEs. The CDM-AP requested the secretariat to issue the form for the use of CDM-ATs. The CDM-AP also recognized the need for guidance notes for the assessment team members for completing these forms and agreed to prepare those guidance notes.

(e) The CDM-AP also considered a form prepared by the secretariat for undertaking the regular surveillance assessments. The CDM-AP requested the secretariat to issue the form after necessary modifications and formatting. The CDM-AP also recognized the need for guidance notes for the assessment team members for completing this forms and agreed to prepare those guidance notes.

(f) The CDM-AP took note on the progress of the work on preparation of guidance for designated operational entities on verification and validation in order to promote quality and consistency in verification and validation, provided by the secretariat and after consideration requested Secretariat to pursue the matter expeditiously.

(g) The CDM-AP exchanged views on the request of the Board for dissemination of information on DOE and their accredited sectoral scopes, in particular, to stakeholders in non-Annex Countries in printed form. The CDM-AP requested the panel members to facilitate the dissemination of information through their own networking sources in their respective countries. The CDM-AP also requested the secretariat to develop some options for the consideration of the panel at its, next meeting.

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Annex 1

Procedure for accrediting operational Entities by the Executive Board of the Clean Development Mechanism (CDM)

(Version 08)

CONTENTS

Appendices

I. Introduction

1. In accordance with the modalities and procedures for a clean development mechanism[1] (CDM M&P)[2], the Executive Board (EB) of the clean development mechanism (CDM) shall accredit operational entities which meet the CDM accreditation requirements and recommend the designation of such entities to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP).

2. This document (hereinafter referred to as "CDM accreditation procedure") contains the procedure to operationalize the accreditation of operational entities by the EB which has been elaborated in accordance with paragraph 5 (f) (ii) of the CDM M&P and taking into consideration paragraphs 18 and 25 of the CDM M&P. The EB may revise this CDM accreditation procedure in the future. The EB shall inform any applicant entity (AE) and any designated operational entity (DOE) of any such revisions. Any revision shall be immediately made public on the UNFCCC CDM website. A revised CDM accreditation procedure supersedes any previous version of the procedure. A revision to a step in the procedure shall not be applied retroactively if an AE started to undergo this step of the procedure before the relevant revision took effect.

3. Figure 1 illustrates the scheme for the CDM accreditation procedure. The responsibility of each actor in this scheme, as elaborated in section C. below, is as follows:

(a) The **COP/MOP** designates operational entities based on a recommendation by the EB.

(b) The **EB** takes the decision whether or not to accredit an AE[3] and recommend it to the COP/MOP for designation.[4]

(c) The **CDM accreditation panel (CDM-AP)** is responsible for preparing a recommendation to the EB regarding the accreditation of an AE based on assessment work conducted by a CDM assessment team (CDM-AT). The CDM-AP is also responsible for preparing recommendations regarding unscheduled surveillance, re-accreditation and accreditation for additional sectoral scope(s). The CDM-AP provides guidance to and approves the work plan of each CDMAT.

(d) A **CDM assessment team (CDM-AT)**, under the guidance of the CDM-AP, undertakes the detailed assessment of an AE and/or DOE, identifies non-conformities and reports to the CDM-AP. A CDM-AT shall possess the necessary competencies required to undertake the assessment activity.

(e) The **secretariat** supports the implementation of the CDM accreditation procedure.

4. The assessment of an AE consists of three main elements:

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1 See Annex D.2 for abbreviations used in this document.

2 See decision 3/CMP.1 contained in the document (FCCC/KP/CMP/2005/8/Add.1) available on the UNFCCC (http://unfccc.int) web site).

3 The terms used in this document are: "Entity" = prior to application; "applicant entity (AE)"= once application has been duly submitted/subject to a procedure contained in this document; "designated operational entity (DOE)"= after designation by COP/MOP.

4 In accordance with decision 21/CP.8, the Executive Board is authorized to accredit operational entities and designate them, on a provisional basis, pending the designation by the Conference of the Parties at its next session. Accreditation by the Board implies, therefore, provisional designation.

(a) **Desk review** by a CDM-AT of the documentation submitted by an AE against the CDM accreditation requirements;

(b) **On-site assessment** on the premises of the AE by a CDM-AT. The purpose of this assessment is to confirm whether the operational capability of the AE meets the requirements provided in the documentation provided by the AE. The assessment is to provide the assurance that the AE has the capacity to perform the tasks related to the "sectoral scope(s)" of accreditation for which it has applied. Only those premises of an AE where the on-site assessment took place shall receive the accreditation/designation as an operational entity. Any other part of that entity is not accredited/designated.

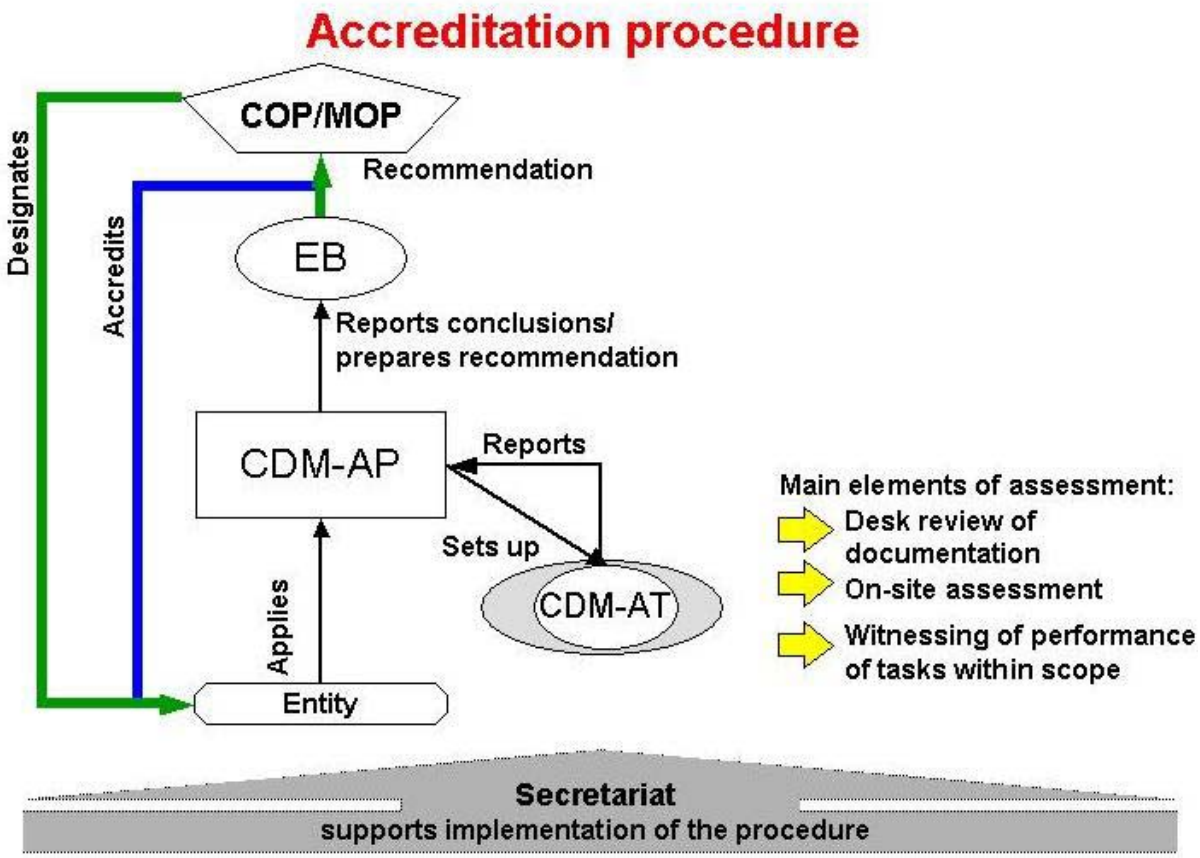
(c) **Witnessing** by the CDM-AT of the performance of tasks by an applicant entity[5] which relate to the scope (or a group of sectoral scope(s)) of accreditation for which it has applied. The purpose of a witnessing activity is to assess whether an AE is implementing its tasks in line with its documented quality policy and procedures, including its procedures and substantive decision making capacity of the AE for performing validation and verification/certification of CDM project activities within the scope applied for. Witnessing activities shall be required for both functions: validation and verification. At the stage of validation, and, if appropriate, verification and certification, may be undertaken by considering documentary evidence (e.g. a "procedural report") provided by an AE on how validation or verification/certification has been performed. (See details in section B.4 witnessing activities)

(d) **Regular** Surveillance provides confidence about the full implementation and effectiveness of the entire system, including such aspects as the DOE's management responsibilities, resource and organizational management and technical and analytical review processes, that are essential to conduct and deliver its intended service. Further, the regular surveillance intends to assess the effectiveness of the DOE's fully implemented system to deliver the intended quality of its services (See details in section B.5).

5. In accordance with paragraph 20 (e) of the CDM M&P, the EB shall conduct a "spot-check" at any time with a view to assessing whether a DOE still meets the accreditation requirements. A "**spot-check"** is an unscheduled assessment activity of a DOE involving the CDM-AP and CDM-AT on the basis of which the CDM-AP shall prepare a recommendation to the EB. The EB shall take a final decision on the status of accreditation of a DOE that has undergone a "spot-check"(for more information see section B.6).

[5] The tasks witnessed shall be carried out on either proposed and/or registered CDM project activities, as applicable.

Figure 1



II. Scope of accreditation

A.1 Definition of scope of accreditation

6. The scope of accreditation of a DOE is defined by the EB to be composed of functions (validation and verification/certification) and sectoral scope(s) of accreditation. The scope with regard to functions specifies the limits to the work of a DOE in validation or verification/certification areas. Whereas a sectoral scope(s) of accreditation sets the limits for work which a DOE may perform under the CDM with regard to validation as well as verification and certification related to identified sector(s) (referred to hereinafter as "sectoral scope(s)"[6]) and determines the requirements it shall meet in addition to those determined in Appendix A to the CDM M&P.

A.2 Phasing of accreditation

7. The accreditation of an operational entity may be undertaken in phases, both in functions and sectoral scope(s) and shall be recommended on the basis of sectoral groups[7]. The phasing of accreditation depends on the successful completion of a witnessing activity for a particular sectoral group and size

[6] "Sectoral scope(s)" of accreditation are established towards operationalizing the requirements contained in sub-paragraphs 1 (b) and 1 (f) (vi) of Appendix A to the CDM M&P and for providing the potential for wider geographical distribution of designated operational entities. The development of "sectoral scopes" is guided by the sector/source categories contained in Annex A of the Kyoto Protocol. The list of sectoral scopes is available on the UNFCCC CDM web site http://cdm.unfccc.int/DOE/scopelst.pdf.

[7] The CDM-AP has divided the sectoral scopes into sectoral groups in order to facilitate the witnessing activities.

(large or small) of the project activity. The successful completion of a witnessing activity in one function (e.g. validation) for a group of sectoral scopes (sectoral group) may allow the entity to be eligible for accreditation for the other function (e.g. verification) in the same and concerned sectoral group(s) (for details see Appendix 6 (phasing of accreditation)).

8. An entity can only be accredited for its both functions, i-e validation and verification/certification, if a witnessing activity in a sectoral scope has been successfully undertaken, in each of the two functions, on the basis of one large scale project activity. In any event, before being accredited for both functions, the AE shall have successfully concluded the desk review, the on-site assessment and witnessing activities for the recommended sectoral scopes. The full accreditation shall only be granted to an AE once all validation and verification/certification activities have been successfully witnessed in accordance with the work plan related to the AE.

9. An entity may apply to be accredited for at least one "sectoral scope". A DOE may apply to be accredited for additional "sectoral scope(s)".

A.3 Procedure to develop the list of "sectoral scopes" of accreditation

10. In accordance with paragraph 5 (f) (ii) of the CDM M&P, the EB establishes a list of "sectoral scope(s)" of accreditation defining, for each "sectoral scope", the requirements to be met in addition to those determined in Appendix A of the CDM M&P. The list will be available electronically on the UNFCCC CDM web site under the section "designated operational entities".

11. The CDM-AP may add a new sectoral scope(s) to the list of sectoral scope(s).

12. In addition, an AE/DOE may propose new "sectoral scope(s)" which it applies for.

13. The entity that wishes to propose new "sectoral scope(s)" shall submit, together with its application, a brief description of each of the proposed "sectoral scope(s)" including the proposed requirements which an entity shall meet in addition to those determined in Appendix A of the CDM M&P.

14. At the meeting at which the CDM-AP considers the application file (see section B.1.), it shall, prior to considering any other part of the application documentation:

(a) Consider any "sectoral scope(s)" proposed by the AE;

(b) Define, taking into account the possibility of revising existing scope(s), new "sectoral scope(s)", if applicable.

15. If the CDM-AP defines a new "sectoral scope" without modifications to the proposal made by the AE, it proceeds with the CDM accreditation procedure (see section B.1) by considering the application file. The newly defined "sectoral scope(s)" shall be registered in the list of "sectoral scopes".

16. If the CDM-AP has modified a "sectoral scope" proposed by the AE, the modified "sectoral scope" shall be registered as a new "sectoral scope" in the list of "sectoral scopes" and the list shall be made publicly available. The "CDM accreditation procedure" shall apply with the following modifications:

(a) The CDM-AP shall preliminarily consider the application documentation in accordance with the CDM accreditation procedure and provide a list of the additional requirements and/or documentation to be submitted in function of the new "sectoral scope(s)".

(b) The AE shall be informed of:

(i) The new "sectoral scope(s)";

(ii) The additional requirements and/or documentation required, if applicable;

(iii) The composition of the CDM-AT.

17. In accordance with the accreditation procedure, the AE shall reply in writing within six (6) working days after the date it received the information in accordance with paragraph 16 (b) of the present procedure whether it wishes to proceed with its application for the new "sectoral scope(s)" or withdraw its application.

18. If it wishes to proceed with its application, it shall also inform, within the same deadline, whether it objects or not to the composition of the CDM-AT in accordance with the provisions of the "CDM accreditation procedure".

19. The secretariat shall publish the name of the AE and the sectoral scope(s) applied for by the AE on the UNFCCC CDM web site. Parties, NGOs accredited with UNFCCC or stakeholders shall have fifteen (15) days to provide any comments or information on the AE to the secretariat. The secretariat shall make publicly available the comments received immediately after the end of the fifteen (15) days period.

20. The DOEs/AEs shall be given an opportunity to apply for a new sectoral scope(s) within six (6) months, without paying additional application fees, after the date the revised list of sectoral scope(s) is made publicly available and announced through the UNFCCC CDM News facility. For information on costs see Appendix 3 (fees and costs).

21. The accreditation procedure (see section B.1) shall be implemented thereafter.

III. Accreditation, unscheduled surveillance, re-accreditation and notification of changes

B.1. Accreditation

22. The accreditation procedure comprises[8] the following main steps:

(a) The application for accreditation by an entity;

(b) The preliminary consideration of the application file by the CDM-AP;

(c) The desk review by a CDM-AT of the documentation provided by the AE;

(d) On-site assessment by the CDM-AT on the premises of the AE;

(e) A number of witnessing activities by the CDM-AT as requested by the CDM-AP, to assess whether the AE can perform validation and verification/certification tasks[9] as a DOE in the scope(s) of accreditation for which it has applied for;

(f) The reporting of the CDM-AT to the CDM-AP;

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[8] The accreditation procedure shall be implemented using, to the extent possible, teleconferencing and electronic communication facilities.

[9] In accordance with decisions of the Executive Board on the definition of scope of accreditation, an applicant entity shall only be accredited and designated if it qualifies for both validation as well as verification and certification with regard to "sectoral scope(s)" applied for. The Executive Board agreed, however, that a phased approach is possible in accordance with its conclusions at its sixth meeting.

(g) The recommendation on accreditation by the CDM-AP to the EB;

(h) The decision by the EB[10] on accreditation and, therefore, recommendation for designation to the COP/MOP.

23. An entity shall submit to the secretariat a duly completed application form (F-CDM-A[11]) and all the documentation specified in the Appendix 1 (application documents)[12]. Unless otherwise stipulated in the "CDM accreditation procedure", all information, communications and meetings shall be confidential.

24. The secretariat shall start processing an application upon receipt of the non-reimbursable application fee. As the costs of accreditation are to be borne by the AE (see Appendix 3 (fees and costs)), the related step in the accreditation procedure shall only be implemented once payments are received. The processing of accreditation steps shall be commenced in the order in which the associated fees are received.

25. The secretariat shall undertake the completeness check of documents and information submitted against requirements. If the documentation is not found complete, the secretariat shall inform the AE of the missing elements it has identified. The accreditation procedure shall be continued once all documentation is received.

26. The AE shall inform the CDM-AP in writing of any change pertaining to the information submitted and/or required for accreditation. Depending on the nature and timing of the changes, there may be a cost associated with the changes indicated by the entity (see Appendix 3 (fees and costs)).

27. The secretariat shall publish the name of the AE and the sectoral scope(s) applied for by the AE on the UNFCCC CDM web site. Parties, NGOs accredited with UNFCCC or stakeholders shall have fifteen (15) days to provide any comments or information on the AE to the secretariat. The secretariat shall make publicly available the comments received immediately after the end of the fifteen (15) days period. If the AE proposes new sectoral scope(s), this information shall be published in accordance with the procedure in section B.1.

28. Once the application documents are complete, the secretariat shall prepare an application file and send it to the CDM-AP. The file shall contain:

(a) All application documents;

(b) Suggestions with regard to:

(c) A list of possible candidates for the CDM-AT[13] (identifying those qualified as team leaders);

(d) A draft work plan.

29. The draft work plan shall include any particular issues for the consideration of the CDM-AP.

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10 See footnote 4 above.

11 The list of forms is available in the annex "Forms used in the CDM accreditation process". The application form is available on the UNFCCC CDM web site in the section "Designated operational entities" or can be requested from the secretariat.

12 The CDM-AP shall only accept the application from a legal entity but not from a section thereof. A person who is formally authorized to represent the legal entity shall submit the application.

13 In order to strengthen local capacities in Parties not included in Annex I, an additional representative of a national accreditation body relevant to the field and/or a national expert may be invited to join the activities of the CDM-AT as an observer, at his/her cost and bound by the same confidentiality and non-disclosure agreement applicable to CDM-AT members.

30. The CDM-AP, at its next meeting, shall:

(a) Review the application documentation and, as appropriate, consider and review the particular issues identified for the assessment. The CDM-AP may decide to review the application documentation electronically;

(b) Instruct the CDM-AT to take into consideration particular issues identified by the CDM-AP for the assessment.

31. The Chair of the CDM-AP shall appoint the CDM-AT with the assistance of the secretariat. A CDM-AT shall consist of at least three members, among them the team leader. The size of a CDM-AT may vary depending on the size of the AE, the documentation submitted and the "sectoral scope(s)" of accreditation applied for. The members of the CDM-AT shall be selected from the secretariat staff and roster of experts, as available.

32. The CDM-AP shall inform the AE, through the secretariat, of the composition of the CDM-AT. The AE may object, in writing to the CDM-AP within six (6) working days, to member(s) of the CDM-AT identifying an alleged conflict of interest of the CDM-AT member(s).

33. Each CDM-AT member shall sign the confidentiality and non-disclosure agreement form (F-CDM-CA).

B. 2 Desk Review

34. The CDM-AP shall provide the CDM-AT with:

(a) All information related to the application;

(b) The conclusions of its preliminary review of the application;

(c) The reviewed and, if necessary, revised draft work plan for the CDM-AT.

35. The CDM-AT shall undertake the desk review of the documentation provided by the AE and prepare the desk review report (F-CDM-DOR);

36. The team leader, in consultation with his team, shall identify, if necessary, any additional documentation required and therefore shall be provided by the AE. The team leader and the team members shall be guided by the principle that adequate documentation required by the standard[14] shall be provided prior to the on-site assessment. Other supporting documentation shall be provided during the on-site assessment. The CDM-AT shall request for any additional documentation by using the form (F-CDM-Addoc).

37. The AE shall be informed of the missing and/or additional documentation. The AE shall have a deadline of fourteen (14) working days to send documentation, required prior to the on-site assessment. If the AE does not provide such documentation within the deadline, the on-site assessment shall be planned and carried out in accordance with the procedure. However, additional time will be allocated during the on-site assessment to allow for the assessment of the missing required documentation on-site. Any additional cost resulting from the extension shall be borne by the AE.

38. The team leader, from the date of the receipt of the additional information, if requested, shall have fifteen (15) working days to complete the desk review report (F-CDM-DOR). The final desk review report shall be made available to the AE.

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[14] Annex I of this procedure specifies the minimum documentation required for submitting the application for accreditation.

B.3 On-site assessment

39. The team leader, taking into consideration the availability of the team members and the AE, shall coordinate the date for the on-site assessment.

40. The secretariat coordinate the on-site assessment.

41. The on-site assessment shall consist of the following steps[15]:

(a) An opening meeting, chaired by the CDM-AT team leader, between the accreditation team, the AE's management, managers of the units to be involved in the assessment and the person identified by the AE as the official contact person for the CDM-AT. In this meeting, the CDM-AT shall explain its assessment activities;

(b) An assessment by the CDM-AT of the operational capability of the AE against the requirements:

(i) Contained in the CDM M&P[16];

(ii) Related to the particular "sectoral scope(s)" (contained in the Appendix A to the list of "sectoral scope(s)) for which the AE applied;

(iii) Relevant decisions and clarifications issued by the EB and the CDM-AP[17];

(c) A closing meeting, at the end of the on-site assessment, between the CDM-AT and the AE's management to inform the AE of the details of its assessment, regarding conformity with the CDM accreditation requirements, basis for non-conformities, if any, and any additional comments. The AE shall have the opportunity to seek clarification and ask questions, if any. The CDM-AT leader shall remind the representatives of the AE that, in accordance with the CDM accreditation procedure:

(i) The AE shall have opportunities to provide comments at later steps as described in the "CDM accreditation procedure";

(ii) The final recommendation to the EB will be made by the CDM-AP;

(iii) The AE may appeal against the recommendation of the CDM-AP.

42. The CDM-AT, after completion of the on-site assessment, shall have eight (8) working days to prepare the draft on-site assessment report (F-CDM-DOR).

43. The AE, after the receipt of the draft on-site assessment report, shall have thirty (30) days to identify corrective actions to resolve non conformities, including timeframes for each action using the non-conformity form (F-CDM-NC), or to withdraw its application. All actions identified shall be completed within six (6) months. If actions are not completed within six (6) months, the application for accreditation is automatically rejected. The AE may submit a new application for accreditation.

44. Once the AE has submitted documentation affirming that it has completed the corrective actions identified, the CDM-AT shall have ten (10) working days to verify the implementation of all the actions to address non-conformities. In case the implementation of corrective actions are not found satisfactory by the CDM-AT, the AE shall have three (3) months to implement the corrective actions and submit

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15 Forms to be used for the on-site assessment are: F-CDM-OR, F-CDM-NC, F-CDM-MA, F-CDM-MAR.

16 Contained in Appendix A to the Annex to the decision 3/CMP.1.

17 For relevant decisions and clarifications please refer to the UNFCCC CDM web site (http://unfccc.int/cdm).

further documentation. The CDM-AT shall prepare, with the assistance of the secretariat, a draft preliminary assessment report (F-CDM-PR). The preliminary assessment report shall, as a minimum, contain:

(a) The date(s) of the assessment(s);

(b) The name(s) of the CDM-AT members, identifying those responsible for the report;

(c) The name(s) and address(es) of all the relevant AE sites assessed (on-site assessment);

(d) An assessment of the competence, experience and substantive decision making capacity of the AE in the "sectoral scope(s)" assessed, including the names of key staff encountered and their qualifications, experience and authority;

(e) An assessment of the adequacy of the internal organization and procedures adopted by the AE ensuring confidence in the quality of its services;

(f) An assessment of the conformity of the AE with the accreditation requirements, in particular with regard to key issues identified by the CDM-AP and, where applicable, any useful comparisons with the results of previous assessments of the AE;

(g) A description of non-conformities and corrective actions implemented by the AE.

45. The CDM-AT shall, upon completion, make the draft preliminary report (F-CDM-PR) available to the AE. The AE shall have six (6) days to provide comments on the on-site assessment report and the preliminary assessment report.

46. The CDM-AT shall have five (5) working days to prepare its final assessment report (F-CDM-FR).

47. The CDM-AT shall submit its final assessment report (F-CDM-FR) to the CDM-AP. The final assessment report shall contain, as a minimum, the following:

(a) The preliminary assessment report;

(b) A description of the actions taken by the AE to correct non-conformities identified in the preliminary assessment report;

(c) Comments of the AE on the draft final assessment report and a description of how they have been addressed by the CDM-AT.

48. CDM-AP shall decide whether to issue a letter to the AE indicating the successful completion of the desk review and the on-site assessment in accordance with the provisions contained in section B.8.

B.4 Witnessing Activities

49. The AE shall identify witnessing opportunity(ies) by filling in the form for identification of witnessing activities (F-CDM-WOI). The team leader shall approve the proposed witnessing activities and prepare the work plan.

50. A CDM-AT shall only choose/accept witnessing opportunities, identified by the AE, for which the AE has not yet started performing functions (i.e. the CDM-AT shall not use documentary evidence that has been collected prior to the date the CDM-AT identified a witnessing opportunity).

51. Each witnessing activity[18] accepted shall be carried out by a minimum of two suitably qualified members of the CDM-AT. One member of the team shall be a methodology expert. The methodology expert shall be responsible for the assessment of the aspects related to substantive decision-making capabilities of the AE.

52. The witnessing activities for validation functions shall be based on documentary evidence of an AE performing the functions of validation and/or verification and certification relevant to the "sectoral scope(s)" of accreditation. A team leader may request for a witnessing to be carried out by including the on-site visit to the AE premises or the project site. Such a request shall require approval from the CDM-AP.

53. The witnessing activities for verification functions shall be carried out by including a visit to the project site.

54. The secretariat shall coordinate the visit to the project site.

55. Each CDM-AT member shall prepare a separate witnessing report within six (6) working days from the receipt of the witnessing documentation and/or completion of site visit and submit to the team leader through the secretariat. The team leader shall prepare a consolidated witnessing assessment report. The witnessing reports shall include an evaluation of the performance of tasks by the AE with regard to the "sectoral scope(s)" applied;

(a) Its knowledge of requirements for a CDM project activity with regard to the relevant step in the project cycle under the CDM M&P;

(b) Substantive decision making capabilities of the AE.

56. The CDM-AT may determine the need for additional witnessing activities for a particular sectoral scope. In this case, it shall prepare a draft revision of its approved work plan and submit it to the CDM-AP for approval. After approval of the draft revised work plan by the CDM-AP, the provisions of the accreditation procedure for identifying witnessing opportunities shall apply.

57. The CDM-AT shall, after each witnessing activity is completed, based on the witnessing report, prepare, within five (5) working days, the draft preliminary report (F-CDM-PR). The CDM-AT, in preparation of draft preliminary assessment report may request for additional information/clarifications from the AE. The preliminary report shall contain as a minimum:

(a) The date(s) of the assessment(s);

(b) The name(s) of the CDM-AT members, identifying those responsible for the report;

(c) The name(s) and address(es) of all the relevant AE and/or project sites assessed (in case the witnessing includes the on-site visit);

(d) The "sectoral scope(s)" assessed;

(e) An assessment of the competence, experience and substantive decision making capacity of the AE in the "sectoral scope(s)" assessed, including the names of key staff involved and their qualifications, experience and authority;

[18] Forms used in a witnessing activity are: F-CDM-WOI, F-CDM-WRval, F-CDM-WRvc, F-CDM-Wrval-SSC, F-CDM-WRval-AR, F-CDM-NC, F-CDM-MA, F-CDM-MAR, F-CDM-NC, F-CDM-PR, F-CDM-FR

(f) The adequacy of the internal organization and procedures adopted by the AE ensuring confidence in the quality of its services;

(g) Description of the validation and/or verification and certification activities witnessed;

(h) A description of the conformity of the AE with the accreditation requirements, in particular with regard to key issues identified by the CDM-AP and, where applicable, any useful comparisons with the results of previous assessments of the AE;

(i) An identification and description of non-conformities with requirements related to the "sectoral scope(s)" of accreditation.

58. The CDM-AT shall, upon completion, make the witnessing reports and draft preliminary assessment report (F-CDM-PR) available to the AE.

59. The AE shall:

(a) Consider the preliminary report of the CDM-AT;

(b) Have thirty (30) days to identify corrective actions to resolve non-conformities, including timeframes for each action, or to withdraw its application. All actions identified shall be completed within six (6) months. If actions are not completed within six (6) months, the witnessing is automatically rejected. The AE may identify a new witnessing for the sectoral scope.

60. The AE may propose witnessing activities related to other sectoral scopes or function.

61. The CDM-AT shall have ten (10) working days, from the receipt of corrective actions, to verify the implementation of all the actions to address non-conformities and prepare the final preliminary assessment report.

62. The AE shall have the opportunity to comment within six (6) working days on the final preliminary assessment report.

63. The CDM-AT shall have five (5) days to prepare the final assessment report (F-CDM-FR). The CDM-AT shall submit its final assessment report (F-CDM-FR) to the CDM-AP. The final report shall contain, as a minimum, the following:

(a) The preliminary assessment report;

(b) A description of the actions taken by the AE to correct non-conformities identified in the preliminary report;

(c) Comments of the AE on the draft preliminary assessment report and a description of how they have been addressed by the CDM-AT;

(d) Conclusions regarding accreditation for consideration by the CDM-AP.

64. The CDM-AP shall consider the final assessment report by the CDM-AT and submit to the EB:

(a) The final assessment report by the CDM-AT;

(b) Its considerations and conclusions regarding accreditation;

(c) Its recommendation as to whether or not to accredit the AE.

65. The CDM-AP shall inform the AE of its recommendation. The AE shall have six (6) working days to appeal against this recommendation or to withdraw its application. An appeal shall be addressed to the EB in accordance with the provisions contained in Appendix 2 (Appeals procedure).

66. The information submitted by the CDM-AP to the EB regarding accreditation of an AE shall be considered as confidential.

67. The EB shall consider the submission by the CDM-AP in a closed session at its next meeting. The EB Rules of Procedure regarding availability of documents prior to its meetings shall apply.

68. The EB shall decide whether to:

(a) Recommend, by accrediting the AE to the COP/MOP for designation[19] as an operational entity specifying the "sectoral scope(s)"; or

(b) Reject the application and provide an explanation for the rejection.

69. The EB shall inform the AE of its decision and make the decision publicly available in accordance with the Rules of Procedure of the EB.

70. The accreditation of the operational entity for any "sectoral scope" shall be valid for three (3) years from the date of accreditation by the EB. The designation by the COP/MOP shall be valid until the expiry date of the accreditation. A regular surveillance shall be undertaken within this three-year-period with the provisions contained in section B.5. Unscheduled surveillance ("spot-check") shall, be undertaken in accordance with the provisions contained in section B.6.

71. A DOE shall have the opportunity for re-accreditation in accordance with the provisions of section B.7.

B.5 Regular Surveillance

72. The purpose of regular surveillance system is to provide confidence about the full implementation and effectiveness of the entire system, including such aspects as the DOE's management responsibilities, resource and organizational management and technical and analytical review processes, that are essential to conduct and deliver its intended service. Further, the regular surveillance intends to assess the effectiveness of the DOE's fully implemented system to deliver the intended quality of its services.

73. The regular surveillance consists of periodic surveillance visits to the accredited office of the DOE and assesses the key areas (as referred in the paragraph 81 (b & c) below) of the operations of the DOE system. The scope of the regular surveillance visits will thus focus on the effective implementation of the DOE's system, in particular, continual fulfilment with the requirements and commitment of the DOE with the quality assurance and quality control aspects in carrying out validation and verification/certification functions.

74. Regular surveillance visits shall take place at least once during the three (3) years of the accredited period of the DOE, unless otherwise determined by the CDM-AP.

75. Regular surveillance visit shall comprise two (2) days of the on-site assessment of the accredited office of the DOE. The team leader, depending on the case, may request to the CDM-AP additional days for the assessment work.

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[19] See footnote 6

76. The assessment team may comprise of two members. If possible, the same team leader, who conducted the initial assessment visit, shall undertake the regular surveillance visit. The team leader may request to the CDM-AP for a methodological expert(s) to be included in the team.

77. Based on the information on the volume and quality of the validation and verification/certification undertaken by the entity in the interim period from the secretariat the CDM-AP shall approve the surveillance visit for the DOE. The secretariat shall include the due cases for regular surveillance visits for the approval of the CDM-AP in the upcoming meeting.

78. The secretariat coordinate the regular surveillance visit.

79. On approval by the CDM-AP, the team leader shall prepare an assessment plan. The assessment plan shall be approved by the CDM-AP and shall include the key areas to be covered in the assessment. The assessment plan shall be shared with the DOE ten (10) working days before the date of the assessment.

80. The DOE may wish to combine regular surveillance visit with the extension of a scope(s). In this case the applicable accreditation procedures for the extension of scope(s) shall apply.

81. The regular surveillance visit shall consist of the following steps:

(a) An opening meeting between the accreditation team, the DOE's management, managers of the units to be involved in the assessment and the person identified by the DOE as the official contact person for the CDM-AT. In this meeting, the CDM-AT shall explain its assessment activities;

(b) An assessment by the CDM-AT of the operational capability of the DOE against the requirements:

(i) Related to the particular "sectoral scope(s)" (contained in the Appendix A to the list of "sectoral scope(s)) for which the DOE is accredited;

(ii) Relevant decisions and clarifications issued by the EB

(c) Assessment will focus on the effective implementation of the CDM management system of the DOE, including inter alia:

(i) Compliance of their process of decision-making in accordance with the CDM requirements;

(ii) Quality of the validation and verification work undertaken by the DOE in this period including the competencies established by the DOE in performing these activities;

(iii) Internal audits, management reviews and follow-up actions undertaken by the DOE;

(iv) Contract reviews of the project activities;

(v) Changes in the DOEs management system documentation, other than those described in accreditation procedure's "notification on change of status of an AE/DOE, if any

(d) A closing meeting, at the end of the regular surveillance visit, between the team leader and the DOE's management to inform the DOE of the details of its assessment, regarding conformity with the CDM accreditation requirements, basis for non-conformities, if any,

and any additional comments. The DOE shall have the opportunity to seek clarification and ask questions, if any. The team leader shall remind the representatives of the DOE that, in accordance with the CDM accreditation procedure

82. The team leader may identify areas found to be not complying with the requirements by raising the non-conformities (F-CDM-NC) and/or observations (F-CDM-NC).

83. The team leader, after completion of the regular surveillance visit, shall have eight (8) working days to prepare the draft assessment report (F-CDM-SUR).

84. The DOE shall have six (6) days to provide comments on the draft assessment report.

85. The DOE, after the receipt of the draft assessment report, shall have fifteen (15) days to identify corrective actions to resolve non conformities, using the nonconformity form (F-CDM-NC). All actions identified shall be completed within one (1) month, after receipt of the draft assessment report, and verified. If actions are not completed within one (1) month, the CDM-AT shall finalise the assessment report for the consideration of the CDM-AP.

86. The team leader shall submit the final report to the CDM-AP for its consideration. The CDM-AP shall inform the DOE about the outcome of the surveillance.

87. The CDM-AP, based on the gravity of NCs and the CDM AT reports on the regular surveillance visit, may recommend to the Board to:

(a) Trigger a spot-check for the DOE;

(b) Provisionally suspend the DOE.

88. The costs relating to the regular surveillance visits shall be borne by the DOE in accordance with Appendix 3 (fees and costs) of the accreditation procedure.

B.6 Unscheduled surveillance ("spot-check")

89. The EB is authorized, in accordance with the CDM M&P to conduct "spot-check" activities (i.e. unscheduled surveillance) of DOEs at any time. The following provisions shall apply.

90. The consideration by the EB to conduct a "spot-check" of a DOE may be triggered by, *inter alia*:

(a) A request for review submitted in accordance with the relevant provisions contained in the CDM M&P with regard to the registration of a project activity or the issuance of CERs;

(b) Information received on any changes which may significantly affect the quality of operations and performance of the DOE, such as regarding ownership, organizational structure, internal policies and procedures, technical expertise of personnel (in accordance with section B.9);

(c) A written, substantiated complaint regarding the alleged failure of a DOE to comply with the requirements of its accreditation submitted to the EB by:

(i) Another DOE;

(ii) An NGO accredited with UNFCCC;

(iii) A stakeholder[20].

91. Once the EB has decided to conduct a "spot-check", The EB shall agree on the scope of the spot-check and inform the CDM-AP.

92. The CDM-AP shall consider the case and:

(a) Elaborate the scope of the spot-check for the CDM-AT;

(b) Establish a CDM-AT;

(c) Conclude, depending on the gravity of the case, whether

(i) To recommend to the EB the immediate suspension, pending the result of the "spot check", of the accreditation of the DOE and/or;

(ii) To agree an exception to the procedure such as a limited on-site assessment and/or witnessing activity by the CDM-AT or limitations of the assessment to particular requirements related to the "sectoral scope(s)" of accreditation put in question;

(iii) To send an advance notification of the spot-check to the DOE

93. The concerned DOE shall pay for the cost of a "spot-check" in accordance with the Appendix 3 (fees and costs).

94. "Spot-checks" shall be carried out in accordance with below procedural steps:

(a) The CDM-AT shall review the DOE documentation provided by the secretariat and prepare an assessment plan taking into consideration the scope of the assessment agreed by the CDM-AP.

(b) The assessment plan shall be approved by the CDM-AP;

(c) The CDM-AT shall undertake the spot-check assessment and prepare reports[21] within five (5) days after the date of the assessment and submit to the CDM-AP;

(d) The spot-check report shall contain, as a minimum, the following:

(i) Relevant assessment reports;

(ii) A description of non-conformities identified;

(iii) A final assessment report including conclusions regarding accreditation or suspension for consideration by the CDM-AP.

(e) The CDM-AP shall consider the reports and submit to the EB its recommendation as to whether to:

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[20] In accordance with paragraph 1(e) of the CDM M&P, stakeholders means the public, including individuals, groups or communities affected, or likely to be affected, by the proposed clean development mechanism project activity.

[21] Depending upon the scope of the assessment, relevant sections of the F-CDM-DOR, F-CDM-SUR, F-CDM-NC, F-CDM-Wval, F-CDM-Wver, F-CDM-PR and F-CDM-FR shall be used.

(i) Suspend the accreditation of the DOE for all sectoral scopes the entity is accredited for or for the sectoral scope(s) in question with a time period to undertake and verify corrective actions relating to non-conformities;

(ii) Withdraw the accreditation of the DOE;

(iii) Confirm accreditation and designation of the DOE.

95. In accordance with provisions of paragraph 21 of the CDM M&P,

(a) The EB shall decide, based on the recommendation by the CDM-AP, whether to:

(i) Confirm the accreditation and designation of the DOE

(ii) Recommend to the COP/MOP to suspend or withdraw the designation of a designated operational entity if it has carried out a review and found that the entity no longer meets the accreditation standards or applicable provisions in decisions of the COP/MOP. The suspension or withdrawal is with immediate effect, on a provisional basis, once the Executive Board has made a recommendation, and remains in effect pending a final decision by the COP/MOP. The affected entity shall be notified, immediately and in writing, once the Executive Board has recommended its suspension or withdrawal. The recommendation by the Executive Board and the decision by the COP/MOP on such a case shall be made public.

(b) The EB shall make a decision to recommend the suspension or withdrawal of designation only after the designated operational entity has had the possibility of a hearing.

96. In case of suspension of the accreditation, the DOE may undertake corrective actions related to non-conformities with in the time frame identified by the EB in its decision.

97. The implementation of corrective actions shall be verified by the CDM-AT.

98. The CDM-AP shall consider the reports and submit to the EB its recommendation whether to:

(a) Terminate the suspension of the accreditation of the DOE;

(b) Withdraw the accreditation of the DOE on a provisional basis, pending the final decision by the COP/MOP.

99. The EB shall decide, based on the recommendation by the CDM-AP, whether to:

(a) Terminate the suspension of the accreditation of the DOE;

(b) Withdraw the accreditation of the DOE on a provisional basis, pending the final decision by the COP/MOP. In accordance with the provisions of paragraph 21 of the CDM M&P, the withdrawal is with immediate effect and remains in effect pending a final decision by the COP/MOP.

100. The secretariat shall inform the DOE of the decision by the EB. The secretariat shall update relevant records and publicly available lists, as appropriate.

101. The CDM-EB, depending on the gravity of the case, may decide the immediate suspension of the accreditation of the DOE for all sectoral scopes the entity is accredited for or for the sectoral scope(s) in question. In this case, the CDM-EB may also decide to make the name of the DOE public before the conduct of the spot-check.

B.7 Re-accreditation

102. The DOE, nine (9) months before the expiry date of its accreditation, shall confirm to the secretariat whether it wishes to apply for re-accreditation.

103. The DOE shall submit to the secretariat only those documentation revised in the three (3) years of the accreditation period. The DOE shall clear identify the revised areas.

104. In addition, the DOE shall submit to the secretariat a compiled list of all project activities validated and/or verified in the last accredited period indicating the full status for all project activities.

105. The activities to be undertaken by the CDM-AT in the re-accreditation process shall include deskreview of documentation, an assessment of work performed during the last accredited period, on-site assessment, and witnessing activity(ies). The number of witnessing activities shall be determined on the basis of assessment of work performed by the entity in the last accredited period. The CDM-AP shall approve the required number of witnessing activity(ies) as recommended by the CDM-AT through a work plan.

106. The CDM-AT in undertaking the desk review and an evaluation of work performed by the DOE shall identify the areas to be focussed in the on-site assessment and include in the assessment plan of the entity. The CDM-AT may apply sampling methods taking into consideration the work performed by the DOE and request for any additional information/document, if required.

107. The witnessing activity may be combined with the on-site assessment if such opportunity exists. This re-accreditation process shall be undertaken with a view to the EB making a decision regarding recommending redesignation, reduction of "sectoral scope(s)", suspension and withdrawal of a DOE based on the recommendation of the CDM-AP.

108. A DOE may request re-accreditation at an earlier time to group the re-accreditation or accreditation of several "sectoral scope(s)" into one re-accreditation process.

B.8 Accreditation for additional "sectoral scope(s)"

109. A DOE may submit an application to be accredited for additional "sectoral scope(s)" at any time. The procedural steps for accreditation described in the section B.1 shall apply. The Appendix 1 (application documents) specifies the documentation to be submitted by a DOE requesting additional "sectoral scope(s)".

110. The DOE applying to be accredited for additional "sectoral scope(s)" shall have the opportunity to request, at the same time, the re-accreditation for other "sectoral scope(s)" for which it is already accredited. This may enable the DOE to streamline its re-accreditation schedule and reduce costs.

111. The work of the CDM-AP and the CDM-AT shall be designed in a way to minimize costs by taking into consideration, as applicable, those "sectoral scope(s)" for which the AE is already designated as well as recent work of the CDM-AP and/or CDM-AT with the same AE.

112. The recommendation of the CDM-AP to the EB, referred to in the procedural steps for accreditation (see section B.1.), shall distinguish between accreditation for additional "sectoral scope(s)" and, if applicable, re-accreditation.

B.9 Procedure in case a letter is to be issued indicating the successful completion of the desk review and the on-site assessment

113. If any further witnessing activities remain to be undertaken by the CDM-AT once the desk review and the on-site assessment of an AE have been completed, the CDM-AP shall decide whether to issue a letter to the AE (referred to as "indicative letter") stating that:

(a) The recommendation by the CDM-AP to the EB to accredit the AE, for the "sectoral scope(s)" applied for, depends on the successful completion of remaining witnessing activities;

(b) The validation and/or verification and certification activities witnessed and considered to have been successfully performed during these remaining witnessing activities shall be considered recognized from a procedural point of view by the EB once the EB accredits the AE.

114. For this purpose, the accreditation procedure (see section B.1.) shall be applied as modified below.

115. The procedural steps in paragraph 45 to 48 shall apply with the following modifications:

(a) The draft preliminary assessment report (F-CDM-PR), referred to in paragraph 45, shall be limited to aspects related to the desk review and the on-site assessment.

(b) Instead of considering a recommendation to the EB regarding accreditation of the AE (see paragraph 47), the CDM-AP shall solely decide whether the AE in question meets the requirements limited to desk review and on-site assessment and an "indicative letter" shall be issued to the AE.

116. The CDM-AP shall inform the EB and the relevant AE of its decision and, if applicable, issue the "indicative letter".

117. The relevant AE may appeal against this decision by the CDM-AP in accordance with the provisions in the Appendix 2 (Appeals procedure).

118. The secretariat shall maintain a public record of "indicative letters" issued.

119. While the above procedure for issuing an "indicative letter" is under way, any remaining witnessing activities shall be initiated and carried out in accordance with the procedural steps contained in section B.4. Paragraphs 50 to 68 with the following modifications:

(a) The draft of the preliminary report (F-CDM-PR), referred to in paragraph 57, shall be limited to aspects related to witnessing;

(b) The final report to the CDM-AP referred to in paragraph 63 shall contain:

(i) The preliminary report;

(ii) A description of actions taken by the AE to correct non-conformities identified;

(iii) Comments of the AE on the draft final report limited to aspects related to witnessing and how they have been addressed;

(iv) Conclusions by the CDM-AT regarding accreditation for consideration by the CDM-AP.

(c) The documents to be submitted to the EB by the CDM-AP, in accordance with paragraph 66, are as follows:

(i) The final report by the CDM-AT;

(ii) The documentation supporting its decision to issue the "indicative letter";

(iii) Its conclusions regarding accreditation for consideration by the EB;

(iv) Its recommendation as to whether or not to accredit the AE.

Paragraphs 46 to 50 apply without modification.

B.10 Notification on change of status of an AE/DOE

120. An AE/DOE shall, three month before its implementation, inform the secretariat, of any planned changes significantly affecting its:

(a) Legal, commercial or organizational status, e.g. ownership, partnerships;

(b) Key professional staff;

(c) Management system;

(d) Compliance with accreditation requirements.

121. The changes notified by the AE/DOE shall be considered by the CDM-AP and may require additional work by the CDM-AP and CDM-AT with possible cost implications. (For information on costs see Appendix 3 (fees and costs).

122. If an entity does not notify the secretariat of changes within the deadline, the entity may be liable to a fine determined by the CDM-EB and/or recommended for the suspension of its accreditation.

123. Requests for shifting premises to other country(ies) shall be considered by the CDM-AP on a case to case basis. The CDM-AP, taking into consideration the nature of request, may decide to undertake a desk review and/or on-site assessment to determine if the request should be treated as a new application.

Appendix 1

Application documents

1. In case of an application for accreditation, the AE shall provide the following documents/written information in eight (8) copies to the secretariat. Documents have to be submitted in an official English version as the working language of the EB is English:

(a) Documentation on its legal entity status (either a domestic legal entity or an international organization) *(CDM M&P[22])*;

(b) The names, qualifications, experience and terms of reference of senior management personnel such as the senior executive, board members, senior officers and other relevant personnel *(CDM M&P)*;

(c) An organizational chart showing lines of authority, responsibility and allocation of functions *(CDM M&P)*;

(d) Its quality assurance policy and procedures *(CDM M&P)*, including a procedures manual on how the entity conducts validation as well as verification and certification activities;

(e) Administrative procedures including document control *(CDM M&P)*;

(f) Its policy and procedures for the recruitment and training of DOE personnel, for ensuring their competence for all necessary validation as well as verification and certification functions, and for monitoring their performance *(CDM M&P)*;

(g) Its procedures for handling complaints, appeals and disputes (CDM M&P);

(h) Particular documents related to "sectoral scope(s)" relevant to its application. If new "sectoral scope(s)" is/are proposed, all relevant information that would permit the determination of such new "sectoral scope(s)";

(i) A declaration that the AE has not pending any judicial process for malpractice, fraud and/or other activity incompatible with its functions as an accredited independent entity *(CDM M&P)*;

(j) A statement that operations of the AE are in compliance with applicable national laws;

(k) If part of a larger organization and where parts of that organization are, or may become, involved in the identification, development or financing of any CDM project activity *(CDM M&P)*:

(i) A declaration of all the organization's actual and planned involvement in CDM project activities, if any, indicating which part of the organization is involved and in which particular CDM project activity *(CDM M&P)*;

(ii) A clear definition of links with other parts of the organization, demonstrating that no conflict of interest exists *(CDM M&P)*;

(iii) A demonstration that no conflict of interest exists between its functions as an DOE and any other functions that it may have, and how business is managed to minimize any identified risk to impartiality. The demonstration shall cover all

[22] Elements in this list that are taken from the CDM M&P are marked accordingly.

sources of conflict of interest, whether they arise from within the AE or from the activities of related bodies *(CDM M&P)*;

(iv) A demonstration that it, together with its senior management and staff, is not involved in any commercial, financial or other processes which might influence its judgement or endanger trust in its independence of judgement and integrity in relation to its activities, and that it complies with any rules applicable in this respect *(CDM M&P)*.

2. In the case of an application for re-accreditation or additional "sectoral scope(s)", the DOE shall submit, as applicable:

(a) Particular documents related to "sectoral scope(s)";

(b) Documents[23] required for accreditation ensuring that all information available to the EB and the CDM-AP reflects the most up-to-date state of information.

[23] Regarding provisions for notification on change of status of a DOE see section C.6.

Appendix 2

Appeals procedure

1. After being informed of a recommendation by the CDM-AP to the EB, an AE shall have the opportunity to appeal against the recommendation within six (6) working days. Submissions after the six (6) days deadline shall not be considered.

2. The appeal may only address the qualification of the CDM-AT and/or non-compliance with procedures.

3. The appeal shall be submitted in writing to the designated officer in the secretariat.

4. The designated officer shall immediately inform the CDM-AP and the EB of the appeal.

5. The designated officer shall submit to the EB, for consideration at its next meeting, taking into consideration deadlines for the submission of documents provided for in the EB Rules of Procedure, a file containing:

   (a) The appeal submitted by the AE;

   (b) The recommendation of the CDM-AP challenged by the entity;

   (c) A list of five (5) candidates for an appeal panel.

6. The EB shall consider the appeal and where it is satisfied that a question related to the qualification of the CDM-AT and/or non-compliance with procedures has been substantiated, shall establish an appeal panel of three members.

7. Where the EB is not satisfied that a question related to the qualification of the CDM-AT and/or non-compliance with procedures has been substantiated, the EB shall reject the appeal.

8. The appeal panel shall undertake the review of the conduct of the assessment activity for the purpose of the appeal.

9. The appeal panel shall prepare a report for consideration at the next meeting of the EB.

10. The EB shall consider the report from the appeal panel at its next meeting and shall proceed in accordance with the applicable steps of the accreditation procedure.

11. The cost for conducting an appeals procedure shall be covered in accordance with the provisions in the Appendix 3 (fees and costs).

Appendix 3

Fees and costs

1. This appendix provides the structure for fees[24] related to the accreditation of DOEs under the CDM. This appendix does not provide the amount of fees but explains the underlying cost structure. The secretariat shall make publicly available on the UNFCCC CDM web site the level of fees and standard cost items such as the charges for one CDM-AT member per day.

Non-reimbursable application fee

2. The non-reimbursable application fee is calculated on the basis of the estimated average cost per application. The costs arise from the need to carry out tasks such as organizing and servicing CDM-AP meetings, the desk review of the application (estimate: fee for CDM-AT member for two (2) working days on average) and related administrative procedures. In case the desk review requires more than two (2) working days, the secretariat will include the cost in its quote referred to in paragraph 14 below.

3. Entities from non-Annex I Parties may have the possibility of paying 50% of the non-reimburseable fee when they apply for accreditation, provided that they state their inability to pay the full fee at application, bearing in mind that the need to meet the standards as contained in para 1(c) and (d) of Appendix A to the CDM M&P. The remaining 50% of the fee should be paid at a later stage once and if the entity is accredited and designated and starts operation.

4. The non-reimbursable application fee is to be paid at the time the application is submitted. Processing of an applications begins once the secretariat has received the fee.

Reimbursement conditions in case of withdrawal of an application

5. If an AE decides to withdraw its application, any cost incurred up to this point will not be reimbursed. Only in the case where an entity decides to withdraw its application due to a revision by the CDM-AP of its proposed "sectoral scope(s)" (see section B.2), a reimbursement of 50 per cent of the non-reimbursable application fee will be made.

Fee and costs associated with an on-site assessment of the premises of an AE

6. The AE shall pay for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat):

(a) Business class airfare for each assessment team member;

(b) Applicable UN daily subsistence allowance for the assessment mission.

7. In addition, the AE shall pay a fee to cover the cost for the work provided by the CDM-AT members[25]. The secretariat shall provide the AE with the payment instructions and pre-filled receipts indicating the number of CDM-AT members and the days of intervention.

8. The implementation of the on-site assessment is depending on the payment in advance of the costs and the fee indicated above.

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[24] For indicative level of fees for different steps of assessment please refer to the UNFCCC CDM web site (http://unfccc.int/cdm).

[25] The standard daily fee per CDM-AT member is currently US$400 (please refer to the UNFCCC CDM web site for any changes).

Costs associated with witnessing

9. The witnessing for validation functions may be undertaken by the AT on the basis of documentary evidence, in which case there will be no travel and accommodation costs for the AE.

10. The AE shall pay a fee for the work provided by the CDM-AT member(s). The secretariat shall provide the AE with the payment instructions and pre-filled receipts indicating the number of CDM AT members and of the working days related to the intervention.

11. The witnessing for validation function, if applicable, and for verification function shall include a project site visit. In such a case, the AE shall pay for the following cost items (dates, schedules and accommodation arrangements to be coordinated through the secretariat), as applicable:

(a) Business class airfare for each assessment team member;

(b) Applicable UN daily subsistence allowance for the witnessing mission.

12. In addition the AE shall pay a fee for the work provided by the CDM-AT member(s). The secretariat shall provide the AE with the payment instructions and pre-filled receipts indicating the number of CDM-AT members and of the working days related to the intervention.

13. The implementation of a witnessing activity is depending on the payment in advance of the cost and the fee identified above.

Costs associated with regular surveillance

14. The DOE shall pay for the following cost items (dates, schedules and accommodation arrangements to be coordinated by the secretariat):

(a) Business class airfare for each assessment team member;

(b) Applicable UN daily subsistence allowance for the assessment mission (as provided by the UNFCCC secretariat).

15. In addition, the DOE shall pay a fee to cover the cost for the work provided by the CDM-AT members[26]. The secretariat shall provide the DOE with the payment instructions and pre-filled receipts indicating the number of CDM-AT members and the days of intervention.

16. The implementation of regular surveillance steps is depending on the payment in advance of the costs and the fee indicated above.

Costs associated with changes notified by the AE

17. The following changes which DOEs/AEs may make, during the accreditation process or once accredited, may have some costs implications:

(a) Addition or subtraction to the list of sectoral scopes applied for;

(b) Changes in the legal status of the entity;

(c) Changes in ownership;

(d) Substantial changes in documentation.

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[26] The standard daily fee per CDM-AT member is currently US$400 (please refer to the UNFCCC CDM web site for any changes).

18. The AEs shall not be charged additional fee for these changes if the AE indicates the change(s) before the CDM-AT members have signed the confidentiality and non-disclosure agreements (F-CDM-CA). The AE shall be charged fees equivalent to two (2) days of standard daily fee for a CDM-AT member, if the change is notified before the coordination of the on-site assessment. The additional fee is to cover additional work by the team leader and additional operational costs. If the change is only notified after the start of the on-site assessment of the entity, the case shall be considered as a new application requiring the payment of the non-reimbursable application fee.

19. Any changes by a DOE shall be considered by the CDM-AP and related cost shall be decided on a case-to-case basis.

20. There will be no additional charges if the AE changes its name in the course of accreditation process provided its legal status remains unchanged.

Costs of "spot-checks"

21. The costs for a "spot-check" shall be covered by the DOE concerned. The secretariat will provide the DOE with an itemized quote. The DOE shall pay in advance. If the payment is not received within thirty (30) days of the date of the receipt of the quote, the secretariat informs the CDM-AP and the accreditation/designation of the operational entity is automatically and immediately suspended, on a provisional basis pending a final decision by the COP/MOP.

Costs of an appeal

22. The costs for an appeal shall be covered by the AE concerned. The secretariat will provide the AE with an itemized quote for an "appeals fee". The AE shall pay in advance the appeals fee. After the payment by the AE is received, the appeal will be considered. If the payment of the fee is not received within twenty (20) working days after the quote was provided, the appeal is considered withdrawn by the AE.

23. In case the appealing applicant is given right through the appeals procedure, the AE shall be reimbursed the total amount of the "appeals fee".

Appendix 4

Forms used in the CDM accreditation process

1. The list below indicates the necessary forms by step of the accreditation procedure. Some forms can be used at several steps. The forms are available on the UNFCCC CDM web site and may also be requested from the secretariat. Requirements implicit in the questions contained in the forms shall be considered as prescriptive and as explicit provisions of intents of the generic provisions described in Appendix A to the CDM M&P "Standards for the accreditation of operational entities". The CDM-AT team shall assume the responsibility for all its reports.

Application for accreditation

- F-CDM-A = Application for accreditation

Desk review

- F-CDM-Addoc = Form for identification of additional documentation
- F-CDM-DOR = Desk review and on-site assessment report

On-site assessment of the applicant entity

- F-CDM-DOR = Desk review and on-site assessment report
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings
- F-CDM-NC = Non conformance, corrective action and clearance form

Witnessing

- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings
- F-CDM-NC = Non conformance, corrective action and clearance form
- F-CDM-WOI = Witnessing opportunities identification form
- F-CDM-WRval = Witnessing report form – validation
- F-CDM-WRvc = Witnessing report form – verification
- F-CDM-WRval-ssc = Witnessing report form – validation for small scale project activities

"Spot-check"/Unscheduled surveillance

- Spot-check/unscheduled surveillance report (to be prepared at a later stage)
- F-CDM-MA = Standard agenda for opening and closing meeting
- F-CDM-MAR = Attendance register for meetings

Regular surveillance

- F-CDM-SUR = Regular surveillance assessment report

Other

- F-CDM-CA = Confidentiality and non-disclosure agreement for personnel taking part in an assessment (CDM-AT member)
- F-CDM-Evat = CDM assessment team evaluation report
- F-CDM-FPM = Fee agreement for panel members
- F-CDM-W = Workplan for CDM assessment team

Preliminary report

- F-CDM-PR = Preliminary report (includes, as attachments, forms used in the preceding steps)

Final report

- F-CDM-FR = Final report (includes, as attachment, F-CDM-PR)

Appendix 5

Abbreviations

AE		Applicant entity
CDM		Clean development mechanism
"CDM accreditation procedure"		See paragraph 2
"sectoral scope"		See paragraph 6
CDM M&P		Modalities and procedures for the clean development mechanism contained in the report of the seventh session of the Conference of the Parties (FCCC/CP/2002/13/Add.1 available on the UNFCCC CDM web site (http://unfccc.int/cdm) or UNFCCC (http://unfccc.int) web site).
CDM-AP		CDM accreditation panel
CDM-AT		CDM assessment team
COP		Conference of the Parties to the United Nations Framework Convention on Climate Change
COP/MOP		Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
DOE		Designated operational entity
EB		Executive Board of the clean development mechanism
UNFCCC		United Nations Framework Convention on Climate Change

Appendix 6

Phasing of Accreditation

1. Once an AE is accredited for one function (e.g. verification) for a group of sectoral scopes, the AE will receive accreditation for that same group in the other function (e.g validation) once it is accredited for this other function in either the same or another group. If the accreditation for the other function (i.e. validation), is for another group of sectoral scopes, the AE is accredited at the same time for the function (verification) in that other group.

For example: in "Case 1" below, the AE is accredited for verification in group 1 of sectoral scopes with the witnessing opportunity "a" and for validation in group 1 after witnessing opportunity "b". In "Case 2", the AE is accredited for verification in group 1 of sectoral scopes with the witnessing opportunity "a" and for validation in the group 2 of sectoral scopes after witnessing opportunity "b". In that case, the AE will also be accredited for validation in group 1 and verification for group 2. "Case 2a" illustrates a case where the AE is accredited for verification only based witnessing case "a" and "b. Only with witnessing opportunity "c", the AE provides an opportunity to be accredited for verification. With that accreditation for verification in group 3, the AE is accredited simultaneously for all cases marked "c" in yellow colour.

2. Once the AE is accredited for both functions, the AE will always be accredited for both functions in the remainder of the group(s) to be witnessed on the basis of a witnessed activity in either validation or verification.

For example, in "Case 1", accreditation for validation and verification in group 2 will be based on witnessing opportunity "c", for group 4 on "d" and so on.

(a) All groups applied for have to be witnessed at least once in either of the two functions.

(b) The approach specified in paragraphs 1 to 2 above does not apply to A/R, where both functions need to be witnessed.

Examples: Graphical presentation of cases of phasing referred to above:

Case 1: witnessing of the other function is proposed in the same group

Group	**1**	**2**	**3**	**4**	**5**	**…**	A/R
VER	a	c	e	d	…	…	Z
VAL	b	c	e	d	…	…	Z

Case 2: witnessing of the other function is proposed in another group

Group	**1**	**2**	**3**	**4**	**5**	**…**	A/R
VER	a	b	d	c	…	…	Z
VAL	b	b	d	c	…	…	Z

Case 2a: witnessing of the other function is proposed in another group

Group	**1**	**2**	**3**	**4**	**5**	**…**	A/R
VER	a	d	c	b	…	…	Z
VAL	c	d	c	c	…	…	Z

Legend

a,b,c…	Indicates sequence of witnessing activities
	Indicates an accreditation based on a witnessing activity indicated
	Indicates an accreditation granted simultaneously with the witnessing activity indicated
VER	Verification
VAL	Validation

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Annex II

CDM guidance document
Specific CDM assessors and AE/DOE auditor competencies

I. Introduction

1. The CDM accreditation panel (CDM AP), from its experiences in the CDM accreditation process, recognizes that an effective auditing process is greatly dependent upon the competencies of the assessors/auditors. This applies to both members of CDM assessment teams (CDM-ATs) as well as members of validation and verification teams of the operational entities. It has also been observed that many weaknesses of the applicant entities (AEs) or designated operational entities (DOEs) identified at various assessment stages had been practically related to inconsistent or non competent auditors and/or expert resources utilised by the AEs and DOEs. The CDM-AP recognised the need for instituting a consistent auditor training and assessment process in order to achieve consistency and homogeneity in the assessment process of the operational entities.

II. Need for guidance on competencies

2. The CDM-AP has prepared this guidance document: firstly to identify specific competencies required by assessors and secondly to provide a common basis for developing a training module and a mechanism for the assessment of CDM-AT members. This guidance will help to ensure that the auditors selected have the demonstrated personal attributes, and that possess and have demonstrated the ability to apply the generic and specific knowledge and skills needed for the assessment of each AE/DOE. By fulfilling this intent, it is hoped that this guidance will contribute to improved decision making at the level of the CDM-AP and increased confidence on the validation and verification work performed by the DOEs. Another aim is to enable CDM AT and the CDM-AP to harmonise their application of the rules against which they are bound to assess AE/DOEs. This is an important step towards a consistent, reliable and transparent accreditation process.

3. Furthermore, to provide the framework within which each relevant stakeholder groups can agree on the specifications for a CDM-Auditor Approval Scheme relevant and acceptable to the context within which each Body operates. Each AE/DOE should provide evidence of compliance to the requirements and guidance within this specification during its assessment by CDM AT.

4. It may be noted that the approach used in this guidance is structured around the main principle that the certification of auditors is based on the demonstration of competencies, and not only on the demonstration of qualifications. Other criteria utilized in the certification world are based on an assumption that a qualification equals competence. While that assumption may be correct in very many cases, and may continue to be acceptable to a range of users, it is less acceptable for those who operate in contexts which require a more rigorous demonstration of competence based on a valid examination of personal attributes, such as in the case of auditors.

5. One of the key elements of this present guidance is that it emphasizes the need for training and examination of auditors. And that the examination must be valid, reliable and independent.

6. t may also be noted that one of the key benefit of this present guidance and its emphasis on examining defined competencies (the so-called ‘competency approach’), is flexibility. There are many ways in which AE/DOE’s may construct systems for establishing competence. Because this guidance

does not prescribe the 'how', only the framework within which the outcomes are achieved, it is inevitable that there will be variation in the methods used by them. This guidance reflects CDM-AP's understanding that there is often no 'one, best way' of developing and examining competence and the best way for one AE/DOE may not be the best way for another. Therefore, this guidance document does not prescribes any one way, instead, it offers a structure and guidance on a range of methods from which the AE/DOE may choose. Even then, other methods not listed may be used if they are appropriate and are accepted in the CDM system.

III. Methods to Demonstrate Compliance

7. There are three potential methods to be considered in order to achieve AE/DOE compliance to this guidance, which can be applied isolated or combined:

(a) The AE/DOE's develop an in-house training and auditor assessment system to comply with this guidance.

(b) The AE/DOE's are using a third party accredited personnel certification body (PCB) to assess the training programs and auditors in order to comply to this guidance.

(c) CDM develops its own mechanism to assess AE/DOE's compliance to this guidance

8. The CDM-AP noted that each method has its advantages and disadvantages, which are listed below, in the following table:
Table 1

METHOD	**PROS**	**CONS**
1	More flexible and easier to be implemented by AE/DOE's Fast implementation (4-6 months)	More difficult to assess by CDM AT's AE/DOE's pay for the cost
2	Moderate flexibility and complexity in implementation by AE/DOE's Accredited PCB's can provide their experience in this subject Implementation needs more time (6-10 months) Market pays for the costs	Easy to assess by CDM AT's
3	More flexible and easier to be implemented by AE/DOE's Implementation will take longer than any other method (12+ months)	More difficult to assess by CDM AT's CDM and AE/DOE's pays for the costs

16. The CDM-AP seeks guidance from the CDM Executive Board

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Appendices

9. This guidance consists of 3 appendices

(a) Appendix 1,

Auditor competencies, specific to auditing of Management Systems (Environmental)

(b) Appendix 2

Auditor competencies specific to lead auditing of Management Systems (Environmental) in addition to those stated in appendix 1

(c) Appendix 3

Auditor competencies UNFCCC specific in addition to those stated in appendix 1 and 2

Appendex 1

Auditor Competencies
Specific to Auditing of Management Systems (Environmental)

Competency	Performance Criteria
1: Understand the application of the principles, procedures and techniques of auditing.	1.1: The principles, objectives and techniques of auditing management systems, as outlined in ISO 19011:2002, are understood and applied. 1.2: The terms and definitions of ISO 19011:2002 are understood and applied. 1.3: Audit criteria relevant to the auditee's business and operation are identified. 1.4: An audit plan is developed to meet the agreed audit criteria. 1.5: A document review is completed. 1.6: All aspects of the on-site audit activities are understood and applied. 1.7: An audit report is prepared. 1.8. Requirements for follow-up and closing are understood and applied.
2: Understand the conduct of an effective audit in the context of the auditee's organizational situation.	2.1: The auditee management system can be audited in the context of the audit criteria/plan including reference standard. 2.2: Sampling techniques are defined and are appropriate to the needs of the management system. The application of the audit criteria is appropriate to the size, risk and type of auditee business. 2.3: The application of the audit criteria/plan is appropriate to the size, risk, and type of auditee's organization. 2.4: The role and responsibilities of the auditor are understood. 2.5: The impact of cultural, religious, and/or social customs of the audit process is understood.
3: Understand the application of the regulations, and other considerations that are relevant to the audit management system, and the conduct of the audit.	3.1: Application of regulations, legal requirements, and industry codes of practice, relevant to the auditee's management system and/or to the audit, are understood and applied.
4: Practice personal attributes necessary for the effective and efficient conduct of a management system audit.	4.1: Effective communication is practiced. 4.2: Interview skills are used to effectively acquire information within the scope of the audit. 4.3: Written comments on audit worksheets accurately reflect findings and observations. 4.4: The requirements for information security are understood and applied.
5: Understand the application of environmental management principles.	5.1: Environmental management principles are understood and applied correctly within the context of a given business/industry sector. 5.2: The intent and requirement of each clause of ISO 14001, or equivalent applicable environmental standard, can be described in the context of a given business/industry sector. 5.3: The relationship between applicable environmental management principles and environmental standards is explained in the context of a given business/industry sector.

	5.4: Environmental procedures are documented in accordance with the environmental standard and environmental management principles. 5.5: Environmental procedures are implemented in accordance with the environmental standard and environmental management principles. 5.6: The environmental standard and its application are appropriate in the business/industry sector. 5.7: Evidence needed to demonstrate conformity to the requirements of the environmental standard is identified and collected. 5.8: The effectiveness of the entire environmental management system is evaluated within the context of a given business/industry sector. 5.9: The relationship between legal compliance and conformity to the environmental management system is demonstrated in the context of an audit in a given business/industry sector. 5.10: Environmental management tools such as aspect/impact evaluation, life cycle examination, and environmental performance evaluation, are used appropriately within the context of a given business/industry sector.
6: Understand the application of environmental science and technology.	6.1: The impact of human activities on the environment is clearly understood and applied to environmental auditing. 6.2: The interaction of ecosystems is clearly understood and applied to environmental auditing. 6.3: General methods of environmental protection are understood and applied to environmental auditing. 6.4: Monitoring and measurement techniques for environmental management are understood and applied to environmental auditing.
7: Assess the risk of significant environmental impacts and activities identified in the context of the organization's EMS management system.	7.1: The level of risk for each environmental impact is assessed to determine significance. 7.2: The risk assessment methodology used is soundly and scientifically and/or impact based, and is documented within the EMS system. 7.3: The risk assessment methodology used is appropriate to the business type or industry sector.
8: Assess the EMS roles and responsibilities within the context of the organizational environment.	8.1: The roles and responsibilities of auditee personnel responsible for environmental management are clearly identified and applied. 8.2: The inter-relationship between the EMS hierarchy and the corporate organizational structure is clearly identified. 8.3: Barriers to the effective implementation of the EMS are identified and eliminated.
9: Determine the adequacy and effectiveness of the EMS.	9.1: Appropriate verification procedures are in place to establish the currency, relevance, and effectiveness of the EMS. 9.2: Omissions in the EMS that could affect environmental health and safety are identified. 9.3: The adequacy of the EMS in preventing, reducing, or eliminating significant environmental impacts is established. 9.4: The auditee has the organizational and process capability to ensure that documented controls are met.

Appendix 2

Auditor Competencies
Specific to Lead Auditing of Management Systems (Environmental)
in addition to those stated in Appendix 1

Competency	Performance Criteria
1: Establish, plan and task the activities of an audit team.	1.1: The role and responsibilities of audit team leaders as identified in ISO 19011:2002 are understood and applied when planning a team audit. 1.2: The audit purpose, scope, and criteria are determined. 1.3: The requirements for selecting audit teams are understood and applied. 1.4: Auditor responsibilities are allocated to achieve audit criteria. 1.5: An audit plan is prepared that identifies and allocates team members according to audit criteria.
2: Communicate effectively with the auditee and audit client.	2.1: The objectives and purpose of the Opening Meeting are understood and applied. 2.2: Audit team leader responsibilities for communication during the audit are understood and applied. 2.3: The objectives and purpose of the Closing Meeting are understood and applied.
3: Organize and direct audit team members.	3.1: Team roles and responsibilities, and timeframes are identified and clarified. 3.2: Audit progress is monitored against timeframe and audit criteria. 3.3: Team members are informed of progress through audit team briefings. 3.4: Consensus is reached within the team on audit findings.
4: Prevent and resolve conflict with the auditee and/or within the audit team.	4.1: All communication issues between audit team and auditee are resolved quickly and to a point of agreement. 4.2: All conflicting issues within the audit team are resolved within the team, so that the team represents a united front to the auditee.
5: Prepare and complete the audit report.	5.1: Distribution of the audit report is agreed with the audit client. 5.2: The audit report summarizes the audit findings objectively, using only verified facts. 5.3: The audit report is presented to the auditee as soon as is practicable after the audit. 5.4: Follow-up of corrective actions are agreed and carried out and documented on the audit report.

Appendix 3

Auditor competencies
UNFCCC specific in addition to those stated in Appendix 1 and 2

Competency	Performance Criteria
Be in position to provide clear understanding of the following UNFCC policies	Basics about UNFCCC system, in particular CDM system United Framework Convention on Climate Change Kyoto Protocol to UNFCCC Marrakesh Accords, FCCC/CP/2001/13/ CDM glossary of terms Modalities and Procedures for CDM, Decision 17/ CP7 and Annexes: - Annex A: Definitions - Annex B: Role of the Conference of the parties serving as the meeting of the parties to the Kyoto Protocol - Annex C: Executive Board - Annex D: Accreditation and designation of operational entities - Annex E: Designated operational entities - Annex F: Participation requirements - Annex G: Validation and Registration - Annex H: Monitoring - Annex I: Issuance of certified emissions Reductions - APPENDIX A: Standard for Accreditation of operational entities - APPENDIX B: Project Design Document - APPENDIX C: Terms of Reference for establishing guidelines on baselines and monitoring methodologies - APPENDIX D: CDM mechanism registry requirements M&P for AaR project activities under CDM in the first commitment period (COP/MOP1 decision) Simplified M&P for SSC A&R project activities CDM Accreditation procedure ACCR – 01, recent version including: I Introduction , II Scope Accreditation, III Accreditation, UNSCHEDULE SURVEILLANCE, Re – Accreditation and Notification of changes, IV Annexes List of Sectoral scopes APPENDIX A: Competence criteria for AE/ DOE under CDM Clarifications/guidance related to the accreditation of operational

	entities by the Executive Board of the CDM, current version Requirements for CDM DOES Terms of reference for the CDM accreditation panel Terms of reference for the CDM ad hoc assessment teams Requirements to the Letter of Approval from DNA and its elements Sustainable development principles (criteria) Handbook – Accreditation of AE by EB

Be in position to provide clear understanding of the following CDM procedures (or parts of CDM-procedures)	Further Guidance relating to the CDM from COP/ MOP1 resulting CMP1, CMP 2 Recent EB decisions can revision of the procedures methodologies; producing additional documentation – guidances, handbooks EB decisions related to the monitoring procedure Guidance for undertaking witnessing activity and preparation of the witnessing reports developed by AP (harmonization, understanding of the difference between corrections and corrective actions) Procedural steps for Regular surveillance System
Be in position to provide clear understanding of the following CDM documentation –other than procedures- (or parts of CDM-documentation)	Various CDM forms which will be used during the assessment of CDM AEs by the CDM ATs, particularly F-CDM-DOR, current version Tools for the demonstration and assessment of additionality Methodologies relevant to the particular sectoral scope Guidance on IPCC default values Guidance related to calibration Guidance related monitoring requirement Procedures for submission and consideration of: - a proposed new methodology (Annex 17, EB25) - a proposed new baseline and monitoring methodology for afforestation and reforestation project activities (Annex 24, EB25) Procedures for the revision of an approved baseline or monitoring methodology by the Executive Board Procedures on public availability of the CDM project design document (PDD) and for receiving comments as referred to in paras 40 (b) and (c) of the CDM modalities and procedures
Be in position to provide clear understanding of the	Basic understanding of concepts of - Additionality - Applicability, and

following emission control and testing issues	- Uncertainty of measurements - Calibration of instruments for measurements Chemical concepts about GHG Metrological issues – (such as Measurement Testing, Calibration Proficiency Testing) Brief knowledge of typical procedure for preparation, support and Review of national GHG inventories Crediting periods; renewable of crediting period Disclaimer Local stakeholder comments Clear understanding what is requested at the validation stage and at the verification stage List of documents (min) which should be reviewed for validation List of documents (min) which should be reviewed for verification Identify emission sources, project boundary, have knowledge about the monitoring devices, laboratory analysis, chemical processes
Provide clear understanding of the following issues	Impartiality – Confidentiality Language communication skills: English Capacity building – Relevant COP decisions: Decision 10/CP5, 11/CP5, 2/CP7, 3/CP10 etc Leadership – Team Building work principles Ethics – professional due care

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